

EXECUTIVE BUDGET APPENDIX I

CONTENTS

PART I — THE BUDGET BY FUNCTIONAL AREA

EDUCATION, LABOR AND FAMILY ASSISTANCE

Arts, Council on the.....	5
City University of New York.....	11
Education Department, State.....	17
Family Assistance, Department of	
Children and Family Services, Office of.....	31
Temporary and Disability Assistance, Office of.....	41
Higher Education Services Corporation.....	51
Human Rights, Division of.....	57
Labor, Department of.....	61
Real Property Services, Office of.....	69
State University of New York.....	75
State University Construction Fund.....	81

HEALTH AND MENTAL HYGIENE

Advocate for Persons with Disabilities, Office of.....	85
Aging, State Office for the.....	89
Developmental Disabilities Planning Council.....	93
Health, Department of.....	95
Insurance Department.....	109
Mental Hygiene, Department of.....	113
Alcoholism and Substance Abuse Services, Office of.....	115
Mental Health, Office of.....	121
Mental Retardation and Developmental Disabilities, Office of.....	129
Quality of Care for the Mentally Disabled, Commission on.....	137

TRANSPORTATION, ECONOMIC DEVELOPMENT AND ENVIRONMENTAL CONSERVATION

Adirondack Park Agency.....	145
Agriculture and Markets, Department of.....	149
Economic Development, Department of.....	155
Empire State Development Corporation.....	161
Energy Research and Development Authority.....	165

TRANSPORTATION, ECONOMIC DEVELOPMENT AND ENVIRONMENTAL

CONSERVATION (continued)

Environmental Conservation, Department of	167
Environmental Facilities Corporation	177
Housing and Community Renewal, Division of	181
Housing Finance Agency	189
Mortgage Agency, State of New York	191
Hudson River Park Trust	195
Lottery, Division of the	197
Metropolitan Transportation Authority	199
Motor Vehicles, Department of	203
Olympic Regional Development Authority	209
Parks, Recreation and Historic Preservation, Office of	213
Public Authorities, New York State	219
Public Service, Department of	233
Racing and Wagering Board, State	237
Science, Technology, and Academic Research, Office of	241
Taxation and Finance, Department of	245
Tax Appeals, Division of	251
Technology, Office for	255
Thruway Authority	259
Transportation, Department of	261

PUBLIC PROTECTION AND GENERAL GOVERNMENT

Alcoholic Beverage Control, Division of	271
Audit and Control, Department of	273
Banking Department	279
Budget, Division of the	283
Capital Defender Office	285
Civil Service, Department of	289
Consumer Protection Board	293
Correction, State Commission of	297
Correctional Services, Department of	299
Crime Victims Board	307
Criminal Justice Services, Division of	311
Elections, State Board of	317
Employee Relations, Office of	321
Executive Chamber	325
General Services, Office of	327
Inspector General, Office of the State	333
Interest on Lawyer Account	337
Investigation, Temporary State Commission of	339
Judicial Commissions	341
Law, Department of	345
Lobbying, Temporary State Commission on	351

PART I

THE BUDGET BY FUNCTIONAL AREA

***EDUCATION, LABOR
AND
FAMILY ASSISTANCE***

COUNCIL ON THE ARTS

MISSION

The primary responsibility for oversight and administration of the State's artistic and cultural resources is assigned to three existing entities — the Council on the Arts, the Empire State Plaza Performing Arts Center Corporation and the New York State Theatre Institute. The 2003-04 Executive Budget proposes the establishment of the New York Institute for Cultural Education to administer a variety of statewide cultural education programs and important cultural institutions. Working together, these agencies expand access to the performing and fine arts, preserve the State's cultural resources and promote greater public awareness of New York's rich cultural heritage.

ORGANIZATION AND STAFFING

The Council on the Arts is headed by a Chair and a Vice Chair and consists of 20 members nominated for 5-year terms by the Governor with confirmation by the Senate. The Council's staff, headed by an Executive Director, is organized into an Administrative Division and a Program Division, both located in New York City. The Council has expertise in several major artistic disciplines (including dance, theater and music) and provides advisory services and financial assistance to New York's arts community. During 2003-04, the Council on the Arts will have a workforce of 52 for the review, processing and administration of arts grants and loans to nonprofit organizations.

The Empire State Plaza Performing Arts Center Corporation (the "Egg") was established in 1979 as a public benefit corporation to administer a performing arts center in Albany that offers a diverse array of cultural and artistic programming. An 18-member Board of Directors — consisting of the Commissioner of General Services and members appointed by the Governor, leaders of the Legislature, as well as the Mayor and County Executive of Albany — provides policy direction for the Corporation and appoints its Executive Director. The Chair of the Board is selected by the Governor. The Corporation has a full-time staff of eight.

The New York State Theatre Institute (NYSTI) was established in 1974 and reconstituted in 1992 as a public benefit corporation to provide educational theater experiences for children and families across the State. The Governor appoints the Chair of the Board of Directors whose 15 members are selected by the Governor and legislative leaders. The Chief Executive Officer of the Institute is its Producing Artistic Director, who is appointed by the Board. The Institute's staff of 33 is based in Troy, where its office, production and instructional facilities are located.

To promote increased recognition and visibility of the important cultural programs administered by the State Museum, the State Library and the State Archives, a transfer of these functions from the State Education Department (SED) is recommended to establish a new entity — the New York Institute for Cultural Education (NYICE) — which will have as its sole focus the promotion of New York's cultural resources. The 2003-04 Executive Budget proposes to implement this functional transfer by October 1, 2003 and provides for the related transfer of programs, facilities and staff.

A 15-member Board will oversee this new Institute with members nominated for 5-year terms by the Governor, legislative leaders and the Board of Regents. The Chair of the Board will be designated by the Governor from among its members; and the Institute's Chief Executive Officer will be appointed by the Board. The operations of NYICE will be funded primarily by an existing surcharge for the recording, indexing and certifying of documents by county clerks.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Most (97 percent) of the funding for the Council on the Arts is provided by the State's General Fund. Federal grants from the National Endowment for the Arts are projected to

ARTS

represent approximately 2 percent of 2003-04 disbursements. One Fiduciary Fund account provides funding for short-term loans to arts organizations for acquisition of expensive musical instruments and for capital improvements. A second Fiduciary Fund, established in 1999-2000, enables the Council to receive and expend funds available through donations and gifts.

Grants to not-for-profit arts organizations represent nearly 88 percent of the projected expenditures of the Council. The remainder is used for the administration of grant programs and the statewide advocacy, promotion and development of artistic and cultural programs. The 2003-04 Executive Budget includes funding of: \$5.1 million for administration of the Council's programs; and \$37.4 million for arts grants which will support general arts grants, decentralization grants and the Empire State Partnership initiative.

Funding of \$567,000 is provided for the Egg and \$1.6 million for NYSTI. Receipts from ticket sales, private donations, and sales and lease of products and facilities will supplement State funds provided to these organizations.

The Executive Budget provides \$12 million from dedicated revenues for NYICE, representing six month funding for the new Institute for the period of October 1, 2003 to March 31, 2004. Separate transitional funding is provided in SED to support these cultural education programs until the date of their transfer to NYICE on October 1, 2003.

PROGRAM HIGHLIGHTS

Council on the Arts. Since April 1995, the Council has distributed approximately 20,000 grants totaling over \$300 million to more than 2,000 cultural organizations. Grant awards to nonprofit arts organizations are approved through a multi-step review process, which ensures fair and equitable treatment of all applicants. Program audits are also conducted to promote accountability by monitoring program quality and contractual compliance.

The Council receives approximately 2,800 requests for funding each year from organizations throughout the State including symphony orchestras, museums, dance companies, theaters and libraries. To recognize program excellence and promote regional diversity, the Council devotes half of its State grant funding to organizations that have recognized standing in the field, and guarantees that each county receives a minimum base grant tied to its population.

Performing Arts Center Corporation (the "Egg"). During the 2001-02 season, the Egg presented 53 events that featured the finest dance, music and theatre companies from New York State and around the world, generating a total audience of 35,380. The facility was in use over 300 days, serving an additional 45,396 individuals attending performances, meetings, arts classes and other events sponsored by a variety of civic, social, corporate and educational organizations. The Egg is also home to the Ellen Sinopoli Dance Company, providing administrative services to the company as well as a location for its programs, classes, rehearsals, collaborative projects and performances.

New York State Theatre Institute. More than 65,000 children, teachers and parents attended NYSTI's six productions in 2001-02 in Troy and 31,000 children attended performances in other locations across the State. The Institute certified 90 high school units and 160 college credits to 65 high school seniors and college students who participated in its internship program. The Institute received an Emmy in 1984, the Silver Award from Worldfest for *A Tale of Cinderella* in 1996, the National American Alliance for Theater and Education award for artistic achievement in 1999, an Audie Award in 2000 for its production of *Sherlock's Secret Life*, and a Benjamin Franklin Award for *The Snow Queen* in 2002.

The New York Institute for Cultural Education. In its new role to oversee the administration of a variety of statewide cultural education programs and important cultural institutions, NYICE will:

- Provide effective leadership for the development of the State's cultural resources in partnership with local governments, nonprofit organizations and the private sector;
- Transform the State Museum into a more vibrant and attractive resource to showcase New York's heritage using state-of-the-art technology; and

- Increase the opportunities for the State Library and the State Archives to emerge as world-class cultural information centers.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	8,412,500	20,454,700	12,042,200	541,400
Aid To Localities	44,385,000	37,785,000	(6,600,000)	415,000
Capital Projects	0	0	0	0
Total	52,797,500	58,239,700	5,442,200	956,400

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	47	43	(4)
Special Revenue Funds - Federal	9	9	0
Total	56	52	(4)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	7,473,500	7,277,500	(196,000)
Special Revenue Funds - Federal	539,000	777,200	238,200
Fiduciary Funds	400,000	12,400,000	12,000,000
Total	8,412,500	20,454,700	12,042,200

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	5,296,000	5,100,000	(196,000)
Special Revenue Funds - Federal	539,000	777,200	238,200
Fiduciary Funds	400,000	400,000	0
Empire State Performing Arts Center Corporation			
General Fund	567,000	567,000	0
New York State Theatre Institute			
General Fund	1,610,500	1,610,500	0
New York Institute for Cultural Education			
Fiduciary Funds	0	12,000,000	12,000,000
Total	8,412,500	20,454,700	12,042,200

ARTS

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,315,000	(14,000)	3,189,000	(5,000)
Total	3,315,000	(14,000)	3,189,000	(5,000)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	122,000	(5,000)	4,000	(4,000)
Total	122,000	(5,000)	4,000	(4,000)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,785,000	(182,000)	111,400	(10,000)
Empire State Performing Arts Center Corporation	567,000	0	0	0
New York State Theatre Institute	1,610,500	0	0	0
Total	3,962,500	(182,000)	111,400	(10,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	189,200	(62,000)	1,403,000	(100,000)
Empire State Performing Arts Center Corporation	0	0	0	0
New York State Theatre Institute	0	0	0	0
Total	189,200	(62,000)	1,403,000	(100,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	81,400	(10,000)	0	0
Empire State Performing Arts Center Corporation	0	0	567,000	0
New York State Theatre Institute	0	0	1,610,500	0
Total	81,400	(10,000)	2,177,500	0

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	1,177,200	238,200	510,900	157,200
New York Institute for Cultural Education	12,000,000	12,000,000	0	0
Total	13,177,200	12,238,200	510,900	157,200

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	266,300	81,000	400,000	0
New York Institute for Cultural Education	0	0	12,000,000	12,000,000
Total	266,300	81,000	12,400,000	12,000,000

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	44,000,000	37,400,000	(6,600,000)
Special Revenue Funds - Federal	185,000	185,000	0
Fiduciary Funds	200,000	200,000	0
Total	<u>44,385,000</u>	<u>37,785,000</u>	<u>(6,600,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	44,000,000	37,400,000	(6,600,000)
Special Revenue Funds - Federal	185,000	185,000	0
Fiduciary Funds	200,000	200,000	0
Total	<u>44,385,000</u>	<u>37,785,000</u>	<u>(6,600,000)</u>

CITY UNIVERSITY OF NEW YORK

MISSION

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

ORGANIZATION AND STAFFING

The City University of New York has 11 senior colleges, a Graduate School and University Center, a Law School, and 6 community colleges. The University is governed by a 17-member Board of Trustees comprised of: 10 members appointed by the Governor, 5 members appointed by the Mayor, and 2 ex-officio members — the chairs of the Student Senate and the Faculty Senate.

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 of Trustees. University operations are subjected to fewer State government controls than are imposed on other State agencies, reflecting executive and legislative interest in providing enhanced administrative and managerial flexibility to the City University.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 1982, New York State assumed full financial responsibility for CUNY's senior college operations from New York City. In conjunction with the City of New York, the State also supports CUNY's community colleges.

SENIOR COLLEGES

CUNY senior colleges have two major funding sources: State support and tuition revenue. Additional support is secured from New York City and from various fees. New York City provides support for the costs of associate degree programs at CUNY's senior colleges and a share of the central administration costs attributable to the community colleges. New York City also pre-finances CUNY's senior college operating costs, and the State subsequently reimburses the City for CUNY's net operating expenses.

For 2003-04, \$581.4 million in taxpayer support is provided for CUNY's senior colleges, a reduction of \$81.7 million. A total of \$616.9 million in tuition revenue and other support is provided for CUNY, reflecting an increase of \$121.4 million in additional appropriation authority for increased tuition revenue.

The Executive Budget recognizes the powers of the Board of Trustees to manage resources in a manner that is sensitive to University priorities. The Trustees have the authority to manage resources through actions such as:

- elimination or consolidation of low demand programs and courses;
- increased productivity through technologies such as distance learning, multimedia curricula, and on-line, university-wide administrative systems; and
- reassessment of current activities and programs that may not be central to the core mission of the University.

The 2003-04 Executive Budget also recognizes the authority of the Board of Trustees to establish the tuition levels that are charged at CUNY campuses. Legislation accompanying this Budget will eliminate various existing restrictions on the ability of the Board of Trustees to establish tuition charges. Upon enactment of this legislation, the Trustees will be authorized to establish differential tuition rates among CUNY campuses. The Trustees will also have the ability to adopt a tuition policy that permits annual incremental adjustments to tuition and maintains an appropriate balance between taxpayer support and student support. Currently,

CITY UNIVERSITY

tuition and required fees at CUNY are significantly lower than those charged by peer institutions in other Northeast states. Tuition has not been increased since 1995-96, while the higher education price index has increased 30 percent during that time. This legislation will also enable the Trustees to adopt a tuition increase prior to enactment of the State budget.

Supplemental student financial aid provided through the Search for Education, Elevation and Knowledge (SEEK) program is recommended for elimination for 2003-04, but funding is continued for academic support services that include tutoring, counseling and mentoring.

COMMUNITY COLLEGES

CUNY community colleges have three basic funding sources: State support, local support from New York City and tuition revenue. Recommended State funding for community colleges of \$108.0 million reflects a net decrease of \$23.8 million from 2002-03 attributable to: an adjustment for actual enrollment (\$7.3 million); a \$345 reduction in operating aid from the current per student rate of \$2,300 to \$1,955 (\$14.4 million); and elimination of rental aid for leased space (\$0.6 million), workforce training support (\$1.0 million) and supplemental student financial aid provided through the College Discovery program (\$0.4 million). Funding for childcare is continued at the 2002-03 level of nearly \$0.9 million.

CAPITAL PROJECTS

The State finances all CUNY capital project costs for senior colleges, other than Medgar Evers College, and shares the capital costs for community colleges and Medgar Evers with the City of New York.

The 2003-04 Budget's capital recommendations include a new \$1.2 billion Multi-Year Capital Investment Program for CUNY, which provides for facility and infrastructure improvements at City University senior and community colleges consistent with the University's needs and priorities. Funded projects encompass critical health and safety, preservation and handicapped access projects, as well as the completion of ongoing projects at John Jay College and the construction of a new academic building for Medgar Evers College. In addition, authorization is provided for CUNY to begin planning efforts for the development of Governors Island. CUNY's bond cap will be increased by \$800 million, for a total bonding authorization of \$4.2 billion, to cover CUNY's planned bond sales for the multi-year period of the new Capital Investment Program and to reflect disbursement-based bonding.

CUNY's capital program for 2003-04 provides \$250.7 million to support the first year of the new Multi-Year Capital Investment Program.

PROGRAM HIGHLIGHTS

The City University of New York offers a wide variety of educational avenues ranging from vocational courses to doctoral degree programs. More than 208,000 full-time and part-time students — 141,000 at the senior colleges and 67,000 at the community colleges — were enrolled in degree programs for the fall 2002 semester. In addition, the University served more than 208,000 individuals through adult and continuing education courses.

Among academic offerings and programs, the following programs are of note:

- The Language Immersion Program is designed to strengthen the language skills of first year students prior to their entry into collegiate coursework. This intensive, full-time program has successfully taken a holistic approach to language development. The program operates at eight sites and, in its brief history, has helped more than 12,000 students to prepare for full collegiate matriculation;

- The College Preparatory Initiative is a system-wide collaboration between the City University and the New York City public schools to improve the academic preparation of high school students. The cooperative effort has enabled CUNY to strengthen its academic prerequisites for admission to the University;
- The New York City Alliance for Minority Participation is a consortium of 16 CUNY campuses that have joined with the National Science Foundation in a cooperative venture to increase the number of under-represented students successfully completing science, mathematics, engineering and technology baccalaureate programs; and
- Approximately 80 research institutes and centers are located throughout the University. Notable examples include the Structural Biology Center — a consortium of public and private research institutions located on the City College campus, the Levich Institute for Physico-Chemical Hydrodynamics at City College and the Institute for Biomolecular Structure and Function at Hunter College. University-wide research activities have been enhanced by the Applied Science Coordinating Institute.

In recent years, the CUNY Board of Trustees has advanced a series of significant actions to improve academic program quality and strengthen the planning and management functions of the University. These actions include establishing more rigorous admissions criteria and implementing a new remedial education policy. The Board of Trustees continues to encourage campuses to set higher standards, reduce time-to-program completion, and reallocate resources through program consolidation.

Under the City University’s remedial education policy, students obtain such instruction at community colleges, through summer session and inter-session skills immersion programs at senior colleges, and through the Prelude to Success Program — a year-round skills immersion program at the senior colleges. Pursuant to the schedule established for the phase-in of this policy, seven colleges (Baruch, Brooklyn, Hunter, John Jay, NYC Technical, Queens, and the College of Staten Island) implemented the policy for the 2000-01 academic year. The four remaining senior colleges (City, Lehman, Medgar Evers and York) did so in 2001-02.

The City University will continue implementing its Master Plan, which was approved by the Board of Regents in 2000. The plan’s objectives include: establishing a more rigorous and selective University system; improving CUNY’s teacher education programs; expanding collaborative and outreach programs with the New York City Board of Education; and facilitating economic development. In December 2002, the Board of Regents approved the continuance of a 1999 amendment to the Master Plan authorizing more rigorous standards for admission to CUNY baccalaureate programs, in conjunction with continued monitoring and reporting on student access and success. In addition to the programs originally outlined in the Master Plan, CUNY is planning to undertake a number of initiatives designed to foster CUNY’s participation in the economic rebuilding of New York City in the wake of the World Trade Center attacks.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	1,245,988,000	1,198,381,000	(47,607,000)	0
Aid To Localities	873,520,690	715,054,000	(158,466,690)	0
Capital Projects	0	1,056,500,000	1,056,500,000	530,060,000
Total	2,119,508,690	2,969,935,000	850,426,310	530,060,000

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	88,700,000	80,000,000	(8,700,000)
Fiduciary Funds	1,157,288,000	1,118,381,000	(38,907,000)
Total	1,245,988,000	1,198,381,000	(47,607,000)

Adjustments:

Prior Year Deficiency			
City University of New York			
Agency Trust Funds	20,000,000		
Appropriated 2002-03	1,265,988,000		

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	873,520,690	715,054,000	(158,466,690)
Total	873,520,690	715,054,000	(158,466,690)

Adjustments:

Prior Year Deficiency			
City University of New York			
General Fund	15,000,000		
Appropriated 2002-03	888,520,690		

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

Program	Available 2002-03	Recommended 2003-04	Change
Community College Programs			
General Fund	130,855,000	108,026,000	(22,829,000)
Institutional Support Services			
General Fund	728,465,690	604,028,000	(124,437,690)
Senior College Pension Payments			
General Fund	14,200,000	3,000,000	(11,200,000)
Total	873,520,690	715,054,000	(158,466,690)

CITY UNIVERSITY

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Senior Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	20,000,000	20,000,000	37,442,000
Capital Projects Fund - Advances	0	981,500,000	981,500,000	4,037,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	2,699,000
New Facilities				
Capital Projects Fund - Advances	0	0	0	352,300,000
City University of New York Capital Projects Fund				
City University of New York Capital Projects Fund	0	0	0	1,971,000
Subtotal	<u>0</u>	<u>1,001,500,000</u>	<u>1,001,500,000</u>	<u>398,449,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	5,000,000	5,000,000	13,797,000
Capital Projects Fund - Advances	0	50,000,000	50,000,000	116,609,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	1,046,000
New Facilities				
Capital Projects Fund	0	0	0	159,000
Subtotal	<u>0</u>	<u>55,000,000</u>	<u>55,000,000</u>	<u>131,611,000</u>
Total	<u>0</u>	<u>1,056,500,000</u>	<u>1,056,500,000</u>	<u>530,060,000</u>

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 AND STAFFING

Oversight of the Department is provided by the Board of Regents, which was originally established by the Legislature in 1784 and subsequently continued in the State Constitution. The Board of Regents is comprised of 16 members — one for each of the State's 12 judicial districts and 4 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.

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

Recommended staffing levels for 2003-04 are projected to total 1,417 positions at year's end, with 293 positions, or approximately 21 percent, supported by the General Fund. Various dedicated fees, charge-backs and Federal grants will support the remaining staff.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2003-04, total funding for programs and operations of the State Education Department will decrease by \$729 million or 3.3 percent. This year-to-year change is due primarily to a fiscal year decrease of \$606 million in support for public schools from the General Fund and lottery revenues.

The taxpayer supported General Fund provides over 10 percent of SED's operating budget. Federal grants, including programs for individuals with disabilities and disadvantaged pupils, account for 63 percent of the agency's resources. The remaining 27 percent is derived from fees, charge-backs and other miscellaneous receipts.

SCHOOL TAX RELIEF (STAR)

The School Tax Relief (STAR) program was enacted in 1997-98 as a multi-year effort to provide needed property tax relief while promoting educational excellence and accountability.

In 2003-04, STAR funding appropriated for local taxpayer savings will reach \$2.78 billion, an increase of \$80 million. This amount includes funds for continuing the enhanced exemption for eligible senior citizens, the fully phased-in basic STAR exemption for other homeowners, and the New York City Personal Income Tax reduction. School districts and cities with dependent school districts, including New York City, will be fully reimbursed by the State for foregone local revenues. A portion of the State personal income tax will be dedicated to the School Tax Relief Fund from which the State reimbursement payments will be made.

EDUCATIONAL GOVERNANCE

The Executive Budget proposes an overhaul of New York's educational governance system. Under this proposal a majority of the State Board of Regents will be appointed by the Governor — thereby making the State's highest elected official accountable for the performance of New York's educational system.

EDUCATION

Currently, New York and South Carolina are the only two states in the nation where the Legislature appoints a board that is responsible for supervising the state's educational system. As a result of the Governor's educational governance proposal, New York's educational governance structure will be brought into conformance with most other states. Under the proposed restructuring of the Board of Regents:

- The number of Regents will be increased from 16 to 18;
- The term of office will be changed from 5 years to 6 years;
- The Governor will appoint 12 Regents to provide representation from each of the State's judicial districts; and
- Legislative leaders will appoint the 6 remaining Regents, with 2 Regents appointed by the majority in each House, and 1 Regent by the minority in each House.

In addition to these changes in the governance of the State's educational system, local governance reforms that have been recently implemented in New York City will be extended to the State's other major urban centers to provide their mayors a greater voice in their school systems.

SCHOOL AID

The financial consequences of September 11, coupled with the national economic downturn, has undermined the State's ability to sustain its current level of investment in education. While seeking to avoid mid-year cuts in aid, the 2003-04 Executive Budget proposes reduced funding for the school year beginning July 1, 2003. Operating aid will be reduced by \$407 million, or 4 percent. This reduction combined with elimination of reductions of discretionary grants, declines in expense-based or enrollment-based programs and other targeted savings, results in an overall school aid reduction of \$1.24 billion, or 8.5 percent. Even with these reductions, education will continue to represent the single largest State supported program. Including STAR and lottery, it will account for over 37 percent of the State's General Fund in 2003-04 - approximately the same percentage as in 2002-03.

In addition to achieving required savings, the Governor's educational agenda for the coming year includes initiatives that will reform our outdated educational finance system and enable our schools to effectively target tax dollars to the classroom. Major recommendations for 2003-04 include:

- **School Year Support:** For the 2003-04 school year, \$13.4 billion is provided in State support for public schools, a reduction of \$1.24 billion or 8.5 percent;
- **Fiscal Year Support:** For the 2003-04 fiscal year, \$13.75 billion is provided in State support for public schools, a reduction of \$606 million or 4.2 percent, including a reduction of \$8 million in lottery revenues;
- **Consolidated Operating Aid:** For the coming year, the Executive Budget recommendations for State support for school operations reflect the basic principles of Flex Aid. Existing formulas are simplified and the number of formulas is reduced — nine existing aid categories are consolidated into a single funding stream — and school districts will have maximum flexibility in the use of these funds. Although resource constraints do not permit an aid increase this year, operating aid allocations will be sensitive to each district's relative wealth and student needs. The overall reduction in operating aid will be \$407 million, representing an average reduction of 4 percent, with reductions ranging from 2 percent to 8.75 percent for individual districts. In addition, school districts will be protected from reductions of more than 5 percent in their total operating budgets;
- **Discretionary Grant Programs:** In order to minimize the reduction in consolidated operating aid, \$448 million in State support for certain discretionary grant programs has been reduced or eliminated. Specifically, funding for Teacher Support Aid has been reduced and no funds are provided for Universal Pre-Kindergarten, Class Size Reduction, Full-Day Kindergarten and Minor Maintenance aid;
- **Building Aid:** For the 2003-04 school year, total funding of \$1.11 billion is recommended in State support for the construction of school facilities. This represents a decrease of \$144 million. This does not represent an aid loss for school

districts, but instead reflects implementation of recent school construction finance reforms. For 2003-04, additional reforms are recommended to ensure that limited State resources are effectively targeted to address our top priority school facility needs. These reforms include the creation of a priority-based funding program for all school construction projects approved by the State Education Department after February 1, 2003;

- **BOCES Aid:** The 2003-04 Executive Budget recommends reforms that would refocus BOCES on their core mission — to promote cost-efficiency through the regional delivery of educational services. This goal will be accomplished by eliminating BOCES aid for routine administrative services; prospectively consolidating BOCES aid into operating aid to provide districts with maximum flexibility in the use of these funds; and restructuring the role of BOCES superintendents;
- **Teachers of Tomorrow:** The 2003-04 Executive Budget provides funding of \$20 million for the Teachers of Tomorrow Program. The success of Teachers of Tomorrow and other efforts to attract and retain teachers in hard-to-staff schools has alleviated the shortage of qualified teachers. As a result, funding for this program can be reduced from \$25 million in 2002-03 to \$20 million in 2003-04;
- **Other Programs:** The 2003-04 Executive Budget recommends funding based on existing statutory formulas for several programs, including growth aid, textbook aid, reorganization incentive aid, special services aid and instructional materials aids. Additionally, the 2003-04 Executive Budget reflects the elimination of \$25 million for Tax Limitation Aid and reductions of \$20 million and \$3.33 million for Teacher Centers and the Teacher Mentor Intern program;
- **School Evaluation Services:** The 2003-04 Executive Budget includes \$600,000 for a school evaluation services initiative to enhance the accountability and operational efficiency of our public schools. As a result of this new program, local school officials will be able to evaluate the relative cost-effectiveness of their educational and administrative programs by reviewing data that clearly display the “return on resources” among comparable school districts. Similar programs have already begun in Michigan and Pennsylvania and have proven to be a successful means of promoting improved student performance and accountability;
- **Mandate Relief:** Legislation accompanying the Executive Budget would require the Board of Regents to obtain the review and approval of the State Office of Regulatory Reform for new regulations that have significant costs for the State, local governments, or educational institutions. Other mandate relief initiatives include providing schools a Wicks exemption to promote greater efficiency in school construction;
- **Adult Education Programs:** Performance measurements will be adopted for programs providing literacy and job training to adults. In order to receive continued State funding, providers will be required to demonstrate that students being served by their programs make appropriate educational gains;
- **School Safety:** The Governor’s Safe Schools Against Violence in Education Act of 2000 — based upon the recommendations of the Task Force on School Violence, chaired by Lieutenant Governor Mary Donohue — represents the most comprehensive plan in the nation to ensure the safety and well-being of school children. For 2003-04, \$500,000 is continued to support the efforts of the Statewide Center for School Safety in promoting “best practices” and providing technical assistance to schools, and \$500,000 is continued for character education curriculum development activities;
- **School Choice:** For 2003-04, the State will provide \$6 million for the Charter School Stimulus Fund to assist with facility needs and other costs connected to the development and expansion of charter schools. School choice will also be enhanced by the implementation of the Federal No Child Left Behind Act, which requires that students in unsafe or failing schools be provided with the opportunity to transfer to another school within their district; and

EDUCATION

- **Advantage Schools:** The Advantage School program currently operates at 210 sites across the State, providing 26,000 students with structured and supervised educational and social activities that complement the instructional programs offered during regular school hours. The 2003-04 Executive Budget provides \$20.2 million in Federal Temporary Assistance for Needy Families (TANF) funding for the Advantage School program, preserving support in 2003-04 for programs that operated in 2002-03.

SPECIAL EDUCATION

School-Age Special Education

To ensure that New York's special education finance system conforms with the policy goal of including children with disabilities in the regular classroom, the 2003-04 Executive Budget recommends changes to the State aid programs that support special education. Effective in the 2003-04 school year, \$2.1 billion in funding for public special education programs will be consolidated within operating aid. This will serve to:

- Eliminate financial incentives for unnecessary referrals to special education;
- Discontinue the allocation of aid based upon special education placements; and
- Address discrepancies cited in recent reviews by the Office of the State Comptroller of New York's special education programs.

Also, reimbursement formulas for private special education formulas will be conformed to those used for public programs. Specifically, the average State aid ratio used in calculating aid for placements in private special education settings will be reduced from 85 percent to 49 percent — the same as that used for public placements. This change will eliminate the existing incentive to place children in restrictive, high cost private settings.

Additionally, State law regarding the composition of special education committees will be changed so that it conforms to Federal law. Aligning State and Federal law will simplify the requirements, thus making it easier for school districts to comply.

Preschool Special Education

Over the past several years, fundamental reforms have been enacted in the preschool special education program to improve the cost-effective delivery of these services, which are provided to more than 60,000 disabled children.

The existing statutory restriction on the creation or expansion of preschool programs that only serve children with disabilities will be continued, as will provisions that allow the State Education Department to approve new or expanded non-inclusive preschool programs when the need for such programs is demonstrated.

The 2003-04 General Fund recommendation of \$552 million will support the State's 59.5 percent share of preschool special education program costs. Additional Federal Individual with Disabilities Education Act (IDEA) funds will also be applied to support certain administrative costs of this program and to provide supplemental grants to eligible school-age special education providers.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

State funding for various categorical education programs has been reduced by \$81 million for the 2003-04 school year in order to minimize the operating aid reduction required of our schools. For the coming year, categorical funding for the following programs is recommended for elimination: Extended Day/School Violence Prevention, Schools as Community Sites, Schools Under Registration Review, New York City Peer Intervention, AIDS Education, Missing Children Prevention, Transferring Success, Primary Mental Health, Comprehensive School Health, Parenting Education, National Board of Professional Teaching Standards, School Health Demonstration and the Education of Children of Migrant

EDUCATION

Workers. New accountability measures are being proposed for 2003-04 to ensure that funding for programs providing literacy and job training for adults is targeted to providers with a demonstrated record of performance.

ELEMENTARY, MIDDLE AND SECONDARY CATEGORICAL PROGRAMS 2003-04 SCHOOL YEAR

(amounts in thousands of dollars)

Program	2002-03 School Year	2003-04 School Year	Change
Targeted Pre-Kindergarten	\$50,200	\$42,670	(\$7,530)
Extended Day/School Violence Prevention	30,200	0	(30,200)
Legislative Grants	27,894	0	(27,894)
Native American Education	15,650	16,000	350
Consortium for Worker Education	10,000	8,000	(2,000)
Schools as Community Sites	6,000	0	(6,000)
Adult Basic Education	5,000	5,000	0
Adult Literacy Education	3,325	3,325	0
Schools Under Registration Review	2,000	0	(2,000)
Apprenticeship Training	1,830	1,830	0
Workplace Literacy	1,376	1,376	0
New York City Peer Intervention	1,000	0	(1,000)
AIDS Education	990	0	(990)
Missing Children Prevention	900	0	(900)
Transferring Success	630	0	(630)
Primary Mental Health	570	0	(570)
Comprehensive School Health	525	0	(525)
Parenting Education	506	0	(506)
National Board of Professional Teaching Standards	500	0	(500)
School Health Demonstration	150	0	(150)
Education of Children of Migrant Workers	90	0	(90)
Total	\$159,336	\$78,201	(\$81,135)

OTHER RECOMMENDATIONS

The Executive Budget provides \$38.3 million in General Fund support for agency operations reflecting a net reduction of \$8.5 million, including \$9.1 million in savings from recommended management efficiencies and transfers.

The Budget also proposes a restructuring of the State Education Department to sharpen its focus on its core mission — the education of our children. Functions that are not central to education will be transferred from the State Education Department to other State agencies as follows:

- Vocational and Educational Services for Individuals with Disabilities (VESID) will be transferred to the Department of Labor. This will be accompanied by the transfer of the Commission for the Blind and Visually Handicapped from the Office of Children and Family Services to consolidate the State's vocational rehabilitation programs within a single agency providing specialized, state-of-the-art job training and placement services. All programs relating to the education of children with disabilities will continue to be administered by the State Education Department. A total of 804 positions will be transferred from VESID to Department of Labor effective October 1, 2003;
- The Office of the Professions will be transferred to the Department of State and consolidated with its Business and Licensing Services program. A total of 340 positions will be transferred from the Office of the Professions to the Department of State effective October 1, 2003; and
- Cultural Education programs — including the State Museum, State Library and State Archives — will be transferred to create a new entity, the New York Institute for Cultural Education (NYICE). NYICE will be established as a new public benefit corporation and will be headed by a 15-member board appointed by the Governor, legislative leaders and the Board of Regents. A total of 400 positions will be transferred from Cultural Education to NYICE effective October 1, 2003.

EDUCATION

As a result of these transfers and the reduction of 191 positions resulting from the recommended management efficiencies, total staffing of the State Education Department will be reduced from 3,152 to 1,417.

In addition to funding for agency operations, the State Education Department's budget also includes support for various aid programs besides those for public schools. Recommendations relating to these programs include the following:

- \$75.6 million for Library Aid, a decrease of \$13.3 million;
- \$11.7 million for Aid for Public Broadcasting, a decrease of \$2.1 million;
- \$51.1 million for Case Services for vocational rehabilitation clients, reflecting elimination of a \$2 million non-recurring legislative add;
- \$14.8 million for Supported Employment, which reflects an increase of \$5.5 million for extended supported employment services for consumers being transitioned from the Office of Mental Retardation and Developmental Disabilities to VESID;
- \$9.5 million for Independent Living Centers, reflecting elimination of a \$1.2 million non-recurring legislative add;
- \$25.6 million for Unrestricted Aid for Independent Colleges and Universities ("Bundy Aid"), reflecting discontinuation of \$18.7 million in aid for master's and doctoral degrees;
- \$11 million for the Higher Education Opportunity Program, reflecting the elimination of \$11 million in supplemental student financial aid;
- \$5 million for the Liberty Partnerships Program, reflecting a reduction of \$6.5 million with remaining funds representing the State match for Federal GEAR UP grants; and
- Elimination of \$10 million in funding for the Science and Technology Entry Program (STEP) and its collegiate counterpart (CSTEP) and elimination of \$750,000 for the Teacher Opportunity Program.

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 2003-04 Executive Budget will provide \$13.4 billion for the 2003-04 school year. Through the combination of school aid and property tax relief through STAR, New York State now supports over 43 percent of local school districts' spending on education. State support for public schools, including STAR and lottery, now accounts for more than 37 percent of the State's General Fund budget — up from 27 percent when the Governor first took office.

School aid is distributed to school districts through formula-based aids and categorical grants, including:

- **Consolidated Operating Aid:** In this aid program, nine aid categories are consolidated into a single funding stream that represents nearly 73 percent of State aid to local school districts. This program provides support to school districts for their general operating costs;
- **Transportation Aid and Building Aid** provides support to school districts for student transportation and the construction and preservation of school facilities. With a combined total of \$2.1 billion, these two aid categories account for nearly 16 percent of overall school aid; and
- **Specialized aid and grant programs** address specific educational needs, ranging from textbooks to adult education programs. Notable program recommendations for 2003-04 include continuation of \$135.8 million in grants for magnet school programs in 19 cities throughout the State and \$81.9 million in aid to small city school districts.

SCHOOL TAX RELIEF (STAR)

STAR will be entering its third year of full implementation in 2003-04, providing New York's taxpayers with tax savings totaling \$2.78 billion in school property tax relief and New York City personal income tax reductions. School districts and cities with dependent school districts, including the City of New York, will be fully reimbursed by the State for their foregone local revenues. The State's reimbursement payments will be made from the School Tax Relief Fund to which a portion of the personal income tax is dedicated.

School Property Tax Relief

- In 2003-04, more than 620,000 senior homeowners will be eligible to receive an enhanced exemption of at least \$50,000 (on a "full value" basis) with a statewide benefit averaging \$980. To be eligible for the enhanced benefit, residential property owners must be at least 65 years of age and have annual incomes of \$62,100 or less (combined incomes of the owners and their spouses who reside on the premises). The new income limit reflects the first Cost of Living Adjustment to income eligibility, as enacted in the 2002-03 budget;
- In 2003-04, the school property tax exemption will provide 2.4 million other 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 for non-senior owner occupied residences will average \$630; and
- The exemptions provided to homeowners (both seniors and non-seniors) living in a county whose median home sale price exceeds the statewide median will be adjusted upward to account for the variation in property values for similar homes in different regions of the State.

New York City Tax Reduction

Under the STAR program, in 2003-04, New York City's more than 3 million resident personal income taxpayers will receive a flat refundable credit and a rate reduction. Total local taxpayer savings will be \$540 million. The personal income tax credit and changes in the tax rates were fully implemented in 2001-02 and have reduced the New York City personal income tax by nearly 10 percent.

Property Taxpayer's Bill of Rights

Enacted in 1997, the Property Taxpayer's Bill of Rights ensures the full disclosure of information to property taxpayers in a more readable and comprehensive format than was previously available. This enables taxpayers to better understand their property taxes and their rights under the law.

Local Voter Empowerment

The STAR program includes a series of school budget voting reforms that give local voters a greater role in education spending decisions and in controlling property tax growth. Reforms enacted in recent years include:

- **Property Tax Report Card:** Schools are now required to report proposed property tax increases, spending growth and estimated enrollment changes to the State Education Department prior to the statewide school budget voting day. A property tax report card is then compiled and released to the public before school budget votes are held.
- **Special Informational Mailings:** School districts are now required to mail notices to voters prior to budget votes, disclosing:

EDUCATION

- How proposed school spending increases compare with increases in consumer prices;
- How a proposed budget would compare to the contingency budget that would be authorized by statute if the voters were to defeat the proposed budget on two successive votes; and
- How STAR savings were affected by school tax increases for a typical homeowner in the current year and the estimated effects of proposed tax changes on estimated STAR savings under the budget proposed for the coming year.

PROGRAMS FOR STUDENTS WITH SPECIAL NEEDS

New York provides a full spectrum of special education services for 404,000 students aged 4 to 21. These services range from speech therapy to placement in full-time residential schools for those school-age children with the most severely disabling conditions. The network of service providers includes school districts, Boards of Cooperative Educational Services (BOCES), private not-for-profit schools and State-operated facilities.

School districts and BOCES serve approximately 390,000 school-age children in classroom settings. An additional 14,400 students who require particularly intensive programs are served by nearly 140 private schools, 14 Special Act School Districts and 11 State-supported schools for blind and deaf students.

Two State-operated schools provide specialized services for blind and deaf students with multiple disabilities. The New York State School for the Blind in Batavia serves approximately 75 blind and multiply-disabled students, including 15 developmentally disabled students served in an Intermediate Care Facility operated by the school. The New York State School for the Deaf in Rome serves approximately 85 deaf and multiply-disabled students.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION 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 Lunch and Breakfast Program:** State funds of \$31.7 million supplement Federal support for the provision of free and reduced-price meals to low-income students. Approximately 1.4 million lunches and 390,000 breakfasts are served daily under this program;
- **Summer Food Program:** In addition, \$3.3 million in State funds supplement Federal support for the provision of free meals for low-income students participating in summer recreation programs. There are more than 300 sponsors of summer programs serving almost 260,000 students; and
- **Nonpublic School Aid:** The State reimburses 1,400 nonpublic schools for the costs of administering State mandated tests and other data collection efforts.

HIGHER EDUCATION

The Office of Higher Education is responsible for ensuring the quality and availability of post-secondary education programs in the State. The Office 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 the regulation of proprietary schools that offer a range of vocational education programs, as well as teacher certification and discipline and background checks of prospective school personnel.

EDUCATION

Program	School Aid School Year Payments (millions)			
	Estimated 2002-03	Recommended 2003-04	Change Amount	Change Percent
I. Computerized Aids:				
Comprehensive Operating Aid	\$6,874.86	\$0.00	\$0.00	0.00
Extraordinary Needs Aid	725.42	0.00	0.00	0.00
Operating Standards Aid	221.38	0.00	0.00	0.00
Gifted & Talented	14.16	0.00	0.00	0.00
ERSSA	73.67	0.00	0.00	0.00
Limited English Proficiency	70.87	0.00	0.00	0.00
Summer School	43.52	0.00	0.00	0.00
Academic Support Aid	24.92	0.00	0.00	0.00
Excess Cost - Public	2,117.99	0.00	0.00	0.00
Consolidated Operating Aid	<u>\$10,166.79</u>	<u>\$9,760.04</u>	<u>(\$406.75)</u>	<u>(4.00)</u>
Textbooks (Incl. Lottery)	190.23	189.85	(0.38)	(0.20)
Computer Software	45.48	46.03	0.55	1.21
Computer Hardware	27.50	28.09	0.59	2.15
Library Materials	19.22	19.34	0.12	0.62
Reorganization Incentive (Operating)	19.49	17.47	(2.02)	(10.36)
Transportation (Including Summer)	997.40	991.25	(6.15)	(0.62)
Excess Cost - Private	161.48	90.80	(70.68)	(43.77)
BOCES	496.89	387.57	(109.32)	(22.00)
Special Services (Career Ed./Computer Admin.)	126.92	122.11	(4.81)	(3.79)
Tax Limitation Aid	25.00	0.00	(25.00)	(100.00)
Subtotal Computerized Aid Excluding Bldg. and Growth Aids and Discretionary Grants	<u>12,276.40</u>	<u>11,652.55</u>	<u>(623.85)</u>	<u>(5.08)</u>
Building/Reorganization Building	1,256.57 (a)	1,112.50	(144.07)	(11.47)
Growth Aid	30.65	15.79	(14.86)	(48.48)
Pre-Kindergarten	200.91	0.00	(200.91)	(100.00)
Class Size Reduction	134.56	0.00	(134.56)	(100.00)
Minor Maintenance	49.97	0.00	(49.97)	(100.00)
Full-Day Kindergarten	17.40	0.00	(17.40)	(100.00)
Teacher Support Aid	67.48	22.49	(44.99)	(66.67)
Computerized Aid Total	<u>\$14,033.94</u>	<u>\$12,803.34</u>	<u>(\$1,230.60)</u>	<u>(8.77)</u>
II. Grant Programs and Other Aid Categories:				
Teachers of Tomorrow	25.00	20.00	(5.00)	(20.00)
Teacher Centers	30.00	10.00	(20.00)	(66.67)
Teacher-Mentor Intern	5.00	1.67	(3.33)	(66.60)
Roosevelt	0.00	2.00	2.00	NA
Categorical Reading	63.95	63.95	0.00	0.00
Improving Pupil Performance	66.35	66.35	0.00	0.00
Magnet Schools	135.80	135.80	0.00	0.00
Aid to Small City School Districts	81.88	81.88	0.00	0.00
Fort Drum	2.63	2.63	0.00	0.00
Urban-Suburban Transfer	1.13	1.13	0.00	0.00
Employment Preparation Education	96.18	76.70	(19.48)	(20.25)
Homeless Pupils	4.00	4.00	0.00	0.00
Incarcerated Youth	13.00	13.00	0.00	0.00
Bilingual	11.20	11.20	0.00	0.00
Comptroller Audits	0.25	0.25	0.00	0.00
Education of OMH/OMR Pupils	22.00	22.00	0.00	0.00
Special School Districts	2.20	2.20	0.00	0.00
Chargebacks	(18.00)	(18.00)	0.00	0.00
Tuition Adjustment	1.18	1.18	0.00	0.00
CVEEB	0.92	0.92	0.00	0.00
BOCES Aid for Special Act Districts	0.68	0.51	(0.17)	(25.00)
Learning Technology Grants	3.29	3.29	0.00	0.00
Shared Services Incentive	0.20	0.20	0.00	0.00
Native American Building	2.00	2.00	0.00	0.00
Bus Driver Safety	0.40	0.40	0.00	0.00
Prior Year Claims/Fiscal Stabilization Grants	57.00	90.00	33.00	57.89
Subtotal	<u>608.24</u>	<u>595.26</u>	<u>(12.98)</u>	<u>(2.13)</u>
SCHOOL YEAR TOTAL	<u>\$14,642.18</u>	<u>\$13,398.60</u>	<u>(\$1,243.58)</u>	<u>(8.49)</u>

(a) Includes \$96.67 million for Capital Outlay Transition grants.

EDUCATION

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	379,812,200	372,668,300	(7,143,900)	297,982,000
Aid To Localities	21,412,127,899	20,836,308,400	(575,819,499)	3,672,194,300
Capital Projects	149,765,000	3,750,000	(146,015,000)	85,033,000
Total	21,941,705,099	21,212,726,700	(728,978,399)	4,055,209,300

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Office of Management Services Program			
General Fund	160	160	0
Special Revenue Funds - Other	198	178	(20)
Internal Service Funds	120	110	(10)
Elementary, Middle and Secondary Education			
General Fund	220	220	0
Special Revenue Funds - Federal	298	288	(10)
School for the Blind			
Special Revenue Funds - Other	104	104	0
Batavia ICF/DD			
Special Revenue Funds - Other	37	37	0
School for the Deaf			
Special Revenue Funds - Other	103	103	0
Higher Education and the Professions, Office of			
General Fund	40	40	0
Special Revenue Funds - Federal	12	12	0
Special Revenue Funds - Other	433	93	(340)
Cultural Education			
General Fund	17	0	(17)
Special Revenue Funds - Federal	69	0	(69)
Special Revenue Funds - Other	288	0	(288)
Internal Service Funds	23	0	(23)
Fiduciary Funds	3	0	(3)
Vocational and Educational Services for Individuals with Disabilities			
General Fund	11	3	(8)
Special Revenue Funds - Federal	1,016	199	(817)
Management Efficiencies Program			
General Fund	0	(130)	(130)
Total	3,152	1,417	(1,735)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	46,820,600	38,327,600	(8,493,000)
Special Revenue Funds - Federal	195,700,000	234,074,200	38,374,200
Special Revenue Funds - Other	115,320,400	79,842,200	(35,478,200)
Internal Service Funds	20,570,800	19,023,900	(1,546,900)
Fiduciary Funds	1,400,400	1,400,400	0
Total	379,812,200	372,668,300	(7,143,900)

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

Program	Available 2002-03	Recommended 2003-04	Change
Office of Management Services Program			
General Fund	17,472,500	17,472,500	0
Special Revenue Funds - Other	18,874,000	15,720,000	(3,154,000)
Internal Service Funds	12,550,000	10,970,000	(1,580,000)
Fiduciary Funds	600,000	600,000	0
Elementary, Middle and Secondary Education			
General Fund	24,628,000	25,228,000	600,000
Special Revenue Funds - Federal	59,910,000	133,456,000	73,546,000
Special Revenue Funds - Other	978,900	978,900	0
School for the Blind			
Special Revenue Funds - Other	7,537,900	7,537,900	0
Fiduciary Funds	40,000	40,000	0
Batavia ICF/DD			
General Fund	126,100	126,100	0
Special Revenue Funds - Other	2,650,000	2,650,000	0
School for the Deaf			
Special Revenue Funds - Other	7,426,000	7,426,000	0
Fiduciary Funds	20,000	20,000	0
Higher Education and the Professions, Office of			
General Fund	3,808,000	3,808,000	0
Special Revenue Funds - Federal	2,684,000	2,723,000	39,000
Special Revenue Funds - Other	45,510,000	27,348,000	(18,162,000)
Cultural Education			
Special Revenue Funds - Federal	7,854,000	8,154,000	300,000
Special Revenue Funds - Other	31,682,300	17,725,400	(13,956,900)
Internal Service Funds	8,020,800	8,053,900	33,100
Fiduciary Funds	740,400	740,400	0
Vocational and Educational Services for Individuals with Disabilities			
General Fund	786,000	393,000	(393,000)
Special Revenue Funds - Federal	125,252,000	89,741,200	(35,510,800)
Special Revenue Funds - Other	661,300	456,000	(205,300)
Management Efficiencies Program			
General Fund	0	(8,700,000)	(8,700,000)
Total	<u>379,812,200</u>	<u>372,668,300</u>	<u>(7,143,900)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Office of Management Services Program	9,633,600	0	9,633,600	0
Elementary, Middle and Secondary Education	13,214,900	0	13,214,900	0
Vocational and Educational Services for Individuals with Disabilities	366,600	(366,600)	366,600	(366,600)
Total	<u>23,215,100</u>	<u>(366,600)</u>	<u>23,215,100</u>	<u>(366,600)</u>

EDUCATION

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	7,838,900	0	400,000	0
Education	12,013,100	600,000	282,300	0
Batavia ICF/DD	126,100	0	0	0
Higher Education and the Professions, Office of	3,808,000	0	0	0
Vocational and Educational Services for Individuals with Disabilities	26,400	(26,400)	5,000	(4,200)
Management Efficiencies Program	(8,700,000)	(8,700,000)	0	0
Total	15,112,500	(8,126,400)	687,300	(4,200)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	350,000	0	5,648,900	0
Education	697,500	0	5,258,300	600,000
Batavia ICF/DD	0	0	0	0
Higher Education and the Professions, Office of	0	0	0	0
Vocational and Educational Services for Individuals with Disabilities	8,500	(5,000)	8,300	(13,000)
Management Efficiencies Program	0	0	0	0
Total	1,056,000	(5,000)	10,915,500	587,000

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	250,000	0	1,190,000	0
Education	0	0	0	0
Batavia ICF/DD	0	0	0	0
Higher Education and the Professions, Office of	0	0	0	0
Vocational and Educational Services for Individuals with Disabilities	4,600	(4,200)	0	0
Management Efficiencies Program	0	0	0	0
Total	254,600	(4,200)	1,190,000	0

Program	Maintenance Undistributed	
	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	0	0
Education	5,775,000	0
Batavia ICF/DD	126,100	0
Higher Education and the Professions, Office of	3,808,000	0
Vocational and Educational Services for Individuals with Disabilities	0	0
Management Efficiencies Program	(8,700,000)	(8,700,000)
Total	1,009,100	(8,700,000)

EDUCATION

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Office of Management Services Program	27,290,000	(4,734,000)	12,704,000	(1,118,000)
Elementary, Middle and Secondary Education	134,434,900	73,546,000	63,439,000	31,058,000
School for the Blind	7,577,900	0	5,190,000	0
Batavia ICF/DD	2,650,000	0	1,682,000	0
School for the Deaf	7,446,000	0	4,874,000	0
Higher Education and the Professions, Office of	30,071,000	(18,123,000)	4,640,000	0
Cultural Education	34,673,700	(13,623,800)	8,080,700	198,000
Vocational and Educational Services for Individuals with Disabilities	90,197,200	(35,716,100)	36,521,100	(19,074,200)
Total	<u>334,340,700</u>	<u>1,349,100</u>	<u>137,130,800</u>	<u>11,063,800</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Office of Management Services Program	13,986,000	(616,000)	600,000	(3,000,000)
Elementary, Middle and Secondary Education	70,017,000	42,488,000	978,900	0
School for the Blind	2,387,900	0	0	0
Batavia ICF/DD	968,000	0	0	0
School for the Deaf	2,572,000	0	0	0
Higher Education and the Professions, Office of	4,831,000	167,000	20,600,000	(18,290,000)
Cultural Education	12,467,200	178,200	14,125,800	(14,000,000)
Vocational and Educational Services for Individuals with Disabilities	53,220,100	(16,436,600)	456,000	(205,300)
Total	<u>160,449,200</u>	<u>25,780,600</u>	<u>36,760,700</u>	<u>(35,495,300)</u>

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	13,744,076,899	12,980,889,400	(763,187,499)
Special Revenue Funds - Federal	3,094,795,000	3,210,127,000	115,332,000
Special Revenue Funds - Other	4,573,256,000	4,645,292,000	72,036,000
Total	<u>21,412,127,899</u>	<u>20,836,308,400</u>	<u>(575,819,499)</u>

Adjustments:	
Prior Year Deficiency	
Education Department, State	
General Fund	(30,200,000)
Special Revenue Funds - Other	36,200,000
Appropriated 2002-03	<u>21,418,127,899</u>

EDUCATION

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

Program	Available 2002-03	Recommended 2003-04	Change
School Tax Relief			
Special Revenue Funds - Other	2,700,000,000	2,780,000,000	80,000,000
Elementary, Middle and Secondary Education			
General Fund	13,447,250,800	12,772,488,800	(674,762,000)
Special Revenue Funds - Federal	2,519,151,000	2,568,162,000	49,011,000
Special Revenue Funds - Other	1,863,106,000	1,855,142,000	(7,964,000)
Higher Education and the Professions, Office of			
General Fund	89,235,000	42,185,000	(47,050,000)
Cultural Education			
General Fund	105,900,000	89,845,000	(16,055,000)
Special Revenue Funds - Federal	4,660,000	4,660,000	0
Special Revenue Funds - Other	10,150,000	10,150,000	0
Vocational and Educational Services for Individuals with Disabilities			
General Fund	74,070,600	76,370,600	2,300,000
Special Revenue Funds - Federal	570,984,000	637,305,000	66,321,000
Community Projects			
General Fund	27,620,499	0	(27,620,499)
Total	<u>21,412,127,899</u>	<u>20,836,308,400</u>	<u>(575,819,499)</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Education Building				
Capital Projects Fund	1,695,000	0	(1,695,000)	2,336,000
Capital Projects Fund - Advances	0	0	0	500,000
School for the Blind				
Capital Projects Fund	1,700,000	0	(1,700,000)	2,400,000
Capital Projects Fund - Advances	0	0	0	1,510,000
School for the Deaf				
Capital Projects Fund	175,000	250,000	75,000	181,000
Capital Projects Fund - Advances	0	0	0	320,000
Schools For Native American Reservations				
Capital Projects Fund	0	1,500,000	1,500,000	0
Cultural Education Center				
Capital Projects Fund	5,295,000	0	(5,295,000)	5,430,000
Capital Projects Fund - Advances	0	0	0	11,400,000
Administration				
Capital Projects Fund	900,000	2,000,000	1,100,000	3,656,000
Rebuild Schools to Uphold Education Program				
Capital Projects Fund - Authority Bonds	0	0	0	57,000,000
Capital Outlay Transition Grants				
Capital Projects Fund - Advances	140,000,000	0	(140,000,000)	0
Washington Avenue Armory				
Capital Projects Fund - Advances	0	0	0	300,000
Total	<u>149,765,000</u>	<u>3,750,000</u>	<u>(146,015,000)</u>	<u>85,033,000</u>

OFFICE OF CHILDREN AND FAMILY SERVICES

MISSION

The Office of Children and Family Services (OCFS) was established in 1998 to strengthen services and promote the well-being and safety of children and families.

ORGANIZATION AND STAFFING

The Office of Children and Family Services is headquartered in Rensselaer with regional offices throughout the State. These offices provide operational support and policy direction to local social services districts and youth bureaus. The Office is also responsible for the operation of 40 residential and 8 day placement facilities statewide serving nearly 2,000 youth. The workforce for fiscal year 2003-04 is estimated at 3,703 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office of Children and Family Services receives 39 percent of its \$3.7 billion budget from State tax dollars and 61 percent from Federal and other funds. The State Operations budget of \$412 million supports the operation of juvenile justice facilities as well as OCFS oversight of child welfare, child care, adult protection and other related programs. The 2003-04 Executive Budget reduces State Operations General Fund support for OCFS by \$41.7 million through a series of cost savings measures that range from maximization of Federal funding to a restructuring of the Agency's juvenile justice programs.

As part of an overall effort to streamline and strengthen State agency services in 2003-04, the OCFS State Operations budget also reflects several organizational mergers. First, the Council on Children and Families will be merged into OCFS, establishing the Office's lead role in coordinating State and local services for children and families. In addition, the Commission for the Blind and Visually Handicapped will be moved from OCFS to the Department of Labor (DOL) along with the State Education Department's VESID program. This restructuring will establish a single entity to provide vocational rehabilitation services to the disabled while leveraging DOL's broad expertise in the operation of employment and training programs. Finally, the budget proposes elimination of the Foster Care Commission on the Quality of Care since the Commission's role duplicates the existing oversight and monitoring responsibilities of OCFS.

The Local Assistance budget of \$3.26 billion provides payments to local governments and not-for-profit providers for programs such as foster care, adoption, child protective services, delinquency prevention and child care.

Capital projects appropriations of \$20 million support the maintenance of the State-operated juvenile justice facilities in order to provide a safe living environment, appropriate education, recreation and vocational program space; and an appropriate level of security for youth while they are in residential care.

CHILDREN AND FAMILY SERVICES

The Executive Budget provides more than \$1.6 billion in State and Federal funding to support the comprehensive child welfare financing reform enacted in 2002-03. This reform is intended to encourage local governments to invest in preventive services necessary to reduce out-of-home placement of children. Specific elements of this recently implemented initiative include:

- **Open-ended Funding for Child Welfare Services:** The centerpiece of the child welfare financing system is the provision of 65 percent State reimbursement for community-based preventive services that avert the placement of children in foster

CHILDREN AND FAMILY SERVICES

care or juvenile justice facilities. State funding at a 65 percent level is also available for child protective services, aftercare services, independent living activities, and local administration costs related to adoptions. The Budget includes an increase of \$20.5 million in 2003-04, from \$324.4 million to \$344.9 million, to support this child welfare funding source.

- **Investments in Child Welfare Quality Enhancement:** OCFS will again distribute \$2 million in Temporary Assistance for Needy Families (TANF) funding to counties and not-for-profit groups in 2003-04 to promote the development of innovative child welfare service delivery models. During 2003-04, special emphasis in the use of these funds will be placed on enhancing the quality of medical care for foster children.
- **A Flexible Foster Care Block Grant:** The Executive Budget continues funding for a \$364.5 million Foster Care Block Grant that provides counties with a clear incentive to reduce the number of children in foster care. Under the Block Grant, savings resulting from reduced use of foster care can be reinvested in locally-designed child welfare initiatives that strengthen preventive services or better serve high-needs children. An additional \$9 million in General Fund support, an increase of \$6 million, is available outside the Foster Care Block Grant to fund the full annual cost of a 3 percent COLA for direct care workers in foster care agencies that took effect December 1, 2002.

Within the TANF Block Grant, \$286 million is set aside for children and their families facing emergency situations. The Executive Budget also provides \$7 million, a \$2.4 million increase, in TANF funding to support the full cost of locally-developed services necessary to prevent placement of persons-in need of supervision (PINS) in costly institutional settings such as non-secure detention. In addition, the 2003-04 recommendation maintains the transfer of Federal TANF funds to the Federal Title XX Social Services Block Grant at \$244 million to support locally provided services to children and families.

The Budget includes \$167 million for the State's share of subsidies provided to families who adopt children with special needs. These funds will support approximately 46,000 children in adoptive homes.

An increase of \$5.4 million, from \$43 million to \$48.4 million, is provided to support the maintenance costs (e.g. food, shelter) of disabled children placed by school district committees on special education (CSEs) in private residential education programs during the regular school year. Under legislation submitted with the Budget, school districts would become financially responsible for 20 percent of the maintenance costs associated with their CSE placement decisions.

The Executive Budget eliminates \$1.6 million in General Fund support for the Home Visiting program while preserving \$16 million in TANF funding for this program. OCFS will offset the \$1.6 million General Fund reduction in 2003-04 through the use of special revenue funds.

CHILD CARE

The Executive Budget increases funding for the State Child Care Block Grant by \$17 million to \$929 million. Using a combination of Federal, State, local and available prior year funding, the Block Grant supports child care subsidies for public assistance and low-income families. Subsidized child care is guaranteed for public assistance recipients with children up to age 13, when such care is required for the parent/guardian to engage in work activities. Families transitioning from welfare to work are guaranteed subsidized child care for up to 12 months after leaving Family Assistance. The State also provides subsidized child care to families at risk of becoming dependent on Family Assistance. Each social services district receives a single grant that enables it to tailor its expenditures to meet local needs and to comply with mandated work participation requirements for Family Assistance.

As provided by the Governor's Child Care Quality Act, the Executive Budget includes \$18.5 million to fingerprint all regulated child care providers and to expand oversight and monitoring activities. In addition, \$2.5 million is set aside to support child care programs meeting the special needs of migrant workers' children.

CHILDREN AND FAMILY SERVICES

The Executive Budget also continues Advantage After-School programs funded in 2002-03. This program offers educational and recreational after-school activities for elementary, middle and high school students and funds community-based organizations demonstrating the ability to work collaboratively with schools, child care providers and other community providers for after-school programming. Total funding for Advantage Schools will be \$20.2 million in 2003-04 and will be fully supported through Federal TANF funds.

YOUTH FACILITIES

The Youth Facilities Program includes the Office's 40 residential facilities and 8 day placement centers serving youth placed by the Family Courts or directed by the Criminal Courts. Through a broad array of programs, the Office provides rehabilitative services that include counseling, education and training designed to promote positive youth development and foster a youth's return to the community as a law-abiding and productive citizen.

The 2003-04 Executive Budget initiates a multi-year reform of the OCFS juvenile justice program that will reduce overall State spending through a targeted expansion of community-based services and a reduction in the number of State-operated youth facility beds. OCFS will invest \$3.3 million in a new community-based intensive supervision program designed for non-violent youths to reduce the rate of recidivism among participants through the use of local non-profit agencies to provide services ranging from family-based counseling to specialized after-school programs. Combined with a declining facility population, the proposed community-based intensive supervision initiative will allow OCFS to reduce its facility capacity by approximately 250 beds in 2003-04. Juvenile justice reforms also include the transfer of certain juvenile offenders from OCFS secure facilities to the Department of Correctional Services. These youth have committed the most serious violent crimes, are 20 years old, and would otherwise be transferred to the Department of Correctional Services on their 21st birthday.

SYSTEMS

The Executive Budget includes approximately \$60 million in State and Federal funding to operate and continue development of CONNECTIONS, the State's child welfare information system. While General Fund support for CONNECTIONS is reduced by \$15 million during 2003-04, this reduction is fully offset with additional Federal funding. Once completed, CONNECTIONS will provide for the electronic transmission of reports of child abuse or neglect from the State's Child Abuse Hotline to local governments to enhance case management and afford children and families greater protections.

PROGRAM HIGHLIGHTS

The Office of Children and Family Services supervises the State's system of family support and child welfare services to help families live independently. County departments of social services and, in many cases, community-based local organizations administer most programs that identify and protect abused and neglected children; provide counseling and other services to strengthen families and avoid foster care; place children in foster care as needed; reunite children and families; find permanent adoptive parents for children who cannot be reunited with birth families; prepare teens for independent living and protect vulnerable adults from family violence.

The Office also provides funding to counties and municipalities, and community-based not-for-profit agencies for the provision of youth development and delinquency prevention programs. State fiscal difficulties necessitate a reduction in the Youth Development Delinquency Prevention program and the Special Delinquency Prevention Program. Even with the required reductions, these programs would still provide more than \$37 million in annual delinquency prevention program funding.

CHILDREN AND FAMILY SERVICES

The State Child Abuse Hotline receives approximately 330,000 calls each year reporting alleged child maltreatment or abuse through a toll-free 800 telephone number. As a result, the State initiates investigations of these allegations, which are conducted by county protective services staff and/or local law enforcement agencies. The Register maintains a master database of those found culpable of child abuse so that employers, such as day care centers, can screen out potential employees with a history of familial child abuse.

OCFS also oversees a variety of programs serving the State's most needy and vulnerable adult residents. Many of these programs serve the public assistance population and play an important role as the State and its localities implement welfare reform. Programs include oversight of locally administered adult protective services and programs providing services to victims of domestic violence, including emergency shelters and community-based crisis intervention.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	471,251,600	412,089,000	(59,162,600)	267,550,000
Aid To Localities	3,016,767,422	3,264,447,000	247,679,578	2,640,831,800
Capital Projects	14,410,000	20,030,000	5,620,000	67,693,000
Total	3,502,429,022	3,696,566,000	194,136,978	2,976,074,800

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Central Administration			
General Fund	376	357	(19)
Special Revenue Funds - Federal	0	6	6
Special Revenue Funds - Other	78	79	1
Child Care			
General Fund	34	0	(34)
Special Revenue Funds - Federal	201	235	34
Commission for the Blind and Visually Handicapped			
General Fund	14	0	(14)
Special Revenue Funds - Federal	161	0	(161)
Fiduciary Funds	3	0	(3)
Employment and Disability Assistance Account			
Special Revenue Funds - Federal	11	11	0
Family and Children Services			
General Fund	429	416	(13)
Special Revenue Funds - Federal	73	73	0
National and Community Service, Office of			
Special Revenue Funds - Federal	9	9	0
Systems Support			
General Fund	146	142	(4)
Training and Development			
Special Revenue Funds - Other	47	52	5
Youth Facilities			
General Fund	2,698	2,323	(375)
Total	4,280	3,703	(577)

CHILDREN AND FAMILY SERVICES

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	252,926,600	211,188,500	(41,738,100)
Special Revenue Funds - Federal	89,744,000	62,558,000	(27,186,000)
Special Revenue Funds - Other	124,456,000	135,029,000	10,573,000
Enterprise Funds	500,000	500,000	0
Internal Service Funds	100,000	100,000	0
Fiduciary Funds	3,525,000	2,713,500	(811,500)
Total	<u>471,251,600</u>	<u>412,089,000</u>	<u>(59,162,600)</u>

Adjustments:

Prior Year Deficiency			
Children and Family Services Office of			
General Fund	5,999,700		
Transfer(s) From			
Children and Families, Council on			
General Fund	(1,007,000)		
Special Revenue Funds - Federal	(1,600,000)		
Special Revenue Funds - Other	(225,000)		
Expendable Trust Funds	(300,000)		
Appropriated 2002-03	<u>474,119,300</u>		

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

Program	Available 2002-03	Recommended 2003-04	Change
Central Administration			
General Fund	35,293,400	32,841,400	(2,452,000)
Special Revenue Funds - Federal	1,600,000	1,986,000	386,000
Special Revenue Funds - Other	16,225,000	16,075,000	(150,000)
Internal Service Funds	100,000	100,000	0
Fiduciary Funds	2,125,000	2,012,500	(112,500)
Child Care			
General Fund	2,805,900	0	(2,805,900)
Special Revenue Funds - Federal	14,800,000	0	(14,800,000)
Commission for the Blind and Visually Handicapped			
General Fund	8,455,000	4,228,000	(4,227,000)
Special Revenue Funds - Federal	25,544,000	12,772,000	(12,772,000)
Special Revenue Funds - Other	500,000	250,000	(250,000)
Fiduciary Funds	1,400,000	701,000	(699,000)
Departmental Administrative Reimbursement			
General Fund	(32,843,000)	(42,643,000)	(9,800,000)
Special Revenue Funds - Other	39,343,000	49,143,000	9,800,000
Family and Children Services			
General Fund	30,453,300	30,003,100	(450,200)
Special Revenue Funds - Federal	17,800,000	17,800,000	0
Special Revenue Funds - Other	1,046,000	1,046,000	0
Systems Support			
General Fund	48,252,000	32,151,000	(16,101,000)
Special Revenue Funds - Federal	30,000,000	30,000,000	0
Special Revenue Funds - Other	10,000,000	15,000,000	5,000,000
Training and Development			
General Fund	9,420,000	7,514,000	(1,906,000)
Special Revenue Funds - Other	57,342,000	53,515,000	(3,827,000)
Enterprise Funds	200,000	200,000	0
Youth Facilities			
General Fund	151,090,000	147,094,000	(3,996,000)
Enterprise Funds	300,000	300,000	0
Total	<u>471,251,600</u>	<u>412,089,000</u>	<u>(59,162,600)</u>

CHILDREN AND FAMILY SERVICES

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	20,711,000	(1,634,900)	19,342,000	(1,633,900)
Child Care	0	(1,854,300)	0	(1,854,300)
Family and Children Services	21,197,000	(74,200)	20,270,100	(74,200)
Systems Support	5,725,000	(1,876,000)	5,604,000	(1,887,000)
Youth Facilities	119,558,000	(4,381,000)	108,308,000	(3,963,000)
Total	<u>167,191,000</u>	<u>(9,820,400)</u>	<u>153,524,100</u>	<u>(9,412,400)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	1,130,000	104,000	239,000	(105,000)
Child Care	0	0	0	0
Family and Children Services	6,000	0	920,900	0
Systems Support	0	0	121,000	11,000
Youth Facilities	5,559,000	(204,000)	5,691,000	(214,000)
Total	<u>6,695,000</u>	<u>(100,000)</u>	<u>6,971,900</u>	<u>(308,000)</u>

CHILDREN AND FAMILY SERVICES

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Central Administration	12,130,400	(817,100)	208,000	(18,200)
Child Care	0	(951,600)	0	(74,300)
Commission for the Blind and Visually Handicapped	4,228,000	(4,227,000)	0	0
Family and Children Services	8,806,100	(376,000)	589,000	0
Systems Support	26,426,000	(14,225,000)	225,000	(122,000)
Training and Development	7,514,000	(1,906,000)	0	0
Youth Facilities	27,536,000	385,000	10,589,000	(486,000)
Total	86,640,500	(22,117,700)	11,611,000	(700,500)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Central Administration	534,000	(400,000)	9,115,900	(58,600)
Child Care	0	(185,400)	0	(662,100)
Commission for the Blind and Visually Handicapped	0	0	0	0
Family and Children Services	360,000	(27,000)	7,828,100	(9,000)
Systems Support	50,000	(54,000)	10,526,000	866,000
Training and Development	0	0	0	0
Youth Facilities	912,000	(39,000)	13,380,000	(522,000)
Total	1,856,000	(705,400)	40,850,000	(385,700)

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Central Administration	385,200	(308,800)	5,800	0
Child Care	0	(29,800)	0	0
Commission for the Blind and Visually Handicapped	0	0	0	0
Family and Children Services	29,000	0	0	0
Systems Support	225,000	85,000	0	0
Training and Development	0	0	0	0
Youth Facilities	1,168,000	(55,000)	0	0
Total	1,807,200	(308,600)	5,800	0

Program	Maintenance Undistributed	
	Amount	Change
Central Administration	1,881,500	(31,500)
Child Care	0	0
Commission for the Blind and Visually Handicapped	4,228,000	(4,227,000)
Family and Children Services	0	(340,000)
Systems Support	15,400,000	(15,000,000)
Training and Development	7,514,000	(1,906,000)
Youth Facilities	1,487,000	1,487,000
Total	30,510,500	(20,017,500)

CHILDREN AND FAMILY SERVICES

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Central Administration	20,173,500	123,500	0	0
Child Care	0	(14,800,000)	0	0
Commission for the Blind and Visually Handicapped	13,723,000	(13,721,000)	0	0
Family and Children Services	18,846,000	0	0	0
Systems Support	45,000,000	5,000,000	0	0
Training and Development	53,715,000	(3,827,000)	1,662,000	0
Youth Facilities	300,000	0	0	0
Total	151,757,500	(27,224,500)	1,662,000	0

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	1,812,500	(112,500)	18,361,000	236,000
Child Care	0	0	0	(14,800,000)
Commission for the Blind and Visually Handicapped	0	0	13,723,000	(13,721,000)
Family and Children Services	5,000,000	0	13,846,000	0
Systems Support	0	0	45,000,000	5,000,000
Training and Development	3,224,000	773,000	48,829,000	(4,600,000)
Youth Facilities	300,000	0	0	0
Total	10,336,500	660,500	139,759,000	(27,885,000)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	1,191,479,422	1,226,359,000	34,879,578
Special Revenue Funds - Federal	1,804,508,000	2,022,308,000	217,800,000
Special Revenue Funds - Other	17,250,000	12,250,000	(5,000,000)
Fiduciary Funds	3,530,000	3,530,000	0
Total	3,016,767,422	3,264,447,000	247,679,578

Adjustments:	
Prior Year Deficiency	
Children and Family Services Office of	
General Fund	93,440,000
Appropriated 2002-03	<u>3,110,207,422</u>

CHILDREN AND FAMILY SERVICES

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

Program	Available 2002-03	Recommended 2003-04	Change
Child Care			
General Fund	96,066,000	96,066,000	0
Special Revenue Funds - Federal	660,400,000	768,000,000	107,600,000
Special Revenue Funds - Other	250,000	250,000	0
Family and Children Services			
General Fund	1,069,654,600	1,125,293,000	55,638,400
Special Revenue Funds - Federal	1,115,670,000	1,225,870,000	110,200,000
Special Revenue Funds - Other	17,000,000	12,000,000	(5,000,000)
Fiduciary Funds	3,530,000	3,530,000	0
Training and Development			
General Fund	5,000,000	5,000,000	0
Special Revenue Funds - Federal	28,438,000	28,438,000	0
Community Projects			
General Fund	20,758,822	0	(20,758,822)
Total	<u>3,016,767,422</u>	<u>3,264,447,000</u>	<u>247,679,578</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Design and Construction Supervision				
Youth Facilities Improvement Fund	3,000,000	4,000,000	1,000,000	4,000,000
Child Care Facilities Development Program				
Capital Projects Fund - Authority Bonds	0	0	0	8,724,000
Maintenance and Improvement of Facilities				
Capital Projects Fund	1,935,000	2,930,000	995,000	6,779,000
Youth Facilities Improvement Fund	9,475,000	11,000,000	1,525,000	22,406,000
Executive Direction and Administrative Services				
Capital Projects Fund	0	0	0	498,000
Misc. Capital Projects	0	0	0	7,000,000
Program Improvement or Program Change				
Youth Facilities Improvement Fund	0	2,100,000	2,100,000	11,686,000
Youth Center				
Capital Projects Fund	0	0	0	6,600,000
Total	<u>14,410,000</u>	<u>20,030,000</u>	<u>5,620,000</u>	<u>67,693,000</u>

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

MISSION

The Office of Temporary and Disability Assistance (OTDA), working in close collaboration with the Department of Labor and Office of Children and Family Services, helps needy adults and families achieve economic self-sufficiency through work, job training and child support enforcement. The Office also provides economic assistance to aged and disabled persons who are unable to work, transitional support to welfare recipients while they are working toward self-sufficiency and supportive services to low income households to help them avoid welfare dependency.

ORGANIZATION AND STAFFING

The Office has its central office in Albany and three major field offices throughout the State. These offices provide direct operational support, supervision and guidance to the State's 58 local social services districts which are composed of each county and New York City. Social services districts are responsible for directly administering most welfare programs, including those that serve the homeless and refugees.

Office staff also provide legal, audit and computer systems support. Through its Division of Disability Determinations, the Office also evaluates the medical eligibility of disability claimants for Supplemental Security Income and Social Security Disability Insurance. The office is authorized 2,384 positions for 2003-04. Approximately 490 of these positions are paid by State tax dollars from the General Fund with partial Federal reimbursement and 1,457 are funded directly by Federal grants. The remaining 18 percent are supported by various non-governmental grants and revenues.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A total of \$4.8 billion is recommended from all funding sources in 2003-04 to support State Operations and Aid to Localities programs including Family Assistance, Safety Net, Supplemental Security Income (SSI), Food Assistance (FAP), Home Energy Assistance (HEAP), child support enforcement and food stamp administration.

Aid to Localities is funded by \$4.3 billion in Federal funds, General Fund dollars and other revenue, and reflects modest increases in certain programs — Safety Net Assistance and Supplemental Security Income (SSI) for the aged and disabled — related to economic factors.

For State Operations, an appropriation of approximately \$467 million is recommended from all funding sources. These funds will support a workforce of approximately 2,384, including 1,293 federally funded positions in the Division of Disability Determinations.

The recommended \$61 million General Fund appropriation includes: funding for staff and other costs related to the oversight of social services district administration of public assistance and child support enforcement programs; administrative hearings for public assistance, Food Stamp, and Medicaid applicants and recipients; and operation of the major computer systems supporting public assistance programs. Approximately \$525 million in Federal funds and other revenues are recommended for the operation of the Division of Disability Determinations, the Home Energy Assistance program (HEAP) and the Bureau of Refugee and Immigration Affairs.

State funding of \$25.2 million is appropriated for the cost of redesigning the Welfare Management System (WMS), continued development of the Welfare-to-Work Caseload Management System and related systems initiatives including the Human Services Enterprise Network.

TEMPORARY AND DISABILITY ASSISTANCE

Specific priorities for the Office of Temporary and Disability Assistance for 2003-04 are as follows:

- In partnership with local social services districts, the Department of Labor and the Office of Children and Family Services operate programs enacted through the State Welfare Reform Act of 1997 so that recipients can transition to work and self-sufficiency and at-risk households can avoid welfare dependency;
- Build upon the substantial accomplishments of recent years by further strengthening child support enforcement to increase parental financial support for children;
- Improve, redesign and more effectively use technology, information and communication to support program operations; and
- Continue to strengthen program integrity and anti-fraud activities throughout the welfare system.

PROGRAM HIGHLIGHTS

The welfare system in New York State has changed in basic philosophy and approach, bringing to fruition the overall objectives of State welfare reform. These changes include transforming welfare into a system of temporary income support while recipients secure employment and child support payments; promoting individual responsibility; and providing social services districts with the flexibility they need to effectively administer a work-oriented welfare system. The system has evolved from one that focused primarily on determining client eligibility and distributing benefit payments to one that now focuses on assisting individuals achieve independence from publicly supported welfare programs.

OTDA programs also emphasize prevention of welfare dependency by providing work supports and services to at-risk households. These activities help families address life events that could otherwise jeopardize continued employment.

This new approach has resulted in a dramatic decline in welfare caseloads. Since 1995, over 1,040,000 recipients have left the welfare rolls, a 63.3 percent decline. In addition to generating significant State and local government savings, this unprecedented caseload decrease has freed funds within the TANF block grant for important programs. Among them are the Earned Income Tax Credit (EITC) and Child and Dependent Care Credit, which return a portion of taxes paid by low income working families, and programs that provide transportation, drug and alcohol services, domestic violence screening and child care services.

FAMILY ASSISTANCE

The Family Assistance program provides employment assessments, support services and time-limited cash assistance to eligible families with children while the parent acquires the necessary work skills to secure and retain employment.

With certain statutorily prescribed exceptions, those who receive benefits must participate in work activities to remain eligible. Federal financial participation in cash benefits for Family Assistance participants is limited to a cumulative period of five years. If the Family Assistance household is unable to transition off of cash assistance during this period, the family typically moves to a program of non-cash benefits through the Safety Net Assistance program (discussed below) while the head of household continues to search for a job.

All Family Assistance participants must undergo an assessment of their employability, skills and training needs and, unless disabled, must participate in assigned work activities. Employed participants are provided a substantial earned income disregard and may retain a high level of savings and other resources to help the transition from welfare. These measures are designed to foster recipient self-sufficiency.

Local social services districts are required to meet Federal work activity participation targets. Reflecting scheduled increases in work participation requirements in Federal law, for FFY 2003, districts must place at least 50 percent of all Family Assistance cases in an

TEMPORARY AND DISABILITY ASSISTANCE

allowable work activity for not less than 30 hours per week. State law requires that this activity be work or work-like activities such as job training, community service or workfare.

The Governor's welfare reform program also fosters individual responsibility to help break the cycle of long-term dependency. All applicants and recipients are required to participate in screening and assessment to determine if the need for welfare results from use of illegal drugs or excessive consumption of alcoholic beverages. If a participant is unable to work because of such circumstances, he or she is referred to an appropriate treatment program and welfare benefits are restricted to non-cash assistance. Teen parents must attend high school or other approved education programs to receive welfare benefits.

Welfare reform also requires each social services district to screen its Family Assistance caseload for domestic violence. Acting through its designated domestic violence liaison, each district informs the individual of voluntary services which may be available. Districts waive application of welfare program rules, including but not limited to child support cooperation and work requirements, if the district determines that these provisions would cause further risk or make it more difficult for the person to escape domestic violence.

Homeless families in the State's transitional and emergency shelter system also are expected to strive for self-sufficiency. These facilities can help homeless families achieve this goal by strengthening their independent living skills and helping them to acquire permanent housing. To this end, the Governor is increasing funding for targeted housing subsidy and homeless support services programs in SFY 2003-04. These initiatives should not only broaden access to permanent housing, through the provision of additional rent subsidies for longer-term homeless families and promote self-sufficiency through various support services, but should curtail unnecessary use of more expensive emergency hotels and homeless shelters.

The Governor's welfare reform program has also strengthened child support enforcement. Improvements include automated updating of child support awards to reflect inflation; improved customer services through website access of account information and interstate reciprocity in child support proceedings; a strengthened role for child support staff in welfare case processing; and administrative authority for social services districts to order genetic tests, subpoena information and collect relevant data from Federal, State and local agencies. These measures have helped to increase total child support collections to their current level of over \$1.35 billion.

The Executive Budget continues to re-invest Federal incentive bonuses in child support initiatives to strengthen performance in "hard-to-collect" cases, update asset information on non-custodial parents, expand private health care coverage for children in support cases, expand the "Celebrating Fatherhood" media campaign and contract for private parent locator services. OTDA also has embarked on new State-local partnerships to group appropriate investigatory, prosecutorial and collection staff in Joint Enforcement Teams (JET) to increase criminal prosecutions for parents who refuse to pay child support. These initiatives will further strengthen the child support enforcement system and improve customer services, thus helping to ensure that parents provide for the income support of their children.

Welfare reform also protects taxpayer investments in the welfare system by providing sanctions for persons who refuse to comply with work requirements and prohibiting welfare payments to fugitive felons, persons who have been convicted of a felony and failed to abide by the terms of their probation or parole, or who have been convicted of fraudulently seeking to obtain benefits in two or more states.

SAFETY NET ASSISTANCE PROGRAM

Article XVII of the State Constitution requires the State and its social services districts to provide for the needy. State welfare reform meets this obligation through the Safety Net Assistance program for persons who are not eligible for Family Assistance or Supplemental Security Income.

Safety Net Assistance participants, primarily single adults and childless couples, can receive cash allowances for a two-year period after which benefits can be provided on a non-cash basis. Other groups that may receive non-cash benefits include families that have

TEMPORARY AND DISABILITY ASSISTANCE

exhausted their five-year limit on Family Assistance, certain non-citizens, households where the adult is unable to work because of substance abuse and households where the adult has refused to participate in drug/alcohol screening or treatment. In addition to providing for essential needs, the Safety Net Assistance program provides employment services such as job search, work training and workfare. Unless prevented from doing so by a physical or mental disability, Safety Net Assistance participants must engage in assigned work activities to receive assistance.

SUPPLEMENTAL SECURITY INCOME

Federal Supplemental Security Income (SSI) provides cash assistance to the aged, visually handicapped and disabled. The State's SSI benefit currently is among the highest nationally. The 2003-04 recommendation of \$610 million funds the State cost of SSI benefits for a projected 625,900 recipients. SSI and Social Security Disability Insurance (SSDI) eligibility for disability claimants is evaluated by OTDA's Division of Disability Determinations (DDD).

NUTRITION ASSISTANCE

The Federal Food Stamp Program provides low-income households with coupons or electronic benefits that can be used as cash at grocery stores to purchase food. New York receives \$1.4 billion per year in Federal food stamp benefits, with an average monthly benefit of \$176 to support needy households and those making the transition from welfare to work.

New York's Nutrition Outreach and Education Program increases public awareness of the benefits of participating in the Federal Food Stamp, Summer Food Service and School Breakfast Programs and assists clients with the food stamp application process. In 2003-04, a \$2 million increase (\$1 million in State funding matched by \$1 million in Federal funding) is recommended to expand enrollment in the federally-funded food Stamp Program for eligible low income families and singles and to expand related nutrition education and outreach.

New York's Food Assistance Program (FAP) purchases food stamps on behalf of immigrants age 60 through 67 who are not eligible for federally funded food stamp benefits. The Food Stamp Reauthorization Act of 2002 restored food stamp eligibility to qualified aliens served by FAP. As a result, FAP operations will cease in 2003-04. The Budget includes \$600,000 in combined State and local funds for program close-out

PROGRAM AND ADMINISTRATIVE COST CONTAINMENT

While welfare reform has been an unprecedented success, a number of cost saving measures are necessary in the wake of the State's fiscal challenges following the September 11, 2001 World Trade Center disaster and the overall national economic decline. To control costs, foster individual self-sufficiency and preserve basic income support for eligible children and adults, 2003-04 welfare budget recommendations would:

- Seek increased Federal resources through the Social Security Disability Insurance program for SSI recipients who are eligible for income support as Social Security beneficiaries;
- Reduce State SSI costs by retaining increased Federal cost-of-living adjustment (COLA) funds to offset the State financed supplement. As previously noted, New York's supplement is among the highest in the nation;
- Reduce State reimbursement of local welfare administration costs to reflect the reduced need for administrative overhead due to the significant caseload declines that have occurred in the public assistance and food stamp programs;
- Enact the existing regulatory schedule of public assistance shelter allowances into statute, thus avoiding potential increases that could result from pending litigation and preventing inappropriate judicial involvement in setting the amount of the welfare grant; and

TEMPORARY AND DISABILITY ASSISTANCE

- Merge the Office of the Welfare Inspector General into OTDA to strengthen anti-fraud efforts by giving the Welfare Inspector General access to OTDA administrative support and computer capabilities.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	465,181,400	467,352,500	2,171,100	321,852,000
Aid To Localities	3,613,585,000	4,302,335,500	688,750,500	7,840,066,400
Capital Projects	30,000,000	30,000,000	0	141,736,000
Total	4,108,766,400	4,799,688,000	690,921,600	8,303,654,400

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	160	158	(2)
Special Revenue Funds - Federal	98	98	0
Special Revenue Funds - Other	58	58	0
Child Support Enforcement			
Special Revenue Funds - Other	56	56	0
Disability Determinations			
Special Revenue Funds - Federal	1,330	1,293	(37)
Special Revenue Funds - Other	111	101	(10)
Executive Direction			
General Fund	18	17	(1)
Legal Affairs			
General Fund	156	149	(7)
System Support and Information Services			
General Fund	120	114	(6)
Special Revenue Funds - Federal	16	16	0
Special Revenue Funds - Other	59	59	0
Temporary and Disability Assistance Programs			
General Fund	41	38	(3)
Special Revenue Funds - Federal	21	21	0
Special Revenue Funds - Other	148	148	0
Transitional Supports and Policy, Division of			
General Fund	15	14	(1)
Special Revenue Funds - Federal	29	29	0
Special Revenue Funds - Other	15	15	0
Total	2,451	2,384	(67)

TEMPORARY AND DISABILITY ASSISTANCE

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	69,922,400	61,539,500	(8,382,900)
Special Revenue Funds - Federal	255,242,000	255,342,000	100,000
Special Revenue Funds - Other	139,017,000	149,471,000	10,454,000
Internal Service Funds	1,000,000	1,000,000	0
Total	<u>465,181,400</u>	<u>467,352,500</u>	<u>2,171,100</u>

Adjustments:

Prior Year Deficiency			
Temporary and Disability Assistance,			
Office of			
Special Revenue Funds - Other	1,088,000		
Transfer(s) From			
Welfare Inspector General, Office of			
General Fund	(713,000)		
Special Revenue Funds - Other	(713,000)		
Appropriated 2002-03	<u>464,843,400</u>		

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	20,836,000	21,659,000	823,000
Special Revenue Funds - Federal	7,000,000	7,000,000	0
Special Revenue Funds - Other	16,795,000	19,500,000	2,705,000
Internal Service Funds	1,000,000	1,000,000	0
Child Support Enforcement			
Special Revenue Funds - Federal	3,100,000	3,100,000	0
Special Revenue Funds - Other	26,908,000	27,000,000	92,000
Departmental Administrative			
Reimbursement			
General Fund	(70,557,000)	(72,127,000)	(1,570,000)
Special Revenue Funds - Other	74,839,000	75,696,000	857,000
Disability Determinations			
Special Revenue Funds - Federal	160,000,000	160,000,000	0
Special Revenue Funds - Other	8,900,000	8,900,000	0
Executive Direction			
General Fund	1,760,000	1,756,000	(4,000)
Legal Affairs			
General Fund	12,147,000	11,304,700	(842,300)
System Support and Information Services			
General Fund	100,163,000	93,455,000	(6,708,000)
Special Revenue Funds - Federal	75,000,000	75,000,000	0
Special Revenue Funds - Other	6,800,000	13,100,000	6,300,000
Temporary and Disability Assistance			
Programs			
General Fund	4,191,000	4,141,400	(49,600)
Special Revenue Funds - Federal	6,000,000	6,100,000	100,000
Special Revenue Funds - Other	3,500,000	4,000,000	500,000
Transitional Supports and Policy, Division of			
General Fund	1,382,400	1,350,400	(32,000)
Special Revenue Funds - Federal	4,142,000	4,142,000	0
Special Revenue Funds - Other	1,275,000	1,275,000	0
Total	<u>465,181,400</u>	<u>467,352,500</u>	<u>2,171,100</u>

TEMPORARY AND DISABILITY ASSISTANCE

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	8,496,000	(1,867,000)	8,366,700	(1,867,951)
Executive Direction	1,456,000	29,000	1,365,400	28,020
Legal Affairs	8,736,000	(504,000)	8,425,500	(507,304)
System Support and Information Services	8,417,000	367,000	8,076,000	339,600
Temporary and Disability Assistance Programs	3,266,000	68,000	2,773,100	63,300
Transitional Supports and Policy, Division of	1,118,000	5,000	1,101,900	3,900
Total	31,489,000	(1,902,000)	30,108,600	(1,940,435)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	94,800	710	34,500	241
Executive Direction	89,000	946	1,600	34
Legal Affairs	0	0	310,500	3,304
System Support and Information Services	0	0	341,000	27,400
Temporary and Disability Assistance Programs	471,500	4,500	21,400	200
Transitional Supports and Policy, Division of	0	0	16,100	1,100
Total	655,300	6,156	725,100	32,279

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	13,663,000	2,320,000	154,300	(27,000)
Executive Direction	300,000	(33,000)	23,200	1,000
Legal Affairs	2,568,700	(338,300)	140,500	3,000
System Support and Information Services	85,038,000	(7,075,000)	424,100	10,000
Temporary and Disability Assistance Programs	875,400	(117,600)	18,000	0
Transitional Supports and Policy, Division of	232,400	(37,000)	17,400	0
Total	102,677,500	(5,280,900)	777,500	(13,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	188,300	(9,000)	5,400,700	(452,200)
Executive Direction	63,100	12,000	187,000	(47,000)
Legal Affairs	119,100	33,000	2,241,100	(376,300)
System Support and Information Services	158,100	4,000	9,569,800	(791,600)
Temporary and Disability Assistance Programs	158,000	54,000	647,400	(172,600)
Transitional Supports and Policy, Division of	61,500	(20,000)	108,600	(17,600)
Total	748,100	74,000	18,154,600	(1,857,300)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,251,700	29,200	6,668,000	2,779,000
Executive Direction	26,700	1,000	0	0
Legal Affairs	68,000	2,000	0	0
System Support and Information Services	212,000	2,600	74,674,000	(6,300,000)
Temporary and Disability Assistance Programs	52,000	1,000	0	0
Transitional Supports and Policy, Division of	44,900	600	0	0
Total	1,655,300	36,400	81,342,000	(3,521,000)

TEMPORARY AND DISABILITY ASSISTANCE

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	27,000,000	2,705,000	600,000	0
Child Support Enforcement	30,100,000	92,000	0	0
Disability Determinations	168,900,000	0	68,000,000	(4,450,000)
System Support and Information Services	88,100,000	6,300,000	0	0
Temporary and Disability Assistance Programs	10,100,000	600,000	0	0
Transitional Supports and Policy, Division of	5,417,000	0	870,000	0
Total	<u>329,617,000</u>	<u>9,697,000</u>	<u>69,470,000</u>	<u>(4,450,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	250,000	0	26,150,000	2,705,000
Child Support Enforcement	0	0	30,100,000	92,000
Disability Determinations	92,000,000	4,450,000	8,900,000	0
System Support and Information Services	0	0	88,100,000	6,300,000
Temporary and Disability Assistance Programs	0	0	10,100,000	600,000
Transitional Supports and Policy, Division of	405,000	0	4,142,000	0
Total	<u>92,655,000</u>	<u>4,450,000</u>	<u>167,492,000</u>	<u>9,697,000</u>

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	957,088,000	1,386,933,900	429,845,900
Special Revenue Funds - Federal	2,596,747,000	2,887,026,600	290,279,600
Special Revenue Funds - Other	49,750,000	18,375,000	(31,375,000)
Fiduciary Funds	10,000,000	10,000,000	0
Total	<u>3,613,585,000</u>	<u>4,302,335,500</u>	<u>688,750,500</u>

Adjustments:

Prior Year Deficiency	
Temporary and Disability Assistance,	
Office of	
General Fund	10,000,000
Transfer(s) To	
Labor, Department of	
Special Revenue Funds - Federal	32,753,000
Appropriated 2002-03	<u>3,656,338,000</u>

TEMPORARY AND DISABILITY ASSISTANCE

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
Special Revenue Funds - Other	30,000,000	0	(30,000,000)
Child Support Enforcement			
General Fund	27,700,000	30,774,000	3,074,000
Special Revenue Funds - Federal	100,000,000	100,000,000	0
Special Revenue Funds - Other	150,000	75,000	(75,000)
Employment Services			
General Fund	67,040,000	66,421,900	(618,100)
Food Assistance Program			
General Fund	1,100,000	300,000	(800,000)
Special Revenue Funds - Other	1,100,000	300,000	(800,000)
Food Stamp Administration Program			
General Fund	106,681,000	101,680,000	(5,001,000)
Special Revenue Funds - Federal	246,000,000	294,526,600	48,526,600
Special Revenue Funds - Other	7,500,000	8,000,000	500,000
Temporary and Disability Assistance			
Administration			
General Fund	186,823,000	178,458,000	(8,365,000)
Temporary and Disability Assistance Programs			
General Fund	439,159,000	880,550,000	441,391,000
Special Revenue Funds - Federal	2,197,247,000	2,439,000,000	241,753,000
Special Revenue Funds - Other	1,000,000	0	(1,000,000)
Fiduciary Funds	10,000,000	10,000,000	0
Transitional Supports and Policy, Division of			
General Fund	125,750,000	128,750,000	3,000,000
Special Revenue Funds - Federal	53,500,000	53,500,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Community Projects			
General Fund	2,835,000	0	(2,835,000)
Total	<u>3,613,585,000</u>	<u>4,302,335,500</u>	<u>688,750,500</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Supported Housing Program				
Capital Projects Fund	0	0	0	1,500,000
Housing Program Fund	30,000,000	30,000,000	0	140,236,000
Total	<u>30,000,000</u>	<u>30,000,000</u>	<u>0</u>	<u>141,736,000</u>

HIGHER EDUCATION SERVICES CORPORATION

MISSION

The Higher Education Services Corporation was established in 1974 to provide centralized processing of student financial aid programs. The Corporation administers the State's Tuition Assistance Program, the Federal Family Education Loan Program and other State and federal aid programs.

ORGANIZATION AND STAFFING

The Corporation is governed by a 15-member Board of Trustees, 10 of whom are appointed by the Governor to 6-year terms. The ten gubernatorial appointees include two student representatives, a representative of the general public, a college financial aid administrator, a chief executive officer of a proprietary institution, two presidents of independent institutions, one chief executive officer of a proprietary school and two banking representatives. The remaining five ex-officio members include the Commissioner of Education, the Chancellors of the State University of New York and the City University of New York and student government leaders representing the public university systems.

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.

The Agency will have a workforce of 760 employees in 2003-04. Virtually all employees are paid through funds received for the administration of Federal student loans. General administrative operations are located in Albany and Menands, while data processing operations are located in Troy.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends over \$721 million in support of agency operations and programs. Of this amount, approximately \$101 million will be available to support administration of State and Federal student aid programs and \$620 million will be awarded in financial aid to students or colleges to promote access to postsecondary educational opportunities.

Of the \$620 million invested in financial aid and institutional grants, General Fund support accounts for \$614 million. Support for the remaining expenditures is provided from Federal funds.

STATE OPERATIONS

The Corporation will continue to improve its operational efficiency in 2003-04 through increased reliance on technology and streamlined administrative practices. In addition to a renewed emphasis on providing comprehensive services to its clientele, the Corporation continues to develop partnerships with other student loan guaranty agencies and the Federal government to streamline costs, improve services, and increase responsiveness through shared development efforts.

HIGHER EDUCATION SERVICES

FINANCIAL AID PROGRAMS

The 2003-04 recommended appropriation for the Tuition Assistance Program (TAP) is \$567.5 million. This level of funding continues enhancements made to the TAP program in 2000-01, but reflects a restructuring of the program to emphasize degree completion by creating a financial incentive for students to stay in college and graduate.

TAP enhancements enacted in 2000-01 provide the higher TAP maximum award level of \$5,000 to another class of first-time TAP recipients in 2003-04. Restructuring TAP will result in a \$161 million reduction in TAP expenditures for 2003-04, accompanied by an increase of \$11.5 million to support the cost of the new TAP loan program. Major components of the restructured TAP program are as follows:

- TAP awards will be provided in two components — a “base” award equivalent to two-thirds of the current TAP award and a “performance” award equivalent to the remaining one-third of the award;
- Students will be expected to finance the performance award through federally guaranteed loans including Federal subsidized, unsubsidized and parent PLUS loans. Students who have exhausted their Federal loan eligibility will be eligible to receive their performance awards as TAP loans provided by HESC; and
- Upon completion of their degree programs, students will receive a performance award payment from HESC equal to the amount of their deferred TAP awards plus accrued interest (if any) from any Federal or TAP loans they may have used in financing their performance award.

The 2003-04 Executive Budget provides \$21.1 million for various scholarship and fellowship programs, reflecting a reduction of \$2.8 million from 2002-03. A total of \$4 million will support the continued phased implementation of the Volunteer Recruitment Service Scholarships, enacted in 2002-03. The Scholarships for Academic Excellence, the Regents Health Care Opportunity Scholarships and the Regents Professional Opportunity Scholarships will be suspended in 2003-04 with no new awards being granted. However, payments will continue to be provided for existing scholarship recipients.

PROGRAM HIGHLIGHTS

STATE OPERATIONS

The Corporation is continuing to move more of its services to the Internet, enhancing the public’s ability to get information and strengthening services to schools, lenders, students and families. HESC has made it easier for students to secure college loans by allowing them to apply on-line for loans and electronically sign promissory notes. Schools and lenders are now able to conduct all loan transactions on HESC’s Web site. In addition, the Corporation has recently reached an agreement with the Federal Department of Education to allow New York State residents to apply for Federal and State financial aid simultaneously through one on-line application.

In 2003-04, the Corporation will continue to coordinate the State’s participation in the Federal GEAR-UP program. In 1999, the Corporation was awarded a five-year Federal GEAR-UP grant to provide early college preparation and guidance services to low-income individuals.

FEDERAL LOAN GUARANTEE PROGRAM

The largest part of the Corporation’s operational responsibility is the administration of the Federal Family Education Loan program. Under this program, the Corporation guarantees over \$13.3 billion in outstanding loans made by banks to students. When banks are unable to collect student loan repayments, the Corporation intervenes to avert default. If these default aversion efforts are unsuccessful, defaulted loans are purchased from banks and steps are taken to bring such defaulted loans into repayment. The Corporation also provides

HIGHER EDUCATION SERVICES

customer services for lenders, schools and students, which include the distribution of loan information, as well as training and technical assistance related to loan applications and processing.

Federal loan activities administered by the Corporation include:

- \$3.3 billion in new guaranteed loans in 2001-02;
- Processing of student loans for nearly 496,000 individual borrowers; and
- Defaulted loan collections of \$282 million and defaulted loan purchases of \$221 million in 2001-02.

FINANCIAL AID PROGRAMS

The Corporation's responsibilities related to the administration of State financial aid programs include processing student applications, determining award amounts, processing and auditing aid payments to students and colleges, conducting reviews of participating institutions, collecting disallowed amounts identified in audits of participating institutions and providing information services to the public, students and schools for the following programs:

- Tuition Assistance Program: \$567.5 million in aid will be provided to recipients in the public and private sectors. Of this amount, \$225.0 million will be offset using funds from the Federal Temporary Assistance for Needy Families (TANF) program;
- Tuition Assistance Loan Program: \$11.5 million will be made available for those students who have exhausted their Federal loan eligibility and can demonstrate that additional assistance is needed to initially finance their TAP performance award;
- Aid for Part Time Study: \$14.6 million will be available to over 20,000 part-time students in all sectors of higher education; and
- Scholarships and Fellowships: \$21.1 million will be provided for current recipients of various scholarships and fellowships. Scholarships will be suspended for new students in 2003-04 for the Scholarships of Academic Excellence, the Regents Health Care Opportunity Scholarships and the Regents Professional Opportunity Scholarships. Nearly 18,800 current recipients are projected to continue receiving aid under the ten State and Federal scholarship programs administered by HESC.

COLLEGE CHOICE TUITION SAVINGS PROGRAM

Signed into law in 1997, the College Choice Tuition Savings Program represents a State initiative to encourage families throughout New York to save for the college education of their children or grandchildren. Under this program, families can save for their children's attendance at accredited public and private colleges in New York or in other states with accompanying tax benefits on contributions made to, and interest earned on, college savings accounts.

Jointly administered by the Corporation and the Office of the State Comptroller, the program has been well received by the general public. Since its inception in September 1998, over 260,400 accounts have been opened, with contributions exceeding \$1.2 billion. New York's program has already received national recognition as one of the top college savings plans in the nation.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	119,300,000	101,479,000	(17,821,000)	1,000,000
Aid To Localities	779,364,000	619,914,000	(159,450,000)	0
Capital Projects	0	0	0	0
Total	<u>898,664,000</u>	<u>721,393,000</u>	<u>(177,271,000)</u>	<u>1,000,000</u>

HIGHER EDUCATION SERVICES

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
Special Revenue Funds - Other	353	346	(7)
Guaranteed Loan Programs			
Special Revenue Funds - Other	422	414	(8)
Total	<u>775</u>	<u>760</u>	<u>(15)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Federal	5,532,000	6,340,000	808,000
Special Revenue Funds - Other	113,768,000	95,139,000	(18,629,000)
Total	<u>119,300,000</u>	<u>101,479,000</u>	<u>(17,821,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
Special Revenue Funds - Other	63,762,000	45,133,000	(18,629,000)
Guaranteed Loan Programs			
Special Revenue Funds - Federal	5,532,000	6,340,000	808,000
Special Revenue Funds - Other	50,006,000	50,006,000	0
Total	<u>119,300,000</u>	<u>101,479,000</u>	<u>(17,821,000)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	45,133,000	(18,629,000)	14,080,000	(2,719,000)
Guaranteed Loan Programs	56,346,000	808,000	19,206,000	0
Total	<u>101,479,000</u>	<u>(17,821,000)</u>	<u>33,286,000</u>	<u>(2,719,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	30,553,000	(5,910,000)	500,000	(10,000,000)
Guaranteed Loan Programs	30,800,000	0	6,340,000	808,000
Total	<u>61,353,000</u>	<u>(5,910,000)</u>	<u>6,840,000</u>	<u>(9,192,000)</u>

HIGHER EDUCATION SERVICES

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	765,148,000	610,698,000	(154,450,000)
Special Revenue Funds - Federal	5,216,000	5,216,000	0
Special Revenue Funds - Other	9,000,000	4,000,000	(5,000,000)
Total	<u>779,364,000</u>	<u>619,914,000</u>	<u>(159,450,000)</u>

Adjustments:

Recommended Deficiency

Higher Education Services Corporation,
New York State
General Fund

(35,200,000)

Appropriated 2002-03

744,164,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Scholarships and Fellowships			
General Fund	21,918,000	17,068,000	(4,850,000)
Special Revenue Funds - Other	9,000,000	4,000,000	(5,000,000)
State Grant Programs			
General Fund	728,600,000	579,000,000	(149,600,000)
Special Revenue Funds - Federal	5,216,000	5,216,000	0
Tuition Awards for Part-Time Students			
General Fund	14,630,000	14,630,000	0
Total	<u>779,364,000</u>	<u>619,914,000</u>	<u>(159,450,000)</u>

DIVISION OF HUMAN RIGHTS

MISSION

New York holds the proud distinction of being the first state to enact a Human Rights Law, affording every citizen an equal opportunity to enjoy a full and productive life. Discriminating against others because of their race, sex, age, disability or membership in other specified classes is illegal in the State of New York. The recently enacted Sexual Orientation Non-Discrimination Act (SONDA) broadens these protections to further ensure fair and equitable treatment for all New Yorkers based on sexual orientation.

The New York State Division of Human Rights serves as the administrative arm of the law, with a primary mission to enforce and protect human rights. Programs of the Division of Human Rights focus on ensuring equal opportunity in employment, housing, public accommodation, education and credit. To fulfill these responsibilities the Division:

- Investigates and resolves complaints of illegal discrimination;
- Promotes human rights awareness through education; and
- Acts as a resource in the prevention and elimination of discrimination.

ORGANIZATION AND STAFFING

Under the direction of the Commissioner, the Division operates from its main office in New York City and from nine regional and two satellite offices across the State.

The Division will have a workforce of 205 employees during 2003-04: 33 for administration of the Division and 172 to investigate, determine probable cause, and hear individual cases of discrimination. Funding is also provided to support five per diem administrative law judges not reflected in the 205 salaried staff.

BUDGET AND PROGRAM HIGHLIGHTS

In the last seven years, the Division has made solid progress in reducing its caseload of cases; open cases totaled 7,554 as of December 2002, down from 16,880 in January 1995. The agency continues to work vigorously to reduce the caseload and meet reasonable standards for timely case processing. To help further shorten its case processing time, the Division is implementing a new Case Management System expected to be operational in 2003.

The Division will strengthen administrative efficiencies to partially offset inflationary increases to the General Fund in 2003-04.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	18,224,000	18,224,000	0	7,700,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	18,224,000	18,224,000	0	7,700,000

HUMAN RIGHTS

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

Full-Time Equivalent Positions (FTE)

Program	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration			
General Fund	172	168	(4)
Special Revenue Funds - Federal	37	37	0
Total	209	205	(4)

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	13,334,000	13,334,000	0
Special Revenue Funds - Federal	4,800,000	4,800,000	0
Special Revenue Funds - Other	70,000	70,000	0
Fiduciary Funds	20,000	20,000	0
Total	18,224,000	18,224,000	0

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Administration			
General Fund	13,334,000	13,334,000	0
Special Revenue Funds - Federal	4,800,000	4,800,000	0
Special Revenue Funds - Other	70,000	70,000	0
Fiduciary Funds	20,000	20,000	0
Total	18,224,000	18,224,000	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	9,801,000	0	9,574,000	0
Total	9,801,000	0	9,574,000	0

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	222,000	0	5,000	0
Total	222,000	0	5,000	0

HUMAN RIGHTS

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	3,533,000	0	71,000	(2,000)
Total	3,533,000	0	71,000	(2,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	57,000	(6,000)	3,285,000	12,000
Total	57,000	(6,000)	3,285,000	12,000

Program	Equipment	
	Amount	Change
Administration	120,000	(4,000)
Total	120,000	(4,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	4,890,000	0	4,890,000	0
Total	4,890,000	0	4,890,000	0

DEPARTMENT OF LABOR

MISSION

The Department of Labor is New York State's primary advocate for job creation and economic growth through workforce development. The Department administers New York's unemployment insurance system, labor exchange system and Welfare-to-Work programs. The Department also oversees State worker protection programs, including enforcement of safety and health regulations in the public sector, State labor laws and Federal statutes related to working conditions, wages and hours and laws related to public work. The Department of Labor serves as the State's principal source for labor market information and offers a variety of services designed to help businesses find workers and people find jobs.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner with a central office located in Albany. This office is responsible for three Unemployment Insurance Telephone Claims Centers and eight employment service regional offices that oversee employment services staff at 106 locations throughout the State. In addition, through nine worker protection district offices, the Department enforces child labor laws, fosters workplace health and safety and ensures that employees are paid in accordance with provisions of the Labor Law. Offices are staffed based upon the workload in each geographic area.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department of Labor will have a workforce of 5,103 in SFY 2003-04. Approximately 88 percent of these positions are financed by Federal grants, 10 percent are supported by fees and assessments and the remaining 2 percent are paid by State tax dollars from the General Fund.

General Fund appropriations will provide partial support for Agency administration, employment training and vocational rehabilitation. The increase in State operations appropriations primarily reflects a transfer, discussed below, to the Department of vocational rehabilitation programs presently operated by the Office of Children and Family Services and the State Education Department.

Excluding the \$4.8 billion appropriation for the Unemployment Insurance Benefit Fund, Federal funds support approximately 86 percent of the Department's remaining budget. Specific programs and activities include Workforce Investment Act (WIA) job training services and re-employment services for persons who may be affected adversely by international trade agreements. Under the State Welfare Reform Act of 1997, the Department is responsible for supervising social services district operation of welfare employment programs. The programs are supported by the General Fund, Federal Temporary Assistance for Needy Families (TANF) Block Grant dollars and Federal Food Stamp Employment and Training money.

A Federal TANF appropriation of \$40 million will support programs designed to increase the self-sufficiency of eligible participants, including the Youth Education, Employment and Training Program (YEETP), the Green Teams program, Displaced Homemakers and the Bridge/EDGE Program.

In SFY 2003-04, \$50 million in TANF funding will be made available in the form of a block grant to social services districts and State agencies to support work activities and transitional services through the Department and the Office of Temporary and Disability Assistance (OTDA). This new funding will complement prior-year set-asides for initiatives, such as the New York Works Block Grant, which will remain available for expenditure in the forthcoming fiscal year. The new funding, as well as these existing programs, is structured so that services can be provided to eligible individuals and families with incomes that do not exceed 200 percent of the Federal poverty level, thus providing an important focus on avoiding

LABOR

welfare dependency through work. TANF funding is not provided for the 2002 summer youth employment program reflecting the continued phase-out of temporary TANF support as localities implement WIA year-round youth program requirements.

Federal appropriations also include funding to assist individuals and families that are the victims of disasters.

Fee revenues support approximately nine percent of the Department of Labor's non-Unemployment Insurance benefit related budget, funding worker protection and compensation enforcement activities and job training programs. These accounts are financed by fees for health and safety inspections, revenue from Workers' Compensation Board assessments and interest on overdue Unemployment Insurance taxes owed by employers. The Unemployment Insurance benefit appropriation of \$4.8 billion comprises 82 percent of the Department of Labor's overall budget. These benefits are funded from Unemployment Insurance taxes paid by employers.

In SFY 2003-04, the Employment Relations Board (ERB), funded exclusively with General Fund appropriations, will be merged with the Public Employment Relations Board (PERB). ERB helps to mediate disputes between private sector employers and employees to avoid and settle strikes and PERB performs similar services for public sector employers. This merger will facilitate a more streamlined mediation process for both the public and private sectors and will generate General Fund savings through administrative efficiencies.

PROGRAM HIGHLIGHTS

JOB SERVICES

Consistent with Workforce Investment Act (WIA) requirements, the Department of Labor and local governments have worked together to open 67 local One-Stop Centers across the State that offer access to a variety of employment services including job referral and placement, education and training, resume preparation, employer services, human resources consultation and support services such as child care and transportation. The Centers benefit employers by providing them with access to worker resumes and information on tax credits, workplace safety issues and apprenticeship services. Department of Labor employment services also help move individuals from welfare to work and help prevent public assistance dependency by focusing on disadvantaged youth, displaced homemakers, and persons who may lose their jobs because of plant closings or relocations.

Through the use of job orders, on-line forms, America's Job Bank and America's Talent Bank available through the Internet, the Department of Labor has made it easier for job seekers and employers to use and benefit from Agency services. For example, employers and job seekers can immediately access relevant information without assistance from Department staff.

In addition to the opening of One-Stop Centers across the State, the Department continues to work with other State and local agencies, community colleges and others to ensure that New York's workforce development system provides access to information and services across agency lines regardless of where a person may initially go for assistance — State office, local government office, community service agency or college placement office.

WORKFORCE INVESTMENT ACT (WIA)

Federally funded local assistance appropriation authority includes \$309 million for WIA services. WIA provides job training to youth, adults and dislocated workers. WIA also upgrades the skills of those currently working, thus helping employers meet the changing needs of their business operations. Eligible participants access WIA services through a network of local One-Stop Centers for the delivery of employment and training services. WIA also improves customer choice and program effectiveness, as participants can choose training providers based on past performance through the use of individual training accounts.

The State Workforce Investment Board, established in 1999, assists in the development of the State's plan for using WIA funds.

WORKER PROTECTION

Worker Protection functions are carried out by two Department of Labor programs: Occupational Safety and Health and Labor Standards/Public Work.

The Occupational Safety and Health program is responsible for health and safety inspections and granting licenses to qualified persons to operate or handle dangerous equipment or substances. Statistics for recent years show that the Division inspected 26,980 amusement park devices, 828 ski lifts, 6,635 places of public assembly (e.g., bleachers at concerts), and 31,140 commercial boilers. It also reviewed applications for 793 radioactive materials licenses and 54,538 asbestos licenses and certificates.

The Labor Standards program enforces the Labor Law in such areas as minimum and prevailing wage, child labor and garment industry registration. Statistics for recent years indicate the Division inspected 841 businesses for compliance with child labor laws and collected nearly \$14 million in back wages, unpaid fringe benefits and minimum wage underpayments for approximately 25,750 employees.

UNEMPLOYMENT INSURANCE

The Unemployment Insurance program makes weekly payments to eligible unemployed workers who have lost a job through no fault of their own. These temporary payments, generally available for up to 26 weeks, help workers and their families pay bills and buy basic household items while looking for work. The Department also operates a re-employment services program to further strengthen efforts to move individuals back to work.

As part of Governor Pataki's continuing efforts to make government more efficient, the Department of Labor operates a telephone claims system that uses computer technology and information received over the phone to determine if applicants are eligible to receive Unemployment Insurance benefits and handle all other processing issues related to an individual's benefits. The system operates through three Tele-Claims Centers located in Troy, Endicott and New York City, and replaces the less efficient process of requiring DOL staff to determine eligibility from paper forms filled out by applicants at local Department of Labor offices. In addition, the Department is currently piloting programs for filing Unemployment Insurance claims and employer registration through the Internet.

A projected deficit in the Unemployment Insurance Trust Fund resulting from the September 11 terrorist attacks and the downturn in the nation economy will require the State to borrow funding from the Federal government in 2003 thereby incurring Federal interest costs. The Budget includes an interest assessment on employer taxes to pay these interest costs.

VOCATIONAL REHABILITATION

In SFY 2003-04, vocational rehabilitation services for disabled persons will be transferred to DOL to raise the overall effectiveness of these programs through increased coordination with existing DOL employment services. Components of the Commission for the Blind and Visually Handicapped (CBVH) Program will be transferred from the Office of Children and Family Services (OCFS) to provide services to help visually handicapped people live independently and achieve self-sufficiency through employment. Through its regional offices and in conjunction with contracted services with private agencies for the blind, CBVH provides vocational rehabilitation services, and business information and referral services to over 7,000 individuals.

LABOR

DOL also will administer CBVH's Business Enterprise Program which develops jobs, including vending stand positions, for approximately 710 clients and its Independent Living Centers which provide employment readiness services through work experience and mentoring. Remaining CBVH functions that serve the elderly will be transferred to the State Office for the Aging (SOFA).

The Vocational and Educational Services for Individuals with Disabilities Program (VESID) will be transferred from the Education Department to provide job training, counseling and placement services for disabled persons throughout New York. Using its network of 15 district offices across the State, VESID provides vocational rehabilitation services to disabled clients tailored to their individual goals, capabilities and needs. This program arranges for job placements for more than 14,576 individuals annually from an active caseload of 59,611.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	5,412,661,000	5,502,362,000	89,701,000	1,608,162,000
Aid To Localities	397,083,750	347,920,000	(49,163,750)	1,234,674,200
Capital Projects	0	0	0	0
Total	5,809,744,750	5,850,282,000	40,537,250	2,842,836,200

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	72	32	(40)
Special Revenue Funds - Federal	3,574	3,524	(50)
Commission for the Blind and Visually Handicapped			
General Fund	0	13	13
Special Revenue Funds - Federal	0	161	161
Fiduciary Funds	0	3	3
Employment Relations Board			
General Fund	16	0	(16)
Employment and Training			
General Fund	43	43	0
Special Revenue Funds - Other	74	74	0
Labor Standards			
Special Revenue Funds - Other	225	210	(15)
Occupational Safety and Health			
Special Revenue Funds - Other	215	239	24
Vocational and Educational Services for Individuals with Disabilities			
General Fund	0	8	8
Special Revenue Funds - Federal	0	796	796
Total	4,219	5,103	884

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	13,863,000	7,345,000	(6,518,000)
Special Revenue Funds - Federal	546,046,000	603,990,000	57,944,000
Special Revenue Funds - Other	52,752,000	89,713,000	36,961,000
Fiduciary Funds	4,800,000,000	4,801,314,000	1,314,000
Total	5,412,661,000	5,502,362,000	89,701,000

Adjustments:

Transfer(s) To

Public and Private Employment
Relations Board

General Fund

1,720,000

Appropriated 2002-03

5,414,381,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	5,534,000	2,000,000	(3,534,000)
Special Revenue Funds - Federal	508,086,000	491,865,000	(16,221,000)
Commission for the Blind and Visually Handicapped			
General Fund	0	3,572,000	3,572,000
Special Revenue Funds - Federal	0	12,772,000	12,772,000
Special Revenue Funds - Other	0	250,000	250,000
Fiduciary Funds	0	814,000	814,000
Employment Relations Board			
General Fund	500,000	0	(500,000)
Employment and Training			
General Fund	2,829,000	1,380,000	(1,449,000)
Special Revenue Funds - Federal	860,000	1,010,000	150,000
Special Revenue Funds - Other	11,325,000	11,619,000	294,000
Fiduciary Funds	0	500,000	500,000
Labor Standards			
Special Revenue Funds - Other	16,122,000	16,836,000	714,000
Occupational Safety and Health			
Special Revenue Funds - Other	25,305,000	30,552,000	5,247,000
Unemployment Insurance Benefit Fund			
General Fund	5,000,000	0	(5,000,000)
Special Revenue Funds - Federal	37,100,000	57,500,000	20,400,000
Special Revenue Funds - Other	0	30,000,000	30,000,000
Fiduciary Funds	4,800,000,000	4,800,000,000	0
Vocational and Educational Services for Individuals with Disabilities			
General Fund	0	393,000	393,000
Special Revenue Funds - Federal	0	40,843,000	40,843,000
Special Revenue Funds - Other	0	456,000	456,000
Total	5,412,661,000	5,502,362,000	89,701,000

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	1,380,000	(2,657,000)	1,380,000	(2,657,000)
Employment and Training	954,000	0	954,000	0
Vocational and Educational Services for Individuals with Disabilities	366,600	366,600	366,600	366,600
Total	<u>2,700,600</u>	<u>(2,290,400)</u>	<u>2,700,600</u>	<u>(2,290,400)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	620,000	(877,000)	38,000	(80,000)
Commission for the Blind and Visually Handicapped	3,572,000	3,572,000	0	0
Employment Relations Board	0	(500,000)	0	0
Employment and Training	426,000	(1,449,000)	35,000	0
Unemployment Insurance Benefit Fund	0	(5,000,000)	0	0
Vocational and Educational Services for Individuals with Disabilities	26,400	26,400	26,400	26,400
Total	<u>4,644,400</u>	<u>(4,227,600)</u>	<u>99,400</u>	<u>(53,600)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	24,000	(50,000)	324,000	(676,000)
Commission for the Blind and Visually Handicapped	0	0	0	0
Employment Relations Board	0	0	0	0
Employment and Training	26,000	0	17,000	0
Unemployment Insurance Benefit Fund	0	0	0	0
Vocational and Educational Services for Individuals with Disabilities	0	0	0	0
Total	<u>50,000</u>	<u>(50,000)</u>	<u>341,000</u>	<u>(676,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	34,000	(71,000)	200,000	0
Commission for the Blind and Visually Handicapped	0	0	3,572,000	3,572,000
Employment Relations Board	0	0	0	(500,000)
Employment and Training	26,000	0	322,000	(1,449,000)
Unemployment Insurance Benefit Fund	0	0	0	(5,000,000)
Vocational and Educational Services for Individuals with Disabilities	0	0	0	0
Total	<u>60,000</u>	<u>(71,000)</u>	<u>4,094,000</u>	<u>(3,377,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	491,865,000	(16,221,000)	0	0
Commission for the Blind and Visually Handicapped	13,836,000	13,836,000	0	0
Employment and Training	13,129,000	944,000	0	0
Labor Standards	16,836,000	714,000	12,173,000	580,000
Occupational Safety and Health	30,552,000	5,247,000	15,434,000	3,285,000
Unemployment Insurance Benefit Fund	4,887,500,000	50,400,000	0	0
Vocational and Educational Services for Individuals with Disabilities	41,299,000	41,299,000	20,744,000	20,744,000
Total	5,495,017,000	96,219,000	48,351,000	24,609,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	491,865,000	(16,221,000)
Commission for the Blind and Visually Handicapped	113,000	113,000	13,723,000	13,723,000
Employment and Training	0	0	13,129,000	944,000
Labor Standards	4,663,000	134,000	0	0
Occupational Safety and Health	14,983,000	1,962,000	135,000	0
Unemployment Insurance Benefit Fund	0	0	4,887,500,000	50,400,000
Vocational and Educational Services for Individuals with Disabilities	20,099,000	20,099,000	456,000	456,000
Total	39,858,000	22,308,000	5,406,808,000	49,302,000

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	10,777,750	0	(10,777,750)
Special Revenue Funds - Federal	386,061,000	347,490,000	(38,571,000)
Special Revenue Funds - Other	245,000	430,000	185,000
Total	397,083,750	347,920,000	(49,163,750)

Adjustments:

Transfer(s) From	
Temporary and Disability Assistance, Office of	
Special Revenue Funds - Federal	(32,753,000)
Appropriated 2002-03	<u>364,330,750</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Employment and Training			
General Fund	6,341,000	0	(6,341,000)
Special Revenue Funds - Federal	386,061,000	347,490,000	(38,571,000)
Occupational Safety and Health			
Special Revenue Funds - Other	245,000	430,000	185,000
Community Projects			
General Fund	4,436,750	0	(4,436,750)
Total	397,083,750	347,920,000	(49,163,750)

OFFICE OF REAL PROPERTY SERVICES

MISSION

The Office of Real Property Services is charged with the general supervision of local property tax administration in New York. The Office plays a major role in developing the State's property tax policy and helps local governments with property tax administration in accordance with constitutional provisions for the supervision, review and equalization of local assessments for purposes of taxation.

ORGANIZATION AND STAFFING

The Office of Real Property Services is headed by the State Board of Real Property Services, a five-member Board appointed by the Governor, and its day-to-day administration is the responsibility of an Executive Director appointed by the Board. The agency has a central office in Albany and five regional offices in Batavia, Syracuse, Newburgh, Melville and Saranac Lake.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget will support a staffing level of 401 positions for the Office of Real Property Services. State tax dollars from the General Fund will support 39 percent of these positions, with the remaining 61 percent supported by various fees.

General Fund appropriations of \$10 million will finance 27 percent of the Office's \$36.4 million operating budget in 2003-04. The remaining agency operations are supported by the following three revenue accounts: the Improvement of Real Property Tax Administration Account; the Industrial and Utility Services Account; and the Local Services Account. These accounts are funded from the State's share of the real property transfer recording fee, chargebacks for assessments made on industrial, utility and railroad property and charges for miscellaneous consulting and computing services.

Budget recommendations for the Office of Real Property Services for 2003-04 include:

- State aid of \$6.3 million for local administration of the School Tax Relief (STAR) program and \$1.7 million for the State's administrative responsibilities;
- State Aid of \$10.5 million for financial incentives for local governments to improve assessment administration through various programs that include annual updates of assessment rolls pursuant to the higher standards enacted in 1999;
- State aid of \$4.7 million to reimburse local governments for their revenue losses relating to the Rail Infrastructure Investment Act of 2002; and
- An increase in the existing fee on the filing of real property transfers from \$25 to \$50 to generate \$9.6 million annually after allowing county clerks to retain \$9 (an increase of \$6) for each transaction. This revenue will be dedicated to provide services to State and local governments and property owners to improve efficiency and fairness in property tax administration.

PROGRAM HIGHLIGHTS

The Office of Real Property Services is involved with all State-level responsibilities relating to the real property tax, which represents the largest revenue source for counties, towns, villages, school districts and other municipalities. Accordingly, the Office has programs to establish equalization rates which are used to estimate the full market value of taxable real

REAL PROPERTY SERVICES

property in each municipality, to provide policy guidance as well as technical and financial assistance to local assessing units, and to assist other State agencies with information and administrative support in areas that relate to property tax policy or administration.

EQUALIZATION OF MUNICIPAL FULL VALUE

State laws permit New York's local governments to select the percentage of full value they use in assessing properties. However, every assessing unit is required to indicate its assessment ratio — i.e., the ratio of the assessed value to the full value of properties — on the assessment roll and tax bills. Using audit procedures and statistical tests on sample data, the Office of Real Property Services verifies the accuracy of the assessment ratio stated annually by each of the approximately 1,000 assessing units (i.e., cities, towns and the counties of Nassau and Tompkins). If the assessment ratio provided by a local assessor is determined to be accurate, it is established as the State equalization rate for that assessing unit; otherwise, the Office prepares an independent estimate of the local assessment ratio which will be established as the equalization rate.

By adhering to statewide standards, the Office ensures that equalization rates can be used to estimate full values of properties in a consistent manner. Full value estimates are necessary to distribute taxes for counties and school districts when tax levies are based upon assessments by more than one assessing unit. They are also used as indicators of local fiscal capacity for several purposes, including allocation of State aid.

Increased coordination between the Office and local assessing units, as well as improvements in local assessment and reporting practices, has resulted in several notable enhancements in the equalization program. Recent accomplishments include the following:

- In 2002, the assessment ratios supplied by 63 percent of local assessors were adopted without change as State equalization rates and that rate of adoption is expected to increase to more than 70 percent in 2003;
- Preparation of equalization rates has been accelerated so that all school districts across the State can now use current equalization rates for their school tax levies, instead of using modified rates from prior years;
- The number of complaints on preliminary equalization rates by local officials has dropped, resulting in reduced costs for rate complaint hearings and improved State-local relations. The percentage of cities and towns that filed complaints was approximately 7 percent in 2002, as compared to 36 percent a decade ago;
- The Office has integrated nationally accepted standards and techniques, such as computer assisted appraisal studies and residential sales studies within its equalization rate process, thereby reducing its reliance on costly appraisals. The percentage of localities where residential appraisals are needed has been reduced from 100 percent in 1994 to less than 25 percent in 2002; and
- Since 1994-95, the continuing base cost of the Office's equalization program has been reduced from \$17 million to \$14 million.

ASSISTANCE AND SERVICES TO LOCAL GOVERNMENTS

Since many municipal assessing units are very small-scale operations, local property tax administrators are dependent on technical assistance provided by the Office of Real Property Services. Centralized assistance to assessors and taxing jurisdictions includes administrative, legal and other technical services. In helping municipalities, the Office works closely with county offices of real property tax services, many of which have developed programs for coordinating reassessment projects on a countywide basis.

In furthering the State-local partnership in property tax administration, the Office also administers various State aid programs in support of local assessment administration, including:

- Annual aid of up to \$5 per parcel for assessing units that meet State standards that include annual revisions of assessments and comprehensive re-inventory and revaluation at least once every six years;

REAL PROPERTY SERVICES

- Consolidation aid providing a one-time financial incentive of up to \$7 per parcel to encourage cost-efficiency through the coordination of assessment functions performed by two or more assessing units;
- Assessor training aid to reimburse local assessment officials (including assessors and county directors of property tax services) for their cost of attending State-mandated training courses;
- STAR administration aid to ensure that localities are compensated for their workload associated with the administration of the State's school tax relief program;
- Software support which includes the development, maintenance, training and consulting relating to a state-of-the-art software program to facilitate cost-efficient administration of local property taxes; and
- Advisory appraisals for certain complex properties — such as utilities and large manufacturing plants — which require highly specialized resources that are not available to most local assessors.

These State aid programs have been a catalyst for enhancing the equity and cost-efficiency of local property tax administration throughout the State. According to recent data, nearly two-thirds of the State's assessing units prepare assessment rolls that are reasonably equitable and current. Additionally, since the introduction of consolidation aid in 1994, 95 towns in 23 counties have come together to form 41 coordinated assessment programs.

OTHER SERVICES AND RESPONSIBILITIES

The Office of Real Property Services maintains inventory and valuation data on approximately 4 million acres of State-owned land and conservation easements that are subject to local taxation. Local assessments on taxable State-owned properties are scrutinized by the agency and either certified for payment or brought to administrative and judicial review, as appropriate.

In conjunction with the State Education Department and the Department of Taxation and Finance, the Office is responsible for administering the School District Income Verification program. This program verifies and corrects the school district codes reported on personal income tax returns to accurately assign personal income to school districts. These data are then used as a measure of local fiscal capacity in school aid formulas.

Special assessments are statutorily authorized for agricultural properties, transportation properties owned by railroad companies and oil and gas wells. The Office establishes values of agricultural land, ceilings on assessments of railroad properties and values of oil- and gas-producing facilities.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	37,093,400	36,424,000	(669,400)	0
Aid To Localities	15,300,000	21,840,000	6,540,000	0
Capital Projects	0	0	0	0
Total	<u>52,393,400</u>	<u>58,264,000</u>	<u>5,870,600</u>	<u>0</u>

REAL PROPERTY SERVICES

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

Full-Time Equivalent Positions (FTE)

Program	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Policy and Organizational Support Services			
General Fund	147	90	(57)
Special Revenue Funds - Other	53	53	0
Regional Operations			
General Fund	103	65	(38)
Special Revenue Funds - Other	105	193	88
Total	<u>408</u>	<u>401</u>	<u>(7)</u>

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	20,291,000	10,000,000	(10,291,000)
Special Revenue Funds - Other	16,802,400	26,424,000	9,621,600
Total	<u>37,093,400</u>	<u>36,424,000</u>	<u>(669,400)</u>

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Policy and Organizational Support Services			
General Fund	13,614,000	6,412,000	(7,202,000)
Special Revenue Funds - Other	4,788,100	4,877,700	89,600
Regional Operations			
General Fund	6,431,000	3,588,000	(2,843,000)
Special Revenue Funds - Other	12,014,300	21,546,300	9,532,000
School District Income Verification			
General Fund	246,000	0	(246,000)
Total	<u>37,093,400</u>	<u>36,424,000</u>	<u>(669,400)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	3,729,200	(5,633,800)	3,729,200	(5,633,800)
Regional Operations	3,537,800	(2,804,500)	3,537,800	(2,804,500)
School District Income Verification	0	(195,000)	0	(195,000)
Total	<u>7,267,000</u>	<u>(8,633,300)</u>	<u>7,267,000</u>	<u>(8,633,300)</u>

REAL PROPERTY SERVICES

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	2,682,800	(1,568,200)	84,900	(168,200)
Regional Operations	50,200	(38,500)	41,660	(28,500)
School District Income Verification	0	(51,000)	0	0
Total	<u>2,733,000</u>	<u>(1,657,700)</u>	<u>126,560</u>	<u>(196,700)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	168,200	(200,000)	434,600	(800,000)
Regional Operations	8,540	(10,000)	0	0
School District Income Verification	0	0	0	0
Total	<u>176,740</u>	<u>(210,000)</u>	<u>434,600</u>	<u>(800,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	295,100	(400,000)	1,700,000	0
Regional Operations	0	0	0	0
School District Income Verification	0	(51,000)	0	0
Total	<u>295,100</u>	<u>(451,000)</u>	<u>1,700,000</u>	<u>0</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	4,877,700	89,600	2,925,300	21,800
Regional Operations	21,546,300	9,532,000	10,500,000	6,026,000
Total	<u>26,424,000</u>	<u>9,621,600</u>	<u>13,425,300</u>	<u>6,047,800</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	1,952,400	67,800	0	0
Regional Operations	11,046,300	4,506,000	0	(1,000,000)
Total	<u>12,998,700</u>	<u>4,573,800</u>	<u>0</u>	<u>(1,000,000)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	15,300,000	21,840,000	6,540,000
Total	<u>15,300,000</u>	<u>21,840,000</u>	<u>6,540,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Policy and Organizational Support Services	15,300,000	21,840,000	6,540,000
General Fund Total	<u>15,300,000</u>	<u>21,840,000</u>	<u>6,540,000</u>

STATE UNIVERSITY OF NEW YORK

MISSION

Created in 1948, the State University of New York is the largest public university system in the nation with 64 campuses offering a complete range of academic, professional and vocational programs. The State University system is uniquely positioned to provide New Yorkers with post-secondary educational programs of the highest quality and with the broadest possible access.

ORGANIZATION AND STAFFING

The three major components of the State University's mission — teaching, public service and research — are carried out by:

- Eight campuses (including four health science centers) offering academic programs through the doctoral level and serving as research centers;
- Fourteen comprehensive colleges providing undergraduate education in a variety of academic fields;
- Seven colleges of technology focusing on the development of a workforce with the advanced skills required by an increasingly technology-dependent economy;
- Five statutory and contract colleges at Alfred and Cornell universities that offer nationally acclaimed programs in ceramics, veterinary medicine, agriculture and life sciences, industrial and labor relations, and human ecology; and
- Thirty community colleges offering access to a wide array of higher education opportunities that prepare students for transfer to senior colleges or train them for a variety of technical or paraprofessional occupations.

The University is governed by a Board of Trustees consisting of 16 members, with 15 appointed by the Governor to staggered seven-year terms and approved by the Senate, and one ex-officio trustee representing the student assembly 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, and serves at the pleasure of, the Board of Trustees. Individual college presidents are also appointed by, and serve at the pleasure of, the Board.

The State University's operating budget supports an estimated 36,700 full-time equivalent positions consisting of 22,100 positions that are supported through a combination of State tax dollars and tuition revenues and 14,600 positions supported by other funds. Community college staff are not included in these totals as they are not employees of the State.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

STATE-OPERATED COLLEGES

The 2003-04 Executive Budget recommends over \$4.3 billion to support the operations of the State University's campuses, central administration and University-wide programs. In addition to over \$1.0 billion in support from the General Fund (\$891.7 million for operations and \$136.8 million for certain fringe benefit costs), the University's budget includes \$3.3 billion in activities funded by other revenues. Revenue-generating entities and programs include: three teaching hospitals at Brooklyn, Stony Brook and Syracuse; the Long Island Veterans' Home administered by the Stony Brook Health Science Center; dormitory operations; food services; and tuition-supported activities, including summer session and overseas academic studies.

For 2003-04, \$1.028 billion in taxpayer support is provided for SUNY's State-operated campuses and programs, a reduction of \$183.5 million. A total of \$3.034 billion in special

STATE UNIVERSITY

revenue support is provided for SUNY, reflecting an increase of \$267.7 million including \$196.9 million in additional appropriation authority for increased tuition revenue. The Executive Budget recognizes the powers of the Board of Trustees to manage resources in a manner that is sensitive to University priorities. The Trustees have the authority to manage resources through actions such as:

- elimination or consolidation of low demand programs and courses;
- increased productivity through technologies such as distance learning, multimedia curricula, and on-line, university-wide administrative systems; and
- reassessment of current activities and programs that may not be central to the core mission of the University.

The 2003-04 Executive Budget also recognizes the authority of the Board of Trustees to establish the tuition levels that are charged at SUNY campuses. Legislation accompanying this Budget will eliminate various existing restrictions on the ability of the Board of Trustees to establish tuition charges. Upon enactment of this legislation, the Trustees will be authorized to establish differential tuition rates among SUNY campuses. SUNY is unique among large public university systems in being prohibited from charging differential tuition by campus. The Trustees will also have the ability to adopt a tuition policy that permits annual incremental adjustments to tuition and maintains an appropriate balance between taxpayer support and student support. Currently, tuition and required fees at SUNY are significantly lower than those charged by peer institutions in other Northeast states. Tuition has not been increased since 1995-96, while the higher education price index has increased 30 percent during that time. This legislation will also enable the Trustees to adopt a tuition increase prior to enactment of the State budget.

For 2003-04, Federal appropriations totaling \$196.6 million will support the Pell grant program and various other student financial aid programs, while fiduciary fund appropriations totaling \$57.8 million support low-interest loans to needy students and the expenditure of earnings on SUNY endowment funds. Supplemental student financial aid provided through the Educational Opportunity Program is recommended for elimination for 2003-04, but funding is continued for academic support services that include tutoring, counseling and mentoring.

SUNY HOSPITALS

The 2003-04 Budget continues the appropriation structure enacted in 2001-02 for the SUNY hospitals. All hospital spending is now appropriated in one account with the hospitals being responsible for direct payment of their fringe benefit and debt service costs. Under this appropriation structure, the SUNY hospitals will continue to be directly accountable for operating within their available revenues, including a fixed State subsidy amount.

The recommended \$92.6 million State subsidy for the SUNY hospitals recognizes costs attributable to their State agency status and reflects an increase of \$0.5 million. The State will also make a payment of \$10.5 million as its share of a multi-year effort by the SUNY hospitals and the State to address their accumulated deficit. To address the immediate capital needs and priorities of SUNY's hospitals, \$350 million has been included in the Multi-Year Capital Investment Program recommended in this Budget for SUNY. In addition, legislation will be advanced to restructure the SUNY hospitals as private not-for-profit corporations to better position them to compete in today's health care environment.

COMMUNITY COLLEGES

SUNY community colleges have three primary funding sources — State aid, support from local government sponsors and tuition revenue. Recommended State funding for community colleges of \$317.5 million reflects a net decrease of \$26.5 million from 2002-03 attributable to: additional funding for enrollment growth (\$20.6 million); a \$345 reduction in operating aid from the current per student rate of \$2,300 to \$1,955 (\$40.6 million); elimination of rental aid for leased space (\$5.6 million) and workforce training support (\$1.0 million). Funding for childcare is continued at the 2002-03 level of nearly \$1.1 million.

CORNELL COOPERATIVE EXTENSION

County cooperative extension associations — funded by State, county and Federal contributions — provide specialized information and assistance in community development, agricultural technology, 4-H youth development, and consumer and family education. The Executive Budget recommends nearly \$2.9 million in State support for this program.

CAPITAL

The 2003-04 Executive Budget recommends a new \$2.5 billion Multi-Year Capital Investment Program for State University and community college facility and infrastructure improvements. This new program, which builds on the prior multi-year capital program initiated in 1998-99, is primarily targeted toward renovation and reconstruction of existing facilities. The plan also provides SUNY hospitals access to the capital market to initiate revenue-producing projects associated with the hospitals' strategic initiatives; to address accreditation deficiencies; and to meet critical health, safety and preservation needs.

SUNY's bond cap will be increased by \$1.5 billion, for a total bonding authorization of \$4.7 billion, to cover SUNY's planned bond sales for the multi-year period of the new Capital Investment Program and to reflect disbursement-based bonding.

Capital recommendations include: \$1,640 million for academic facilities; \$350 million for hospitals; \$210 million for community colleges and \$335 million for residence halls. The capital plan largely focuses on addressing critical health/safety and preservation needs as well as the phased revitalization of campuses through rehabilitation of existing buildings.

The recommendations also enable the University to maximize revenues by authorizing \$250 million for projects supported by private donations and other sources through the SUNY Capital Projects Fund.

SUNY's capital program for 2003-04 provides approximately \$500 million to support the first year of the Multi-Year Capital Investment Program.

PROGRAM HIGHLIGHTS

The State University of New York is the nation's largest comprehensive public university, offering 5,600 degree programs at the research universities, community colleges, medical schools and colleges of technology that comprise its 64 campuses. The State University enrolls over 40 percent of college-bound students graduating from New York State high schools. More than 402,000 full-time and part-time SUNY students — 203,300 at State-operated campuses and 198,800 in community colleges — are pursuing studies ranging from one-year certificate programs to doctorates.

More than ever before, the University is focusing its attention on the pursuit of educational excellence and academic achievement. SUNY has completed a comprehensive review of the academic missions and goals of each of its 64 institutions, from community colleges to university centers. This effort has established individual goals for campuses in terms of enrollment, student mix, retention and graduation rates, research, and other key indicators of institutional vitality and success.

The State University is also working to raise the profile and volume of the scholarly research conducted by its faculty, and is more aggressively seeking Federal and other external support for research. As a result, funding for SUNY sponsored research reached an all-time high of more than \$700 million in 2002, a growth of 18 percent from 2001. In addition, the State University was recently ranked in the Top 10 of all institutions nationally in the number of patents issued each year and in the Top 15 for royalties earned on inventions by research universities by *IP Worldwide* magazine.

The University's initiatives in the area of technology have placed it at the forefront of higher educational institutions across the nation and recently earned it the Award for Excellence in Institution-Wide Asynchronous Learning Networks (ALN) Programming by the Alfred P. Sloan Foundation for the promotion of anytime/anywhere learning. The Sloan

STATE UNIVERSITY

Foundation recognized the SUNY Learning Network, citing its primary goal of bringing SUNY's diverse, high-quality instructional programs within the reach of learners everywhere. In the 2001-02 academic year, the SUNY Learning Network enabled more than 40,000 student enrollments in 2,500 online courses. The 55 SUNY campuses participating in the SUNY Learning Network offer complete online degree and certificate programs.

Several SUNY campuses are key partners in the State's five University-based Centers of Excellence, a high technology initiative that will enable New York State to become a worldwide leader in university-based research, business creation and job development, including:

- Albany Center of Excellence in Nanoelectronics, a semiconductor research center at SUNY-Albany known as International SEMATECH, a consortium of the 12 major computer chip manufacturers in the world;
- Buffalo Center of Excellence in Bioinformatics which includes the Life Sciences Complex used for super-computing, pharmaceutical research and workforce development; and
- Long Island Center of Excellence in Wireless Internet and Information Technology which, in tandem with several other high-tech research projects such as the Bioinformatics Research Center at Cold Spring Harbor Laboratory, will create thousands of new high-skilled and high-wage jobs across Long Island.

The State University's 30 locally sponsored community colleges serve as an essential source of skilled employees and play a critical role in the State's efforts to attract and retain businesses seeking an able workforce. Through their policy of open admissions, the community colleges also ensure access to post-secondary education. SUNY has recently established a three-year strategic plan to strengthen the University's 30 community colleges. The goals of the strategic plan are to achieve greater efficiency by coordinating and facilitating system-wide activities, achieving broader recognition and promotion of the SUNY community colleges, developing the role of SUNY community colleges in workforce and economic development, expanding a common framework for joint program development and delivery, and ensuring performance effectiveness and measurable outcomes.

From the curriculum and instruction in its classrooms, research in its laboratories, support from its alumni and its appeal to a growing number of college-bound students, the State University continues to elevate its ranking among the nation's finest public universities.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	4,207,045,000	4,326,131,000	119,086,000	26,565,000
Aid To Localities	350,252,762	320,319,000	(29,933,762)	0
Capital Projects	155,000,000	2,561,000,000	2,406,000,000	1,756,217,000
Total	4,712,297,762	7,207,450,000	2,495,152,238	1,782,782,000

STATE UNIVERSITY

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	1,211,999,000	1,028,530,000	(183,469,000)
Special Revenue Funds - Federal	163,165,000	196,550,000	33,385,000
Special Revenue Funds - Other	2,766,581,000	3,034,251,000	267,670,000
Internal Service Funds	7,500,000	9,000,000	1,500,000
Fiduciary Funds	57,800,000	57,800,000	0
Total	<u>4,207,045,000</u>	<u>4,326,131,000</u>	<u>119,086,000</u>
Adjustments:			
Prior Year Deficiency			
State University of New York			
General Fund	4,800,000		
Special Revenue Funds - Federal	10,000,000		
Appropriated 2002-03	<u>4,221,845,000</u>		

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	350,252,762	320,319,000	(29,933,762)
Total	<u>350,252,762</u>	<u>320,319,000</u>	<u>(29,933,762)</u>
Adjustments:			
Prior Year Deficiency			
State University of New York			
General Fund	3,500,000		
Appropriated 2002-03	<u>353,752,762</u>		

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Senior Universities				
General Maintenance and Improvements				
Capital Projects Fund	0	115,000,000	115,000,000	77,886,000
Capital Projects Fund - Advances	0	1,651,000,000	1,651,000,000	908,512,000
State University Capital Projects Fund				
State University Capital Projects Fund	20,000,000	250,000,000	230,000,000	121,870,000
State University Residence Hall Rehabilitation Fund				
State University Residence Hall Rehabilitation Fund	135,000,000	335,000,000	200,000,000	360,467,000
Subtotal	<u>155,000,000</u>	<u>2,351,000,000</u>	<u>2,196,000,000</u>	<u>1,468,735,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	35,000,000	35,000,000	19,583,000
Capital Projects Fund - Advances	0	175,000,000	175,000,000	248,233,000
New Facilities				
Capital Projects Fund - Advances	0	0	0	19,666,000
Subtotal	<u>0</u>	<u>210,000,000</u>	<u>210,000,000</u>	<u>287,482,000</u>
Total	<u>155,000,000</u>	<u>2,561,000,000</u>	<u>2,406,000,000</u>	<u>1,756,217,000</u>

STATE UNIVERSITY CONSTRUCTION FUND

MISSION

The State University Construction Fund is a public benefit corporation established in 1962 to serve as the construction agent for academic buildings, dormitories and other facilities at State-operated institutions and statutory colleges under the jurisdiction of the State University of New York (SUNY). Consistent with the State University's approved Master Capital Construction Plan, the Fund oversees construction, acquisition, reconstruction and rehabilitation or improvement of such facilities.

ORGANIZATION AND STAFFING

The Fund is administered by a Board of Trustees consisting of three members appointed by the Governor, one of whom must be a State University Trustee. Members other than the State University Trustee are confirmed by the Senate. The Board appoints a General Manager who serves as chief administrative officer of the agency.

The agency's workforce for 2003-04 is maintained at 113 positions. The Fund's positions are supported entirely from proceeds of revenue bonds issued to finance the construction and reconstruction of academic facilities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget recommendation of \$11 million from proceeds of State University Educational Facilities Revenue bonds will enable the Fund to oversee existing SUNY facility projects and to administer the new \$2.5 billion Multi-Year Capital Investment Program that is being recommended for SUNY in the Executive Budget.

PROGRAM HIGHLIGHTS

The 2003-04 Executive Budget contains a new \$2.5 billion Multi-Year Capital Investment Program to address SUNY's infrastructure and facility needs. As of March 31, 2002, the Fund has completed more than 4,400 academic, dormitory and dining hall capital projects with a replacement value exceeding \$13.6 billion. During the 2001-02 fiscal year, the Fund initiated the design of 47 projects having a total value of \$19 million and began construction of 10 projects having an estimated cost of \$50 million.

In addition to design and construction of SUNY's educational facilities, other key functions of the Fund include:

- Preparation and development of the State University's Master Capital Construction Plan, as well as master plans for individual campuses;
- Preparation of the State University's annual capital budget request and facility program;
- Development and maintenance of online interactive data processing systems on space and property inventories, real property, State building codes and other related plant management functions; and
- Management and administration of University-wide programs including minor rehabilitation, energy conservation and telecommunications.

STATE UNIVERSITY CONSTRUCTION

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	10,837,000	11,003,000	166,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	10,837,000	11,003,000	166,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	10,837,000	11,003,000	166,000
Total	10,837,000	11,003,000	166,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
Special Revenue Funds - Other	10,837,000	11,003,000	166,000
Total	10,837,000	11,003,000	166,000

***HEALTH AND
MENTAL HYGIENE***

OFFICE OF ADVOCATE FOR PERSONS WITH DISABILITIES

MISSION

The primary mission of the Office of Advocate for Persons with Disabilities (APD) is to promote the inclusion of persons with disabilities in all aspects of community life. The Agency ensures that persons with disabilities are afforded the opportunity to exercise the full range of the rights and responsibilities accorded to all residents of New York State. In addition, APD plays an active role in developing innovative opportunities and supports that respond to the needs of New Yorkers with disabilities.

ORGANIZATION AND STAFFING

Headed by the State Advocate who is appointed by the Governor, the Agency is headquartered in Albany. APD will have a workforce of 16 positions for 2003-04. Approximately 75 percent of these positions are paid by State tax dollars from the General Fund and 25 percent are financed by Federal grants and other funding sources.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 All Funds Executive Budget recommendation of more than \$1.5 million maintains APD's ability to disseminate comprehensive information on services and programs available to persons with disabilities and to collaborate with other agencies, businesses and organizations to increase the effectiveness of public and private sector services.

PROGRAM HIGHLIGHTS

APD operates a statewide clearinghouse through which individuals can access information and obtain referrals to a variety of disability-related services. Key components of the system are a statewide telephone hotline (800-522-4369) and a website (www.advoc4disabled.state.ny.us). It is anticipated that more than 100,000 individuals will utilize these services in 2003-04.

The Agency's federally funded Technology-Related Assistance for Individuals with Disabilities (TRAID) Project supports a statewide system that helps New Yorkers with disabilities access technology devices and services to strengthen their ability to participate in the mainstream workplace and community. This program is coordinated through an Interagency Partnership on Assistive Technology and 12 Regional TRAIID Centers at 15 sites. During 2002, these Regional TRAIID Centers provided awareness training, device demonstrations, information, education, and referrals to over 21,800 persons with disabilities.

APD has received increased Disability and Business Technical Assistance Center grant funding to expand its comprehensive education, public awareness, and technical assistance programs which promote increased voluntary compliance with the Americans with Disabilities Act (ADA). Training activities for 2003-04 will continue to focus on accessibility requirements for local code enforcement personnel, architects, and engineers, in addition to customizing technical assistance for individuals, employers, and State agencies.

ADVOCATE FOR PERSONS WITH DISABILITIES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	1,585,000	1,593,000	8,000	960,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>1,585,000</u>	<u>1,593,000</u>	<u>8,000</u>	<u>960,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Advocate for the Disabled			
General Fund	12	12	0
Special Revenue Funds - Federal	3	3	0
Fiduciary Funds	1	1	0
Total	<u>16</u>	<u>16</u>	<u>0</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	965,000	951,000	(14,000)
Special Revenue Funds - Federal	460,000	460,000	0
Enterprise Funds	25,000	25,000	0
Fiduciary Funds	135,000	157,000	22,000
Total	<u>1,585,000</u>	<u>1,593,000</u>	<u>8,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Advocate for the Disabled			
General Fund	965,000	951,000	(14,000)
Special Revenue Funds - Federal	460,000	460,000	0
Enterprise Funds	25,000	25,000	0
Fiduciary Funds	135,000	157,000	22,000
Total	<u>1,585,000</u>	<u>1,593,000</u>	<u>8,000</u>

ADVOCATE FOR PERSONS WITH DISABILITIES

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Advocate for the Disabled	842,000	(10,000)	842,000	(4,000)
Total	842,000	(10,000)	842,000	(4,000)

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Advocate for the Disabled	0	(6,000)
Total	0	(6,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Advocate for the Disabled	109,000	(4,000)	15,000	(3,000)
Total	109,000	(4,000)	15,000	(3,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Advocate for the Disabled	20,000	(3,000)	72,000	2,100
Total	20,000	(3,000)	72,000	2,100

Program	Equipment	
	Amount	Change
Advocate for the Disabled	2,000	(100)
Total	2,000	(100)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Advocate for the Disabled	642,000	22,000	642,000	22,000
Total	642,000	22,000	642,000	22,000

STATE OFFICE FOR THE AGING

MISSION

The New York State Office for the Aging is responsible for promoting, coordinating and administering State, Federal and local programs and services for 3.2 million New Yorkers aged 60 or older. The Office provides leadership and direction to 59 Area Agencies on Aging, as well as to numerous other local programs and providers that comprise the network of services to the aged.

ORGANIZATION AND STAFFING

The State Office for the Aging is headed by a Director and is composed of four divisions: Executive, Finance and Administration, Local Program Operations, and Policy and Program Development. The Office will have a workforce of 137 positions during 2003-04: 125 funded within the agency, and an additional 12 funded by other State agencies. Approximately 34 percent of Office operations are funded by the General Fund and the remaining 66 percent are financed by Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget recommends nearly \$163 million in State and Federal funds for the operations of the Office and support for community-based services for the elderly. Given the unprecedented fiscal challenges facing New York, the Budget achieves workforce efficiencies, eliminates funding for several programs — specifically the Naturally Occurring Retirement Communities, Foster Grandparents, Retired Senior Volunteer Program and the Congregate Services Initiative — and consolidates and restructures the financing of the Community Services for the Elderly (CSE) and Expanded In-home Services for the Elderly programs (EISEP).

Within the aging system, State support is used to match Older Americans Act and other Federal funding and establish a service-delivery network that attracts a variety of other public and private contributions. When combined, this results in total network spending of over \$380 million, excluding the value of volunteer labor, which has been estimated at upwards of \$35 million.

PROGRAM HIGHLIGHTS

The full array of programs offered through the Office for the Aging are aimed at keeping seniors independent as long as possible with the assistance of family and other informal caregivers, as well as through the limited use of formal support services. These community-based services help keep people healthy and in their homes and out of hospitals and nursing homes.

STATEWIDE COMMUNITY-BASED ASSISTANCE

The Community Services for the Elderly (CSE) program currently serves over 85,000 elderly statewide and supports a locally coordinated continuum of support services designed to assist the elderly, their families and informal caregivers. The goal of the program is to maximize independence and reduce unnecessary reliance on institutional care. Services available to seniors under this program include case management, nutrition/meals, housekeeping/chore services, personal care, home health aide services, adult day services, transportation, minor renovations or the purchase of equipment for congregate facilities and other individualized support services. CSE affords Area Agencies on Aging maximum

AGING

flexibility in selecting which services to offer and/or expand. Strongly linked to local planning efforts, CSE provides a comprehensive array of services that will allow the State to continue to meet the changing needs of our growing elderly population.

The Expanded In-home Services for the Elderly Program (EISEP) provides non-medical in-home services, case management, respite and ancillary services to the frail elderly, most of whom are low income but not eligible for Medicaid. Recipients are required to cost-share, based on their annual income level, for received EISEP program services. More than 34,000 persons are served under this program.

The 2003-04 Executive Budget recommendation consolidates CSE and EISEP into a single program and eliminates various reporting and planning mandates that exist under the current program structures, reducing the administrative burden on local governments and allowing more of the fiscal resources to be dedicated to the provision of services. Accordingly, the financing of the single program is restructured, with local governments' funding responsibility increasing from 25 percent to 30 percent of program costs.

NUTRITION SERVICES

Through a combination of State tax dollars and Federal grants, the State annually provides over 25.3 million congregate and home-delivered meals as well as other nutritional services to non-institutionalized frail elderly clients. These seniors are at risk of malnutrition because they are no longer able to obtain an adequate diet without assistance. The Office receives over \$40 million in appropriation authority from Federal grants in support of congregate and home-delivered meals and another \$16 million to support the purchase of food. The State counterpart to these Federal programs, the Supplemental Nutrition Assistance Program (SNAP), provides another \$17 million.

ASSISTANCE TO CAREGIVERS

An estimated 80 percent of the long-term care provided to older New Yorkers is provided by family members and other informal caregivers; sustaining this cost-effective, individualized support system for seniors is a key objective of the aging service system. The State Office for the Aging's 17 Caregiver Resource Centers assist caregivers through training programs, support groups, counseling and linkages to other community services. The \$10.6 million Federal Caregivers Program provides respite, training and counseling for caregivers, as well as other services that support an elderly person's ability to maximize their independence.

VOLUNTEER ADVOCACY

The Long-Term Care Ombudsman Program (LTCOP) supports the statewide advocacy of more than 750 trained volunteers on the behalf of the approximately 150,000 residents of New York State's nursing homes and adult care facilities. Under this program, the State Office for the Aging and community agencies receive, investigate and resolve a wide range of concerns and complaints regarding conditions and treatment in long-term care facilities, with the goal of ensuring the quality of life for residents.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	13,187,000	13,579,000	392,000	7,742,000
Aid To Localities	177,905,808	164,330,400	(13,575,408)	105,763,276
Capital Projects	0	0	0	0
Total	191,092,808	177,909,400	(13,183,408)	113,505,276

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

Full-Time Equivalent Positions (FTE)

Program	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration and Grants Management			
General Fund	41	34	(7)
Special Revenue Funds - Federal	103	101	(2)
Special Revenue Funds - Other	1	1	0
Community Services			
General Fund	0	1	1
Total	<u>145</u>	<u>137</u>	<u>(8)</u>

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	2,587,000	2,979,000	392,000
Special Revenue Funds - Federal	10,250,000	10,250,000	0
Enterprise Funds	100,000	100,000	0
Fiduciary Funds	250,000	250,000	0
Total	<u>13,187,000</u>	<u>13,579,000</u>	<u>392,000</u>

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Administration and Grants Management			
General Fund	2,587,000	2,291,000	(296,000)
Special Revenue Funds - Federal	10,250,000	10,250,000	0
Enterprise Funds	100,000	100,000	0
Fiduciary Funds	250,000	250,000	0
Community Services			
General Fund	0	688,000	688,000
Total	<u>13,187,000</u>	<u>13,579,000</u>	<u>392,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Grants Management	1,973,000	(296,000)	1,959,500	(301,500)
Total	<u>1,973,000</u>	<u>(296,000)</u>	<u>1,959,500</u>	<u>(301,500)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Grants Management	0	(2,000)	13,500	7,500
Total	<u>0</u>	<u>(2,000)</u>	<u>13,500</u>	<u>7,500</u>

AGING

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Grants Management	318,000	0	33,000	0
Community Services	688,000	688,000	0	0
Total	1,006,000	688,000	33,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Grants Management	60,000	0	218,000	0
Community Services	0	0	0	0
Total	60,000	0	218,000	0

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Grants Management	7,000	0	0	0
Community Services	0	0	688,000	688,000
Total	7,000	0	688,000	688,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Grants Management	10,600,000	0	7,700,000	0
Total	10,600,000	0	7,700,000	0

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Grants Management	2,550,000	0	350,000	0
Total	2,550,000	0	350,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	71,305,808	58,230,400	(13,075,408)
Special Revenue Funds - Federal	105,600,000	105,100,000	(500,000)
Fiduciary Funds	1,000,000	1,000,000	0
Total	177,905,808	164,330,400	(13,575,408)

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

Program	Available 2002-03	Recommended 2003-04	Change
Community Services			
General Fund	64,634,886	58,230,400	(6,404,486)
Special Revenue Funds - Federal	105,600,000	105,100,000	(500,000)
Fiduciary Funds	1,000,000	1,000,000	0
Community Projects			
General Fund	6,670,922	0	(6,670,922)
Total	177,905,808	164,330,400	(13,575,408)

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

MISSION

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.

ORGANIZATION AND STAFFING

Located in Albany, the Council comprises 35 members, who have been appointed by the Governor to three-year staggered terms. Federal law requires that at least 60 percent of the Council membership be persons with developmental disabilities, parents or guardians of children with developmental disabilities and immediate relatives or guardians of adults with mentally impairing developmental disabilities who cannot advocate for themselves. Other required members represent State agencies, educational and training providers and local public and private services agencies.

The Chairperson of the Council is appointed by the Governor from within the Council. In addition, a full-time staff of 18, under the leadership of an Executive Director, assists the Council in carrying out its mission.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Federal funds fully support all Council operations, including State staff and contracts with non-profit agencies to develop new services and service delivery methods. The contracts are monitored by the Council to ensure that Federal funds provided to the State are used to augment — rather than duplicate or replace — existing services for people with developmental disabilities.

The 2003-04 recommendation of \$4.5 million in Federal funds represents the same level of funding as in 2002-03, based on the anticipated level of Federal funding. This funding is sufficient to support the Council's role in coordinating information about persons with developmental disabilities and the services available to them, and in overseeing grant funds.

PROGRAM HIGHLIGHTS

Through its Council membership of State agency heads, including the Commissioner of the Office of Mental Retardation and Developmental Disabilities, the Council employs an interagency approach to advocate improved and enhanced services, supports and assistance for persons with developmental disabilities. Its activities include conducting quarterly meetings, preparing white papers on issues affecting the disabled, attending conferences, training, providing technical assistance and developing a three-year State Plan. The Council works in association with persons with developmental disabilities, parents, service providers, advocacy groups and local and State government agencies to advocate for an enhanced system of community services, individualized supports and assistance that facilitates self-determination, independence, community inclusion and productivity.

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	4,550,000	4,550,000	0	5,800,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>4,550,000</u>	<u>4,550,000</u>	<u>0</u>	<u>5,800,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Developmental Disabilities Planning			
Special Revenue Funds - Federal	18	18	0
Total	<u>18</u>	<u>18</u>	<u>0</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Federal	4,550,000	4,550,000	0
Total	<u>4,550,000</u>	<u>4,550,000</u>	<u>0</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Developmental Disabilities Planning			
Special Revenue Funds - Federal	4,550,000	4,550,000	0
Total	<u>4,550,000</u>	<u>4,550,000</u>	<u>0</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total Amount	Change	Personal Service Amount	Change
Developmental Disabilities Planning	4,550,000	0	974,000	35,000
Total	<u>4,550,000</u>	<u>0</u>	<u>974,000</u>	<u>35,000</u>

Program	Nonpersonal Service Amount	Change	Maintenance Undistributed Amount	Change
Developmental Disabilities Planning	758,000	160,000	2,818,000	(195,000)
Total	<u>758,000</u>	<u>160,000</u>	<u>2,818,000</u>	<u>(195,000)</u>

DEPARTMENT OF HEALTH

MISSION

The Department of Health ensures that high quality, appropriate health services are available to all New York State residents at a reasonable cost. Department functions and responsibilities include:

- Promoting and supervising public health activities throughout the State;
- Ensuring high quality medical care in a sound and cost effective manner for all residents;
- Reducing infectious diseases such as tuberculosis, measles, mumps and rubella and chronic disabling illnesses such as heart disease, cancer, stroke and respiratory diseases; and
- Directing a variety of health-related homeland security measures in conjunction with the Governor's Office of Public Security. As part of this mission, the Department works with the State's health care community to ensure appropriate readiness and response to potential public health threats.

The Department of Health is also the principal State agency that interacts with the Federal and local governments, health care providers and program participants for the State's Medicaid program.

ORGANIZATION AND STAFFING

Under the direction of the Commissioner, who is appointed by the Governor, the Department of Health meets its responsibilities through the Office of Medicaid Management, the Office of Managed Care, the centers located in the Office of Public Health, and the Office of Health Systems Management. These entities provide policy and management direction to the Department's system of regional offices. Department staff located in regional offices conduct health facility surveillance, public health monitoring and direct services, and oversee county health department activities.

Additionally, the Department is responsible for five health care facilities that are engaged in advanced medical research and patient care including the Roswell Park Cancer Institute in Buffalo, the Helen Hayes Hospital in West Haverstraw, and four nursing homes for the care of veterans and their dependents in Oxford, New York City, Batavia and Montrose. In early 1999, responsibility for the operations of the Roswell Park Cancer Institute was transferred to a public benefit corporation, the Roswell Park Cancer Institute Corporation, pursuant to an operating agreement between the Corporation and the Department. This has provided Roswell with the flexibility needed to compete more effectively in a changing health care environment.

In 2003-04, the Department of Health will have a workforce of approximately 5,900 positions, with nearly 29 percent of those positions employed in the Department's health care facilities.

- Approximately 17 percent of these positions are paid exclusively by the General Fund;
- 13 percent are directly supported by fees;
- 55 percent are supported by third party, private patient care and Federal reimbursement; and
- The remaining 15 percent are directly funded by Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

MEDICAID

Total Medicaid spending in New York will be approximately \$41.7 billion in 2003-04 if savings measures are not enacted. The 2003-04 Medicaid budget reflects a continued

HEALTH

commitment to an effective and affordable delivery system that promotes high quality health care, protects patients, and ensures access to appropriate services to meet the health care needs of the State's neediest residents.

Medicaid costs, which have been controlled in recent years, are now increasing at a rate that places an unaffordable burden on State and local governments. Accordingly, the 2003-04 Executive Budget recommends a series of actions to control Medicaid cost increases to keep the program affordable for State and local taxpayers while ensuring continued access to needed health care services for recipients.

In addition, the Budget recommends a realignment of State and local government responsibility for the financing of certain Medicaid programs. Under this proposal, the State will assume the entire cost for pharmaceuticals, the fastest growing component of Medicaid. In turn, local governments would be required to pay a higher share of fee-for-service hospital, outpatient and clinic expenses — 37 percent, increased from the historical 25 percent share. These fee-for-service costs should grow at a much more modest rate than pharmaceuticals.

Pharmacy

Absent efforts to continue growth, State Medicaid spending on pharmacy services will reach over \$800 million in 2003-04.

The 2003-04 Executive Budget recommends several measures to control these costs. These measures include: implementation of a "forge-proof" prescription program to reduce illegal marketing of drugs; establishing a preferred drug program for Medicaid; reducing pharmacy reimbursement for both Medicaid and EPIC from Average Wholesale Price (AWP) less 10 percent to AWP less 15 percent; requiring pharmacies, consistent with Federal law, to bill Medicaid where appropriate for those individuals also enrolled in Medicare; increasing Medicaid co-payments for generics (\$0.50 to \$1.00) and brand name drugs (\$2.00 to \$3.00) and requiring individuals in managed care to make co-payments.

Acute Care

The Health Care Reform Act (HCRA), originally enacted in 1996, serves as the statutory basis governing hospital financing. Under HCRA, most non-Medicaid payors negotiate rates with hospitals, encouraging competition in the health care industry. Medicaid rates are established consistent with governing HCRA statutes.

The 2003-04 Executive Budget recommends that the Health Care Reform Act, currently scheduled to expire on June 30, 2003, be reauthorized for an additional two years. This extension will continue to provide hospitals and clinics with adequate funding and ensure that high quality health care services are accessible and affordable for all New Yorkers. The extension also makes cost containment actions enacted as part of prior year Budgets permanent.

State Medicaid spending for hospitals and clinics is expected to exceed \$2.3 billion in 2003-04 and reflects a number of Budget recommendations to limit the growth in hospital and clinic costs. These include temporarily re-establishing a 0.7 percent assessment on hospital revenues; limiting hospital case payments to the regional average; reducing Graduate Medical Education (GME) reimbursement to be consistent with Federal Medicare guidelines; requiring providers to offset inflationary payment increases; and other rate adjustments. The Budget also reflects the establishment of new program requirements for part-time clinics to ensure that services are provided in the most appropriate settings.

Long Term Care

State spending on nursing home and community-based care comprises more than half the General Fund Medicaid budget — or an estimated \$4.3 billion in 2003-04.

The 2003-04 Executive Budget recommends several initiatives to restructure nursing home reimbursement including implementing a regional average reimbursement methodology; eliminating a rate enhancement to providers for serving Medicare patients that

is no longer necessary due to recent changes in Federal reimbursement policy; eliminating the return-on-equity rate adjustment; and requiring providers to offset inflationary payment increases.

While progress continues to be made in implementing the provisions of the Long Term Care Integration and Finance Act of 1997, which included the rapidly growing Managed Long Term Care program, New York State still has the highest home care spending in the nation. Accordingly, the 2003-04 Executive Budget recommends temporarily re-establishing a non-reimbursable 0.6 percent assessment on home care providers, requiring providers to offset inflationary payment increases and implementing utilization controls to ensure home care services are appropriately provided.

Managed Care

The 2003-04 Executive Budget reflects the continued mandatory enrollment of Medicaid recipients in managed care. Federal approval of New York's 1115 Managed Care waiver in July 1997 set the stage for mandatory enrollment to commence in October 1997. To date, New York City and 21 upstate counties — Albany, Broome, Cattaraugus, Chautauqua, Columbia, Erie, Greene, Livingston, Monroe, Nassau, Niagara, Oneida, Onondaga, Ontario, Oswego, Rensselaer, Rockland, Saratoga, Suffolk, Wayne and Westchester — are operating mandatory managed care programs. The remainder of the State will continue to phase in managed care, subject to Federal approval, during 2003-04.

Managed care enrollment is projected to reach approximately 1.3 million by the end of 2002-03 and 1.6 million by the end of 2003-04. When fully implemented, approximately three-quarters of all Medicaid recipients eligible for managed care are expected to be enrolled. As a result of existing managed care enrollment, New York State continues to have increased primary care use, lower emergency room use, and fewer inpatient days.

The State's Medicaid managed care program ensures that the neediest people receive high quality, accessible health care. The Budget recommends extending the authorization of the Medicaid managed care program, now scheduled to expire December 31, 2003, for three years. This authorization is necessary to continue the mandatory Medicaid managed care program and implement special managed care plans that provide comprehensive services to individuals infected with the HIV virus. These Special Needs Plans will begin operation in late 2003. Start-up grant funding is being provided to facilitate implementation. Medicaid managed care also incorporates a comprehensive set of consumer protections to ensure that recipients obtain enrollment assistance and quality care, and understand their rights and responsibilities under managed care plans.

Medicaid Administration

The Department of Health is responsible for overall management of the Medicaid program, including the State's interaction with Federal and local governments, health care providers and Medicaid recipients. Counties will continue their role in making Medicaid eligibility determinations and contracting with providers of Medicaid services. Payments to health care providers also continue to be made through the State's computerized Medicaid Management Information System (MMIS) that is operated by a private agency with oversight by State personnel. The Department has obtained management and development services for a Replacement Medicaid System (RMS) that will replace both MMIS and the Electronic Medicaid Eligibility Verification System (EMEVS) with an integrated claims processing system. RMS will provide updated technologies and bring New York State into compliance with new Federal reporting requirements. In addition, the new system will substantially enhance front-end detection of Medicaid fraud.

CHILD HEALTH PLUS

New York's Child Health Plus program continues to set a national standard for children's health insurance coverage for children up to age 19. The Child Health Plus program was

HEALTH

significantly expanded with passage of legislation under Governor Pataki's leadership in both 1996 and 1998, resulting in a dramatic increase in enrollment to nearly 520,000 children. Under Governor Pataki, the program has expanded to include comprehensive health benefits and increased eligibility to 250 percent of the Federal Poverty Level (FPL). When eligible Federal funds are combined with State HCRA moneys, the Child Health Plus program will provide comprehensive coverage to virtually all eligible children in the State. The 2003-04 Executive Budget recommends the extension of the Child Health Plus program — which is scheduled to expire June 30, 2003 — through June 30, 2005. In addition, the Budget recommends transferring children ages 6-19 with incomes between 100 to 133 percent FPL from Medicaid to Child Health Plus.

FAMILY HEALTH PLUS

As authorized by HCRA 2000, the Family Health Plus program offers access to comprehensive health coverage for more than 670,000 eligible low-income adults who do not have insurance through their employers, yet have incomes that do not qualify them for other publicly financed health programs. Under Family Health Plus, health coverage was expanded on October 1, 2001 to include families with incomes up to 133 percent of the gross Federal Poverty Level (FPL) and on October 1, 2002 up to 150 percent of the FPL. For individuals without children, coverage is offered to those at 100 percent of the FPL. Effective February 1, 2003, the Executive Budget recommends that eligibility for Family Health Plus be limited to those with incomes no higher than 133 percent. Individuals above that income level who are currently in Family Health Plus would not be dropped from the program.

OTHER PUBLIC HEALTH PROGRAMS

Excluding Medicaid program costs, General Fund appropriations finance 26 percent of the Department of Health's budget in 2002-03. Other revenue sources, including: 1) reimbursement for patient care provided at the Department's health care facilities; 2) regulatory fees and audit recoveries; 3) management fees for hospital and nursing home construction projects financed through bond proceeds; and 4) registration, testing and certification fees for various public health services, support 41 percent of the Department of Health's budget, including the Professional Medical Conduct Program, clinical and environmental laboratory certification activities, and health care facilities' operating costs. The remaining 33 percent is provided by Federal grants and Fiduciary and Enterprise funds.

Capital Project appropriations preserve and maintain the Department's hospitals, nursing homes, and the three separate laboratory facilities in Albany County that constitute the Wadsworth Center for Laboratories and Research. The costs of projects at the health care facilities are funded from facility revenues and/or the General Fund.

This overall recommendation ensures that public health priorities are preserved. As such, the 2003-04 Budget:

- Includes \$80 million for the Roswell Park Cancer Institute Corporation;
- Sustains the State's commitment to fighting the AIDS epidemic by continuing statewide spending at more than \$2.6 billion, a year-to-year increase of \$298 million, including \$103 million to be spent by the AIDS Institute. Emphasis will continue to be placed on prevention and specialized services which target resources to populations with the greatest risk of infection;
- Provides \$578 million in support for the Elderly Pharmaceutical Insurance Coverage program (EPIC) to ensure that more than 328,000 senior citizens receive crucial prescription insurance. The Executive Budget provides a series of measures that will reduce the cost of the EPIC program by \$38 million. These proposals reduce pharmacy reimbursement from 90 percent of the Average Wholesale Price of drugs to 85 percent, require drug manufacturers to provide enhanced rebates and increase fees and deductibles for seniors by a modest 10 percent. These actions strike a delicate balance between achieving much needed fiscal relief and meeting the State's

- obligation to provide adequate health care to its most vulnerable citizens. Even after these cost savings are considered, New York will still spend considerably more on EPIC services than any other state in the nation;
- Includes approximately \$168 million for the General Public Health Works program to reimburse counties and New York City for providing public health services such as childhood immunizations, primary health care, and control of communicable diseases such as tuberculosis and sexually transmitted diseases. Legislation accompanying the budget will overhaul the reimbursement system for this program to reduce the State share for “core services” from 36 percent to 30 percent and eliminate reimbursement for “supplemental services” entirely. Medical examiner and public health emergency reimbursements will be unchanged;
 - Includes support of \$37.5 million, funded largely from HCRA, for an enhanced anti-smoking program, including counter advertising, community and school-based education programs, cancer mapping and strict enforcement of laws regulating the sale and use of tobacco products;
 - Supports the optional State supplementation of the Federal nutrition assistance program for women, infants and children (WIC) with \$28 million. New York continues to be one of only 13 states to augment Federal nutrition funds;
 - Includes \$8 million to implement a series of initiatives recommended by the Adult Homes Work Group to improve the quality of life and safety for adult home residents in New York. The Department will work with the Office of Mental Health, the Commission on Quality of Care for the Mentally Disabled and the State Office for the Aging to undertake a statewide effort to conduct client assessments; improve medication management; initiate enhanced service coordination and other advocacy services; and expand social and recreational activities;
 - Provides \$270 million to cover the State share of Early Intervention (EI) and dramatically restructures the program that serves infants and toddlers under the age of three who have developmental delays. The budget would mandate health insurance coverage up to \$5,000 per insured child and require that parents earning above 160 percent of the Federal Poverty Level pay 20 percent of the costs of EI services not covered by insurance up to an income-based cap. This Budget also advances additional statutory measures to promote program cost effectiveness including conforming to Federal Law which requires that children be discharged from the EI program by the age of three; requiring EI providers to bill Medicaid and private insurers directly; authorizing counties to negotiate lower rates with providers than those established by the State; and
 - Advances an increase in the fee for vital records provided to individuals to support the administrative costs of the Vital Records program.

PROGRAM HIGHLIGHTS

MEDICAID

Originally established in 1965 by the Federal government as a health insurance program for the poor, New York’s Medicaid program costs will total \$38.5 billion in 2002-03, and provide coverage to approximately 3.3 million New Yorkers. Cost containment and revenue maximization initiatives have resulted in the State’s 2002-03 General Fund Medicaid spending being held to nearly 1994-95 levels. In addition to the federally mandated services — inpatient and outpatient hospital care, nursing facility care, physician services, home health care, family planning, laboratory and x-ray services — New York also provides almost all federally permissible optional services.

Traditionally, the Federal government has paid for 50 percent of the State’s Medicaid program. The State pays about 35 percent of the total costs and counties pay about 15 percent. The Federal government has matched, on an unlimited basis, each State and local dollar expended on Medicaid.

HEALTH

ACCESS TO HIGH QUALITY HEALTH CARE

The Department develops and implements programs to ensure that residents of New York have access to high quality health care. Over the last several years, significant legislation has been enacted that significantly enhances the availability of appropriate care to all New Yorkers including the following:

- The landmark Health Care Reform Act (HCRA) of 1996 deregulated inpatient hospital reimbursement and introduced a market-based system which allows commercial insurers, managed care entities and self-insured plans to establish rates of payment directly through negotiations with hospitals and without State intervention. HCRA 2000, enacted in 1999, re-affirmed the State's commitment to ensuring that the hospital system adapts to the changing health care environment. In addition, HCRA 2000 provided the necessary resources to expand the Child Health Plus program and initiated comprehensive new programs to expand access to health care for the uninsured, including Family Health Plus and Healthy New York;
- HCRA 2002 provided the necessary resources for a multi-year investment to attract, train and retain a high quality health care workforce in New York State and expanded Medicaid eligibility to working disabled individuals and to cover the cost of treatment for low income women diagnosed with breast or cervical cancer through the Center for Disease Control's National Screening Program;
- Pioneering consumer managed care legislation enacted in 1996 — the Managed Care Bill of Rights — ensured that consumers are appropriately informed about managed care choices and benefits, and guaranteed that providers can discuss all appropriate health care options; and
- Enhanced consumer protections were added in External Review legislation enacted in 1998, which provide health plan enrollees the opportunity to request an external appeal when coverage of health care services is denied on the grounds that the service is not medically necessary or that it is experimental or investigational.

The 2003-04 Executive Budget extends HCRA for two years until June 2005. In the context of this renewal, a number of additional revenue sources are being designated to support increased program costs and to replace Tobacco Settlement payments, which will be unavailable beginning in April 2004. Included are increases in health care surcharges and assessments, and dedication of additional proceeds from the conversion of Empire Blue Cross to a for-profit company. Further, new Federal funds recently approved during the reauthorization of the State's Medicaid managed care waiver are dedicated to HCRA along with anticipated Federal funds for World Trade Center disaster costs — primarily Disaster Relief Medicaid. Furthermore, the Budget also proposes to reduce and eliminate certain HCRA programs which, when combined with the additional revenues, will ensure financing of HCRA programs over the next two years.

PUBLIC HEALTH

Efforts such as education, research and disease prevention are aimed at improving the health of all New Yorkers. Particular focus is placed on nutrition, prenatal and perinatal care, child health, treatment and control of sexually-transmitted diseases and tuberculosis, childhood immunization, the health risks of environmental contaminants, drinking water purity and follow-up investigations of disease outbreak. In addition, the Department serves as primary liaison with local and county health departments to ensure the quality of public health services throughout New York State.

The Wadsworth Center for Laboratories and Research assists the Department in accomplishing its public health mission. Screening programs conducted by the Center annually report nearly three million test results to providers. These programs encompass such public health concerns as HIV, tuberculosis, environmental contamination and genetic disorders in newborns. Ongoing research, largely funded by external grants, is carried out for public health problems such as AIDS, Lyme disease, cancer and the toxic effects of chemical substances and radiation. The Wadsworth Center regulates more than 800 environmental

laboratories and more than 1,800 clinical laboratories and blood banks to ensure testing quality, and the public's health and safety. In addition, the Wadsworth Center and DOH's Center for Community Health have played key roles in managing the State's response to recent terrorist activities.

A COMMITMENT TO AIDS RESEARCH AND PREVENTION

The Department develops and funds HIV prevention and health care programs, educates the public and health care providers, formulates policy and directs regional and statewide HIV/AIDS planning. New York remains a leader in combating this complex epidemic by responding to changes in incidence with even greater attention to population-based programming, long-term care and policies designed to reduce discrimination and guarantee basic medical care and treatment for the uninsured. New York State will spend \$2.6 billion to combat HIV/AIDS next year.

HEALTH SYSTEMS MANAGEMENT

The Department ensures that quality health care is available to all New York residents by overseeing the services provided by hospitals, nursing homes, diagnostic and treatment centers and home care providers. The Department strives to ensure that limited health care dollars are prudently spent through its reimbursement rate methodologies, rate setting, and review and monitoring of health facility plans for construction and expansion. Federal reimbursement for surveillance and certification, and fees for overseeing facilities to ensure that bonded debt is repaid, help to offset program costs.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	4,511,159,000	4,542,452,600	31,293,600	11,306,412,500
Aid To Localities	30,326,641,768	34,942,497,000	4,615,855,232	20,358,010,900
Capital Projects	156,800,000	76,600,000	(80,200,000)	243,696,000
Total	<u>34,994,600,768</u>	<u>39,561,549,600</u>	<u>4,566,948,832</u>	<u>31,908,119,400</u>

HEALTH

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration and Executive Direction			
General Fund	151	100	(51)
Special Revenue Funds - Federal	67	65	(2)
Special Revenue Funds - Other	242	261	19
AIDS Institute			
General Fund	175	164	(11)
Child Health Insurance			
Special Revenue Funds - Other	38	38	0
Community Health			
General Fund	84	0	(84)
Special Revenue Funds - Federal	539	534	(5)
Special Revenue Funds - Other	0	80	80
Office of Continuing Care			
General Fund	335	333	(2)
Special Revenue Funds - Other	2	2	0
Elderly Pharmaceutical Insurance Coverage			
Special Revenue Funds - Other	24	23	(1)
Environmental Health			
General Fund	111	104	(7)
Special Revenue Funds - Federal	118	113	(5)
Special Revenue Funds - Other	151	148	(3)
Health Care Financing			
General Fund	62	59	(3)
Special Revenue Funds - Other	62	59	(3)
Health Care Standards and Surveillance			
General Fund	235	212	(23)
Special Revenue Funds - Other	255	256	1
Health Services			
Enterprise Funds	12	14	2
Institution Management			
Special Revenue Funds - Other	1,597	1,672	75
Laboratories and Research			
General Fund	442	374	(68)
Special Revenue Funds - Federal	90	87	(3)
Special Revenue Funds - Other	147	197	50
Managed Care			
General Fund	169	160	(9)
Medicaid Audit and Fraud Prevention			
General Fund	218	233	15
Special Revenue Funds - Federal	214	221	7
Special Revenue Funds - Other	33	32	(1)
Office of Medicaid Management			
General Fund	376	345	(31)
Special Revenue Funds - Federal	24	24	0
Special Revenue Funds - Other	2	2	0
Total	5,975	5,912	(63)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	211,254,000	167,785,600	(43,468,400)
Special Revenue Funds - Federal	3,901,679,000	3,961,720,000	60,041,000
Special Revenue Funds - Other	393,991,000	408,262,000	14,271,000
Enterprise Funds	10,000	10,000	0
Fiduciary Funds	4,225,000	4,675,000	450,000
Total	4,511,159,000	4,542,452,600	31,293,600

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration and Executive Direction			
General Fund	22,365,000	19,600,000	(2,765,000)
Special Revenue Funds - Federal	10,473,000	9,066,000	(1,407,000)
Special Revenue Funds - Other	29,389,000	30,155,000	766,000
Fiduciary Funds	100,000	500,000	400,000
AIDS Institute			
General Fund	16,818,000	15,229,000	(1,589,000)
Child Health Insurance			
Special Revenue Funds - Federal	28,340,000	45,478,000	17,138,000
Special Revenue Funds - Other	11,920,000	7,111,000	(4,809,000)
Community Health			
General Fund	9,852,000	0	(9,852,000)
Special Revenue Funds - Federal	102,651,000	107,733,000	5,082,000
Special Revenue Funds - Other	5,554,000	5,554,000	0
Fiduciary Funds	1,200,000	1,200,000	0
Office of Continuing Care			
General Fund	22,095,000	22,160,000	65,000
Special Revenue Funds - Federal	13,055,000	0	(13,055,000)
Special Revenue Funds - Other	3,893,000	3,797,000	(96,000)
Elderly Pharmaceutical Insurance Coverage			
Special Revenue Funds - Other	15,447,000	14,550,000	(897,000)
Environmental Health			
General Fund	9,987,000	9,037,000	(950,000)
Special Revenue Funds - Federal	12,670,000	26,084,000	13,414,000
Special Revenue Funds - Other	16,056,000	16,176,000	120,000
Health Care Financing			
General Fund	5,116,000	4,933,000	(183,000)
Special Revenue Funds - Other	6,915,000	7,158,000	243,000
Health Care Standards and Surveillance			
General Fund	25,620,000	21,674,000	(3,946,000)
Special Revenue Funds - Other	48,044,000	46,705,000	(1,339,000)
Institution Management			
Special Revenue Funds - Other	117,390,000	124,660,000	7,270,000
Enterprise Funds	10,000	10,000	0
Fiduciary Funds	325,000	375,000	50,000
Laboratories and Research			
General Fund	49,934,000	30,026,000	(19,908,000)
Special Revenue Funds - Federal	9,124,000	10,158,000	1,034,000
Special Revenue Funds - Other	28,795,000	28,034,000	(761,000)
Fiduciary Funds	2,600,000	2,600,000	0
Maintenance Undistributed			
General Fund	(86,838,000)	(102,362,000)	(15,524,000)
Special Revenue Funds - Other	86,838,000	102,362,000	15,524,000
Managed Care			
General Fund	15,416,000	13,089,000	(2,327,000)
Medicaid Audit and Fraud Prevention			
General Fund	18,591,000	18,781,600	190,600
Special Revenue Funds - Federal	37,856,000	47,478,000	9,622,000
Special Revenue Funds - Other	14,500,000	14,500,000	0
Office of Medicaid Management			
General Fund	47,023,000	44,161,000	(2,862,000)
Special Revenue Funds - Federal	3,620,000,000	3,620,000,000	0
Special Revenue Funds - Other	9,250,000	7,500,000	(1,750,000)
Medicaid Management Information System			
General Fund	55,275,000	71,457,000	16,182,000
Special Revenue Funds - Federal	67,510,000	95,723,000	28,213,000
Total	<u>4,511,159,000</u>	<u>4,542,452,600</u>	<u>31,293,600</u>

HEALTH

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Executive Direction	8,100,000	(100,000)	7,872,000	(100,000)
AIDS Institute	9,826,000	(570,000)	9,826,000	(570,000)
Community Health	0	(4,722,000)	0	(4,627,500)
Office of Continuing Care	20,930,000	65,000	20,730,000	65,000
Environmental Health	7,100,000	(800,000)	6,901,000	(800,000)
Health Care Financing	4,151,000	(97,000)	4,116,000	(97,000)
Health Care Standards and Surveillance	14,525,000	(818,000)	14,355,000	(818,000)
Laboratories and Research	20,375,000	(1,125,000)	20,054,000	(1,125,000)
Managed Care	8,758,000	(1,948,000)	8,758,000	(1,948,000)
Medicaid Audit and Fraud Prevention	14,375,800	468,800	14,375,800	468,800
Office of Medicaid Management	20,994,500	(1,698,500)	20,774,500	(1,698,500)
Total	129,135,300	(11,344,700)	127,762,300	(11,250,200)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Executive Direction	125,000	0	103,000	0
AIDS Institute	0	0	0	0
Community Health	0	(72,100)	0	(22,400)
Office of Continuing Care	100,000	0	100,000	0
Environmental Health	187,000	0	12,000	0
Health Care Financing	0	0	35,000	0
Health Care Standards and Surveillance	20,000	0	150,000	0
Laboratories and Research	64,000	0	257,000	0
Managed Care	0	0	0	0
Medicaid Audit and Fraud Prevention	0	0	0	0
Office of Medicaid Management	70,000	0	150,000	0
Total	566,000	(72,100)	807,000	(22,400)

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Executive Direction	11,500,000	(2,665,000)	740,000	0
AIDS Institute	5,403,000	(1,019,000)	1,333,881	(270,219)
Community Health	0	(5,130,000)	0	(1,473,900)
Office of Continuing Care	1,230,000	0	38,200	0
Environmental Health	1,937,000	(150,000)	159,000	0
Health Care Financing	782,000	(86,000)	12,000	0
Health Care Standards and Surveillance	7,149,000	(3,128,000)	241,300	0
Laboratories and Research	9,651,000	(18,783,000)	3,210,000	0
Managed Care	4,331,000	(379,000)	34,000	0
Medicaid Audit and Fraud Prevention	4,405,800	(278,200)	85,300	0
Office of Medicaid Management	23,166,500	(1,163,500)	305,000	0
Medicaid Management Information System	71,457,000	16,182,000	0	0
Total	141,012,300	(16,599,700)	6,158,681	(1,744,119)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Executive Direction	262,000	0	10,293,000	181,000
AIDS Institute	311,700	0	3,158,900	(650,600)
Community Health	0	(139,500)	0	(3,478,200)
Office of Continuing Care	766,900	0	377,400	0
Environmental Health	415,000	0	1,223,000	0
Health Care Financing	38,300	0	722,000	(85,000)
Health Care Standards and Surveillance	480,400	0	6,282,300	(613,500)
Laboratories and Research	76,000	0	6,060,000	(233,000)
Managed Care	0	0	4,297,000	(379,000)
Medicaid Audit and Fraud Prevention	180,000	0	2,565,152	(178,048)
Office of Medicaid Management	256,000	0	2,291,500	(1,163,500)
Medicaid Management Information System	0	0	71,457,000	16,182,000
Total	2,786,300	(139,500)	108,727,252	9,582,152

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Executive Direction	205,000	154,000	0	(3,000,000)
AIDS Institute	148,519	(98,181)	450,000	0
Community Health	0	(38,400)	0	0
Office of Continuing Care	47,500	0	0	0
Environmental Health	140,000	0	0	(150,000)
Health Care Financing	9,700	(1,000)	0	0
Health Care Standards and Surveillance	145,000	(14,500)	0	(2,500,000)
Laboratories and Research	305,000	(50,000)	0	(18,500,000)
Managed Care	0	0	0	0
Medicaid Audit and Fraud Prevention	426,348	(100,152)	1,149,000	0
Office of Medicaid Management	260,000	0	20,054,000	0
Medicaid Management Information System	0	0	0	0
Total	1,687,067	(148,233)	21,653,000	(24,150,000)

HEALTH

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Executive Direction	39,721,000	(241,000)	16,304,000	458,000
Child Health Insurance	52,589,000	12,329,000	2,244,000	(28,000)
Community Health	114,487,000	5,082,000	0	0
Office of Continuing Care	3,797,000	(13,151,000)	135,000	0
Elderly Pharmaceutical Insurance Coverage	14,550,000	(897,000)	1,616,000	0
Environmental Health	42,260,000	13,534,000	4,923,000	0
Health Care Financing	7,158,000	243,000	4,133,000	(72,000)
Health Care Standards and Surveillance	46,705,000	(1,339,000)	14,108,000	(1,214,000)
Institution Management	106,567,000	4,942,000	0	0
Laboratories and Research	40,792,000	273,000	8,230,000	(721,000)
Medicaid Audit and Fraud Prevention	61,978,000	9,622,000	0	0
Office of Medicaid Management	3,627,500,000	(1,750,000)	0	0
Medicaid Management Information System	95,723,000	28,213,000	0	0
Total	4,253,827,000	56,860,000	51,693,000	(1,577,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Executive Direction	12,198,000	308,000	11,219,000	(1,007,000)
Child Health Insurance	4,867,000	(4,781,000)	45,478,000	17,138,000
Community Health	100,000	0	114,387,000	5,082,000
Office of Continuing Care	3,662,000	4,000	0	(13,155,000)
Elderly Pharmaceutical Insurance Coverage	12,834,000	(922,000)	100,000	25,000
Environmental Health	9,703,000	120,000	27,634,000	13,414,000
Health Care Financing	3,025,000	315,000	0	0
Health Care Standards and Surveillance	15,302,000	1,162,000	17,295,000	(1,287,000)
Institution Management	0	0	106,567,000	4,942,000
Laboratories and Research	11,304,000	(40,000)	21,258,000	1,034,000
Medicaid Audit and Fraud Prevention	10,000,000	0	51,978,000	9,622,000
Office of Medicaid Management	0	0	3,627,500,000	(1,750,000)
Medicaid Management Information System	0	0	95,723,000	28,213,000
Total	82,995,000	(3,834,000)	4,119,139,000	62,271,000

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	6,598,064,768	6,092,207,000	(505,857,768)
Special Revenue Funds - Federal	19,069,313,000	23,199,826,000	4,130,513,000
Special Revenue Funds - Other	3,709,264,000	4,420,464,000	711,200,000
Fiduciary Funds	950,000,000	1,230,000,000	280,000,000
Total	30,326,641,768	34,942,497,000	4,615,855,232

Adjustments:	
Prior Year Deficiency	
Health, Department of	
General Fund	427,800,000
Special Revenue Funds - Other	35,000,000
Recommended Deficiency	
Health, Department of	
General Fund	(100,000,000)
Special Revenue Funds - Other	(34,000,000)
Appropriated 2002-03	<u>30,655,441,768</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration and Executive Direction			
General Fund	869,000	602,000	(267,000)
AIDS Institute			
General Fund	5,261,000	0	(5,261,000)
Special Revenue Funds - Other	88,253,000	88,253,000	0
Child Health Insurance			
Special Revenue Funds - Federal	921,060,000	900,000,000	(21,060,000)
Special Revenue Funds - Other	470,000,000	470,000,000	0
Community Health			
General Fund	491,076,000	499,599,000	8,523,000
Special Revenue Funds - Federal	607,493,000	640,454,000	32,961,000
Special Revenue Funds - Other	58,823,000	52,823,000	(6,000,000)
Office of Continuing Care			
General Fund	5,096,000	4,621,000	(475,000)
Special Revenue Funds - Other	0	4,000,000	4,000,000
Elderly Pharmaceutical Insurance Coverage			
Special Revenue Funds - Other	518,900,000	578,000,000	59,100,000
Environmental Health			
General Fund	125,000	0	(125,000)
Special Revenue Funds - Federal	2,540,000	2,788,000	248,000
Special Revenue Funds - Other	6,200,000	6,200,000	0
Health Care Standards and Surveillance			
General Fund	9,760,000	9,185,000	(575,000)
Laboratories and Research			
General Fund	1,071,000	1,071,000	0
Special Revenue Funds - Federal	2,420,000	2,784,000	364,000
Maintenance Undistributed			
General Fund	(7,288,000)	(7,288,000)	0
Special Revenue Funds - Other	7,288,000	7,288,000	0
Office of Medicaid Management			
General Fund	6,658,000	6,658,000	0
Medical Assistance			
General Fund	5,949,780,000	5,464,409,000	(485,371,000)
Special Revenue Funds - Federal	17,054,000,000	21,172,000,000	4,118,000,000
Special Revenue Funds - Other	2,559,800,000	3,213,900,000	654,100,000
Fiduciary Funds	950,000,000	1,230,000,000	280,000,000
Medical Assistance Administration			
General Fund	114,350,000	113,350,000	(1,000,000)
Special Revenue Funds - Federal	481,800,000	481,800,000	0
Community Projects			
General Fund	21,306,768	0	(21,306,768)
Total	<u>30,326,641,768</u>	<u>34,942,497,000</u>	<u>4,615,855,232</u>

HEALTH

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Design and Construction Supervision				
Capital Projects Fund	0	0	0	452,000
Rehabilitation and Improvements				
Capital Projects Fund	0	0	0	1,500,000
Laboratories and Research				
Capital Projects Fund	4,000,000	4,000,000	0	9,048,000
Maintenance and Improvements of Existing Institutions				
Capital Projects Fund	7,600,000	7,600,000	0	21,908,000
New Institution Construction				
Capital Projects Fund - Advances	0	0	0	20,000,000
Water Resources				
Federal Capital Projects Fund	75,200,000	65,000,000	(10,200,000)	150,788,000
Safe Drinking Water - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	70,000,000	0	(70,000,000)	40,000,000
Total	<u>156,800,000</u>	<u>76,600,000</u>	<u>(80,200,000)</u>	<u>243,696,000</u>

INSURANCE DEPARTMENT

MISSION

The Insurance Department, which was established in 1860, is charged with regulating the insurance industry and with balancing the interests 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.

ORGANIZATION AND STAFFING

The Insurance Department is headed by a Superintendent who is appointed by the Governor. The Department maintains offices in Albany and New York City and local offices in Mineola, Rochester, Syracuse, Oneonta and Buffalo. The Department's activities are carried out through three programs: Administration, Regulation and Consumer Services, with a 2003-04 workforce of 908 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Insurance Department is funded by assessments on New York State based insurance carriers and by agent examination fees. These monies fully support the operations of the Department as well as insurance-specific operations in other agencies.

The Executive Budget recommends \$160 million in assessment revenue to fund the Department's current activities and a new Insurance Disaster Preparedness and Response Unit that will help New York and the insurance industry respond to potential natural, financial and terrorist disasters. Additionally, industry assessments will provide \$18.5 million to the Department of State for costs associated with fire prevention efforts and enforcement of state building code regulations, and \$34.9 million to the Department of Health for programs which prevent the spread of disease, health screenings for newborns to reduce their need for future medical intervention, and the implementation of a new "forge-proof" prescription program.

The Executive Budget also recommends \$4.9 million for implementation of Executive Order 109 that appointed the Attorney General as a Special Prosecutor to combat no-fault auto insurance fraud.

PROGRAM HIGHLIGHTS

The Department ensures that insurance companies meet statutory requirements regarding their finances and corporate conduct by monitoring the financial condition of companies and conducting periodic field examinations of insurers. It strives for the fair treatment of policyholders, claimants, and the public through the regulation of company claim payments and sales practices, responses to consumer complaints, and the timely review of insurance company denials of coverage.

The Department promotes high standards of ethical conduct and technical knowledge through oversight of testing, pre-licensing and continuing education of insurers and agents. It maintains a registry of all licensees, collects fees and imposes fines related to the revocation of licenses and irregular activities.

The September 11 attacks on the World Trade Center demonstrated the important role New York's insurance industry has in maintaining economic stability during times of tragedy. To ensure that the industry's ability to perform that role is strengthened, this Budget recommends the formation of an Insurance Disaster Preparedness and Response Unit within the Department to coordinate industry efforts to prevent and respond to natural, financial, and

INSURANCE

terrorist disasters. Through this unit, the Department will work with industry representatives to develop disaster preparedness and business continuity plans, fight money laundering activities and enhance fraud detection capabilities.

Reflecting the dynamic and changing environment confronting the insurance industry, the Department has reformed or rescinded over half its regulations and eased the process by which companies are licensed and new insurance products approved. The Department continues to work closely with the Banking Department to assist Holocaust victims and their families to identify and recover assets from foreign financial institutions.

The Department also oversees and coordinates the State's Healthy New York Program that provides qualified small businesses and low-income families and individuals with access to affordable health insurance.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	125,419,000	160,398,000	34,979,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	125,419,000	160,398,000	34,979,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
Special Revenue Funds - Other	130	127	(3)
Consumer Services			
Special Revenue Funds - Other	164	161	(3)
Regulation			
Special Revenue Funds - Other	602	620	18
Total	896	908	12

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	125,419,000	160,398,000	34,979,000
Total	125,419,000	160,398,000	34,979,000

Adjustments:	
Prior Year Deficiency	
Insurance Department	
Special Revenue Funds - Other	3,000,000
Appropriated 2002-03	<u>128,419,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
Special Revenue Funds - Other	15,461,000	11,874,900	(3,586,100)
Consumer Services			
Special Revenue Funds - Other	11,023,000	10,820,800	(202,200)
Regulation			
Special Revenue Funds - Other	98,935,000	137,702,300	38,767,300
Total	<u>125,419,000</u>	<u>160,398,000</u>	<u>34,979,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	11,874,900	(3,586,100)	7,840,400	(156,600)
Consumer Services	10,820,800	(202,200)	7,383,500	(236,500)
Regulation	137,702,300	38,767,300	43,723,800	1,725,800
Total	<u>160,398,000</u>	<u>34,979,000</u>	<u>58,947,700</u>	<u>1,332,700</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	4,034,500	(3,429,500)	0	0
Consumer Services	3,437,300	34,300	0	0
Regulation	34,589,500	1,364,500	59,389,000	35,677,000
Total	<u>42,061,300</u>	<u>(2,030,700)</u>	<u>59,389,000</u>	<u>35,677,000</u>

DEPARTMENT OF MENTAL HYGIENE

The Department of Mental Hygiene operates through three independent agencies — the Office of Mental Health, the Office of Mental Retardation and Developmental Disabilities, and the Office of Alcoholism and Substance Abuse Services. All three agencies provide services directly to their clients through State-operated facilities, and receive reimbursement for these services, primarily Medicaid. However, these patient revenues are pledged first to the payment of debt service on outstanding Mental Hygiene bonds.

This appropriation from the Patient Income Account may be distributed to any of the three agencies in order to access additional revenues made available through a decreased set-aside for debt service and/or increased Federal Medicaid reimbursement. The 2003-04 Executive Budget reflects savings from a variety of planned debt management actions and anticipates that the Federal government will enact legislation increasing its share of Medicaid costs.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	40,000,000	0	(40,000,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	40,000,000	0	(40,000,000)	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	(215,000,000)	(300,000,000)	(85,000,000)
Special Revenue Funds - Other	255,000,000	300,000,000	45,000,000
Total	40,000,000	0	(40,000,000)

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

MISSION

The Office of Alcoholism and Substance Abuse Services (OASAS) is responsible for licensing and evaluating service providers, and for implementing and advocating policies and programs for the prevention, early intervention and treatment of alcoholism and substance abuse. In conjunction with local governments, providers and communities, the Office works to ensure that a full range of necessary and cost-effective prevention and treatment services is available statewide.

ORGANIZATION AND STAFFING

The Office of Alcoholism and Substance Abuse Services is headed by a Commissioner, responsible for the development and management of the State's policy on chemical dependence. The Agency exercises these responsibilities directly as a provider of treatment services through a statewide system of 13 Addiction Treatment Centers (ATCs), through the regulation and oversight of prevention and chemical dependence treatment services, and as a conduit for Federal and State financial assistance. The Agency also furthers other State policy goals in areas that include criminal justice, health care and public assistance by coordinating chemical dependence resources and strategies in collaboration with other State agencies.

In 2003-04, OASAS will have a workforce of 951, of which 58 percent provide clinical treatment services through the ATCs. This represents a year-to-year reduction of 28 administrative positions, accomplished through normal attrition and retirements.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget recommends \$508 million in State and other resources for OASAS to continue agency and community operations. This funding is supplemented by Federal and State resources budgeted in other State agencies, and by the contributions of local governments, voluntary agencies and other sources.

The recommended budget is sufficient to ensure the full operation of all 13 ATCs and maintenance of health and safety standards in both the State and voluntary facilities. Despite the severe fiscal constraints facing the State, the stabilization of the non-profit workforce remains a high priority, and the Governor's Budget fully annualizes funding for the three percent cost of living adjustment implemented in December 2002, achieved through redirecting a portion of savings from cost efficiency measures advanced in the Budget.

The 2003-04 Executive Budget continues the consolidation of the OASAS system by uniting the separate alcoholism and substance abuse systems into a single chemical dependence system. Consolidated outpatient chemical dependence fees were implemented in December 2002. To address the short-term needs of eligible outpatient providers as they adjust to the new Medicaid fee system, the Governor's budget maintains \$5.7 million to help them transition over an 18-month period. As a next step in implementing the new fee structure for outpatient chemical dependence services, OASAS will develop a financing mechanism to recognize the cost of outpatient specialty services. During 2003-04, OASAS will also initiate development and implementation of new financing mechanisms for residential treatment services for adolescents.

Following the authorization and approval of fees for Medicaid reimbursement of community-based detoxification services, OASAS will expand the availability of these services statewide. This community-based alternative to hospital-based detoxification will lower costs and increase coordination and access to needed treatment. Inpatient hospitalization will continue to provide the more medically complicated detoxification services.

SUBSTANCE ABUSE SERVICES

To complement the detoxification initiative, OASAS will continue to support, and enhance where possible, mechanisms that promote effective case management of clients in the treatment system. These services have been demonstrated to reduce recidivism, improve treatment outcomes and lead to State and local savings.

In addition, as part of the 2003-04 Budget Recommendations, OASAS will continue to:

- Implement structural and procedural changes in its central office and field offices, and reduce staff resources dedicated to lesser priority functions;
- Assure that core services are maintained, agency priorities are addressed and improvements in productivity and revenue generation are achieved;
- Maximize Federal and other revenue sources in an effort to maintain existing programs at current levels;
- Achieve efficiencies in local programs by reducing funding to those provider agencies whose performance is not meeting established standards, as determined through OASAS' annual performance measurement, review and evaluation processes; and
- Advance voluntary provider workforce development as a critical priority. In 2003-04, OASAS' Taskforce on Workforce Development - comprising representatives of providers, local governments and professional associations - will increase its efforts to evaluate and pursue such initiatives as: partnering with academic institutions and promoting academic internships; marketing career opportunities in the addiction field; reengineering the credentialing process, including regulatory revisions; reducing administrative reporting burdens, and developing and disseminating a guide on employer best practices.

PROGRAM HIGHLIGHTS

As the largest drug and alcohol prevention and treatment system in the nation, OASAS administers a comprehensive array of prevention and treatment services for New Yorkers. The Office works with a network of State, local government and voluntary agencies, as well as school districts, to provide prevention and treatment services. In accordance with Federal and State statutes, the Agency licenses and regulates program providers, ensures that fiscal resources are appropriately spent, and assists local programs in providing the highest quality services.

On any given day, approximately 114,000 patients are enrolled in New York State's licensed chemical dependence treatment and rehabilitation system. Services within this system are provided by approximately 1,300 community-based agencies.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	74,006,000	76,525,000	2,519,000	620,000
Aid To Localities	403,471,600	394,377,000	(9,094,600)	195,173,000
Capital Projects	31,020,000	36,835,000	5,815,000	118,164,000
Total	<u>508,497,600</u>	<u>507,737,000</u>	<u>(760,600)</u>	<u>313,957,000</u>

SUBSTANCE ABUSE SERVICES

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Executive Direction			
General Fund	327	315	(12)
Special Revenue Funds - Federal	75	59	(16)
Special Revenue Funds - Other	12	12	0
Capital-Administration			
Capital Projects Funds - Other	8	8	0
Institutional Services			
General Fund	547	531	(16)
Special Revenue Funds - Federal	0	16	16
Prevention and Program Support			
Special Revenue Funds - Federal	10	10	0
Total	979	951	(28)

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	49,290,000	48,670,000	(620,000)
Special Revenue Funds - Federal	5,675,000	6,379,000	704,000
Special Revenue Funds - Other	19,041,000	21,476,000	2,435,000
Total	74,006,000	76,525,000	2,519,000

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Executive Direction			
General Fund	20,359,000	22,461,000	2,102,000
Special Revenue Funds - Federal	5,675,000	5,179,000	(496,000)
Special Revenue Funds - Other	8,911,000	9,226,000	315,000
Institutional Services			
General Fund	28,931,000	26,209,000	(2,722,000)
Special Revenue Funds - Federal	0	1,200,000	1,200,000
Special Revenue Funds - Other	10,130,000	12,250,000	2,120,000
Total	74,006,000	76,525,000	2,519,000

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Executive Direction	20,697,000	(184,000)	20,517,000	(184,000)
Institutional Services	29,632,000	(568,000)	28,771,000	(568,000)
Total	50,329,000	(752,000)	49,288,000	(752,000)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Executive Direction	112,000	0	68,000	0
Institutional Services	454,000	0	407,000	0
Total	566,000	0	475,000	0

SUBSTANCE ABUSE SERVICES

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Executive Direction	9,704,000	2,526,000	540,000	0
Institutional Services	8,827,000	(34,000)	3,067,000	0
Total	18,531,000	2,492,000	3,607,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Executive Direction	641,000	0	8,499,000	2,526,000
Institutional Services	251,000	0	5,157,000	0
Total	892,000	0	13,656,000	2,526,000

Program	Equipment	
	Amount	Change
Executive Direction	24,000	0
Institutional Services	352,000	(34,000)
Total	376,000	(34,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Executive Direction	6,465,000	(421,000)	2,753,000	(797,000)
Institutional Services	1,200,000	1,200,000	865,000	865,000
Total	7,665,000	779,000	3,618,000	68,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Executive Direction	2,027,000	284,000	1,685,000	92,000
Institutional Services	335,000	335,000	0	0
Total	2,362,000	619,000	1,685,000	92,000

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	254,767,600	244,793,000	(9,974,600)
Special Revenue Funds - Federal	135,004,000	143,084,000	8,080,000
Special Revenue Funds - Other	13,700,000	6,500,000	(7,200,000)
Total	403,471,600	394,377,000	(9,094,600)

SUBSTANCE ABUSE SERVICES

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

Program	Available 2002-03	Recommended 2003-04	Change
Community Treatment Services Program			
General Fund	203,489,000	195,839,000	(7,650,000)
Special Revenue Funds - Federal	91,552,000	98,890,000	7,338,000
Special Revenue Funds - Other	5,700,000	0	(5,700,000)
Prevention and Program Support			
General Fund	50,454,000	48,954,000	(1,500,000)
Special Revenue Funds - Federal	43,452,000	44,194,000	742,000
Special Revenue Funds - Other	8,000,000	6,500,000	(1,500,000)
Community Projects			
General Fund	824,600	0	(824,600)
Total	<u>403,471,600</u>	<u>394,377,000</u>	<u>(9,094,600)</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Design and Construction Supervision				
Capital Projects Fund	1,250,000	1,500,000	250,000	1,250,000
Mental Hygiene Capital Improvement Fund	2,250,000	500,000	(1,750,000)	0
Administration				
Capital Projects Fund	982,000	1,025,000	43,000	0
Community Alcoholism and Substance Abuse Facilities				
Capital Projects Fund	3,288,000	5,310,000	2,022,000	13,000,000
Mental Hygiene Capital Improvement Fund	20,000,000	26,250,000	6,250,000	89,822,000
Institutional Services Program				
Capital Projects Fund	500,000	500,000	0	1,632,000
Mental Hygiene Capital Improvement Fund	2,000,000	1,000,000	(1,000,000)	12,460,000
Non-Bondable				
Capital Projects Fund	750,000	750,000	0	0
Total	<u>31,020,000</u>	<u>36,835,000</u>	<u>5,815,000</u>	<u>118,164,000</u>

OFFICE OF MENTAL HEALTH

MISSION

The Office of Mental Health's (OMH) mission is to promote hope and recovery for people with psychiatric disabilities. It is responsible for planning and operating an integrated system of mental health care that serves adults with serious and persistent mental illness and children with serious emotional disturbances. In the aftermath of the disaster of September 11th, OMH has coordinated mental health care for New Yorkers to alleviate psychological distress, promote good mental health and foster resiliency.

ORGANIZATION AND STAFFING

The Office of Mental Health is headed by a Commissioner who is appointed by the Governor. New York's public mental health system consists of programs that are operated by the Office of Mental Health, as well as community programs certified and funded by the State, but operated by local governments, and not-for-profit and proprietary providers. OMH regulates and licenses approximately 2,500 programs across the State. The combined system serves both adults who have serious and persistent mental illness and children with serious emotional disturbances who have experienced substantial problems in functioning.

OMH currently operates 28 facilities across the State, including 17 Adult Psychiatric Centers and six Children's Psychiatric Centers. In addition, OMH operates three Forensic Psychiatric Centers which serve individuals with histories in the criminal justice system and two Research Institutes. OMH will have a workforce of 17,310 for 2003-04, most of whom work directly with patients. The remainder comprises supervisors of direct care and clinical workers, administrative support and management personnel.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget provides funds totaling \$2.17 billion for the Office of Mental Health from General Fund, Federal and third-party resources, an increase of \$22 million, compared to 2002-03.

Budget recommendations for the Office of Mental Health will strengthen community mental health care and accountability and provide the highest quality inpatient care for people requiring such services.

Over the past eight years, the Office of Mental Health has strengthened community services while achieving greater efficiencies in the operation of its inpatient programs. The Agency has closed four psychiatric centers as well as unneeded State-operated inpatient beds at other facilities; consolidated adult inpatient care at three campuses onto one campus on Long Island; and fundamentally restructured State-operated outpatient services. Simultaneously, it has significantly expanded community housing, case management and other community services and supports for individuals with mental illness. As a result, approximately two-thirds of every dollar devoted to mental health services is now spent on community mental health care.

The recommended Budget for 2003-04 will continue this focus on community care by closing unnecessary institutional capacity and providing full funding for a number of multi-year initiatives to expand community-based services now underway. These include the Enhanced Community Services Program; Kendra's Law, with its assisted outpatient treatment and psychiatric medication grant programs; and the New York/New York II agreement and other housing development.

Since 1994-95, the Office of Mental Health has also aggressively streamlined its administrative functions at all levels of the organization — Central Office, Field Offices, facility cabinets, clinical management and outpatient services. This effort has enabled it to eliminate over 700 administrative positions with a recurring annual savings of more than \$38 million.

MENTAL HEALTH

OMH has also redesigned local programs for greater efficiency, maximization of Federal Medicaid reimbursement and more effective service delivery. To achieve necessary savings in 2003-04, OMH will:

- Reduce spending on unnecessary inpatient capacity;
- Institute tighter controls on staffing by eliminating funded vacancies that are no longer essential;
- Limit non-personal services expenses through contract reviews and renewals and strict controls on travel, equipment and other purchases;
- Achieve local funding efficiencies through the elimination of duplicative and unnecessary spending and reimbursement mechanisms, including the Alternative Rate Methodology for certain hospitals; and
- Continue to implement initiatives to maximize Federal Medicaid reimbursement including the conversion of funding for shared staff and other positions assigned to community programs.

The 2003-04 Executive Budget also saves \$7.8 million by consolidating the Nathan S. Kline Institute (NKI) in Rockland County into the New York Psychiatric Institute (NYPI) in Manhattan. The streamlining of research activities into a single, more cost effective research entity will reduce the need for State tax dollar support by eliminating duplicative and non-essential activities. Under the auspices of NYPI, OMH will continue its commitment to research at the two campuses in children and adult clinical treatment, basic biomedical and neurological sciences and health services for the mentally ill.

COMMUNITY REINVESTMENT

The Executive Budget for 2003-04 recommends that four adult psychiatric centers and one children's psychiatric center be closed and necessary inpatient capacity be consolidated at the 18 remaining adult and children's facilities. This measure will achieve significant operating efficiencies and capital construction savings while permitting continued investment in community-based mental health services. The facilities recommended for closure are as follows:

- Elmira Psychiatric Center will be consolidated with Rochester Psychiatric Center and will close on July 1, 2003;
- Hutchings Psychiatric Center will be consolidated with Mohawk Valley Psychiatric Center and will close on July 1, 2003;
- Middletown Psychiatric Center will be consolidated with Rockland Psychiatric Center and will close on July 1, 2003;
- Bronx Psychiatric Center will be consolidated with Pilgrim and Creedmoor Psychiatric Centers and will close on October 1, 2005; and
- Bronx Children's Psychiatric Center will be consolidated with other downstate children's facilities and will close on October 1, 2005.

The 2003-04 Budget continues full support for adult and children's community-based services that have been initiated under the Community Mental Health Reinvestment Act and incorporates this funding into the adult and children's programs. Community Reinvestment was designed in the early 1990's as a way to redirect resources from State-operated facilities into community-based services. These resources support community mental health services that are determined through a local planning process and encompass a wide variety of new and expanded programs for children and adults, including outpatient clinics, community support programs and residential beds.

Resources derived from Community Reinvestment have been supplemented over the years through the Governor's Enhanced Community Services Program, New York/New York II, Kendra's Law and other initiatives. Among the highest priorities is to expand community housing and strengthen the State's extensive system of community-based services by supporting its basic infrastructure and workforce.

Reaffirming his commitment to Community Reinvestment, the Governor's Budget advances a new Reinvestment Act to redirect State savings from future bed closures and facility consolidations into community services. The severe fiscal restraints facing New York

preclude new reinvestment funds from the bed closures and three adult facility consolidations proposed in 2003-04. Instead, these savings will be used to fully fund the 2002-03 cost-of-living adjustment (COLA) and fee increase to address workforce issues and improve recruitment and retention in voluntary-operated programs, for which \$30 million is included in the Budget. However, the Governor's legislation would redirect future savings towards the development of 600 new supported housing beds, expansion of children's community-based services and workforce related activities.

Of particular note is that the new Reinvestment legislation reaffirms the Governor's commitment to provide services to children in appropriate settings. Accordingly, all of the savings associated with inpatient bed closures at the Bronx Children's Psychiatric Center will be reinvested into an array of services, including children's crisis intervention beds, home-based crisis intervention teams and home and community-based services waiver slots. As a result, as many as four times the number of children now served in institutional settings will be served while living at home with their families.

ADULT HOMES INITIATIVE

The Governor's Budget includes resources to implement a series of recommendations made by the Adult Homes Workgroup comprising mental health advocates and adult home providers. The 2003-04 Executive Budget includes \$8 million budgeted in the Department of Health to support initiatives to improve the quality of life and safety for adult home residents in New York. The Department of Health, in partnership with the Office of Mental Health, the Commission on Quality of Care for the Mentally Disabled and the State Office for the Aging, will initiate a statewide effort to conduct client assessments; improve medication management; initiate enhanced service coordination and other advocacy services; and expand social and recreational activities. These initiatives build on the Governor's reforms to strengthen the oversight and surveillance of adult homes.

ASSISTED OUTPATIENT TREATMENT

The 2003-04 Budget includes appropriations of \$32 million for the Assisted Outpatient Treatment program ("Kendra's Law") enacted in 1999-2000. The program provides court ordered assisted outpatient treatment for certain people with mental illness who, based on their treatment history and present circumstances, are unlikely to manage safely in the community without supervision. The appropriations support case management and other services aimed at keeping clients in a treatment program and on any required psychiatric medication. The appropriations also cover psychiatric medication to individuals being discharged from State psychiatric centers, community hospitals, prisons and jails while their Medicaid eligibility is being determined.

ENHANCED COMMUNITY SERVICES

Appropriations of \$86.4 million are provided for the Enhanced Community Services Program proposed by Governor Pataki in 2000-01. The program is supported by Health Care Reform Act (HCRA) revenues and, when combined with other funding sources, provides \$125 million for a wide variety of services which strengthen the community mental health service system for children and adults. The program has significantly expanded case management, housing, family support, family-based treatment and other services. Moreover, the Enhanced Community Services Program has fostered more effective systems for managing resources to best serve the clients by establishing new Single Points of Entry at the local level. This improves the assignment of case management and housing opportunities to the most needy clients.

MENTAL HEALTH

COMMUNITY HOUSING

The 2003-04 Budget provides operational and capital funding for local programs to maintain the existing residential system and continue the development of community beds previously authorized through New York/New York II and other housing initiatives. The Governor's Budget recommends development of 2,000 additional community residential beds, with a \$65 million capital appropriation to support the State's contribution towards the first phase of 1,000 beds. When fully operational, these 2,000 beds will require approximately \$50 million in additional ongoing support. Including this new commitment to expand residential capacity, the Budget supports 26,100 beds currently operating and 1,000 new community beds from prior-year initiatives that are expected to open by the end of 2003-04, as well as another 4,000 in other stages of planning and development.

CAPITAL PROJECTS

OMH's Capital Budget includes new appropriations of \$215.5 million for preservation and maintenance of inpatient and community facilities. Capital spending from new appropriations and re-appropriations will support facility projects that will increase health and safety, preserve and maintain the physical plant consistent with the Office of Mental Health's facility maintenance program and comply with accreditation standards. Capital spending is also provided for local programs to maintain the existing residential system and to continue development of community beds previously authorized.

PROGRAM HIGHLIGHTS

New York State will continue to rank number one in the nation in total spending and per capita spending on State and local programs for the mentally ill.

- State-operated facilities provide inpatient, outpatient and community support programs throughout the State that serve adults, children, and forensic populations. State-operated psychiatric centers provide inpatient services to approximately 7,600 adults and children who are admitted annually, while over 37,000 individuals are served through various outpatient and support programs.
- While inpatients vary greatly in age, level of disability and length of hospitalization, a range of treatment and rehabilitative services is offered as patients progress from admission to discharge. In addition, OMH provides specialized services for physically disabled, aggressive and assaultive, and multi-diagnosed patients, as well as patients who have criminal histories.
- The Office operates an array of community-based programs located throughout the State. These programs, staffed with State employees, provide supportive services to enable individuals with mental illness to avoid long-term inpatient stays. State-operated community-based services currently include community residential facilities and residential care centers for adults and children, outpatient programs, intensive case management positions and a variety of supportive employment, work-for-pay, crisis and other community support programs.
- OMH also funds a wide range of community services provided by local governments and private organizations. These include emergency services such as Comprehensive Psychiatric Emergency Programs; outpatient services such as mental health clinics and day treatment programs and community support programs such as Intensive and Supportive Case Management, residential programs and consumer-run self-help and self-operated programs. Overall, State Aid and Medicaid (budgeted largely in the Department of Health) will provide about \$2 billion for not-for-profit and county-operated community mental health programs through a network of approximately 2,500 programs serving over 500,000 persons a year.

MENTAL HEALTH

In all mental health settings, the fundamental goal of OMH is to maximize access to quality mental health care for every single New Yorker. This includes bridging the gap between science and service and focusing on accountability for results, best practices and coordination of care.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	1,165,443,500	1,114,126,000	(51,317,500)	1,258,000
Aid To Localities	824,050,000	844,723,000	20,673,000	36,897,000
Capital Projects	162,880,000	215,482,000	52,602,000	555,105,000
Total	<u>2,152,373,500</u>	<u>2,174,331,000</u>	<u>21,957,500</u>	<u>593,260,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration and Finance			
General Fund	559	534	(25)
Special Revenue Funds - Federal	14	14	0
Enterprise Funds	20	20	0
Internal Service Funds	24	24	0
Adult Services			
General Fund	11,883	11,071	(812)
Capital Planning			
Capital Projects Funds - Other	41	41	0
Children and Youth Services			
General Fund	1,969	1,969	0
Forensic Services			
General Fund	1,879	1,879	0
Maintenance Undistributed			
Special Revenue Funds - Other	397	397	0
Research			
General Fund	497	384	(113)
Special Revenue Funds - Other	27	27	0
Total	<u>17,310</u>	<u>16,360</u>	<u>(950)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	667,599,500	505,715,000	(161,884,500)
Special Revenue Funds - Federal	1,258,000	1,272,000	14,000
Special Revenue Funds - Other	485,447,000	595,981,000	110,534,000
Enterprise Funds	8,277,000	8,284,000	7,000
Internal Service Funds	2,292,000	2,304,000	12,000
Fiduciary Funds	570,000	570,000	0
Total	<u>1,165,443,500</u>	<u>1,114,126,000</u>	<u>(51,317,500)</u>

MENTAL HEALTH

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration and Finance			
General Fund	57,061,000	55,807,000	(1,254,000)
Special Revenue Funds - Federal	1,258,000	1,272,000	14,000
Special Revenue Funds - Other	1,300,000	1,300,000	0
Enterprise Funds	8,277,000	8,284,000	7,000
Internal Service Funds	2,292,000	2,304,000	12,000
Fiduciary Funds	570,000	570,000	0
Adult Services			
General Fund	792,485,000	733,715,000	(58,770,000)
Special Revenue Funds - Other	0	15,025,000	15,025,000
Children and Youth Services			
General Fund	119,382,000	120,267,000	885,000
Enhanced Community Services			
General Fund	19,600,000	19,600,000	0
Forensic Services			
General Fund	114,763,500	115,712,000	948,500
Maintenance Undistributed			
General Fund	(478,128,000)	(573,531,000)	(95,403,000)
Special Revenue Funds - Other	478,128,000	573,531,000	95,403,000
Research			
General Fund	42,436,000	34,145,000	(8,291,000)
Special Revenue Funds - Other	6,019,000	6,125,000	106,000
Total	<u>1,165,443,500</u>	<u>1,114,126,000</u>	<u>(51,317,500)</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Finance	34,895,000	(1,254,000)	33,567,000	(1,264,000)
Adult Services	597,960,000	(57,753,000)	554,005,000	(53,770,000)
Children and Youth Services	107,426,000	800,000	99,486,000	741,000
Forensic Services	105,259,000	784,000	97,151,000	723,000
Research	30,502,000	(6,050,000)	30,043,000	(5,929,000)
Total	<u>876,042,000</u>	<u>(63,473,000)</u>	<u>814,252,000</u>	<u>(59,499,000)</u>
Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Finance	1,017,000	8,000	311,000	2,000
Adult Services	14,914,000	(1,320,000)	29,041,000	(2,663,000)
Children and Youth Services	3,325,000	25,000	4,615,000	34,000
Forensic Services	3,188,000	24,000	4,920,000	37,000
Research	39,000	(43,000)	420,000	(78,000)
Total	<u>22,483,000</u>	<u>(1,306,000)</u>	<u>39,307,000</u>	<u>(2,668,000)</u>

MENTAL HEALTH

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Finance	20,912,000	0	912,700	0
Adult Services	135,755,000	(1,017,000)	66,791,000	144,000
Children and Youth Services	12,841,000	85,000	6,265,000	85,000
Enhanced Community Services	19,600,000	0	0	0
Forensic Services	10,453,000	164,500	6,364,000	164,500
Research	3,643,000	(2,241,000)	1,427,000	(1,476,000)
Total	203,204,000	(3,008,500)	81,759,700	(1,082,500)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Finance	1,431,500	0	16,569,400	0
Adult Services	2,836,000	(70,000)	60,481,000	(1,031,000)
Children and Youth Services	509,000	0	5,526,000	0
Enhanced Community Services	0	0	0	0
Forensic Services	622,000	0	3,268,000	0
Research	60,000	(15,000)	2,091,000	(705,000)
Total	5,458,500	(85,000)	87,935,400	(1,736,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Finance	1,998,400	0	0	0
Adult Services	2,482,000	(60,000)	3,165,000	0
Children and Youth Services	541,000	0	0	0
Enhanced Community Services	0	0	19,600,000	0
Forensic Services	199,000	0	0	0
Research	65,000	(45,000)	0	0
Total	5,285,400	(105,000)	22,765,000	0

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Finance	13,730,000	33,000	4,328,000	0
Adult Services	15,025,000	15,025,000	15,025,000	15,025,000
Research	6,125,000	106,000	1,915,000	0
Total	34,880,000	15,164,000	21,268,000	15,025,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Finance	8,102,000	33,000	1,300,000	0
Adult Services	0	0	0	0
Research	4,210,000	106,000	0	0
Total	12,312,000	139,000	1,300,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	711,280,000	730,059,000	18,779,000
Special Revenue Funds - Federal	38,235,000	40,129,000	1,894,000
Special Revenue Funds - Other	74,535,000	74,535,000	0
Total	824,050,000	844,723,000	20,673,000

MENTAL HEALTH

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

Program	Available 2002-03	Recommended 2003-04	Change
Adult Services			
General Fund	570,063,000	582,565,000	12,502,000
Special Revenue Funds - Federal	30,400,000	32,294,000	1,894,000
Special Revenue Funds - Other	7,735,000	7,735,000	0
Children and Youth Services			
General Fund	140,191,000	147,494,000	7,303,000
Special Revenue Funds - Federal	7,835,000	7,835,000	0
Enhanced Community Services			
Special Revenue Funds - Other	66,800,000	66,800,000	0
Community Projects			
General Fund	1,026,000	0	(1,026,000)
Total	<u>824,050,000</u>	<u>844,723,000</u>	<u>20,673,000</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Design and Construction Supervision				
Capital Projects Fund	1,750,000	2,000,000	250,000	1,750,000
Mental Hygiene Capital Improvement Fund	8,000,000	8,000,000	0	8,087,000
Executive Direction				
Capital Projects Fund	0	0	0	3,325,000
Mental Hygiene Capital Improvement Fund	3,300,000	3,300,000	0	3,300,000
Community Mental Health Facilities				
Capital Projects Fund	6,000,000	7,000,000	1,000,000	24,881,000
Mental Hygiene Capital Improvement Fund	5,470,000	70,482,000	65,012,000	128,445,000
Maintenance and Improvements of Existing Facilities				
Capital Projects Fund	27,950,000	32,000,000	4,050,000	30,125,000
Mental Hygiene Capital Improvement Fund	108,410,000	91,700,000	(16,710,000)	347,192,000
Non-Bondable				
Capital Projects Fund	2,000,000	1,000,000	(1,000,000)	8,000,000
Total	<u>162,880,000</u>	<u>215,482,000</u>	<u>52,602,000</u>	<u>555,105,000</u>

OFFICE OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

MISSION

The Office of Mental Retardation and Developmental Disabilities (OMRDD) serves and supports individuals and families of individuals with developmental disabilities. OMRDD works with local governments and non-profit providers to oversee a comprehensive system for delivery of services to people who have developmental disabilities. Both institutional and community-based services are delivered through a network of community programs operated by non-profit providers, State Developmental Centers and numerous State-operated programs based in the community.

ORGANIZATION AND STAFFING

Under the direction of a Commissioner appointed by the Governor, OMRDD currently operates through district offices, called Developmental Disabilities Services Offices (DDSO). Its Central Office oversees and supports operations of the district offices.

OMRDD will have a workforce of 22,245 for 2003-04, most of whom work directly with consumers of services. The remainder comprises supervisors of direct care workers, clinicians, administrative support and management personnel.

By the end of 2003-04, OMRDD will operate some 497 developmental center beds, along with 1,063 special unit beds. From 1995 to the end of the 2003-04 fiscal year, the State will have moved approximately 3,630 people into more appropriate community care and will have closed nearly 2,100 unneeded institutional beds.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Total funding of \$2.7 billion supports a comprehensive system of care serving more than 125,000 persons with disabilities and their families, reflecting the Governor's ongoing commitment to serving the needs of persons with developmental disabilities. The Executive Budget recommendations for 2003-04 preserve essential direct care and maintain the quality of services for consumers in both non-profit and OMRDD-operated programs, despite the need to implement cost-savings measures in the face of the State's fiscal difficulties. Importantly, a portion of the achieved savings is retained to fully fund the voluntary provider three percent cost-of-living adjustment (COLA) implemented in December 2002, which is designed to help address workforce recruitment and retention problems. Under these recommendations:

- OMRDD's Institutional Services Program will receive total funding of \$377.2 million, to support residential care and habilitative services for people in developmental centers and special treatment units;
- OMRDD's Central Coordination and Support Program will receive \$60.8 million to provide policy direction and technical support to the entire service system;
- OMRDD's Community Services Program will receive nearly \$2.2 billion to fund hundreds of State-operated residential and day programs and ancillary services such as clinics and transportation networks, as well as to support local governments and a network of more than 600 non-profit agencies; and
- OMRDD's new capital appropriations will total \$90.1 million for the maintenance of existing institutions, community residential and day program sites as well as the development and renovation of residential and day programming sites and other expanded bed capacity.

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

As a means to achieve financial savings to address the State's deficit and to refocus OMRDD activities on its central mission to provide quality services to individuals with mental retardation and developmental disabilities and their families, non-core programs are eliminated. Specifically, Article VII legislation is proposed to eliminate the Youth Opportunity Program, which has not succeeded in its mission to attract minority youth to join OMRDD's long-term workforce. Approximately \$11 million in operating savings and over \$12 million in capital cost avoidance are also achieved from the closure of the Institute for Basic Research (IBR) on Staten Island. While IBR's research activities are of high quality, they do not specifically translate into effective treatment protocols or support the service system's direct delivery of care to consumers.

These recommendations anticipate that OMRDD will continue to aggressively pursue Federal financial support for its programs as well as take other targeted administrative actions to achieve management efficiencies in both the State and non-profit sectors.

The 2003-04 Executive Budget fully funds and expands the Governor's nationally acclaimed initiative known as New York State-Creating Alternatives in Residential Environments and Services (NYS-CARES), thereby maintaining his commitment to serve those developmentally disabled New Yorkers on waiting lists for residential services. As this program enters its fifth year, nearly 7,000 persons have already left the waiting list for homes in the community. During this time, OMRDD has continually worked with families to review the waiting list and verify their needs. As a result of this collaboration, and building on the success of the original initiative, the Governor is introducing NYS-CARES II designed to develop additional services to meet families' articulated needs. Accordingly, NYS-CARES II will provide an additional 1,900 new residential beds beyond the almost 4,900 new beds committed to in 1998. It will also create another 600 new opportunities for in-home services, 370 new opportunities for day services and additional funding for family support services beyond the State's initial commitment, to help individuals stay with their families as long as possible. By the end of the decade, OMRDD will have developed a total of 6,800 new residential beds under NYS-CARES which, when coupled with the more than 37,000 funded community beds already in the system, will provide ample placement opportunities to individuals on the residential waiting list.

In support of existing services, a trend factor of 3.4 percent will be applied to adjusted 2002-03 reimbursement levels for Intermediate Care Facilities (ICF) and most Home and Community-Based Services (HCBS) Waiver programs, providing more than \$33.5 million in additional State funding to non-profit community-based providers for residential and other services. All new residential programs developed under NYS-CARES will receive this funding.

The effort to place individuals residing in the developmental centers into more appropriate community settings will continue. An additional 130 individuals will leave institutions for care in their own communities during 2003-04, and new admissions will be limited to emergency situations involving persons with special needs and those entering special treatment units. Projections are that by the end of 2003-04, there will be only 497 people statewide living in developmental centers. OMRDD remains committed to deinstitutionalization for all consumers who can be appropriately cared for in community settings.

In addition, OMRDD continues to protect the safety and welfare of the public. The 2003-04 Executive Budget recommends continued funding of State-operated capacity for persons with severe behavioral difficulties who require intensive treatment services. Placements in these specialized settings ensure that OMRDD can appropriately treat individuals who are a danger to themselves or others.

In 2003-04, 30 beds will be added in the least restrictive of these units, known as Local Intensive Treatment Units. These units will require enriched staffing ratios to offer a more appropriate level of care to persons who cannot be adequately cared for in regular developmental center Multiply Disabled Units (MDUs), but do not require a secure treatment setting.

The 2003-04 Executive Budget also supports 20 new MDU openings for Office of Mental Health patients who are dually diagnosed with both developmental disabilities and mental

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

illness, but whose primary diagnosis is mental retardation/developmental disability. All of these individuals will transfer from the Office of Mental Health's auspice to OMRDD, where they will receive more appropriate care.

OMRDD continues to improve the efficiency and cost-effectiveness of its operations. In 2003-04 the agency will undertake efforts to:

- Emphasize use of less costly services, when appropriate;
- Maximize use of existing service capacity;
- Streamline and institute new internal controls on billing procedures;
- Diligently review eligibility for services;
- Continue strict controls on hiring in non-patient-care positions in both the DDSOs and Central Office;
- Provide more efficient employee and provider training;
- Implement a fully automated time and attendance system;
- Limit non-personal service expenditures, especially non-essential categories such as travel and new equipment purchases; and
- Further reduce overtime expenditures.

Infrastructure throughout the State and not-for-profit systems will be maintained through new capital appropriations of \$90.1 million and reappropriations of \$165.7 million. Capital appropriations for institutional projects will focus on the need to reinvest resources into preserving and maintaining long-term facilities, mostly for a core population of consumers who have severe behavioral treatment needs and/or have been involved with the criminal justice system.

Capital projects in the community reflect a continued investment to maintain both State and voluntary not-for-profit community-based sites, and to develop State-operated residential placements for adults in developmental centers and on the NYS-CARES waiting list. While a modest increase in bonded appropriations is included, in part to address funding needs for small inner-city providers which cannot obtain alternative financing, voluntary not-for-profit capital development needs for NYS-CARES and other program expansion initiatives will continue to be met primarily through the use of non-State revenue such as Federal Housing and Urban Development (HUD) grants and private financing.

In total, these recommendations — through the combination of new and currently operating programs — will support an estimated 8,900 new service opportunities in the community during 2003-04. This reflects 2,800 people newly-placed in residential settings and 6,100 new service opportunities in non-residential programs. Community placements will be targeted for people in developmental centers and for mandated populations, as well as people on community waiting lists. Services to individuals and families have also been preserved within family support services.

PROGRAM HIGHLIGHTS

OMRDD serves more than 125,000 New Yorkers with developmental disabilities, which include mental retardation, epilepsy, cerebral palsy, neurological impairments and autism. In recent years, New York has made great strides in its methods of delivering services to this vulnerable population, moving more people from institutions to the community than any other state in the nation. In addition, New York continues to place greater emphasis on consumer choice and satisfaction.

Under a 1991 Federal Medicaid waiver, consumers have the opportunity to receive individualized services in less restrictive settings. With the aid of trained service coordinators, consumers choose the services they need, and receive them in appropriate settings. New York commits more resources to its Home and Community Based Services (HCBS) Waiver program than any state in the nation, investing three times as much as the next highest state offering services under a waiver.

Maintaining a statewide system of services, delivered through both the State and non-profit providers, OMRDD:

- Provides 36,600 persons with certified residential services;
- Provides 65,000 persons with community day services; and

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

- Assists in the care of 73,000 persons with developmental disabilities who are living in their own homes.

An overview of these services is provided below.

RESIDENTIAL SERVICES

Residential services are offered through a continuum of programs in both community and institutional settings. The alternative that provides the most intensive services in a community setting is the Intermediate Care Facility for the Developmentally Disabled (ICF/DD). These facilities — some 8,000 beds operated statewide by both State and not-for-profit providers — are appropriate for individuals requiring 24-hour care. A typical community ICF has 12 to 14 beds.

The most common residential placement for persons under the waiver are Individual Residential Alternatives (IRAs) — homes, typically for 4 to 8 consumers, operated by either the State or not-for-profit providers in the community. This budget supports more than 20,000 IRA beds and accompanying service coordination. Other community living arrangements include Community Residences and Family Care homes, which serve more than 6,400 people.

In addition to these community-based programs, OMRDD operates ten campuses across the State. Some 1,600 people will be served in these settings by the end of 2003-04, of which more than 68 percent will be receiving specialized services. OMRDD remains committed to providing community residential opportunities for all those in State institutions who can receive appropriate care in the community. Currently, New York serves more persons in community residential settings than any other state, with the exception of California.

DAY SERVICES

OMRDD supports an array of day services for persons with developmental disabilities, which also vary depending on the needs of the consumer. The major programs include:

- Day treatment which provides diagnostic, treatment, and rehabilitative services;
- Day habilitation, a smaller more individualized service for persons under the Federal Medicaid waiver for home and community based services;
- Supported employment, which provides the opportunity for individuals to work in competitive positions usually in integrated settings in the private sector;
- Sheltered workshops which provide basic, non-competitive work opportunities; and
- Day training which develops the knowledge and skills that enable persons with developmental disabilities to improve their personal, social, and vocational skills and to function independently.

SUPPORT FOR CONSUMERS LIVING IN THEIR OWN HOMES

OMRDD services also support families and individuals in their own homes. The Family Support Services program assists families in caring for more than 64,000 persons with developmental disabilities, enabling these individuals to remain at home. Services offered include respite, crisis intervention, case management, recreation, information and referral, and home care.

The Individualized Support Services program provides services to nearly 1,500 disabled individuals who live independently. In addition, more than 8,200 individuals living in their own homes receive residential habilitation under the Federal Medicaid waiver.

The Care at Home program provides a third alternative, designed to preserve family settings for persons under 18 years of age with developmental disabilities, who are medically frail. This program allows the parents of young persons with severe disabilities to maintain the child at home, regardless of family income level, thereby preventing more costly out-of-home placements.

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	1,198,402,000	1,203,550,000	5,148,000	80,000
Aid To Localities	1,272,376,800	1,397,845,000	125,468,200	442,000
Capital Projects	116,613,000	90,081,000	(26,532,000)	165,689,000
Total	<u>2,587,391,800</u>	<u>2,691,476,000</u>	<u>104,084,200</u>	<u>166,211,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Central Coordination and Support			
General Fund	783	785	2
Community Services			
General Fund	16,086	16,165	79
Institutional Services			
General Fund	5,182	5,284	102
Enterprise Funds	1	1	0
Research in Mental Retardation			
General Fund	217	10	(207)
Total	<u>22,269</u>	<u>22,245</u>	<u>(24)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	168,994,000	163,473,000	(5,521,000)
Special Revenue Funds - Federal	80,000	80,000	0
Special Revenue Funds - Other	1,026,274,000	1,036,943,000	10,669,000
Enterprise Funds	2,350,000	2,350,000	0
Internal Service Funds	150,000	150,000	0
Fiduciary Funds	554,000	554,000	0
Total	<u>1,198,402,000</u>	<u>1,203,550,000</u>	<u>5,148,000</u>

Adjustments:

Prior Year Deficiency	
Mental Retardation and Developmental Disabilities, Office of	
General Fund	26,458,000
Appropriated 2002-03	<u>1,224,860,000</u>

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

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

<u>Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
Central Coordination and Support			
General Fund	61,065,000	60,593,000	(472,000)
Special Revenue Funds - Federal	80,000	80,000	0
Internal Service Funds	150,000	150,000	0
Community Services			
General Fund	745,192,000	760,041,000	14,849,000
Institutional Services			
General Fund	371,690,000	374,329,000	2,639,000
Enterprise Funds	2,350,000	2,350,000	0
Fiduciary Funds	504,000	504,000	0
Maintenance Undistributed			
General Fund	(1,026,274,000)	(1,036,943,000)	(10,669,000)
Special Revenue Funds - Other	1,026,274,000	1,036,943,000	10,669,000
Research in Mental Retardation			
General Fund	17,321,000	5,453,000	(11,868,000)
Fiduciary Funds	50,000	50,000	0
Total	<u>1,198,402,000</u>	<u>1,203,550,000</u>	<u>5,148,000</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Central Coordination and Support	43,117,000	828,000	40,834,000	784,000
Community Services	655,143,000	15,613,000	637,498,479	15,192,479
Institutional Services	220,897,000	(4,223,000)	212,861,000	(4,069,000)
Research in Mental Retardation	4,945,000	(10,460,000)	4,807,000	(10,168,000)
Total	<u>924,102,000</u>	<u>1,758,000</u>	<u>896,000,479</u>	<u>1,739,479</u>

<u>Program</u>	<u>Temporary Service (Nonannual Salaried)</u>		<u>Holiday/Overtime Pay (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Central Coordination and Support	2,030,000	39,000	253,000	5,000
Community Services	5,176,368	123,368	12,468,153	297,153
Institutional Services	1,041,000	(20,000)	6,995,000	(134,000)
Research in Mental Retardation	83,000	(177,000)	55,000	(115,000)
Total	<u>8,330,368</u>	<u>(34,632)</u>	<u>19,771,153</u>	<u>53,153</u>

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Central Coordination and Support	17,476,000	(1,300,000)	561,000	0
Community Services	104,898,000	(764,000)	37,975,000	(620,000)
Institutional Services	153,432,000	6,862,000	23,316,000	255,000
Research in Mental Retardation	508,000	(1,408,000)	191,000	(528,000)
Total	<u>276,314,000</u>	<u>3,390,000</u>	<u>62,043,000</u>	<u>(893,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Central Coordination and Support	1,266,000	0	14,335,000	0
Community Services	6,061,000	(99,000)	48,271,000	(788,000)
Institutional Services	1,196,000	13,000	27,719,000	303,000
Research in Mental Retardation	15,000	(42,000)	231,000	(640,000)
Total	<u>8,538,000</u>	<u>(128,000)</u>	<u>90,556,000</u>	<u>(1,125,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Coordination and Support	1,314,000	0	0	(1,300,000)
Community Services	5,286,000	(86,000)	7,305,000	829,000
Institutional Services	2,311,000	25,000	98,890,000	6,266,000
Research in Mental Retardation	71,000	(198,000)	0	0
Total	<u>8,982,000</u>	<u>(259,000)</u>	<u>106,195,000</u>	<u>5,795,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Central Coordination and Support	230,000	0	0	0
Institutional Services	2,854,000	0	274,000	0
Research in Mental Retardation	50,000	0	0	0
Total	<u>3,134,000</u>	<u>0</u>	<u>274,000</u>	<u>0</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Coordination and Support	0	0	230,000	0
Institutional Services	2,580,000	0	0	0
Research in Mental Retardation	50,000	0	0	0
Total	<u>2,630,000</u>	<u>0</u>	<u>230,000</u>	<u>0</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	662,582,800	664,145,000	1,562,200
Special Revenue Funds - Other	607,794,000	731,700,000	123,906,000
Fiduciary Funds	2,000,000	2,000,000	0
Total	<u>1,272,376,800</u>	<u>1,397,845,000</u>	<u>125,468,200</u>

Adjustments:	
Prior Year Deficiency	
Mental Retardation and Developmental Disabilities, Office of General Fund	73,298,000
Appropriated 2002-03	<u>1,345,674,800</u>

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

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

Program	Available 2002-03	Recommended 2003-04	Change
Community Services			
General Fund	659,925,000	664,145,000	4,220,000
Special Revenue Funds - Other	607,794,000	731,700,000	123,906,000
Fiduciary Funds	2,000,000	2,000,000	0
Community Projects			
General Fund	2,657,800	0	(2,657,800)
Total	<u>1,272,376,800</u>	<u>1,397,845,000</u>	<u>125,468,200</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Design and Construction Supervision				
Capital Projects Fund	2,000,000	2,000,000	0	0
Mental Hygiene Capital Improvement Fund	6,000,000	3,000,000	(3,000,000)	0
Voluntary-Operated Community Facilities				
Capital Projects Fund	10,287,000	14,815,000	4,528,000	3,278,000
Mental Hygiene Capital Improvement Fund	8,111,000	6,926,000	(1,185,000)	12,599,000
State-Operated Community Services Program				
Capital Projects Fund	13,953,000	13,886,000	(67,000)	9,100,000
Mental Hygiene Capital Improvement Fund	10,000,000	5,000,000	(5,000,000)	14,600,000
Institutional Services Program				
Capital Projects Fund	16,650,000	17,450,000	800,000	38,426,000
Mental Hygiene Capital Improvement Fund	48,612,000	26,004,000	(22,608,000)	86,686,000
Non-Bondable				
Capital Projects Fund	1,000,000	1,000,000	0	1,000,000
Total	<u>116,613,000</u>	<u>90,081,000</u>	<u>(26,532,000)</u>	<u>165,689,000</u>

COMMISSION ON QUALITY OF CARE FOR THE MENTALLY DISABLED

MISSION

The Commission on Quality of Care for the Mentally Disabled provides oversight of the State and local mental hygiene systems that collectively spend more than \$5 billion in public funds annually. The Commission:

- monitors conditions of care for people with mental disabilities in State institutions, licensed residential facilities, and outpatient programs;
- reports to the Governor and Legislature on how the laws and policies established to protect the rights of people with mental disabilities are being implemented; and
- makes recommendations to improve quality of care.

ORGANIZATION AND STAFFING

The Commission consists of a full-time chairman and two unsalaried members, each appointed by the Governor and confirmed by the Senate to serve staggered five-year terms. During 2003-04, the agency will have a workforce of 90 positions funded by the General Fund, Federal grants and other Federal revenues related to oversight of Medicaid programs.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Commission's State Operations appropriation is supported by the General Fund (23 percent), Federal grants (53 percent) and other funding, primarily receipts from the Medicaid program related to program oversight activities (24 percent).

The Aid to Localities appropriations support:

- private, non-profit service provider agencies that provide advocacy services to residents of adult homes and adult care facilities; and
- non-profit Community Dispute Resolution Centers, which provide support services for the Surrogate Decision Making Committee program.

The Executive Budget recommendation of \$12.5 million fully supports existing program and service levels. The Commission has continued to streamline its administrative functions by utilizing the early retirement incentive that was enacted into law in 2002.

PROGRAM HIGHLIGHTS

OVERSIGHT OF SERVICE DELIVERY

The Commission provides independent oversight and review of State- and voluntary-operated programs serving individuals with mental illness, developmental disabilities, and alcohol and substance abuse problems. Most importantly, it investigates complaints including allegations of patient abuse or mistreatment in facilities operated or licensed by these agencies.

PROTECTION AND ADVOCACY

Federal funding provides statewide protection and advocacy services for individuals with disabilities, using State staff and contracts with non-profit agencies, through the following programs: Protection and Advocacy for the Developmentally Disabled; Client Assistance; Protection and Advocacy for Individuals with Mental Illness; Protection and Advocacy of Individual Rights; Protection and Advocacy for Beneficiaries of Social Security; and

QUALITY OF CARE FOR THE MENTALLY DISABLED

Technology-Related Protection and Advocacy. These programs assist the Commission in strengthening the non-profit contract network by providing individuals with severe disabilities with protection and advocacy services under Federal law.

ADULT HOMES

Residents of adult homes that are serving a large number of persons who have received services through the mental hygiene system receive advocacy services administered by the Commission through contracts with local not-for-profit organizations. These services, funded in part through a suballocation from the Department of Health, focus on protecting and promoting residents' rights. The Commission's dedicated team continues to work collaboratively with the Department of Health and the Office of Mental Health to conduct programmatic and fiscal investigations into the quality of care provided to individuals living in adult homes. The Commission's efforts have been expanded to assist in the implementation of the new State initiatives already underway to improve the quality of life and safety of adult home residents.

SURROGATE DECISION MAKING COMMITTEE

The Surrogate Decision Making Committee (SDMC) program reviews recommendations for medical services on behalf of individuals receiving Mental Hygiene residential services who have neither a legal guardian nor the ability to make decisions for themselves. Volunteer teams comprised of medical, legal and health care professionals and advocates work through local dispute resolution centers to represent these individuals. Expanded under a multi-year gubernatorial initiative, this program is now available statewide.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	11,174,000	12,053,000	879,000	9,940,000
Aid To Localities	568,000	513,000	(55,000)	0
Capital Projects	0	0	0	0
Total	<u>11,742,000</u>	<u>12,566,000</u>	<u>824,000</u>	<u>9,940,000</u>

QUALITY OF CARE FOR THE MENTALLY DISABLED

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration			
General Fund	37	34	(3)
Special Revenue Funds - Other	30	30	0
Client Assistance			
Special Revenue Funds - Federal	2	2	0
Protection and Advocacy for Beneficiaries of Social Security			
Special Revenue Funds - Federal	1	1	0
Protection and Advocacy for the Developmentally Disabled			
Special Revenue Funds - Federal	10	10	0
Protection and Advocacy for Individual Rights			
Special Revenue Funds - Federal	2	2	0
Protection and Advocacy for the Mentally Ill			
Special Revenue Funds - Federal	11	11	0
Total	93	90	(3)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	2,985,000	2,758,000	(227,000)
Special Revenue Funds - Federal	5,387,000	6,414,000	1,027,000
Special Revenue Funds - Other	2,782,000	2,861,000	79,000
Enterprise Funds	20,000	20,000	0
Total	11,174,000	12,053,000	879,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	2,985,000	2,758,000	(227,000)
Special Revenue Funds - Federal	0	400,000	400,000
Special Revenue Funds - Other	2,782,000	2,861,000	79,000
Enterprise Funds	20,000	20,000	0
Client Assistance			
Special Revenue Funds - Federal	723,000	727,000	4,000
Protection and Advocacy for Beneficiaries of Social Security			
Special Revenue Funds - Federal	464,000	446,000	(18,000)
Protection and Advocacy for the Developmentally Disabled			
Special Revenue Funds - Federal	1,840,000	1,947,000	107,000
Protection and Advocacy for Individual Rights			
Special Revenue Funds - Federal	846,000	1,080,000	234,000
Protection and Advocacy for the Mentally Ill			
Special Revenue Funds - Federal	1,409,000	1,719,000	310,000
Technology Related Protection and Advocacy			
Special Revenue Funds - Federal	105,000	95,000	(10,000)
Total	11,174,000	12,053,000	879,000

QUALITY OF CARE FOR THE MENTALLY DISABLED

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,105,000	(227,000)	2,105,000	(216,000)
Total	<u>2,105,000</u>	<u>(227,000)</u>	<u>2,105,000</u>	<u>(216,000)</u>

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Administration	0	(11,000)
Total	<u>0</u>	<u>(11,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	653,000	0	40,000	(1,100)
Total	<u>653,000</u>	<u>0</u>	<u>40,000</u>	<u>(1,100)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	137,000	15,800	451,000	(600)
Total	<u>137,000</u>	<u>15,800</u>	<u>451,000</u>	<u>(600)</u>

Program	Equipment	
	Amount	Change
Administration	25,000	(14,100)
Total	<u>25,000</u>	<u>(14,100)</u>

QUALITY OF CARE FOR THE MENTALLY DISABLED

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	3,281,000	479,000	1,760,000	6,000
Client Assistance	727,000	4,000	118,000	2,000
Protection and Advocacy for Beneficiaries of Social Security	446,000	(18,000)	54,000	0
Protection and Advocacy for the Developmentally Disabled	1,947,000	107,000	466,000	(199,000)
Protection and Advocacy for Individual Rights	1,080,000	234,000	152,000	39,000
Protection and Advocacy for the Mentally III	1,719,000	310,000	582,000	46,000
Technology Related Protection and Advocacy	95,000	(10,000)	0	0
Total	<u>9,295,000</u>	<u>1,106,000</u>	<u>3,132,000</u>	<u>(106,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,121,000	73,000	400,000	400,000
Client Assistance	609,000	2,000	0	0
Protection and Advocacy for Beneficiaries of Social Security	392,000	(18,000)	0	0
Protection and Advocacy for the Developmentally Disabled	1,481,000	306,000	0	0
Protection and Advocacy for Individual Rights	928,000	195,000	0	0
Protection and Advocacy for the Mentally III	1,137,000	264,000	0	0
Technology Related Protection and Advocacy	95,000	(10,000)	0	0
Total	<u>5,763,000</u>	<u>812,000</u>	<u>400,000</u>	<u>400,000</u>

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	195,000	95,000	(100,000)
Special Revenue Funds - Other	373,000	418,000	45,000
Total	<u>568,000</u>	<u>513,000</u>	<u>(55,000)</u>

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Adult Homes			
General Fund	95,000	95,000	0
Surrogate Decision Making			
Special Revenue Funds - Other	373,000	418,000	45,000
Community Projects			
General Fund	100,000	0	(100,000)
Total	<u>568,000</u>	<u>513,000</u>	<u>(55,000)</u>

***TRANSPORTATION,
ECONOMIC
DEVELOPMENT AND
ENVIRONMENTAL
CONSERVATION***

ADIRONDACK PARK AGENCY

MISSION

The Adirondack Park Agency (APA) was established in 1971 to “insure the optimum overall conservation, protection, development and use of the unique scenic, aesthetic, wildlife, recreational, open space, ecological and natural resources of the Adirondack Park.” The Park itself was created in 1892, and contains six million acres of publicly and privately owned lands.

ORGANIZATION AND STAFFING

The APA is governed by an 11-member board, including the Commissioners of Environmental Conservation, Economic Development, and the Secretary of State. The other members, five of whom must be Park residents, are nominated by the Governor and confirmed by the Senate. The principal functions of the APA are:

- Reviewing and issuing permits for private and State land-use projects, consistent with the Adirondack Park State Land Master Plan and the Adirondack Park Private Land Use and Development Plan, and for certain activities on or near fresh water wetlands, pursuant to the 1975 Freshwater Wetlands Act;
- Helping local governments develop land use plans and providing technical expertise;
- Administering the State’s Wild, Scenic and Recreational River System; and
- Operating two Visitor Interpretive Centers: one near Paul Smith’s College in Franklin County, and one in Newcomb, Essex County, at which visitors can better understand and appreciate the Park’s resources.

APA’s responsibilities are carried out by the following divisions: Planning, which handles local and regional land use policy issues; Counsel’s Office, which provides legal advice to all Agency functions and oversees jurisdictional determinations and enforcement functions; Regulatory, which performs the Agency’s permitting function; Interpretive, which operates the Visitor Centers; Resource Analysis, which conducts scientific research of the ecology of the Adirondacks; Economic Services, which assists project sponsors in the review process; and Local Government Services, which provides technical expertise and assistance to communities. For 2003-04, the APA will have a workforce of 59 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Agency’s 2003-04 operating costs will be funded with State tax dollars and Federal grant moneys. The Executive Budget recommends funding of \$4.2 million in General Fund support for the Agency’s operations and \$900,000 in Federal funds for the New York State Scenic Byways Program project to enhance the Route 73 corridor. This overall recommendation will support the Agency’s core regulatory functions and the operation of the Visitor Interpretive Centers at Newcomb and Paul Smith’s.

In addition, the Executive Budget recommends General Fund support of \$50,000 for the Adirondack Park Local Government Review Board. The Board advises and assists the APA in carrying out its responsibilities and monitors the implementation of the Adirondack Park Land Use and Development Plan.

PROGRAM HIGHLIGHTS

Since 1995-96, the Agency has worked to achieve a balance between strong environmental protection and sustainable economic development opportunities for the residents of the Adirondack Park. The Agency’s priorities for the future include continued updating of the Agency’s rules and regulations, facilitating the development of land use plans by local governments, providing local governments with technical expertise and training,

ADIRONDACK PARK

working toward completing Unit Management Plans for the State lands of the Adirondack Park and improving resource data base information to better protect the resources of the Adirondack Park.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	5,137,000	5,077,000	(60,000)	1,350,000
Aid To Localities	50,000	50,000	0	0
Capital Projects	0	0	0	0
Total	5,187,000	5,127,000	(60,000)	1,350,000

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	62	59	(3)
Total	62	59	(3)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	4,237,000	4,177,000	(60,000)
Special Revenue Funds - Federal	900,000	900,000	0
Total	5,137,000	5,077,000	(60,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	4,237,000	4,177,000	(60,000)
Special Revenue Funds - Federal	900,000	900,000	0
Total	5,137,000	5,077,000	(60,000)

ADIRONDACK PARK

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,675,000	0	3,531,800	0
Total	3,675,000	0	3,531,800	0

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	139,500	0	3,700	0
Total	139,500	0	3,700	0

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	502,000	(60,000)	110,000	26,500
Total	502,000	(60,000)	110,000	26,500

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	60,000	15,500	292,000	(117,900)
Total	60,000	15,500	292,000	(117,900)

Program	Equipment	
	Amount	Change
Administration	40,000	15,900
Total	40,000	15,900

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
Administration	900,000	0	900,000	0
Total	900,000	0	900,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
	General Fund	50,000	50,000
Total	50,000	50,000	0

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

Program	Available 2002-03	Recommended 2003-04	Change
	Administration	50,000	50,000
General Fund	50,000	50,000	0
Total	50,000	50,000	0

DEPARTMENT OF AGRICULTURE AND MARKETS

MISSION

The Department of Agriculture and Markets is charged with fostering a competitive and safe New York food and agricultural industry for the benefit of producers and consumers. Over the next year, the Department will continue to carry out its major responsibilities for encouraging the growth and economic health of the State's agricultural and food industry and conducting various inspections and testing programs to enforce laws on food safety, animal and plant health, and accuracy of labeling. The Department will also continue to act to preserve agricultural resources, improve soil and water quality, and operate the annual State Fair in concert with the Industrial Exhibit Authority.

ORGANIZATION AND STAFFING

The Department will have a workforce of 516 positions for fiscal year 2003-04. The Agency is headquartered in Albany and maintains four regional offices located in Buffalo, Syracuse, Rochester and Brooklyn. Approximately 24 percent of the Department of Agriculture and Markets' operating programs are funded by tax dollars in the General Fund and the remaining 76 percent are financed by fees and Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends funding of more than \$141 million for the Department of Agriculture and Markets in 2003-04. The cost of operating the Department will be supported from a combination of funding sources:

- Tax dollars from the General Fund will provide \$25.5 million in 2003-04, or 24 percent of the Department's operating expenses;
- Fee revenues will produce \$58.4 million and support 55 percent of the Department's operating costs. These revenues include fees from activities such as licensing food processing operators, certifying weighing and measuring devices, and operation of the State Fair; and
- Federal funding of \$22.4 million finances the remaining 21 percent of the Department's operations.

This Budget continues \$1.1 million in funding to implement legislation enacted in 2000-01 requiring expanded inspections of retail food stores throughout the State. Continued funding of \$1.2 million will support the Department's efforts in the New York City region to locate and eradicate the Asian Longhorned Beetle, a pest which is deadly to hardwood trees. Recommendations also continue approximately \$4.4 million for 14 migrant child care centers, including operating costs of a child care center for children of migrant farm workers to be located in Suffolk County. As in 2002-03, the Department will receive a \$2.5 million suballocation from the Office of Children and Family Services' Federal funding to continue these child care activities.

Nearly \$600,000 is provided for capital projects to maintain, repair and rehabilitate the State Fair's 28 major buildings and other structures. The Executive Budget also recommends \$2 million for a capital special revenue fund to continue support for development of private partnerships at the State Fair. Funding from the Environmental Protection Fund is also provided for Soil and Water Conservation Districts, non-point source pollution control and farmland preservation programs.

The Executive Budget recommends \$12.8 million from the General Fund for local assistance to continue programs which provide valuable services to the State's agricultural community. Included in these funds is \$1.3 million in continued resources to support agricultural economic development and farmland viability program activities. In addition,

AGRICULTURE AND MARKETS

continued Federal appropriation authority will allow the Department to apply for Federal grants to fund Federal nutrition programs for senior citizens, animal health and food safety grants, including essential funding for the State Food Laboratory.

PROGRAM HIGHLIGHTS

The Agricultural Business Services program promotes the agricultural economy of the State and fosters the responsible use of resources to preserve agricultural land and the environment. These purposes are carried out through six divisions which:

- Inspect and test livestock, poultry and plants to control and eradicate diseases which can both cause severe economic losses for farmers and present a public health hazard;
- Oversee the activities of county soil and water conservation districts, direct the agricultural non-point source pollution control and farmland preservation grant programs, establish agricultural districts, administer agricultural product market orders and the Federal Farmers Market Nutrition Program for low-income families, and collect and disseminate statistical agricultural information; and
- Exercise a variety of statutorily required activities involving the pricing and marketing of milk and milk products, and the licensing and bonding of milk and farm products dealers.

The Consumer Food Services program ensures that wholesome food products are sold to the consumer and that the industry and the public are protected from fraud, adulteration or malpractice in the production, processing, transportation and retailing of food and gasoline, and in the use of measuring devices. In carrying out these purposes, the program:

- Licenses and inspects over 28,000 businesses that produce, process, manufacture, or distribute food products, enforces labeling laws governing food represented as kosher, and grades farm products;
- Inspects and tests dairy products to enforce laws pertaining to milk and milk product sanitation and guards against harmful or misrepresented food; and
- Certifies and calibrates weighing and measuring devices and oversees the testing of motor fuels under the Motor Fuel Quality and Clean Air programs.

STATE FAIR

The Department and the Industrial Exhibit Authority together direct the New York State Fair and Fairgrounds, located in Syracuse. The Fairgrounds, a 365-acre complex, has 28 major exhibit buildings and 96 other structures. It is used for the annual 12-day State Fair, and its facilities are rented year-round for various shows and activities. The operating costs of the Fair and Fairgrounds are fully funded from admission, rental and concession fees. General Fund capital funding of \$600,000 is included in the Budget to support costs of maintaining the Fair's facilities. In addition, a capital special revenue fund appropriation of \$2 million is recommended to allow the Fair to expand private partnerships and make capital improvements at the Fairgrounds.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	104,042,600	106,102,000	2,059,400	46,923,800
Aid To Localities	37,017,300	32,802,000	(4,215,300)	56,816,000
Capital Projects	2,600,000	2,600,000	0	2,451,000
Total	<u>143,659,900</u>	<u>141,504,000</u>	<u>(2,155,900)</u>	<u>106,190,800</u>

AGRICULTURE AND MARKETS

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration			
General Fund	34	34	0
Agricultural Business Services			
General Fund	116	158	42
Special Revenue Funds - Federal	3	3	0
Special Revenue Funds - Other	42	47	5
Fiduciary Funds	8	8	0
Consumer Food Services			
General Fund	201	154	(47)
Special Revenue Funds - Federal	22	22	0
Special Revenue Funds - Other	90	90	0
Total	<u>516</u>	<u>516</u>	<u>0</u>

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	26,028,000	25,465,000	(563,000)
Special Revenue Funds - Federal	21,398,800	22,432,000	1,033,200
Special Revenue Funds - Other	35,788,800	36,660,000	871,200
Enterprise Funds	19,083,900	19,793,000	709,100
Fiduciary Funds	1,743,100	1,752,000	8,900
Total	<u>104,042,600</u>	<u>106,102,000</u>	<u>2,059,400</u>

Adjustments:	
Prior Year Deficiency	
Agriculture and Markets, Department of	
General Fund	250,000
Special Revenue Funds - Federal	3,100,000
Special Revenue Funds - Other	3,700,000
Enterprise Funds	600,000
Appropriated 2002-03	<u>111,692,600</u>

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Administration			
General Fund	4,161,000	4,891,000	730,000
Agricultural Business Services			
General Fund	10,744,000	11,620,000	876,000
Special Revenue Funds - Federal	15,778,800	16,812,000	1,033,200
Special Revenue Funds - Other	22,702,300	23,051,000	348,700
Fiduciary Funds	1,743,100	1,752,000	8,900
Consumer Food Services			
General Fund	11,123,000	8,954,000	(2,169,000)
Special Revenue Funds - Federal	5,620,000	5,620,000	0
Special Revenue Funds - Other	13,086,500	13,609,000	522,500
State Fair			
Enterprise Funds	19,083,900	19,793,000	709,100
Total	<u>104,042,600</u>	<u>106,102,000</u>	<u>2,059,400</u>

AGRICULTURE AND MARKETS

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,289,000	(14,000)	2,175,000	(8,000)
Agricultural Business Services	7,415,000	613,000	6,890,000	920,000
Consumer Food Services	8,188,000	(2,068,000)	7,809,000	(2,043,000)
Total	17,892,000	(1,469,000)	16,874,000	(1,131,000)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	104,000	(4,000)	10,000	(2,000)
Agricultural Business Services	400,000	(302,000)	125,000	(5,000)
Consumer Food Services	115,000	(5,000)	264,000	(20,000)
Total	619,000	(311,000)	399,000	(27,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	2,602,000	744,000	29,000	(1,000)
Agricultural Business Services	4,205,000	263,000	273,000	30,000
Consumer Food Services	766,000	(101,000)	91,000	(1,000)
Total	7,573,000	906,000	393,000	28,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	33,000	2,000	2,540,000	743,000
Agricultural Business Services	545,000	67,000	2,896,000	547,000
Consumer Food Services	278,000	49,000	166,000	(148,000)
Total	856,000	118,000	5,602,000	1,142,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	0	0
Agricultural Business Services	491,000	19,000	0	(400,000)
Consumer Food Services	231,000	(1,000)	0	0
Total	722,000	18,000	0	(400,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Agricultural Business Services	41,615,000	1,390,800	3,438,000	5,100
Consumer Food Services	19,229,000	522,500	6,559,000	299,200
State Fair	19,793,000	709,100	5,557,000	(300)
Total	80,637,000	2,622,400	15,554,000	304,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Agricultural Business Services	37,977,000	1,385,700	200,000	0
Consumer Food Services	12,670,000	223,300	0	0
State Fair	14,236,000	709,400	0	0
Total	64,883,000	2,318,400	200,000	0

AGRICULTURE AND MARKETS

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	17,017,300	12,802,000	(4,215,300)
Special Revenue Funds - Federal	20,000,000	20,000,000	0
Total	37,017,300	32,802,000	(4,215,300)

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

Program	Available 2002-03	Recommended 2003-04	Change
Agricultural Business Services			
General Fund	15,731,000	12,802,000	(2,929,000)
Special Revenue Funds - Federal	20,000,000	20,000,000	0
Community Projects			
General Fund	1,286,300	0	(1,286,300)
Total	37,017,300	32,802,000	(4,215,300)

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
State Fair				
Capital Projects Fund	600,000	600,000	0	451,000
Misc. Capital Projects	2,000,000	2,000,000	0	2,000,000
Total	2,600,000	2,600,000	0	2,451,000

DEPARTMENT OF ECONOMIC DEVELOPMENT

MISSION

Together with the Empire State Development Corporation, the New York State Department of Economic Development:

- Advises the Governor and Legislature on all major economic development issues and decisions;
- Develops State economic development strategies;
- Provides technical and financial assistance to businesses through a network of regional offices; and
- Coordinates the efforts of other State agencies, authorities and organizations, as well as local governments, on actions which affect the State's economy.

ORGANIZATION AND STAFFING

State economic development programs are administered by the Department of Economic Development working in conjunction with the Empire State Development Corporation. The Department and Corporation are distinct entities, but both are headed by the Commissioner of Economic Development and share senior managers. In addition, the Department and Corporation work closely with the New York State Office of Science, Technology and Academic Research (NYSTAR), which was established in 1999 to foster technology-related job creation.

The Department of Economic Development will have a workforce of 219 in 2003-04. The Department's central office is in Albany, with ten regional offices located in Troy, Buffalo, Rochester, Syracuse, Utica, Binghamton, New Windsor, Plattsburgh, Hauppauge and New York City, and satellite offices in Watertown and Elmira.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

State tax dollars from the General Fund will finance 85 percent, or \$30.6 million, of the Department of Economic Development's \$36 million Budget in 2003-04. The balance of the Department's Executive Budget will be supported by revenues raised through licensing of the "I ♥ NY" logo, sale of advertising in the "I ♥ NY" Travel Guide, and through seminars and programs run by the Department which directly offset the costs of these programs. Also included are Federal dollars used to help defense-dependent industries diversify into new markets, support recycling market development and to help small businesses comply with Clean Air Act mandates.

The 2003-04 Budget provides:

- \$11.2 million for "I ♥ NY" tourism advertising and local tourism matching grants;
- \$1 million to attract international trade to New York State, and increase export sales to foreign countries; and
- \$600,000 for economic development projects in the Catskill watershed.

PROGRAM HIGHLIGHTS

MARKETING AND ADVERTISING

This program promotes New York State as a premier tourist destination and business location. Major activities include the "I ♥ NY" advertising campaign and local tourism matching grants administered through locally based tourism promotion agencies representing the State's 62 counties. The Department of Economic Development also manages tourist

ECONOMIC DEVELOPMENT

information services at the Beekmantown and Binghamton Gateway Centers, develops the State's tourism master plan, targets information to consumers and the travel trade, participates in national and international trade shows, provides technical assistance to tour directors and creates publications for use by the Department and the other economic development agencies.

INTERNATIONAL

The International Trade program promotes exports from, and attracts foreign investment to, New York State. Based in New York City, this program manages the Department's international offices in Montreal, Toronto, London, and Tokyo, and contractual presences in several other countries. The program also coordinates State participation in trade shows and missions, compiles and disseminates trade leads, and administers grants and seminars designed to encourage increased exporting.

EMPIRE ZONES

The Empire Zones program benefits distressed areas suffering from high unemployment. Businesses located in a designated Zone may qualify for tax incentives and other economic development benefits designed to encourage business expansion and job creation. Fifty-two Empire Zones statewide were selected on a competitive basis prior to 2001. Zones are located in the following communities: Albany, Amsterdam, Auburn, Binghamton, Brookhaven, Brooklyn Navy Yard, Buffalo, Dunkirk, East New York, East Harlem, Elmira, Friendship, Fulton, Geneva, Gloversville, Griffiss Air Force Base, Hancock Air Force Base, Hunts Point, Islip, Jamestown, Kingston, Kirkwood, Lackawanna, Lowville/Martinsburg, Moriah/Port Henry, Niagara Falls, North Shore/Staten Island, Norwich, Ogdensburg, Olean/Allegany, Oswego, Plattsburgh, Plattsburgh Air Force Base, Port Morris, Potsdam, Poughkeepsie, Riverhead, Rochester, Rockaway, Rome, Schenectady, South Jamaica, Seneca Army Depot, Stewart Air Force Base, Sunset Park/Red Hook/Southwest Brooklyn, Syracuse, Tioga County, Troy, Utica, Watertown, Watervliet Arsenal, and Yonkers. In addition, nine zones were designated in 2001 located in the Town of Tonawanda, Monroe County, Columbia County, Staten Island/West Shore, Sullivan County, Cortland County, City of Hornell, Warren County and Saratoga County. An additional eleven zones were designated in 2002 in the City of Buffalo, Schuyler County, Mt. Vernon, Franklin County, Otsego County, Madison County, Washington County, Wayne County, Orleans County, Genesee County and Rensselaer County.

BUSINESS ASSISTANCE PROGRAMS

To improve the competitiveness of New York State companies, the Department of Economic Development provides assistance to businesses for productivity assessments, business-specific skills training for new and existing workers and third-party technical assistance to develop strategies for expanding export markets.

SMALL BUSINESS ASSISTANCE

The Division for Small Business serves as an ombudsman for small business and also offers these enterprises training and technical assistance. In addition, the Department provides State and Federal procurement assistance to small business. The Division also operates the Clean Air Act Ombudsman Unit, which helps small business comply with these environmental regulations.

LINKED DEPOSIT PROGRAM

This joint public/private program enables companies to obtain loans from commercial banks at an interest rate that is 2 percent to 3 percent lower than the prevailing rate. The banks are compensated by deposits of State funds earning interest at comparably reduced rates. For 2003-04, up to \$350 million is available for this program.

RECYCLING MARKET DEVELOPMENT PROGRAM

The Department of Economic Development is the lead agency in developing New York's recycling industries and creating programs to help municipalities and businesses develop uses for secondary materials.

MINORITY AND WOMEN'S BUSINESS DEVELOPMENT

The Division of Minority and Women's Business Development was established to increase the participation of minority- and women-owned businesses in State procurement opportunities. The Division identifies and certifies minority- and women-owned business enterprises; publishes a directory of certified firms to market small businesses to public and private sector organizations; and provides technical assistance to minority- and women-owned businesses.

POLICY AND RESEARCH DIVISION

This Division develops the annual State strategic plan for economic development; collects and disseminates economic and demographic information; performs policy analysis and economic research; monitors and intervenes in State regulatory activities affecting energy supply, telecommunications, transportation, environmental facilities and commercial/industrial site and facility development; and coordinates the development and review of State economic development programs.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	33,600,900	34,981,900	1,381,000	8,365,000
Aid To Localities	21,715,481	1,000,000	(20,715,481)	15,084,000
Capital Projects	0	0	0	0
Total	55,316,381	35,981,900	(19,334,481)	23,449,000

ECONOMIC DEVELOPMENT

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	46	43	(3)
Special Revenue Funds - Other	8	8	0
Clean Air			
Special Revenue Funds - Other	5	5	0
Economic Development			
General Fund	134	127	(7)
Marketing and Advertising Program			
General Fund	37	35	(2)
Special Revenue Funds - Other	1	1	0
Total	231	219	(12)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	28,191,000	29,572,000	1,381,000
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	4,409,900	4,409,900	0
Total	33,600,900	34,981,900	1,381,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	3,321,000	3,038,000	(283,000)
Special Revenue Funds - Other	1,739,900	1,739,900	0
Clean Air			
Special Revenue Funds - Other	500,000	500,000	0
Economic Development			
General Fund	14,352,000	12,779,000	(1,573,000)
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	1,170,000	1,170,000	0
Marketing and Advertising Program			
General Fund	10,518,000	13,755,000	3,237,000
Special Revenue Funds - Other	1,000,000	1,000,000	0
Total	33,600,900	34,981,900	1,381,000

ECONOMIC DEVELOPMENT

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,110,000	(187,000)	2,083,774	(185,026)
Economic Development	7,979,000	(709,000)	7,950,530	(706,470)
Marketing and Advertising Program	1,770,000	(157,000)	1,756,682	(155,818)
Total	11,859,000	(1,053,000)	11,790,986	(1,047,314)

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Administration	26,226	(1,974)
Economic Development	28,470	(2,530)
Marketing and Advertising Program	13,318	(1,182)
Total	68,014	(5,686)

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	928,000	(96,000)	108,388	(11,212)
Economic Development	4,800,000	(864,000)	129,963	(13,407)
Marketing and Advertising Program	11,985,000	3,394,000	53,895	(5,537)
Total	17,713,000	2,434,000	292,246	(30,156)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	40,962	(4,238)	762,282	(49,918)
Economic Development	284,239	(29,321)	3,263,646	(305,264)
Marketing and Advertising Program	67,959	(6,981)	685,420	(70,408)
Total	393,160	(40,540)	4,711,348	(425,590)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	16,368	(30,632)	0	0
Economic Development	122,152	(44,008)	1,000,000	(472,000)
Marketing and Advertising Program	726	(74)	11,177,000	3,477,000
Total	139,246	(74,714)	12,177,000	3,005,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	1,739,900	0	487,100	0
Clean Air	500,000	0	195,000	0
Economic Development	2,170,000	0	0	0
Marketing and Advertising Program	1,000,000	0	70,000	0
Total	5,409,900	0	752,100	0

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,252,800	0	0	0
Clean Air	305,000	0	0	0
Economic Development	2,100,000	0	70,000	0
Marketing and Advertising Program	930,000	0	0	0
Total	4,587,800	0	70,000	0

ECONOMIC DEVELOPMENT

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	21,715,481	1,000,000	(20,715,481)
Total	<u>21,715,481</u>	<u>1,000,000</u>	<u>(20,715,481)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Economic Development			
General Fund	4,097,000	600,000	(3,497,000)
Marketing and Advertising Program			
General Fund	6,177,000	400,000	(5,777,000)
Community Projects			
General Fund	11,441,481	0	(11,441,481)
Total	<u>21,715,481</u>	<u>1,000,000</u>	<u>(20,715,481)</u>

EMPIRE STATE DEVELOPMENT CORPORATION

MISSION

The Empire State Development Corporation (ESDC) — formerly the Urban Development Corporation (UDC) — is a New York State public benefit corporation. It engages in four principal activities: economic and real estate development; State facility financing; housing portfolio maintenance; and privatization initiatives.

ECONOMIC AND REAL ESTATE DEVELOPMENT

The Corporation provides financial and technical assistance to businesses, local governments and community-based not-for-profit corporations for economic development and large-scale real estate projects that create and/or retain jobs in New York and reinvigorate distressed areas.

STATE FACILITY FINANCING

The Empire State Development Corporation issues bonds to finance the construction and modernization of correctional facilities and other special projects for the State. Debt service on these bonds is paid from appropriations by the State.

HOUSING PORTFOLIO MAINTENANCE

In the early 1970's, the Urban Development Corporation built 113 large-scale housing developments for low- to middle-income persons. The Corporation also built non-residential civic and industrial properties, including the Niagara Falls Convention Center, the Wards Island Fire Training Center, the Monroe County Fairgrounds, the Ten Eyck Plaza in Albany, and public school facilities in Buffalo, Manhattan, the Bronx, and Brooklyn. Since the mid-1970's, activity in this area has been limited to the monitoring and loan servicing of projects.

PRIVATIZATION INITIATIVES

The Corporation is charged with facilitating efforts by State agencies and authorities to privatize State functions and assets.

ORGANIZATION AND STAFFING

State economic development programs are administered by the Empire State Development Corporation working in conjunction with the Department of Economic Development. The Corporation and Department are distinct entities, but both are headed by the Commissioner of Economic Development and share senior managers. In addition, the Corporation and Department work closely with the New York State Office of Science, Technology and Academic Research (NYSTAR), which was established in 1999 to foster technology-related job creation. The Corporation will have a workforce of 241 in 2003-04. From the Corporation's central office in New York City, a Chief Operating Officer is responsible for day-to-day operations. The Corporation and Department of Economic Development share 10 regional offices and 6 satellite offices.

EMPIRE STATE DEVELOPMENT

OVERSIGHT

The Corporation is governed by a 9 member Board of Directors comprising 2 ex-officio members and 7 members appointed by the Governor with the consent of the Senate. The Chair of the Empire State Development Corporation Board is selected by the Governor and also serves as the Commissioner of Economic Development. Board members serve without compensation.

SUBSIDIARIES

The Corporation's Board of Directors is authorized to create subsidiaries to manage specific projects or economic development activities. Subsidiaries have been established to: (1) oversee revitalization of Lower Manhattan in the wake of September 11; (2) formulate policies and initiatives to promote economic growth in Harlem; (3) redevelop Times Square, including the condemnation and acquisition of blighted properties and recruitment of prospective tenants; (4) plan and oversee a mixed-use development on 74.5 acres on the East River in Queens County; (5) redevelop the U.S. Postal Service facility, known as the Farley Building, in connection with the New York City Amtrak Train Station Redevelopment project; and (6) promote economic development and tourism, and leverage private investment in Niagara Falls.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

- The Empire State Development Corporation's activities have traditionally been funded through a combination of State General Fund appropriations and corporate revenues generated by Corporation-owned residential and non-residential properties and by its financing programs. In 2003-04, the Corporation's operating and program budgets will be entirely supported by corporate funds;
- ESDC corporate funds will support traditional economic development initiatives, including: the JOBS NOW program for large-scale projects which will create new jobs; the Empire State Economic Development Fund for projects that create or retain jobs; the Urban and Community Development and Minority- and Women-Owned Business Development and Lending programs; and military base retention and redevelopment initiatives. Up to \$75 million would be provided for these programs from corporate funds, reflecting a nominal increase from the \$74 million which was provided from State local assistance and capital project appropriations in 2002-03;
- Billions of dollars in development assistance, as well as substantial tax incentives, will remain available from the Federal government for redevelopment of Lower Manhattan and New York City in the wake of September 11;
- In conjunction with the Dormitory Authority, the Corporation will continue to finance and administer the \$1.2 billion Centers of Excellence/Empire Opportunity Fund/Gen*NY*sis/RESTORE Program; and
- \$10 million in Port Authority of New York and New Jersey Regional Development funds will be made available to support projects in the Upper Manhattan/South Bronx Empowerment Zone.

PROGRAM HIGHLIGHTS

The Empire State Development Corporation administers economic development programs which:

- Provide low-cost loans and grants to businesses to help cover the cost of machinery and equipment purchases, factory improvements, training and business incubator development;

EMPIRE STATE DEVELOPMENT

- Provide financial assistance for projects ranging from development of or improvements to commercial or retail facilities, tourism destinations, child care facilities, and commercial centers;
- Assist minority- and women-owned businesses, including programs administered in cooperation with local development organizations and community-based financial institutions;
- Provide funding for the economic development initiatives in distressed urban communities; and
- Provide funding for military base retention and redevelopment efforts.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	0	0	0	0
Aid To Localities	74,869,100	75,362,100	493,000	161,237,200
Capital Projects	14,300,000	0	(14,300,000)	490,050,000
Total	<u>89,169,100</u>	<u>75,362,100</u>	<u>(13,807,000)</u>	<u>651,287,200</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	74,869,100	75,362,100	493,000
Total	<u>74,869,100</u>	<u>75,362,100</u>	<u>493,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Economic Development			
General Fund	59,200,000	75,358,000	16,158,000
Payments to Municipalities			
General Fund	4,100	4,100	0
Community Projects			
General Fund	15,665,000	0	(15,665,000)
Total	<u>74,869,100</u>	<u>75,362,100</u>	<u>493,000</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Regional Development				
Community Enhancement Facilities Assistance Fund	0	0	0	425,000,000
Economic Development				
Capital Projects Fund - Authority Bonds	14,300,000	0	(14,300,000)	65,050,000
Total	<u>14,300,000</u>	<u>0</u>	<u>(14,300,000)</u>	<u>490,050,000</u>

ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

MISSION

The Energy Research and Development Authority was established in 1975 to develop and implement new energy technologies, focusing on renewable energy sources and energy conservation.

As part of its central mission, the Authority manages energy research, development and demonstration programs which are funded by assessments on gas and electric utilities. The Authority's programs strengthen New York's economic base by nurturing the growth of new products and industries and helping businesses reduce their costs. Projects are selected on a competitive basis to promote applied research on State energy problems. The Energy Research and Development Authority administers Federal grant programs which help businesses, schools and hospitals implement energy efficiency measures. It also issues tax-exempt bonds on behalf of investor-owned utilities for capital improvements. The Authority also administers the System Benefits Charge, which supports energy programs for the public during the transition to a fully competitive energy market. These programs focus on low-income consumers, energy efficiency, research, development and environmental protection.

The Authority also manages the former nuclear fuel reprocessing plant at West Valley in Cattaraugus County and the Saratoga Technology and Energy Park (STEP) in Saratoga County. In 2002, the Building Performance Institute (BPI) and Starfire Systems moved to STEP. BPI employs seven people and Starfire expects to employ one hundred at the Park within the next three years. NYSERDA is continuing to work toward bringing other clean-energy technology companies to STEP.

ORGANIZATION AND STAFFING

The Energy Research and Development Authority is headed by a 13-member board, consisting of 9 members nominated by the Governor with the consent of the Senate and 4 ex-officio members, which include 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. All board members serve without compensation.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Energy Research and Development Authority is partially funded by assessments on State public utility gross intrastate operating receipts. The 2003-04 Budget recommends approximately \$14.7 million in appropriations for the Authority's energy, research and development programs and \$13.25 million for ongoing work at West Valley.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	17,156,000	14,656,000	(2,500,000)	0
Aid To Localities	0	0	0	0
Capital Projects	13,367,000	13,367,000	0	0
Total	30,523,000	28,023,000	(2,500,000)	0

ENERGY RESEARCH AND DEVELOPMENT

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Federal	2,500,000	0	(2,500,000)
Special Revenue Funds - Other	14,656,000	14,656,000	0
Total	<u>17,156,000</u>	<u>14,656,000</u>	<u>(2,500,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Planning and Operation			
Special Revenue Funds - Federal	2,500,000	0	(2,500,000)
Research, Development and Demonstration			
Special Revenue Funds - Other	14,656,000	14,656,000	0
Total	<u>17,156,000</u>	<u>14,656,000</u>	<u>(2,500,000)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Planning and Operation	0	(2,500,000)	0	(2,500,000)
Research, Development and Demonstration	14,656,000	0	14,656,000	0
Total	<u>14,656,000</u>	<u>(2,500,000)</u>	<u>14,656,000</u>	<u>(2,500,000)</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Western New York Nuclear Service Center Program				
Capital Projects Fund	13,250,000	13,250,000	0	0
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	117,000	117,000	0	0
Total	<u>13,367,000</u>	<u>13,367,000</u>	<u>0</u>	<u>0</u>

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

MISSION

The Department of Environmental Conservation is responsible for conserving, improving and protecting the State's natural resources and environment. The Department also works to control water, land and air pollution in order to enhance the health, safety and welfare of all New Yorkers. In addition, the Department plays a major role in the continued implementation of the \$1.75 billion Clean Water/Clean Air Bond Act, which was overwhelmingly approved by the voters in 1996.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner appointed by the Governor. The Department's Central Office is in Albany, with regional offices in Avon, Buffalo, Long Island City, New Paltz, Ray Brook, Schenectady, Stony Brook, Syracuse, and Watertown. These regional offices are the operational arms of the Department. Staff in the regional offices review and issue environmental permits for activities regulated by the Department such as the operation of landfills and sewage treatment plants. In addition, these offices ensure compliance with State and Federal environmental statutes, consistent with policy and management direction from program divisions in the Central Office.

The Department will have a workforce of 3,301 positions in fiscal year 2003-04. Approximately 27 percent of these positions are paid by State tax dollars; 55 percent are supported by State fees and other revenues and the remaining 18 percent are financed by Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget recommends funding of more than \$903 million for the Department of Environmental Conservation, including \$99.3 million in General Fund support. This recommendation will support the Department's core mission and ensure funding for ongoing priority projects.

General Fund appropriations will finance 25 percent of the Department of Environmental Conservation's operations in 2003-04. Fees and license revenues will support 53 percent, including the major permitting functions, the hazardous substances bulk storage and oil spill programs, and the hazardous waste remedial and enforcement programs. Federal funds will support the remaining 22 percent of the Department's Budget.

The Environmental Protection Fund (EPF) will provide dedicated resources of \$125 million to support environmental programs, including open space protection, farmland preservation, recycling programs, non-point source pollution control projects, municipal park and waterfront revitalization projects and the restoration and preservation of historic barns. The Fund is supported primarily by revenues from the real estate transfer tax (\$112 million) as well as by the sale/lease of State property and by Fund interest earnings. Due to the long lead-time required to complete typical projects financed by this Fund and the constant source of revenue deposited to it, a fund balance tends to accrue in the EPF. As a result of the expansion of the program in recent years, this balance has become significant and is expected to remain, if not grow, in future years. A transfer of \$235 million was included in the 2002 enacted budget. In 2003-04 an additional \$20 million is available and recommended for transfer to the State's General Fund. This transfer will have no program impact whatsoever on current or future EPF project commitments, based on current and anticipated spending levels.

ENVIRONMENTAL CONSERVATION

The voter-approved Clean Water/Clean Air Bond Act authorizes \$1.75 billion for critical environmental programs in the following categories: Safe Drinking Water Program (\$355 million); Clean Water Program (\$790 million); Solid Waste Projects (\$175 million); Air Quality Projects (\$230 million); and Environmental Restoration Projects (\$200 million).

The Clean Air Fund will continue to provide the resources needed to meet the State's obligations under the Federal Clean Air Act to control stationary and mobile sources of air pollution. The Fund is supported by vehicle emission inspection fees and fees on regulated pollutants emitted by factories, power plants and other stationary source facilities.

General Fund appropriations will support the preservation and maintenance of the State's dams, bridges, regional facilities, maintenance centers and the 20 percent match required for Federal grants provided through the Clean Water State Revolving Fund. Since 1992-93, the cost of the State match has been reimbursed by proceeds from the sale of bonds issued by the Environmental Facilities Corporation. Principal and interest on the bonds are paid from State taxes.

The Budget also recommends increases in fees charged for regulation of the discharge of pollutants into New York State waters by industrial sources and power plants, and for fees to regulate and oversee mining activities. These fee increases will offset the Department's increased costs of oversight in these areas and provide General Fund relief.

The 2003-04 Executive Budget provides more than \$903 million to support the Department's critical environmental, resource management and recreation programs, including:

- \$138 million to support the refinanced Superfund program to continue the clean up of inactive hazardous waste sites and municipal landfill closures after the exhaustion of the 1986 Environmental Quality Bond Act funding. The new program will also provide, for the first time, funding to address hazardous substance sites. Recommendations also include \$285 million in reappropriated funds from the 1986 Environmental Quality Bond Act to continue work already underway for existing Superfund sites;
- \$125 million in new funding from the EPF to provide resources to address such high priority programs as open space preservation, continued implementation of the Hudson River Estuary Management Plan, stewardship and capital infrastructure projects at State parks and lands, development of the Hudson River Park and the restoration and preservation of historic barns. Other projects funded by the EPF in 2003-04 will include: local solid waste reduction/recycling and marketing of recycled materials; local parks and historic preservation grants; living museums support; local waterfront revitalization projects; interstate water commissions; non-point source water pollution control projects; farmland protection; the operation of the Pesticide Sales and Use Database as well as breast cancer/environmental risks studies at Cornell University; the Albany Pine Bush Commission; biodiversity stewardship; Long Island Pine Barrens/South Shore Estuary Reserve planning; DEC Environmental infrastructure projects; the Greenway Conservancy and Council, which are consolidated in the Executive Budget as the Hudson River Valley Commission; and the cost of staff that implement EPF programs;
- The total 1996 Clean Water/Clean Air Bond Act authorization of \$1.75 billion has been appropriated. However, the Executive Budget includes \$172 million in continued Bond Act disbursements in 2003-04 for Critical Water Quality, Air, Solid Waste, Brownfield and Safe Drinking Water Projects;
- \$9.2 million in new and redirected funds from the 1965 Pure Waters Bond Act and the 1972 Environmental Quality Bond Act to support the Long Island Sound Comprehensive Conservation Management Plan and upstate community wastewater treatment projects;
- \$5.1 million from taxpayer monies to implement the New York City Watershed Agreement. These funds will support State enforcement and monitoring efforts in the Watershed and the provision of technical assistance to participating Watershed communities;

ENVIRONMENTAL CONSERVATION

- \$181 million in new State and Federal funds for the Clean Water State Revolving Fund low-interest loan program to build and rehabilitate municipal sewage treatment facilities;
- \$10 million for the remediation of Onondaga Lake;
- \$50 million to support the programs of the Conservation Fund;
- \$29.6 million in new funding for basic capital infrastructure projects to ensure health, safety and compliance with State and Federal laws and environmental requirements, including \$2.4 million for the State share of Federal flood control feasibility studies and nearly \$1.5 million for the continuation of various existing flood projects;
- \$29.5 million in non-General Fund support for the State's Clean Air programs. New programs were begun in 1997-98 to control pollution from automobiles and to establish new consolidated permits for major stationary sources of air pollution and in 1999-2000, to control air pollution from heavy-duty vehicles; and
- \$397.6 million to support the operations of the Department, including a workforce of 3,301 positions.

PROGRAM HIGHLIGHTS

Under both State and Federal law, the Department carries out a wide range of environmental, regulatory, remedial, resource management, outdoor recreation and education programs. These include the protection and management of the State's air, water, mineral and energy resources, as well as the management of both solid and hazardous waste. In this regard, the Department has undertaken expanded responsibilities as part of the State's Homeland Security effort including air and water toxic assessments, hazardous materials monitoring, water infrastructure monitoring and security and other activities to protect public health and safety.

Since 1995-96, the Department has restructured its operations to eliminate redundant management layers and refocused its attention on those activities that present the greatest environmental risk. Additionally, the regulatory process for issuing environmental permits has been streamlined to simplify requirements while still ensuring that environmental standards are maintained and the State's natural resources are protected.

The Department's functions can be divided into the following categories: Natural Resources, Environmental Quality/Remediation and Environmental Enforcement and Regulation.

NATURAL RESOURCES

In addition to its responsibility to protect the State's fish, wildlife and marine resources and habitats, the Fish, Wildlife and Marine program also manages 200,000 acres of Wildlife Management Area Lands, the operation of 12 fish hatcheries, 1 game farm and 328 boat launching and fishing access sites. The primary source of funding for this program is sporting license fees (approximately \$40 million annually) deposited to the Conservation Fund.

The Lands and Forests program manages the more than 4 million acres of State land under the Department's jurisdiction, including nearly 3 million acres of State-owned land within the Adirondack and Catskill parks and 281,000 acres of conservation easements. Revenues from the sale of forest products from State lands help offset program costs. The State Forest Ranger force is charged with firefighting, search and rescue and enforcing rules, regulations and laws on State land.

The Mineral Resources program regulates the State's oil and gas wells and oversees the mined land reclamation program. This program is focused on returning land used for mining to a productive use and also performs technical and environmental reviews of new and existing mined lands.

The Department also operates 52 campgrounds and 25 day-use areas within the Adirondack and Catskill parks, as well as the Belleayre Mountain Ski Center. These

ENVIRONMENTAL CONSERVATION

recreational facilities serve approximately 2 million visits annually, generating over \$10 million in revenue and greatly increasing tourist trade to their host communities. Camping and skiing user fees are intended to fully support facility operations.

ENVIRONMENTAL QUALITY/REMEDATION

The 1988 Solid Waste Management Act established the State's policies for the management of solid waste, identifying reduction and recycling as the preferred options. The Act required municipalities to implement source separation programs and to prepare Local Solid Waste Management Plans. Also in 1988, the Department of Environmental Conservation established requirements for the construction and operation of solid waste management facilities, such as landfills. Local governments must meet those requirements before the Department will grant an operating permit.

The 1990 amendments to the Federal Clean Air Act imposed sweeping new mandates on the State. While the cost of complying with the Act is significant, the cost of non-compliance would be equally severe. If the Federal Environmental Protection Agency determines that there is a deficiency in New York's clean air programs, then it must apply sanctions if the deficiency is not corrected within 18 months. Sanctions include the withholding of Federal highway funds and the requirement of a 2-for-1 air pollution emissions offset for new or modified sources of emissions in areas that do not meet Federal air quality standards. The sanction would result in a virtual ban on industrial expansion and would place New York at a severe economic disadvantage with other states.

New York has taken steps to implement a comprehensive stationary source air permit program, a small business assistance program and programs to reduce vehicular emissions and inspect vehicle emission systems — all Federal requirements. In 1997-98, the State began implementing a decentralized vehicle emission testing system mandated by the Federal Clean Air Act. New York's system is more convenient and less costly to motorists than other federally-approved testing systems, while still reducing air pollution. This decentralized and simpler testing program allows motorists to visit their local automotive service stations to have emissions inspections performed. In addition, the Heavy Duty Inspection and Maintenance Program, which is supported by registration fees, inspects on-road heavy duty diesel vehicles for conformance with emission requirements. The Budget permanently extends this program beyond 2003.

In early 2003 DEC will finalize regulations implementing the most aggressive Acid Rain controls on emissions of sulfur dioxide and nitrogen oxide in the country.

In addition, DEC will initiate or complete other actions to address serious air pollution problems. New York will continue to keep pace with California and adopt additional regulations to further control vehicle emissions as a result of changes in the low emission vehicle program. Equipment used in the reconstruction of lower Manhattan will use low sulfur diesel fuel and will be equipped with emission controls. The retrofit of all MTA buses with diesel emission controls will also be completed. DEC will identify those areas of the state that do not meet the new federal air quality levels for the new 8-hour ozone and PM 2.5 standards.

The 1986 Environmental Quality Bond Act — commonly known as the State Superfund — made \$1.1 billion available for inactive hazardous waste cleanups, allowing the Department to embark on one of the most ambitious remedial programs in the nation. In response to New York's actions, responsible parties have committed more than \$3.4 billion for the investigation and remediation of identified inactive hazardous waste sites. This is in addition to the \$1.1 billion in Bond Act funds committed to investigate and remediate 972 toxic waste sites. Bond Act funds have been totally committed and a new refinanced program is necessary for critical activities to continue.

To maintain New York State's place as a national leader in protecting the environment, Governor Pataki has proposed legislation to refinance and improve the New York State Superfund program, providing \$138 million annually for three cleanup programs — State Superfund, Voluntary Cleanup and Oil Spill. This program will be funded equally by the State and industry. Additionally the legislation provides for technical assistance grants to

ENVIRONMENTAL CONSERVATION

municipalities to identify and plan for redevelopment of brownfields. The legislation maintains the most stringent environmental and public health standards in the nation, upholds the “polluters pay” principle and makes common sense reforms that will enable New York State to remove more contamination from the environment and return more sites to productive use safely and quickly.

ENVIRONMENTAL ENFORCEMENT AND REGULATION

An additional responsibility the Department of Environmental Conservation undertakes is to enforce and regulate a myriad of activities undertaken by businesses, local governments and individuals that can have an impact on the environment and the State’s natural resources.

The Department carries out this responsibility through a variety of regulatory and permitting processes and through ongoing communication with those subject to environmental laws and regulations to ensure that such requirements are understood. In addition, the Department’s Environmental Conservation Officers work closely with other staff to ensure that environmental laws and regulations are enforced.

Over the last five years, the Department has enhanced and improved its overall regulatory and enforcement capabilities, including the coordination of enforcement and inspection programs at each of its regional offices. The Department will continue to review its regulatory practices to streamline procedures and eliminate unnecessary requirements, while still ensuring that strict environmental standards are maintained.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	430,069,700	397,625,800	(32,443,900)	250,797,000
Aid To Localities	4,510,030	461,000	(4,049,030)	3,721,300
Capital Projects	638,877,000	505,154,000	(133,723,000)	3,598,935,000
Total	<u>1,073,456,730</u>	<u>903,240,800</u>	<u>(170,215,930)</u>	<u>3,853,453,300</u>

ENVIRONMENTAL CONSERVATION

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

Full-Time Equivalent Positions (FTE)			
Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	124	110	(14)
Special Revenue Funds - Federal	170	170	0
Special Revenue Funds - Other	16	16	0
Air and Water Quality Management			
General Fund	112	67	(45)
Special Revenue Funds - Federal	231	231	0
Special Revenue Funds - Other	395	385	(10)
Clean Water/Clean Air Administration Program			
Capital Projects Funds - Other	27	27	0
Environmental Enforcement			
General Fund	212	177	(35)
Special Revenue Funds - Other	262	269	7
Fish, Wildlife and Marine Resources			
General Fund	90	64	(26)
Special Revenue Funds - Federal	83	83	0
Special Revenue Funds - Other	271	259	(12)
Forest and Land Resources			
General Fund	254	188	(66)
Special Revenue Funds - Federal	13	13	0
Special Revenue Funds - Other	117	117	0
Capital Projects Funds - Other	0	40	40
Operations			
General Fund	357	328	(29)
Special Revenue Funds - Other	60	57	(3)
Rehabilitation and Improvement			
Capital Projects Funds - Other	44	44	0
Solid and Hazardous Waste Management			
General Fund	157	131	(26)
Special Revenue Funds - Federal	69	69	0
Special Revenue Funds - Other	445	176	(269)
Capital Projects Funds - Federal	26	26	0
Capital Projects Funds - Other	0	254	254
Total	3,535	3,301	(234)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	109,036,500	99,321,000	(9,715,500)
Special Revenue Funds - Federal	93,369,000	86,928,000	(6,441,000)
Special Revenue Funds - Other	227,624,200	211,331,800	(16,292,400)
Internal Service Funds	40,000	45,000	5,000
Total	430,069,700	397,625,800	(32,443,900)

Adjustments:

Prior Year Deficiency	
Environmental Conservation,	
Department of	
General Fund	2,000,000
Special Revenue Funds - Other	13,964,000
Appropriated 2002-03	446,033,700

ENVIRONMENTAL CONSERVATION

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	9,396,900	9,308,000	(88,900)
Special Revenue Funds - Federal	13,511,000	13,350,000	(161,000)
Special Revenue Funds - Other	2,372,100	2,551,000	178,900
Internal Service Funds	40,000	45,000	5,000
Air and Water Quality Management			
General Fund	10,286,800	8,228,000	(2,058,800)
Special Revenue Funds - Federal	27,414,000	23,606,000	(3,808,000)
Special Revenue Funds - Other	71,833,000	73,502,000	1,669,000
Air Resources			
Special Revenue Funds - Federal	8,920,000	8,440,000	(480,000)
Construction Management			
Special Revenue Funds - Federal	4,086,000	5,662,000	1,576,000
Environmental Enforcement			
General Fund	21,039,900	20,026,000	(1,013,900)
Special Revenue Funds - Other	29,900,100	32,330,300	2,430,200
Fish, Wildlife and Marine Resources			
General Fund	8,775,900	8,190,000	(585,900)
Special Revenue Funds - Federal	20,000,000	21,800,000	1,800,000
Special Revenue Funds - Other	31,105,800	31,866,000	760,200
Forest and Land Resources			
General Fund	17,361,200	13,970,000	(3,391,200)
Special Revenue Funds - Federal	12,052,000	6,926,000	(5,126,000)
Special Revenue Funds - Other	20,472,300	22,247,500	1,775,200
Operations			
General Fund	31,767,400	29,845,000	(1,922,400)
Special Revenue Funds - Other	11,446,700	13,220,000	1,773,300
Solid and Hazardous Waste Management			
General Fund	10,408,400	9,754,000	(654,400)
Special Revenue Funds - Federal	7,386,000	7,144,000	(242,000)
Special Revenue Funds - Other	60,494,200	35,615,000	(24,879,200)
Total	<u>430,069,700</u>	<u>397,625,800</u>	<u>(32,443,900)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	7,648,000	(103,700)	7,093,100	(103,700)
Air and Water Quality Management	7,149,000	(2,077,000)	7,030,600	(2,077,000)
Environmental Enforcement	13,798,000	(1,140,400)	11,116,800	(1,140,400)
Fish, Wildlife and Marine Resources	4,128,000	(590,100)	3,855,600	(590,100)
Forest and Land Resources	12,492,000	(3,394,100)	10,844,200	(3,394,100)
Operations	16,753,000	(636,900)	15,553,000	(636,900)
Solid and Hazardous Waste Management	9,476,000	(654,000)	9,257,800	(654,000)
Total	<u>71,444,000</u>	<u>(8,596,200)</u>	<u>64,751,100</u>	<u>(8,596,200)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	516,200	0	38,700	0
Air and Water Quality Management	78,600	0	39,800	0
Environmental Enforcement	0	0	2,681,200	0
Fish, Wildlife and Marine Resources	240,800	0	31,600	0
Forest and Land Resources	615,800	0	1,032,000	0
Operations	1,100,200	0	99,800	0
Solid and Hazardous Waste Management	110,400	0	107,800	0
Total	<u>2,662,000</u>	<u>0</u>	<u>4,030,900</u>	<u>0</u>

ENVIRONMENTAL CONSERVATION

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,660,000	14,800	337,000	2,100
Air and Water Quality Management	1,079,000	18,200	380,000	0
Environmental Enforcement	6,228,000	126,500	659,000	600
Fish, Wildlife and Marine Resources	4,062,000	4,200	750,700	200
Forest and Land Resources	1,478,000	2,900	983,000	200
Operations	13,092,000	(1,285,500)	1,808,000	(200)
Solid and Hazardous Waste Management	278,000	(400)	49,000	(500)
Total	27,877,000	(1,119,300)	4,966,700	2,400

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	37,000	200	1,268,000	12,600
Air and Water Quality Management	84,000	300	456,000	18,000
Environmental Enforcement	37,000	200	443,000	(300)
Fish, Wildlife and Marine Resources	16,000	(600)	3,219,300	4,100
Forest and Land Resources	71,000	(400)	322,000	2,700
Operations	1,578,000	88,700	9,037,000	(1,373,300)
Solid and Hazardous Waste Management	20,000	0	207,000	(300)
Total	1,843,000	88,400	14,952,300	(1,336,500)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	18,000	(100)	0	0
Air and Water Quality Management	159,000	(100)	0	0
Environmental Enforcement	30,000	(300)	5,059,000	126,300
Fish, Wildlife and Marine Resources	76,000	500	0	0
Forest and Land Resources	102,000	400	0	0
Operations	669,000	(700)	0	0
Solid and Hazardous Waste Management	2,000	400	0	0
Total	1,056,000	100	5,059,000	126,300

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	15,946,000	22,900	9,829,000	(202,300)
Air and Water Quality Management	97,108,000	(2,139,000)	34,893,000	(406,600)
Air Resources	8,440,000	(480,000)	4,420,000	(440,000)
Construction Management	5,662,000	1,576,000	3,440,000	870,000
Environmental Enforcement	32,330,300	2,430,200	18,609,000	1,473,400
Fish, Wildlife and Marine Resources	53,666,000	2,560,200	22,679,000	228,400
Forest and Land Resources	29,173,500	(3,350,800)	14,484,000	518,300
Operations	13,220,000	1,773,300	2,919,000	37,600
Solid and Hazardous Waste Management	42,759,000	(25,121,200)	9,477,000	(15,772,788)
Total	298,304,800	(22,728,400)	120,750,000	(13,693,988)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	6,117,000	225,200	0	0
Air and Water Quality Management	35,505,000	(1,732,700)	26,710,000	300
Air Resources	4,020,000	(40,000)	0	0
Construction Management	2,222,000	706,000	0	0
Environmental Enforcement	13,221,300	956,800	500,000	0
Fish, Wildlife and Marine Resources	27,821,000	2,361,800	3,166,000	(30,000)
Forest and Land Resources	13,489,500	(3,769,100)	1,200,000	(100,000)
Operations	10,273,000	1,734,700	28,000	1,000
Solid and Hazardous Waste Management	9,199,000	(5,334,691)	24,083,000	(4,013,721)
Total	121,867,800	(4,891,991)	55,687,000	(4,142,421)

ENVIRONMENTAL CONSERVATION

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	4,510,030	461,000	(4,049,030)
Total	4,510,030	461,000	(4,049,030)

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	378,800	11,000	(367,800)
Air and Water Quality Management			
General Fund	1,057,000	0	(1,057,000)
Solid and Hazardous Waste Management			
General Fund	450,000	450,000	0
Community Projects			
General Fund	2,624,230	0	(2,624,230)
Total	4,510,030	461,000	(4,049,030)

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Design and Construction Supervision				
Capital Projects Fund	0	0	0	14,000
Marine Resources				
Capital Projects Fund	0	0	0	124,000
Federal Capital Projects Fund	1,650,000	3,000,000	1,350,000	9,262,000
Air Resources - EQBA				
Capital Projects Fund - EQBA (Bondable)	5,810,000	0	(5,810,000)	22,684,000
Environmental Quality Bond Act Fund				
Environmental Quality Bond Act Fund - 1986	0	0	0	300,330,000
State Air Quality Projects				
Capital Projects Fund - EQBA (Bondable)	0	0	0	1,112,000
Water Resources - PWBA				
Capital Projects Fund - PWBA (Bondable)	4,900,000	8,168,000	3,268,000	25,709,000
Solid Waste Management				
Capital Projects Fund	845,000	845,000	0	2,087,000
Capital Projects Fund - Advances	0	0	0	1,385,000
Federal Capital Projects Fund	0	0	0	47,228,000
Environmental Protection and Enhancements				
Environmental Protection Fund	125,000,000	0	(125,000,000)	124,310,000
Environment and Recreation				
Environmental Protection Fund	125,000,000	125,000,000	0	291,369,000
Fish and Wildlife				
Capital Projects Fund	400,000	1,300,000	900,000	1,185,000
Federal Capital Projects Fund	625,000	400,000	(225,000)	8,109,000
Hudson River Habitat Restor. Fund	0	0	0	351,000
Lands and Forests				
Capital Projects Fund	650,000	1,675,000	1,025,000	16,745,000
Federal Capital Projects Fund	0	2,500,000	2,500,000	0
Forest Preserve Expansion Fund	0	0	0	118,000
Water Resources - EQBA				
Capital Projects Fund - EQBA (Bondable)	5,900,000	991,000	(4,909,000)	8,915,000
Air Resources				
Capital Projects Fund	0	0	0	1,507,000
Clean Air Fund	3,000,000	0	(3,000,000)	11,384,000
Administration				
Capital Projects Fund	1,000,000	1,000,000	0	1,856,000
Federal Capital Projects Fund	0	0	0	175,000
Enterprise Fund	0	0	0	175,000

ENVIRONMENTAL CONSERVATION

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Lands and Forests - EQBA				
Capital Projects Fund - EQBA (Bondable)	28,000	0	(28,000)	640,000
Environmental Quality Protection Bond Fund				
Environmental Quality Protection Bond Fund	0	0	0	72,177,000
Clean Water/Clean Air Bond Fund				
Clean Water - Clean Air Bond Fund	0	0	0	928,752,000
Pure Waters Bond Fund				
Pure Waters Bond Fund	0	0	0	33,911,000
Recreation				
Capital Projects Fund	2,350,000	2,500,000	150,000	2,368,000
Solid Waste Management - EQBA				
Capital Projects Fund - EQBA (Bondable)	3,387,000	0	(3,387,000)	34,233,000
Operations				
Capital Projects Fund	16,615,000	15,264,000	(1,351,000)	37,732,000
Capital Projects Fund - Authority Bonds	0	11,000,000	11,000,000	0
Natural Resource Damages Fund	0	0	0	9,836,000
Financial Security Fund	0	0	0	1,884,000
Water Resources				
Capital Projects Fund	7,835,000	7,045,000	(790,000)	51,046,000
Capital Projects Fund - Advances	2,055,000	895,000	(1,160,000)	18,312,000
Capital Projects Fund - Authority Bonds	39,365,000	40,174,000	809,000	69,137,000
Federal Capital Projects Fund	146,825,000	150,870,000	4,045,000	295,685,000
Air Quality - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	6,000,000	0	(6,000,000)	66,703,000
Clean Water - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	46,918,000	0	(46,918,000)	465,211,000
Solid Waste - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	14,500,000	0	(14,500,000)	84,548,000
Environmental Restoration - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	75,000,000	0	(75,000,000)	184,979,000
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	3,219,000	2,527,000	(692,000)	7,925,000
Solid and Hazardous Waste Management - EQBA 86				
Capital Projects Fund - EQBA 86 (Bondable)	0	0	0	284,957,000
Lands and Forests - EQBA 86				
Capital Projects Fund - EQBA 86 (Bondable)	0	0	0	6,000
Solid and Hazardous Waste Management				
Capital Projects Fund	0	0	0	1,277,000
Capital Projects Fund - Advances	0	25,000,000	25,000,000	71,482,000
Hazardous Waste Remedial Fund	0	105,000,000	105,000,000	0
Total	638,877,000	505,154,000	(133,723,000)	3,598,935,000

ENVIRONMENTAL FACILITIES CORPORATION

MISSION

The Environmental Facilities Corporation is a public benefit corporation established to help local governments, State agencies and private industry comply with State and Federal environmental laws and regulations. The Corporation works with these entities to design, construct, operate and finance air pollution control, drinking water and wastewater treatment, and solid and hazardous waste disposal facilities. The Environmental Facilities Corporation's largest program is the Clean Water State Revolving Fund. This program, administered jointly with the Department of Environmental Conservation, provides reduced-interest rate financings to municipalities to construct water pollution control facilities. The Corporation, in conjunction with the New York State Department of Health, jointly administers the Drinking Water State Revolving Fund, which provides reduced-interest rate financings to community and private water systems for safe drinking water projects. Funding for these programs is provided by a Federal grant and a corresponding State match. The State match for the Drinking Water Revolving Fund is provided from the Clean Water/Clean Air Bond Act. Administration of these programs is also supported by fees and interest generated through program operations.

ORGANIZATION AND STAFFING

The Environmental Facilities Corporation is governed by a seven-member Board of Directors who serve without compensation: the Commissioner of Environmental Conservation who serves as the chairman, the Commissioner of Health, the Secretary of State, and four members nominated to six-year terms by the Governor with Senate confirmation.

The Corporation is operated by a President appointed by the Board of Directors and will have a 2003-04 workforce of 102, including 10 staff of the Department of Environmental Conservation who are assigned administratively to the Corporation.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The operations of the Environmental Facilities Corporation are funded by:

- Financing fees and annual fees charged to municipalities that receive Revolving Fund loans and a portion of State and Federal grants made for the Clean Water and Drinking Water programs; and
- User fees paid by businesses, municipalities and industrial clients for the Corporation's technical and financial services.

For fiscal year 2003-04, a total of \$10.02 million is recommended for operations of the Corporation. In addition, State funds are included in the Department of Environmental Conservation and Department of Health's capital budgets for the required match to Federal funding for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs.

PROGRAM HIGHLIGHTS

The Environmental Facilities Corporation currently administers six major programs: the two State Revolving Funds, the Industrial Finance Program, Technical Advisory Services, the Clean Water/Clean Air Bond Act's business environmental compliance assistance programs and the Pipeline for Jobs Program.

ENVIRONMENTAL FACILITIES

CLEAN WATER STATE REVOLVING FUND PROGRAM

This program was established in 1989 to help municipalities comply with the Federal Clean Water Act by providing low-interest rate financings to build or upgrade water pollution control facilities. Since 1989, the program has received Federal and State appropriations totaling \$2.32 billion and \$463 million, respectively. The State Revolving Fund has made loans totaling \$7.5 billion to 402 municipalities across the State. Interest rates range from as low as zero percent to no more than two-thirds of the market rate. These low-interest rate financings substantially reduce the cost of water pollution control projects for municipal borrowers, making environmental compliance and protection more attainable.

DRINKING WATER STATE REVOLVING FUND PROGRAM

In 1996, Congress enacted Federal legislation authorizing the Drinking Water State Revolving Fund program. This program, modeled after the Clean Water State Revolving Fund program, provides reduced interest rate financings to community and private water systems to finance safe drinking water projects. In cases of financial hardship, funds are also available from the Clean Water/Clean Air Bond Act to make grants for the construction of drinking water facilities. The Drinking Water Program has made loans totaling \$786.8 million and grants totaling \$126.5 million to 195 recipients across the State. Federal funding provided for the Drinking Water State Revolving Fund requires a 20 percent State match. Since 1996, the program has been supported by \$299.5 million in Federal awards, requiring a State match of \$59.9 million. The State's share of the Drinking Water State Revolving Fund is provided from the Clean Water/Clean Air Bond Act.

INDUSTRIAL FINANCE PROGRAM

Since 1976, the Industrial Finance Program has provided more than \$1.05 billion in low-interest rate loans and \$207.6 million in loan refinancing to businesses and State agencies for environmental improvement projects. Projects eligible for loans include solid waste management facilities, hazardous waste management facilities and water supply and wastewater management facilities. Loans under the program are financed from the proceeds of special obligation revenue bonds issued by the Corporation.

TECHNICAL ADVISORY SERVICES

The Technical Advisory Services Program advises businesses, industrial clients, State agencies and municipalities on pollution prevention, waste management and compliance with environmental laws and regulations. The Corporation also provides fund management and loan and grant servicing to its clients. The Environmental Facilities Corporation addresses such issues as air pollution control and compliance; multi-media waste management; inactive hazardous waste site remediation; water and wastewater management; and solid waste management and landfill closure. This program is funded by fees paid by Corporation clients who contract for these services.

FINANCIAL ASSISTANCE TO BUSINESS

The 1996 Clean Water/Clean Air Bond Act provides \$60 million to assist businesses in achieving compliance with environmental laws and regulations pertaining to air and water quality. The air and water quality programs are funded at \$30 million each and are used to assist businesses in targeted sectors to procure new capital equipment necessary to achieve environmental compliance. The Environmental Facilities Corporation will work with village, town and city governments to identify businesses in need of assistance.

ENVIRONMENTAL FACILITIES

PIPELINE FOR JOBS

The Pipeline For Jobs Program was created in 1999 to provide low-cost loans and financial assistance to municipalities, public utilities, public benefit corporations and businesses. The purpose of the program is to encourage and support water supply and cold water supply improvement projects, which provide an economic development benefit to the State. The recommendation for this program includes \$11.4 million in reappropriations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	9,528,000	9,732,000	204,000	0
Aid To Localities	0	0	0	0
Capital Projects	292,000	292,000	0	11,373,000
Total	<u>9,820,000</u>	<u>10,024,000</u>	<u>204,000</u>	<u>11,373,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
Special Revenue Funds - Other	90	88	(2)
Clean Water/Clean Air Administration Program			
Capital Projects Funds - Other	4	4	0
Total	<u>94</u>	<u>92</u>	<u>(2)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	9,528,000	9,732,000	204,000
Total	<u>9,528,000</u>	<u>9,732,000</u>	<u>204,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
Special Revenue Funds - Other	9,528,000	9,732,000	204,000
Total	<u>9,528,000</u>	<u>9,732,000</u>	<u>204,000</u>

ENVIRONMENTAL FACILITIES

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	9,732,000	204,000	6,128,000	67,600
Total	9,732,000	204,000	6,128,000	67,600

Program	Nonpersonal Service	
	Amount	Change
Administration	3,604,000	136,400
Total	3,604,000	136,400

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Pipeline for Jobs Program				
Capital Projects Fund - Authority Bonds	0	0	0	11,373,000
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	292,000	292,000	0	0
Total	292,000	292,000	0	11,373,000

DIVISION OF HOUSING AND COMMUNITY RENEWAL

MISSION

The Division of Housing and Community Renewal is responsible for the supervision, maintenance and development of affordable low- and moderate-income housing in New York State. The Division currently performs a number of activities in fulfillment of this mission, including:

- Oversight and regulation of the State's public and publicly assisted rental housing;
- Administration of the State's rent regulations; and
- Administration of housing development and community preservation programs, including State and Federal grants and loans to housing developers to finance construction or renovation of affordable housing.

ORGANIZATION AND STAFFING

Headed by a Commissioner, the Division of Housing and Community Renewal maintains three main offices and nine regional offices. Main offices in Albany and Manhattan are responsible for agency-wide administrative functions and the development and execution of the Division of Housing and Community Renewal's policies for its Community Development and Housing programs. The Division of Housing and Community Renewal's Rent Administration program is administered through the main office in Queens and local offices in rent regulated communities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Division of Housing and Community Renewal's fee revenues come from the following sources: 1) mortgage servicing fees; 2) application and monitoring fees collected from developers of housing projects that are partially financed by Federal low-income tax credits; 3) payments by New York City to finance a portion of the Division's rent regulation activities; and 4) fees collected from the U.S. Department of Housing and Urban Development in connection with State administration of the Federal Section 8 rental subsidy program.

The Division of Housing and Community Renewal is the lead State agency for the development, construction and oversight of State-assisted housing. The majority of the State's housing construction and rehabilitation programs are supported by appropriations administered by three public benefit corporations: the Housing Finance Agency; the Affordable Housing Corporation; and the Housing Trust Fund Corporation. The Division of Housing and Community Renewal provides administrative support to the Housing Trust Fund Corporation.

Executive Budget recommendations for the Division of Housing and Community Renewal total more than \$309 million. The 2003-04 Budget will:

- Provide over \$74 million in housing capital funds, including \$7 million for the nationally recognized Homes for Working Families Program;
- Provide \$7.9 million to administer the development of low-income housing and over \$16 million to supervise the operation of publicly assisted housing, including the State-financed Mitchell-Lama portfolio;
- Provide \$7.8 million in administrative funding for the Neighborhood and Rural Preservation Programs. This is a reduction of \$10 million from 2002-03 enacted funding levels and will require a major restructuring of the programs; and
- Continue the Division's administration of the federally funded Weatherization Assistance Program, providing grants to local not-for-profit groups and governments to assist low-income households in reducing their energy consumption and lowering their fuel bills.

HOUSING AND COMMUNITY RENEWAL

PROGRAM HIGHLIGHTS

COMMUNITY DEVELOPMENT

Community Development staff provide support to the Housing Trust Fund Corporation, a public benefit corporation that provides State-funded loans and grants to for-profit and not-for-profit entities to develop housing for low-income families, tenants with special needs and the low-income elderly.

Community Development staff also administer the allocation of low-income housing tax credits across the State. These tax credits promote the production of low-income rental housing projects by reducing the tax liability of investors who finance the acquisition and construction of these projects.

SMALL CITIES

The Governor's Office for Small Cities, operated within the New York State Housing Trust Fund, administers approximately \$58 million in annual block grant funds from the U.S. Department of Housing and Urban Development. The Small Cities program supports projects in communities with populations of less than 50,000 or non-urban counties with populations of less than 200,000 for housing rehabilitation, job creation or retention, infrastructure repair or replacement, micro-enterprise programs and homeownership assistance.

HOUSING OVERSIGHT

The Housing Program oversees the management of State-assisted housing projects. On a project-by-project basis, Housing Program staff periodically review the financial and physical condition of:

- 220 housing developments constructed between 1957 and 1974 under the State's Mitchell-Lama housing laws and financed with State-guaranteed debt. These projects provide more than 92,000 dwelling units to low- and moderate-income families;
- 74 public housing projects constructed between 1941 and 1973 and financed with State General Obligation bonds that provide more than 20,000 apartments for low-income families; and
- Approximately 1,100 low-income apartment projects partially financed by State or Federal capital funds.

In addition to its regulatory functions, the Housing Program directly administers approximately 4,400 Federal Section 8 program vouchers, that provide rental assistance to low-income tenants in New York State.

RENT ADMINISTRATION

The Omnibus Housing Act of 1983 mandated the consolidation of all rent regulation under the Division of Housing and Community Renewal in order to ensure that the State's rent laws are administered in a manner that recognizes the concerns of both landlords and tenants. In 1999, the Division's Office of Rent Administration was selected as a Work Force Champion Team for its efforts in making the Rent Administration Program more responsive to its customers.

HOUSING CAPITAL PROGRAMS

There are two primary low- and moderate-income housing construction programs supported by State appropriations: the Housing Trust Fund Program and the Affordable Housing Corporation Program. This Budget includes a \$29 million appropriation and \$121

HOUSING AND COMMUNITY RENEWAL

million in reappropriations for the Housing Trust Fund Program, which provides grants to finance construction or rehabilitation of low-income apartment buildings. The Affordable Housing Corporation will receive \$25 million in new funds and \$90.4 million in reappropriations to stimulate local economic growth and stabilize distressed communities across the State by providing grants of up to \$25,000 to first-time low- and moderate-income home buyers. At these funding levels, the two programs will be able to construct 1,966 new housing units in the upcoming State fiscal year.

To support municipal housing authorities, this Budget also recommends that \$12.8 million in new funding and \$78.9 million in reappropriations be provided to continue repairs and renovations to the State's existing public housing stock. Finally, the Budget recommends the reauthorization of on-going funding from prior years for a number of programs, including: the Permanent Housing for Homeless Families Program, the Housing Project Repair Program and the Federal National Affordable Housing Act Program.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	86,202,000	85,478,000	(724,000)	38,562,000
Aid To Localities	166,491,735	149,754,000	(16,737,735)	238,206,000
Capital Projects	74,200,000	74,200,000	0	384,971,000
Total	<u>326,893,735</u>	<u>309,432,000</u>	<u>(17,461,735)</u>	<u>661,739,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	77	74	(3)
Community Development			
General Fund	59	57	(2)
Special Revenue Funds - Federal	43	43	0
Special Revenue Funds - Other	5	5	0
Housing			
General Fund	55	52	(3)
Special Revenue Funds - Federal	36	36	0
Special Revenue Funds - Other	79	79	0
Housing Information Systems			
General Fund	71	71	0
New Facilities			
Capital Projects Funds - Federal	42	42	0
Rent Administration			
General Fund	83	81	(2)
Special Revenue Funds - Other	400	395	(5)
Total	<u>950</u>	<u>935</u>	<u>(15)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	29,868,000	27,777,000	(2,091,000)
Special Revenue Funds - Federal	8,700,000	8,700,000	0
Special Revenue Funds - Other	47,634,000	49,001,000	1,367,000
Total	<u>86,202,000</u>	<u>85,478,000</u>	<u>(724,000)</u>

HOUSING AND COMMUNITY RENEWAL

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	11,367,000	11,876,000	509,000
Special Revenue Funds - Other	0	2,911,000	2,911,000
Community Development			
General Fund	4,145,000	3,267,000	(878,000)
Special Revenue Funds - Federal	3,155,000	3,155,000	0
Special Revenue Funds - Other	1,488,000	1,488,000	0
Housing			
General Fund	3,323,000	2,673,000	(650,000)
Special Revenue Funds - Federal	5,545,000	5,545,000	0
Special Revenue Funds - Other	7,457,000	8,028,000	571,000
Housing Information Systems			
General Fund	6,565,000	6,805,000	240,000
Rent Administration			
General Fund	4,468,000	3,156,000	(1,312,000)
Special Revenue Funds - Other	36,589,000	36,574,000	(15,000)
Small Cities Community Development			
Block Grant			
Special Revenue Funds - Other	2,100,000	0	(2,100,000)
Total	<u>86,202,000</u>	<u>85,478,000</u>	<u>(724,000)</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,458,000	(130,000)	4,458,000	(130,000)
Community Development	3,098,000	(848,000)	3,098,000	(848,000)
Housing	2,556,000	(620,000)	2,556,000	(620,000)
Housing Information Systems	3,969,000	0	3,969,000	0
Rent Administration	27,054,000	(1,812,000)	27,054,000	(1,812,000)
Total	<u>41,135,000</u>	<u>(3,410,000)</u>	<u>41,135,000</u>	<u>(3,410,000)</u>

HOUSING AND COMMUNITY RENEWAL

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	7,418,000	639,000	206,000	0
Community Development	169,000	(30,000)	30,000	0
Housing	117,000	(30,000)	8,300	0
Housing Information Systems	2,836,000	240,000	219,900	0
Rent Administration	12,676,000	485,000	0	0
Total	23,216,000	1,304,000	464,200	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	110,000	0	7,092,000	639,000
Community Development	105,000	(30,000)	34,000	0
Housing	41,000	0	67,700	(30,000)
Housing Information Systems	26,000	0	2,366,100	240,000
Rent Administration	0	0	0	0
Total	282,000	(30,000)	9,559,800	849,000

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Administration	10,000	0	0	0
Community Development	0	0	0	0
Housing	0	0	0	0
Housing Information Systems	224,000	0	0	0
Rent Administration	0	0	9,220,000	485,000
Total	234,000	0	9,220,000	485,000

Program	Maintenance Undistributed	
	Amount	Change
Administration	0	0
Community Development	0	0
Housing	0	0
Housing Information Systems	0	0
Rent Administration	3,456,000	0
Total	3,456,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	2,911,000	2,911,000	0	0
Community Development	4,643,000	0	2,448,000	0
Housing	13,573,000	571,000	7,752,000	0
Rent Administration	35,924,000	(15,000)	23,798,000	(500,000)
Small Cities Community Development Block Grant	0	(2,100,000)	0	(2,100,000)
Total	57,051,000	1,367,000	33,998,000	(2,600,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	2,911,000	2,911,000
Community Development	1,195,000	0	1,000,000	0
Housing	4,321,000	571,000	1,500,000	0
Rent Administration	12,126,000	485,000	0	0
Small Cities Community Development Block Grant	0	0	0	0
Total	17,642,000	1,056,000	5,411,000	2,911,000

HOUSING AND COMMUNITY RENEWAL

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	64,041,735	47,304,000	(16,737,735)
Special Revenue Funds - Federal	92,450,000	92,450,000	0
Fiduciary Funds	10,000,000	10,000,000	0
Total	166,491,735	149,754,000	(16,737,735)

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

Program	Available 2002-03	Recommended 2003-04	Change
Community Development			
General Fund	500,000	0	(500,000)
Housing Development Fund Program			
Fiduciary Funds	10,000,000	10,000,000	0
HUD Section 8 New Construction			
Special Revenue Funds - Federal	13,100,000	13,100,000	0
Lead-Based Paint Abatement Program			
General Fund	150,000	0	(150,000)
Low Income Weatherization			
Special Revenue Funds - Federal	21,350,000	21,350,000	0
Neighborhood Preservation			
General Fund	12,560,000	5,465,000	(7,095,000)
Periodic Subsidies - Local Areas			
General Fund	21,080,000	19,380,000	(1,700,000)
Rural Preservation			
General Fund	5,260,000	2,355,000	(2,905,000)
Rural Rental Assistance			
General Fund	20,104,000	20,104,000	0
Small Cities Community Development			
Block Grant			
Special Revenue Funds - Federal	58,000,000	58,000,000	0
Urban Homeownership Assistance Program			
General Fund	440,000	0	(440,000)
Urban Renewal Periodic Subsidies			
General Fund	300,000	0	(300,000)
Community Projects			
General Fund	3,647,735	0	(3,647,735)
Total	166,491,735	149,754,000	(16,737,735)

HOUSING AND COMMUNITY RENEWAL

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Affordable Housing Corporation				
Housing Program Fund	25,000,000	25,000,000	0	90,400,000
Housing Assistance Fund				
Housing Assistance Fund	0	0	0	11,333,000
Low Income Housing Trust Fund				
Housing Program Fund	29,000,000	29,000,000	0	121,175,000
Maintenance and Improvements of Existing Facilities				
Housing Program Fund	0	0	0	8,604,000
Housing Opportunity Program For Elderly				
Housing Program Fund	400,000	400,000	0	800,000
Housing Program Capital Improvement				
Capital Projects Fund	0	0	0	19,720,000
State Housing Bond Fund				
State Housing Bond Fund	0	0	0	7,344,000
New Facilities				
Housing Program Fund	0	0	0	36,645,000
Public Housing Modernization Program				
Housing Program Fund	12,800,000	12,800,000	0	78,950,000
Homes for Working Families Program				
Housing Program Fund	7,000,000	7,000,000	0	10,000,000
Total	<u>74,200,000</u>	<u>74,200,000</u>	<u>0</u>	<u>384,971,000</u>

HOUSING FINANCE AGENCY

MISSION

The New York State Housing Finance Agency is a public benefit corporation created in 1960 to finance low- and moderate-income rental housing. The Agency issues taxable and tax-exempt bonds to provide mortgage loans to developers of mixed-income and affordable rental projects.

The Housing Finance Agency also plays a role in administering several housing programs supported by State and Federal appropriations. In 1990, the Agency's mission was expanded to include the issuance of bonds to reimburse the State for appropriated expenditures under the State's housing programs.

ORGANIZATION AND STAFFING

The Housing Finance Agency is governed by a Board of Directors consisting of seven members: the Commissioner of Housing and Community Renewal, the Director of the Budget, the Commissioner of Taxation and Finance and four members nominated by the Governor with the consent of the Senate. The Governor designates a Chairperson.

The Agency headquarters is located in New York City and is managed by a President/Chief Executive Officer, who is appointed by the Board of Directors. Staff is organized into five departments: the President's Office, Multi-Family Finance, Debt Issuance, Finance and Operations and Legal Services.

The Housing Finance Agency is operated and administered jointly with the State of New York Mortgage Agency, but the two agencies are governed by separate Boards of Directors.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Agency receives no direct operating support from the State. Its operating budget is funded with fees and revenues the Agency generates through its financing activities.

From 1995 through 2002, the Housing Finance Agency has provided \$2.7 billion in loans for multi-family rental housing.

In 2003-04, full funding for the Capital Grant/Low Rent Lease Subsidy program, providing rental subsidies for approximately 144 low to moderate-income individuals is provided in the Agency's operating budget.

PROGRAM HIGHLIGHTS

Since its inception in 1960, the Agency has provided financing of more than \$5 billion for more than 93,000 units of multi-family housing. Between January 1, 1995 and the close of the Agency's fiscal year on October 31, 2002, the Agency provided \$2.7 billion in mortgage loans that created rental housing for more than 13,000 families. During the Agency's 2001-02 fiscal year, more than 2,000 units were financed with mortgage loans totaling more than \$540 million.

STATE OF NEW YORK MORTGAGE AGENCY

MISSION

The State of New York Mortgage Agency is a public benefit corporation created in 1970 to increase the affordability of homeownership for low- to moderate-income residents of New York State. This is accomplished by the Agency's issuance of taxable and tax-exempt bonds and the use of proceeds to purchase low-interest rate mortgage loans. In 1978, the Agency's mission was expanded to include the issuance of mortgage insurance to promote the stabilization of neighborhoods throughout the State.

ORGANIZATION AND STAFFING

The Agency is overseen by a nine-member Board of Directors comprised of the Superintendent of Banks, the State Comptroller, the Director of the Budget, the Commissioner of Housing and Community Renewal and appointees of the Governor, the Temporary President of the Senate and the Speaker of the Assembly. Responsibility for operation of the Agency rests with the President/Chief Executive Officer, who also serves in this capacity for the Housing Finance Agency — the State's other major housing finance entity. The Agency is operated jointly with the Housing Finance Agency out of its central headquarters in New York City and from regional offices in Albany and Buffalo.

The State of New York Mortgage Agency has two program divisions. Its Single Family Mortgage Finance Division provides low-interest rate mortgages to low- and moderate-income first-time homebuyers (and for other eligible homebuyers in designated target areas) through the issuance of mortgage revenue bonds. The Agency uses a network of banking institutions to originate mortgages on its behalf. The Mortgage Insurance Division provides insurance on mortgage loans for residential, mixed residential, commercial and community service-related properties throughout the State. This insurance is supported by the Mortgage Insurance Fund, which is funded by a surcharge on the Mortgage Recording Tax.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Agency receives no direct operating support from the State. Statute requires the State to guarantee certain obligations of the Agency. The Executive Budget recommends more than \$248 million in appropriations in 2003-04 to satisfy this requirement, although no cash disbursements are projected to be made from this appropriation. All State of New York Mortgage Agency programs and operations are supported by Agency funds, consisting of mortgage income, application fees, insurance premiums and investment proceeds.

PROGRAM HIGHLIGHTS

Since its inception in 1970, the Agency's Single Family Division has provided more than \$8.4 billion of affordable financing for over 129,000 homes in New York. Between January 1, 1995 and the close of the Agency's fiscal year on October 31, 2002, the Agency purchased \$3.3 billion in single-family mortgages — helping more than 37,500 New Yorkers buy their first homes. During the Agency's 2001-02 fiscal year, 4,715 loans were financed for approximately \$378 million in mortgage loan volume.

The Mortgage Insurance Fund's portfolio of insured mortgages exceeds \$2.3 billion. In 2001-02, mortgage insurance provided by the Agency totaled more than \$167 million.

MORTGAGE AGENCY

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	76,800,000	76,800,000	0	0
Aid To Localities	113,753,000	172,009,000	58,256,000	0
Capital Projects	0	0	0	0
Total	190,553,000	248,809,000	58,256,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	76,800,000	76,800,000	0
Total	76,800,000	76,800,000	0

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

Program	Available 2002-03	Recommended 2003-04	Change
Infrastructure Trust Fund Guarantee - SONYMA Homeowners Mortgage Revenues General Fund	61,800,000	61,800,000	0
SONYMA Mortgage Insurance Fund Restoration General Fund	15,000,000	15,000,000	0
Total	76,800,000	76,800,000	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Infrastructure Trust Fund Guarantee - SONYMA Homeowners Mortgage Revenues	61,800,000	0	61,800,000	0
SONYMA Mortgage Insurance Fund Restoration	15,000,000	0	15,000,000	0
Total	76,800,000	0	76,800,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	113,753,000	172,009,000	58,256,000
Total	113,753,000	172,009,000	58,256,000

MORTGAGE AGENCY

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

<u>Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
SONYMA Mortgage Insurance Fund			
Restoration			
General Fund	113,753,000	172,009,000	58,256,000
Total	<u>113,753,000</u>	<u>172,009,000</u>	<u>58,256,000</u>

HUDSON RIVER PARK TRUST

MISSION

The Hudson River Park Trust (HRPT) is a public benefit corporation established in 1998 to design, develop, and maintain the 550-acre Hudson River Park in Manhattan, which will extend five miles along the Hudson River waterfront from Battery Park to 59th Street. The Trust is governed by a 13-member board: 5 members appointed by the Governor, 5 by the Mayor of New York City, and 3 by the Manhattan Borough President.

ORGANIZATION AND STAFFING

The Trust is headed by a President and Chief Executive Officer who is appointed by the Board.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A recommended overall resource level of \$31 million in new appropriations, in concert with \$69.7 million in reappropriations, will fund all Trust capital costs in 2003-04 associated with the planning, design and construction of Park projects. Specifically, 2003-04 Budget recommendations provide \$15 million for Park development from the Environmental Protection Fund within the budget for the Department of Environmental Conservation, and a State-funded advance appropriation of \$16 million, which will be repaid by New York City as part of its share of the Park's development costs. All Trust administrative activities, including operating costs, are paid directly from a portion of the commercial lease payments and other revenues generated by businesses and activities conducted on the Park property. These receipts are deposited directly to the Trust.

PROGRAM HIGHLIGHTS

During 2003-04, the Trust will continue the design and construction of the remaining segments of the Park, develop detailed cost estimates, explore alternative sources of funding and continue to oversee capital projects to build the Park.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	0	0	0	0
Aid To Localities	0	0	0	0
Capital Projects	30,000,000	16,000,000	(14,000,000)	69,656,000
Total	30,000,000	16,000,000	(14,000,000)	69,656,000

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Regional Development				
Capital Projects Fund - Advances	30,000,000	16,000,000	(14,000,000)	69,656,000
Total	30,000,000	16,000,000	(14,000,000)	69,656,000

DIVISION OF THE LOTTERY

MISSION

In 1966, New Yorkers approved a constitutional amendment to authorize a State Lottery in support of education. The Division of the Lottery raises revenue through the sale and marketing of Lottery games.

ORGANIZATION AND STAFFING

The Division of the Lottery is an independent unit of the Department of Taxation and Finance, whose Commissioner appoints the Director of the Lottery. The Division maintains a central office in Schenectady, regional offices in Buffalo, Schenectady, Syracuse, New York City and Long Island, a satellite office in Fishkill to serve the Hudson Valley, and a claims center in Rochester. Marketing sales representatives are stationed in the regional offices, and recruit and support point-of-sale retailers, which include convenience stores, newsstands, supermarkets, restaurants and bowling centers. The Division of the Lottery will have a workforce of 331 staff in the 2003-04 fiscal year.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Lottery games have raised in excess of \$21 billion in revenues for education since the Lottery's inception in 1967. In 2003-04, the Division estimates gross sales of \$5.6 billion. The Division's costs are supported entirely with Lottery sales revenues. The 2003-04 Executive Budget recommends \$101 million to support Lottery operations. By law, no more than 15 percent of gross Lottery sales may be used for administration. Historically, the Lottery Division's total administrative costs have been below the statutory limit.

PROGRAM HIGHLIGHTS

Lottery games sold on the Division's on-line computer system include: Mega Millions, Lotto, Pick 10, New York Numbers, Win 4, and Take Five. These games can be played from approximately 15,000 locations across the State and offer players the opportunity to match their "picks" to televised drawings that take place twice daily, daily, or twice weekly, depending on the game. Winning tickets up to \$600 can be validated and redeemed by customers at any location selling Lottery products.

The Lottery Division's Instant games have contributed significantly to the growth of Lottery revenues. The Division will market approximately 34 new Instant games during 2003-04, with tickets ranging from \$1 to \$10.

Quick Draw, first introduced in 1995, is an electronic version of Pick 10, with winning numbers drawn by computer every five minutes. Quick Draw is displayed at approximately 3,000 authorized establishments statewide, such as restaurants and bowling centers.

In 2001, legislation was enacted to broaden the Lottery gaming opportunities in New York State, authorizing New York's involvement in a multi-state Lottery game and permitting the installation of Video Lottery Terminals (VLTs) at various horse racing facilities across the State. Pursuant to this legislation, the Division of the Lottery entered into an agreement with nine other states to create a new multi-state Lottery game, "Mega Millions". Mega Millions' first drawing occurred on May 17, 2002. The 2003-04 Executive Budget provides funds necessary to market and operate Mega Millions for the coming fiscal year. The 2003-04 Executive Budget also provides funding necessary to continue the Division's VLT implementation efforts.

LOTTERY

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	125,743,000	118,296,000	(7,447,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	125,743,000	118,296,000	(7,447,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration of the Lottery			
Special Revenue Funds - Other	337	331	(6)
Total	337	331	(6)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	125,743,000	118,296,000	(7,447,000)
Total	125,743,000	118,296,000	(7,447,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration of the Lottery			
Special Revenue Funds - Other	108,543,000	101,096,000	(7,447,000)
Statewide Gaming			
Special Revenue Funds - Other	17,200,000	17,200,000	0
Total	125,743,000	118,296,000	(7,447,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration of the Lottery	101,096,000	(7,447,000)	14,985,300	(1,120,000)
Statewide Gaming	17,200,000	0	0	0
Total	118,296,000	(7,447,000)	14,985,300	(1,120,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration of the Lottery	86,110,700	(6,327,000)	0	0
Statewide Gaming	0	0	17,200,000	0
Total	86,110,700	(6,327,000)	17,200,000	0

METROPOLITAN TRANSPORTATION AUTHORITY

MISSION

The Metropolitan Transportation Authority (MTA) is responsible for operating, maintaining and improving public transportation in the Metropolitan Commuter Transportation District consisting of New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties.

The Authority oversees the operations of the bus and subway systems in New York City, commuter railroads in the region, and seven bridges and two tunnels in New York City. This oversight includes general policy direction and development of operating and capital programs.

The Authority is comprised of three independent entities: The Metropolitan Transportation Authority, MTA New York City Transit and MTA Bridges and Tunnels. The Metropolitan Transportation Authority has four subsidiaries: MTA Staten Island Rapid Transit, MTA Long Island Rail Road, MTA Long Island Bus and MTA Metro North Railroad. MTA New York City Transit, which operates the New York City subway and bus systems, has one subsidiary, MTA Manhattan and Bronx Surface Transit.

ORGANIZATION AND STAFFING

Each of the three independent entities mentioned above is governed by its own Board, although by law membership on each Board is identical. There are 19 board members, 17 voting and 2 non-voting, each nominated by the Governor and confirmed by the Senate. Four members are nominated from a list provided by the Mayor of the City of New York and one each from lists prepared by the seven county executives in the Metropolitan Commuter Transportation District. The remaining six voting members are appointed directly by the Governor, with one serving as Board Chair.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The MTA has proposed a restructuring initiative to merge its operating agencies into five distinct companies — MTA Rail Road, MTA Subway, MTA Bus, MTA Capital, and MTA Bridges and Tunnels. This restructuring would streamline the MTA by reducing redundant administrative functions and provide specific transportation missions for each of its subsidiaries. Legislation to authorize this reorganization is expected to be advanced in 2003. The MTA is also considering a number of other options including increasing fares and tolls to address the challenging fiscal environment that it faces.

The appropriations mentioned in this narrative represent only a portion of the nearly \$1.46 billion subsidy provided by the State to the Metropolitan Transportation Authority, with the additional aid appropriated in the Department of Transportation's Aid to Localities budget.

PROGRAM HIGHLIGHTS

MTA NEW YORK CITY TRANSIT AND MTA COMMUTER RAILROADS

The Metropolitan Transportation Authority provides 24 hour-a-day transit and commuter services in the New York City metropolitan region. Its subway system is the largest in the nation and one of the largest in the world. MTA New York City Transit operates approximately 230 local and express bus routes throughout New York City. Complementing this service are additional bus routes in Nassau County provided by MTA Long Island Bus. MTA Long Island Rail Road and MTA Metro North Railroad, the two largest commuter rail

METROPOLITAN TRANSPORTATION

systems in the nation, provide transportation for travelers entering New York City from outlying suburban areas in New York State and Connecticut. Over 2 billion passengers ride the subways, buses and commuter rail systems each year.

MTA BRIDGES AND TUNNELS

MTA Bridges and Tunnels, the largest toll system in the nation, operates nine intra-city bridges and tunnels in New York City: Triborough Bridge, Bronx-Whitestone Bridge, Henry Hudson Bridge, Marine Parkway-Gil Hodges Bridge, Cross Bay Veterans' Memorial Bridge, Throgs Neck Bridge, Verrazano-Narrows Bridge, Queens-Midtown Tunnel and Brooklyn Battery Tunnel. It also provides financing for MTA New York City Transit's and the commuter railroads' capital programs. In addition, MTA Bridges and Tunnels is required by law to transfer surplus revenues to MTA New York City Transit and the commuter railroads to support their operations.

OTHER SUBSIDIARIES

The other subsidiaries — MTA Staten Island Rapid Transit, MTA Long Island Bus, and MTA Manhattan and Bronx Surface Transit — provide regional transportation services. MTA Staten Island Rapid Transit operates transit services on Staten Island. MTA Manhattan and Bronx Surface Transit, in conjunction with MTA New York City Transit, provides bus service within New York City, primarily to passengers traveling within a particular borough or as feeder service to the subway.

MTA Long Island Bus provides bus service to Nassau County, western Suffolk County and eastern Queens County, connecting these areas to MTA New York City Transit's subway stations. The Metropolitan Transportation Authority is responsible for the operation and general oversight of MTA Long Island Bus. Nassau County is financially responsible for MTA Long Island Bus' operating costs that are over and above those supported by fares and by Federal and State assistance.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	0	0	0	0
Aid To Localities	476,900,000	536,100,000	59,200,000	0
Capital Projects	0	0	0	36,000,000
Total	<u>476,900,000</u>	<u>536,100,000</u>	<u>59,200,000</u>	<u>36,000,000</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	476,900,000	536,100,000	59,200,000
Total	<u>476,900,000</u>	<u>536,100,000</u>	<u>59,200,000</u>

METROPOLITAN TRANSPORTATION

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

<u>Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
Dedicated Tax			
Special Revenue Funds - Other	476,900,000	536,100,000	59,200,000
Total	<u>476,900,000</u>	<u>536,100,000</u>	<u>59,200,000</u>

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

<u>Comprehensive Construction Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>	<u>Reappropriations 2003-04</u>
Mass Transportation and Rail Freight Metropolitan Transportation Authority				
Capital Projects Fund - Advances	0	0	0	36,000,000
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,000,000</u>

DEPARTMENT OF MOTOR VEHICLES

MISSION

The New York State Department of Motor Vehicles (DMV) promotes traffic safety, provides consumer protection and information services, and assists other government agencies achieve their missions. DMV collects fees and generates non-tax revenues to support these objectives.

ORGANIZATION AND STAFFING

Under the direction of the Commissioner, the Department operates from its main office in Albany (Empire State Plaza) and from three regional headquarters in Albany, Long Island and New York City. The Department also operates 32 district and branch offices which issue licenses and registrations. In addition, County Clerk offices act as DMV agents at 94 locations throughout the State.

Approximately 99 percent of the Department's positions are supported by dedicated funds and fees, including a portion of traffic violation fines in certain localities. The remaining one percent are funded with Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Dedicated Highway and Bridge Trust Fund will support \$120 million, or 49 percent of the Department's budget. The balance is financed by Federal funds and various fees and fines.

Appropriations for the Department of Motor Vehicles will increase by \$10 million, or four percent, the net result of savings from operations, a new homeland security initiative to improve identification document integrity, and increases for federally mandated emissions inspections. The Department will achieve operational savings by reducing staff and continuing to utilize technology to serve customers. In 2003-04, the Department will continue to develop its Internet website — which now receives 18,000 visitors each day — by expanding the number of services that customers can conduct from the convenience of a personal computer.

The 2003-04 Executive Budget moves the Department's transportation support expenses from the General Fund to the Highway and Bridge Dedicated Fund. The Dedicated Fund is supported primarily by revenues from motor vehicle fees, highway use and motor fuel taxes, and the Petroleum Business Tax.

PROGRAM HIGHLIGHTS

CUSTOMER SERVICE

DMV issues driver's licenses and vehicle registrations, collects more than \$1 billion in revenue for the State and localities, monitors driver training and enforces the directives of local magistrates and departmental referees. State offices are also responsible for conducting road tests and maintaining enforcement sections that issue conditional and restricted use licenses and handle other suspension and revocation activities. The Department of Motor Vehicles served more than 20 million customers last year.

The Department also adjudicates traffic violations at 11 locations in New York City, and several other jurisdictions across the State. This allows local judges and criminal courts to dedicate their activities to criminal matters. This program is funded entirely by fines collected from violators. After State operating expenses are deducted, remaining funds are returned to the jurisdictions where the violations occurred.

MOTOR VEHICLES

The Department has greatly enhanced its Internet website and telephone services to provide customers alternative means for transacting Department business. In 2003-04, the Department will continue to expand opportunities for customers to utilize these services for transactions that previously required office visits.

Currently via the Internet, customers can renew a registration; order personalized and custom plates; order duplicate titles, registrations and licenses, and if requested, post insurance proof. Customers can also check the status of their plate or title orders, schedule their road tests and obtain information and instructions from DMV's Right Now Web knowledge base. Businesses can order supplies of inspection stickers and post lien information. The Department is currently working on system improvements that would allow additional on-line transactions, such as address changes and ordering personal driver abstracts.

VEHICLE AND DRIVER SAFETY

Governor Pataki's highway safety policies have resulted in reductions in fatalities and serious injuries on our roads. Contributing to this success have been new enforcement and educational efforts by State, local and non-profit agencies, including: a statewide crackdown to stop those who drink and drive or engage in aggressive driving; initiatives to promote proper child safety seat usage; and the statewide Buckle Up NY enforcement campaign, which has increased seatbelt usage to over 83 percent. These efforts have resulted in New York State's roadways being some of the safest in the nation.

DMV vehicle safety activities include: licensing and monitoring safety and emissions inspection stations; registering auto repair shops, dealers, transporters and dismantlers; and certifying vehicle inspectors, junk and salvage businesses and automotive body damage estimators.

Driver safety initiatives include implementation and oversight of educational or rehabilitative programs for motorists convicted of alcohol or drug-related driving offenses, the point insurance reduction program, and pre-licensing courses. DMV also licenses and monitors driving schools and instructors.

FIELD INVESTIGATION AND AUDIT

One of the Department's major functions is to issue credentials which establish the identity and license status of drivers, the ownership of vehicles and boats, and the authenticity of auto-related businesses. External investigation activities concern stolen automobiles, odometer fraud, fraudulent identity and motor vehicle documents and complaints regarding unlicensed and suspended drivers.

HOMELAND SECURITY

In 2003, DMV will initiate a program to enhance the integrity of identification documents for first-time customers seeking to obtain licenses and non-driver IDs. This program includes improved on-site assessment of proofs of identity (including validating Social Security numbers) with subsequent off-site reviews and investigation of suspicious documents. Downstate, this program will be implemented through several DMV Licensing Centers in the New York City region. Upstate, mobile teams of specialists and investigators will support the new issuance procedures. This new program will be funded with an additional fee on photo licenses and non-driver IDs.

MOTOR VEHICLES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	208,852,000	112,909,000	(95,943,000)	21,385,000
Aid To Localities	12,380,000	13,020,000	640,000	15,531,000
Capital Projects	14,788,000	120,468,000	105,680,000	0
Total	<u>236,020,000</u>	<u>246,397,000</u>	<u>10,377,000</u>	<u>36,916,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	223	0	(223)
Administrative Adjudication			
Special Revenue Funds - Other	438	438	0
Clean Air			
Special Revenue Funds - Other	150	177	27
Compulsory Insurance			
Special Revenue Funds - Other	212	212	0
Governors Traffic Safety Committee			
Special Revenue Funds - Federal	27	27	0
Identification Security			
Special Revenue Funds - Other	0	126	126
Operations			
General Fund	1,473	0	(1,473)
Transportation Safety			
General Fund	565	0	(565)
Special Revenue Funds - Other	1	1	0
Transportation Support			
Capital Projects Funds - Other	0	1,940	1,940
Total	<u>3,089</u>	<u>2,921</u>	<u>(168)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	108,504,000	0	(108,504,000)
Special Revenue Funds - Federal	12,764,000	12,800,000	36,000
Special Revenue Funds - Other	85,084,000	96,109,000	11,025,000
Internal Service Funds	2,500,000	4,000,000	1,500,000
Total	<u>208,852,000</u>	<u>112,909,000</u>	<u>(95,943,000)</u>

MOTOR VEHICLES

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	30,024,000	0	(30,024,000)
Special Revenue Funds - Other	775,000	775,000	0
Internal Service Funds	0	4,000,000	4,000,000
Administrative Adjudication			
Special Revenue Funds - Other	35,198,000	35,185,000	(13,000)
Clean Air			
Special Revenue Funds - Other	10,996,000	13,469,000	2,473,000
Compulsory Insurance			
Special Revenue Funds - Other	15,577,000	15,517,000	(60,000)
Governors Traffic Safety Committee			
Special Revenue Funds - Federal	12,764,000	12,800,000	36,000
Identification Security			
Special Revenue Funds - Other	0	8,471,000	8,471,000
Operations			
General Fund	67,650,000	0	(67,650,000)
Internal Service Funds	2,500,000	0	(2,500,000)
Transportation Safety			
General Fund	10,830,000	0	(10,830,000)
Special Revenue Funds - Other	22,538,000	22,692,000	154,000
Total	<u>208,852,000</u>	<u>112,909,000</u>	<u>(95,943,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	(12,618,000)	0	(12,056,900)
Operations	0	(55,493,000)	0	(54,751,000)
Transportation Safety	0	(24,661,000)	0	(24,292,100)
Total	<u>0</u>	<u>(92,772,000)</u>	<u>0</u>	<u>(91,100,000)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	(124,100)	0	(437,000)
Operations	0	(193,000)	0	(549,000)
Transportation Safety	0	(39,500)	0	(329,400)
Total	<u>0</u>	<u>(356,600)</u>	<u>0</u>	<u>(1,315,400)</u>

MOTOR VEHICLES

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	0	(17,406,000)	0	(306,000)
Operations	0	(12,157,000)	0	(488,000)
Transportation Safety	0	13,831,000	0	(910,000)
Total	0	(15,732,000)	0	(1,704,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	0	(119,000)	0	(16,754,000)
Operations	0	(25,000)	0	(11,239,000)
Transportation Safety	0	(1,041,000)	0	(5,379,000)
Total	0	(1,185,000)	0	(33,372,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	(227,000)	0	0
Operations	0	(405,000)	0	0
Transportation Safety	0	(39,000)	0	21,200,000
Total	0	(671,000)	0	21,200,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	4,775,000	4,000,000	0	0
Administrative Adjudication	35,185,000	(13,000)	18,395,000	30,000
Clean Air	13,469,000	2,473,000	7,981,000	1,482,000
Compulsory Insurance	15,517,000	(60,000)	7,911,000	0
Governors Traffic Safety Committee	12,800,000	36,000	466,000	0
Identification Security	8,471,000	8,471,000	4,132,000	4,132,000
Operations	0	(2,500,000)	0	0
Transportation Safety	22,692,000	154,000	100,000	0
Total	112,909,000	12,561,000	38,985,000	5,644,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	775,000	0	4,000,000	4,000,000
Administrative Adjudication	16,790,000	(43,000)	0	0
Clean Air	5,488,000	991,000	0	0
Compulsory Insurance	7,606,000	(60,000)	0	0
Governors Traffic Safety Committee	250,000	12,000	12,084,000	24,000
Identification Security	4,339,000	4,339,000	0	0
Operations	0	0	0	(2,500,000)
Transportation Safety	22,592,000	21,354,000	0	(21,200,000)
Total	57,840,000	26,593,000	16,084,000	(19,676,000)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Federal	12,380,000	13,020,000	640,000
Total	12,380,000	13,020,000	640,000

MOTOR VEHICLES

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

Program	Available 2002-03	Recommended 2003-04	Change
Governors Traffic Safety Committee			
Special Revenue Funds - Federal	12,380,000	13,020,000	640,000
Total	<u>12,380,000</u>	<u>13,020,000</u>	<u>640,000</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Transportation Support				
Dedicated Highway and Bridge Trust Fund	14,788,000	120,468,000	105,680,000	0
Total	<u>14,788,000</u>	<u>120,468,000</u>	<u>105,680,000</u>	<u>0</u>

OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

MISSION

In 1980, Lake Placid and the surrounding areas were host to the Winter Olympic Games. The following year, the Olympic Regional Development Authority was established to create and administer a post-Olympic program for the Lake Placid facilities. These facilities include: the Olympic Ice Center; the Olympic Speedskating Oval; the Whiteface Mountain Ski Area and Veterans' Memorial Highway; the Mt. Van Hoevenberg Complex that includes bobsled and luge runs, cross-country ski trails and a biathlon range; the Olympic Ski Jumping Complex; and the U.S. Olympic Training Center. In 1984, the Olympic Regional Development Authority's responsibility expanded to include the management of the Gore Mountain Ski Center in North Creek, Warren County.

ORGANIZATION AND STAFFING

The Authority is governed by a ten-member Board of Directors, consisting of the commissioners of Economic Development, Environmental Conservation, Parks, and seven other members appointed by the Governor and confirmed by the Senate. The Governor selects one member as Chair. The Commissioner of Economic Development currently chairs the Authority. Board members serve without compensation.

The Authority has a workforce of 180 and employs up to 800 full- and part-time hourly workers, depending on the season.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2003-04, State tax dollars from the General Fund will finance 29.6 percent, or \$7.4 million, of the Authority's \$25 million operating budget. State funding supplements \$16.2 million in revenue generated from venue marketing, fees and ticket sales to athletic and other special events; \$646,000 from the Town of North Elba; \$411,000 from the United States Olympic Committee to cover the costs associated with use of Authority facilities; \$200,000 from the Winter Sports Education Trust Fund; and \$150,000 from the Olympic Training Center Account.

PROGRAM HIGHLIGHTS

OLYMPIC FACILITIES

The Olympic Regional Development Authority manages one of three primary sites (the others being in California and Colorado) for year-round training of America's Olympic athletes. In 2001-02, the Olympic facilities at Lake Placid received more than 275,000 visitors, which is a year-to-year increase of more than 22 percent. The Authority hosts numerous national and international athletic and entertainment events — in 2001-02, Champions on Ice, ECAC Hockey Championships, Empire State Winter Games, World Cup Skiing, Bobsled and Skeleton Competitions, ESPN Great Outdoor Games, U.S. Skiing Junior Olympic Championships and Syracuse Symphony and Travis Tritt concerts were held at Authority sites. In addition, the Authority has been the home of the Stars on Ice figure skating rehearsal and preview show since 1992.

OLYMPIC REGIONAL DEVELOPMENT

SKI FACILITIES

The Authority also manages the Gore and Whiteface Mountain ski centers, two major downhill ski facilities that received more than 350,000 visitors in the 2001-02 ski season; and over 150,000 visitors for off-season activities such as mountain biking and sightseeing tours.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	7,902,000	7,750,000	(152,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	7,902,000	7,750,000	(152,000)	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	7,552,000	7,400,000	(152,000)
Special Revenue Funds - Other	150,000	150,000	0
Fiduciary Funds	200,000	200,000	0
Total	7,902,000	7,750,000	(152,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
Operations			
General Fund	7,552,000	7,400,000	(152,000)
Special Revenue Funds - Other	150,000	150,000	0
Fiduciary Funds	200,000	200,000	0
Total	7,902,000	7,750,000	(152,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Operations	7,400,000	(152,000)	7,400,000	(152,000)
Total	7,400,000	(152,000)	7,400,000	(152,000)

OLYMPIC REGIONAL DEVELOPMENT

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
Operations	350,000	0	200,000	0
Total	350,000	0	200,000	0
Maintenance Undistributed				
Program	Amount		Change	
	Amount	Change	Amount	Change
Operations	150,000	0		
Total	150,000	0		

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

MISSION

The Office of Parks, Recreation and Historic Preservation's mission is to provide safe and enjoyable recreational and interpretive opportunities for all New York State residents and visitors and to be responsible stewards of our valuable natural, historic and cultural resources. The Office operates and maintains 167 parks and 35 historic sites, hosts a multitude of cultural and educational programs, and offers diverse recreational opportunities, ranging from secluded campsites to the internationally renowned Niagara Falls State Park. Over 60 million people visit the State's parks and historic sites annually.

New York's park system and its unparalleled recreation opportunities are an important factor in the State's tourism industry and economy. Services open to the public at State parks include beaches, golf courses, performing arts centers, swimming pools, marinas, cabins, campgrounds and many significant historic sites.

ORGANIZATION AND STAFFING

The Office is headed by a Commissioner, appointed by the Governor. Operations are administered through a network of 11 regional offices: Allegany, Central, Finger Lakes, Genesee, Long Island, New York City, Niagara, Palisades, Saratoga/Capital District, Taconic and Thousand Islands. The central office is located in Albany, and includes executive staff and other administrative support functions.

For fiscal year 2003-04, the Office will have a workforce of 1,526. Extensive use of more than 5,000 temporary and seasonal employees supplement the permanent staff in the peak summer season.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget recommends more than \$219 million for the Office's programs, including \$94.4 million in General Fund moneys and more than \$64.4 million in fee revenues. These funds will support operation of all existing park facilities and the development of parklands acquired with funding from the Environmental Protection Fund (EPF) and 1996 Clean Water/Clean Air Bond Act.

These recommendations continue funding for the Empire State Games and Art Park at the 2002-03 level. In addition, \$4.95 million in funding for the Zoos, Botanical Gardens and Aquaria program will be provided from the EPF.

The General Fund continues to be the Office's primary source of support for its operating and local assistance budgets, providing 50.3 percent of its funding. The remaining 49.7 percent is provided by a variety of sources, including:

- User fees at the parks (43.5 percent);
- Federal grants for activities related to the use of recreational vehicles and land and water conservation (5.3 percent); and
- Fiduciary and Enterprise funds, including moneys earmarked for historic sites, arboretums and the Empire State Games (.9 percent).

The primary focus of the Office's capital program is the health and safety of park visitors and the maintenance and rehabilitation of existing facilities. Park facilities include more than 5,000 buildings, 27 golf courses, 53 swimming pools, 76 beaches, 27 marinas, 40 boat launching sites, 18 nature centers, 774 cabins and 8,320 campsites. The Office also maintains hundreds of miles of roads and trails, expansive utility systems, 106 dams and 604 bridges.

PARKS, RECREATION AND HISTORIC PRESERVATION

For 2003-04, appropriations of \$29.6 million are recommended for capital projects from the State Park Infrastructure Fund, a dedicated fund consisting of revenues generated from day use and camping fees at the parks, as well as concession revenues and other miscellaneous revenues. Budget recommendations also include \$7.5 million in Federal appropriations for an anticipated increase in Federal Land and Water Conservation funding and \$5 million in fiduciary appropriations for other potential gifts to improve various parks.

Funding from the State Park Infrastructure Fund will be supplemented with resources for State parks capital projects from the Federal Land and Water Conservation Fund and the EPF. In 2003-04 the EPF will provide \$5 million for infrastructure and stewardship projects at State parks and lands operated by the Office and the Department of Environmental Conservation.

PROGRAM HIGHLIGHTS

Since 1995-96, the Office has reorganized functions and consolidated management operations to more effectively provide safe and enjoyable recreational services to the public. These efforts will continue in 2003-04 as the Office achieves efficiencies through the continued streamlining of administrative oversight, redeployment of staff, and consolidation of functions. The Office has also fostered public-private partnerships to enhance park facilities and events, including corporate sponsorships for fireworks displays, playground construction and the Empire State Games. With private sector support and expertise, the Black Course at Bethpage State Park was the first public course ever to host the U.S. Open national golf championship tournament in the summer of 2002, and has been selected to host the tournament again in 2009.

In the 2003 State of the State, the Governor announced the transformation of Gallagher Beach into a new recreational facility for Buffalo and western New York. In 2003-04, the Office will work with the Niagara Frontier Transportation Authority, the current owner of this property, to develop Gallagher Beach into the newest unit of the State Parks system.

The responsibilities of the Office are carried out through five major programs:

- Administration: provides executive direction, fiscal, personnel and audit services, public communications, and management of the Office's capital program;
- Park Operations: operates the State's 167 parks. Seasonal and full-time personnel are assigned to specific facilities in one of the Office's 11 regions. Staff includes security and field operations staff, as well as skilled and semi-skilled maintenance personnel. Day use, golf course, and other user fees directly offset the cost of facility operations;
- Empire State Games: plans and implements the Games for the Physically Challenged, Senior Games, Summer Games and Winter Games;
- Historic Preservation: oversees preservation activities at 35 historic sites, develops a statewide Comprehensive Historic Preservation Plan and maintains the State Register of Historic Places; and
- Natural Heritage Trust: receives and administers funds, including private gifts and bequests, to advance conservation, outdoor recreation and historic preservation purposes. Created under the Public Authorities Law in 1968, the Natural Heritage Trust is a public benefit corporation.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	162,907,900	161,683,300	(1,224,600)	10,432,000
Aid To Localities	42,927,220	14,240,000	(28,687,220)	31,222,000
Capital Projects	40,840,000	43,305,000	2,465,000	97,665,000
Total	<u>246,675,120</u>	<u>219,228,300</u>	<u>(27,446,820)</u>	<u>139,319,000</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

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

Full-Time Equivalent Positions (FTE)			
Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	81	81	0
Historic Preservation			
General Fund	137	137	0
Special Revenue Funds - Federal	15	15	0
Special Revenue Funds - Other	1	1	0
Park Operations			
General Fund	1,122	1,060	(62)
Special Revenue Funds - Federal	10	10	0
Special Revenue Funds - Other	73	73	0
Fiduciary Funds	3	2	(1)
Capital Projects Funds - Other	137	137	0
Recreation Services			
General Fund	10	10	0
Total	1,589	1,526	(63)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	107,892,100	92,191,100	(15,701,000)
Special Revenue Funds - Federal	3,695,800	3,717,000	21,200
Special Revenue Funds - Other	47,521,800	61,953,200	14,431,400
Enterprise Funds	2,500,000	2,500,000	0
Fiduciary Funds	1,298,200	1,322,000	23,800
Total	162,907,900	161,683,300	(1,224,600)

Adjustments:	
Prior Year Deficiency	
Parks, Recreation and Historic Preservation, Office of General Fund	620,000
Appropriated 2002-03	163,527,900

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	6,822,200	6,257,900	(564,300)
Special Revenue Funds - Federal	500,000	500,000	0
Historic Preservation			
General Fund	10,195,300	9,284,100	(911,200)
Special Revenue Funds - Federal	1,425,800	1,447,000	21,200
Special Revenue Funds - Other	69,800	70,000	200
Fiduciary Funds	42,400	42,000	(400)
Park Operations			
General Fund	88,503,700	74,332,500	(14,171,200)
Special Revenue Funds - Federal	1,770,000	1,770,000	0
Special Revenue Funds - Other	47,452,000	61,883,200	14,431,200
Fiduciary Funds	1,255,800	1,280,000	24,200
Recreation Services			
General Fund	2,370,900	2,316,600	(54,300)
Enterprise Funds	2,500,000	2,500,000	0
Total	162,907,900	161,683,300	(1,224,600)

PARKS, RECREATION AND HISTORIC PRESERVATION

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,617,800	(564,300)	4,555,900	(557,400)
Historic Preservation	8,281,500	(411,200)	6,427,200	(320,000)
Park Operations	70,545,200	(9,791,200)	45,436,600	(6,491,200)
Recreation Services	607,100	(54,300)	504,700	(50,000)
Total	<u>84,051,600</u>	<u>(10,821,000)</u>	<u>56,924,400</u>	<u>(7,418,600)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	23,100	(2,500)	38,800	(4,400)
Historic Preservation	1,772,300	(88,500)	82,000	(2,700)
Park Operations	23,170,700	(3,100,000)	1,937,900	(200,000)
Recreation Services	80,900	(3,300)	21,500	(1,000)
Total	<u>25,047,000</u>	<u>(3,194,300)</u>	<u>2,080,200</u>	<u>(208,100)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,640,100	0	121,800	0
Historic Preservation	1,002,600	(500,000)	308,700	(140,000)
Park Operations	3,787,300	(4,380,000)	513,300	(385,000)
Recreation Services	1,709,500	0	250,800	0
Total	<u>8,139,500</u>	<u>(4,880,000)</u>	<u>1,194,600</u>	<u>(525,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	95,700	0	1,422,600	0
Historic Preservation	50,900	(25,000)	517,100	(260,000)
Park Operations	466,100	(350,000)	1,851,200	(3,310,000)
Recreation Services	121,800	0	1,322,300	0
Total	<u>734,500</u>	<u>(375,000)</u>	<u>5,113,200</u>	<u>(3,570,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	0	0
Historic Preservation	125,900	(75,000)	0	0
Park Operations	456,700	(335,000)	500,000	0
Recreation Services	14,600	0	0	0
Total	<u>597,200</u>	<u>(410,000)</u>	<u>500,000</u>	<u>0</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	500,000	0	150,000	0
Historic Preservation	1,559,000	21,000	845,400	10,600
Park Operations	64,933,200	14,455,400	23,735,100	6,556,250
Recreation Services	2,500,000	0	0	0
Total	<u>69,492,200</u>	<u>14,476,400</u>	<u>24,730,500</u>	<u>6,566,850</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	350,000	0	0	0
Historic Preservation	713,600	10,400	0	0
Park Operations	39,497,100	8,437,050	1,701,000	(537,900)
Recreation Services	2,500,000	0	0	0
Total	<u>43,060,700</u>	<u>8,447,450</u>	<u>1,701,000</u>	<u>(537,900)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	32,207,220	2,200,000	(30,007,220)
Special Revenue Funds - Federal	8,620,000	9,640,000	1,020,000
Special Revenue Funds - Other	2,100,000	2,400,000	300,000
Total	<u>42,927,220</u>	<u>14,240,000</u>	<u>(28,687,220)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	2,200,000	2,200,000	0
Historic Preservation			
Special Revenue Funds - Federal	120,000	140,000	20,000
Natural Heritage Trust			
General Fund	5,202,000	0	(5,202,000)
Park Operations			
Special Revenue Funds - Federal	5,000,000	6,000,000	1,000,000
Special Revenue Funds - Other	2,100,000	2,400,000	300,000
Recreation Services			
Special Revenue Funds - Federal	3,500,000	3,500,000	0
Community Projects			
General Fund	24,805,220	0	(24,805,220)
Total	<u>42,927,220</u>	<u>14,240,000</u>	<u>(28,687,220)</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Parks EQBA 86				
Capital Projects Fund - EQBA 86 (Bondable)	0	0	0	9,725,000
Natural Heritage Trust				
Capital Projects Fund	0	0	0	300,000
Federal Capital Projects Fund				
Federal Capital Projects Fund	5,000,000	7,500,000	2,500,000	8,352,000
Maintenance and Improvements of Existing Facilities				
Capital Projects Fund	0	0	0	948,000
Fiduciary Funds - Misc. Combined Expendable Trust Fund	5,000,000	5,000,000	0	14,720,000
State Parks Infrastructure Fund	29,640,000	29,605,000	(35,000)	59,158,000
Misc. Capital Projects	1,200,000	1,200,000	0	3,449,000
Outdoor Recreation Development Bond Fund				
Outdoor Recreation Development Bond Fund	0	0	0	230,000
Parks and Recreation Land Acquisition Bond Fund				
Parks and Recreation Land Acquisition Bond Fund	0	0	0	783,000
Total	<u>40,840,000</u>	<u>43,305,000</u>	<u>2,465,000</u>	<u>97,665,000</u>

NEW YORK STATE PUBLIC AUTHORITIES

New York State has statutorily created public authorities to carry out a variety of functions. These authorities play a critical role in managing, maintaining and improving New York State's infrastructure by building or financing roads, bridges and mass transit systems; rail, aviation, water, port and energy facilities; and housing, schools, public protection facilities and public buildings.

Established as public benefit corporations rather than departments of the State, the authorities are governed by boards of directors whose members can be appointed by the Governor, on the recommendation of the Legislature or local officials and by other involved municipalities. Although oversight mechanisms vary, all public authorities are accountable to the State and must submit reports to the Governor, the Legislature and the State Comptroller, including annual reports, independent financial audits and budget reports.

Detailed information on a number of public authorities reflected in Tables 1 through 4 can be found elsewhere in this Executive Budget. These authorities include:

BRIDGE, TUNNEL AND HIGHWAY

Triborough Bridge and Tunnel Authority
Thruway Authority

ECONOMIC DEVELOPMENT

Empire State Development Corporation
Job Development Authority

ENERGY AND ENVIRONMENT

Energy Research and Development Authority
Environmental Facilities Corporation

HOUSING, AND FINANCE

Housing Finance Agency
Local Government Assistance Corporation
State of New York Mortgage Agency

REGIONAL TRANSPORTATION

Metropolitan Transportation Authority

Public authorities which are not included elsewhere in the Executive Budget are discussed below:

BRIDGE, TUNNEL AND HIGHWAY AUTHORITIES

Buffalo and Fort Erie Public Bridge Authority

The Buffalo and Fort Erie Public Bridge Authority owns and operates the international "Peace Bridge," crossing the Niagara River between Buffalo and Fort Erie, Ontario. All capital improvements and operating expenses are funded by tolls and rentals of property and buildings. No State funds are used to support the Authority.

PUBLIC AUTHORITIES

New York State Bridge Authority

The New York State Bridge Authority is responsible for the Bear Mountain, Kingston-Rhinecliff, Mid-Hudson, Newburgh-Beacon and Rip Van Winkle toll bridges that span the Hudson River. Various bridge tolls cover Authority costs; no State funds are used to support the Authority.

Thousand Islands Bridge Authority

The Thousand Islands Bridge Authority operates two bridges connecting U.S. Interstate 81 in Jefferson County with Highway 401 in Ontario, Canada. The Authority also operates a sewage treatment facility and recreational and tourist facilities. Tolls from the bridge and other service fees cover operating costs; no State funds are used to support the Authority.

ECONOMIC DEVELOPMENT AUTHORITIES

Battery Park City Authority

The Battery Park City Authority manages the commercial and residential development of a 92-acre landfill on the southwest end of Manhattan, immediately adjacent to the World Trade Center site. The Authority generates revenues from the collection of rents and real estate tax equivalent payments to support its operations.

The Battery Park City (BPC) site's proximity to the World Trade Center resulted in significant property damage to the site's parks and structures as a result of the September 11th terrorist attacks. Within weeks of the attacks, the Authority's 30-acre park system was fully cleared of debris and reopened and all of Battery Park City's residential and commercial structures were inspected and found to be structurally sound. Over the past year, repair work has been substantially completed on the many damaged Authority structures and occupancy rates in BPC's residential buildings have returned to pre-9/11 levels.

United Nations Development Corporation

The United Nations Development Corporation develops and manages commercial and residential facilities for United Nations-related activities in New York City including One, Two and Three United Nations Plaza. The Corporation does not rely on any State support to pay debt service or for its own operations.

ENERGY AND ENVIRONMENTAL AUTHORITIES

New York Power Authority

The New York Power Authority finances, builds and operates electric generation and transmission facilities. It currently owns and operates 5 major generating facilities, 5 small hydroelectric facilities, 11 small natural gas powered generating plants and a major transmission system. The Authority generates and transmits electric power at wholesale rates to its primary customers — municipal and investor-owned utilities, rural electric cooperatives throughout the State, major industrial concerns and various New York City-area public corporations. The Authority receives no State subsidy. It generally finances construction projects through sales of bonds and notes and pays the related debt service with revenues from the generation and transmission of electricity.

Long Island Power Authority

The Long Island Power Authority has the broad authority to ensure adequate, dependable and affordable electric service on Long Island. The Authority has reduced commercial and residential electricity rates by approximately 20 percent. The reduction is encouraging economic development and lowering the cost of living on Long Island. No State tax dollars are used to fund the Authority.

HOUSING AND FINANCE AUTHORITIES

Dormitory Authority

The Dormitory Authority provides financing, construction management, planning and design, and equipment purchasing services for higher education, not-for-profit health care, judicial and other institutions. The Authority funds its operations from its own client-generated revenues.

Municipal Assistance Corporation (MAC) for the City of New York

The Municipal Assistance Corporation for the City of New York was created in 1975 to provide access to the credit markets for the City during a period of fiscal crisis and to help oversee its fiscal affairs. MAC's financing mission on behalf of New York City has been completed. MAC expects its only financing role in the future to be management of its existing debt. No State money is used to finance the Corporation; it is funded through a portion of New York City's sales tax.

Municipal Assistance Corporation for the City of Troy

The Municipal Assistance Corporation for the City of Troy was created in 1995 to provide the City with access to credit markets and to oversee Troy's fiscal affairs. The Authority is subject to a debt cap of \$75 million. The State is authorized, subject to legislative review and appropriation, to provide moneys as necessary to ensure a 1.5:1 debt service coverage ratio on Authority debt. No such appropriation is required in the 2003-04 State fiscal year. No State moneys are used to finance the Corporation, and failure of the State to appropriate State aid to the City does not constitute an event of default for Corporation obligations.

Municipal Bond Bank Agency

The Municipal Bond Bank Agency was established in 1972 to provide low-cost capital financing to towns, villages, cities and counties. In addition, the Agency is authorized to issue special program bonds and tax lien collateralized securities. The Agency is staffed by the Housing Finance Agency. No State tax dollars are used to fund the Agency.

Project Finance Agency

The Project Finance Agency was created in 1975 to provide long-term financing for low- and middle-income residential housing projects originally financed by the Urban Development Corporation. During the mid-1970's, the Urban Development Corporation faced a potential default on bonds issued to construct these projects, preventing the issuance of long-term debt to complete projects under way. The Project Finance Agency was created as the financing vehicle to complete these projects. No State tax dollars are used to fund the Agency.

PUBLIC AUTHORITIES

PORT DEVELOPMENT AUTHORITIES

Albany Port District Commission

The Albany Port District Commission develops and operates port facilities in the cities of Albany and Rensselaer. Lease revenues account for the majority of the Port's annual revenue with maritime traffic making up the remainder. No State tax dollars are used to fund the Commission.

Ogdensburg Bridge and Port Authority

The Ogdensburg Bridge and Port Authority operates an international bridge between Ogdensburg and Prescott, Ontario, Canada, as well as a port, an airport, an industrial park and a short-line railroad. The Authority has become increasingly involved in developing port and industrial park properties in the North Country. The Authority's industrial park now has 14 buildings which house companies providing 1,000 jobs. Its marine terminal provides the North Country's mining industries with low-cost transportation.

Port Authority of New York and New Jersey

The Port Authority of New York and New Jersey was created in 1921 to improve port and transportation facilities in the New York metropolitan area. This bi-state authority is responsible for the management and daily operation of more than 30 facilities, including airports, marine terminal facilities, bus terminals, interstate bridges and tunnels, an interstate commuter railroad and industrial parks. No New York State funds are used to support the Port Authority.

The Port Authority suffered catastrophic losses as a result of the September 11 terrorist attacks including the complete destruction of several key Authority owned assets including the World Trade Center and the adjacent PATH subway station. The Port Authority is continuing to work with the Lower Manhattan Development Corporation, the Federal government and other agencies on the redevelopment of the Trade Center site and the adjacent portion of lower Manhattan.

Port of Oswego Authority

The Port of Oswego Authority operates port facilities in the Oswego Port District, which includes the City of Oswego, the Town of Scriba, and all waters of the Oswego River and Lake Ontario within its boundaries. The Authority operates a port terminal and storage facilities and supports a marine museum and maritime foundation.

REGIONAL TRANSPORTATION AUTHORITIES

Capital District Transportation Authority

The Capital District Transportation Authority provides public transportation service within Albany, Rensselaer, Saratoga and Schenectady counties. State funding for the Capital District Transportation Authority is provided through appropriations to the New York State Department of Transportation.

Central New York Regional Transportation Authority

The Central New York Regional Transportation Authority provides public transportation service within Central New York through three subsidiary corporations: CNY Centro

(Onondaga County), Centro of Oswego (Oswego County) and Centro of Cayuga (Cayuga County). State funding for the Central New York Regional Transportation Authority is provided through appropriations to the New York State Department of Transportation.

Niagara Frontier Transportation Authority

The Niagara Frontier Transportation Authority oversees the operations of a public transportation system providing bus, rail and paratransit services in Niagara and Erie counties. The Authority also operates both a primary and reliever airport, a small boat harbor and two metro transit centers which are primary terminals for private inter-city bus service for Niagara and Erie counties. State funding for the Niagara Frontier Transportation Authority is provided through appropriations to the New York State Department of Transportation.

Rochester-Genesee Regional Transportation Authority

The Rochester-Genesee Regional Transportation Authority provides public transportation service in the counties of Genesee, Livingston, Monroe, Wayne and Wyoming. The Authority operates the Regional Transit Service (Rochester area), Wayne Area Transportation System, Livingston Area Transportation Service, Wyoming Transportation Service and Batavia Bus Service. State funding for the Rochester-Genesee Regional Transportation Authority is provided through appropriations to the New York State Department of Transportation.

PUBLIC AUTHORITIES

TABLE 1
FINANCIAL OPERATIONS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2002 AND 2003
(thousands of dollars)

Authorities by Function	Fiscal Year Begins	2002				2003			
		Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}	Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}
BRIDGE, TUNNEL AND HIGHWAY									
Buffalo and Fort Erie Public Bridge Authority	Jan. 1	24,952	13,131	4,276	7,545	24,844	13,923	4,269	6,652
New York State Bridge Authority	Jan. 1	40,616	18,627	8,188	13,801	41,249	19,999	8,190	13,060
Thousand Islands Bridge Authority	Mar. 1	8,810	5,482	743	2,585	8,942	5,775	744	2,423
Triborough Bridge and Tunnel Authority	Jan. 1	949,519	303,875	385,233	260,411	955,346	351,310	166,982	437,054
Thruway Authority ^{a/}	Jan. 1	461,832	281,773	98,632	81,427	481,218	323,754	101,833	55,631
ECONOMIC DEVELOPMENT									
Battery Park City Authority	Nov. 1	149,261	27,405	69,314	52,542	147,165	28,646	70,768	47,751
Development Authority of the North Country	April 1	8,380	5,276	3,104	0	8,650	5,546	3,104	0
Empire State Development Corporation	April 1	526,720	58,763	467,957	0	485,936	47,456	438,480	0
Job Development Authority	April 1	78,791	16,468	62,323	0	13,653	9,283	4,370	0
United Nations Development Corporation	Jan. 1	29,172	13,583	10,354	5,235	30,484	14,632	10,353	5,499
ENERGY AND ENVIRONMENT									
Energy Research and Development Authority	April 1	210,807	195,856	14,951	0	210,873	195,920	14,953	0
Environmental Facilities Corporation	April 1	481,768	13,998	461,737	6,033	504,307	14,318	484,866	5,123
Long Island Power Authority	Jan. 1	2,456,428	1,980,503	450,035	25,890	2,518,379	2,027,560	470,536	20,283
Power Authority	Jan. 1	2,084,400	1,752,900	252,200	79,300	2,068,300	1,770,000	323,900	(25,600)
HOUSING, HEALTH AND FINANCE									
Dormitory Authority	April 1	2,467,426	75,693	2,391,733	0	2,725,013	86,510	2,638,503	0
Housing Finance Agency	Nov. 1	373,977	17,800	352,860	3,317	350,759	18,100	329,937	2,722
Local Government Assistance Corporation	April 1	325,000	5,000	320,000	0	335,000	5,000	330,000	0
Mortgage Agency	Nov. 1	905,368	19,055	886,298	15	805,084	19,624	785,450	10
Municipal Assistance Corporation for the City of New York	July 1	509,499	8,721	500,778	0	509,382	8,429	500,953	0
Municipal Assistance Corporation for the City of Troy	Jan. 1	4,164	25	4,139	0	4,714	25	4,689	0
Municipal Bond Bank Agency	Nov. 1	8,184	227	7,903	54	8,191	235	7,907	49
Project Finance Agency	Nov. 1	36,410	241	35,941	228	35,280	269	34,818	193
PORT DEVELOPMENT									
Albany Port District Commission	Jan. 1	2,942	1,712	80	1,150	3,516	1,991	80	1,445
Ogdensburg Bridge and Port Authority	April 1	3,250	3,087	555	(392)	3,718	3,130	1,010	(422)
Port Authority of New York and New Jersey ^{a/}	Jan. 1	3,345,446	2,092,967	707,060	545,419	0	0	0	0
Port of Oswego Authority	April 1	1,039	992	25	22	1,000	905	75	20

PUBLIC AUTHORITIES

TABLE 1
FINANCIAL OPERATIONS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2002 AND 2003
 (thousands of dollars)

Authorities by Function	Fiscal Year Begins	2002				2003			
		Total Revenues	Operating Expenses	Debt Service Require- ments	Surplus (Deficit) ^{b/}	Total Revenues	Operating Expenses	Debt Service Require- ments	Surplus (Deficit) ^{b/}
REGIONAL TRANSPORTATION									
Capital District Transportation Authority	April 1	51,175	48,111	3,064	0	44,768	44,435	4,045	(3,712)
Central New York Regional Transportation Authority	April 1	34,878	34,858	20	0	34,973	34,032	20	921
Metropolitan Transportation Authority	Jan. 1	6,636,800	6,101,400	510,200	25,200	7,491,700	7,334,700	392,700	(235,700)
Niagara Frontier Transportation Authority	April 1	121,368	109,969	8,033	3,366	120,946	113,761	8,777	(1,592)
Rochester-Genesee Regional Transportation Authority	April 1	51,785	50,675	0	1,110	49,862	52,121	0	(2,259)
GRAND TOTAL		<u>22,390,167</u>	<u>13,258,173</u>	<u>8,017,736</u>	<u>1,114,258</u>	<u>20,023,252</u>	<u>12,551,389</u>	<u>7,142,312</u>	<u>329,551</u>

^{a/} This table is based on authority estimates and may not reflect approval by the Board of Directors. This table covers the Authority fiscal year which includes September 30. Data vary as to cash or accrual accounting.

^{b/} The operating surplus may be committed to reserve requirements, repayment of State advances or funding of capital programs or programs operated by other authorities. Deficits are to be covered from existing resources or management options.

^{c/} Excludes debt service for bonds sold to finance State transportation programs.

^{d/} 2003 Budget data not available pending approval of Authority's Board of Directors. All estimates are preliminary, subject to change, and reflect anticipated insurance recoveries for losses incurred as a result of the September 11, 2001 terrorist attacks on the World Trade Center.

PUBLIC AUTHORITIES

TABLE 2
CAPITAL PROGRAMS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2002 AND 2003
(thousands of dollars)

Authorities by Function	2002			2003		
	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}
BRIDGE, TUNNEL AND HIGHWAY						
Buffalo and Fort Erie Public Bridge Authority	9,946	18,110	0	11,764	20,117	0
New York State Bridge Authority	29,905	26,660	50,000	28,758	47,060	0
Thousand Islands Bridge Authority	1,336	1,336	0	2,151	2,151	0
Triborough Bridge and Tunnel Authority ^{c/}	153,100	0	153,100	327,900	0	327,900
Thruway Authority	416,381	268,969	147,412	337,885	207,382	130,503
ECONOMIC DEVELOPMENT						
Battery Park City Authority	17,400	17,400	0	39,736	27,000	90,000
Development Authority of the North Country	3,623	3,623	0	21,436	12,036	21,436
Empire State Development Corporation	200,000	0	200,000	379,560	0	379,560
Job Development Authority	15,000	0	23,000	8,000	8,000	0
United Nations Development Corporation	343	6,416	0	3,291	3,126	0
ENERGY AND ENVIRONMENT						
Energy Research and Development Authority	13,250	13,250	0	13,250	13,250	0
Environmental Facilities Corporation	989,735	0	989,735	665,000	0	665,000
Long Island Power Authority	249,000	249,000	0	246,000	46,000	200,000
Power Authority	400,200	525,000	601,260	503,400	202,100	126,433
HOUSING, HEALTH AND FINANCE						
Dormitory Authority	2,108,334	4,071,416	3,004,783	2,726,263	4,967,865	2,471,700
Housing Finance Agency	755,279	267,308	791,885	899,009	304,214	700,000
Local Government Assistance Corporation	0	0	0	0	0	0
Mortgage Agency	458,627	270,999	0	400,000	120,000	250,000
Municipal Assistance Corporation for the City of New York	0	0	0	0	0	0
Municipal Assistance Corporation for the City of Troy	0	0	0	0	0	0
Municipal Bond Bank Agency	0	0	0	0	0	0
Project Finance Agency	0	0	0	0	0	0
PORT DEVELOPMENT						
Albany Port District Commission	2,992	0	0	841	0	0
Ogdensburg Bridge and Port Authority	4,405	4,405	0	1,192	1,192	0
Port Authority of New York and New Jersey ^{d/}	1,515,460	1,009,555	1,030,000	0	0	0
Port of Oswego Authority	1,390	1,390	300	0	0	0

TABLE 2
CAPITAL PROGRAMS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2002 AND 2003
(thousands of dollars)

Authorities by Function	2002			2003		
	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}
REGIONAL TRANSPORTATION						
Capital District Transportation Authority	16,052	16,052	0	10,232	10,232	0
Central New York Regional Transportation Authority	6,227	6,227	0	7,638	7,638	0
Metropolitan Transportation Authority ^{c/}	6,590,800	1,395,600	5,195,200	2,751,500	1,277,500	1,474,000
Niagara Frontier Transportation Authority	51,777	51,777	0	74,494	74,494	0
Rochester-Genesee Regional Transportation Authority	15,013	15,013	0	21,226	21,226	0
GRAND TOTAL	14,025,575	8,239,506	12,186,675	9,480,526	7,372,583	6,836,532

^{a/} This table is based on authority estimates and may not reflect approval by the Board of Directors. The table covers the Authority fiscal year which includes September 30. "Available resources" may include anticipated and/or requested State and Federal funds.

^{b/} Includes proceeds available for capital program only.

^{c/} Data represents scheduled project awards for 2002 based on the Capital Program Review Board approved plan from May 2002.

^{d/} 2003 Budget data not available pending approval by Authority's Board of Directors. All estimates are preliminary, subject to change, and reflect anticipated insurance recoveries for losses incurred as a result of the September 11, 2001 terrorist attacks on the World Trade Center.

PUBLIC AUTHORITIES

**TABLE 3
DEBT STRUCTURE OF NEW YORK STATE PUBLIC AUTHORITIES
AS OF SEPTEMBER 30, 2002
(thousands of dollars)**

Authorities by Function	All Bonds and Notes				Moral Obligation Bonds		
	Statutory Authorization	Bonds Issued	Bonds Outstanding	Notes Outstanding	Authorized Limit	Bonds Issued	Bonds Outstanding
BRIDGE, TUNNEL AND HIGHWAY							
Buffalo and Fort Erie Public Bridge Authority	165,000	53,370	47,210	1,575	0	0	0
New York State Bridge Authority	100,000	83,522	86,525	0	0	0	0
Thousand Islands Bridge Authority	Unlimited	5,745	4,800	0	0	0	0
Triborough Bridge and Tunnel Authority ^{a/}	16,500,000	8,440,635	6,354,285	807,190	0	0	0
Thruway Authority	Unlimited	13,293,002	8,609,340	300,000	0	0	0
ECONOMIC DEVELOPMENT							
Battery Park City Authority ^{b/}	1,060,000	1,108,017	947,110	0	0	0	0
Development Authority of the North Country	Unlimited	40,024	32,326	0	0	0	0
Empire State Development Corporation	Unlimited	6,292,837	5,072,202	14,285	1,295,000	1,070,000	0
Job Development Authority	750,000	726,080	110,420	0	0	0	0
United Nations Development Corporation	Unlimited	260,728	135,863	0	75,000	55,200	0
ENERGY AND ENVIRONMENT							
Energy Research and Development Authority	Unlimited	7,511,230	3,899,395	0	0	0	0
Environmental Facilities Corporation	Unlimited	6,930,375	4,883,700	0	0	0	0
Long Island Power Authority	Unlimited	9,413,506	7,499,823	100,000	0	0	0
Power Authority	Unlimited	6,917,450	1,576,050	728,710	0	0	0
HOUSING, HEALTH AND FINANCE							
Dormitory Authority	Unlimited	58,013,738	29,331,398	190,050	926,015	698,660	87,895
Housing Finance Agency ^{c/}	7,890,000	10,758,835	5,226,895	0	4,481,991	6,524,379	429,132
Local Government Assistance Corporation	4,700,000	5,571,165	4,527,340	0	0	0	0
Mortgage Agency	6,945,000	11,490,659	4,028,062	0	0	0	0
Municipal Assistance Corporation for the City of New York	11,500,000	9,445,000	2,525,000	0	0	9,445,000	0
Municipal Assistance Corporation for the City of Troy ^{d/}	75,000	69,583	71,334	0	0	0	0
Municipal Bond Bank Agency	1,000,000	92,180	59,825	0	0	0	0
Project Finance Agency	305,000	305,000	89,815	0	0	0	0
PORT DEVELOPMENT							
Albany Port District Commission	Unlimited	0	0	958	0	0	0
Ogdensburg Bridge and Port Authority	Unlimited	0	0	1,582	0	0	0
Port Authority of New York and New Jersey	Unlimited	11,608,660	8,904,636	684,725	0	0	0
Port of Oswego Authority	Unlimited	0	0	390	0	0	0

PUBLIC AUTHORITIES

TABLE 3
DEBT STRUCTURE OF NEW YORK STATE PUBLIC AUTHORITIES
AS OF SEPTEMBER 30, 2002
(thousands of dollars)

Authorities by Function	All Bonds and Notes				Moral Obligation Bonds		
	Statutory Authorization	Bonds Issued	Bonds Outstanding	Notes Outstanding	Authorized Limit	Bonds Issued	Bonds Outstanding
REGIONAL TRANSPORTATION							
Capital District Transportation Authority	Unlimited	0	0	7,000	0	0	0
Central New York Regional Transportation Authority	Unlimited	0	0	0	0	0	0
Metropolitan Transportation Authority ^{a/ e/}	16,500,000	9,291,550	9,234,025	750,000	0	0	0
Niagara Frontier Transportation Authority	Unlimited	217,269	191,949	0	0	0	0
Rochester-Genesee Regional Transportation Authority	Unlimited	0	0	0	0	0	0
GRAND TOTAL		<u>177,940,160</u>	<u>103,449,328</u>	<u>3,586,465</u>	<u>6,778,006</u>	<u>17,793,239</u>	<u>517,027</u>

^{a/} The MTA and TBTA are collectively authorized to issue up to \$16.5 billion of bonds to finance their capital programs. Outstanding bonds do not include Convention Center Project Bonds, that are not covered by the Authority's bond cap, and are solely supported by rental income.

^{b/} \$400 million in bonding authority related to the Housing New York Program sunsetted on June 30, 1995.

^{c/} HFA moral obligation bond limit is reduced as bonds outstanding after April 1, 1976 are repaid.

^{d/} Bonds outstanding exceed bonds issued because bonds outstanding include accretion in value of capital appreciation bonds from date of issue through September 30, 2002.

^{e/} The MTA has undergone a major debt restructuring during 2002-03, therefore figures are not comparable to last year.

PUBLIC AUTHORITIES

TABLE 4
STATE INVOLVEMENT IN FINANCING OF PROJECTS AND OPERATIONS
OF NEW YORK STATE PUBLIC AUTHORITIES
2002 AND 2003-04
(thousands of dollars)

Authorities by Function	Authority Bonds Outstanding, 2002 ^{a/}			Outstanding Reimbursable State Appropriations, 2001	State Appropriations Requested in Support of Authority Programs, 2003-04 ^{b/}		
	Revenue and Nonrecourse	State Guaranteed	Moral Obligation		New Appropriations	Reappropriations	Total
BRIDGE, TUNNEL AND HIGHWAY							
Buffalo and Fort Erie Public Bridge Authority	47,210	0	0	0	0	0	0
New York State Bridge Authority	86,525	0	0	0	0	0	0
Thousand Islands Bridge Authority	4,800	0	0	0	0	0	0
Triborough Bridge and Tunnel Authority ^{c/}	6,354,285	0	0	0	0	0	0
Thruway Authority	8,609,340	0	0	0	2,000	1,631	3,631
ECONOMIC DEVELOPMENT							
Battery Park City Authority	947,110	0	0	0	0	0	0
Development Authority of the North Country	32,326	0	0	0	0	0	0
Empire State Development Corporation	5,072,202	0	0	0	75,358	214,617	289,975
Job Development Authority	0	110,420	0	0	0	0	0
United Nations Development Corporation	135,863	0	0	0	0	0	0
ENERGY AND ENVIRONMENT							
Energy Research and Development Authority	3,899,395	0	0	0	28,173	0	28,173
Environmental Facilities Corporation	4,883,700	0	0	9,528	10,024	10,605	20,629
Long Island Power Authority	7,499,823	0	0	0	0	0	0
Power Authority	1,576,050	0	0	0	0	0	0
HOUSING, HEALTH AND FINANCE							
Dormitory Authority	29,243,503	0	87,895	0	0	0	0
Housing Finance Agency	4,797,763	0	429,132	45,367	0	0	0
Local Government Assistance Corporation	4,527,340	0	0	0	335,000	0	335,000
Mortgage Agency	4,028,062	0	0	0	0	0	0
Municipal Assistance Corporation for the City of New York	2,525,000	0	0	0	0	0	0
Municipal Assistance Corporation for the City of Troy	71,334	0	0	0	0	0	0
Municipal Bond Bank Agency	59,825	0	0	0	0	0	0
Project Finance Agency	89,815	0	0	0	0	0	0
PORT DEVELOPMENT							
Albany Port District Commission	0	0	0	0	0	0	0
Ogdensburg Bridge and Port Authority	0	0	0	19,305	0	0	0
Port Authority of New York and New Jersey	8,904,636	0	0	0	0	0	0
Port of Oswego Authority	0	0	0	4,130	0	0	0

PUBLIC AUTHORITIES

TABLE 4
STATE INVOLVEMENT IN FINANCING OF PROJECTS AND OPERATIONS
OF NEW YORK STATE PUBLIC AUTHORITIES
2002 AND 2003-04
(thousands of dollars)

Authorities by Function	Authority Bonds Outstanding, 2002 ^{a/}			Outstanding Reimbursable State Approp- riations, 2001	State Appropriations Requested in Support of Authority Programs, 2003-04 ^{b/}		
	Revenue and Nonrecourse	State Guaranteed	Moral Obligation		New Approp- riations	Reapprop- riations	Total
REGIONAL TRANSPORTA- TION							
Capital District Transportation Authority	0	0	0	0	22,525	0	22,525
Central New York Regional Transportation Authority	0	0	0	0	19,684	0	19,684
Metropolitan Transportation Authority	9,234,025	0	0	0	1,459,087	0	1,459,087
Niagara Frontier Transportation Authority	191,949	0	0	0	27,041	0	27,041
Rochester-Genesee Regional Transportation Authority	0	0	0	390	15,901	0	15,901
GRAND TOTAL	102,821,881	110,420	517,027	78,720	1,994,793	226,853	2,221,646

^{a/} This table covers bonds outstanding as of September 30.

^{b/} Appropriations are included in the Executive Budget for State Fiscal Year 2003-04 from the State's General Fund, dedicated tax funds, Capital Projects Fund or bond funds. Some of these funds may be appropriated to an intermediary which, in turn, makes payment to the named authority.

^{c/} Outstanding bonds do not include Convention Center Project Bonds, that are not covered by the Authority's bond cap, and are solely supported by rental income.

DEPARTMENT OF PUBLIC SERVICE

MISSION

The Department of Public Service has a broad mandate to ensure that all New Yorkers have access to reliable and low-cost utility services. The Department is the staff arm of the Public Service Commission, which regulates the rates and services of the State's public utilities, including electric, gas, steam, telephone, and water. The Commission also oversees the siting of major electric and gas transmission lines and facilities, ensures the safety of natural gas and liquid petroleum pipelines, and is responsible for oversight and regulation of the cable television industry in New York State. As the transition is made from a regulated utility industry to a more competitive market, the Department will use its oversight responsibilities to foster competitive market forces which will produce lower rates for consumers, enable customers to choose from a variety of suppliers, and continue reliable service.

ORGANIZATION AND STAFFING

The Public Service Commission consists of five members who are nominated by the Governor and confirmed by the Senate. The Chairman serves as the chief executive officer of the Department which operates offices in Albany, New York City and Buffalo.

The Department's budget has two programs: the Administration Program, which supports Public Service Commission activities; and the Regulation Program, which undertakes activities to ensure fair and reasonable rates, foster proper competition, monitor service standards, address consumer complaints, promote efficient operation and ensure that industry construction programs meet safety and environmental requirements.

The Department will have a workforce of 557 for 2003-04. The Department is funded almost entirely from utility and cable assessments.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 budget recommendations for the Department of Public Service reflect the changing mission of the agency as the utility industry moves from a regulated environment to a competitive market. As the electric industry undergoes restructuring, the Department is overseeing this process to ensure that policies are implemented to encourage competition for retail and wholesale business, and to maintain a level playing field in this new competitive market.

The Department's 2003-04 operating budget includes funding of \$64 million from utility and cable assessments. Public utility assessments are based on a utility's gross intrastate operating revenues above \$25,000. Cable television assessments are based on revenues from those companies with 1,000 or more subscribers.

In addition, the local assistance budget provides a total of \$400,000 from fees paid by entities proposing the siting of electric generation facilities, that may be accessed by local governments and community groups to fund intervention activities related to the siting.

The Department also receives Federal grants to perform pipeline safety activities.

PROGRAM HIGHLIGHTS

The Department's highest priority for the coming year remains its move toward competition in the electric, telecommunications, and gas industries. This transition must be effectively managed to ensure that competition benefits both the State's economic interests and utility ratepayers. During this transition to competitive markets, the Department will develop the infrastructure needed for competitive alternatives, maintain the high standards of

PUBLIC SERVICE

reliability and service quality that New Yorkers expect, ensure fair competition, and, where necessary, provide ratepayers effective protection. Department staff will continue to play a significant role in siting new and expanded electric generation facilities.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	66,099,000	65,512,000	(587,000)	2,500,000
Aid To Localities	400,000	400,000	0	5,007,000
Capital Projects	0	0	0	0
Total	66,499,000	65,912,000	(587,000)	7,507,000

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
Special Revenue Funds - Other	98	98	0
Regulation of Utilities			
Special Revenue Funds - Federal	12	12	0
Special Revenue Funds - Other	458	447	(11)
Total	568	557	(11)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Federal	1,400,000	1,400,000	0
Special Revenue Funds - Other	64,699,000	64,112,000	(587,000)
Total	66,099,000	65,512,000	(587,000)

Adjustments:	
Prior Year Deficiency	
Public Service Department	
Special Revenue Funds - Other	2,800,000
Appropriated 2002-03	68,899,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
Special Revenue Funds - Other	10,127,000	10,185,000	58,000
Regulation of Utilities			
Special Revenue Funds - Federal	1,400,000	1,400,000	0
Special Revenue Funds - Other	54,572,000	53,927,000	(645,000)
Total	66,099,000	65,512,000	(587,000)

PUBLIC SERVICE

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	10,185,000	58,000	5,498,000	41,000
Regulation of Utilities	55,327,000	(645,000)	33,106,000	124,000
Total	65,512,000	(587,000)	38,604,000	165,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	4,687,000	17,000	0	0
Regulation of Utilities	22,221,000	(244,000)	0	(525,000)
Total	26,908,000	(227,000)	0	(525,000)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	400,000	400,000	0
Total	400,000	400,000	0

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

Program	Available 2002-03	Recommended 2003-04	Change
Regulation of Utilities			
Special Revenue Funds - Other	400,000	400,000	0
Total	400,000	400,000	0

STATE RACING AND WAGERING BOARD

MISSION

The Racing and Wagering Board regulates all legalized gambling activities in New York except those regulated by the State Lottery. Horse racing, off-track betting (OTB) and Indian casino gaming are directly regulated by the Board. The responsibility for oversight of bingo and other permitted games of chance conducted by religious and not-for-profit organizations is shared with municipalities, which collect license fees and ensure that the Board's rules and regulations are followed.

ORGANIZATION AND STAFFING

A three-member Board oversees agency activities. The Governor appoints each member to a six-year term with the consent of the Senate.

The Chair and central office staff are stationed in Albany with additional staff operating from the New York City regional office. The Board employs on-site inspectors at the Oneida Indians' Turning Stone Casino in Verona, Oneida County, the Mohawk Indians' Akwesasne Mohawk Casino in Hogansburg, Franklin County, and the Seneca Nation's Seneca Niagara Casino in Niagara Falls. Temporary and full-time employees oversee horse racing at New York's four thoroughbred race tracks — Aqueduct, Belmont, Saratoga and Finger Lakes — and seven harness tracks — Buffalo, Monticello, Saratoga, Syracuse, Vernon Downs, Batavia Downs and Yonkers. The Racing and Wagering Board will have a workforce of 120 full time and 165 per diem staff in the 2003-04 fiscal year. Staff will be supported by revenues generated by the racing industry, Indian casinos, and charitable gaming activities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget recommends \$12.2 million to support staff and related costs associated with the processing of racing licenses; the review of financial statements submitted by regional OTBs; legal hearings to suspend or fine violators of racing regulations; seasonal employees at the thoroughbred and harness tracks; and the testing of race horses for prohibited drugs. New legislation proposed with this Budget will move these expenses from the State taxpayer-supported General Fund to the racing industry.

In addition, \$2.1 million in existing fees collected by the State from charitable gaming proceeds is recommended to support the regulation of these games. This funding will support oversight of "bell jar" games, which are games of chance in which players remove "pull tabs" from randomly drawn tickets to reveal potential winning combinations of three or more matching items. The Budget also authorizes \$5.1 million in revenues from fees charged to Indian casinos to pay for on-site monitoring and investigation of these casinos.

PROGRAM HIGHLIGHTS

REGULATION OF GAMES OF CHANCE

The Racing and Wagering Board promulgates rules and regulations governing bingo and other games of chance operated by more than 15,000 charitable and not-for-profit organizations throughout the State. The Board establishes standards for issuing licenses to suppliers and manufacturers of gaming equipment; reviews financial statements of charitable gaming operations; and, in conjunction with local law enforcement officials, investigates illegal gaming activities. In accordance with legislation enacted in 1996, the Board will continue its oversight of "bell jar" games in order to decrease illegal activity.

RACING AND WAGERING

INDIAN GAMING

The State has negotiated compacts or protocols with the Oneida Nation, the St. Regis Mohawk Tribe, and the Seneca Nation to conduct gaming activities. Under these compacts, the Racing and Wagering Board is responsible for supervising gaming activities operating on these Indian lands. To oversee these activities, the Board maintains 13 employees at the Oneida Nation's Turning Stone Casino, 15 employees at the St. Regis Mohawk Tribe's Akwesasne Casino, and 13 employees at the Seneca Nation's Seneca Niagara Casino.

REGULATION OF RACING

The Board's permanent staff oversee 165 temporary employees who ensure that horse races at the State's racetracks are conducted legally. As part of this effort, the Board has a contract with Cornell University to conduct research and to carry out post-race testing of blood and urine samples taken from race horses.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	16,039,000	19,512,000	3,473,000	0
Aid To Localities	40,000	0	(40,000)	0
Capital Projects	0	0	0	0
Total	16,079,000	19,512,000	3,433,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	14	0	(14)
Audit and Investigation			
General Fund	18	0	(18)
Regulation of Racing			
General Fund	4	0	(4)
Special Revenue Funds - Other	0	39	39
Regulation of Wagering			
Special Revenue Funds - Other	73	81	8
Total	109	120	11

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	9,427,000	0	(9,427,000)
Special Revenue Funds - Other	6,612,000	19,512,000	12,900,000
Total	16,039,000	19,512,000	3,473,000
Adjustments:			
Appropriated 2002-03	<u>16,039,000</u>		

RACING AND WAGERING

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	1,305,000	0	(1,305,000)
Audit and Investigation			
General Fund	1,168,000	0	(1,168,000)
Regulation of Racing			
General Fund	6,954,000	0	(6,954,000)
Special Revenue Funds - Other	0	12,200,000	12,200,000
Regulation of Wagering			
Special Revenue Funds - Other	5,312,000	7,312,000	2,000,000
Statewide Gaming Program			
Special Revenue Funds - Other	1,300,000	0	(1,300,000)
Total	<u>16,039,000</u>	<u>19,512,000</u>	<u>3,473,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	(715,000)	0	(715,000)
Audit and Investigation	0	(1,115,000)	0	(1,115,000)
Regulation of Racing	0	(4,444,000)	0	(4,444,000)
Total	<u>0</u>	<u>(6,274,000)</u>	<u>0</u>	<u>(6,274,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	0	(590,000)	0	(210,300)
Audit and Investigation	0	(53,000)	0	(8,800)
Regulation of Racing	0	(2,510,000)	0	(35,400)
Total	<u>0</u>	<u>(3,153,000)</u>	<u>0</u>	<u>(254,500)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	0	(23,800)	0	(355,900)
Audit and Investigation	0	(23,500)	0	(19,300)
Regulation of Racing	0	(5,900)	0	(2,465,100)
Total	<u>0</u>	<u>(53,200)</u>	<u>0</u>	<u>(2,840,300)</u>

Program	Equipment	
	Amount	Change
Administration	0	0
Audit and Investigation	0	(1,400)
Regulation of Racing	0	(3,600)
Total	<u>0</u>	<u>(5,000)</u>

RACING AND WAGERING

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Regulation of Racing	12,200,000	12,200,000	8,773,000	8,773,000
Regulation of Wagering	7,312,000	2,000,000	4,499,000	1,271,000
Statewide Gaming Program	0	(1,300,000)	0	0
Total	19,512,000	12,900,000	13,272,000	10,044,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Regulation of Racing	3,427,000	3,427,000	0	0
Regulation of Wagering	2,813,000	729,000	0	0
Statewide Gaming Program	0	0	0	(1,300,000)
Total	6,240,000	4,156,000	0	(1,300,000)

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	40,000	0	(40,000)
Total	40,000	0	(40,000)

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Legislative Initiatives			
General Fund	40,000	0	(40,000)
Total	40,000	0	(40,000)

OFFICE OF SCIENCE, TECHNOLOGY, AND ACADEMIC RESEARCH

MISSION

Established in November 1999, the New York State Office of Science, Technology, and Academic Research (NYSTAR) is an Executive agency which replaced the New York State Science and Technology Foundation and assumed responsibility for directing the State's university-based high technology economic development programs.

ORGANIZATION AND STAFFING

The Office of Science, Technology, and Academic Research is headed by an Executive Director who is appointed by the Governor and confirmed by the Senate. Agency oversight is augmented by an 11-member advisory council. The Office of Science, Technology, and Academic Research will have a workforce of 30 positions in 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office of Science, Technology, and Academic Research's activities are supported primarily with State tax dollars from the General Fund. The Executive Budget recommends \$3.3 million to support the Agency's operating budget and \$64.5 million for its high technology programs.

PROGRAM HIGHLIGHTS

The Office of Science, Technology, and Academic Research is responsible for the following major programs:

- **Capital Facility Program:** This program supports the construction and reconstruction of research and development facilities at designated Centers for Advanced Technology and State University of New York University Centers;
- **Faculty Development Program:** This program provides grants to assist colleges and universities in attracting and retaining research faculty;
- **Center for Advanced Technology Development Program:** This program provides grants to designated Centers for Advanced Technology for enhancing and expanding activities; and
- **Technology Transfer Incentive Program:** This program provides grants to colleges and universities for technology transfer activities, such as patent applications, the creation of business plans, venture capital conferences and other uses related to the commercialization of high technology innovations. It also provides funding for the Science and Technology Law Center which assists start-up companies in bringing new technologies to the marketplace, and is a resource for State agencies and institutions of higher education on technology-related legal issues.

In addition, the Office of Science, Technology, and Academic Research will continue to administer programs of the former Science and Technology Foundation, including: Centers for Advanced Technology; Industrial Technology Extension Service; Manufacturing Extension Partnership Program; Technology Development Organizations; the Sensing, Analyzing, Interpreting and Deciding Center at Syracuse University; and the Focus Center-New York semiconductor research center. Other programs administered by NYSTAR include: College Applied Research Centers; the James D. Watson Investigator Program; the Cornell University Nanobiotechnology Center; the Cornell University Materials Research Science and

SCIENCE, TECHNOLOGY AND ACADEMIC RESEARCH

Engineering Center; the Cornell University Nanoscale Science and Engineering Center; the Columbia University Nanoscale Science and Engineering Center; and the Rensselaer Polytechnic Institute Nanoscale Science and Engineering Center.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	3,722,000	3,325,000	(397,000)	0
Aid To Localities	68,083,000	64,520,000	(3,563,000)	88,799,200
Capital Projects	0	0	0	49,500,000
Total	<u>71,805,000</u>	<u>67,845,000</u>	<u>(3,960,000)</u>	<u>138,299,200</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration Program			
General Fund	31	30	(1)
Total	<u>31</u>	<u>30</u>	<u>(1)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	3,222,000	2,825,000	(397,000)
Special Revenue Funds - Other	500,000	500,000	0
Total	<u>3,722,000</u>	<u>3,325,000</u>	<u>(397,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration Program			
General Fund	3,222,000	2,825,000	(397,000)
Special Revenue Funds - Other	500,000	500,000	0
Total	<u>3,722,000</u>	<u>3,325,000</u>	<u>(397,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration Program	2,825,000	(397,000)	2,825,000	(397,000)
Total	<u>2,825,000</u>	<u>(397,000)</u>	<u>2,825,000</u>	<u>(397,000)</u>

SCIENCE, TECHNOLOGY AND ACADEMIC RESEARCH

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration Program	500,000	0	500,000	0
Total	500,000	0	500,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	61,583,000	58,020,000	(3,563,000)
Special Revenue Funds - Federal	6,500,000	6,500,000	0
Total	68,083,000	64,520,000	(3,563,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
High Technology			
General Fund	31,920,000	32,020,000	100,000
Training and Business Assistance Program			
General Fund	1,500,000	1,500,000	0
Special Revenue Funds - Federal	6,500,000	6,500,000	0
Research Development Program			
General Fund	24,500,000	24,500,000	0
Community Projects			
General Fund	3,663,000	0	(3,663,000)
Total	68,083,000	64,520,000	(3,563,000)

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Research Facilities				
Capital Projects Fund	0	0	0	2,000,000
Capital Projects Fund - Authority Bonds	0	0	0	47,500,000
Total	0	0	0	49,500,000

DEPARTMENT OF TAXATION AND FINANCE

MISSION

The Department of Taxation and Finance administers the State's taxes and related local taxes and manages the State Treasury. In fulfilling its responsibilities under the State's Tax Laws, the Department collects approximately \$43.4 billion in State revenue and approximately \$21.1 billion in local taxes, including New York City and the City of Yonkers income taxes, on behalf of municipalities.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner who is appointed by the Governor and confirmed by the Senate. It fulfills its mission through 11 programs: Administration, Revenue Support, Office of the Counsel, Tax Policy and Analysis, Tax Enforcement, Tax Compliance, Treasury Management, Audit, Revenue and Information Management, Taxpayer Services and the Office of Conciliation and Mediation. The Department of Taxation and Finance will have a workforce of 4,922 positions in 2003-04, of which 4,498 will be funded by State tax dollars in the General Fund.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2003-04, the Department will be financed primarily with State tax dollars from the General Fund, which support its revenue generation, collection, and administration programs. The Executive Budget recommends \$433.8 million to support the Department's operating budget. This amount includes \$318.3 million in General Fund support, which will finance 73.4 percent of the Department's operations, and will be supplemented by fee income of \$38 million and Federal funding of \$582,000. Fee income will support costs associated with the collection of personal income and other taxes for New York City, financial and investment services for certain State agencies and public benefit corporations, and with delinquent tax collection efforts. The Budget further recommends \$76.9 million for the Banking Services Fund. The Fund pays banking institutions for certain services related to processing personal income and other taxes.

Recommended funding levels will support continuation of the e*MPIRE program, which will upgrade the Department's tax processing system, to ensure the State's ability to accurately and effectively collect revenues.

PROGRAM HIGHLIGHTS

Taxation and Finance Department employees are responsible for providing equitable and efficient service to taxpayers. The Department is organized along functional lines to support a high level of taxpayer service, including:

- **Administration:** This program includes the Department's central policy direction and oversight functions. Activities include fiscal management, human resources/payroll, internal audit, management services and public information;
- **Revenue Support:** This program provides essential support services for the Department, including managing office and warehouse space, developing and printing tax forms and instructions, and mailing tax liability notices, refunds and other tax forms;

TAXATION AND FINANCE

- **Office of the Counsel:** This office prepares regulations, interprets statutes, manages litigation, and drafts and reviews proposed legislation. The Office is involved in resolving taxpayer protests and litigation, and maintains coordination between the Department, the Department of Law and the Division of Tax Appeals;
- **Tax Policy and Analysis:** This program estimates the revenues expected to be produced by each tax, assesses the impact of different tax structures and tax proposals on the State's economy, reviews tax policies and legislation, and prepares descriptive and analytical studies;
- **Tax Enforcement:** This program identifies and investigates alleged evasion of the State tax code. Staff assigned to this program work with Federal, State and local law enforcement officials in the prosecution of tax fraud and tax evasion cases;
- **Tax Compliance:** This is the State's largest accounts receivable program, collecting delinquent State and local taxes. Computer-generated billings and an automated telephone collection system are used in collection activities;
- **Audit:** The Audit Division ensures that voluntarily remitted taxes are accurate and complete. The Division plans, conducts and evaluates desk and field audits, increasingly with the aid of technology;
- **Revenue and Information Management:** This program contains the Department's information management, tax processing and tax accounting functions. It supports the collection of an estimated \$64.5 billion in State and local tax collections;
- **Taxpayer Services:** This program assists taxpayers in fulfilling their tax obligations by developing and distributing tax information, advice and instructions; and
- **Office of Conciliation and Mediation:** This program offers taxpayers the option of informally resolving disputes with the Department.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	449,787,900	433,838,000	(15,949,900)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	449,787,900	433,838,000	(15,949,900)	0

TAXATION AND FINANCE

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration			
General Fund	85	82	(3)
Audit			
General Fund	1,778	1,730	(48)
Office of Conciliation and Mediation			
General Fund	32	31	(1)
Counsel			
General Fund	71	69	(2)
Tax Policy and Analysis			
General Fund	32	31	(1)
Revenue and Information Management			
General Fund	1,514	1,473	(41)
Special Revenue Funds - Other	381	381	0
Revenue Support Services			
General Fund	65	63	(2)
Tax Compliance			
General Fund	750	730	(20)
Tax Enforcement			
General Fund	176	171	(5)
Special Revenue Funds - Federal	8	8	0
Taxpayer Services			
General Fund	121	118	(3)
Treasury Management			
Special Revenue Funds - Other	35	35	0
Total	5,048	4,922	(126)

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	332,386,500	318,327,000	(14,059,500)
Special Revenue Funds - Federal	572,000	582,000	10,000
Special Revenue Funds - Other	40,644,000	38,024,000	(2,620,000)
Internal Service Funds	76,185,400	76,905,000	719,600
Total	449,787,900	433,838,000	(15,949,900)

TAXATION AND FINANCE

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	5,609,000	5,336,000	(273,000)
Audit			
General Fund	109,397,000	104,661,000	(4,736,000)
Banking Services			
Internal Service Funds	76,185,400	76,905,000	719,600
Office of Conciliation and Mediation			
General Fund	2,326,000	2,208,000	(118,000)
Counsel			
General Fund	5,184,000	4,914,000	(270,000)
Tax Policy and Analysis			
General Fund	2,230,000	2,111,000	(119,000)
Revenue and Information Management			
General Fund	117,741,500	109,514,000	(8,227,500)
Special Revenue Funds - Other	34,389,000	31,623,000	(2,766,000)
Revenue Support Services			
General Fund	34,216,000	34,434,000	218,000
Tax Compliance			
General Fund	33,006,000	31,348,000	(1,658,000)
Special Revenue Funds - Other	4,000,000	4,000,000	0
Tax Enforcement			
General Fund	12,836,000	14,327,000	1,491,000
Special Revenue Funds - Federal	572,000	582,000	10,000
Taxpayer Services			
General Fund	9,841,000	9,474,000	(367,000)
Treasury Management			
Special Revenue Funds - Other	2,255,000	2,401,000	146,000
Total	<u>449,787,900</u>	<u>433,838,000</u>	<u>(15,949,900)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,921,000	(279,000)	4,879,000	(279,000)
Audit	87,878,000	(4,990,000)	86,829,000	(4,990,000)
Office of Conciliation and Mediation	2,111,000	(120,000)	2,093,000	(120,000)
Counsel	4,784,000	(272,000)	4,542,000	(272,000)
Tax Policy and Analysis	2,088,000	(119,000)	1,996,000	(119,000)
Revenue and Information Management	61,253,000	(3,478,000)	57,861,000	(3,478,000)
Revenue Support Services	4,211,000	(239,000)	3,662,000	(239,000)
Tax Compliance	29,656,000	(1,684,000)	29,603,000	(1,684,000)
Tax Enforcement	10,466,000	251,000	10,429,000	251,000
Taxpayer Services	7,099,000	(403,000)	6,033,000	(403,000)
Total	<u>214,467,000</u>	<u>(11,333,000)</u>	<u>207,927,000</u>	<u>(11,333,000)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	42,000	0
Audit	919,000	0	130,000	0
Office of Conciliation and Mediation	0	0	18,000	0
Counsel	236,000	0	6,000	0
Tax Policy and Analysis	89,000	0	3,000	0
Revenue and Information Management	2,738,000	0	654,000	0
Revenue Support Services	546,000	0	3,000	0
Tax Compliance	0	0	53,000	0
Tax Enforcement	25,000	0	12,000	0
Taxpayer Services	1,061,000	0	5,000	0
Total	<u>5,614,000</u>	<u>0</u>	<u>926,000</u>	<u>0</u>

TAXATION AND FINANCE

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	415,000	6,000	295,267	4,267
Audit	16,783,000	254,000	32,492	492
Office of Conciliation and Mediation	97,000	2,000	4,084	84
Counsel	130,000	2,000	8,125	125
Tax Policy and Analysis	23,000	0	5,000	0
Revenue and Information Management	48,261,000	(4,749,500)	1,804,235	27,235
Revenue Support Services	30,223,000	457,000	161,441	2,441
Tax Compliance	1,692,000	26,000	283,355	4,355
Tax Enforcement	3,861,000	1,240,000	437,260	420,260
Taxpayer Services	2,375,000	36,000	75,139	1,139
Total	103,860,000	(2,726,500)	3,106,398	460,398

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	5,076	76	75,085	1,085
Audit	4,314,294	65,294	11,243,158	170,158
Office of Conciliation and Mediation	71,474	1,474	21,442	442
Counsel	30,469	469	89,375	1,375
Tax Policy and Analysis	6,000	0	10,000	0
Revenue and Information Management	117,777	1,777	43,708,653	12,478,653
Revenue Support Services	6,092	92	30,055,467	454,467
Tax Compliance	613,426	9,426	143,200	2,200
Tax Enforcement	1,107,086	184,086	1,674,670	123,670
Taxpayer Services	11,169	169	2,285,646	34,646
Total	6,282,863	262,863	89,306,696	13,266,696

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	39,572	572	0	0
Audit	1,193,056	18,056	0	0
Office of Conciliation and Mediation	0	0	0	0
Counsel	2,031	31	0	0
Tax Policy and Analysis	2,000	0	0	0
Revenue and Information Management	1,678,335	25,335	952,000	(17,282,500)
Revenue Support Services	0	0	0	0
Tax Compliance	652,019	10,019	0	0
Tax Enforcement	641,984	511,984	0	0
Taxpayer Services	3,046	46	0	0
Total	4,212,043	566,043	952,000	(17,282,500)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Banking Services	76,905,000	719,600	0	0
Revenue and Information Management	31,623,000	(2,766,000)	15,402,000	(2,278,000)
Tax Compliance	4,000,000	0	0	0
Tax Enforcement	582,000	10,000	0	0
Treasury Management	2,401,000	146,000	1,585,000	85,000
Total	115,511,000	(1,890,400)	16,987,000	(2,193,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Banking Services	0	0	76,905,000	719,600
Revenue and Information Management	16,221,000	(488,000)	0	0
Tax Compliance	4,000,000	0	0	0
Tax Enforcement	0	0	582,000	10,000
Treasury Management	816,000	61,000	0	0
Total	21,037,000	(427,000)	77,487,000	729,600

DIVISION OF TAX APPEALS

MISSION

The Division of Tax Appeals provides taxpayers with a system of due process for resolving disputes with the Department of Taxation and Finance. The separation of tax administration from tax adjudication promotes the impartial and timely hearing of taxpayer disputes.

ORGANIZATION AND STAFFING

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. The Division holds formal hearings in Troy, New York City, Buffalo and Rochester, while Tax Tribunal oral arguments are held in New York City, Buffalo and Troy. Small claims hearings are conducted throughout the State. The Division will have a workforce of 30 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Division's activities are supported entirely with State tax dollars, which finance the Tribunal's staff and other expenses such as rent and supplies.

The Executive Budget recommends \$3.1 million in annual General Fund support for the Division. This recommendation will enable the Tribunal to continue to provide for the timely resolution of taxpayer disputes with the Department of Taxation and Finance.

PROGRAM HIGHLIGHTS

The Division's hearing process has been substantially improved in recent years to benefit taxpayers. These improvements have allowed taxpayers more flexibility in scheduling hearings, thus minimizing delays caused by sudden cancellations.

Since January 1997, the Division has conducted formal hearings in New York City to provide easier access for taxpayers in the New York City metropolitan area. Recently, the Division expanded this initiative to Buffalo and Rochester. At these locations, the Division utilizes existing State office space, thus providing improved service at nominal additional cost.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	3,310,000	3,085,000	(225,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,310,000	3,085,000	(225,000)	0

TAX APPEALS

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	31	30	(1)
Total	<u>31</u>	<u>30</u>	<u>(1)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	3,310,000	3,085,000	(225,000)
Total	<u>3,310,000</u>	<u>3,085,000</u>	<u>(225,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	3,310,000	3,085,000	(225,000)
Total	<u>3,310,000</u>	<u>3,085,000</u>	<u>(225,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,705,000	(110,000)	2,533,000	(110,000)
Total	<u>2,705,000</u>	<u>(110,000)</u>	<u>2,533,000</u>	<u>(110,000)</u>

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	172,000	0
Total	<u>172,000</u>	<u>0</u>

TAX APPEALS

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	380,000	(115,000)	30,000	(8,000)
Total	380,000	(115,000)	30,000	(8,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	25,000	(30,000)	300,000	(44,000)
Total	25,000	(30,000)	300,000	(44,000)

Program	Equipment	
	Amount	Change
Administration	25,000	(33,000)
Total	25,000	(33,000)

OFFICE FOR TECHNOLOGY

MISSION

The Office for Technology (OFT), formerly the Governor's Task Force on Information Resource Management, was statutorily created in 1997. The Office has evolved from planning and coordinating the State's investment in information technology to a policy-oriented organization with significant operational responsibilities. OFT's mission is focused on developing, implementing and supporting statewide policy and technology initiatives that enable the State to operate more efficiently and cost effectively.

ORGANIZATION AND STAFFING

The Office is located in Albany, and is overseen by the State's Chief Information Officer (CIO), with the Director of the Office reporting to the CIO. It is supported primarily with State tax dollars from the General Fund and payments from other State agencies.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 General Fund recommendation of \$34.6 million supports ongoing agency activities. Major recommendations include:

- A \$98 million Internal Service Fund appropriation for operation of the consolidated State Data Center. This fund will support positions previously transferred from State agencies, the cost of operating the Center's computers and providing the computing services authorized by agencies;
- A \$111.8 million Internal Service Fund appropriation for the New York Intranet (NYeNet) — a high-speed communications network system supported by fees charged to State and local users — and for the operation of the State's telephone system;
- A \$35 million Internal Service Fund appropriation to support the Human Services Network, a statewide data communication system that connects the State's human services agencies with local social services offices and voluntary provider organizations; and
- A \$1.6 million Internal Service Fund appropriation is also recommended to coordinate the development of computer systems that will be used by various agencies and statewide enterprise agreements.

PROGRAM HIGHLIGHTS

Since its inception as a Task Force in 1996, the Office for Technology has taken important steps to improve the State's management of technology services, such as the consolidation of 19 separate data centers into a single operation. The centralized management of the data center has increased the productivity and efficiency of the State computing environment.

A primary objective for fiscal year 2003-04 is the Human Services Modernization project aimed at upgrading the infrastructure for the Human Services Network. This network supports the Office of Children and Family Services, the Office of Temporary Disability and Assistance, Department of Labor and Department of Health; enabling each of them to deliver critical services directly to the residents of the State or to their customer agencies or partners — 58 local social service agencies and hundreds of voluntary organizations. The network serves approximately 1,000 locations and supports about 50,000 users. This three-year project will leverage new technologies to enable these agencies to deliver services in a more efficient, reliable and faster environment.

TECHNOLOGY

An additional priority is the operation of the statewide telecommunications network, known as the NYeNet, that provides State and local governments with more reliable data, voice and video communications. The NYeNet offers a new framework for conducting governmental business using Internet technology. This network has expanded capacity to transmit data, provide local entities and citizens with easier access to State government and facilitate increased interagency cooperation and data-sharing. The NYeNet currently supports over 1,250 circuits, with increasing migration from legacy networks planned for fiscal year 2003-04.

The Office for Technology is responsible for managing the State's transition to e-government and the Governor's vision of "a government without walls." Governor Pataki has directed the Office to work closely with agencies to transform the way government provides services to its citizens, eventually giving New Yorkers online access to virtually all critical government services, 24 hours a day, 7 days a week. In just over two years, more than 200 government services and transactions have been made available on the Internet to citizens and businesses.

Finally, the Executive Budget transfers the Cyber Security and Critical Infrastructure Coordination Division from OFT to the Office of Public Security in order to centralize oversight of the State's security functions.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	232,900,000	280,968,000	48,068,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	232,900,000	280,968,000	48,068,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Technology			
General Fund	125	110	(15)
Internal Service Funds	608	569	(39)
Total	733	679	(54)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	51,000,000	34,568,000	(16,432,000)
Internal Service Funds	181,900,000	246,400,000	64,500,000
Total	232,900,000	280,968,000	48,068,000

Adjustments:	
Prior Year Deficiency	
Technology, Office for	
Special Revenue Funds - Other	3,822,000
Appropriated 2002-03	236,722,000

TECHNOLOGY

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

Program	Available 2002-03	Recommended 2003-04	Change
Technology			
General Fund	51,000,000	34,568,000	(16,432,000)
Internal Service Funds	181,900,000	246,400,000	64,500,000
Total	<u>232,900,000</u>	<u>280,968,000</u>	<u>48,068,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Technology	8,035,000	(965,000)	7,795,000	(1,027,500)
Total	<u>8,035,000</u>	<u>(965,000)</u>	<u>7,795,000</u>	<u>(1,027,500)</u>

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Technology	240,000	62,500
Total	<u>240,000</u>	<u>62,500</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Technology	26,533,000	(15,467,000)	149,000	(81,000)
Total	<u>26,533,000</u>	<u>(15,467,000)</u>	<u>149,000</u>	<u>(81,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Technology	81,000	(281,000)	1,793,000	(29,165,000)
Total	<u>81,000</u>	<u>(281,000)</u>	<u>1,793,000</u>	<u>(29,165,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Technology	20,485,000	20,035,000	4,025,000	(5,975,000)
Total	<u>20,485,000</u>	<u>20,035,000</u>	<u>4,025,000</u>	<u>(5,975,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Technology	246,400,000	64,500,000	246,400,000	64,500,000
Total	<u>246,400,000</u>	<u>64,500,000</u>	<u>246,400,000</u>	<u>64,500,000</u>

THRUWAY AUTHORITY

In addition to operating a 641-mile toll-highway system, the Thruway Authority has jurisdiction over the New York State Canal System. Through its subsidiary, the New York State Canal Corporation, the Thruway maintains, operates, develops and makes capital improvements to the 524-mile navigable waterway which includes 57 locks, numerous dams, reservoirs and water control structures.

Revenues from canal tolls and other user fees are deposited into the Canal System Development Fund and, in accordance with the State Constitution, are used exclusively for the canals. The Executive Budget recommends a new appropriation of \$2 million and reappropriations of \$1.63 million from the Canal System Development Fund for a portion of the maintenance, construction, reconstruction, development and promotion of the canals. Canal System and Thruway Authority programs are primarily supported by Authority funds, which are not reflected in the Executive Budget.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	0	0	0	0
Aid To Localities	0	0	0	0
Capital Projects	2,000,000	2,000,000	0	1,631,000
Total	2,000,000	2,000,000	0	1,631,000

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Canal Development Program				
New York State Canal System Development Fund	2,000,000	2,000,000	0	1,631,000
Total	2,000,000	2,000,000	0	1,631,000

DEPARTMENT OF TRANSPORTATION

MISSION

The Department of Transportation directly maintains and improves the State's more than 40,000 highway lane miles and 7,500 bridges. In addition, the Department partially funds locally operated transit systems, local government highway and bridge construction and rail and airport programs.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner appointed by the Governor. The Department's main office is in Albany, with 11 regional offices in Albany, Utica, Syracuse, Rochester, Buffalo, Hornell, Watertown, Poughkeepsie, Binghamton, Hauppauge and New York City. The Department also maintains highway maintenance and equipment repair facilities across the State.

Employees of the Department perform such activities as highway maintenance, snow and ice removal, highway and bridge design and construction inspection. In addition, the Department's staff inspects school and charter buses, regulates commercial transportation, oversees public transportation systems and State-owned airports and provides administrative support for the Department. The Department will reduce its full-time workforce to a total of approximately 9,590 employees by the end of 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department is responsible for the implementation of transportation programs related to highways and bridges, transit, aviation, ports, rail and other modes. It is supported primarily by revenues from the Petroleum Business Tax, highway use and motor fuel taxes and motor vehicle fees. Substantial Federal aid is also used to support the programs.

Recommended appropriations for the Department will decrease by a net total of approximately \$508 million. Nearly \$400 million of this reduction, from the elimination of unnecessary Engineering Services Fund dual appropriations that were previously used for inter-fund reimbursements, is technical in nature and will not impact the agency's programs. The remaining net reduction is from a decrease of \$100 million in the construction program, from \$1.75 billion to \$1.65 billion; associated personnel and consultant contract reductions; and increases in Federal appropriations.

The Department's operations are devoted primarily to highway maintenance, particularly snow and ice removal. The 2003-04 Executive Budget maintains the \$224 million snow and ice control and arterial maintenance programs in the Dedicated Highway and Bridge Trust Fund.

The Department's regulatory programs and other operations are primarily funded by fees, miscellaneous revenues and Federal aid. Approximately \$27 million is derived from fees, including those imposed on trucks registered to transport products throughout the State, landing fees and rents levied at Republic Airport, internal service fees paid by other State agencies for consolidated printing services and revenues generated by the sale and rental of Department property, such as commercial leasing of land for parking or storage. These funds support a number of agency activities, including administrative support services, highway safety and aviation programs.

Federal aid of \$9.6 million and dedicated mass transit funds totaling \$5.5 million help finance the Department's remaining operating responsibilities for mass transportation, aviation and motor-carrier safety programs.

Capital appropriations provide funding for construction and reconstruction projects on State highways, bridges, railways and airports, as well as financing the engineering staff and private-sector consultants who work on these projects. The highway and bridge construction level will total \$1.65 billion in 2003-04.

TRANSPORTATION

The centerpiece of the State's Highway and Bridge Program is the Dedicated Highway and Bridge Trust Fund, established in 1993. The Trust Fund derives its revenues from highway user fees, portions of the petroleum business tax, motor fuel tax, motor vehicle registration fees and miscellaneous transportation-related revenues. These funds are used both on a pay-as-you-go basis and to pay debt service on bonds issued by the Thruway Authority to finance portions of the State and local highway programs.

The Department of Transportation's State and local highway capital program is also financed with funds from the Federal Transportation Equity Act for the 21st Century (TEA-21), distributed by Federal formulas and used only for federally approved projects primarily approved by local Metropolitan Planning Organizations. The Federal capital aid appropriation in 2003-04 is available for up to \$1.7 billion of Federal highway funding.

Local highway and bridge capital programs include the Consolidated Highway Improvement Program (CHIPS) and the Municipal Streets and Highways Program ("Marchiselli" Program). These programs are funded by bonds issued by the Thruway Authority with debt service paid from the State's Dedicated Highway and Bridge Trust Fund. The CHIPS capital program will be funded at \$241.8 million, and the Marchiselli program will provide \$39.7 million in 2003-04.

A \$20 million appropriation for rail freight and passenger projects will continue an enhanced rail program that will expand shipping opportunities for New York businesses, reduce costs for consumers and improve passenger transportation. In addition, \$9 million will be provided for the Industrial Access Program to promote job creation and retention by encouraging business expansion with highway, rail and port projects.

The Aid to Localities budget is comprised primarily of appropriations supported by State taxes dedicated to public transportation through the Mass Transportation Operating Assistance (MTOA) Fund and the Dedicated Mass Transportation Trust Fund. Mass Transportation Operating Assistance Fund revenues are derived from a 1/4 percent sales tax; a business tax surcharge levied in the New York City metropolitan region; and a portion of statewide taxes on transmission, transportation and petroleum-related businesses. Dedicated Mass Transportation Trust Fund revenues are derived from a share of the revenues deposited in the Transportation Dedicated Funds Pool which includes portions of the Petroleum Business Tax, the Motor Fuel Tax and motor vehicle fees. New appropriations to transit systems will total approximately \$1.73 billion, maintaining 2002-03 aid levels.

Nearly \$1.46 billion of new operating aid appropriations are recommended for the Metropolitan Transportation Authority (MTA) in 2003-04. This includes \$490 million from the Dedicated Mass Transportation Trust Fund in support of the MTA capital program. The operating assistance also includes \$45 million in General Fund support for the MTA as the State's contribution to reduced fares for New York City school children. The City will match this contribution.

Transit operators other than the MTA will receive a total of \$274 million in new appropriations in 2003-04. Of this amount, \$111.3 million is targeted for upstate transit systems. Capital funding of \$30 million is recommended for transit systems other than the MTA from the Dedicated Mass Transportation Trust Fund. This capital program funds a variety of transit-related needs, primarily bus purchases and a portion of the required match to Federal transit capital aid.

PROGRAM HIGHLIGHTS

HIGHWAYS AND BRIDGES

Improving the State's vital transportation infrastructure remains the agency's highest priority. During the most recently completed fiscal year (2001-02), the Department delivered significant improvements in our highway infrastructure. A total of 191 State bridges were replaced or rehabilitated and 6,931 preventive bridge treatments were completed to slow deterioration. Over 9,600 lane miles of State highway were resurfaced, rehabilitated or given preventive maintenance treatment. These accomplishments, coupled with new materials

technology, have improved the State's bridge conditions and maintained our good pavement ratings. The 2003-04 Budget will continue emphasizing strategic investments in critical infrastructure needs. As in previous years, preventive maintenance performed by State forces and private sector contractors will be an area of significant concentration. Appropriations for the preventive maintenance program will total \$386 million in 2003-04.

State staff and private-sector consultants perform the planning, property acquisition, design engineering, environmental reviews, surveying, materials and soils testing and construction inspection associated with the Department's capital program. Construction of virtually all highway and bridge projects is performed by private firms.

The State makes a significant investment in helping localities maintain safe roads and bridges through its CHIPS and Marchiselli capital programs. These programs fund local construction projects, with the majority performed by private firms.

Through its safety inspections of school and charter buses and its regulation of commercial transport, the Department also focuses its resources on passenger safety and environmental issues. The Executive Budget includes legislation to increase the allowable number of annual permits for divisible loads (overweight trucks), require new safety equipment and axle configurations and amend the current fine schedules for vehicle weight violations. These actions will increase highway safety, reduce highway deterioration and increase State revenues.

PUBLIC TRANSPORTATION

The Department provides oversight and funding for more than 70 locally operated public transportation systems, including the Metropolitan Transportation Authority, the four upstate regional transportation authorities and other (usually county-sponsored) transit systems. These systems provide bus, subway, light rail and commuter rail services, as well as "paratransit" services designed to meet the needs of disabled people, as required by the Federal Americans with Disabilities Act.

State financial assistance to transit systems is supported by the Mass Transportation Operating Assistance Fund, the Dedicated Mass Transportation Trust Fund and the General Fund. In addition, State law authorizes the imposition of an additional mortgage recording tax in regions covered by the Metropolitan Transportation Authority and the four upstate transit authorities. These moneys are collected by the affected counties and transmitted directly to the transit systems.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

<u>Category</u>	<u>Available 2002-03</u>	<u>Appropriations Recommended 2003-04</u>	<u>Change</u>	<u>Reappropriations Recommended 2003-04</u>
State Operations	47,523,000	42,470,000	(5,053,000)	22,563,000
Aid To Localities	1,752,408,700	1,747,988,000	(4,420,700)	95,750,300
Capital Projects	3,870,338,000	3,372,236,000	(498,102,000)	9,626,990,000
Total	<u>5,670,269,700</u>	<u>5,162,694,000</u>	<u>(507,575,700)</u>	<u>9,745,303,300</u>

TRANSPORTATION

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Design and Construction			
Capital Projects Funds - Other	3,973	3,538	(435)
New York Metropolitan Transportation Council			
Special Revenue Funds - Other	76	76	0
Operations			
Special Revenue Funds - Other	10	10	0
Internal Service Funds	36	36	0
Passenger and Freight Transportation			
Special Revenue Funds - Federal	79	79	0
Special Revenue Funds - Other	133	133	0
Capital Projects Funds - Other	89	89	0
Planning and Program Management			
Capital Projects Funds - Other	593	528	(65)
Preventive Maintenance			
Capital Projects Funds - Other	4,909	4,909	0
Real Estate			
Capital Projects Funds - Other	215	192	(23)
Total	<u>10,113</u>	<u>9,590</u>	<u>(523)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Federal	9,377,000	9,609,000	232,000
Special Revenue Funds - Other	33,642,000	28,357,000	(5,285,000)
Internal Service Funds	4,504,000	4,504,000	0
Total	<u>47,523,000</u>	<u>42,470,000</u>	<u>(5,053,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Operations			
Special Revenue Funds - Other	16,261,000	10,761,000	(5,500,000)
Internal Service Funds	4,504,000	4,504,000	0
Passenger and Freight Transportation			
Special Revenue Funds - Federal	9,377,000	9,609,000	232,000
Special Revenue Funds - Other	17,381,000	17,596,000	215,000
Total	<u>47,523,000</u>	<u>42,470,000</u>	<u>(5,053,000)</u>

TRANSPORTATION

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Operations	15,265,000	(5,500,000)	2,013,000	0
Passenger and Freight Transportation	27,205,000	447,000	11,763,000	88,000
Total	42,470,000	(5,053,000)	13,776,000	88,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Operations	3,161,000	18,000	10,091,000	(5,518,000)
Passenger and Freight Transportation	11,216,000	359,000	4,226,000	0
Total	14,377,000	377,000	14,317,000	(5,518,000)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	164,736,700	161,616,000	(3,120,700)
Special Revenue Funds - Federal	33,931,000	33,931,000	0
Special Revenue Funds - Other	1,553,741,000	1,552,441,000	(1,300,000)
Total	1,752,408,700	1,747,988,000	(4,420,700)

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

Program	Available 2002-03	Recommended 2003-04	Change
Additional Mass Transportation Assistance Program			
General Fund	55,600,000	55,600,000	0
Special Revenue Funds - Other	20,000,000	0	(20,000,000)
Dedicated Mass Transportation Trust Program			
Special Revenue Funds - Other	433,300,000	489,800,000	56,500,000
Federal Highway Administration Local Planning			
Special Revenue Funds - Federal	10,566,000	10,566,000	0
Urban Mass Transportation Administration Local Planning			
Special Revenue Funds - Federal	2,917,000	2,917,000	0
Mass Transportation Assistance General Fund	45,000,000	45,000,000	0
Mass Transportation Special Assistance Program			
General Fund	3,000,000	3,000,000	0
Inter City Rail Passenger Service General Fund	820,000	0	(820,000)
Passenger and Freight Transportation General Fund	58,016,000	58,016,000	0
Special Revenue Funds - Federal	20,448,000	20,448,000	0
Special Revenue Funds - Other	887,095,000	836,295,000	(50,800,000)
Section 18-B Program			
Special Revenue Funds - Other	165,989,000	165,989,000	0
Special Transit Aid			
Special Revenue Funds - Other	47,357,000	60,357,000	13,000,000
Community Projects General Fund	2,300,700	0	(2,300,700)
Total	1,752,408,700	1,747,988,000	(4,420,700)

TRANSPORTATION

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Aviation				
Airport or Aviation Program				
Capital Projects Fund - Aviation (Bondable)	0	0	0	3,161,000
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	1,325,000
Airport or Aviation Program -- Bondable				
Capital Projects Fund - Aviation (Bondable)	0	0	0	936,000
Airport or Aviation State Program				
Dedicated Highway and Bridge Trust Fund	8,000,000	8,000,000	0	27,617,000
Regional Aviation Fund	0	0	0	21,212,000
Aviation				
Transportation Capital Facilities Bond Fund - Aviation	0	0	0	8,822,000
Federal Airport or Aviation				
Federal Capital Projects Fund	0	0	0	18,886,000
Canals and Waterways				
Canals and Waterways - Bondable				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	485,000
Economic Development				
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	15,000,000	9,000,000	(6,000,000)	47,150,000
Health and Safety				
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	4,211,000	6,024,000	1,813,000	2,394,000
Highway Facilities				
Accelerated Capacity and Transportation Improvements Fund				
Accelerated Capacity and Transportation Improvements Fund	0	0	0	70,363,000
Airport or Aviation State Program				
Dedicated Highway and Bridge Trust Fund	0	0	0	1,634,000
Engineering Services				
Engineering Services Fund	620,221,000	0	(620,221,000)	859,620,000
NY Metro Transportation Council Account	10,229,000	10,312,000	83,000	23,044,000
Federal Aid Highways - Bondable Purpose				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	8,886,000
Federal Aid Highways - Federal Purpose				
Federal Capital Projects Fund	1,491,000,000	1,697,000,000	206,000,000	4,978,606,000
Highway Facilities				
Dedicated Highway and Bridge Trust Fund	0	0	0	40,753,000
Infrastructure Bond Act Projects				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	7,746,000
Multi-Modal				
Dedicated Highway and Bridge Trust Fund	0	0	0	128,285,000
Municipal Highway - Railroad Crossing Alterations				
Capital Projects Fund - Advances	0	0	0	331,000
Dedicated Highway and Bridge Trust Fund	0	0	0	1,568,000
New York State Agency Fund				
Miscellaneous New York State Agency Fund	52,000,000	50,000,000	(2,000,000)	136,400,000
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	1,570,862,000	1,491,785,000	(79,077,000)	2,785,344,000
Other Highway Aid				
Dedicated Highway and Bridge Trust Fund	0	0	0	4,864,000
Other Transportation Aid				
Dedicated Highway and Bridge Trust Fund	0	0	0	345,000
Priority Bond Act Projects				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	12,897,000
Road and Bridge Improvements - Bondable				
Capital Projects Fund - A.C. and T.I. Fund (Bondable)	0	0	0	69,478,000

TRANSPORTATION

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Small and Minority and Women-Owned Small Business Assistance				3,500,000
Dedicated Highway and Bridge Trust Fund	0	0	0	
Transportation Infrastructure Renewal Bond Fund				46,438,000
Transportation Infrastructure Renewal Bond Fund	0	0	0	
Maintenance Facilities				
Maintenance Facilities				
Dedicated Highway and Bridge Trust Fund	31,000,000	31,000,000	0	53,818,000
Mass Transportation and Rail Freight				
Marine Projects				
Dedicated Mass Transportation Fund	0	0	0	954,000
Mass Transportation				
Dedicated Mass Transportation Fund	15,815,000	15,815,000	0	78,650,000
Mass Transportation and Rail Freight				
Capital Projects Fund - Energy Conservation (Bondable)	0	0	0	2,036,000
Dedicated Highway and Bridge Trust Fund	20,000,000	20,000,000	0	41,956,000
Dedicated Mass Transportation Fund	32,000,000	33,300,000	1,300,000	56,361,000
Federal Capital Projects Fund	0	0	0	20,885,000
Mass Transportation and Rail Freight Bondable				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	12,313,000
Rail Freight				
Capital Projects Fund - Advances	0	0	0	22,446,000
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	1,908,000
Dedicated Mass Transportation Fund	0	0	0	4,173,000
Rail Preservation and Development Fund				
Energy Conservation Through Improved Transportation Bond Fund	0	0	0	2,048,000
Small and Minority and Women-Owned Small Business Assistance				
Dedicated Mass Transportation Fund	0	0	0	5,000,000
Special Rail and Aviation Program				
Dedicated Mass Transportation Fund	0	0	0	12,295,000
Port Development				
Port Development Bondable				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	57,000
Total	3,870,338,000	3,372,236,000	(498,102,000)	9,626,990,000

***PUBLIC PROTECTION
AND GENERAL
GOVERNMENT***

DIVISION OF ALCOHOLIC BEVERAGE CONTROL

MISSION

The Division of Alcoholic Beverage Control regulates and controls the manufacture, sale and distribution of alcoholic beverages within the State. The Division issues and renews licenses and permits to manufacturers, distributors, wholesalers and retailers; works with local law enforcement agencies to ensure compliance with the Alcoholic Beverage Control Law; and regulates trade and credit practices for the sale and distribution of alcoholic beverages by such actions as registering brand labels and controlling wholesale and retail prices.

ORGANIZATION AND STAFFING

The Division maintains offices in New York City, Albany, Syracuse and Buffalo. The Division will have a workforce of 156 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendations for fiscal year 2003-04 reflect savings through the transfer of administrative support functions to the Office of General Services and replacement of the three-member State Liquor Authority with a single agency head. Approximately \$13.1 million in special revenue funding derived from license and permit fees will support the Division.

PROGRAM HIGHLIGHTS

Staff assigned to the Licensing Program are responsible for the timely processing of permits and licenses. The Division will continue to upgrade its computer and imaging systems and re-engineer and automate the licensing process. These improvements continue to reduce processing time, contain operating costs and accelerate revenue collections.

In cooperation with local law enforcement agencies, staff of the Compliance Program ensure that regulated parties comply with the law. The Division investigates and holds administrative hearings on complaints against permit and license holders. Penalties, ranging from warnings to license suspension and revocation, are imposed for violations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	13,744,000	13,057,500	(686,500)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	13,744,000	13,057,500	(686,500)	0

ALCOHOLIC BEVERAGE CONTROL

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

Full-Time Equivalent Positions (FTE)

Program	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration			
Special Revenue Funds - Other	22	14	(8)
Compliance			
Special Revenue Funds - Other	73	69	(4)
Licensing and Wholesaler Services			
Special Revenue Funds - Other	77	73	(4)
Total	<u>172</u>	<u>156</u>	<u>(16)</u>

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
Special Revenue Funds - Other	13,744,000	13,057,500	(686,500)
Total	<u>13,744,000</u>	<u>13,057,500</u>	<u>(686,500)</u>

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Administration			
Special Revenue Funds - Other	3,300,000	3,550,000	250,000
Compliance			
Special Revenue Funds - Other	5,681,000	5,258,500	(422,500)
Licensing and Wholesaler Services			
Special Revenue Funds - Other	4,763,000	4,249,000	(514,000)
Total	<u>13,744,000</u>	<u>13,057,500</u>	<u>(686,500)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	3,550,000	250,000	871,000	(408,000)
Compliance	5,258,500	(422,500)	3,330,000	(353,000)
Licensing and Wholesaler Services	4,249,000	(514,000)	2,693,000	(409,000)
Total	<u>13,057,500</u>	<u>(686,500)</u>	<u>6,894,000</u>	<u>(1,170,000)</u>

Program	Nonpersonal Service	
	Amount	Change
Administration	2,679,000	658,000
Compliance	1,928,500	(69,500)
Licensing and Wholesaler Services	1,556,000	(105,000)
Total	<u>6,163,500</u>	<u>483,500</u>

DEPARTMENT OF AUDIT AND CONTROL

MISSION

The Department of Audit and Control was created in 1926 and is headed by the State Comptroller, who is elected by the people. The Department is responsible for paying the State's bills and payrolls; verifying all financial transactions of the State; reviewing the financial and management practices of State agencies; supervising the fiscal affairs of local governments; investing State funds and issuing bonds and notes; and administering the retirement program for State and most local government employees.

ORGANIZATION AND STAFFING

The operations of the Department of Audit and Control are organized into 10 programs, with its main office in Albany and regional offices in New York City, Buffalo, Rochester, Syracuse, Binghamton, Glens Falls, Newburgh and Hauppauge. These regional offices function primarily as decentralized audit centers, providing financial review of the accounting of revenues collected and expenses incurred by counties, cities, towns and villages, school and fire districts and quasi-governmental entities. The Department will have a workforce of 2,271 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The operating expenses of the Department are funded primarily with State tax dollars from the General Fund and with revenues from the Employee Retirement Systems. The Executive Budget recommends \$202.1 million for the Department's State Operations budget, including \$120 million, or 59 percent, in General Fund support.

Another 37 percent of the Department's State Operations budget will be supported in 2003-04 with the recommended \$74 million in funding from the Retirement Systems. The remaining 4 percent of this budget will be funded with:

- \$4.5 million in payments made by the City of New York and certain businesses, which support the Department's costs associated with overseeing City finances and with administering an account related to oil spill cleanups;
- \$1.4 million in charges to the Retirement Systems for the Department's staff and other costs related to administering an internal auditing program; and
- \$1.8 million from investment earnings, which will finance checking and direct deposit costs of State government.

The General Municipal Law provides special accidental death benefits for the survivors of police and paid firefighters who have died from accidents sustained in the performance of duty, including those first responders lost in the World Trade Center attack. The Executive Budget recommendation includes \$29.1 million to fund these benefits.

PROGRAM HIGHLIGHTS

- The Executive Direction, Legal Services, and Administrative and Data Processing Services programs are responsible for the public information, internal audit, fiscal research, data processing, financial administration, legal, office services, management analysis and human resource functions of the Department.
- The Payroll and Revenue Services program conducts pre-audits of the State payroll and manages two statewide revenue programs. Staff assigned to this program administer the Abandoned Property Law, which requires the timely transfer of abandoned property to the State from holders of the property, notification of the legal

AUDIT AND CONTROL

- owners of the property and payment of all valid claims. Program staff also process revenues generated by the local courts and by the sale of licenses for bingo and games of chance. These revenues are deposited in the Justice Court Fund and are subsequently distributed to the State and localities to which the funds are owed.
- The Management Audit and State Financial Services program audits all State agency, State public authority and New York City government programs to evaluate their effectiveness and efficiency. Staff assigned to this program also conduct a pre-audit of all non-payroll State expenditures. In this capacity, the Department acts as the State's bookkeeper, recording all collected revenues in the appropriate accounts, and posting all payments. The Higher Education Services Corporation and the departments of Labor and Civil Service fund on-site auditors who monitor selected activities of those agencies.
 - The Municipal Affairs program examines and standardizes fiscal reports and accounts of all governmental and quasi-governmental entities within the State, and monitors and makes recommendations on the fiscal condition of municipalities. Staff also audit school districts and boards of cooperative education, with a portion of these costs funded by the State Education Department.
 - The Office of the State Deputy Comptroller for the City of New York assists the New York State Financial Control Board in carrying out and exercising the responsibilities assigned, and powers granted, to the Board by the Financial Emergency Act for the City of New York.
 - The State Retirement program administers the State Retirement Systems, consisting of the Employees' Retirement System, the Police and Fire Retirement System, and the Public Employees' Group Life Insurance Plan. Currently, there are about 2,922 participating government employers, 637,896 active and vested members and approximately 306,604 pensioners and their beneficiaries.
 - The Investments and Cash Management program, in addition to overseeing the assets of the Retirement Systems, issues general obligation debt, invests short-term moneys for the State and local governments and selects financial institutions to provide banking services to the State.
 - Under Chapter 845 of the Laws of 1977, the Comptroller administers the New York State Environmental Protection and Oil Spill Compensation Fund. Costs associated with cleaning up oil spills are paid from the fund upon certification of the Commissioner of Environmental Conservation. Moneys in this fund consist of receipts from a fee levied on each barrel of petroleum shipped into the State.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	204,567,000	202,147,000	(2,420,000)	0
Aid To Localities	20,902,000	29,099,000	8,197,000	0
Capital Projects	0	0	0	0
Total	225,469,000	231,246,000	5,777,000	0

AUDIT AND CONTROL

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administrative and Data Processing			
Services Program			
General Fund	294	290	(4)
Environmental Protection and Spill			
Compensation			
Special Revenue Funds - Other	6	6	0
Executive Direction			
General Fund	35	35	0
Internal Service Funds	13	13	0
Investments and Cash Management			
General Fund	11	11	0
Fiduciary Funds	45	45	0
Legal Services			
General Fund	34	34	0
Management Audit and State Financial			
Services			
General Fund	493	489	(4)
Special Revenue Funds - Federal	9	8	(1)
Internal Service Funds	11	11	0
Municipal Affairs			
General Fund	198	192	(6)
Payroll and Revenue Services			
General Fund	333	329	(4)
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	29	28	(1)
State Retirement			
Fiduciary Funds	760	780	20
Total	2,271	2,271	0

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	128,291,000	119,952,000	(8,339,000)
Special Revenue Funds - Other	4,306,000	4,465,000	159,000
Internal Service Funds	3,167,000	3,222,000	55,000
Fiduciary Funds	68,803,000	74,508,000	5,705,000
Total	204,567,000	202,147,000	(2,420,000)

AUDIT AND CONTROL

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

<u>Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
Administrative and Data Processing			
Services Program			
General Fund	34,380,000	29,327,000	(5,053,000)
Environmental Protection and Spill			
Compensation			
Special Revenue Funds - Other	685,000	692,000	7,000
Executive Direction			
General Fund	4,448,000	4,420,000	(28,000)
Internal Service Funds	1,327,000	1,382,000	55,000
Investments and Cash Management			
General Fund	1,392,000	1,369,000	(23,000)
Internal Service Funds	1,840,000	1,840,000	0
Fiduciary Funds	6,228,000	6,447,000	219,000
Legal Services			
General Fund	2,845,000	2,845,000	0
Management Audit and State Financial			
Services			
General Fund	34,054,000	33,747,000	(307,000)
Municipal Affairs			
General Fund	12,983,000	12,936,000	(47,000)
Fiduciary Funds	545,000	545,000	0
Payroll and Revenue Services			
General Fund	38,189,000	35,308,000	(2,881,000)
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	3,621,000	3,773,000	152,000
State Retirement			
Fiduciary Funds	62,030,000	67,516,000	5,486,000
Total	<u>204,567,000</u>	<u>202,147,000</u>	<u>(2,420,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administrative and Data Processing				
Services Program	15,673,000	(216,000)	15,621,200	(216,000)
Executive Direction	3,754,000	0	3,737,700	0
Investments and Cash Management	880,000	0	880,000	0
Legal Services	2,827,000	0	2,814,600	0
Management Audit and State Financial				
Services	26,850,000	(216,000)	26,698,000	(216,000)
Municipal Affairs	11,600,000	(324,000)	11,581,000	(324,000)
Payroll and Revenue Services	15,513,000	(216,000)	14,586,200	(216,000)
Total	<u>77,097,000</u>	<u>(972,000)</u>	<u>75,918,700</u>	<u>(972,000)</u>

<u>Program</u>	<u>Temporary Service (Nonannual Salaried)</u>		<u>Holiday/Overtime Pay (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administrative and Data Processing				
Services Program	11,600	0	40,200	0
Executive Direction	16,300	0	0	0
Investments and Cash Management	0	0	0	0
Legal Services	0	0	12,400	0
Management Audit and State Financial				
Services	92,300	0	59,700	0
Municipal Affairs	0	0	19,000	0
Payroll and Revenue Services	424,400	0	502,400	0
Total	<u>544,600</u>	<u>0</u>	<u>633,700</u>	<u>0</u>

AUDIT AND CONTROL

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	13,654,000	(4,837,000)	663,100	0
Executive Direction	666,000	(28,000)	15,600	0
Investments and Cash Management	489,000	(23,000)	6,300	0
Legal Services	18,000	0	5,000	0
Management Audit and State Financial				
Services	6,897,000	(91,000)	21,000	0
Municipal Affairs	1,336,000	277,000	33,500	0
Payroll and Revenue Services	19,795,000	(2,665,000)	68,600	0
Total	<u>42,855,000</u>	<u>(7,367,000)</u>	<u>813,100</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	20,600	0	12,911,600	(4,837,000)
Executive Direction	21,900	0	571,700	(28,000)
Investments and Cash Management	6,400	0	475,500	(23,000)
Legal Services	2,200	0	5,800	0
Management Audit and State Financial				
Services	240,300	0	6,623,950	(91,000)
Municipal Affairs	404,800	0	893,500	277,000
Payroll and Revenue Services	89,400	0	19,621,250	(2,665,000)
Total	<u>785,600</u>	<u>0</u>	<u>41,103,300</u>	<u>(7,367,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	58,700	0	0	0
Executive Direction	2,800	0	54,000	0
Investments and Cash Management	800	0	0	0
Legal Services	5,000	0	0	0
Management Audit and State Financial				
Services	11,750	0	0	0
Municipal Affairs	4,200	0	0	0
Payroll and Revenue Services	15,750	0	0	0
Total	<u>99,000</u>	<u>0</u>	<u>54,000</u>	<u>0</u>

AUDIT AND CONTROL

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Environmental Protection and Spill				
Compensation	692,000	7,000	330,000	0
Executive Direction	1,382,000	55,000	914,000	0
Investments and Cash Management	8,287,000	219,000	3,603,000	0
Municipal Affairs	545,000	0	0	0
Office of the Special Deputy Comptroller for New York City	3,773,000	152,000	2,505,000	0
State Retirement	67,516,000	5,486,000	33,329,000	1,725,000
Total	<u>82,195,000</u>	<u>5,919,000</u>	<u>40,681,000</u>	<u>1,725,000</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Environmental Protection and Spill				
Compensation	362,000	7,000	0	0
Executive Direction	468,000	55,000	0	0
Investments and Cash Management	4,684,000	219,000	0	0
Municipal Affairs	0	0	545,000	0
Office of the Special Deputy Comptroller for New York City	1,268,000	152,000	0	0
State Retirement	33,491,000	3,761,000	696,000	0
Total	<u>40,273,000</u>	<u>4,194,000</u>	<u>1,241,000</u>	<u>0</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	20,902,000	29,099,000	8,197,000
Total	<u>20,902,000</u>	<u>29,099,000</u>	<u>8,197,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Management Audit and State Financial Services			
General Fund	20,902,000	29,099,000	8,197,000
Total	<u>20,902,000</u>	<u>29,099,000</u>	<u>8,197,000</u>

BANKING DEPARTMENT

MISSION

The Banking Department is charged with protecting the public interest and promoting a desirable business climate by regulating and supervising approximately 3,100 State-chartered banking institutions and licensees with total assets of approximately \$1.8 trillion. In carrying out this responsibility, the Department approves acquisitions, branch expansions, mergers and other forms of consolidation. It also levies fines, orders cessation of unsound financial practices and replaces management as needed. In addition, the Department is authorized to take possession of failing institutions and to operate or liquidate them for the benefit of depositors and creditors. In exercising this oversight, the Banking Department maintains the highest standards to assure the continued safety and soundness of, and the full public confidence in, the institutions supervised. By dealing decisively with institutions that are not in compliance with banking laws and regulations, or cases of malfeasance, the Department promotes a desirable business climate for all financial institutions operating in New York State.

ORGANIZATION AND STAFFING

The Superintendent of Banks, appointed by the Governor, directs the Department. The Superintendent is also the Chair of the 17-member Banking Board, a quasi-legislative body which regulates the conduct of banking in the State. Members of the Board are appointed by the Governor with the consent of the Senate. They receive travel reimbursement but are not otherwise compensated. The Department maintains offices in Albany, New York City, Syracuse, London, and Tokyo. The Banking Department will have a workforce of 569 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Banking Department is entirely supported by fees charged to regulated financial institutions and organizations. The Executive Budget recommends \$73 million to support the Department in 2003-04.

PROGRAM HIGHLIGHTS

To ensure the safety and soundness of banking institutions, the Department monitors these institutions to identify problems and works with management to promptly solve them. This responsibility is carried out through annual on-site examinations of most State-chartered institutions, the regular review of institutional financial reports and periodic site visits.

To ensure that State-chartered banking institutions are complying with State laws and regulations and that no individuals are unfairly denied credit, Department employees conduct consumer compliance examinations and resolve consumer complaints. Other staff monitor whether institutions are helping to meet the credit needs of, and providing banking services to, local communities as required by the State Community Reinvestment Act.

Additionally, the Department's fair but firm approach to criminal banking activities protects the public and provides support to institutions that do abide by applicable laws and regulations. Lastly, the Department continues to review its internal programs, policies, and procedures in order to eliminate inefficiencies, respond to the changing environment for financial services and promote a strong and healthy financial services industry.

The Holocaust Claims Processing Office, established in 1997, assists Holocaust survivors and their heirs in their search for assets that have been withheld by banks and insurance companies.

BANKING

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	75,048,000	73,288,000	(1,760,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	75,048,000	73,288,000	(1,760,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
Special Revenue Funds - Other	63	63	0
Analysis and Compliance			
Special Revenue Funds - Other	35	35	0
Regulation			
Special Revenue Funds - Other	483	471	(12)
Total	581	569	(12)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Federal	500,000	500,000	0
Special Revenue Funds - Other	71,848,000	70,088,000	(1,760,000)
Fiduciary Funds	2,700,000	2,700,000	0
Total	75,048,000	73,288,000	(1,760,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
Special Revenue Funds - Other	6,351,000	6,511,000	160,000
Fiduciary Funds	2,700,000	2,700,000	0
Analysis and Compliance			
Special Revenue Funds - Federal	200,000	200,000	0
Special Revenue Funds - Other	3,776,000	3,620,000	(156,000)
Regulation			
Special Revenue Funds - Federal	300,000	300,000	0
Special Revenue Funds - Other	61,721,000	59,957,000	(1,764,000)
Total	75,048,000	73,288,000	(1,760,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	9,211,000	160,000	4,247,000	49,000
Analysis and Compliance	3,820,000	(156,000)	2,442,000	(150,000)
Regulation	60,257,000	(1,764,000)	33,379,000	(1,604,000)
Total	<u>73,288,000</u>	<u>(1,760,000)</u>	<u>40,068,000</u>	<u>(1,705,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	4,964,000	111,000	0	0
Analysis and Compliance	1,378,000	(6,000)	0	0
Regulation	25,713,000	(187,000)	1,165,000	27,000
Total	<u>32,055,000</u>	<u>(82,000)</u>	<u>1,165,000</u>	<u>27,000</u>

DIVISION OF THE BUDGET

MISSION

The Governor is responsible under the State Constitution for the preparation and execution of the State's expenditure and revenue plans. The Division of the Budget prepares a proposed budget under the Governor's direction and executes the budget as adopted by the Legislature. The Division also serves as the Governor's primary advisor on such fiscal matters as local government and public authority finances.

ORGANIZATION AND STAFFING

Headed by the Director of the Budget, the Division is located in Albany. The Division's workforce is supported through both the General Fund and Special Revenues.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The recommended General Fund appropriation for 2003-04 of \$37.1 million will fund the Budget Division's basic operations.

PROGRAM HIGHLIGHTS

The Division's activities include:

- Establishing budget policy and agency direction;
- Providing fiscal policy advice in revenue and expenditure forecasting, budget process management and intergovernmental relations; and
- Coordinating the development and execution of State agency programs and budgets.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	65,144,000	57,765,000	(7,379,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	65,144,000	57,765,000	(7,379,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Budget Division			
General Fund	342	314	(28)
Special Revenue Funds - Other	3	21	18
Total	345	335	(10)

BUDGET

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

<u>Fund Type</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
General Fund	46,467,000	37,115,000	(9,352,000)
Special Revenue Funds - Other	17,227,000	19,200,000	1,973,000
Internal Service Funds	1,300,000	1,300,000	0
Fiduciary Funds	150,000	150,000	0
Total	<u>65,144,000</u>	<u>57,765,000</u>	<u>(7,379,000)</u>

Adjustments:

Transfer(s) From	
Cash Management Improvement Act	
General Fund	(15,000,000)
Special Revenue Funds - Other	<u>(9,000,000)</u>
Appropriated 2002-03	<u>41,144,000</u>

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

<u>Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
Budget Division			
General Fund	31,467,000	28,615,000	(2,852,000)
Special Revenue Funds - Other	8,227,000	13,200,000	4,973,000
Internal Service Funds	1,300,000	1,300,000	0
Fiduciary Funds	150,000	150,000	0
Cash Management Improvement Act			
General Fund	15,000,000	8,500,000	(6,500,000)
Special Revenue Funds - Other	<u>9,000,000</u>	<u>6,000,000</u>	<u>(3,000,000)</u>
Total	<u>65,144,000</u>	<u>57,765,000</u>	<u>(7,379,000)</u>

CAPITAL DEFENDER OFFICE

MISSION

The Capital Defender Office, which has been in operation since 1995 is authorized to defend any indigent person charged with a capital crime. With the restoration of the death penalty, persons convicted of first-degree murder may be sentenced to death by lethal injection, life imprisonment without parole, or 20 to 25 years in prison. To be sentenced to death, a person must be found guilty of first-degree murder, which includes the killing of a police officer, killing for hire, or certain other heinous murders.

The Capital Defender Office ensures that offenders who face the death penalty receive the full legal protection to which they are entitled under law. The Office is required to provide legal, investigative and expert services to indigent defendants charged with crimes eligible for the death penalty. Since not all defendants in capital cases will be represented by the Office, the law also requires the Office to set minimum standards for lawyers appointed to defend such cases, provide training and assistance to these attorneys and provide judges with lists of qualified lawyers.

ORGANIZATION AND STAFFING

A three-member Board oversees the work of the Office. The Board members are appointed, one each by the Temporary President of the Senate, the Speaker of the Assembly and the Chief Judge of the Court of Appeals. The Office has a staff of 61 located in a central office in New York City and regional offices in Albany and Rochester.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendation provides a total of nearly \$13.1 million in State tax dollars to fund the actual cost of providing death penalty defense in 2003-04. These funds will support the Agency's staff attorneys, investigators and experts as well as legal aid societies and private attorneys appointed to represent indigent defendants in capital cases.

PROGRAM HIGHLIGHTS

Since 1995, there have been a total of 730 capital-eligible cases and 44 notices of intent to seek the death penalty filed by the State's district attorneys. Due in part to progress made in reducing violent crime, the number of capital-eligible cases has declined from 138 in 1996 to 70 in 2002. Similarly, the number of intent to seek death penalty notices filed has declined from 13 in 1996 to only one in 2002.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	13,897,000	13,095,000	(802,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	13,897,000	13,095,000	(802,000)	0

CAPITAL DEFENDER

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Capital Defense			
General Fund	65	61	(4)
Total	<u>65</u>	<u>61</u>	<u>(4)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	13,897,000	13,095,000	(802,000)
Total	<u>13,897,000</u>	<u>13,095,000</u>	<u>(802,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Capital Defense			
General Fund	13,897,000	13,095,000	(802,000)
Total	<u>13,897,000</u>	<u>13,095,000</u>	<u>(802,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Capital Defense	4,879,000	(116,000)	4,698,000	(147,000)
Total	<u>4,879,000</u>	<u>(116,000)</u>	<u>4,698,000</u>	<u>(147,000)</u>

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Capital Defense	181,000	31,000
Total	<u>181,000</u>	<u>31,000</u>

CAPITAL DEFENDER

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Capital Defense	8,216,000	(686,000)	182,000	0
Total	8,216,000	(686,000)	182,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Capital Defense	306,000	0	2,044,000	(86,000)
Total	306,000	0	2,044,000	(86,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Capital Defense	155,000	0	5,529,000	(600,000)
Total	155,000	0	5,529,000	(600,000)

DEPARTMENT OF CIVIL SERVICE

MISSION

In accordance with the Civil Service Law, the Department of Civil Service is charged with providing human resource management services to State and local governments.

ORGANIZATION AND STAFFING

Under the direction of a Commissioner appointed by the Governor, the Department is based in Albany. The Civil Service Commission, consisting of the Commissioner, who serves as its President, and two Commissioners appointed by the Governor, is an appellate body responsible for reviewing determinations of the Department and the Director of Classification and Compensation. The Department will have a workforce of 579 positions for 2003-04.

The responsibilities of the Department are carried out through eight divisions:

- The Division of Information Resource Management provides the Department's basic data, information and systems and has primary responsibility for implementation of the Department's technology projects;
- The Staffing Services Division provides State agencies with personnel recruitment and placement services. The Division coordinates the Department's response to agency personnel operations and develops and administers a variety of tests for State positions, including oral, training and experience and performance assessment tests;
- The Testing Services Division develops, administers and validates State and local written tests;
- The Division of Classification and Compensation determines appropriate job titles for agency functions and salary levels for existing and new positions;
- The Division of Personnel Services encompasses the Employee Benefits Division and the Employee Health Service. The Employee Benefits Division administers health, dental, life, vision, disability and accident benefit programs for State employees and participating local governments. Responsibilities include contracting with insurance companies and other vendors to deliver services, financial management of these programs, communicating plan provisions to subscribers, assisting enrollees in resolving disputed claims, maintaining enrollment information for over 1.1 million covered individuals and financial accounting for approximately \$3 billion in annual premiums through the New York Benefits Eligibility and Accounting System;
- The Municipal Service Division assists 103 local civil service agencies in classifying positions, interpreting laws and rules and, together with the Testing Division, providing selection devices and examinations;
- The Diversity Planning and Management Division approves and monitors affirmative action plans for State agencies, provides technical assistance and training in the achievement of cultural diversity in the work force and is also responsible for administering the Workers With Disabilities Program; and
- The Planning and Training Division oversees the Employee Suggestion Program which saved State agencies more than \$8.6 million in the past five years through implemented suggestions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department is funded, in part, with tax dollars from the General Fund that will support 37 percent of the Agency's operations. The remaining 63 percent of its operations are funded with payments from other agencies and governmental entities, most of which are made by employers participating in the New York State Health Insurance Program that pay premiums to offset the Department's cost of administering the program. Similarly, the Department is

CIVIL SERVICE

reimbursed for testing and other services provided to such State agencies as the Banking Department, whose operations are funded by special industry assessments.

The Executive Budget recommends funding of \$58.8 million for the Department, which includes \$22 million in General Fund support and \$36.8 million in payments from other State agencies and public entities. Agency savings will be achieved primarily through workforce reductions generated by attrition and early retirements. The Department of Civil Service continues to expand its use of technology to provide improved services to State and local agencies and other customers. In 2003-04, the Department will complete the scheduled upgrading of the software used by its major electronic data processing systems.

PROGRAM HIGHLIGHTS

The Department of Civil Service continues to use technology to strengthen services and increase efficiency. During 2001-02, the Department initiated computer-based testing through use of its own Computer-Based Testing and Training Center and through facilities provided by the Departments of Taxation and Finance and Labor. The Department also developed a stand-alone automated examination for Information Technology titles for use by local governments. In 2002-03, the Department began a multi-year effort to develop an Integrated Testing System (ITS) to enhance the quality and timeliness of test scoring, list certifications and employee placements. The Department also began providing employees the capacity to apply for promotional examinations on-line, including the submission of qualifying training and experience.

The Department's Employee Benefits Division achieved a reduction of \$122 million for Empire Plan subscribers through negotiated benefit changes and adjustments to the insurance companies' requested premium.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	65,783,000	58,816,000	(6,967,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	65,783,000	58,816,000	(6,967,000)	0

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration and Information Management			
General Fund	107	95	(12)
Internal Service Funds	29	22	(7)
Local Civil Service			
General Fund	16	14	(2)
Labor Management Programs			
General Fund	17	17	0
Personnel Benefit Services			
General Fund	37	33	(4)
Internal Service Funds	163	158	(5)
Personnel Management Services			
General Fund	215	190	(25)
Internal Service Funds	50	50	0
Total	634	579	(55)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	28,463,000	22,048,000	(6,415,000)
Special Revenue Funds - Other	1,500,000	1,500,000	0
Internal Service Funds	35,520,000	34,968,000	(552,000)
Fiduciary Funds	300,000	300,000	0
Total	65,783,000	58,816,000	(6,967,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration and Information Management			
General Fund	10,381,000	6,607,000	(3,774,000)
Internal Service Funds	4,740,000	4,817,000	77,000
Local Civil Service			
General Fund	1,026,000	892,000	(134,000)
Personnel Benefit Services			
General Fund	2,171,000	1,885,000	(286,000)
Special Revenue Funds - Other	500,000	500,000	0
Internal Service Funds	23,490,000	22,806,000	(684,000)
Fiduciary Funds	300,000	300,000	0
Personnel Management Services			
General Fund	14,885,000	12,664,000	(2,221,000)
Special Revenue Funds - Other	1,000,000	1,000,000	0
Internal Service Funds	7,290,000	7,345,000	55,000
Total	65,783,000	58,816,000	(6,967,000)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Information Management	5,149,000	(753,000)	5,146,000	(753,000)
Local Civil Service	864,000	(126,000)	863,000	(126,000)
Personnel Benefit Services	1,815,000	(265,000)	1,785,000	(265,000)
Personnel Management Services	10,851,000	(1,675,000)	9,948,000	(1,675,000)
Total	18,679,000	(2,819,000)	17,742,000	(2,819,000)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Information Management	0	0	3,000	0
Local Civil Service	0	0	1,000	0
Personnel Benefit Services	28,000	0	2,000	0
Personnel Management Services	887,000	0	16,000	0
Total	915,000	0	22,000	0

CIVIL SERVICE

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Information				
Management	1,458,000	(3,021,000)	45,000	0
Local Civil Service	28,000	(8,000)	6,000	0
Personnel Benefit Services	70,000	(21,000)	17,000	(21,000)
Personnel Management Services	1,813,000	(546,000)	108,000	0
Total	<u>3,369,000</u>	<u>(3,596,000)</u>	<u>176,000</u>	<u>(21,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Information				
Management	32,000	0	525,000	(2,244,000)
Local Civil Service	11,000	0	11,000	(8,000)
Personnel Benefit Services	10,000	0	28,000	0
Personnel Management Services	116,000	0	1,573,000	(546,000)
Total	<u>169,000</u>	<u>0</u>	<u>2,137,000</u>	<u>(2,798,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Information				
Management	80,000	0	776,000	(777,000)
Local Civil Service	0	0	0	0
Personnel Benefit Services	15,000	0	0	0
Personnel Management Services	16,000	0	0	0
Total	<u>111,000</u>	<u>0</u>	<u>776,000</u>	<u>(777,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Information				
Management	4,817,000	77,000	1,313,000	(47,000)
Personnel Benefit Services	23,606,000	(684,000)	7,995,000	(712,000)
Personnel Management Services	8,345,000	55,000	0	0
Total	<u>36,768,000</u>	<u>(552,000)</u>	<u>9,308,000</u>	<u>(759,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Information				
Management	1,104,000	24,000	2,400,000	100,000
Personnel Benefit Services	6,168,000	(261,000)	9,443,000	289,000
Personnel Management Services	0	0	8,345,000	55,000
Total	<u>7,272,000</u>	<u>(237,000)</u>	<u>20,188,000</u>	<u>444,000</u>

CONSUMER PROTECTION BOARD

MISSION

The Consumer Protection Board (CPB) was created to protect the State's consumers. The Agency advises the Governor on consumer issues including those related to utilities; helps draft legislation that protects consumers; handles consumer complaints and mediates consumer disputes; promotes consumer education and fraud prevention; and maintains New York's Telemarketing "Do Not Call" registry.

ORGANIZATION AND STAFFING

The Consumer Protection Board consists of three units: Office of Consumer Assistance, Office of Strategic Programs, and Telemarketing "Do Not Call" Investigation and Enforcement. The Agency is located in Albany, with satellite offices in Rochester, Long Island and New York City. For 2003-04 the Consumer Protection Board will have a workforce of 30.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Consumer Protection Board is financed primarily from non-taxpayer sources, including utilities and telemarketers operating within the State. The Executive Budget recommendation provides approximately \$5.0 million for the Consumer Protection Board for 2003-04 including \$403,000 in General Fund support and \$2.3 million for maintenance of the State's "Do Not Call" registry.

PROGRAM HIGHLIGHTS

The Office of Strategic Programs analyzes legislation affecting consumers, investigates and researches consumer-related issues, and conducts education programs. The Office of Consumer Assistance mediates disputes between consumers and businesses.

The Telemarketing "Do Not Call" unit maintains New York's list of over 2.1 million consumers who have indicated a preference not to receive unsolicited phone calls from telemarketing companies.

ALL FUNDS APPROPRIATIONS (dollars)

<u>Category</u>	<u>Available 2002-03</u>	<u>Appropriations Recommended 2003-04</u>	<u>Change</u>	<u>Reappropriations Recommended 2003-04</u>
State Operations	5,154,000	4,998,000	(156,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	5,154,000	4,998,000	(156,000)	0

CONSUMER PROTECTION

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

Full-Time Equivalent Positions (FTE)

Program	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Consumer Protection			
General Fund	5	5	0
Special Revenue Funds - Other	26	25	(1)
Total	31	30	(1)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	400,000	403,000	3,000
Special Revenue Funds - Other	4,754,000	4,595,000	(159,000)
Total	5,154,000	4,998,000	(156,000)

Adjustments:

Transfer(s) From	
Consumer Protection Board, State General Fund	(93,000)
Transfer(s) To	
Consumer Protection Board, State Special Revenue Funds - Other	93,000
Appropriated 2002-03	5,154,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Consumer Protection			
General Fund	400,000	403,000	3,000
Special Revenue Funds - Other	4,754,000	4,595,000	(159,000)
Total	5,154,000	4,998,000	(156,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Consumer Protection	256,000	3,000	256,000	3,000
Total	256,000	3,000	256,000	3,000

CONSUMER PROTECTION

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Consumer Protection	147,000	0	13,000	0
Total	<u>147,000</u>	<u>0</u>	<u>13,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Consumer Protection	24,000	0	102,000	0
Total	<u>24,000</u>	<u>0</u>	<u>102,000</u>	<u>0</u>

Program	Equipment	
	Amount	Change
Consumer Protection	8,000	0
Total	<u>8,000</u>	<u>0</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Consumer Protection	4,595,000	(159,000)	1,656,000	(107,000)
Total	<u>4,595,000</u>	<u>(159,000)</u>	<u>1,656,000</u>	<u>(107,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Consumer Protection	2,928,000	(53,000)	11,000	1,000
Total	<u>2,928,000</u>	<u>(53,000)</u>	<u>11,000</u>	<u>1,000</u>

STATE COMMISSION OF CORRECTION

MISSION

The State Commission of Correction regulates and oversees the operation and management of State and local correctional facilities. The Agency's role is to promote a safe, secure and stable correctional system and to provide for the accountability of corrections officials. As a result of legislation enacted in 1996, the Commission's role includes the oversight of secure youth facilities operated by the Office of Children and Family Services.

ORGANIZATION AND STAFFING

The Commission is made up of three members appointed by the Governor, one of whom is designated Chair. The other Commissioners respectively chair the Citizens Policy and Complaint Review Council, which reviews grievances and complaints against correctional facilities, and the Medical Review Board, which investigates inmate deaths and oversees health care services.

Regional teams of review specialists are responsible for visiting and inspecting local and State correctional facilities. They investigate unusual events at facilities, provide technical assistance to improve facility management and monitor facilities for compliance with standards and regulations. The agency will operate in 2003-04 with a staff of 35.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Commission of Correction will be supported by approximately \$2.5 million in State tax dollars in 2003-04.

PROGRAM HIGHLIGHTS

The Commission monitors 70 State correctional facilities, 60 county jails, 16 New York City correctional facilities, 267 locally operated police department detention facilities throughout the State and 4 juvenile detention facilities operated by the Office of Children and Family Services. The agency also participates in the multi-agency Criminal Justice Systems Analysis Team (CJSAT) — operated in conjunction with the Division of Criminal Justice Services and the Division of Probation and Correctional Alternatives — to assist localities in analyzing operational issues in local correctional facilities.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations	Change	Reappropriations
	2002-03	Recommended 2003-04		Recommended 2003-04
State Operations	2,586,000	2,529,000	(57,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	2,586,000	2,529,000	(57,000)	0

CORRECTION

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Improvement of Correctional Facilities			
General Fund	33	32	(1)
Special Revenue Funds - Federal	3	3	0
Total	<u>36</u>	<u>35</u>	<u>(1)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Improvement of Correctional Facilities			
General Fund	2,586,000	2,529,000	(57,000)
Total	<u>2,586,000</u>	<u>2,529,000</u>	<u>(57,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Improvement of Correctional Facilities	2,099,000	(22,000)	2,079,000	(21,900)
Total	<u>2,099,000</u>	<u>(22,000)</u>	<u>2,079,000</u>	<u>(21,900)</u>

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Improvement of Correctional Facilities	20,000	(100)
Total	<u>20,000</u>	<u>(100)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Improvement of Correctional Facilities	430,000	(35,000)	16,000	(100)
Total	<u>430,000</u>	<u>(35,000)</u>	<u>16,000</u>	<u>(100)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Improvement of Correctional Facilities	153,000	(100)	253,000	(600)
Total	<u>153,000</u>	<u>(100)</u>	<u>253,000</u>	<u>(600)</u>

Program	Equipment	
	Amount	Change
Improvement of Correctional Facilities	8,000	(34,200)
Total	<u>8,000</u>	<u>(34,200)</u>

DEPARTMENT OF CORRECTIONAL SERVICES

MISSION

The Department of Correctional Services (DOCS) is responsible for the secure confinement of convicted felons and the preparation of these individuals for successful reintegration into the community upon release.

ORGANIZATION AND STAFFING

The Department, headed by a Commissioner, will have approximately 30,500 employees to operate 70 facilities. Each correctional facility is headed by a Superintendent and executive staff to oversee the daily operation of the nation's fourth largest state prison system.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The budget recommendations for the Department of Correctional Services continue to reflect a reduced demand for prison space after two decades of capacity expansion. The reversal of this historical trend is the result of several factors, including tougher criminal justice reforms that have been made since 1995 and have led to a decline in the statewide number of felony arrests and the success of initiatives (such as Shock Incarceration, the Willard Drug Treatment Campus and the Merit Time Program) designed to reduce the number of nonviolent offenders in prison. Continued decline in the inmate population will be facilitated by proposed legislation which will permit inmates with excellent program participation and no history of violence to be eligible for early release. This legislation includes expansion of the Merit Time Program and enhancement of the Earned Eligibility Program. As a result, the Department will continue to phase out additional beds currently in use in the prison system.

It is important to note that the reduction in demand for prison space is for medium-security and minimum-security housing. Over the past eight years, penalties for violent crime have increased significantly in New York State. Jenna's Law, enacted in August 1998, together with the Truth-in-Sentencing legislation enacted in 1995, ensure that violent offenders will serve at least 85 percent of their sentence in prison.

The Department will continue "right-sizing" the prison system to reflect the changing inmate population. Funding of \$2.2 billion is provided to support operational needs.

- State tax dollars finance 89 percent of the Department's State Operations Budget and 100 percent of the Department's Aid to Localities Budget to reimburse counties for the cost of housing inmates awaiting transfer to State prison;
- Federal funds support 3 percent of the Department's State Operations Budget, offsetting the cost of housing illegal alien felons, inmate education and substance abuse treatment;
- Correctional Facilities Capital Improvement Fund appropriations of \$205 million ensure that all housing, medical buildings and support space remain functional, safe and secure; and
- The DOCS Internal Service Fund appropriation of \$77.6 million is for operation of the Correctional Industries program (Corcraft). This inmate vocational program engages in the production of commodities, as well as prison maintenance and rehabilitation projects, giving prisoners an opportunity to learn employment skills to improve their chances of successful reintegration into the community.

CORRECTIONAL SERVICES

PROGRAM HIGHLIGHTS

The Department operates correctional facilities that have a range of security levels. Inmates are provided with appropriate programming to afford offenders an opportunity for rehabilitation aimed at reducing recidivism.

Additionally, the Department, in cooperation with the Division of Parole, operates the Willard Drug Treatment Campus in Seneca County. Through this program, courts have the option to remand low level, nonviolent offenders to treatment — an option that is intended to stop the cycle of drug-related criminal activity at far less cost to the taxpayers than traditional incarceration.

ADMINISTRATION

Administrative staff formulate and oversee Agency policy and provide operational support to correctional facilities. The responsibilities of this program include the direction of inmate classification and movement, labor relations, personnel and financial transactions and the Department's legal affairs.

SUPPORT SERVICES

The Support Services Program provides all resources necessary for the operation of correctional facilities housing individuals remanded to State custody. This includes the employment of all facility managers and centrally assigned staff essential to operate and maintain the Agency's physical plant. Through this program, the Agency also provides inmate food and transportation services and enters into cooperative agreements with local governments for sewer/water systems. The Agency has been increasingly successful in implementing initiatives to improve operational efficiencies.

SUPERVISION OF INMATES

The Department employs approximately 20,700 correction officers to ensure a secure environment for employees and inmates within the correctional setting and to protect the safety of surrounding communities.

PROGRAM SERVICES

The Department operates a wide range of programs designed to prepare inmates for successful reintegration into the community. The majority of inmates entering State prison have educational deficiencies and histories of substance abuse. To counter this problem, the Agency's rehabilitation efforts focus on basic education and simple vocational skill achievement to ready inmates for employment upon release. The transitional services program will assist every inmate throughout all stages of their incarceration to fully participate in the wide variety of programs available in the Department's facilities.

The Agency's Comprehensive Alcohol and Substance Abuse Treatment program will continue to provide over 4,800 offenders each year with six months of residential treatment and follow-up care. Resources to coordinate the Agency's sex offender treatment programs, aggression management programs and transitional services will enable the Department to better treat and stabilize the prison population.

HEALTH SERVICES

Offenders entering prison present a significant need for health care because of high rates of disease related to AIDS, tuberculosis and other infectious conditions. The Executive

CORRECTIONAL SERVICES

Budget ensures that the Department has the resources to meet the full need for AIDS screening and interventions. Notably, the number of inmates dying annually from HIV-related disease has plummeted by more than 90 percent since 1995.

The Department's approach to health care has kept pace with the national trend toward cost efficient managed care programs. To contain escalating costs of appropriate health care for the inmate population, the Department will continue the operation of regional medical units on the grounds of Mohawk, Coxsackie, Wende, Bedford Hills and Fishkill correctional facilities.

CAPITAL PROJECTS

The Department of Correctional Services operates an institutional network of 70 correctional facilities, a number of which were converted during prison expansion in the 1980's from very old facilities initially built for other uses. With the completion of Five Points Correctional Facility signaling the end of the most recent capacity expansion effort, the Department is now focusing its capital resources on critical physical plant maintenance and rehabilitation projects.

DEPARTMENT OF CORRECTIONAL SERVICES MALE FACILITIES

Maximum Security

Attica Correctional Facility	(Wyoming County)
Auburn Correctional Facility	(Cayuga County)
Clinton Correctional Facility	(Clinton County)
Coxsackie Correctional Facility	(Greene County)
Downstate Correctional Facility	(Dutchess County)
Eastern Correctional Facility	(Ulster County)
Elmira Correctional Facility	(Chemung County)
Five Points Correctional Facility	(Seneca County)
Great Meadow Correctional Facility	(Washington County)
Green Haven Correctional Facility	(Dutchess County)
Shawangunk Correctional Facility	(Ulster County)
Sing Sing Correctional Facility	(Westchester County)
Southport Correctional Facility	(Chemung County)
Sullivan Correctional Facility	(Sullivan County)
Upstate Correctional Facility	(Franklin County)
Wende Correctional Facility	(Erie County)

Medium Security

Adirondack Correctional Facility	(Essex County)
Altona Correctional Facility	(Clinton County)
Arthurkill Correctional Facility and CASAT**	(Staten Island)
Bare Hill Correctional Facility	(Franklin County)
Butler CASAT	(Wayne County)
Cape Vincent Correctional Facility and CASAT	(Jefferson County)
Cayuga Correctional Facility	(Cayuga County)
Chateaugay CASAT	(Franklin County)
Collins Correctional Facility	(Erie County)
Fishkill Correctional Facility	(Dutchess County)
Franklin Correctional Facility	(Franklin County)
Gouverneur Correctional Facility	(St. Lawrence County)
Gowanda Correctional Facility	(Erie County)
Greene Correctional Facility	(Greene County)
Groveland Correctional Facility	(Livingston County)
Hale Creek CASAT	(Fulton County)
Hudson Correctional Facility	(Columbia County)
Livingston Correctional Facility	(Livingston County)
Marcy Correctional Facility and CASAT Annex	(Oneida County)
Mid-Orange Correctional Facility	(Orange County)
Mid-State Correctional Facility	(Oneida County)
Mohawk Correctional Facility	(Oneida County)
Mt. McGregor Correctional Facility	(Saratoga County)
Ogdensburg Correctional Facility	(St. Lawrence County)
Oneida Correctional Facility	(Oneida County)
Orleans Correctional Facility	(Orleans County)
Otisville Correctional Facility	(Orange County)

CORRECTIONAL SERVICES

Riverview Correctional Facility	(St. Lawrence County)
Ulster Correctional Facility	(Ulster County)
Wallkill Correctional Facility	(Ulster County)
Washington Correctional Facility	(Washington County)
Watertown Correctional Facility	(Jefferson County)
Woodbourne Correctional Facility	(Sullivan County)
Wyoming Correctional Facility	(Wyoming County)

Minimum Security

Butler Correctional Facility	(Wayne County)
Lyon Mountain Correctional Facility	(Clinton County)

Minimum Work Release

Buffalo Correctional Facility	(Erie County)
Edgecombe Correctional Facility	(Manhattan)
Fishkill Correctional Facility*	(Dutchess County)
Fulton Correctional Facility	(Bronx)
Hudson Correctional Facility*	(Columbia County)
Lincoln Correctional Facility	(Manhattan)
Queensboro Correctional Facility	(Queens)
Rochester Correctional Facility	(Monroe County)

Camps

Camp Gabriels	(Franklin County)
Camp Georgetown	(Madison County)
Camp Mt. McGregor*	(Saratoga County)
Camp Pharsalia	(Chenango County)
Camp Fallsburg*	(Sullivan County)

Shock Incarceration

Lakeview Shock Incarceration Facility	(Chautauqua County)
Monterey Shock Incarceration Facility	(Schuyler County)
Moriah Shock Incarceration Facility	(Essex County)
Summit Shock Incarceration Facility	(Schoharie County)

Drug Treatment Campus

Willard Drug Treatment Campus	(Seneca County)
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DEPARTMENT OF CORRECTIONAL SERVICES FEMALE FACILITIES

Maximum Security

Bedford Hills Correctional Facility	(Westchester County)
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Medium Security

Albion Correctional Facility	(Orleans County)
Bayview Correctional Facility	(Manhattan)
Taconic Correctional Facility and CASAT	(Westchester County)

Minimum Security

Beacon Correctional Facility	(Dutchess County)
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Minimum Work Release

Albion Correctional Facility*	(Orleans County)
Bayview Correctional Facility*	(Manhattan)

Shock Incarceration

Lakeview Shock Incarceration Facility	(Chautauqua County)
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Drug Treatment Campus

Willard Drug Treatment Campus	(Seneca County)
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* Indicates programs are operating as part of a larger correctional facility listed under the same name.

** CASAT is an acronym for Comprehensive Alcohol and Substance Abuse Treatment.

CORRECTIONAL SERVICES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	2,028,408,000	1,995,595,000	(32,813,000)	17,277,000
Aid To Localities	11,813,000	11,400,000	(413,000)	11,400,000
Capital Projects	225,000,000	205,000,000	(20,000,000)	762,661,000
Total	<u>2,265,221,000</u>	<u>2,211,995,000</u>	<u>(53,226,000)</u>	<u>791,338,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	271	235	(36)
Special Revenue Funds - Federal	995	995	0
Correctional Industries			
Internal Service Funds	517	517	0
Facilities Planning and Development			
Capital Projects Funds - Other	32	32	0
Health Services			
General Fund	1,837	1,807	(30)
Enterprise Funds	26	26	0
Program Services			
General Fund	3,223	3,151	(72)
Enterprise Funds	46	46	0
Supervision of Inmates			
General Fund	20,575	20,231	(344)
Support Services			
General Fund	3,508	3,498	(10)
Total	<u>31,030</u>	<u>30,538</u>	<u>(492)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	1,808,035,000	1,788,032,000	(20,003,000)
Special Revenue Funds - Federal	61,239,000	63,904,000	2,665,000
Special Revenue Funds - Other	250,000	250,000	0
Enterprise Funds	66,404,000	65,758,000	(646,000)
Internal Service Funds	92,462,000	77,633,000	(14,829,000)
Fiduciary Funds	18,000	18,000	0
Total	<u>2,028,408,000</u>	<u>1,995,595,000</u>	<u>(32,813,000)</u>

Adjustments:	
Prior Year Deficiency	
Correctional Services, Department of	
General Fund	19,700,000
Appropriated 2002-03	<u>2,048,108,000</u>

CORRECTIONAL SERVICES

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	24,852,000	23,044,000	(1,808,000)
Special Revenue Funds - Federal	61,239,000	63,904,000	2,665,000
Special Revenue Funds - Other	250,000	250,000	0
Enterprise Funds	1,818,000	1,818,000	0
Correctional Industries			
Internal Service Funds	92,462,000	77,633,000	(14,829,000)
Health Services			
General Fund	203,812,000	208,482,000	4,670,000
Enterprise Funds	18,001,000	17,591,000	(410,000)
Program Services			
General Fund	189,799,000	185,346,000	(4,453,000)
Enterprise Funds	45,985,000	45,749,000	(236,000)
Fiduciary Funds	18,000	18,000	0
Supervision of Inmates			
General Fund	1,053,501,000	1,038,809,000	(14,692,000)
Support Services			
General Fund	336,071,000	332,351,000	(3,720,000)
Enterprise Funds	600,000	600,000	0
Total	<u>2,028,408,000</u>	<u>1,995,595,000</u>	<u>(32,813,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	14,970,000	(1,638,000)	14,901,000	(1,530,000)
Health Services	101,506,000	(1,377,000)	93,608,000	(1,952,000)
Program Services	148,909,000	(5,606,000)	140,160,000	(4,106,000)
Supervision of Inmates	1,022,891,000	(14,774,000)	984,245,000	(15,249,000)
Support Services	147,689,000	1,195,000	141,287,000	(1,304,000)
Total	<u>1,435,965,000</u>	<u>(22,200,000)</u>	<u>1,374,201,000</u>	<u>(24,141,000)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	9,000	(1,000)	60,000	(107,000)
Health Services	3,854,000	(310,000)	4,044,000	885,000
Program Services	7,739,000	0	1,010,000	(1,500,000)
Supervision of Inmates	3,273,000	(136,000)	35,373,000	611,000
Support Services	330,000	159,000	6,072,000	2,340,000
Total	<u>15,205,000</u>	<u>(288,000)</u>	<u>46,559,000</u>	<u>2,229,000</u>

CORRECTIONAL SERVICES

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	8,074,000	(170,000)	402,000	(41,000)
Health Services	106,976,000	6,047,000	43,510,000	4,115,000
Program Services	36,437,000	1,153,000	8,885,500	(328,500)
Supervision of Inmates	15,918,000	82,000	8,083,000	(156,000)
Support Services	184,662,000	(4,915,000)	93,538,000	(11,426,000)
Total	352,067,000	2,197,000	154,418,500	(7,836,500)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	318,000	(32,000)	6,511,000	(11,000)
Health Services	130,000	0	62,976,000	1,932,000
Program Services	275,500	(262,500)	27,209,500	2,006,500
Supervision of Inmates	2,134,000	(189,000)	5,277,000	427,000
Support Services	403,000	(1,690,000)	83,752,000	8,843,000
Total	3,260,500	(2,173,500)	185,725,500	13,197,500

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	843,000	(86,000)	0	0
Health Services	360,000	0	0	0
Program Services	66,500	(262,500)	0	0
Supervision of Inmates	424,000	0	0	0
Support Services	6,969,000	0	0	(642,000)
Total	8,662,500	(348,500)	0	(642,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	65,972,000	2,665,000	58,967,000	2,665,000
Correctional Industries	77,633,000	(14,829,000)	23,850,000	(1,588,000)
Health Services	17,591,000	(410,000)	1,851,000	(410,000)
Program Services	45,767,000	(236,000)	3,872,000	(236,000)
Support Services	600,000	0	0	0
Total	207,563,000	(12,810,000)	88,540,000	431,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,505,000	0	5,500,000	0
Correctional Industries	53,783,000	(13,241,000)	0	0
Health Services	15,740,000	0	0	0
Program Services	41,895,000	0	0	0
Support Services	600,000	0	0	0
Total	113,523,000	(13,241,000)	5,500,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	11,813,000	11,400,000	(413,000)
Total	11,813,000	11,400,000	(413,000)

CORRECTIONAL SERVICES

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

Program	Available 2002-03	Recommended 2003-04	Change
Support Services			
General Fund	11,813,000	11,400,000	(413,000)
Total	<u>11,813,000</u>	<u>11,400,000</u>	<u>(413,000)</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Maintenance and Improvement of Existing Facilities				
Capital Projects Fund	0	0	0	932,000
Federal Capital Projects Fund	20,000,000	0	(20,000,000)	10,158,000
Correctional Facilities Capital Improvement Fund	205,000,000	205,000,000	0	507,407,000
UDC Financed and Other New Facility Capacity Expansion				
Correctional Facilities Capital Improvement Fund	0	0	0	244,164,000
Total	<u>225,000,000</u>	<u>205,000,000</u>	<u>(20,000,000)</u>	<u>762,661,000</u>

CRIME VICTIMS BOARD

MISSION

Since its establishment in 1966, the Crime Victims Board (CVB) has been the lead State agency in assisting persons who have been the victims of crime, particularly crimes of a violent nature.

The agency's principal mission is to provide financial assistance to victims for losses they suffer as a result of crime. The Board provides grants to local agencies, which assist witnesses and victims, and serves as the State's advocate for crime victims' rights, needs and interests.

ORGANIZATION AND STAFFING

The Board consists of five members, appointed by the Governor to seven-year terms, who work full-time to administer the agency and to make final decisions on victim compensation awards. The Governor designates one member of the Board to be the Chair. The agency has primary offices in Albany and New York City and has a satellite office in Buffalo. Each office processes victim claims and provides grant program aid and advocacy services on a regional basis in support of the Board's mission. Including the five Board members, the agency will have 103 staff in 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

During 2003-04, \$6.1 million will be spent to operate the agency. Approximately \$63.1 million in Federal aid and revenue from offenders will support compensation payments to victims and local grants to programs assisting victims with treatment and other services.

The recommendations continue the agency's cooperation with the Division of Criminal Justice Services' (DCJS) technology group giving CVB enhanced access to the expertise needed to speed automation of victims' claims processing services. Additionally, the budget recommends the consolidation of routine administrative functions with DCJS, similar to the previous successful initiative with the Division of Probation and Correctional Alternatives and the State Commission of Correction.

PROGRAM HIGHLIGHTS

The Crime Victims Board operates with three programs. The Payment to Victims Program compensates individual crime victims for crime-related losses. The Victim and Witness Assistance Program administers grants to local agencies. The Administration Program provides executive direction and administrative support to the agency, as well as advocacy services for crime victims.

The September 11th attacks on the World Trade Center in New York City were a catastrophic crime, which affected an unprecedented number of people in terms of injuries and loss of economic support. Although most claims have been processed, the agency will continue to assist all victims of the World Trade Center attacks to meet medical, housing, employment, and counseling expenses.

PAYMENTS TO VICTIMS

The agency annually reviews more than 23,000 cases of persons who may have suffered financial loss as the result of violent crime or, in the case of the elderly and disabled, any crime. Assistance is given with losses for which no other source of compensation is available. Categories in which payments are made include medical expenses, lost wages due to work missed because of an injury, stolen or damaged essential personal property and

CRIME VICTIMS

the costs of counseling to relieve the traumatic effects of victimization. Surviving family members of a victim also may be eligible for these services, as well as reimbursement for funeral expenses for a crime victim.

Over the past several years, the agency has made a significant effort to increase public awareness about the services available to assist victims of crime. As a result, the number of people seeking help has risen.

VICTIM AND WITNESS ASSISTANCE

The Crime Victims Board currently administers approximately 185 contracts with other State agencies, local governments, and not-for-profit agencies to provide direct services to crime victims and witnesses. In a cooperative program with the New York State Police, CVB funds are used for victim advocates who link crime victims, law enforcement officials and assistance programs for an overall enhancement to criminal justice. Similarly, the agency cooperates with the Department of Correctional Services to fund advocate positions and the automated victim notification system to keep victims informed about the legal status of the offenders responsible for the crimes committed against them. Services provided by local not-for-profit agencies include crisis intervention, counseling and assistance in filing victim compensation.

ADVOCACY

The agency is responsible by law to “coordinate State programs and activities relating to crime victims” and “to advise and assist the Governor in developing policies designed to recognize the legitimate rights, needs and interests of crime victims.” To that end, the agency provides legal and technical assistance to other State agencies and to local organizations involved with crime victims. In addition, the Crime Victims Board sponsors an annual statewide conference on crime victim issues.

The State’s “Son of Sam Law” prevents convicted persons from profiting from their crimes, including the sale of publishing or film rights to their stories. Any such profits can, by law, be payable to the persons who were victims of the crimes. The agency is charged with notifying victims of a convicted person that a “Son of Sam” situation exists, and may also act on the victims’ behalf to prevent the profits from being spent or otherwise put beyond the reach of the victims while a recovery suit is pending.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	5,980,000	6,139,000	159,000	0
Aid To Localities	61,397,000	63,114,000	1,717,000	29,956,000
Capital Projects	0	0	0	0
Total	<u>67,377,000</u>	<u>69,253,000</u>	<u>1,876,000</u>	<u>29,956,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration			
General Fund	70	64	(6)
Special Revenue Funds - Federal	28	28	0
Special Revenue Funds - Other	5	5	0
Payment to Victims			
Special Revenue Funds - Other	6	6	0
Total	109	103	(6)

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Administration			
General Fund	3,590,000	3,425,000	(165,000)
Special Revenue Funds - Federal	1,623,000	1,857,000	234,000
Special Revenue Funds - Other	767,000	857,000	90,000
Total	5,980,000	6,139,000	159,000

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,201,000	(118,000)	3,201,000	(118,000)
Total	3,201,000	(118,000)	3,201,000	(118,000)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	224,000	(47,000)	20,000	(10,000)
Total	224,000	(47,000)	20,000	(10,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	23,000	(10,000)	176,000	(27,000)
Total	23,000	(10,000)	176,000	(27,000)

Program	Equipment	
	Amount	Change
Administration	5,000	0
Total	5,000	0

CRIME VICTIMS

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	2,714,000	324,000	1,232,000	44,300
Total	<u>2,714,000</u>	<u>324,000</u>	<u>1,232,000</u>	<u>44,300</u>

Program	Nonpersonal Service		Maintenance	Undistributed
	Amount	Change	Amount	Change
Administration	1,481,000	280,100	1,000	(400)
Total	<u>1,481,000</u>	<u>280,100</u>	<u>1,000</u>	<u>(400)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Federal	32,458,000	36,523,000	4,065,000
Special Revenue Funds - Other	28,899,000	26,551,000	(2,348,000)
Fiduciary Funds	40,000	40,000	0
Total	<u>61,397,000</u>	<u>63,114,000</u>	<u>1,717,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Payment to Victims			
Special Revenue Funds - Federal	7,458,000	11,523,000	4,065,000
Special Revenue Funds - Other	21,848,000	19,500,000	(2,348,000)
Victim and Witness Assistance			
Special Revenue Funds - Federal	25,000,000	25,000,000	0
Special Revenue Funds - Other	7,051,000	7,051,000	0
Fiduciary Funds	40,000	40,000	0
Total	<u>61,397,000</u>	<u>63,114,000</u>	<u>1,717,000</u>

DIVISION OF CRIMINAL JUSTICE SERVICES

MISSION

The Division of Criminal Justice Services (DCJS) maintains criminal history and statistical data for Federal, State and local law enforcement agencies, identifies criminals through fingerprints, provides training and management services to local police departments, conducts criminal justice research and analysis, and administers and distributes State and Federal funding to various entities within the criminal justice system.

ORGANIZATION AND STAFFING

The Division, located in Albany, is headed by a Commissioner who is appointed by the Governor. The Commissioner also serves as the Governor's Director of Criminal Justice, overseeing policy development and operations for all State criminal justice agencies and programs.

A workforce of 730 positions is recommended for 2003-04. Approximately 80 percent of these positions will be supported by State tax dollars, with the remaining financed by Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2003-04, approximately \$40 million in State tax dollars, and \$85.9 million in Federal funds will support the Division's State Operations budget. The Division's Aid to Localities program will distribute \$47 million in State tax dollars, and \$47.2 million in Federal funds to support various local criminal justice initiatives.

To assist the Division in processing fingerprints, funding is continued for the Statewide Automated Fingerprint System, which expedites digital access to information for local police departments, and ensures that State data is in compliance with Federal Bureau of Investigation standards, thereby linking New York to national databases and those of other states across the country.

Legislation to raise the fee for noncriminal fingerprint processing is proposed to fund necessary upgrades in the State's criminal justice technology. These upgrades will result in better communication among police agencies, ensure that individuals with criminal histories are not employed in certain sensitive jobs and provide for faster and more accurate identification of dangerous criminals upon their arrest.

This recommendation also continues funding to support New York's DNA Databank. With its expansion to include already convicted offenders serving time in State prison, or on parole or probation, the Databank immediately began to help solve more crimes and exonerate innocent people. As crime scene data is analyzed and compared to the DNA of known criminals, science will assist law enforcement, prosecutors and the judicial system in identifying, prosecuting and convicting our most dangerous criminal offenders.

The budget also recommends DCJS as a host agency for routine administrative functions of the Crime Victims Board and the Office for the Prevention of Domestic Violence, similar to the previous successful initiative with the Division of Probation and Correctional Alternatives and the State Commission of Correction. Most significantly, this arrangement will provide the Board and the Office with enhanced access to digital technology and expertise to better meet increasing demands for service.

A reduction in the overall funding level for local criminal justice programs reflects the State's significant investment in prison capacity and criminal justice technology improvements over the past eight years.

CRIMINAL JUSTICE SERVICES

PROGRAM HIGHLIGHTS

Recent events have created an obvious urgency to raise preparedness levels for potential terrorist incidents. Through 2002-03, \$26 million in Federal funding has supported efforts to prepare the State's emergency response plan and to conduct a statewide "needs and risk" assessment of logistical capabilities and vulnerabilities. These Federal funds are also being used to provide needed equipment and training for local government response personnel. Additional Federal funding is anticipated and will be used to further implement the State's plan.

IDENTIFICATION SERVICES

The Division identifies individuals through fingerprint comparison and provides criminal history records to authorized representatives of Federal, State and local criminal justice agencies and processes approximately 99 percent of New York City criminal fingerprints in under two hours. Modern technology provides speed and accuracy in fingerprint identification and allows police to solve crimes more quickly. The processing of criminal cases is tracked by computer beginning with the arrest and ending with the decision by a judge and/or jury. The Division also processes noncriminal fingerprint and name searches for certain employment, license and permit applications.

CRIMINAL JUSTICE SUPPORT

The Division provides technical support, training and funding to localities to support criminal justice functions such as law enforcement, prosecution, defense and crime laboratories. The Agency also provides financial aid to district attorneys prosecuting death penalty cases, maintains a DNA Identification Index and conducts extensive criminal justice statistical research and policy analysis, including the production of New York's Uniform Crime Reports.

In addition, the Agency acts as the State Planning Agency for the receipt and processing of Federal Juvenile Justice and Delinquency Prevention funding. These funds support programs addressing youth who are at risk of criminal and/or delinquent behavior. The Division also administers other Federal programs including Anti-Drug Abuse funds which support a statewide anti-drug strategy of prosecution and preventive enforcement efforts, Violence Against Women funds which focus on prosecution, law enforcement and victim services related to domestic violence and Law Enforcement funds which provide assistance to local police departments.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	97,910,000	135,081,000	37,171,000	125,087,400
Aid To Localities	122,480,845	99,257,000	(23,223,845)	201,076,900
Capital Projects	0	0	0	0
Total	<u>220,390,845</u>	<u>234,338,000</u>	<u>13,947,155</u>	<u>326,164,300</u>

CRIMINAL JUSTICE SERVICES

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

Full-Time Equivalent Positions (FTE)			
Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	68	64	(4)
Funding and Program Assistance			
Special Revenue Funds - Federal	132	132	0
Special Revenue Funds - Other	2	4	2
Justice Systems			
General Fund	43	42	(1)
Operation and Systems			
General Fund	429	425	(4)
Public Safety			
General Fund	60	60	0
Fiduciary Funds	3	3	0
Total	737	730	(7)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	42,642,000	40,037,000	(2,605,000)
Special Revenue Funds - Federal	53,818,000	85,894,000	32,076,000
Special Revenue Funds - Other	300,000	8,000,000	7,700,000
Fiduciary Funds	1,150,000	1,150,000	0
Total	97,910,000	135,081,000	37,171,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	13,884,000	12,487,000	(1,397,000)
Funding and Program Assistance			
Special Revenue Funds - Federal	48,718,000	78,394,000	29,676,000
Special Revenue Funds - Other	300,000	300,000	0
Fiduciary Funds	200,000	200,000	0
Justice Systems			
General Fund	2,461,000	2,279,000	(182,000)
Operation and Systems			
General Fund	22,996,000	22,049,000	(947,000)
Special Revenue Funds - Federal	5,100,000	7,500,000	2,400,000
Special Revenue Funds - Other	0	7,700,000	7,700,000
Public Safety			
General Fund	3,301,000	3,222,000	(79,000)
Fiduciary Funds	950,000	950,000	0
Total	97,910,000	135,081,000	37,171,000

CRIMINAL JUSTICE SERVICES

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,760,000	(543,000)	3,721,000	(543,000)
Justice Systems	2,130,000	(153,000)	2,121,000	(153,000)
Operation and Systems	15,958,000	(1,073,000)	15,876,000	(1,073,000)
Public Safety	2,844,000	(73,000)	2,800,000	(73,000)
Total	<u>24,692,000</u>	<u>(1,842,000)</u>	<u>24,518,000</u>	<u>(1,842,000)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	5,000	0	34,000	0
Justice Systems	0	0	9,000	0
Operation and Systems	0	0	82,000	0
Public Safety	0	0	44,000	0
Total	<u>5,000</u>	<u>0</u>	<u>169,000</u>	<u>0</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	8,727,000	(854,000)	349,000	(45,000)
Justice Systems	149,000	(29,000)	20,000	(6,000)
Operation and Systems	6,091,000	126,000	66,000	(49,000)
Public Safety	378,000	(6,000)	87,000	(15,000)
Total	<u>15,345,000</u>	<u>(763,000)</u>	<u>522,000</u>	<u>(115,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	271,000	0	4,777,000	(809,000)
Justice Systems	23,000	0	97,000	(23,000)
Operation and Systems	25,000	0	5,950,000	175,000
Public Safety	215,000	0	12,000	9,000
Total	<u>534,000</u>	<u>0</u>	<u>10,836,000</u>	<u>(648,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,159,000	0	2,171,000	0
Justice Systems	9,000	0	0	0
Operation and Systems	50,000	0	0	0
Public Safety	64,000	0	0	0
Total	<u>1,282,000</u>	<u>0</u>	<u>2,171,000</u>	<u>0</u>

CRIMINAL JUSTICE SERVICES

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
Funding and Program Assistance	78,894,000	29,676,000	500,000	0
Operation and Systems	15,200,000	10,100,000	0	0
Public Safety	950,000	0	0	0
Total	95,044,000	39,776,000	500,000	0

Program	Maintenance Undistributed	
	Amount	Change
Funding and Program Assistance	78,394,000	29,676,000
Operation and Systems	15,200,000	10,100,000
Public Safety	950,000	0
Total	94,544,000	39,776,000

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	66,985,845	47,006,000	(19,979,845)
Special Revenue Funds - Federal	48,395,000	47,151,000	(1,244,000)
Special Revenue Funds - Other	7,100,000	5,100,000	(2,000,000)
Total	122,480,845	99,257,000	(23,223,845)

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

Program	Available 2002-03	Recommended 2003-04	Change
Funding and Program Assistance			
General Fund	58,602,000	47,006,000	(11,596,000)
Special Revenue Funds - Federal	48,395,000	47,151,000	(1,244,000)
Special Revenue Funds - Other	7,100,000	5,100,000	(2,000,000)
Community Projects			
General Fund	8,383,845	0	(8,383,845)
Total	122,480,845	99,257,000	(23,223,845)

STATE BOARD OF ELECTIONS

MISSION

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.

ORGANIZATION AND STAFFING

The State Board of Elections, comprised of four commissioners, two chosen by each major political party, administers provisions of the Election Law regarding campaign financial disclosure, including civil judgments levied for failure to file disclosure documents; oversees the petitioning process and certification of ballots; investigates allegations of criminal violations of the Election Law and recommends prosecution where warranted; and certifies electronic voting machines purchased by local Boards of Elections and tests each machine upon delivery. With a staff of 36, the Board also assists County Boards of Elections by completing administrative reviews, assisting in resolving complaints, and producing reports and recommendations.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends \$6.4 million in General Fund support for the Board of Elections. This funding will permit the Board to continue to carry out its various responsibilities related to the electoral process, including the Board's voter outreach activities and its interaction with local Boards of Elections. In addition, State funding is recommended for development of a federally mandated statewide voter registration database, the cost of which will largely be federally reimbursable. In 2003-04, the Office of General Services will provide administrative support (human resources, payroll and procurement services) to the State Board of Elections.

PROGRAM HIGHLIGHTS

Over the past 28 years, the scope of the Board's services has grown to include providing legal counsel to 62 County Boards of Election, administering registration efforts, providing technical assistance to administrators of elections, investigating violations of the Election Law and coordinating the State's responses to new Federal election requirements.

The Federal Help America Vote Act of 2002 will provide Federal funding for State and local election related initiatives including modernizing voting machines, developing a statewide voter registration database, training poll workers, providing voter education and assuring accessibility for the disabled. The Executive Budget recommends a total of \$68 million in Federal support to fund these initiatives.

A priority for the Board is expanding the use of modern technology in both its own operations and those of local Boards. In July 1999, the agency implemented a system for the electronic filing of campaign financial disclosure statements, which are now readily accessible at the Board's internet web site. The web site has received approximately 5 million inquiries since January 2002.

ELECTIONS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	3,601,000	9,455,000	5,854,000	0
Aid To Localities	0	65,000,000	65,000,000	0
Capital Projects	0	0	0	0
Total	3,601,000	74,455,000	70,854,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Regulation of Elections			
General Fund	45	40	(5)
Total	45	40	(5)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	3,581,000	6,435,000	2,854,000
Special Revenue Funds - Federal	0	3,000,000	3,000,000
Special Revenue Funds - Other	20,000	20,000	0
Total	3,601,000	9,455,000	5,854,000

Adjustments:

Prior Year Deficiency	
Elections, State Board of	
General Fund	300,000
Appropriated 2002-03	3,901,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Regulation of Elections			
General Fund	3,581,000	6,435,000	2,854,000
Special Revenue Funds - Federal	0	3,000,000	3,000,000
Special Revenue Funds - Other	20,000	20,000	0
Total	3,601,000	9,455,000	5,854,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Regulation of Elections	2,350,000	(116,000)	2,350,000	(116,000)
Total	2,350,000	(116,000)	2,350,000	(116,000)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Regulation of Elections	4,085,000	2,970,000	1,085,000	(30,000)
Total	<u>4,085,000</u>	<u>2,970,000</u>	<u>1,085,000</u>	<u>(30,000)</u>

Program	Maintenance Undistributed	
	Amount	Change
Regulation of Elections	3,000,000	3,000,000
Total	<u>3,000,000</u>	<u>3,000,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Regulation of Elections	3,020,000	3,000,000	3,020,000	3,000,000
Total	<u>3,020,000</u>	<u>3,000,000</u>	<u>3,020,000</u>	<u>3,000,000</u>

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
Special Revenue Funds - Federal	0	65,000,000	65,000,000
Total	<u>0</u>	<u>65,000,000</u>	<u>65,000,000</u>

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Regulation of Elections			
Special Revenue Funds - Federal	0	65,000,000	65,000,000
Total	<u>0</u>	<u>65,000,000</u>	<u>65,000,000</u>

OFFICE OF EMPLOYEE RELATIONS

MISSION

In accordance with the Public Employees' Fair Employment Act (the Taylor Law), the Office of Employee Relations (OER) represents the Governor in collective bargaining with the public employee unions and directs the State's employee relations policies so that agencies and employees provide high quality, uninterrupted State government services.

ORGANIZATION AND STAFFING

Under the administration of a Director appointed by the Governor, the Agency is located in Albany. OER will have a workforce of 62 positions for 2003-04, financed by the General Fund and responsible for negotiating and implementing collective bargaining agreements.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A total of \$5.6 million is recommended for the Office of Employee Relations, including \$3.3 million in General Fund moneys. This funding will provide continued support for the Office's primary mission of negotiating and administering collective bargaining agreements.

Funding from the Office's other sources includes:

- \$1.9 million in charges to the Collective Bargaining Agreements to support statewide employee training and developmental programs and the cost of administering these agreements; and
- Revenues of \$479,000 received from non-General Fund agencies to reimburse the Office for providing training programs and collective bargaining services. These revenues also include payments from the National Association of State Directors of Employee Relations to support the operations of that organization.

PROGRAM HIGHLIGHTS

The Office of Employee Relations represents the Governor in Executive Branch collective bargaining negotiations with nine public employee unions, assists State agencies to interpret and administer the negotiated agreements and represents the State in hearings and arbitrations before the Public Employment Relations Board.

The Office of Employee Relations also is the Executive Branch's in-house consulting agency for advancing sound labor management practices and improving productivity and innovation in State government's workforce. Currently, the Agency is working with more than 25 agencies on various organizational development and improvement initiatives. The Office is further charged with designing and administering statewide training programs, policy development and oversight for several employee benefit programs.

In its capacity as the Governor's labor-relations agent, the Office continues to be instrumental in providing direction for workforce management and, through labor management partnerships, working with the unions to mitigate the impact of structural changes aimed at improving the efficiency of State government. As a primary member of the Governor's Task Force on State Workforce Management and Employee Deployment (created by Executive Order No. 25), the Office remains heavily involved in identifying and coordinating transfer and redeployment opportunities for employees who might be impacted by workforce reduction efforts, agency reorganizations or consolidations.

The Office also promotes labor-relations excellence by offering a comprehensive training program through the Employee Relations Institute and by increasing the use of technology for better communication of common issues and concerns. A major focus during 2003-04 will be negotiations for successor collective bargaining agreements and their subsequent

EMPLOYEE RELATIONS

administration. As the workforce continues to age, OER will continue to provide guidance to agencies in the area of succession planning so that government services continue without interruption.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	7,020,000	5,628,000	(1,392,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	7,020,000	5,628,000	(1,392,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Contract Negotiation and Administration			
General Fund	37	34	(3)
Internal Service Funds	35	27	(8)
Management Confidential Affairs			
General Fund	6	1	(5)
Total	78	62	(16)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	4,077,000	3,290,000	(787,000)
Special Revenue Funds - Other	479,000	479,000	0
Internal Service Funds	2,464,000	1,859,000	(605,000)
Total	7,020,000	5,628,000	(1,392,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
Contract Negotiation and Administration			
General Fund	3,212,000	2,868,000	(344,000)
Special Revenue Funds - Other	479,000	479,000	0
Internal Service Funds	2,464,000	1,859,000	(605,000)
Management Confidential Affairs			
General Fund	865,000	422,000	(443,000)
Total	7,020,000	5,628,000	(1,392,000)

EMPLOYEE RELATIONS

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	2,616,000	(344,000)	2,606,000	(344,000)
Management Confidential Affairs	263,000	(97,000)	262,000	(97,000)
Total	<u>2,879,000</u>	<u>(441,000)</u>	<u>2,868,000</u>	<u>(441,000)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	8,000	0	2,000	0
Management Confidential Affairs	0	0	1,000	0
Total	<u>8,000</u>	<u>0</u>	<u>3,000</u>	<u>0</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	252,000	0	34,000	0
Management Confidential Affairs	159,000	(346,000)	3,000	(15,000)
Total	<u>411,000</u>	<u>(346,000)</u>	<u>37,000</u>	<u>(15,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	30,000	0	188,000	0
Management Confidential Affairs	4,000	(10,000)	17,000	(11,000)
Total	<u>34,000</u>	<u>(10,000)</u>	<u>205,000</u>	<u>(11,000)</u>

Program	Maintenance Undistributed	
	Amount	Change
Contract Negotiation and Administration	0	0
Management Confidential Affairs	135,000	(310,000)
Total	<u>135,000</u>	<u>(310,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	2,338,000	(605,000)	1,531,000	(605,000)
Total	<u>2,338,000</u>	<u>(605,000)</u>	<u>1,531,000</u>	<u>(605,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	328,000	0	479,000	0
Total	<u>328,000</u>	<u>0</u>	<u>479,000</u>	<u>0</u>

EXECUTIVE CHAMBER

MISSION

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

ORGANIZATION AND STAFFING

The Office of the Governor is located in the State Capitol in Albany. This budget represents programs directly related to the Governor's Office and is supported by General Fund revenues.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget recommends a General Fund appropriation of \$14.1 million, a decrease of \$4.1 million, or 22.5 percent, from 2002-03. The recommended appropriation reflects improved efficiency and effectiveness of Chamber operations, including the reduction of 4 positions by the end of the year. A fiduciary fund appropriation of \$100,000 is also requested to permit the use of private grants within the Office of Community Affairs.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	18,255,000	14,171,000	(4,084,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	18,255,000	14,171,000	(4,084,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Executive Chamber			
General Fund	172	168	(4)
Total	172	168	(4)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	18,155,000	14,071,000	(4,084,000)
Fiduciary Funds	100,000	100,000	0
Total	18,255,000	14,171,000	(4,084,000)

EXECUTIVE CHAMBER

OFFICE OF THE LIEUTENANT GOVERNOR

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available	Appropriations Recommended	Change	Reappropriations Recommended
	2002-03	2003-04		2003-04
State Operations	523,000	490,000	(33,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	523,000	490,000	(33,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration			
General Fund	7	6	(1)
Total	7	6	(1)

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	523,000	490,000	(33,000)
Total	523,000	490,000	(33,000)

OFFICE OF GENERAL SERVICES

MISSION

The Office of General Services (OGS) was established to consolidate into a single agency the cost-efficient support services required to operate a changing and increasingly complex State government. These include building design and construction, leasing, facility maintenance, purchasing of goods and services, and other basic support services, including mail, parking, printing and surplus property.

In recent years, these activities have continued and evolved to meet State government's changing needs. Many additional responsibilities have been added to make the Office the centralized service provider agency for the State. Among these more recent responsibilities are the purchasing of new technologies, participating in the statewide financing of various types of equipment, and overseeing the distribution of surplus Federal food to public and private organizations.

The Office supports the operations of State agencies by providing centralized information processing; space planning and leasing; real property management and maintenance; centralized contracting for commodities, services and printing; employee and visitor parking management; and interagency mail and courier assistance. The Office also helps local governments reduce their operating costs by distributing federally donated foods and surplus equipment to them, and by offering them the use of its centralized commodity and service contracts.

ORGANIZATION AND STAFFING

The Office is headed by a Commissioner, who is appointed by the Governor, with a central executive staff and is structured around customer-focused business enterprises: Real Property Management and Development; Procurement Services; Design and Construction; and Support Services. The Office will have a workforce of 1,631 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends \$416.3 million for the Office, which includes support of \$117 million in State tax dollars from the General Fund. This recommendation also includes \$150 million in user fees charged to State agencies and other governmental entities that utilize OGS central and other support services, and \$7.6 million in Federal funding. Most of this funding supports the operation of State office buildings, rehabilitation and other projects aimed at preserving or extending the useful life of office buildings, and the provision of centralized services to State agencies. The 2003-04 Executive Budget proposes that OGS now provide administrative support (human resources, payroll and procurement services) to the Consumer Protection Board, the Division of Alcoholic Beverage Control, the Division of Veterans' Affairs, the Office of Public Security, the State Board of Elections and the State Emergency Management Office.

Agency savings will be achieved through workforce reductions generated by attrition and early retirements, energy conservation measures, restrictive travel practices and decreased equipment purchases.

Recommended funding of \$125.5 million for the Capital Projects Budget includes the funding required for construction of the new Elk Street garage in Albany, while allowing the Office to also maintain its ongoing upkeep and preservation efforts at the other office buildings throughout the State.

GENERAL SERVICES

PROGRAM HIGHLIGHTS

EXECUTIVE DIRECTION

This program provides the day-to-day management of the agency, helps State agencies to acquire vehicle insurance, administers financing for the State equipment purchasing program and coordinates the centralized purchase of electricity from the Power Authority of the State of New York.

REAL PROPERTY MANAGEMENT AND DEVELOPMENT

This program is responsible for providing for the safe and efficient operation of approximately 46 major and 84 ancillary State-owned and operated buildings. Services provided by this program include building management, operation, maintenance, cleaning and security for facilities encompassing 17.8 million interior gross square feet with a replacement value estimated at \$4.6 billion. Employees assigned to this program also manage building renovation projects, administer service contracts for the maintenance and operation of certain heating, ventilation and air conditioning systems, and negotiate agreements as needed for leased space.

The Office is also making a major capital investment in office facilities in downtown Albany. This program, known as the “Albany Plan”, includes the recently completed new office buildings for the Department of Environmental Conservation and the Office of the State Comptroller, new parking garages in downtown Albany and the modernization of the Alfred E. Smith State Office Building. These projects, combined with other reconfigurations of office space will facilitate the redevelopment of the Harriman State Office Campus.

PROCUREMENT SERVICES

The procurement Services Group manages the state-wide procurement of commodities and services, which have an annual value of \$2 billion. This group establishes standards for each purchase item by developing detailed specifications, evaluating bids, and monitoring vendor performance and quality control. Eligible local governments, schools and not-for-profit organizations may use these centralized contracts, which generally offer the best prices because of the State’s purchasing power, to reduce their own operating costs. Also included in this program is the Agency’s internal Information Resource Management, providing day-to-day computer data support & data management to all programs within the Agency.

DESIGN AND CONSTRUCTION

This group provides architectural, engineering, planning, and design and construction management services to State agencies operating State-owned facilities, and has projects valued at approximately \$576 million in design and \$570 million under construction.

SUPPORT SERVICES

Employees in this group provide and manage the delivery of interagency mail, employee and visitor parking and the transfer of Federal and State surplus property. These employees also warehouse federally donated food and distribute it to school districts and food pantries.

GENERAL SERVICES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	388,788,000	290,847,600	(97,940,400)	6,400,000
Aid To Localities	0	0	0	0
Capital Projects	194,500,000	125,500,000	(69,000,000)	229,302,000
Total	<u>583,288,000</u>	<u>416,347,600</u>	<u>(166,940,400)</u>	<u>235,702,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Design and Construction			
Internal Service Funds	385	385	0
Executive Direction			
General Fund	118	98	(20)
Internal Service Funds	18	18	0
Procurement Services			
General Fund	184	128	(56)
Special Revenue Funds - Other	13	13	0
Internal Service Funds	78	78	0
Real Property Management and Development			
General Fund	844	774	(70)
Special Revenue Funds - Other	55	55	0
Enterprise Funds	13	13	0
Internal Service Funds	69	69	0
Total	<u>1,777</u>	<u>1,631</u>	<u>(146)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	124,952,000	117,031,000	(7,921,000)
Special Revenue Funds - Federal	7,600,000	7,600,000	0
Special Revenue Funds - Other	14,073,000	13,923,000	(150,000)
Enterprise Funds	1,475,000	1,091,000	(384,000)
Internal Service Funds	239,569,000	150,083,600	(89,485,400)
Fiduciary Funds	1,119,000	1,119,000	0
Total	<u>388,788,000</u>	<u>290,847,600</u>	<u>(97,940,400)</u>

GENERAL SERVICES

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

Program	Available 2002-03	Recommended 2003-04	Change
Design and Construction			
Internal Service Funds	51,382,000	48,760,000	(2,622,000)
Executive Direction			
General Fund	12,262,000	11,862,000	(400,000)
Special Revenue Funds - Other	350,000	200,000	(150,000)
Enterprise Funds	60,000	33,000	(27,000)
Internal Service Funds	55,708,000	61,907,500	6,199,500
Fiduciary Funds	869,000	869,000	0
Procurement Services			
General Fund	11,093,000	8,404,000	(2,689,000)
Special Revenue Funds - Federal	7,600,000	7,600,000	0
Special Revenue Funds - Other	4,452,000	4,452,000	0
Internal Service Funds	113,622,000	20,320,100	(93,301,900)
Real Property Management and Development			
General Fund	101,597,000	96,765,000	(4,832,000)
Special Revenue Funds - Other	9,271,000	9,271,000	0
Enterprise Funds	1,415,000	1,058,000	(357,000)
Internal Service Funds	18,857,000	19,096,000	239,000
Fiduciary Funds	250,000	250,000	0
Total	<u>388,788,000</u>	<u>290,847,600</u>	<u>(97,940,400)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Executive Direction	5,207,000	(532,000)	4,997,000	(534,000)
Procurement Services	7,089,000	(2,689,000)	6,991,000	(2,734,000)
Real Property Management and Development	32,618,000	(3,211,000)	31,527,000	(3,429,000)
Total	<u>44,914,000</u>	<u>(6,432,000)</u>	<u>43,515,000</u>	<u>(6,697,000)</u>
Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Executive Direction	156,000	0	54,000	2,000
Procurement Services	0	0	98,000	45,000
Real Property Management and Development	0	0	1,091,000	218,000
Total	<u>156,000</u>	<u>0</u>	<u>1,243,000</u>	<u>265,000</u>

GENERAL SERVICES

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Executive Direction	6,655,000	132,000	250,000	52,000
Procurement Services	1,315,000	0	97,000	0
Real Property Management and Development	64,147,000	(1,621,000)	4,062,000	62,000
Total	<u>72,117,000</u>	<u>(1,489,000)</u>	<u>4,409,000</u>	<u>114,000</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Executive Direction	91,000	0	2,139,000	80,000
Procurement Services	57,000	0	1,140,000	0
Real Property Management and Development	201,000	(74,000)	58,384,000	(1,409,000)
Total	<u>349,000</u>	<u>(74,000)</u>	<u>61,663,000</u>	<u>(1,329,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Executive Direction	0	0	4,175,000	0
Procurement Services	21,000	0	0	0
Real Property Management and Development	1,500,000	0	0	(200,000)
Total	<u>1,521,000</u>	<u>0</u>	<u>4,175,000</u>	<u>(200,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Design and Construction	48,760,000	(2,622,000)	24,039,000	(2,295,000)
Executive Direction	63,009,500	6,022,500	1,215,000	(6,000)
Procurement Services	32,372,100	(93,301,900)	4,989,000	(5,306,000)
Real Property Management and Development	29,675,000	(118,000)	5,986,000	(890,000)
Total	<u>173,816,600</u>	<u>(90,019,400)</u>	<u>36,229,000</u>	<u>(8,497,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Design and Construction	24,721,000	(327,000)	0	0
Executive Direction	61,594,500	6,178,500	200,000	(150,000)
Procurement Services	27,383,100	(87,995,900)	0	0
Real Property Management and Development	23,439,000	772,000	250,000	0
Total	<u>137,137,600</u>	<u>(81,372,400)</u>	<u>450,000</u>	<u>(150,000)</u>

GENERAL SERVICES

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Design and Construction Supervision				
Capital Projects Fund	8,000,000	13,000,000	5,000,000	20,322,000
Petroleum Storage Tank				
Capital Projects Fund	0	0	0	500,000
Flood Disaster Restoration Program				
Capital Projects Fund	0	0	0	3,000,000
Maintenance and Improvement of Real Property Facilities				
Capital Projects Fund	96,300,000	93,000,000	(3,300,000)	109,801,000
Capital Projects Fund - Advances	0	0	0	5,479,000
Capital Projects Fund - Authority Bonds	90,200,000	19,500,000	(70,700,000)	90,200,000
Total	<u>194,500,000</u>	<u>125,500,000</u>	<u>(69,000,000)</u>	<u>229,302,000</u>

OFFICE OF THE STATE INSPECTOR GENERAL

MISSION

The Office of the State Inspector General is responsible for detecting, investigating, eliminating and deterring fraud, corruption, criminal activity, conflicts of interest and abuse in State government. Its mission is designed to ensure that State government maintains the highest standards of integrity and accountability.

ORGANIZATION AND STAFFING

The Office of the State Inspector General was fundamentally restructured pursuant to Executive Order 39 issued by the Governor in June 1996. The Executive Order provided for the consolidation of most of the State's inspector general activities in a single office that replaced what were formerly separate, semi-independent deputy inspectors general based in the agencies they served. Led by the Inspector General who is appointed by the Governor, the Office is headquartered in Albany and has offices in New York City and Buffalo. The Office will have a workforce of 71 in 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget recommendations provide \$4.3 million in State tax dollar support and \$1.6 million in funding coming primarily from public authorities.

PROGRAM HIGHLIGHTS

Since June 1996, the Office of the State Inspector General has acted on more than 6,000 complaints of fraud, criminal activity, waste and abuse involving State employees and resources. The Office has focused its investigative efforts on major cases involving theft, bribery, contract fraud, abuse of authority, and other serious allegations of corruption. Currently, the Agency's investigators are working jointly with local, State, and Federal law enforcement personnel and prosecutors on significant matters of public concern.

The Office's investigations have resulted in the arrest of more than 300 individuals, and referrals for discipline in numerous other cases. In addition, many cases have resulted in recommendations for administrative or policy changes. The State Inspector General's cases have uncovered instances of theft, bid rigging, bribery, creation of fraudulent documents, misuse of computers, narcotics trafficking, and sexual assault. Equally important, the Office's investigations have, in many instances, cleared agencies and individuals of allegations that were unfounded or unsubstantiated.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations	Change	Reappropriations
	2002-03	Recommended 2003-04		Recommended 2003-04
State Operations	6,366,000	5,910,000	(456,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	6,366,000	5,910,000	(456,000)	0

INSPECTOR GENERAL

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Inspector General			
General Fund	54	53	(1)
Special Revenue Funds - Other	18	18	0
Total	<u>72</u>	<u>71</u>	<u>(1)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	4,967,000	4,300,000	(667,000)
Special Revenue Funds - Other	1,399,000	1,610,000	211,000
Total	<u>6,366,000</u>	<u>5,910,000</u>	<u>(456,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Inspector General			
General Fund	4,967,000	4,300,000	(667,000)
Special Revenue Funds - Other	1,399,000	1,610,000	211,000
Total	<u>6,366,000</u>	<u>5,910,000</u>	<u>(456,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Inspector General	3,830,000	(557,000)	3,830,000	(557,000)
Total	<u>3,830,000</u>	<u>(557,000)</u>	<u>3,830,000</u>	<u>(557,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Inspector General	470,000	(110,000)	470,000	(110,000)
Total	<u>470,000</u>	<u>(110,000)</u>	<u>470,000</u>	<u>(110,000)</u>

INSPECTOR GENERAL

STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Inspector General	1,610,000	211,000	961,000	(53,000)
Total	<u>1,610,000</u>	<u>211,000</u>	<u>961,000</u>	<u>(53,000)</u>
Program	Nonpersonal Service			
	Amount	Change		
Inspector General	649,000	264,000		
Total	<u>649,000</u>	<u>264,000</u>		

INTEREST ON LAWYER ACCOUNT

MISSION

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 which attorneys hold for their clients. Banks transfer the interest earned on these accounts to IOLA to fund grants to not-for-profit, tax-exempt entities providing civil legal services to the indigent, elderly and disabled. Legislation enacted in 1988 made participation in IOLA mandatory for attorneys in private practice who hold nominal short-term escrow accounts for clients.

ORGANIZATION AND STAFFING

A 15-member board of trustees appointed by the Governor administers IOLA. Board members serve without compensation. Day-to-day operations are handled by a workforce of nine located in New York City.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendations enable a grant level of up to \$13 million in each of calendar years 2003 and 2004, the specific amount being dependent upon actual revenue generated. Ongoing revenue maximization efforts are being offset by declining interest rates so that total grant awards for 2003 and 2004 are expected to remain level.

PROGRAM HIGHLIGHTS

At least 75 percent of the grant funds distributed by IOLA must be used to deliver civil legal services to the indigent. The balance must be allocated to purposes related to the improvement of the administration of justice, including the provision of civil legal services to underserved groups such as the elderly and disabled. In 2003, IOLA will award grants to an estimated 90 organizations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	1,559,000	1,588,000	29,000	0
Aid To Localities	14,950,000	13,000,000	(1,950,000)	0
Capital Projects	0	0	0	0
Total	16,509,000	14,588,000	(1,921,000)	0

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
New York Interest on Lawyer Account Fiduciary Funds	9	9	0
Total	9	9	0

INTEREST ON LAWYER

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

<u>Fund Type</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
Fiduciary Funds	1,559,000	1,588,000	29,000
Total	<u>1,559,000</u>	<u>1,588,000</u>	<u>29,000</u>

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

<u>Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
New York Interest on Lawyer Account			
Fiduciary Funds	1,559,000	1,588,000	29,000
Total	<u>1,559,000</u>	<u>1,588,000</u>	<u>29,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
New York Interest on Lawyer Account	1,588,000	29,000	633,000	5,000
Total	<u>1,588,000</u>	<u>29,000</u>	<u>633,000</u>	<u>5,000</u>

<u>Program</u>	<u>Nonpersonal Service</u>	
	<u>Amount</u>	<u>Change</u>
New York Interest on Lawyer Account	955,000	24,000
Total	<u>955,000</u>	<u>24,000</u>

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

<u>Fund Type</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
Fiduciary Funds	14,950,000	13,000,000	(1,950,000)
Total	<u>14,950,000</u>	<u>13,000,000</u>	<u>(1,950,000)</u>

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

<u>Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
New York Interest on Lawyer Account			
Fiduciary Funds	14,950,000	13,000,000	(1,950,000)
Total	<u>14,950,000</u>	<u>13,000,000</u>	<u>(1,950,000)</u>

TEMPORARY STATE COMMISSION OF INVESTIGATION

MISSION

The Temporary State Commission of Investigation serves as a bipartisan fact-finding agency investigating and reporting on organized crime and racketeering, the conduct of public officers, and other matters affecting public peace, safety and justice.

ORGANIZATION AND STAFFING

The Commission has six salaried members, two each appointed by the Governor, the Temporary President of the Senate and the Speaker of the Assembly. In addition to the 6 commissioners, there will be 21 staff positions at the Commission, which has its main office in New York City.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendation for fiscal year 2003-04 provides nearly \$2.9 million in State tax dollars and \$266,000 in anticipated asset forfeitures to support the expenses of the Commission.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	3,225,000	3,181,000	(44,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,225,000	3,181,000	(44,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Investigation			
General Fund	29	27	(2)
Total	29	27	(2)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	3,025,000	2,915,000	(110,000)
Special Revenue Funds - Other	200,000	266,000	66,000
Total	3,225,000	3,181,000	(44,000)

INVESTIGATION

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

Program	Available 2002-03	Recommended 2003-04	Change
Investigation			
General Fund	3,025,000	2,915,000	(110,000)
Special Revenue Funds - Other	200,000	266,000	66,000
Total	<u>3,225,000</u>	<u>3,181,000</u>	<u>(44,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Investigation	2,215,000	(110,000)	2,200,000	(110,000)
Total	<u>2,215,000</u>	<u>(110,000)</u>	<u>2,200,000</u>	<u>(110,000)</u>

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Investigation	15,000	0
Total	<u>15,000</u>	<u>0</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Investigation	700,000	0	16,000	0
Total	<u>700,000</u>	<u>0</u>	<u>16,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Investigation	60,000	0	592,000	0
Total	<u>60,000</u>	<u>0</u>	<u>592,000</u>	<u>0</u>

Program	Equipment	
	Amount	Change
Investigation	32,000	0
Total	<u>32,000</u>	<u>0</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
Investigation	266,000	66,000	266,000	66,000
Total	<u>266,000</u>	<u>66,000</u>	<u>266,000</u>	<u>66,000</u>

JUDICIAL COMMISSIONS

MISSION

New York State's three Judicial Commissions play important roles in maintaining the integrity of the court system. The Commission on Judicial Nomination and the Judicial Screening Committees screen potential nominees for high-level judicial appointments by the Governor. The Commission on Judicial Conduct investigates and acts upon allegations of judicial misconduct.

COMMISSION ON JUDICIAL CONDUCT

The State Constitution established the Commission on Judicial Conduct, which is responsible for investigating complaints of misconduct against State judges and local justices. The Commission has disciplinary powers, which include the authority to remove judges and justices from office for serious misconduct, subject to review by the Court of Appeals.

The Commission on Judicial Conduct has 11 members, 4 of whom are appointed by the Governor, 3 by the Chief Judge of the Court of Appeals and the remaining 4 by the Legislature. Commission members serve without pay and meet periodically to consider complaints, hear testimony and determine the disposition of cases. The Commission will have a staff of 26 in fiscal year 2003-04. Its main office is in New York City, with branches in Albany and Rochester. Its budget of nearly \$2.3 million is supported entirely by State tax dollars from the General Fund.

COMMISSION ON JUDICIAL NOMINATION

The State Constitution established the Commission on Judicial Nomination to evaluate candidates and make recommendations to the Governor for appointment to the Court of Appeals, the State's highest court.

The Commission on Judicial Nomination has 12 members appointed by the Governor, the Chief Judge of the Court of Appeals and the Legislature. These members serve without pay and conduct the search for qualified candidates upon formal notification of a vacancy on the Court of Appeals. They are supported by volunteer legal staff also serving without pay.

GOVERNOR'S JUDICIAL SCREENING COMMITTEES

The Governor's Judicial Screening Committees are established by Executive Order to evaluate the qualifications of candidates and make recommendations to the Governor for appointment to judgeships other than those on the Court of Appeals. The Committees are located throughout the State. In fiscal year 2003-04, a total of \$150,000 in State tax dollars will support the Committees.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	2,390,000	2,426,000	36,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	2,390,000	2,426,000	36,000	0

JUDICIAL COMMISSIONS

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

Full-Time Equivalent Positions (FTE)

Program	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Judicial Conduct			
General Fund	26	26	0
Total	26	26	0

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	2,390,000	2,426,000	36,000
Total	2,390,000	2,426,000	36,000

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Judicial Conduct			
General Fund	2,230,000	2,266,000	36,000
Judicial Nomination, Commission on			
General Fund	10,000	10,000	0
Judicial Screening Committees			
General Fund	150,000	150,000	0
Total	2,390,000	2,426,000	36,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Judicial Conduct	1,798,000	(12,000)	1,778,000	(12,000)
Total	1,798,000	(12,000)	1,778,000	(12,000)

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Judicial Conduct	20,000	0
Total	20,000	0

JUDICIAL COMMISSIONS

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Judicial Conduct	468,000	48,000	33,000	1,000
Judicial Nomination, Commission on	10,000	0	0	0
Judicial Screening Committees	150,000	0	0	0
Total	<u>628,000</u>	<u>48,000</u>	<u>33,000</u>	<u>1,000</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Judicial Conduct	32,000	1,000	388,000	46,000
Judicial Nomination, Commission on	0	0	0	0
Judicial Screening Committees	0	0	0	0
Total	<u>32,000</u>	<u>1,000</u>	<u>388,000</u>	<u>46,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Judicial Conduct	15,000	0	0	0
Judicial Nomination, Commission on	0	0	10,000	0
Judicial Screening Committees	0	0	150,000	0
Total	<u>15,000</u>	<u>0</u>	<u>160,000</u>	<u>0</u>

DEPARTMENT OF LAW

MISSION

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

In implementing its constitutional responsibilities, the Department performs a wide range of functions. Major activities of the Department include prosecuting or defending actions and proceedings for or against the State and its departments; prosecuting certain criminal violations of the Labor, Workers' Compensation, and Unemployment Insurance laws; investigating and prosecuting other criminal cases at the request of the Governor or the commissioners of State departments; investigating the activities of organized crime; bringing civil and/or criminal actions against polluters, violators of antitrust laws, and those who defraud consumers or investors; mediating consumer complaints; and investigating and prosecuting cases of Medicaid fraud.

ORGANIZATION AND STAFFING

The legal functions of the Department of Law are divided into major divisions which comprise bureaus dealing with specific legal issues and cases. These are the divisions of Administration, Appeals and Opinions, Criminal Prosecutions, State Counsel, Public Advocacy, and Regional Offices.

The Department's main offices are located in Albany and New York City, with regional offices in Binghamton, Poughkeepsie, Syracuse, Buffalo, Plattsburgh, Rochester, Watertown, Mineola, Hauppauge, Harlem, Utica, Brooklyn, Pearl River and White Plains. The Department will have a workforce of 1,710 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends \$188.5 million for the Department. This recommendation includes \$112.8 million in tax dollars from the General Fund, which will finance 60 percent of these expenses for 2003-04. Additional support for 2003-04 will be provided by:

- Federal funding of \$30.6 million to finance Medicaid fraud efforts;
- Revenues of \$29.3 million related to the collection of non-tax debt and litigation settlements; and
- \$15.7 million from assets seized as part of criminal prosecution activities and Medicaid fraud recoveries.

PROGRAM HIGHLIGHTS

Agency divisions perform the following functions:

- The Administration Division provides budget, personnel, operations, and technology services for the Agency;
- The Division of Appeals and Opinions handles appellate litigation in both State and Federal courts. The Division also prepares opinions, both formal and informal, interpreting State laws for State agencies and municipalities;
- The Criminal Division investigates and prosecutes criminal cases, including those involving Medicaid fraud, auto insurance fraud, white collar and organized crime cases involving multi-county, multi-state and even multi-national criminal activities occurring within New York State;

LAW

- The Division of State Counsel provides State agencies, the Governor, other State officials and the Legislature with counsel and representation in legal proceedings. It recoups non-tax revenue on behalf of State taxpayers and provides legal assistance to State agencies in connection with the acquisition and disposition of public land;
- The Division of Public Advocacy defends and protects the public interest in the courts. It enforces laws to prevent trade restraint, protects charitable donors and beneficiaries and enforces laws prohibiting discrimination. It also protects consumers from fraudulent, and/or deceptive business practices, enforces environmental laws and regulates sales of investment securities. It also enforces the State's health care laws and addresses concerns about online criminal or fraudulent activities; and
- The Regional Offices program provides mini-satellite offices across the State to ensure that all New York agencies have cost effective representation in all local and Federal courts, and that citizens have full access to the programs and services of the Department.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	186,935,000	188,427,000	1,492,000	30,020,000
Aid To Localities	60,000	0	(60,000)	0
Capital Projects	0	0	0	0
Total	186,995,000	188,427,000	1,432,000	30,020,000

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	176	165	(11)
Appeals and Opinions			
General Fund	64	60	(4)
Counsel for the State			
General Fund	315	298	(17)
Special Revenue Funds - Other	139	139	0
Internal Service Funds	102	102	0
Criminal Prosecutions			
General Fund	191	179	(12)
Special Revenue Funds - Other	56	56	0
Medicaid Fraud Control			
General Fund	75	0	(75)
Special Revenue Funds - Federal	208	208	0
Special Revenue Funds - Other	0	75	75
Public Advocacy			
General Fund	291	276	(15)
Special Revenue Funds - Other	7	7	0
Regional Offices			
General Fund	151	145	(6)
Total	1,775	1,710	(65)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	120,618,000	112,778,000	(7,840,000)
Special Revenue Funds - Federal	31,073,000	30,625,000	(448,000)
Special Revenue Funds - Other	26,244,000	35,098,000	8,854,000
Internal Service Funds	9,000,000	9,926,000	926,000
Total	<u>186,935,000</u>	<u>188,427,000</u>	<u>1,492,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	26,462,000	27,169,000	707,000
Appeals and Opinions			
General Fund	5,289,000	4,893,000	(396,000)
Counsel for the State			
General Fund	31,671,000	32,456,000	785,000
Special Revenue Funds - Other	17,527,000	19,476,000	1,949,000
Internal Service Funds	9,000,000	9,926,000	926,000
Criminal Prosecutions			
General Fund	18,287,000	15,840,000	(2,447,000)
Special Revenue Funds - Federal	150,000	0	(150,000)
Special Revenue Funds - Other	4,600,000	4,904,000	304,000
Medicaid Fraud Control			
General Fund	4,654,000	0	(4,654,000)
Special Revenue Funds - Federal	30,923,000	30,625,000	(298,000)
Special Revenue Funds - Other	4,117,000	10,718,000	6,601,000
Public Advocacy			
General Fund	21,924,000	20,830,000	(1,094,000)
Regional Offices			
General Fund	12,331,000	11,590,000	(741,000)
Total	<u>186,935,000</u>	<u>188,427,000</u>	<u>1,492,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	9,763,000	(901,000)	9,473,000	(901,000)
Appeals and Opinions	4,266,000	(325,000)	4,121,000	(325,000)
Counsel for the State	22,141,000	(738,000)	21,608,000	(738,000)
Criminal Prosecutions	13,187,000	(820,000)	13,132,000	(820,000)
Medicaid Fraud Control	0	(4,654,000)	0	(4,577,000)
Public Advocacy	19,253,000	(915,000)	18,735,000	(915,000)
Regional Offices	9,886,000	(548,000)	9,560,000	(548,000)
Total	<u>78,496,000</u>	<u>(8,901,000)</u>	<u>76,629,000</u>	<u>(8,824,000)</u>

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	290,000	0
Appeals and Opinions	145,000	0
Counsel for the State	533,000	0
Criminal Prosecutions	55,000	0
Medicaid Fraud Control	0	(77,000)
Public Advocacy	518,000	0
Regional Offices	326,000	0
Total	<u>1,867,000</u>	<u>(77,000)</u>

LAW

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	17,406,000	1,608,000	83,000	0
Appeals and Opinions	627,000	(71,000)	317,000	(35,000)
Counsel for the State	10,315,000	1,523,000	46,000	0
Criminal Prosecutions	2,653,000	(1,627,000)	68,000	0
Public Advocacy	1,577,000	(179,000)	80,000	0
Regional Offices	1,704,000	(193,000)	19,000	0
Total	34,282,000	1,061,000	613,000	(35,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	60,000	0	16,932,000	1,608,000
Appeals and Opinions	29,000	0	279,000	(36,000)
Counsel for the State	108,000	0	459,000	0
Criminal Prosecutions	293,000	0	1,727,000	(1,627,000)
Public Advocacy	78,000	0	1,280,000	(179,000)
Regional Offices	218,000	0	1,430,000	(193,000)
Total	786,000	0	22,107,000	(427,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	331,000	0	0	0
Appeals and Opinions	2,000	0	0	0
Counsel for the State	44,000	0	9,658,000	1,523,000
Criminal Prosecutions	565,000	0	0	0
Public Advocacy	139,000	0	0	0
Regional Offices	37,000	0	0	0
Total	1,118,000	0	9,658,000	1,523,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Counsel for the State	29,402,000	2,875,000	8,019,000	(59,000)
Criminal Prosecutions	4,904,000	154,000	0	0
Medicaid Fraud Control	41,343,000	6,303,000	21,801,000	3,788,000
Total	75,649,000	9,332,000	29,820,000	3,729,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Counsel for the State	11,457,000	2,008,000	9,926,000	926,000
Criminal Prosecutions	0	0	4,904,000	154,000
Medicaid Fraud Control	15,289,000	2,379,000	4,253,000	136,000
Total	26,746,000	4,387,000	19,083,000	1,216,000

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	60,000	0	(60,000)
Total	60,000	0	(60,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
Legislative Initiatives			
General Fund	60,000	0	(60,000)
Total	<u>60,000</u>	<u>0</u>	<u>(60,000)</u>

TEMPORARY STATE COMMISSION ON LOBBYING

MISSION

The Temporary State Commission on Lobbying is responsible for monitoring, maintaining and making public the identities, activities, and expenditures of lobbyists, clients and public corporations attempting to influence the legislative, regulatory and rule and rate-making actions of elected State officials, agency decision makers and local governments. The Commission is also authorized to hold hearings, impose civil penalties, and make public the records of appearances before regulatory State agencies.

ORGANIZATION AND STAFFING

The Lobbying Act sets forth the administrative and enforcement responsibilities of the Commission. Under the guidance of a six-member bipartisan board appointed by the Governor, with advice from the legislative leaders, these responsibilities are carried out by a workforce of 16.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Commission will receive nearly \$1.3 million in 2003-04, with 77 percent of its support from State tax dollars. The remaining 23 percent of its operations will be funded by civil penalty fines assessed on lobbyists for violations of the Lobbying Law.

PROGRAM HIGHLIGHTS

In 2001, the Commission's oversight responsibilities included 2,930 registered lobbyists, 1,640 clients of lobbyists, and 53 public corporations that reported lobbying expenses. The Commission's monitoring responsibilities encompassed both registered and unregistered special interest groups. These groups were active on over 14,987 bills before the Legislature and 1,724 rules, regulations and rate applications involving State agencies.

In 2003-04, the Commission will offer an Electronic Filing Program, which will simplify reporting for the majority of filers and contribute toward more rapid disclosure of lobbying activities to the public while reducing labor-intensive tasks of Commission staff members.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations	Change	Reappropriations
	2002-03	Recommended 2003-04		Recommended 2003-04
State Operations	1,430,000	1,287,000	(143,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	1,430,000	1,287,000	(143,000)	0

LOBBYING

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

Full-Time Equivalent Positions (FTE)

Program	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Operations			
General Fund	16	16	0
Total	16	16	0

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	1,130,000	987,000	(143,000)
Special Revenue Funds - Other	300,000	300,000	0
Total	1,430,000	1,287,000	(143,000)

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

Program	Available	Recommended	Change
	2002-03	2003-04	
Operations			
General Fund	1,130,000	987,000	(143,000)
Special Revenue Funds - Other	300,000	300,000	0
Total	1,430,000	1,287,000	(143,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Operations	987,000	0	987,000	0
Total	987,000	0	987,000	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Operations	0	(143,000)	0	(143,000)
Total	0	(143,000)	0	(143,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Operations	300,000	0	300,000	0
Total	300,000	0	300,000	0

DIVISION OF MILITARY AND NAVAL AFFAIRS

MISSION

The primary mission of the Division of Military and Naval Affairs (DMNA) is twofold. Through the State's organized militia, it maintains a well-trained military force ready to respond to civil emergencies and natural and man-made disasters, and with respect to federally recognized units, threats to the nation's security. Through the State Emergency Management Office (SEMO), the Division coordinates the State's response to disasters and prepares the State, local governments and residents to deal effectively with any such potential disasters.

In recent years, the Division has also broadened its mission to include joint partnerships with local communities. Such partnerships include aid to law enforcement agencies in their anti-drug activities and non-emergency National Guard assistance to communities.

ORGANIZATION AND STAFFING

Under the direction of the Adjutant General, who is appointed by the Governor, the Division consists of the New York Army National Guard, the New York Air National Guard, the Naval Militia, the New York Guard, and SEMO. Coordinated through the main office in Albany, the Division operates more than 60 armories as well as 28 maintenance shops, six Air Guard bases and three Army Aviation Support facilities. In addition, the Division provides administrative support for nearly 18,000 New York-based National Guard troops who are paid directly by the Federal government.

The State Emergency Management Office serves as the operational component of the Disaster Preparedness Commission (DPC), which is responsible for State disaster preparedness plans and the coordination of State disaster operations.

The Disaster Preparedness Commission, DMNA and SEMO are all overseen by the State's Director of Disaster Preparedness and will have a combined workforce of 530 in 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendations for fiscal year 2003-04 support the Division's core mission of using its well-trained military force to both respond to civil emergencies and to support local authorities in their efforts to guard against ongoing security threats. In so doing, the Agency will continue a comprehensive infrastructure review to determine which armories are vital to the support of these activities.

Approximately 54 percent of the Division's State Operations programs are supported with Federal funds; 20 percent are funded from special accounts with revenues from the nuclear power industry, armory rentals and seized assets; and State tax dollars from the General Fund support the remaining 26 percent. The Division's Aid to Localities budget includes \$260 million in new State and Federal disaster assistance appropriations to support response efforts associated with future disasters, and \$14.5 million in both Federal grants and assessments paid by nuclear power generating facilities to support emergency preparedness activities. The Executive Budget recommends funding of \$63.6 million for Division of Military and Naval Affairs State Operations: \$46.9 million from Federal funding and special account revenues; and \$16.7 million in General Fund support. The Division will achieve spending reductions in 2003-2004 by consolidating armory activities and temporarily discontinuing the Challenge Program for at-risk youth.

The 2003-04 Capital Plan recommendations of \$40.6 million in new appropriations represent an increase of \$21.3 million above the 2002-03 appropriations level of \$19.3 million. Nearly \$28.7 million will support a recently announced seven-year Federal military

MILITARY AND NAVAL AFFAIRS

construction plan to replace or expand armories and equipment maintenance facilities across the State. The balance supports a continuation of Division efforts to maintain its existing facilities and, where feasible, restore armories in order to assist in the consolidation effort and to preserve their historic and future value.

PROGRAM HIGHLIGHTS

MILITARY READINESS

The Military Readiness programs constitute the heart of the Division's operations. These programs include the New York Army National Guard, the New York Air National Guard, the New York Guard, and the New York Naval Militia. In 2001, the Readiness program mounted a sustained, large-scale activation to assist in World Trade Center disaster response efforts as well as subsequent activities that are still ongoing to safeguard the State's citizenry from new security threats. Other responses to civilian emergencies in recent years have included the abatement and mitigation of the effects of forest fires, blizzards, floods and ice storms. Recent military endeavors include commanding the Northeast air defense, providing air support to the National Science Foundation Antarctica mission and participating in military efforts to provide relief to disaster victims in El Salvador, Honduras and Puerto Rico. Members of the New York National Guard are currently stationed worldwide and all stand ready to serve if and when called upon to do so.

EMERGENCY MANAGEMENT

The State Emergency Management Office coordinates the State's response to natural and man made disasters, as well as other civil emergencies. Recent disasters have included forest fires and an earthquake, both in the Adirondacks, during the Spring of 2002, and life threatening snowstorms in Western New York in January 2002. The Office has played a critical role in both the crisis management activities that immediately followed the World Trade Center collapse and the disaster recovery efforts that continue today.

The Office is also responsible for the development, testing and revision of radiological emergency plans at the State and county levels, to deal with possible radiological accidents at nuclear powered electric generating facilities. This Office also trains personnel to mitigate the risks of future disasters and administers the Disaster Assistance Program, which provides State and federally supported financial relief to localities and individuals affected by disasters.

RECRUITMENT INCENTIVE AND RETENTION PROGRAM

Established in 1996, the Recruitment Incentive and Retention Program provides qualified individuals and active National Guard members with a tuition benefit for undergraduate study. The enormous success of the program has stabilized the Guard's troop strength and significantly improved member morale in recent years.

SPECIAL SERVICES

The cornerstone of DMNA's special services is "guardHELP," an innovative program to link guard resources with current community volunteer, youth activity, and environmental needs. Additionally, the Special Services program includes the activities associated with armory rentals.

MILITARY AND NAVAL AFFAIRS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	64,699,000	63,594,000	(1,105,000)	18,701,000
Aid To Localities	7,245,000	274,450,000	267,205,000	3,785,400,000
Capital Projects	19,300,000	40,600,000	21,300,000	22,800,000
Total	<u>91,244,000</u>	<u>378,644,000</u>	<u>287,400,000</u>	<u>3,826,901,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	62	62	0
Emergency Management			
General Fund	30	21	(9)
Special Revenue Funds - Federal	74	70	(4)
Special Revenue Funds - Other	18	27	9
Military Readiness			
General Fund	148	143	(5)
Special Revenue Funds - Federal	211	204	(7)
Special Service			
General Fund	18	0	(18)
Special Revenue Funds - Federal	27	0	(27)
Special Revenue Funds - Other	3	3	0
Total	<u>591</u>	<u>530</u>	<u>(61)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	18,450,000	16,682,000	(1,768,000)
Special Revenue Funds - Federal	35,382,000	34,269,000	(1,113,000)
Special Revenue Funds - Other	10,295,000	11,621,000	1,326,000
Fiduciary Funds	572,000	1,022,000	450,000
Total	<u>64,699,000</u>	<u>63,594,000</u>	<u>(1,105,000)</u>

Adjustments:	
Prior Year Deficiency	
Military and Naval Affairs, Division of	
General Fund	<u>2,275,000</u>
Appropriated 2002-03	<u>66,974,000</u>

MILITARY AND NAVAL AFFAIRS

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	3,753,000	3,780,000	27,000
Disaster Assistance			
Special Revenue Funds - Federal	1,775,000	3,295,000	1,520,000
Emergency Management			
General Fund	1,388,000	1,396,000	8,000
Special Revenue Funds - Federal	8,945,000	8,057,000	(888,000)
Special Revenue Funds - Other	1,748,000	2,948,000	1,200,000
Military Readiness			
General Fund	12,283,000	11,254,000	(1,029,000)
Special Revenue Funds - Federal	22,827,000	22,917,000	90,000
Special Service			
General Fund	1,026,000	252,000	(774,000)
Special Revenue Funds - Federal	1,835,000	0	(1,835,000)
Special Revenue Funds - Other	8,547,000	8,673,000	126,000
Fiduciary Funds	572,000	1,022,000	450,000
Total	<u>64,699,000</u>	<u>63,594,000</u>	<u>(1,105,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,334,000	24,000	3,317,000	24,000
Emergency Management	1,118,000	8,000	1,106,000	8,000
Military Readiness	6,909,000	(991,000)	6,394,000	(1,026,000)
Special Service	199,000	(593,000)	187,000	(554,899)
Total	<u>11,560,000</u>	<u>(1,552,000)</u>	<u>11,004,000</u>	<u>(1,548,899)</u>
Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	17,000	0
Emergency Management	0	0	12,000	0
Military Readiness	214,000	20,000	301,000	15,000
Special Service	10,000	(30,000)	2,000	(8,101)
Total	<u>224,000</u>	<u>(10,000)</u>	<u>332,000</u>	<u>6,899</u>

MILITARY AND NAVAL AFFAIRS

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	446,000	3,000	79,000	0
Emergency Management	278,000	0	45,300	0
Military Readiness	4,345,000	(38,000)	159,000	0
Special Service	53,000	(181,000)	34,000	(103,000)
Total	5,122,000	(216,000)	317,300	(103,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	32,000	0	194,000	3,000
Emergency Management	26,500	0	156,800	0
Military Readiness	32,000	0	3,407,000	(338,000)
Special Service	2,000	(5,000)	17,000	(57,000)
Total	92,500	(5,000)	3,774,800	(392,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	141,000	0	0	0
Emergency Management	49,400	0	0	0
Military Readiness	7,000	0	740,000	300,000
Special Service	0	(16,000)	0	0
Total	197,400	(16,000)	740,000	300,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Disaster Assistance	3,295,000	1,520,000	2,080,000	1,008,000
Emergency Management	11,005,000	312,000	4,808,000	217,000
Military Readiness	22,917,000	90,000	11,329,000	(194,000)
Special Service	9,695,000	(1,259,000)	1,052,000	(1,040,000)
Total	46,912,000	663,000	19,269,000	(9,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Disaster Assistance	1,215,000	512,000	0	0
Emergency Management	6,197,000	95,000	0	0
Military Readiness	11,588,000	284,000	0	0
Special Service	4,665,000	(219,000)	3,978,000	0
Total	23,665,000	672,000	3,978,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	95,000	60,000,000	59,905,000
Special Revenue Funds - Federal	5,500,000	211,600,000	206,100,000
Special Revenue Funds - Other	1,650,000	2,850,000	1,200,000
Total	7,245,000	274,450,000	267,205,000

MILITARY AND NAVAL AFFAIRS

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

Program	Available 2002-03	Recommended 2003-04	Change
Disaster Assistance			
General Fund	0	60,000,000	60,000,000
Special Revenue Funds - Federal	0	200,000,000	200,000,000
Emergency Management			
Special Revenue Funds - Federal	5,500,000	11,600,000	6,100,000
Special Revenue Funds - Other	1,650,000	2,850,000	1,200,000
Community Projects			
General Fund	95,000	0	(95,000)
Total	<u>7,245,000</u>	<u>274,450,000</u>	<u>267,205,000</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Design and Construction Supervision				
Capital Projects Fund	1,900,000	5,500,000	3,600,000	1,900,000
Federal Capital Projects Fund	2,700,000	3,600,000	900,000	2,700,000
Maintenance and Improvement of Existing Facilities				
Capital Projects Fund	6,200,000	11,100,000	4,900,000	8,200,000
Federal Capital Projects Fund	8,500,000	20,400,000	11,900,000	10,000,000
Total	<u>19,300,000</u>	<u>40,600,000</u>	<u>21,300,000</u>	<u>22,800,000</u>

DIVISION OF PAROLE

MISSION

The Division of Parole, which consists of the Board of Parole and Division staff, is primarily responsible for community supervision and reintegration of offenders released from prison by action of the Parole Board or by conditional release.

The Division promotes public safety and protection through the development and implementation of supervision and treatment plans for offenders returning to the community.

ORGANIZATION AND STAFFING

The 19 members of the Board of Parole are appointed by the Governor, and confirmed by the Senate, for six-year terms. One member is designated by the Governor to serve as the Board's Chair and chief executive officer of the Division. The Board members review the cases of inmates eligible for parole and determine if and when the offender should be released to parole supervision. The Board members establish the conditions the parolee must abide by in the community, and revoke parole in cases where parolees fail to maintain the conditions of their release.

The Division's administrative staff are located in its central office in Albany. Parole operations staff are distributed across the state in 70 correctional facilities and approximately 38 community-based supervision offices.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2003-04, approximately \$145 million in State tax dollars and \$1.5 million in Federal funds will enable the Division of Parole to promote public safety by preparing inmates for release, supervising offenders in the community, and arranging for treatment services for parolees.

The Budget recommendations also build on prior year initiatives designed to supervise offenders in the community by providing intensive parole officer supervision caseloads for violent felony offenders, sex offenders and for those parolees who complete the drug treatment program at the Willard Drug Treatment Campus.

Approximately \$37.5 million in State tax dollars is recommended to support the Aid to Localities portion of the budget. This funding finances vocational development and relapse prevention programs, and supports initiatives designed to positively impact the revocation process. In order to reduce the impact on localities and speed the return of non-compliant parolees to State prison, the Division has developed several procedural changes that have made the parole revocation process more efficient. These management efficiencies have reduced the amount of time parole violators spend in local jails.

PROGRAM HIGHLIGHTS

In addition to closely monitoring offenders in the community, the Division helps prevent parolees from reverting to a life of crime by contracting for various rehabilitative services to support their return to society, such as substance abuse counseling, residential treatment, and employment training and programming. The Division has also begun the implementation of an information technology initiative that will enhance the provision of these services, as well as improve supervision of parolees in the community.

PAROLE OPERATIONS

The Parole Operations program, the core of the State parole system, comprises three major areas: preparing inmates for parole, assisting the Board in making parole release determinations, and supervising parolees upon release. An inmate must have housing and

PAROLE

employment prospects before being released from a State prison. Parole officers attempt to obtain housing, employment and other services before an inmate appears before the Board. At the same time, parole staff assigned to prisons assess an inmate's readiness for release by reviewing his or her case history. The staff also summarizes an inmate's rehabilitation progress, family background, and housing and employment prospects for the Board's consideration.

As a result of changes to the Penal Law by the Sentencing Reform Act of 1995 and Jenna's Law, violent felony offenders are subject to determinate sentences and not eligible for early parole release. Those offenders are, however, subject to fixed periods of post-release supervision upon their release from prison. When offenders are released from prison, they are assigned to a Parole Officer for the balance of their sentence. The supervising parole officer monitors the behavior of parolees in the community, investigates alleged violations, revokes parole when warranted and arranges for services to help parolees remain productive and law-abiding members of the community.

Under proposed legislation, merit termination of sentence will be granted to certain nonviolent felons on parole who do not present a risk to the community.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	154,353,000	147,519,000	(6,834,000)	961,000
Aid To Localities	43,934,000	42,727,000	(1,207,000)	6,955,000
Capital Projects	0	0	0	0
Total	198,287,000	190,246,000	(8,041,000)	7,916,000

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	113	107	(6)
Parole Operations			
General Fund	2,122	2,065	(57)
Total	2,235	2,172	(63)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	152,067,000	145,234,000	(6,833,000)
Special Revenue Funds - Federal	1,461,000	1,460,000	(1,000)
Special Revenue Funds - Other	400,000	400,000	0
Fiduciary Funds	425,000	425,000	0
Total	154,353,000	147,519,000	(6,834,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	8,548,000	7,931,000	(617,000)
Parole Operations			
General Fund	143,519,000	137,303,000	(6,216,000)
Special Revenue Funds - Federal	1,461,000	1,460,000	(1,000)
Special Revenue Funds - Other	400,000	400,000	0
Fiduciary Funds	425,000	425,000	0
Total	<u>154,353,000</u>	<u>147,519,000</u>	<u>(6,834,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	6,458,000	(641,000)	6,326,000	(642,000)
Parole Operations	111,313,000	(5,948,000)	107,542,000	(5,859,000)
Total	<u>117,771,000</u>	<u>(6,589,000)</u>	<u>113,868,000</u>	<u>(6,501,000)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	132,000	1,000
Parole Operations	80,000	0	3,691,000	(89,000)
Total	<u>80,000</u>	<u>0</u>	<u>3,823,000</u>	<u>(88,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,473,000	24,000	20,000	(17,000)
Parole Operations	25,990,000	(268,000)	1,037,000	0
Total	<u>27,463,000</u>	<u>(244,000)</u>	<u>1,057,000</u>	<u>(17,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	238,000	0	1,201,000	41,000
Parole Operations	3,105,000	(400,000)	20,566,000	632,000
Total	<u>3,343,000</u>	<u>(400,000)</u>	<u>21,767,000</u>	<u>673,000</u>

Program	Equipment	
	Amount	Change
Administration	14,000	0
Parole Operations	1,282,000	(500,000)
Total	<u>1,296,000</u>	<u>(500,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Parole Operations	425,000	0	425,000	0
Total	<u>425,000</u>	<u>0</u>	<u>425,000</u>	<u>0</u>

PAROLE

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	35,972,000	37,477,000	1,505,000
Special Revenue Funds - Federal	2,712,000	0	(2,712,000)
Internal Service Funds	5,250,000	5,250,000	0
Total	<u>43,934,000</u>	<u>42,727,000</u>	<u>(1,207,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Parole Operations			
General Fund	35,972,000	37,477,000	1,505,000
Special Revenue Funds - Federal	2,712,000	0	(2,712,000)
Internal Service Funds	5,250,000	5,250,000	0
Total	<u>43,934,000</u>	<u>42,727,000</u>	<u>(1,207,000)</u>

OFFICE FOR THE PREVENTION OF DOMESTIC VIOLENCE

MISSION

The Office for the Prevention of Domestic Violence develops statewide policies to protect victims of domestic violence and conducts domestic violence prevention training for judges, prosecutors, police, attorneys, probation and parole personnel, social services and health care providers.

ORGANIZATION AND STAFFING

The Office, headed by an Executive Director appointed by the Governor, has its central office in the Capital District and one field office in New York City. The Office will have a workforce of 31 persons in 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget continues support for the Office's policy development and training programs. The All Funds appropriation for the Office will be \$2.4 million in 2003-04 to carry out domestic violence prevention activities.

PROGRAM HIGHLIGHTS

The Office works to improve the response of various State and local public agencies to families affected by domestic violence. In cooperation with other agencies, the Office develops domestic violence policies and provides training and information about domestic violence. These programs clarify professional and legal responsibility to promote the safety of victims of domestic violence and to hold offenders accountable for their actions. Each training program provides an in-depth examination of the nature and dynamics of domestic violence.

The Office also serves as a clearinghouse for information about domestic violence, receiving more than 4,000 calls a year from social service and health care agencies, police departments, domestic violence shelters, local violence prevention programs and domestic violence victims.

Over the past several years, the Office's accomplishments have included development of model county and State domestic violence prevention policies which guide the response to victims and perpetrators of domestic violence in all county and State agencies. Additionally, as a result of the 1997 Welfare Reform legislation, the Office works with the Office of Temporary and Disability Assistance and Office of Children and Family Services to improve procedures for notifying public assistance applicants and recipients about the availability of domestic violence protection and services, and to provide training to social services personnel to recognize the presence of domestic violence.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations	Change	Reappropriations
	2002-03	Recommended 2003-04		Recommended 2003-04
State Operations	2,016,000	1,685,000	(331,000)	0
Aid To Localities	755,000	755,000	0	0
Capital Projects	0	0	0	0
Total	2,771,000	2,440,000	(331,000)	0

PREVENTION OF DOMESTIC VIOLENCE

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	16	15	(1)
Special Revenue Funds - Federal	16	16	0
Total	<u>32</u>	<u>31</u>	<u>(1)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	1,846,000	1,515,000	(331,000)
Special Revenue Funds - Federal	100,000	100,000	0
Special Revenue Funds - Other	50,000	50,000	0
Fiduciary Funds	20,000	20,000	0
Total	<u>2,016,000</u>	<u>1,685,000</u>	<u>(331,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	1,089,000	(253,000)	1,089,000	(253,000)
Total	<u>1,089,000</u>	<u>(253,000)</u>	<u>1,089,000</u>	<u>(253,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	426,000	(78,000)	45,000	(33,000)
Total	<u>426,000</u>	<u>(78,000)</u>	<u>45,000</u>	<u>(33,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	39,000	(17,000)	324,000	(27,000)
Total	<u>39,000</u>	<u>(17,000)</u>	<u>324,000</u>	<u>(27,000)</u>

Program	Equipment	
	Amount	Change
Administration	18,000	(1,000)
Total	<u>18,000</u>	<u>(1,000)</u>

PREVENTION OF DOMESTIC VIOLENCE

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	170,000	0	170,000	0
Total	170,000	0	170,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	755,000	755,000	0
Total	755,000	755,000	0

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	755,000	755,000	0
Total	755,000	755,000	0

DIVISION OF PROBATION AND CORRECTIONAL ALTERNATIVES

MISSION

The Division of Probation and Correctional Alternatives oversees county probation departments, provides them with training and technical assistance, and reimburses a portion of their expenses related to supervision and treatment of offenders. The agency also provides localities with grants to fund Alternatives to Incarceration programs that are designed to divert offenders from the State prison system with appropriate community-based sanctions.

ORGANIZATION AND STAFFING

Headed by a State Director appointed by the Governor, the Division is located in Albany. The Division will operate in 2003-04 with a staff of 32.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2003-04, approximately \$2.2 million in State tax dollars will support the Division's State Operations budget. The Division's Aid to Localities program will distribute \$72 million in State support for probation services and alternatives to incarceration. Over the past three years, \$12 million in grants to community-based programs have been distributed through the Federal Temporary Assistance for Needy Families (TANF) program. These programs assist families involved in the criminal justice system with training and employment programs needed to break the cycle of criminal activity and financial dependence on the public welfare system.

PROGRAM HIGHLIGHTS

The recommended local assistance consolidates funding for Probation Aid, the Intensive Supervision Program, the Juvenile Intensive Supervision Program and a number of alternatives to incarceration programs into a block grant to be distributed to localities to address community correction needs. In addition, this change will allow the Division to redirect their staff efforts from grants management to performance measurement and enhanced training for local providers.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	2,340,000	2,153,000	(187,000)	0
Aid To Localities	87,353,000	71,797,000	(15,556,000)	32,983,000
Capital Projects	0	0	0	0
Total	89,693,000	73,950,000	(15,743,000)	32,983,000

PROBATION AND CORRECTIONAL ALTERNATIVES

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Community Corrections			
General Fund	33	32	(1)
Total	<u>33</u>	<u>32</u>	<u>(1)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Community Corrections			
General Fund	2,340,000	2,153,000	(187,000)
Total	<u>2,340,000</u>	<u>2,153,000</u>	<u>(187,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Community Corrections	1,748,000	(117,000)	1,748,000	(117,000)
Total	<u>1,748,000</u>	<u>(117,000)</u>	<u>1,748,000</u>	<u>(117,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Community Corrections	405,000	(70,000)	15,000	(12,000)
Total	<u>405,000</u>	<u>(70,000)</u>	<u>15,000</u>	<u>(12,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Community Corrections	44,000	(16,000)	336,000	(22,000)
Total	<u>44,000</u>	<u>(16,000)</u>	<u>336,000</u>	<u>(22,000)</u>

Program	Equipment	
	Amount	Change
Community Corrections	10,000	(20,000)
Total	<u>10,000</u>	<u>(20,000)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	87,353,000	71,797,000	(15,556,000)
Total	<u>87,353,000</u>	<u>71,797,000</u>	<u>(15,556,000)</u>

PROBATION AND CORRECTIONAL ALTERNATIVES

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

Program	Available 2002-03	Recommended 2003-04	Change
Community Corrections			
General Fund	84,467,000	71,797,000	(12,670,000)
Community Projects			
General Fund	2,886,000	0	(2,886,000)
Total	<u>87,353,000</u>	<u>71,797,000</u>	<u>(15,556,000)</u>

PUBLIC AND PRIVATE EMPLOYMENT RELATIONS BOARD

MISSION

The Public and Private Employment Relations Board is the entity that will be created by the merger of the State Employment Relations Board (SERB) with the Public Employment Relations Board (PERB). This merger will achieve General Fund savings while continuing all of the services previously provided by the predecessor agencies. The new Board will resolve labor disputes between employers and employees in both the public and the private sectors. The Board will provide mediation, fact-finding and arbitration in contract disputes for approximately 4,300 public sector negotiating units in New York and will provide mediation and arbitration services in the private sector pursuant to Article 20 of the Labor Law. In addition, the Board will settle questions of union representation, conduct hearings on charges of improper or unfair labor practices, designate Management/Confidential positions, and act as a clearinghouse for information on wages, benefits and employment practices.

ORGANIZATION AND STAFFING

The Board will consist of a full-time Chair and two part-time members nominated by the Governor for six-year terms. The Board's public sector jurisdiction includes State, county and local governments, certain special service districts, school districts and public authorities and its private sector jurisdiction is delineated in Article 20 of the Labor Law. Central offices are in Albany, with additional staff in Manhattan, Buffalo and Brooklyn. The Board will have a workforce of 46 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Board will receive 95 percent of its funding from the General Fund, which will support its mediation, fact-finding, and arbitration services and administrative costs.

The Executive Budget recommends \$4.6 million in General Fund support for the Board, and the Board's remaining expenses of \$257,000 are financed by fees paid by employers and unions for filings and publications.

PROGRAM HIGHLIGHTS

The Board will provide three principal services: conciliation, settlement of petitions involving representation and rulings on charges of improper or unfair labor practices.

CONCILIATION

PERB provided assistance in approximately 340 of the 2,250 State and local contracts negotiated in 2001-02. PERB followed many of these cases through the full range of impasse resolution steps including: mediation, followed by either fact-finding or arbitration and conciliation. SERB provided assistance in 83 mediations in that fiscal year.

REPRESENTATION

Through its Office of Public Employment Practices and Representation, the Board will review all petitions from public employee unions and employers requesting the creation of new negotiating units or the transfer of members between units. It will also review requests to remove positions from negotiating units and may designate them management or

PUBLIC AND PRIVATE EMPLOYMENT RELATIONS

confidential. In 2001-02, PERB received 171 petitions raising questions about representation and conducted 11 elections for representation. SERB handled 28 representation matters in the prior fiscal year.

EMPLOYMENT PRACTICES

The Board will conduct hearings and render decisions on improper practice charges. PERB received petitions on 799 charges of improper employment and negotiating practices in the previous year. In 2001-02, PERB wrote over 158 decisions and closed, either by decision or settlement, over 795 improper practice cases. Each case must be addressed in a pre-hearing conference attended by the affected parties. If a case cannot be resolved, a Board administrative law judge must rule on the charge after conducting a formal hearing. SERB disposed of 19 unfair labor practice cases in the prior fiscal year.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	5,715,000	4,836,000	(879,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	5,715,000	4,836,000	(879,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	38	44	6
Special Revenue Funds - Other	2	2	0
Total	40	46	6

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	5,497,000	4,579,000	(918,000)
Special Revenue Funds - Other	218,000	257,000	39,000
Total	5,715,000	4,836,000	(879,000)

Adjustments:	
Transfer(s) From	
Labor, Department of	
General Fund	(1,720,000)
Appropriated 2002-03	3,995,000

PUBLIC AND PRIVATE EMPLOYMENT RELATIONS

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	5,497,000	4,579,000	(918,000)
Special Revenue Funds - Other	218,000	257,000	39,000
Total	<u>5,715,000</u>	<u>4,836,000</u>	<u>(879,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,634,000	(903,000)	3,303,000	(903,000)
Total	<u>3,634,000</u>	<u>(903,000)</u>	<u>3,303,000</u>	<u>(903,000)</u>

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	331,000	0
Total	<u>331,000</u>	<u>0</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	945,000	(15,000)	72,000	(7,000)
Total	<u>945,000</u>	<u>(15,000)</u>	<u>72,000</u>	<u>(7,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	70,000	(427,000)	794,000	412,000
Total	<u>70,000</u>	<u>(427,000)</u>	<u>794,000</u>	<u>412,000</u>

Program	Equipment	
	Amount	Change
Administration	9,000	7,000
Total	<u>9,000</u>	<u>7,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	257,000	39,000	57,000	2,000
Total	<u>257,000</u>	<u>39,000</u>	<u>57,000</u>	<u>2,000</u>

Program	Nonpersonal Service	
	Amount	Change
Administration	200,000	37,000
Total	<u>200,000</u>	<u>37,000</u>

OFFICE OF PUBLIC SECURITY

MISSION

The Office of Public Security is responsible for the development and implementation of a comprehensive statewide counter-terrorism strategy designed to detect, protect against and respond to terrorist threats and events. The Office of Public Security directs and coordinates public security matters on behalf of the Governor among relevant State and local agencies, federal security-related agencies including the new Department of Homeland Security and other State homeland security offices.

ORGANIZATION AND STAFFING

The Office of Public Security is headquartered in New York City with a satellite office in Albany. The Office is headed by a Director who is appointed by the Governor and counsels the Governor on counter-terrorism affairs. The Office will have a workforce of 95 during the 2003-04 fiscal year.

PROGRAM HIGHLIGHTS

Since its creation in October 2001, the Office of Public Security has implemented a comprehensive, coordinated strategy for domestic counter-terrorism preparedness in the State of New York, bringing together agencies, organizations and associations representing all disciplines in order to better prevent and recover from possible future terrorist events.

The Office of Public Security has already implemented a new Counter-Terrorism Network in each of New York State's 62 counties. The first of its kind in the nation, the network is used to notify local law enforcement and other government agencies of terrorism and security-related alerts. The Office has also spearheaded a security assessment of infrastructure in New York State, including the power grid, banking, transportation, fuel, electric, water and port industries. Internal assessments of State agency security measures and protocols have been conducted as well, including first responder preparedness levels. State and local public health systems preparedness protocols have been evaluated and recommendations advanced to enhance early warning systems designed to detect potential threats, and ensure that adequate public health resources would be available in the case of a future domestic terrorism incident.

OFFICE OF CYBER SECURITY AND CRITICAL INFRASTRUCTURE COORDINATION

In September 2002, Governor Pataki determined a single entity was needed to focus upon the security and disaster-readiness of the State's data and communications systems, and he created the Cyber Security and Critical Infrastructure Coordination (CSCIC) Office to address this need. Reporting to the State's Director of Disaster Preparedness and Response, CSCIC is responsible for leading and coordinating New York State's efforts regarding cyber readiness and resilience, coordinating the process by which State critical infrastructure data is collected and maintained, monitoring the State's networks for malicious cyber activities and leading and coordinating geographic information technologies.

CSCIC is also charged with reducing redundancy between the private sector and State/Federal government initiatives, coordinating with critical industry sectors to examine potential vulnerabilities to catastrophic cyber attack, developing New York State teams to respond to cyber incidents and improving geographic information analysis capabilities for emergency response.

PUBLIC SECURITY

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	0	11,916,000	11,916,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	0	11,916,000	11,916,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	20	20	0
Cyber Security and Critical Infrastructure Coordination Program			
General Fund	0	38	38
Special Revenue Funds - Other	0	37	37
Total	20	95	75

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	0	7,258,000	7,258,000
Special Revenue Funds - Other	0	4,658,000	4,658,000
Total	0	11,916,000	11,916,000

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	0	3,918,000	3,918,000
Cyber Security and Critical Infrastructure Coordination Program			
General Fund	0	3,340,000	3,340,000
Special Revenue Funds - Other	0	4,658,000	4,658,000
Total	0	11,916,000	11,916,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	1,529,000	1,529,000	1,529,000	1,529,000
Cyber Security and Critical Infrastructure Coordination Program	1,365,000	1,365,000	1,365,000	1,365,000
Total	2,894,000	2,894,000	2,894,000	2,894,000

PUBLIC SECURITY

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	2,389,000	2,389,000	1,278,000	1,278,000
Cyber Security and Critical Infrastructure Coordination Program	1,975,000	1,975,000	0	0
Total	<u>4,364,000</u>	<u>4,364,000</u>	<u>1,278,000</u>	<u>1,278,000</u>

Program	Equipment	
	Amount	Change
Administration	1,111,000	1,111,000
Cyber Security and Critical Infrastructure Coordination Program	1,975,000	1,975,000
Total	<u>3,086,000</u>	<u>3,086,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Cyber Security and Critical Infrastructure Coordination Program	4,658,000	4,658,000	2,474,000	2,474,000
Total	<u>4,658,000</u>	<u>4,658,000</u>	<u>2,474,000</u>	<u>2,474,000</u>

Program	Nonpersonal Service	
	Amount	Change
Cyber Security and Critical Infrastructure Coordination Program	2,184,000	2,184,000
Total	<u>2,184,000</u>	<u>2,184,000</u>

GOVERNOR'S OFFICE OF REGULATORY REFORM

MISSION

The Governor's Office of Regulatory Reform was created in 1995 and charged with the promotion of private sector job growth in New York through the review and reform of State regulations. The Office creates a positive climate for job growth by reviewing and streamlining regulations, expediting permit approvals for new and expanding businesses, and encouraging better understanding between regulators and affected parties. Since 1995, the Office has substantively reviewed and/or eliminated more than 2,200 rules which, together with other regulatory, statutory and permitting reforms, has saved State businesses and localities more than \$3 billion in operating and other expenses.

ORGANIZATION AND STAFFING

Led by a Director appointed by the Governor, the Office is located in Albany. Agency objectives are achieved through its Business Permits Assistance and Regulatory Review programs. The Office will have a workforce of 36 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office's operations are supported by State tax dollars from the General Fund. The Executive Budget recommends \$3.1 million in support for the Office. Recommended funding also supports the continued development of the Online Permit and Licensing System (OPAL) that allows businesses to apply for permits and licenses in one consolidated transaction and improve New York's business climate.

PROGRAM HIGHLIGHTS

REGULATORY REVIEW

The Office reviews the need for proposed new and revised regulations and their economic impact. Staff will continue efforts begun in 1995 to review all existing State agency regulations to identify those hampering the growth of business and jobs in New York State. The Office requires regulating agencies to analyze the costs and benefits of any proposed new or amended rule and to consider its effect on job creation and retention, public health, safety and welfare. Recommendations are also made to agencies to help them simplify their regulatory processes. The Office has also played a key role in the innovative SEMI-NY and BUILDNOW-NY programs to facilitate economic development.

BUSINESS PERMITS ASSISTANCE

The Business Permits Assistance program provides comprehensive information about permits required to operate businesses in New York State, and consults with local governments to better coordinate local permit applications. Program staff also assist agencies in streamlining and simplifying permit procedures required for business and local government undertakings. Since 1995, this program has provided assistance to almost 400,000 individuals or firms interested in starting or growing a business in New York. This effort was facilitated by the development of a master application form for complex business ventures, a comprehensive permit reform program and development of a web site, www.nys-permits.org, which provides businesses with permit information.

REGULATORY REFORM

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	3,702,000	3,115,000	(587,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,702,000	3,115,000	(587,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	37	36	(1)
Total	37	36	(1)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	3,702,000	3,115,000	(587,000)
Total	3,702,000	3,115,000	(587,000)

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	3,702,000	3,115,000	(587,000)
Total	3,702,000	3,115,000	(587,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,353,000	(337,000)	2,348,000	(337,000)
Total	2,353,000	(337,000)	2,348,000	(337,000)

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Administration	5,000	0
Total	5,000	0

REGULATORY REFORM

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	762,000	(250,000)	53,000	0
Total	762,000	(250,000)	53,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	52,000	0	470,000	(250,000)
Total	52,000	0	470,000	(250,000)

Program	Equipment	
	Amount	Change
Administration	187,000	0
Total	187,000	0

DEPARTMENT OF STATE

MISSION

Established in 1788, the Department of State (DOS) is the State's oldest agency. Historically serving as the State's general recording officer and custodian of the State's "Great Seal", the Department's mission has grown to include a broad range of activities that coordinate programs with, and provide services to, local governments and businesses. The Department protects public safety by managing arson investigation, fire prevention, building and energy code programs; administers programs for community development and local government service activities; and supports businesses through various licensing and registration activities.

ORGANIZATION AND STAFFING

The Department is headed by the Secretary of State, who is appointed by the Governor and confirmed by the Senate. The Department's central office is located in Albany. It also has 18 regional offices across the State and operates the Academy of Fire Science in Montour Falls, Schuyler County. The Department of State will have a workforce of 1,108 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Approximately 42 percent of the Department's operations and local aid programs are funded from fees and other income, 48 percent from Federal grants, and 10 percent from State tax dollars from the General Fund. The Executive Budget recommends funding of \$157.4 million for the Department of State: \$141.8 million in Federal funding and fee revenues, and \$15.6 million in General Fund support. The Department has achieved savings for SFY 2003-04 through personnel controls and implementation of various management efficiencies.

The Department will continue recent technology improvements to provide enhanced internet access and online applications to better serve the State's business customers and ease the filing of documents. Grant funding is also continued for downtown revitalization projects as part of the Governor's Quality Communities Program.

PROGRAM HIGHLIGHTS

- The responsibilities of the Department of State are carried out through three programs:
- The Local Government and Community Services Program consists of several functions, including the Office of Fire Prevention and Control (OFPC), which works with both paid and volunteer firefighters by providing training, technical support and assistance with arson investigations, and conducts fire safety inspections of colleges and state-owned buildings. OFPC trains and equips an urban search and rescue team based in the Capital Region, which joined with the Fire Department of New York in rescue efforts at the World Trade Center disaster site. OFPC also provides low interest loans to fire and ambulance companies through the Emergency Services Revolving Loan Program. The Division of Code Enforcement and Administration manages New York's building and energy code. In addition to these activities, Local Government and Community Services program staff provide ombudsman services to citizens; offer planning and management services to local governments through the Division of Local Government; support land use planning activities in the New York City/Catskill watershed; coordinate New York's coastal resources and waterfront revitalization activities; and administer the Department's Federal grant programs, including the Appalachian Regional Commission and the State Rural Development

STATE

Council. The federally funded Division of Community Services provides a means for achieving economic self-sufficiency through programs designed to improve opportunities for its low-income participants.

- The Business and Licensing Services Program provides information on credit and debt for individuals, businesses and corporations; tracks all certificates of incorporation; administers qualifying examinations and licensing of 26 occupations; and prepares the State Register and other publications. Beginning in SFY 2003-04, the Business and Licensing Program will be expanded to include the Office of Professions, which is currently part of the State Education Department. As a result, the Business and Licensing Program will now be responsible for the licensing and certification of 39 professions, in addition to the 26 occupations the program currently regulates. This unit also oversees the operation of almost 1,900 cemeteries.
- The Administration Program provides the basic executive direction, fiscal, personnel and electronic data processing activities that support the Department's operations.

Additionally, the Department's appropriations contain funds for the Lake George Park Commission, the State Ethics Commission, the State Athletic Commission, the Committee on Open Government, and the Tug Hill Commission.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	62,040,000	78,048,000	16,008,000	15,559,000
Aid To Localities	133,030,135	79,370,000	(53,660,135)	144,635,000
Capital Projects	0	0	0	0
Total	195,070,135	157,418,000	(37,652,135)	160,194,000

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	48	47	(1)
Lake George Park Commission			
Special Revenue Funds - Other	9	9	0
Licensing Services			
Special Revenue Funds - Other	399	699	300
Local Government and Community Services			
General Fund	70	78	8
Special Revenue Funds - Federal	66	58	(8)
Special Revenue Funds - Other	176	181	5
Capital Projects Funds - Other	10	0	(10)
State Ethics Commission			
General Fund	21	19	(2)
Tug Hill Commission			
General Fund	17	17	0
Total	816	1,108	292

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	14,094,000	14,307,000	213,000
Special Revenue Funds - Federal	10,945,000	10,980,000	35,000
Special Revenue Funds - Other	36,801,000	52,561,000	15,760,000
Fiduciary Funds	200,000	200,000	0
Total	<u>62,040,000</u>	<u>78,048,000</u>	<u>16,008,000</u>

Adjustments:			
Transfer(s) To			
General State Charges			
General Fund	2,000,000		
Appropriated 2002-03	<u>64,040,000</u>		

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	5,507,000	5,448,000	(59,000)
Lake George Park Commission			
Special Revenue Funds - Other	1,470,000	1,397,000	(73,000)
Licensing Services			
Special Revenue Funds - Other	33,781,000	49,599,000	15,818,000
Local Government and Community Services			
General Fund	5,690,000	6,318,000	628,000
Special Revenue Funds - Federal	10,945,000	10,980,000	35,000
Special Revenue Funds - Other	1,517,000	1,512,000	(5,000)
Fiduciary Funds	200,000	200,000	0
State Ethics Commission			
General Fund	1,939,000	1,591,000	(348,000)
Tug Hill Commission			
General Fund	958,000	950,000	(8,000)
Special Revenue Funds - Other	33,000	53,000	20,000
Total	<u>62,040,000</u>	<u>78,048,000</u>	<u>16,008,000</u>

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,773,000	(46,000)	3,715,000	(52,000)
Local Government and Community Services	4,739,000	615,000	4,637,000	545,000
State Ethics Commission	1,137,000	(178,000)	1,137,000	(178,000)
Tug Hill Commission	849,000	(8,000)	841,000	(8,000)
Total	<u>10,498,000</u>	<u>383,000</u>	<u>10,330,000</u>	<u>307,000</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	45,000	0	13,000	6,000
Local Government and Community Services	102,000	70,000	0	0
State Ethics Commission	0	0	0	0
Tug Hill Commission	8,000	0	0	0
Total	<u>155,000</u>	<u>70,000</u>	<u>13,000</u>	<u>6,000</u>

STATE

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,675,000	(13,000)	170,000	0
Local Government and Community Services	1,579,000	13,000	72,000	27,000
State Ethics Commission	454,000	(170,000)	40,000	20,000
Tug Hill Commission	101,000	0	12,000	0
Total	3,809,000	(170,000)	294,000	47,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	60,000	0	1,341,000	(13,000)
Local Government and Community Services	70,000	0	285,000	(21,000)
State Ethics Commission	20,000	0	243,000	(205,000)
Tug Hill Commission	7,000	0	80,000	0
Total	157,000	0	1,949,000	(239,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	104,000	0	0	0
Local Government and Community Services	1,152,000	793,000	0	(786,000)
State Ethics Commission	151,000	15,000	0	0
Tug Hill Commission	2,000	0	0	0
Total	1,409,000	808,000	0	(786,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Lake George Park Commission	1,397,000	(73,000)	578,000	(36,000)
Licensing Services	49,599,000	15,818,000	16,512,000	(2,239,000)
Local Government and Community Services	12,692,000	30,000	4,597,000	22,000
Tug Hill Commission	53,000	20,000	0	0
Total	63,741,000	15,795,000	21,687,000	(2,253,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Lake George Park Commission	819,000	(37,000)	0	0
Licensing Services	14,787,000	(243,000)	18,300,000	18,300,000
Local Government and Community Services	7,145,000	8,000	950,000	0
Tug Hill Commission	53,000	20,000	0	0
Total	22,804,000	(252,000)	19,250,000	18,300,000

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	26,630,135	1,270,000	(25,360,135)
Special Revenue Funds - Federal	82,000,000	63,700,000	(18,300,000)
Special Revenue Funds - Other	20,300,000	10,300,000	(10,000,000)
Fiduciary Funds	4,100,000	4,100,000	0
Total	<u>133,030,135</u>	<u>79,370,000</u>	<u>(53,660,135)</u>

Adjustments:

Prior Year Deficiency			
State, Department of			
Special Revenue Funds - Federal	4,500,000		
Appropriated 2002-03	<u>137,530,135</u>		

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

Program	Available 2002-03	Recommended 2003-04	Change
Licensing Services			
Special Revenue Funds - Other	300,000	300,000	0
Local Government and Community Services			
General Fund	0	1,270,000	1,270,000
Special Revenue Funds - Federal	82,000,000	63,700,000	(18,300,000)
Special Revenue Funds - Other	20,000,000	10,000,000	(10,000,000)
Fiduciary Funds	4,100,000	4,100,000	0
Community Projects			
General Fund	26,630,135	0	(26,630,135)
Total	<u>133,030,135</u>	<u>79,370,000</u>	<u>(53,660,135)</u>

DIVISION OF STATE POLICE

MISSION

The Division of State Police promotes highway safety and protects our citizens from crime. It is responsible for patrolling 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 the traditional patrol duties to that of specially trained investigators who conduct sophisticated operations against drug traffickers and other criminals.

ORGANIZATION AND STAFFING

The Division, headed by a Superintendent who is appointed by the Governor, is organized into a Division Headquarters located in Albany and 11 Troops. Each Troop encompasses a geographic area of the State, with the exception of Troop "T" which is dedicated to providing police services on the New York State Thruway. Troop "NYC" provides specialized investigative and support services in the five boroughs of New York City. The remaining nine Troops provide patrol coverage and criminal investigation services appropriate to local conditions. Factors which affect services include population, highway mileage and availability of county and local law enforcement agencies.

Approximately 88 percent of the Division's total staffing of 5,453 for 2003-04 are paid for with State tax dollars, with the remaining 12 percent supported by various other revenue sources, including Federal funds.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Approximately \$331 million in State tax dollars support the Division's operations budget. The balance is financed by Federal funds and various State revenue sources, including seized assets, a portion of the State's monthly surcharge on cellular telephone bills, fees for accident reports and reimbursement from the New York State Thruway Authority for services rendered on the State Thruway. The cost of Division security for the new Niagara Falls casino which opened December 31, 2002 will be reimbursed by the Seneca Nation, as are costs for the Mohawk and Oneida casinos at Akwesasne and Turning Stone respectively. Additional revenue raised from increasing the annual fees on insurance policies of all registered motor vehicles will support \$42.7 million of vital State Police public safety operations.

New Capital appropriations totaling \$2.8 million will enable the State Police to maintain Troop facilities and advance various projects related to health and safety. The recommendations also include reappropriations for Federal grants that support school safety, electronic ticketing and anti-money laundering initiatives. A new \$6.9 million Federal grant has been awarded to the Division of State Police to hire 55 additional troopers to serve as School Resource Officers in approximately 58 school districts across the State. An additional \$26.6 million has been included in the 2003-04 Budget to support the recurring costs of the new binding arbitration award issued in December 2002 for the Troopers and Supervisors.

PROGRAM HIGHLIGHTS

The Division is divided into two principal branches, the Uniform Force and the Bureau of Criminal Investigation. Each of these branches fulfills specific law enforcement assignments and cooperates with local and county law enforcement agencies. In the coming year, the Division will continue to play a significant role in Homeland Security initiatives.

STATE POLICE

UNIFORM FORCE

The Uniform Force has two primary responsibilities: protecting life and property and promoting highway safety. In many areas of the State, Uniform Troopers are the primary law enforcement agency, and respond to all types of calls including burglaries, missing children, assaults, robberies and homicides. State Troopers also provide essential support to local police departments.

BUREAU OF CRIMINAL INVESTIGATION

The Bureau of Criminal Investigation (BCI) is the plain clothes investigative branch of the Division. BCI Investigators concentrate on cases related to narcotics, child abuse, auto theft, consumer product tampering, organized crime, violent crimes and terrorism. In addition to conducting their own investigations, investigators regularly assist local and county law enforcement agencies that lack the resources or expertise needed for major crime investigations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	450,280,000	490,084,000	39,804,000	21,896,000
Aid To Localities	0	0	0	0
Capital Projects	4,600,000	2,800,000	(1,800,000)	8,014,000
Total	454,880,000	492,884,000	38,004,000	29,910,000

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	148	148	0
Criminal Investigation Activities			
General Fund	1,093	1,093	0
Special Revenue Funds - Federal	84	84	0
Special Revenue Funds - Other	40	40	0
Patrol Activities			
General Fund	2,808	2,815	7
Special Revenue Funds - Federal	108	156	48
Special Revenue Funds - Other	36	36	0
Patrol Activities			
Special Revenue Funds - Other	4	4	0
Policing the Thruway			
Special Revenue Funds - Other	340	340	0
Technical Police Services			
General Fund	725	725	0
Special Revenue Funds - Federal	6	6	0
Special Revenue Funds - Other	6	6	0
Total	5,398	5,453	55

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	336,927,000	331,142,000	(5,785,000)
Special Revenue Funds - Federal	21,338,000	18,726,000	(2,612,000)
Special Revenue Funds - Other	92,007,000	140,208,000	48,201,000
Fiduciary Funds	8,000	8,000	0
Total	<u>450,280,000</u>	<u>490,084,000</u>	<u>39,804,000</u>

Adjustments:

Prior Year Deficiency	
State Police, Division of	
Special Revenue Funds - Other	478,000
Appropriated 2002-03	<u>450,758,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	10,944,000	11,474,000	530,000
Special Revenue Funds - Other	200,000	200,000	0
Fiduciary Funds	8,000	8,000	0
Criminal Investigation Activities			
General Fund	91,431,000	96,251,000	4,820,000
Special Revenue Funds - Federal	6,539,000	7,368,000	829,000
Special Revenue Funds - Other	7,366,000	13,283,000	5,917,000
Patrol Activities			
General Fund	173,815,000	158,100,000	(15,715,000)
Special Revenue Funds - Federal	14,799,000	11,358,000	(3,441,000)
Special Revenue Funds - Other	13,055,000	56,114,000	43,059,000
Policing the Thruway			
Special Revenue Funds - Other	30,787,000	34,800,000	4,013,000
Technical Police Services			
General Fund	60,737,000	65,317,000	4,580,000
Special Revenue Funds - Other	37,899,000	35,811,000	(2,088,000)
State Wide Gaming			
Special Revenue Funds - Other	2,700,000	0	(2,700,000)
Total	<u>450,280,000</u>	<u>490,084,000</u>	<u>39,804,000</u>

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	10,900,000	511,000	10,900,000	511,000
Criminal Investigation Activities	91,000,000	3,485,000	91,000,000	3,485,000
Patrol Activities	196,800,000	25,685,000	196,800,000	25,685,000
Technical Police Services	38,400,000	1,237,000	38,400,000	1,237,000
Total	<u>337,100,000</u>	<u>30,918,000</u>	<u>337,100,000</u>	<u>30,918,000</u>

STATE POLICE

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	574,000	19,000	90,000	3,000
Criminal Investigation Activities	5,251,000	1,335,000	86,000	3,000
Patrol Activities	4,000,000	1,300,000	0	0
Technical Police Services	36,017,000	3,343,000	2,680,000	86,000
Total	45,842,000	5,997,000	2,856,000	92,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	80,000	3,000	396,000	13,000
Criminal Investigation Activities	70,000	3,000	491,000	16,000
Patrol Activities	1,320,000	42,000	626,000	20,000
Technical Police Services	3,761,000	120,000	19,442,000	2,814,000
Total	5,231,000	168,000	20,955,000	2,863,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	8,000	0	0	0
Criminal Investigation Activities	4,231,000	1,313,000	373,000	0
Patrol Activities	1,684,000	1,238,000	370,000	0
Technical Police Services	10,134,000	323,000	0	0
Total	16,057,000	2,874,000	743,000	0

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	208,000	0	0	0
Criminal Investigation Activities	20,651,000	6,746,000	11,395,000	2,896,000
Patrol Activities	67,472,000	39,618,000	52,424,000	43,494,000
Policing the Thruway	34,800,000	4,013,000	24,700,000	2,370,000
Technical Police Services	35,811,000	(2,088,000)	0	0
State Wide Gaming	0	(2,700,000)	0	0
Total	158,942,000	45,589,000	88,519,000	48,760,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	208,000	0	0	0
Criminal Investigation Activities	9,256,000	4,450,000	0	(600,000)
Patrol Activities	15,048,000	(3,876,000)	0	0
Policing the Thruway	10,100,000	1,643,000	0	0
Technical Police Services	33,511,000	(188,000)	2,300,000	(1,900,000)
State Wide Gaming	0	0	0	(2,700,000)
Total	68,123,000	2,029,000	2,300,000	(5,200,000)

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Maintenance and Improvement of Existing Facilities				
Capital Projects Fund	4,600,000	2,800,000	(1,800,000)	7,681,000
New Facilities				
Capital Projects Fund	0	0	0	333,000
Total	4,600,000	2,800,000	(1,800,000)	8,014,000

DIVISION OF VETERANS' AFFAIRS

MISSION

The Division of Veterans' Affairs assists veterans, members of the armed forces and their families and dependents in securing benefits earned through military service. The Division coordinates veterans' programs and services offered by other State agencies, works closely with the Federal Department of Veterans' Affairs and advocates State and Federal actions to meet veterans' needs. The Division serves more than 1.3 million New Yorkers who are veterans, as well as their dependents and those on active duty.

ORGANIZATION AND STAFFING

The Division is headed by a Director who is appointed by the Governor. The Division's central office is in Albany, with regional offices in New York City, Malta in Saratoga County, and Buffalo. The Division is also supported by a network of approximately 70 community field offices in nearly all of the State's counties and New York City.

Approximately 84 percent of the Division's workforce is paid for by State tax dollars from the General Fund and 16 percent are supported by Federal Medicaid and Veterans' Education funds. The Division will have 113 employees in 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends \$13.1 million for the Division of Veterans' Affairs to fund administration and veterans' counseling services. For 2003-04, under the host agency concept, the Office of General Services will provide administrative support (human resources, payroll, procurement) to the Division. This will permit the Division to focus on its main mission, serving the State's veterans and their families. The Blind Veteran Annuity Assistance Program will be maintained at the \$5 million level. In addition, State aid is continued for local county and city veterans' service agencies, which defrays the operating costs of these organizations, and Federal appropriations are maintained to match actual Federal support for the Veterans' Education Program.

PROGRAM HIGHLIGHTS

During 2003-04, the Division of Veterans' Affairs will operate three principal programs. The largest provides veterans' counseling and claims services through a statewide network of State veterans' counselors — who are all veterans — and support staff. The counselors help veterans complete applications for benefits and services, and file for Federal, State, local and private veterans' benefits. They also access the services provided by Veterans' Affairs Medical Centers, senior centers, State Veterans' Homes and local nursing homes, and public assistance offices.

The Division of Veterans' Affairs continues to maintain its community outreach activities through senior citizens' seminars and similar forums for women veterans. It is also the driving force behind the Interagency Veterans' Council, a consortium of Federal, State and local agencies and non-profit organizations that meets periodically to address and resolve problems and concerns within the veteran community. The Division is also collaborating with various state agencies to better identify veterans and their dependents on public assistance, to assist them in securing Federal veterans' benefits to which they are entitled, and to advise senior citizens of veterans' benefits and services that could improve the quality of their lives.

The Division of Veterans' Affairs is responsible for securing a substantial portion of the nearly \$1 billion in recurring Federal VA payments made directly to New York State veterans and their dependents. During the 2001-02 operating period, State veterans' counselors filed 7,500 VA benefit claims, averaging 150 claims per year per counselor. Claims filed by State veterans counselors produce approximately \$60 million in new and recurring Federal VA

VETERANS' AFFAIRS

benefits annually. On average, each State veterans' counselor generates \$1.2 million a year in new awards for veterans and their dependents. They also assist constituents in obtaining additional veterans benefits, including VA medical care, various other Federal, State and local economic assistance, tax exemptions and a variety of other benefits offered in recognition of military service.

The Blind Veteran Annuity Assistance Program, which serves more than 3,800 visually impaired veterans and unremarried surviving spouses, was enhanced in 2000 when the value of the annuity was doubled from \$500 to \$1,000.

Staff of the Veterans' Education Program investigate and certify post-secondary educational and vocational institutions for eligibility for student veterans' education benefits.

The Division intends to pursue a new partnership with the Federal Department of Veteran's Affairs Health Administration to obtain reimbursement for counseling and outreach services by State veterans' counselors at VA medical centers and clinics.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	7,929,000	7,549,000	(380,000)	2,744,000
Aid To Localities	7,808,910	5,575,000	(2,233,910)	0
Capital Projects	0	0	0	0
Total	15,737,910	13,124,000	(2,613,910)	2,744,000

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
General Fund	12	10	(2)
Higher Education			
Special Revenue Funds - Federal	12	12	0
Veteran Counseling Services Program			
General Fund	96	91	(5)
Total	120	113	(7)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	5,647,000	5,267,000	(380,000)
Special Revenue Funds - Federal	2,282,000	2,282,000	0
Total	7,929,000	7,549,000	(380,000)

VETERANS' AFFAIRS

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	816,000	723,000	(93,000)
Higher Education			
Special Revenue Funds - Federal	1,518,000	1,518,000	0
Veteran Counseling Services Program			
General Fund	4,831,000	4,544,000	(287,000)
Special Revenue Funds - Federal	764,000	764,000	0
Total	<u>7,929,000</u>	<u>7,549,000</u>	<u>(380,000)</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	618,000	(93,000)	618,000	(93,000)
Veteran Counseling Services Program	4,387,000	(287,000)	4,387,000	(287,000)
Total	<u>5,005,000</u>	<u>(380,000)</u>	<u>5,005,000</u>	<u>(380,000)</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Administration	105,000	0	105,000	0
Veteran Counseling Services Program	421,000	0	371,000	0
Total	<u>526,000</u>	<u>0</u>	<u>476,000</u>	<u>0</u>

Program	Maintenance Undistributed	
	Amount	Change
Administration	0	0
Veteran Counseling Services Program	50,000	0
Total	<u>50,000</u>	<u>0</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Higher Education	1,518,000	0	940,000	0
Veteran Counseling Services Program	764,000	0	0	0
Total	<u>2,282,000</u>	<u>0</u>	<u>940,000</u>	<u>0</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Higher Education	578,000	0	0	0
Veteran Counseling Services Program	500,000	0	264,000	0
Total	<u>1,078,000</u>	<u>0</u>	<u>264,000</u>	<u>0</u>

VETERANS' AFFAIRS

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	7,808,910	5,575,000	(2,233,910)
Total	7,808,910	5,575,000	(2,233,910)
Adjustments:			
Prior Year Deficiency			
Veterans Affairs, Division of			
General Fund	350,000		
Appropriated 2002-03	8,158,910		

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

Program	Available 2002-03	Recommended 2003-04	Change
Blind Veteran Annuity Assistance			
General Fund	5,000,000	5,000,000	0
Veteran Counseling Services Program			
General Fund	1,475,000	575,000	(900,000)
Community Projects			
General Fund	1,333,910	0	(1,333,910)
Total	7,808,910	5,575,000	(2,233,910)

WORKERS' COMPENSATION BOARD

MISSION

To protect the well-being of New York's labor force, most private and public sector employers in New York are required to carry workers' compensation and disability benefits insurance for their employees or demonstrate their ability to self-insure. The Workers' Compensation Board reviews claims for workers' compensation payments and assists in resolving disputed claims. In performing these responsibilities, the Board administers provisions of the following laws: the Workers' Compensation Law; the Disability Benefits Law; the Civil Defense Volunteers' Law; the Volunteer Firefighters' Benefit Law; and the Volunteer Ambulance Workers' Benefit Law.

Because of its broad mission, the Board is responsible for implementing many of the reforms included in the Governor's New York Employment, Safety and Security Act that made historic reforms in the workers' compensation system. The Act improved workplace safety and reduced average workers' compensation rates by nearly 40 percent since enactment of the reforms.

ORGANIZATION AND STAFFING

The Board is headed by a Chairperson selected by the Governor and includes 12 additional full-time members nominated by the Governor and confirmed by the Senate for seven year terms. District offices are located in Albany, Brooklyn, Binghamton, Buffalo, Hauppauge, Hempstead, Manhattan, Peekskill, Queens, Rochester, and Syracuse, with administrative offices in Albany. To make the hearing process as convenient as possible, the Board has 30 additional customer service centers located throughout the State. The Board will have a workforce of 1,577 positions for 2003-04.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Board is funded through assessments on the Workers' Compensation and Disability Benefits insurance industry and with revenues produced by various services provided by the Board. The assessments paid by insurers are allocated to three major programs: Disability Benefits; Systems Modernization; and Workers' Compensation.

The 2003-04 Executive Budget recommends approximately \$163.7 million in support for the Board, with savings achieved primarily through workforce reductions generated by attrition. The recommended funding will enable the Board to fulfill the Governor's commitment to improve service to businesses and injured workers.

PROGRAM HIGHLIGHTS

The Board continues to improve services by resolving claims in the most efficient and equitable manner possible. For instance, the agency continues to refine its formal and informal adjudication tools and resolve more outstanding claims issues for new and reactivated cases.

At the Governor's direction, the Board also created a new Workers' Compensation Inspector General with staff located across the State. In 2001, the Inspector General's office received 5,206 alleged fraud case referrals, an increase of 34 percent over 2000. The Office investigated and closed 4,316 cases, up from 2,481 in 2000, and submitted 2,515 cases to various authorities for criminal prosecution or other appropriate action.

WORKERS' COMPENSATION

DISABILITY BENEFITS PROGRAM

Disability benefits provide cash payments in lieu of lost wages to temporarily disabled employees. Coverage is required for employers of one or more employees with such selected exceptions as agricultural enterprises and public employers.

SYSTEMS MODERNIZATION PROGRAM

The Office for Systems Modernization manages a multi-year effort to overhaul the Board's capacity to manage and use information. This program also maintains computerized systems vital to various Board operations and collects and analyzes data that measure performance and identify potential problems. Now that the Board has automated and improved the claims processing operation, its focus continues to be directed to other functional areas in need of automation and re-engineering, including Administration, Research and Compliance and Regulatory Services. When the modernization program is complete, the Board will have a new Workers' Compensation Board Information System that will automate and streamline all business activities. This has already increased productivity by enhancing the Board's capacity to process the millions of pieces of information it receives each year.

WORKERS' COMPENSATION PROGRAM

The Workers' Compensation Board reviews workers' claims for benefits, reports of injury filed by employers and medical reports from physicians and other health care providers. The Board adjudicates all issues and law judges make awards and findings to ensure that an entitled claimant promptly receives benefits and medical treatment. The decisions by the law judges may subsequently be appealed to Board panels and eventually to the courts. The Board, through its Bureau of Compliance, also monitors employers to ensure that they properly provide coverage for their employees and imposes penalties on those employers who fail to do so. In addition, the Board's Regulatory Services Bureau authorizes physicians to treat compensation cases, awards licenses to medical providers and arbitrates disputed medical bills.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	167,640,000	163,707,000	(3,933,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	167,640,000	163,707,000	(3,933,000)	0

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

Program	Full-Time Equivalent Positions (FTE)		
	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Disability Benefits			
Special Revenue Funds - Other	52	51	(1)
Systems Modernization			
Special Revenue Funds - Other	82	81	(1)
Workers Compensation			
Special Revenue Funds - Other	1,483	1,445	(38)
Total	1,617	1,577	(40)

WORKERS' COMPENSATION

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	167,640,000	163,707,000	(3,933,000)
Total	<u>167,640,000</u>	<u>163,707,000</u>	<u>(3,933,000)</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Disability Benefits			
Special Revenue Funds - Other	6,933,000	6,727,000	(206,000)
Systems Modernization			
Special Revenue Funds - Other	35,458,000	35,616,000	158,000
Workers Compensation			
Special Revenue Funds - Other	125,249,000	121,364,000	(3,885,000)
Total	<u>167,640,000</u>	<u>163,707,000</u>	<u>(3,933,000)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Disability Benefits	6,727,000	(206,000)	3,547,000	(209,000)
Systems Modernization	35,616,000	158,000	4,275,000	(269,000)
Workers Compensation	121,364,000	(3,885,000)	66,970,000	(2,581,000)
Total	<u>163,707,000</u>	<u>(3,933,000)</u>	<u>74,792,000</u>	<u>(3,059,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Disability Benefits	3,180,000	3,000	0	0
Systems Modernization	31,341,000	427,000	0	0
Workers Compensation	53,778,000	(1,304,000)	616,000	0
Total	<u>88,299,000</u>	<u>(874,000)</u>	<u>616,000</u>	<u>0</u>

MISCELLANEOUS

MISCELLANEOUS

ALL STATE APPROPRIATION FOR SERVICES, EXPENSES OR GRANTS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	0	0	0	0
Aid To Localities	8,000,000	0	(8,000,000)	9,159,000
Capital Projects	0	0	0	0
Total	8,000,000	0	(8,000,000)	9,159,000

COLLECTIVE BARGAINING AGREEMENTS

PROGRAM HIGHLIGHTS

Negotiations for successor collective bargaining agreements have begun in January 2003. A \$2 million appropriation is recommended to continue certain programs until new agreements are reached with the unions. A total of \$29.2 million in reappropriations is also recommended.

A total of \$250,000 in Special Revenue-Other funding is again recommended for the administrative costs of the NYS Flex Spending Accounts. These costs are funded by those employees who participate in this program, which allows participating employees to make pre-tax payroll deductions for child and elder care expenses.

An amount of \$125,000 in Special Revenue-Other funding is recommended for a new pre-tax transportation benefit pilot program. The Special Revenue appropriation will be used for the administrative costs of the program and will be supported by accrued interest revenues.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	38,472,300	2,375,000	(36,097,300)	29,189,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	38,472,300	2,375,000	(36,097,300)	29,189,000

MISCELLANEOUS

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Labor Management Programs			
General Fund	58	53	(5)
Total	58	53	(5)

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	38,222,300	2,000,000	(36,222,300)
Special Revenue Funds - Other	250,000	375,000	125,000
Total	38,472,300	2,375,000	(36,097,300)

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

Program	Available 2002-03	Recommended 2003-04	Change
Labor Management Programs			
General Fund	38,222,300	2,000,000	(36,222,300)
Special Revenue Funds - Other	250,000	375,000	125,000
Total	38,472,300	2,375,000	(36,097,300)

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Labor Management Programs	2,000,000	(36,222,300)	2,000,000	(36,222,300)
Total	2,000,000	(36,222,300)	2,000,000	(36,222,300)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Labor Management Programs	375,000	125,000	375,000	125,000
Total	375,000	125,000	375,000	125,000

**COMMUNITY SERVICE PROVIDER
ASSISTANCE PROGRAM**

ALL FUNDS
APPROPRIATIONS
(dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	0	0	0	0
Aid To Localities	0	0	0	126,929,787
Capital Projects	0	0	0	0
Total	0	0	0	126,929,787

DEFERRED COMPENSATION BOARD

MISSION

The Deferred Compensation Board oversees the administration of public employee Deferred Compensation Plan assets.

ORGANIZATION AND STAFFING

The Board consists of three members, one each appointed by the Governor, the Senate Majority Leader and the Assembly Speaker. The Board has four staff and contracts with a law firm, a financial management firm and an accounting firm which collectively advise the Board on plan administration. In addition, the Board contracts with a third-party administrator to operate the Plan and serve as its record keeper.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendations for 2003-04 will provide continued support for the current operations of the Deferred Compensation Board. The recommended funding includes \$152,000 in State tax dollars from the General Fund for the costs of providing legal advice and assistance to local governments on the establishment and maintenance of deferred compensation plans. The balance of funds needed to operate the Plan are derived from a participant fee and administrative rebates that the Plan receives from the investment firms. An amount of \$585,000 in Special Revenue funding is included to pay for the Plan's operating expenses.

PROGRAM HIGHLIGHTS

The Board continues to pursue the highest and safest return for Plan assets that total more than \$5 billion. The State Deferred Compensation Plan has experienced numerous changes due to the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). The Board will continue to provide guidance to local governments on compliance issues related to Federal statutory changes and the State's Model Deferred Compensation Plan. The Board will also be introducing several improvements to the statewide Deferred Compensation Plan for public employees during the 2003-04 fiscal year, including investment advice and education for participants, and new investment options.

MISCELLANEOUS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	716,000	737,000	21,000	140,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	716,000	737,000	21,000	140,000

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Operations			
Special Revenue Funds - Other	4	4	0
Total	4	4	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	154,000	152,000	(2,000)
Special Revenue Funds - Other	562,000	585,000	23,000
Total	716,000	737,000	21,000

TASK FORCE ON ELECTION MODERNIZATION

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	300,000	0	(300,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	300,000	0	(300,000)	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	300,000	0	(300,000)
Total	300,000	0	(300,000)

GENERAL STATE CHARGES

General State Charges are primarily the costs of providing fringe benefits for most State employees, which are authorized in collective bargaining agreements and various statutes. The General State Charges budget also includes miscellaneous fixed costs such as litigation settlements and taxes on State-owned lands.

BUDGET AND PROGRAM HIGHLIGHTS

Recommended appropriations for General State Charges total \$2.7 billion in 2003-04 — a \$257 million or 10.4 percent increase over the prior fiscal year. Market conditions that are causing pension fund investment losses and continued escalation of health care costs are, in turn, causing significant increases in spending for employee pension benefits and health insurance. Absent substantial changes in current market trends, changes in pension funding policies and health benefits are needed to reduce the costs of employee benefits to more affordable levels.

FRINGE BENEFITS

The State provides a comprehensive fringe benefits package to its employees. These benefits are supported primarily by General Fund tax revenues and supplemented by fringe benefit assessments on Federal and other dedicated revenue programs.

Health Insurance: Through the New York State Health Insurance Program (NYSHIP), State employees and retirees have the option to participate in the Empire Plan, a custom-designed indemnity insurance plan, or one of 19 health maintenance organizations. Approximately 80 percent of State employees choose the Empire Plan to cover their health benefits.

The recommended 2003-04 appropriation of \$1.3 billion reflects, in part, a 13 percent average increase in the State's share of health insurance premiums. This level of funding assumes \$70 million in savings primarily from the Empire Plan. Specific changes, which in part require collective bargaining with State employee unions, would:

- Encourage use of the less-expensive mail pharmacy program by establishing a 30 day limit on prescription drugs purchased from retail pharmacies, while maintaining a 90 day supply option for prescriptions filled through the mail pharmacy program;
- Establish a preferred drug list that would leverage lower prescription drug costs from drug manufacturers;
- Charge employees a higher copay for non-essential prescription drugs;
- Modernize the hospital benefit design to establish benefit differentials for employees who go to hospitals outside the insurance carrier network of hospitals;
- Increase employee copays, deductibles and coinsurance levels for doctor visits;
- Establish a sliding scale employer contribution for health insurance premiums of new retirees based on length of service; and
- Increase the share of premiums paid by employees and existing retirees.

Pension Benefits: The New York State and Local Retirement Systems, with approximately \$100 billion in assets, include the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These systems administer a variety of retirement benefits to State employees. Funding for these benefits is provided by State contributions to the retirement systems, bi-weekly contributions from ERS members with less than ten years of service, and pension fund investment earnings.

Pension fund investment losses are causing steep increases in required employer contribution levels. The State was charged a 1 percent of employer salary base contribution rate in 2002-03. The \$322 million recommended appropriation for 2003-04 is based on an estimated 4 percent contribution rate. This level of taxpayer support may require changes to retirement system funding policies.

MISCELLANEOUS

Social Security and Medicare Taxes: In addition to employer contributions made to the retirement systems, the State makes weekly tax payments to the Federal government for the Social Security and Medicare benefit programs. The Social Security tax rate is 6.20 percent, applied on wages up to \$87,000 in 2003, and the Medicare tax rate is 1.45 percent on all wages.

The recommended appropriation for Social Security and Medicare taxes in 2003-04 is \$499 million.

Workers' Compensation: The State reimburses the State Insurance Fund on a pay-as-you-go basis for actual medical and compensation claims incurred by State employees for job-related injuries. The statutory workers' compensation benefit is two-thirds of salary up to a maximum of \$400 per week. Some State employees are paid supplemental benefits pursuant to collective bargaining agreements.

The recommended appropriation for workers' compensation benefits in 2003-04 is \$191 million. Efforts to contain costs and improve program management will continue through funding a dispute resolution program, the One Card Rx initiative and the automated Accident Reporting System.

Dental, Vision and Other Employee Benefits: State employees receive dental insurance and vision benefits either through State administered programs or benefit funds operated by public employee unions. Premiums for the State administered programs are covered in full by the State. The union benefit funds are supported by quarterly contributions from the State based on per capita rates authorized in collective bargaining agreements. In addition, the State funds an assortment of other benefit programs to cover losses due to death, disability and unemployment.

A total of \$127 million in appropriations is recommended in 2003-04 to fund dental, vision and other employee benefits.

FIXED COSTS

In addition to employee fringe benefits, the State pays for a variety of fixed costs from the General State Charges budget. These costs are supported in full by General Fund revenues and include:

Taxes and Other Property Assessments on State-Owned Lands: Real Property Tax Law authorizes local governments to tax certain parcels of State-owned land. Presently, the State provides financial support to local governments by paying local and/or school property taxes on approximately 22,000 parcels covering 4 million acres of land throughout the State as well as transition assessments on tax-exempt State-owned lands. Other property expenses include assessments for improvements on State-owned lands and payments in lieu of taxes on certain property in the City of Albany, Cattaraugus County and Putnam County.

A total of \$144 million in appropriations is recommended in 2003-04 for payment of taxes and various other property assessments on State lands.

Court of Claims Judgments and Other Litigation Costs: Annual appropriations are provided to pay for expenses related to the settlement of lawsuits and court judgments against the State. Most litigation against the State is adjudicated in the Court of Claims and involves contract disputes and tort liabilities. Appropriations also cover expenses related to the defense and indemnification of employees for actions carried out in the course of their official duties. Other appropriations support litigation expenses from Indian land claims and payments to the Property Casualty Insurance Security Fund in accordance with the terms of a multi-year settlement with the insurance industry.

A total of \$135 million in appropriations is recommended in 2003-04 for these litigation expenses. As part of the State's reform agenda, legislation is recommended to change the interest rate paid by the State and other governmental jurisdictions in court judgments. The proposal would base interest charges on a variable market index instead of the fixed 9 percent rate required under current law.

MISCELLANEOUS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	2,473,679,000	2,730,292,000	256,613,000	16,801,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>2,473,679,000</u>	<u>2,730,292,000</u>	<u>256,613,000</u>	<u>16,801,000</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	2,473,679,000	2,730,292,000	256,613,000
Total	<u>2,473,679,000</u>	<u>2,730,292,000</u>	<u>256,613,000</u>
Adjustments:			
Prior Year Deficiency			
General State Charges			
General Fund		36,900,000	
Transfer(s) From			
State, Department of			
General Fund		(2,000,000)	
Appropriated 2002-03		<u>2,508,579,000</u>	

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	0	0	0	2,000,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000,000</u>

GREEN THUMB PROGRAM

The Green Thumb Program provides income-eligible elderly citizens with part-time employment in State agencies through the not-for-profit organization, Green Thumb Environmental Beautification, Inc. The 2003-04 Executive Budget recommends a General Fund appropriation of \$2,394,000, the same level of funding provided in 2002-03.

MISCELLANEOUS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	2,394,000	2,394,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	2,394,000	2,394,000	0	0

HEALTH INSURANCE CONTINGENCY RESERVE

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	380,505,000	430,022,000	49,517,000
Total	380,505,000	430,022,000	49,517,000

HEALTH INSURANCE RESERVE RECEIPTS FUND

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Fiduciary Funds	78,400,000	192,400,000	114,000,000
Total	78,400,000	192,400,000	114,000,000

HIGHER EDUCATION

This appropriation provides funds for the Higher Education Services Corporation and the Office of the State Comptroller to jointly administer the College Choice Tuition Savings Program. This program helps families save for their children's education at accredited public and private colleges anywhere in the country with accompanying tax benefits on contributions made to, and interest earned on, college savings accounts.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	568,000	717,400	149,400	568,000
Aid To Localities	3,645,000	0	(3,645,000)	0
Capital Projects	0	0	0	0
Total	4,213,000	717,400	(3,495,600)	568,000

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	568,000	0	(568,000)
Special Revenue Funds - Other	0	717,400	717,400
Total	<u>568,000</u>	<u>717,400</u>	<u>149,400</u>

HOMELAND SECURITY

Since fall 2001, State agencies have deployed numerous resources to detect and protect against domestic security threats. The 2003-04 Executive Budget provides appropriations of approximately \$118 million to support a continuation of homeland security activities throughout New York State. State personnel and other resources will provide increased security at potential terrorist targets and other public safety needs will continue to be addressed, including testing of potential biological agents and upgrades for communications and technology systems.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	75,800,000	55,178,000	(20,622,000)	3,480,000
Aid To Localities	50,000,000	50,000,000	0	50,000,000
Capital Projects	23,500,000	12,500,000	(11,000,000)	23,500,000
Total	<u>149,300,000</u>	<u>117,678,000</u>	<u>(31,622,000)</u>	<u>76,980,000</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	3,000,000	3,000,000	0
All Funds	72,800,000	52,178,000	(20,622,000)
Total	<u>75,800,000</u>	<u>55,178,000</u>	<u>(20,622,000)</u>

Adjustments:

Prior Year Deficiency	
Homeland Security	
All Funds	33,000,000
Appropriated 2002-03	<u>108,800,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Domestic Anti-Terrorism Program			
Special Revenue Funds - Other	3,000,000	3,000,000	0
All Funds	72,800,000	52,178,000	(20,622,000)
Total	<u>75,800,000</u>	<u>55,178,000</u>	<u>(20,622,000)</u>

MISCELLANEOUS

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Domestic Anti-Terrorism Program	55,178,000	(20,622,000)	55,178,000	(20,622,000)
Total	<u>55,178,000</u>	<u>(20,622,000)</u>	<u>55,178,000</u>	<u>(20,622,000)</u>

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Federal	50,000,000	50,000,000	0
Total	<u>50,000,000</u>	<u>50,000,000</u>	<u>0</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Domestic Anti-Terrorism Program			
Special Revenue Funds - Federal	50,000,000	50,000,000	0
Total	<u>50,000,000</u>	<u>50,000,000</u>	<u>0</u>

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

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Homeland Security				
Capital Projects Fund	23,500,000	12,500,000	(11,000,000)	23,500,000
Total	<u>23,500,000</u>	<u>12,500,000</u>	<u>(11,000,000)</u>	<u>23,500,000</u>

HUDSON RIVER VALLEY GREENWAY COMMISSION

Executive Budget recommendations for 2003-04 consolidate the Hudson River Valley Greenway Communities Council and the Greenway Heritage Conservancy into a single Commission. Appropriations of \$765,000 from the Environmental Protection Fund will support the new Hudson River Valley Greenway Commission's operations including administration, technical assistance and local planning grants programs.

The Hudson River Valley Greenway Communities Council and the Greenway Heritage Conservancy were established in law in 1991 to promote the preservation of natural and cultural resources in the Hudson River Valley. In addition, the Conservancy serves as a land trust in the acquisition of lands important to the Greenway and is charged with designating and developing the Hudson River Valley Greenway Trail.

**INSURANCE AND SECURITIES FUNDS
RESERVE GUARANTEE**

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

<u>Fund Type</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
General Fund	1,672,000,000	1,672,000,000	0
Total	1,672,000,000	1,672,000,000	0

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

<u>Program</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
Aggregate Trust Fund			
General Fund	220,000,000	220,000,000	0
Stock Workmen's Compensation Security Fund			
General Fund	67,000,000	67,000,000	0
Property/Casualty Insurance Security Fund			
General Fund	90,000,000	90,000,000	0
State Insurance Fund			
General Fund	1,295,000,000	1,295,000,000	0
Total	1,672,000,000	1,672,000,000	0

LOCAL GOVERNMENT ASSISTANCE

The following appropriations provide unrestricted aid to all classes of local governments. Of the total miscellaneous local government assistance, only 4.2 percent is appropriated from the General Fund. The remaining 95.8 percent is appropriated primarily as fiduciary funds with no General Fund impact.

Executive Budget recommendations for 2003-04 are as follows:

- General Purpose Local Government Aid funding for cities, towns and villages is continued at the SFY 2002-03 level of \$561.6 million. Nearly \$220 million in aid reductions to New York City between 1991 and 1993 will continue in effect through reimbursement to the State from the Municipal Assistance State Aid Fund.
- Emergency Financial Assistance to Eligible Municipalities and Emergency Financial Aid to Certain Cities are also continued at SFY 2002-03 levels: \$20.8 million and \$26.4 million, respectively.
- Supplemental Municipal Aid for cities is continued at the 2002-03 level of \$182.9 million.
- The statutory authorization for Local Government Aid to Counties (\$22 million) expired in 2002-03 and, therefore, such aid is not recommended for 2003-04.
- \$30 million is appropriated for the City of Yonkers in accordance with the terms of the settlement agreement that ended two decades of contentious litigation and Federal intervention in the City's public schools.
- Fiduciary appropriations totaling more than \$24 billion are continued for the Municipal Assistance State Aid Fund, the Municipal Assistance Tax Fund, and the Stock Transfer Tax Fund to ensure that New York City and the city of Troy have adequate Municipal Assistance Corporation debt service coverage.

MISCELLANEOUS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	3,008,000	3,086,000	78,000	0
Aid To Localities	25,199,404,002	25,135,194,002	(64,210,000)	0
Capital Projects	0	0	0	0
Total	25,202,412,002	25,138,280,002	(64,132,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Financial Control Board for the City of New York			
Special Revenue Funds - Other	19	18	(1)
Total	19	18	(1)

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

Program	Available 2002-03	Recommended 2003-04	Change
Financial Control Board for the City of New York			
Special Revenue Funds - Other	3,008,000	3,086,000	78,000
Total	3,008,000	3,086,000	78,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Financial Control Board for the City of New York	3,086,000	78,000	1,789,000	0
Total	3,086,000	78,000	1,789,000	0

Program	Nonpersonal Service	
	Amount	Change
Financial Control Board for the City of New York	1,297,000	78,000
Total	1,297,000	78,000

MISCELLANEOUS

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	1,124,104,002	1,056,894,002	(67,210,000)
Fiduciary Funds	24,075,300,000	24,078,300,000	3,000,000
Total	25,199,404,002	25,135,194,002	(64,210,000)

Adjustments:

Prior Year Deficiency	
Local Government Assistance	
General Fund	70,000,000
Appropriated 2002-03	25,269,404,002

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

Program	Available 2002-03	Recommended 2003-04	Change
Aid to Counties			
General Fund	22,000,000	0	(22,000,000)
Emergency Financial Aid to Certain Cities			
General Fund	26,474,000	26,474,000	0
Emergency Financial Assistance to Eligible Municipalities			
General Fund	20,814,000	20,814,000	0
General Purpose Local Government Aid			
General Fund	781,322,000	781,322,000	0
Miscellaneous Financial Assistance			
General Fund	420,000	210,000	(210,000)
Municipal Assistance State Aid Fund			
Fiduciary Funds	563,300,000	563,300,000	0
Municipal Assistance Tax Fund			
Fiduciary Funds	13,512,000,000	13,515,000,000	3,000,000
Nassau County Interim Finance Authority			
General Fund	20,000,000	15,000,000	(5,000,000)
Stock Transfer Tax Fund			
Fiduciary Funds	10,000,000,000	10,000,000,000	0
Supplemental Municipal Aid			
General Fund	182,874,002	182,874,002	0
Yonkers Settlement			
General Fund	70,000,000	30,000,000	(40,000,000)
Legislative Initiatives			
General Fund	200,000	200,000	0
Total	25,199,404,002	25,135,194,002	(64,210,000)

MISCELLANEOUS GUARANTEE APPROPRIATIONS

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	1,030,855,000	1,070,028,000	39,173,000
Total	1,030,855,000	1,070,028,000	39,173,000

MISCELLANEOUS

NATIONAL AND COMMUNITY SERVICE

MISSION

The Office of National and Community Service provides staff support to the New York State Commission on National and Community Service. The Commission qualifies the State for Federal community service grants for local not-for-profit agencies.

ORGANIZATION AND STAFFING

The Office of National and Community Service is housed and staffed within the Office of Children and Family Services.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget recommends an appropriation of \$30 million in anticipation of the receipt of continued Federal funding for this program. In addition, State funding of \$332,000 is also recommended to meet match requirements for the Office's administration grant.

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

<u>Fund Type</u>	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
General Fund	332,000	332,000	0
Special Revenue Funds - Federal	30,000,000	30,000,000	0
Total	30,332,000	30,332,000	0

NORTHEASTERN QUEENS NATURE AND HISTORICAL PRESERVE COMMISSION

The Northeastern Queens Nature and Historical Preserve Commission was created in 1973 to coordinate the use of publicly owned lands and wetlands in portions of Queens County. The Executive Budget recommends elimination of State support for the Commission's operations in 2003-04.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

<u>Category</u>	<u>Available 2002-03</u>	<u>Appropriations Recommended 2003-04</u>	<u>Change</u>	<u>Reappropriations Recommended 2003-04</u>
State Operations	92,000	0	(92,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	92,000	0	(92,000)	0

PETROLEUM STORAGE TANKS – COPS REPAYMENT

ALL FUNDS
APPROPRIATIONS
(dollars)

Category	Available	Appropriations	Change	Reappropriations
	2002-03	Recommended 2003-04		Recommended 2003-04
State Operations	2,085,000	1,301,000	(784,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	2,085,000	1,301,000	(784,000)	0

RESERVE FOR FEDERAL AUDIT DISALLOWANCES

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	50,000,000	50,000,000	0
Total	50,000,000	50,000,000	0

SPECIAL EMERGENCY APPROPRIATION

ALL FUNDS
APPROPRIATIONS
(dollars)

Category	Available	Appropriations	Change	Reappropriations
	2002-03	Recommended 2003-04		Recommended 2003-04
State Operations	50,000,000	50,000,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	50,000,000	50,000,000	0	0

SPECIAL FEDERAL EMERGENCY APPROPRIATION

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

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
Special Revenue Funds - Federal	1,000,000,000	1,000,000,000	0
Total	1,000,000,000	1,000,000,000	0

MISCELLANEOUS

STATEWIDE ENERGY IMPROVEMENTS

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	2,500,000	0	(2,500,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	2,500,000	0	(2,500,000)	0

STATEWIDE WIRELESS NETWORK

The Statewide Wireless Network Task Force is responsible for the development and deployment of the new statewide emergency communications system network. The Executive Budget recommends a total of \$8.8 million for 2003-04 to support the development of a multi-agency radio communications network. The funding for the network is fully supported by a monthly surcharge on cellular telephones.

Many of the existing radio systems in New York State are antiquated, difficult to maintain and incapable of communicating with neighboring jurisdictions. The Statewide Wireless Network Task Force is working cooperatively with State and local agencies to establish a statewide communications system. The new statewide emergency communications system will provide an integrated emergency communications network that will enable public safety agencies at all levels of government to coordinate emergency responses.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	6,859,000	8,818,000	1,959,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	6,859,000	8,818,000	1,959,000	0

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	6,859,000	8,818,000	1,959,000
Total	6,859,000	8,818,000	1,959,000

TRIBAL STATE COMPACT REVENUE

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	0	13,750,000	13,750,000
Total	0	13,750,000	13,750,000

WORKERS' COMPENSATION RESERVE

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	33,000,000	31,295,000	(1,705,000)
Total	33,000,000	31,295,000	(1,705,000)

WORLD TRADE CENTER

ALL FUNDS
APPROPRIATIONS
(dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	24,000,000	0	(24,000,000)	485,000,000
Aid To Localities	5,389,700,000	0	(5,389,700,000)	5,389,700,000
Capital Projects	342,000,000	0	(342,000,000)	342,000,000
Total	5,755,700,000	0	(5,755,700,000)	6,216,700,000

PART II

STATE DEBT SERVICE

STATE DEBT SERVICE AND FINANCING AGREEMENT PAYMENTS

DEBT SERVICE APPROPRIATIONS CONTINUE TO REFLECT DEBT MANAGEMENT INITIATIVES THAT ENSURE COSTS REMAIN AFFORDABLE

Debt service appropriations for 2003-04 reflect the enactment and implementation of numerous statutory and administrative initiatives that have been advanced by Governor Pataki to ensure that debt is prudently managed and costs continue to remain affordable. Those initiatives include the following:

- Enactment of legislation to authorize the State and its issuing authorities to prudently use a limited amount of variable rate obligations and interest rate exchange and similar agreements to reduce costs and effectively diversify the State-supported debt portfolio;
- Issuance of lower cost State Personal Income Tax Revenue Bonds by the State's authorized issuers to improve the marketability of State-supported bonds, expand the investor base and reduce borrowing costs;
- The refunding of State-supported bonds (including the use of variable rate bonds and interest rate exchange agreements) to generate significant net present value savings;
- Use of \$1 billion in deposits to the Debt Reduction Reserve Fund in 2000-01 and 2001-02 to eliminate high cost debt and increase pay-as-you-go spending to reduce taxpayer costs by over \$1.5 billion; and
- Implementation of the Debt Reform Act of 2000 to ensure that debt outstanding levels and debt service costs remain affordable. To ensure that the statutory caps and other debt limitations imposed by the Debt Reform Act are made permanent, the Governor will propose a Constitutional Debt Reform bill. The bill would:
 - Constitutionally mandate the State-supported debt outstanding and debt service caps now imposed by the Debt Reform Act;
 - Ban "back door" borrowing;
 - Constitutionally authorize a limited amount of revenue-backed debt and require that at least one-half of all new debt be approved by the voters; and
 - Authorize multiple general obligation bond act proposals.

DEBT SERVICE APPROPRIATIONS FOR 2003-04

The recommended debt service appropriations reflect the maximum estimated debt service payments for outstanding bonds, including payments due on outstanding variable rate, interest rate exchange agreements, and new State-supported bond issuances to meet all of the State's obligations to bondholders. Collectively, the recommended appropriations for variable rate instruments (i.e., variable rate bonds and interest rate exchange agreements) reflect the maximum amounts which may be payable pursuant to the limitations imposed on the use of variable rate instruments by Article 5-D of the State Finance Law.

GENERAL DEBT SERVICE FUND

The General Debt Service Fund provides for principal, interest, and related payments due on fixed and/or variable rate general obligation bonds, revenue bonds, and lease-purchase and contractual obligation payments to public authorities and municipalities, and payments for interest rate exchange and similar agreements. The General Debt Service Fund's moneys are provided from the General Fund and other available transfers and revenues.

DEBT SERVICE

Total appropriations of \$2.8 billion are recommended from the General Debt Service Fund. Appropriations from the General Debt Service Fund for general obligation bonds are recommended at \$505 million and reflect payments on outstanding fixed rate and variable rate general obligation bonds, and estimated payments on bonds anticipated to be issued in 2003-04.

Appropriations of \$2 billion to the following public authorities are recommended from the General Debt Service Fund for lease purchase and other financing agreement payments due on outstanding State appropriation-backed bonds:

- Thruway Authority, for Local Highway and Bridge service contract bonds for local transportation purposes. Spending from this appropriation (\$250 million) is financed by transfers from the Dedicated Highway and Bridge Trust Fund;
- Environmental Facilities Corporation, for State Revolving Loan Fund service contract bonds, the Jobs 2000 Pipeline for Jobs program, and the financing of parks and other environmental programs (\$58 million);
- Urban Development Corporation (UDC), for financing the construction and rehabilitation of correctional facilities, State facilities, youth facilities, stadium facilities, the pine barrens land acquisition, economic development and natural resources preservation, projects at various university technology centers, the Higher Education Applied Technology program, and the Onondaga Convention Center (\$333 million);
- Dormitory Authority (DA), for the State University of New York (SUNY) educational and athletic facilities and upstate community colleges, State Education Department facilities, City University of New York senior and community colleges, RESCUE for school construction, child care facilities, the Department of Health's Axelrod Laboratory, Albany Airport, the Library for the Blind, and the Judicial Training Institute (\$800 million);
- DA and UDC, for financing the construction of the Department of Audit and Control building, and the Empire State Plaza East Garage; (\$7 million);
- Housing Finance Agency, pursuant to agreements to finance the State's housing programs (\$90 million), including estimated payments for outstanding variable rate bonds;
- Triborough Bridge and Tunnel Authority, for the financing of the Javits Convention Center in New York City (\$43 million);
- Bonds authorized to be issued by various authorities, including UDC and the DA, to finance the Community Enhancement Facilities Assistance Program (\$100 million);
- Lease-purchase payments for various State facilities (\$21 million), including the 50 Wolf Road building in Albany, the Department of Environmental Conservation building at 625 Broadway in Albany, and the Department of Transportation Region One headquarters building in Schenectady;
- Metropolitan Transportation Authority, for service contracts payments (\$170 million) on bonds issued to finance transit and commuter rail projects;
- Energy Research Development Authority, for service contract payments (\$16 million) on bonds issued to finance the West Valley Project; and
- DA, for contingent contractual obligations related to distressed hospitals (\$95 million) that are available in the event that hospital repayments and other available funds are inadequate to meet debt service. The recommended appropriation reflects the State's potential liability on debt service payable on DA bonds. Legislative authorization for new projects in this program expired in March 1998, and State payments are not expected to be required for this program in 2003-04.

REVENUE BOND TAX FUND

Appropriations of \$405 million from the Revenue Bond Tax Fund, an account within the General Debt Service Fund, for State Personal Income Tax (PIT) Revenue Bonds. PIT Bonds are secured by the pledge of payments from the Revenue Bond Tax Fund, which receives 25 percent of State personal income tax receipts. Personal income tax receipts in excess of debt service requirements are transferred back to the General Fund. However,

pursuant to the Enabling Act authorizing the issuance of PIT Revenue Bonds, in the event that appropriations for outstanding PIT Bonds are not enacted or if debt service payments on the PIT Bonds are not made on a timely basis, no less than \$6 billion in State personal income tax receipts will become “locked up” in the Revenue Bond Tax Fund.

The following appropriations, which may be made to each of the authorized issuers of State Personal Income Tax Revenue Bonds (the Urban Development Corporation, Thruway Authority, Environmental Facilities Corporation, Housing Finance Agency, and the Dormitory Authority), are provided:

- Economic Development and Housing (\$210 million);
- Education (\$70 million);
- Environment (\$20 million);
- State Facilities and Equipment (\$50 million);
- Transportation (\$50 million); and
- Related expenses (\$5 million).

HOUSING DEBT FUND

Payments from local governments and housing companies that benefit from housing and urban renewal projects funded with State general obligation bonds are deposited in the Housing Debt Fund, and are used to pay debt service on such bonds. A \$32 million appropriation is recommended for 2003-04.

STATE UNIVERSITY DORMITORY INCOME FUND

This Fund receives payments for dormitory rentals and other fees at dormitories operated by SUNY. Debt service on bonds issued by the DA for the construction and rehabilitation of SUNY dormitories has first claim on all dormitory revenues deposited in the Fund. An appropriation of \$55 million is recommended for lease-purchase payments to the DA.

MENTAL HEALTH SERVICES FUND

The DA is authorized to issue bonds to finance capital programs for the Department of Mental Hygiene. Revenues received for the care and treatment of patients at State mental health facilities are deposited in this Fund, and are used to make lease-purchase payments to the DA for debt service on mental health services bonds. These rental payments have the first claim on moneys in the Fund. The DA also makes loans to eligible not-for-profit agencies providing mental health services. In return, these voluntary agencies make rental payments equal to the amount of debt service on bonds issued to finance their projects. These payments are also deposited in the Mental Health Services Fund. The recommended appropriation from this Fund is \$270 million.

HEALTH INCOME FUND

The Department of Health (DOH) has entered into contractual agreements with the DA to finance the construction and rehabilitation of State hospitals and veterans' homes. These agreements require DOH to make lease-purchase rental payments to the DA. Such payments have first claim on revenues received in this Fund from patient care at DOH facilities. Consistent with existing bonding pledges and statutory requirements, the Roswell Park Cancer Institute Corporation's moneys continue to flow into the Fund as security for and payment to bondholders. As a result, the State's Financial Plan reflects the portion of the Corporation's receipts that are attributable to debt service. Lease-purchase obligations during 2003-04, which also include obligations for the New York City Veterans' Home, require appropriations of \$37 million.

DEBT SERVICE

CENTRALIZED SERVICES FUND

Certificates of Participation (COPs) have been issued to finance the purchase of equipment on an installment or lease-purchase basis for State departments, agencies, and public authorities. Moneys from the operating budgets of participating agencies are deposited to the Centralized Services Fund for payment to the trustees of COPs issuances. Such obligations' maturities are predominantly short-term in nature, reflecting the useful life of the equipment financed. An appropriation of \$60 million is recommended to pay debt service on outstanding COPs. The Capital Program and Financing Plan anticipates that the more cost effective State Personal Income Tax Revenue Bonds will be used to finance equipment acquisitions which are essential to the mission of various State agencies.

LOCAL GOVERNMENT ASSISTANCE TAX FUND

To eliminate the State's annual spring cash flow borrowing, 1990 legislation authorized LGAC to issue bonds to finance payments to local governments previously funded by the State. LGAC has issued its entire \$4.7 billion net authorization. Revenues equal to one-quarter of the four cent State sales and use tax are deposited into the Local Government Assistance Tax Fund and used to pay debt service on LGAC obligations. The recommended appropriation of \$335 million represents anticipated debt service on all outstanding fixed and variable rate bonds, and related expenses. Moneys not needed for debt service are transferred to the State's General Fund.

SCHOOL CAPITAL FACILITIES FINANCING RESERVE FUND

An appropriation of \$40 million is recommended from the School Capital Facilities Financing Reserve Fund, a fiduciary fund, to pay debt service on bonds issued by the DA on behalf of special act and certain other authorized local school districts. The districts have assigned State local assistance payments to the DA, which are deposited into the Fund and used to make debt service payments.

DEDICATED HIGHWAY AND BRIDGE TRUST FUND

An appropriation of \$700 million is recommended for 2003-04 debt service payments to the Thruway Authority for Dedicated Highway and Bridge Trust Fund bonds, which support the Department of Transportation capital plan. Debt service payments for the highway program are supported by the statutory dedication of revenues to the Fund. However, after debt service payments are made, they and a commensurate amount of Fund revenues are reclassified from the capital projects to the debt service fund group.

GENERAL FUND – STATE PURPOSES ACCOUNT

An appropriation of \$20 million is recommended for the State's potential liability to rebate arbitrage earnings on general obligation bonds to the Federal government. A \$225 million appropriation is recommended for the redemption of general obligation serial bonds, should this become necessary to maintain the exemption from Federal taxation of the interest paid to bondholders. This appropriation would only be used if the State received payments from any party found to be responsible for site contamination for which 1986 Hazardous Waste and 1996 Clean Water/Clean Air bonds were sold and disbursed to finance site clean-up. Since every effort is made to find the responsible party prior to the issuance of bonds, the potential use of this appropriation is unlikely and no disbursements from it are anticipated.

ALL FUNDS

An All Funds appropriation of \$2.26 billion provides appropriation authority for a maximum interest rate of 18 percent on both the maximum amount of variable rate bonds and the notional amount of interest rate exchange agreements which may be entered into under the authorization provided by Chapter 81 of the Laws of 2002. This appropriation provides assurances to bondholders and counterparties of interest rate exchange agreements that sufficient authorization is available to pay the maximum amounts which may become due on such variable rate instruments. In addition, it provides the State the flexibility needed to manage such instruments, including the ability to terminate agreements and effectively manage risk.

**ALL FUNDS FISCAL REQUIREMENTS
DEBT SERVICE AND FINANCING AGREEMENT PAYMENTS
(dollars)**

Fund	Available 2002-03	Recommended 2003-04	Change
General Fund			
State Purposes Account			
Rebates to Federal Government	20,000,000	20,000,000	0
Redemption of General Obligation Bonds	225,000,000	225,000,000	0
Subtotal	245,000,000	245,000,000	0
Internal Service Funds			
Centralized Services Fund			
Financing Agreements	110,000,000	60,000,000	(50,000,000)
Subtotal	110,000,000	60,000,000	(50,000,000)
Fiduciary Funds			
School Capital Facilities Financing Reserve Fund			
Trust and Agency Financing	40,000,000	40,000,000	0
Subtotal	40,000,000	40,000,000	0
Debt Service Funds			
Debt Reduction Reserve Fund			
Debt Reduction	0	55,000,000	55,000,000
Mental Health Services Fund			
Financing Agreements	370,000,000	270,000,000	(100,000,000)
General Debt Service Fund			
General Obligation Bonds	580,000,000	505,000,000	(75,000,000)
Financing Agreements	2,529,150,000	1,921,550,000	(607,600,000)
Revenue Bond Payments	0	405,000,000	405,000,000
Lease Purchase Payments	61,525,000	61,750,000	225,000
Housing Debt Fund			
General Obligation Bonds	28,000,000	32,000,000	4,000,000
Health Income Fund			
Financing Agreements	35,000,000	35,000,000	0
Financing Agreements	2,000,000	2,000,000	0
State University Dormitory Income Fund			
Financing Agreements	70,000,000	55,000,000	(15,000,000)
Local Government Assistance Tax Fund			
Financing Agreements	325,000,000	335,000,000	10,000,000
Subtotal	4,000,675,000	3,677,300,000	(323,375,000)
Capital Projects Funds - Other			
Dedicated Highway and Bridge Trust Fund			
Financing Agreements	625,000,000	700,000,000	75,000,000
Subtotal	625,000,000	700,000,000	75,000,000
All Funds			
Contingent Appropriation	1,272,000,000	2,260,000,000	988,000,000
Subtotal	1,272,000,000	2,260,000,000	988,000,000
Total Fiscal Year	6,292,675,000	6,982,300,000	689,625,000
Appropriated 2002-03	6,292,675,000		

PART III

APPROPRIATIONS REQUESTED BY THE JUDICIARY AND THE LEGISLATURE

COMMENTARY OF THE GOVERNOR ON THE JUDICIARY

In accordance with Article VII, Section One of the State Constitution, I am transmitting herewith the appropriations requested by the Judiciary for fiscal year 2003-04. As required by the Constitution, I am presenting the Judiciary budget as it has been submitted by the Office of Court Administration.

The Judiciary's All Funds appropriation request is \$1.8 billion, a \$56 million, or 3.2 percent increase over the current year. Of this amount, \$1.63 billion is requested from the State tax dollar supported General Fund, an increase of \$62.8 million or 4 percent over 2002-03.

While the Office of Court Administration has clearly taken steps to constrain spending growth in the Judiciary, nonetheless, its budget request for 2003-04 reflects a substantial increase. In light of the magnitude of the fiscal crisis facing the State, and the economies effected by the rest of State government, I call upon the Chief Judge to exercise additional fiscal restraint and strive for year-to-year reductions in spending and staffing.

The General Fund increase currently called for includes:

- \$18.5 million for negotiated salary increments and base level increases;
- \$37.2 million for increased fringe benefit costs;
- \$5 million for annualization of current year initiatives, including an increase in nonjudicial security positions (\$2.9 million) and contractual security enhancements (\$2.1 million);
- \$2.7 million for 16 certificated judges and \$1.5 million for new city court judges and staff established in the 2001 Legislative session;
- \$3.4 million for contractual and fixed cost increases, including the Law Guardian Program (\$1.1 million), legal reference (\$1.1 million), Alternative Dispute contracts (\$300,000) and postal rate increases (\$900,000); and
- \$10 million for new needs, including overtime expenses related to enhanced security measures (\$3.9 million), continued expansion of Drug Treatment Courts (\$1.7 million), a shift of Information Technology funding to the General Fund from the Data Processing Fund (\$3 million), jury initiatives (\$500,000), continuing education and training initiatives for judges and legal staff (\$500,000) and the establishment of a community court in Queens (\$400,000).

These increases are partially offset by recurring savings totaling \$15.5 million, including personal service savings resulting from the hiring freeze and savings from early retirement incentives (\$8.6 million); a reduction in financing costs (\$2.2 million); and other nonpersonal service reductions for travel and non-recurring contractual services (\$4.7 million).

The All Funds appropriation growth reflects an increase of \$5.8 million for the Lawyer's Fund for Client Protection, \$700,000 for the NYC County Clerks' Operations Offset Fund and a \$2.5 million increase in Federal funding for Drug Treatment Courts.

THE JUDICIARY

INTRODUCTION

THE UNIFIED COURT SYSTEM

The Judiciary is one of the three branches of New York State Government. Article VI of the State Constitution establishes a Unified Court System, 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.

The objectives of the Judiciary are to: (1) provide a forum for the peaceful, fair and prompt 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; (2) supervise the administration of estates of decedents, consider adoption petitions, and preside over matters involving the dissolution of marriages; (3) provide legal protection for children, mentally ill persons and others entitled by law to the special protection of the courts; and (4) regulate the admission of lawyers to the Bar and their conduct and discipline.

The New York State court system is one of the largest and busiest in the Western World. It consists of over 1,200 state-paid judges, 2,200 town and village justices and nearly 15,000 nonjudicial employees. Pursuant to the Unified Court Budget Act, the cost of operating the Unified Court System, excluding town and village courts, is borne by the State.

STRUCTURE AND JURISDICTION OF THE COURTS

The Unified Court System is structured as follows:

APPELLATE COURTS

Court of Appeals
Appellate Divisions of the Supreme Court
Appellate Terms of the Supreme Court
County Courts (acting as appellate courts)

TRIAL COURTS OF SUPERIOR JURISDICTION

Statewide:
Supreme Court
Court of Claims
Family Court
Surrogate's Court
Outside New York City:
County Court

TRIAL COURTS OF LIMITED JURISDICTION

New York City:
Criminal Court
Civil Court
Outside New York City:
City Courts
District Courts
Town Courts*
Village Courts*

*Locally funded courts

JUDICIARY

The jurisdiction of each court is established by Article VI of the Constitution or by statute. The courts of original jurisdiction, or trial courts, hear cases in the first instance, and the appellate courts hear and determine appeals from the decisions of the trial courts.

The Court of Appeals, the State's highest court, hears cases on appeal from the other appellate courts and, in some instances, from the courts of original jurisdiction. In most cases, its review is limited to questions of law. The Court also reviews determinations of the Commission on Judicial Conduct.

There are four Appellate Divisions of the Supreme Court, one in each of the State's four judicial departments. The Appellate Divisions hear appeals concerning civil and criminal cases. In the First and Second Departments, Appellate Terms have been established to hear appeals in criminal and civil cases determined in the Criminal and Civil Courts of the City of New York and civil and criminal cases determined in district, city, town, and village courts outside the City. In the Third and Fourth Departments, appeals from city, town and village courts are heard initially in the appropriate County Court.

The Supreme Court, which functions in each of the State's 12 judicial districts, is a trial court of unlimited, original jurisdiction, but it generally hears cases outside the jurisdiction of other courts. It exercises its civil jurisdiction statewide; in the City of New York and some other parts of the State, it also exercises jurisdiction over felony charges.

The Court of Claims is a statewide court having jurisdiction over claims for money damages against the State. Certain Judges of the Court of Claims; i.e., Judges appointed pursuant to paragraphs (b), (d), and (e) of subdivision 2 of section 2 of the Court of Claims Act, are assigned temporarily to the Supreme Court, primarily as trial justices in the criminal terms.

There are three county-level superior courts. The County Court is established in each county outside the City of New York. It is authorized to handle the prosecution of crimes committed within the county, although in practice, arraignments and other preliminary proceedings on felonies, misdemeanors and minor offenses are handled by courts of limited jurisdiction while the County Court presides over felony trials and supervises the Grand Jury. The County Court also has limited jurisdiction in civil cases, with authority to entertain those involving amounts up to \$25,000.

The Family Court is established in each county and in the City of New York. It has jurisdiction over matters involving children and families. Its caseload consists largely of proceedings involving support of dependent relatives, juvenile delinquency, child protection, persons in need of supervision, review and approval of foster-care placements, paternity determinations, and family offenses.

The Surrogate's Court is established in every county and hears cases involving the affairs of decedents, including the probate of wills and the administration of estates. Family Court and Surrogate's Court have concurrent jurisdiction in adoption proceedings.

The Civil Court of the City of New York tries civil cases involving amounts up to \$25,000 and other civil matters referred to it by the Supreme Court (pursuant to section 325 of the CPLR). It includes a Housing Part for landlord-tenant matters and housing code violations. It also includes a Small Claims Part and a Commercial Small Claims Part for matters not exceeding \$3,000. The Criminal Court of the City of New York has jurisdiction over misdemeanors and violations. Judges of the Criminal Court also act as arraigning magistrates and conduct preliminary hearings in felony cases.

There are four kinds of courts of limited jurisdiction outside the City of New York: District (established in Nassau County and in the five western towns of Suffolk County), City, Town and Village Courts. All have jurisdiction over minor criminal matters. They also have jurisdiction over minor civil matters, including small claims and summary proceedings, although their monetary ceilings vary: \$15,000 in District and City Courts, and \$3,000 in Town and Village Courts.

The civil courts of limited jurisdiction in 31 counties are making use of compulsory arbitration with lawyer arbitrators to resolve minor civil disputes, that is, civil actions where the amount sought is \$6,000 or less in courts outside the City of New York and \$10,000 or less in courts in the City.

ADMINISTRATIVE STRUCTURE OF THE UNIFIED COURT SYSTEM

Section 28 of Article VI of the State Constitution provides that the Chief Judge of the Court of Appeals is the Chief Judge of the State and its chief judicial officer. The Chief Judge appoints a Chief Administrator of the Courts (who is called the Chief Administrative Judge of the Courts if the appointee is a judge) with the advice and consent of the Administrative Board of the Courts. The Administrative Board consists of the Chief Judge, as chair, and the Presiding Justices of the four Appellate Divisions of the Supreme Court.

The Chief Judge establishes statewide standards and administrative policies after consultation with the Administrative Board of the Courts and promulgates them after approval by the Court of Appeals.

The Chief Administrative Judge, on behalf of the Chief Judge, is responsible for supervising the administration and operation of the trial courts and for establishing and directing an administrative office for the courts, called the Office of Court Administration (OCA). In this task, the Chief Administrative Judge is assisted by two Deputy Chief Administrative Judges, who supervise the day-to-day operations of the trial courts in New York City and in the rest of the State, respectively; Deputy Chief Administrative Judge for Justice Initiatives, a Deputy Chief Administrative Judge for Management Support, who supervises the operations of the units that compose the Office of Management Support; and a Counsel, who directs the legal and legislative work of the Counsel's Office.

The Office of Management Support consists of eight operational divisions, with overall policy guidance and management directed by the Chief Administrative Judge, assisted by the Deputy Chief Administrative Judge for Management Support. The Division of Human Resources is responsible for conducting educational programs for judges and nonjudicial personnel; the administration of the Unified Court System's workforce diversity programs; labor management relations; payroll processing; career development services; employee benefits administration; and a broad range of personnel services dealing with job classification, compensation and examination issues. The Division of Financial Management coordinates the preparation and implementation of the Judiciary budget and is also responsible for promulgation of fiscal policies and procedures; revenue and expenditure monitoring, control and reporting; and the coordination of the fiscal aspects of the Court Facilities Aid Program. The Division of Technology is responsible for the development, implementation and oversight of all central and local automation and telecommunication services which support court operations and administrative functions. The Division of Legal Information and Records Management is responsible for overseeing all of the Judiciary's automated and printed media legal reference services and for coordination of records retention and management programs. The Division of Court Operations provides centralized support for day-to-day court operations through its oversight of streamlining initiatives, procedural manual development and training programs, as well as for court security, and alternative dispute resolution programs.

The services provided by these operational divisions are further supplemented by a Public Affairs Office which coordinates communications with other governmental entities, the press, public and bar. The Office of Court Research compiles UCS workload statistics for the courts, management and the public and conducts operational improvement studies. The Administrative Services Office provides a broad range of general support services to the courts including, but not limited to, central accounting and revenue management; attorney registration administration, centralized procurement, supply and printing. Finally, an Office of Internal Affairs, reporting directly to the Chief Administrative Judge, conducts internal audits and investigations to support the attainment of management's long term goals and priorities.

Counsel's Office prepares and analyzes legislation, represents the Unified Court System in litigation, and provides various other forms of legal assistance to the Chief Administrative Judge.

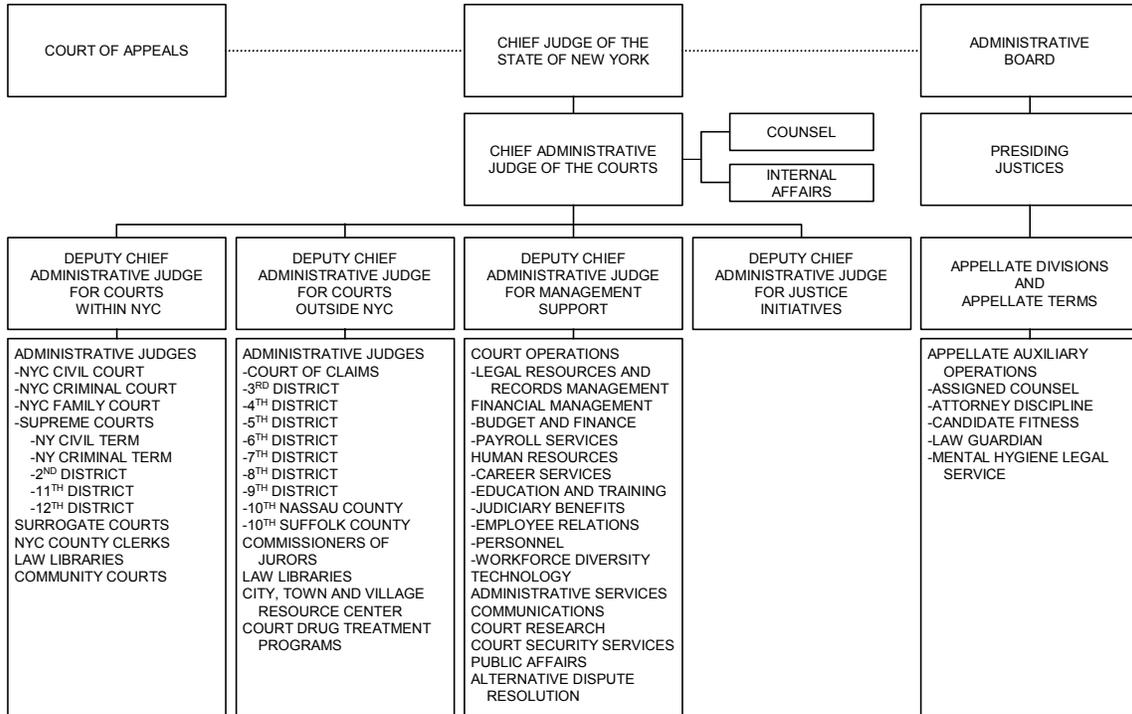
Responsibility for on-site management of the trial courts and agencies is vested with the Administrative Judges. Upstate, in each of the eight judicial districts established outside the City of New York, there is a District Administrative Judge who is responsible for all courts and agencies operating within the judicial district. In the City of New York, Administrative Judges supervise each

JUDICIARY

of the major trial courts, and the Deputy Chief Administrative Judge provides for management of the complex of courts and court agencies within the City. The Administrative Judges manage not only court caseload, but are responsible as well for general administrative functions including personnel and budget administration and all fiscal procedures.

The Appellate Divisions are responsible for the administration and management of their respective courts, and of the several Appellate Auxiliary Operations: Candidate Fitness, Attorney Discipline, Assigned Counsel, Law Guardians, and Mental Hygiene Legal Service.

Unified Court System Administrative Structure



EXECUTIVE SUMMARY

THE COURT SYSTEM'S RESPONSE TO THE STATE'S FISCAL CRISIS

The New York State Judiciary fully recognizes the economic losses that New York has experienced over the last year. Even before the current fiscal year began, the court system took steps to reduce spending, commencing a strict vacancy control program in January 2002 that, in conjunction with the early retirement incentive program, has significantly reduced the level of nonjudicial employment. In addition, administrative measures to curtail equipment, travel and other operating costs have been implemented. Both the vacancy control program and the administrative cost-savings measures will remain in effect throughout the coming fiscal year.

The challenges that we face as a Judiciary require additional fiscal belt-tightening so that we can meet our responsibilities as a full partner in State government. Accordingly, the 2003-2004 Judiciary budget does not seek any additional nonjudicial positions to meet the courts' operational priorities. Moreover, to maintain the level of employment that can be sustained by the budget request, the court system will replace only the most critical employees who participated in the early retirement program or who have otherwise left our employment. The personal savings achieved by these steps provide the framework for the requested budget, as the Judiciary seeks increasingly creative and efficient ways of managing its resources. This approach represents a commitment to meet the demands of the State's fiscal reality as well as the need to provide uninterrupted service to the public.

In New York, the Judiciary's service to the public has been marked by innovation, based on a problem-solving approach that has made this court system the recognized leader in ensuring justice. Over the past years, the drug courts and domestic violence courts that have been instituted in the State have proven the worth of this problem-solving approach to cases coming before the courts. Continuation of these programs is particularly important in these difficult economic times — not only to ensure the benefits of these innovations across the State, but also to produce real efficiencies of scale. The demonstrable fiscal savings from restructured courts can begin with the Integrated Domestic Violence Courts, which allow all related family, criminal and matrimonial matters to be heard in a single court by a single Judge.

COURT SAFETY AND SECURITY IN THE AFTERMATH OF SEPTEMBER 11, 2001

Like all public entities, the New York State courts are more aware than ever of safety and security issues. Over the past year, the court system has been systematically improving court security and emergency preparedness. Improvements have been made through reallocated and increased levels of security staffing and through the use of enhanced equipment and technology. Many sites have added or enhanced magnetometer and x-ray scanning systems and other electronic security systems and devices to ensure the safety and protection of those who enter court facilities. These equipment improvements have been combined with new policies and procedures that ensure thorough and careful screening of those entering court facilities. Also, new protocols for screening mail, packages and other goods delivered to court buildings have been adopted. The court system is also implementing changes to court facility access and design standards to accommodate new building safety and security requirements. Court administrators are reassessing emergency preparedness plans and integrating court plans with those of local emergency management networks. Our goal is to be able to respond effectively to any future disaster and to resume court operations as quickly as possible.

In September 2002, New York's Judiciary sponsored a national conference to consider the many challenges that confront the courts in the aftermath of terrorist attacks. The "9-11 Summit", organized with the National Center for State Courts, brought together judges, administrators and security and disaster preparedness specialists from other government branches and the private sector for a national conversation about the emergency preparedness and disaster response and recovery issues critical to the courts. At the summit, policy leaders and security officials exchanged important information and discussed practical tools that will help the courts develop comprehensive and effective emergency preparedness and recovery plans. Such planning is essential for the protection of the public and the courts and to ensure the crucial functions of the courts can continue in times of crisis.

MEETING THE COURTS' MISSION IN A DIFFICULT TIME

While fiscal prudence and vigilance in security remain priorities, the courts' primary focus must continue to be on its fundamental mission — meeting the justice needs of New Yorkers.

Indeed, now is the time for the court system to redouble its commitment to creative approaches to resolving disputes. Among the successful problem-solving approaches that have been implemented by the New York Judiciary are:

- Criminal Drug Treatment Courts, in which non-violent, drug-addicted offenders are required to complete intensive drug treatment under the rigorous supervision of the courts as an alternative to jail.¹
- Family Treatment Courts, which handle cases involving neglect where addiction is the underlying problem. These courts provide screening and assessment of parents with substance abuse problems, access to appropriate treatment and services and a system of sanctions to motivate compliance with court mandates.
- Integrated Domestic Violence Courts (IDVC) follow the "one Family, one Judge" model, in which one judge presides over all Criminal, Family, and Supreme Court matters involving the same parties. An IDVC allows jurisdictions to address inter-related family problems in a comprehensive manner, provide integrated service delivery and improve both court efficiency and informed judicial decision-making.
- Community Courts address another justice problem — meeting the needs of communities affected by crime on the local level. Community Courts are testing a variety of new mechanisms for involving the community in the criminal justice process, including public restitution projects, community mediation, victim-offender panels, use of treatment and social service interventions and input from neighborhood leaders through advisory panels and other participatory processes.

¹ Next year we will achieve a major goal of the treatment court program — the opening of at least one county level court in each county. New openings in 2003-2004, which will be phased in over the course of the fiscal year, will primarily address the unmet treatment court needs of the medium and smaller-sized counties. In most cases, treatment courts will be established in multi-bench courts to provide services for felony and family cases. In several instances these "hub" courts will also provide services to smaller City Courts, and in a few cases to Town and Village Treatment Courts.

These courts, which work as part of a network with other criminal justice and social agencies to address underlying social problems and to improve overall community conditions, have proven that they work. By addressing the underlying societal issues, these courts have been shown to reduce costs associated with crime and recidivism to state and local governments.²

The time has come to integrate these proven approaches throughout all of the State courts. Not only will this integration ensure the benefits of these innovations to all New Yorkers, it will also produce efficiencies of scale. In fact, there are the demonstrable fiscal savings from such programs as the Integrated Domestic Violence Court, which allow all related family, criminal, and matrimonial matters to be heard in a single court by a single Judge, rather than by three or more Judges in three or more courts.

OTHER PRIORITIES

The proposed Judiciary budget also provides funding for the continuation of a number of other priorities. Key among these are the following.

ACCESS TO JUSTICE

The Unified Court System has developed a statewide strategy to improve access to justice. Access efforts reflect a wide range of actions and initiatives ranging from enlarging jury pools to providing assistance to self-represented litigants. Access also means making sure that people receive fair and equal treatment by the justice system regardless of their economic status. Too often those with limited resources do not have access to the justice system. Thus the court system remains committed to providing services at convenient times in the community, with satellite courts, night court parts to meet the needs of working families, expanded mediation and alternative dispute resolution programs, and services to self-represented litigants within the courthouses. The court system has also created an Access to Justice Center to concentrate on promoting ideas to improve the delivery of services and on identifying permanent funding sources, programs and legislation that will ensure meaningful access to justice for all civil litigants. The Center, which is overseen by an Access to Justice Board, also serves as a clearinghouse for civil legal services issues.

Another major challenge that is thwarting access to justice is the extremely low fees paid to assigned counsel who provide criminal legal representation to the poor. New York's current hourly rates to court-appointed attorneys are among the lowest in the nation. The court system has offered a proposal to raise those rates that recognizes both the critical importance of adequate compensation for criminal legal representation and the state's fiscal climate. The court system will continue to work closely with the Governor and legislative leaders to find a feasible fiscal solution that will ensure appropriate rates and the means to implement them.

² In October 2002, another type of problem-solving court—a Mental Health Court, the first of its kind in New York State—opened in Brooklyn. The Brooklyn Mental Health Court targets cases of non-violent defendants with serious mental illness, and helps link these defendants to long-term treatment as an alternative to incarceration in both misdemeanor and low-level felony cases. The goal of the Brooklyn Mental Health Court is to use the authority of the court to link mentally ill offenders to treatment, stabilize their illness and prevent their return to the criminal justice system. Designed by the Center for Court Innovation, the Brooklyn Mental Health Court is a joint project of the Unified Court System, New York State Department of Mental Health, the NYC Department of Mental Health, Kings County District Attorney's Office, and the Legal Aid Society.

Several more such Mental Health Court projects are planned in other jurisdictions. The rate at which they will be developed depends in part on the availability of grant funds. The Brooklyn court and six other jurisdictions, County Courts in Schenectady, Monroe and Nassau counties, the Suffolk District Court, the Buffalo City Court and the Bronx Treatment Court, part of the NYC Criminal Court, have applied for Federal mental health court grants through the Bureau of Justice Assistance.

JUDICIARY

Community education and outreach is also a central component of the Judiciary's access to justice efforts. Outreach to the public has involved a variety of programs and educational efforts, including a Public Affairs website that features information about the courts' community initiatives, court system publications, and educational pages directed toward students of all grade levels. The statewide strategy for eliminating barriers to justice in New York has also been bolstered by publication of Justiceworks, a brochure which outlines the various resources and services available to court users.

CIVIL JUSTICE

The Comprehensive Civil Justice Plan was initiated to move civil cases through the system more efficiently by means of more active court management of cases. This program has been instrumental in reducing the pending inventory of trial-ready cases to the lowest level in many years. Efforts continue on greater attention on pre-trial ready cases, ensuring that case milestones are met in a timely fashion, thus readying the cases for trial. The program features technological innovations, including pilot locations for the electronic filing of court papers.

Specialized parts for specific case types have proven successful, including commercial parts, matrimonial parts, motor vehicle parts, and City parts for cases in which New York City is a defendant. The use of specialized parts will continue, with appropriate support. In matrimonial parts, for example, the addition of social workers to assist families in addressing related custody and visitation disputes has improved the quality and the timeliness of the case resolution. For commercial cases, the Commercial Division operates in Albany, New York, Erie, Monroe, Nassau, Suffolk and Westchester County Supreme Courts.

COURT TECHNOLOGY

Technology continues to play a central role in allowing the Judiciary to deal effectively with its high-volume caseloads and in improving public access to court information. The Statewide intranet (CourtNet) provides the technology and applications that support automated case management capability and internal communications through e-mail and video-conferencing. The court system has also made important strides in facilitating access by the public to case and court system information. The Unified Court System is also expanding the availability of courtroom technology enhancements including realtime transcription, courtroom access to computerized case information and technology to provide animated evidentiary presentations.

The court system's automation program incorporates a number of multi-year projects to upgrade and modernize centralized computer operations. This budget request reflects ongoing funding for these projects and seeks new COPS funding authorization to finance automation equipment replacements and upgrades to ensure the reliability and efficiency of operations statewide. Among the critical automation services that will be maintained through the resources proposed in this budget are the maintenance of CourtNet, the court system's mission critical statewide intranet system; continued development of the court system's Universal Case Management System to replace existing automated case processing applications; ongoing replacement of desktop and laptop computers and file servers; expansion of remote access to CourtNet for the 2,300 Town and Village Courts; and specialized applications and technology for drug treatment courts, domestic violence courts and community courts. Replacement of the antiquated and inoperable NYC court telephone system with modern equipment and systems is also a high priority, especially in light of the communication systems disruption caused by the last year's terrorist attack. To reduce security risks, additional equipment is also being acquired to provide the NYC Criminal Courts with timesaving video arraignment capabilities, including central office connections for video technology and equipment set-ups for criminal courtrooms and appearance rooms at courthouses throughout NYC.

As part of the court system's automation program, efforts are now underway to streamline and improve human resource information applications and processes. The budget request

continues funding for the human resource and timekeeping applications that were recommended as part of the recently completed comprehensive human resource business process analysis. The uniform automated timekeeping system, now in the design phase, will streamline payroll and personnel time and leave functions. Funding will also support work to design and implement new automated systems to support various other personnel functions including position management, employee histories, leave management and regulatory records requirements. Automation of these personnel activities is scheduled to be undertaken in the coming fiscal year.

The court system provides extensive, detailed case information to attorneys, the press, and the public on its internet site (www.courts.state.ny.us) free of charge and will continue to do so. As a revenue enhancement measure, the Unified Court System also provides certain electronically-generated information on a fee-for-service basis. The E-subscription services have been established to provide value-added services for which the UCS charges a small fee. These value-added services include: e-mail notification of change to case information; the Case Watch service; attorney-only secure e-mail services; wireless device services; and individualized case calendars for subscribers. At a later stage, the E-subscription service will be expanded to include other items such as a case management system for the small practitioner.

DIVERSITY PROGRAMS

Important diversity initiatives will continue in the coming fiscal year and are included in the Judiciary's budget request. The court system will continue its year-long fellowships to law school graduates interested in pursuing careers in court system public service. The court system also plans to create a Legal Education Opportunity Program to enhance the diversity of the New York State Bar. The Legal Education Opportunity program would be modeled upon similar programs that have been created in other States, most notably Indiana University's "Conference on Legal Education Opportunity" (CLEO) program which is aimed at increasing the number of minority, low-income and disadvantaged students who attend the law school in the State.

TOWN AND VILLAGE COURTS

The Justice Court Assistance Program, enacted by the Legislature during the 1999 session, provides financial assistance for various purposes, including automation, training for judges and court staff, purchasing of legal reference materials, and improvement of court facilities. Magistrates Associations, which represent town and village justices, also may apply for funds to be used toward judicial training programs. In the current fiscal year, the Unified Court System will disburse \$500,000 in grants to these local courts across the state. Funding for grants will be capped at a maximum of \$20,000 for any one court or association. The grants being made available under the program will supplement local funding to address specific needs, such as automation and training of court personnel. This initiative is intended to increase the efficiency of Town and Village Court operations and enhance the administration of justice on a local level. The proposed budget for the Judiciary continues funding for this program of grant assistance at the current year level.

CRIMINAL DISPOSITION RECONCILIATION PROJECT

The court system has been working with the Division of Criminal Justice Services to resolve the long-standing problem of unmatched criminal cases and dispositions. The court system maintains an automated Criminal Record and Information System to record reportable criminal activities. The system receives automated arrest information from and provides disposition information to the Division of Criminal Justice Services (DCJS). The Town and Village Courts submit disposition information directly to DCJS. The Criminal History Intensive Reconciliation Project is a comprehensive effort undertaken by the Unified Court System in conjunction with the Division of Criminal Justice Services to reconcile more

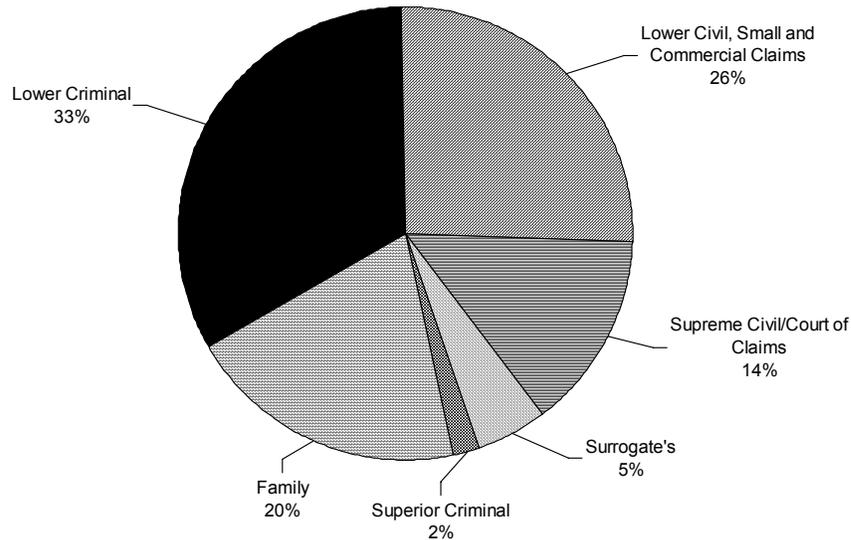
JUDICIARY

than 1,000,000 open arrests. Substantial progress has been made in reducing the number of open arrests since this joint project began and this budget continues funding to ensure that this progress continues.

COURT SYSTEM WORKLOAD

The court system is handling record level caseloads. In 2001, there were 3,414,712, new cases filed in the trial courts of the Unified Court System, excluding traffic and parking cases, an increase of over 700,000 filings, or 26.3 percent, since 1993.

**Trial Court Filings
by Case Type - 2001**



Filings and dispositions in 2001, by case type, were as follows:

Criminal Cases

Criminal Term of Supreme and County Courts

- Filings - 52,500
- Dispositions - 54,964

Criminal Court of the City of New York

- Filings (arrest cases) - 338,442
- Dispositions (arrest cases) - 345,234
- Filings (summons cases) - 530,823
- Dispositions (summons cases) - 422,996

City and District Courts Outside New York City

- Filings - 283,482
- Dispositions - 275,620

Civil Cases

Civil Term of Supreme Court

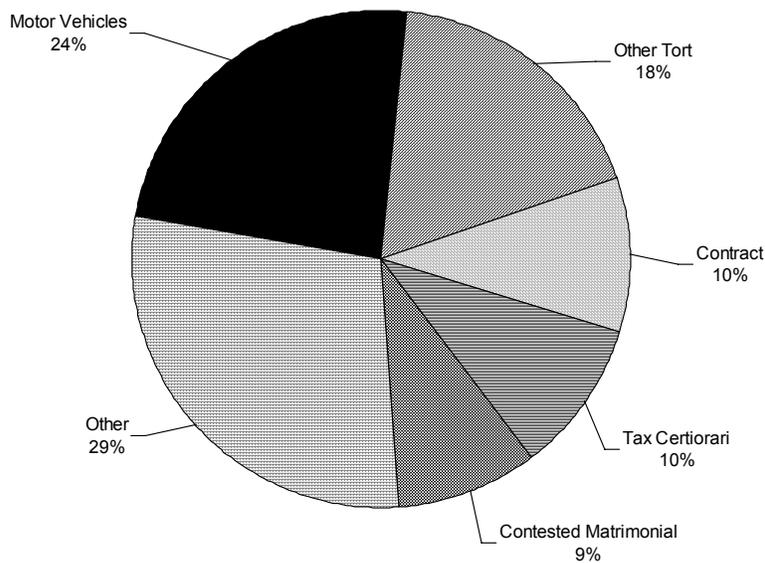
Civil Actions

- Filings - 407,097
- Dispositions - 439,310

Small Claims Assessment Review Program (SCAR)

- Filings - 49,257
- Dispositions - 50,057

**Supreme Civil New Case Filings
by Case Type - 2001**



Civil Court of the City of New York

Civil Actions

- Filings - 247,547
- Dispositions - 128,372

Small Claims/Commercial Claims

- Filings - 46,978
- Dispositions - 49,652

Housing Court

- Filings - 334,488
- Dispositions - 292,234

JUDICIARY

City and District Courts Outside New York City

Civil Actions

- Filings - 118,126
- Dispositions - 102,821

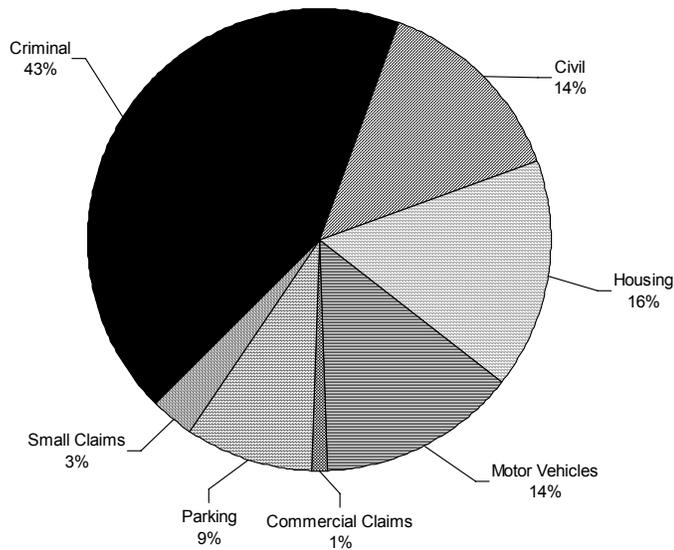
Small Claims/Commercial Claims

- Filings - 51,571
- Dispositions - 51,938

Landlord/Tenant

- Filings - 79,370
- Dispositions - 77,402

City and District Court Filings
by Case Type - 2001



County Courts

- Filings - 26,565
- Dispositions - 27,117

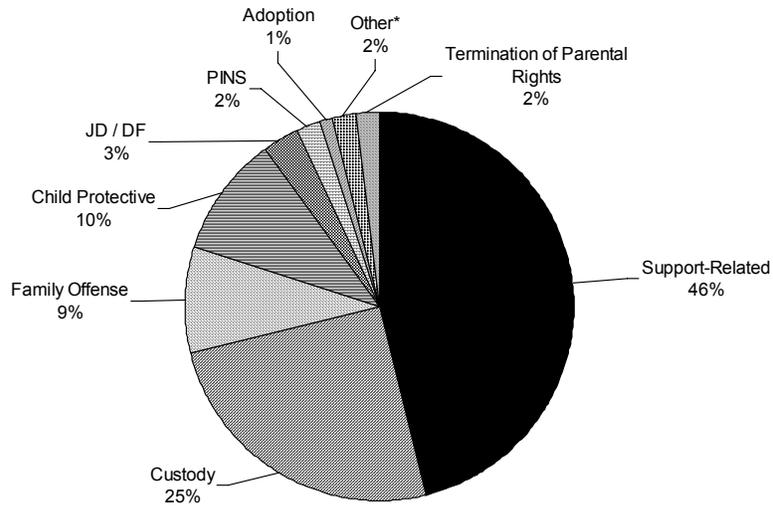
Court of Claims

- Filings - 1,910
- Dispositions - 2,331

Arbitration Program

- Filings - 18,721
- Dispositions - 17,750

Family Court Filings by Case Type - 2001



* Includes Guardianship, Foster Care, Physically Handicapped, Consent to Marry and Other

Family Courts

- Filings - 683,390
- Dispositions - 681,414

Surrogate's Courts

- Filings - 163,166
- Dispositions - 124,858

2003-04 JUDICIARY BUDGET REQUEST

The budget request for the Judiciary General Fund Court and Agency Operations for fiscal year 2003-2004 is \$1.35 billion, a 1.9 percent increase over the current year. The State Funds Court and Agency portion of the request, including the General Fund as well as Special Revenue Funds, is \$1.41 billion, a 1.5 percent increase over the current year fiscal appropriation of \$1.39 billion.

This budget level includes full funding for all authorized judicial positions and funding for nonjudicial positions at the fill level anticipated at the close of the current fiscal year. The personal service request also includes funding for salary increments for eligible nonjudicial employees pursuant to statute. Adjustments are also reflected for certificated justices and staff changes and annualization of costs for security and drug treatment court positions that were partially funded in the current year. In nonpersonal service, funds provide for jury per diem payments consistent with projected workload levels; legal reference materials and electronic research services at contractually agreed to rates; contractual security services with increases related to collective bargaining agreements for locally provided security; judicial hearing officer support, and other requisite per diem payments for trial-related services; finance payments for prior year COPS financing programs; and other necessary support for basic costs such as office supplies, telephones, space and equipment rentals associated with the day-to-day operations of the courts and court-related agencies. Judicial education and training programs for court administrators and employees are also continued to improve the quality of justice.

ANALYSIS OF CHANGE

The Judiciary's 2003-04 Court and Agency Operations - General Fund budget increase totals \$25.6 million. The major components of the General Fund Operations change include:

- \$18.5 million for salary increments for eligible nonjudicial employees in accordance with collective bargaining contracts and administrative provision.
- \$2.9 million for the annualization of nonjudicial security positions approved for the current year.
- \$2.7 million for certificated justices and staff on 1/1/2003 and 1/1/2004 — a net increase of 16 justices pursuant to section 115 of the Judiciary Law.
- \$1.5 million for new city court judges and staff pursuant to Chapter 584 of the laws of 2001.
- \$1.0 million for temporary service primarily for the Drug Court Program.
- \$3.9 million for overtime expenses related to post 9/11 enhanced security measures (reflects savings of \$17 million over immediate post 9/11 levels).
- \$-8.6 million in personal service savings attributable to a combination of vacancy control and the retirement incentive program.
- \$2.1 million for the annualization of contractual security enhancements approved in the current year and for collective bargaining changes that will take effect in the coming year.
- \$.7 million for costs associated with Drug Treatment Court Program funding for both personnel and contractual services.
- \$1.1 million for Law Guardian Program increases for Legal Aid contracts to address increases in law guardian assignments and contractual obligations.
- \$3.0 million attributable to the transfer of Information Technology funding to the General Fund from the Judicial Data Processing Offset Fund.
- \$.5 million for jury initiatives (inclusion of return postage for New York City).
- \$.9 million for increases in postal rates.
- \$.3 million for increases in Alternate Dispute Resolution contracts.
- \$1.1 million for legal reference (automation and print).

- \$.4 million for the establishment of a Community Court in Queens.
- \$.5 million for education and training initiatives.
- \$-2.2 million reduction in financing costs.
- \$-4.7 million reduction in all general nonpersonal service categories.

THE JUDICIARY BUDGET - 2003-2004

The following is a Summary of the 2003-2004 fiscal requirements of the Judiciary including the legislative appropriation bill and financial plan in support of the budget proposals.

**UNIFIED COURT SYSTEM
2003-04 BUDGET REQUEST
ALL FUNDS APPROPRIATION REQUIREMENTS
MAJOR PURPOSE/FUND SUMMARY
(dollars)**

Category/Fund/Major Purpose	2002-2003 Available	2003-2004 Requested	Change
<u>Court and Agency Operations:</u>			
Courts of Original Jurisdiction	1,149,142,857	1,172,988,503	23,845,646
Court of Appeals	13,138,335	13,251,535	113,200
Appellate Court Operations	57,900,473	59,639,726	1,739,253
Appellate Auxiliary Operations	75,709,920	77,111,845	1,401,925
Administration and General Support	18,917,467	19,330,009	412,542
Judiciary Wide Maintenance Undistributed	10,768,231	8,895,227	(1,873,004)
Court and Agency Operations – General Fund – Total	1,325,577,283	1,351,216,845	25,639,562
<u>Special Revenue Fund-Federal</u>			
Miscellaneous Federal Grants	4,000,000	6,500,000	2,500,000
<u>Special Revenue Fund-Other</u>			
New York City County Clerks Offset Fund	17,778,921	18,476,447	697,526
Data Processing Offset Fund	15,817,362	12,933,484	(2,883,878)
Miscellaneous Special Revenue Grants	6,250,000	3,000,000	(3,250,000)
Attorney Licensing Fund	18,870,575	19,785,734	915,159
Court Facilities Incentive Aid Fund	2,420,203	2,183,275	(236,928)
Court and Agency – All Funds – Total	1,390,714,344	1,414,095,785	23,381,441
<u>General State Charges</u>			
General Fund	244,698,811	281,887,527	37,188,716
Lawyer's Fund-Client Protection	98,000	98,000	0
Attorney Licensing Fund	2,410,054	2,776,382	366,328
Court Facilities Incentive Aid Fund	247,764	285,424	37,660
Data Processing Offset Fund	2,072,195	2,387,169	314,974
New York City County Clerks Offset Fund	2,950,625	3,399,120	448,495
General State Charges – All Funds – Total	252,477,449	290,833,622	38,356,173
<u>Lawyer's Fund-Client Protection</u>			
Lawyer's Fund Client Protection	9,770,949	9,776,788	5,839
Lawyer's Fund – All Funds – Total	9,770,949	9,776,788	5,839
<u>Aid to Localities</u>			
General Fund-Courts of Original Jurisdiction	500,000	500,000	0
Court Facilities Incentive Aid Fund	84,779,000	87,095,749	2,316,749
Aid to Localities – All Funds – Total	85,279,000	87,595,749	2,316,749

JUDICIARY

**UNIFIED COURT SYSTEM
2003-04 BUDGET REQUEST
ALL FUNDS APPROPRIATION REQUIREMENTS
(FUND DETAIL)
(dollars)**

Category/Fund/Major Purpose	2002-2003 Available	2003-2004 Requested	Change
<u>Court and Agency Operations:</u>			
Courts of Original Jurisdiction			
General Fund	1,149,142,857	1,172,988,503	23,845,646
Special Revenue Funds	44,383,630	41,442,098	(2,941,532)
Total – All Funds	1,193,526,487	1,214,430,601	20,904,114
Court of Appeals			
General Fund	13,138,335	13,251,535	113,200
Special Revenue Funds	0	0	0
Total – All Funds	13,138,335	13,251,535	113,200
Appellate Court Operations			
General Fund	57,900,473	59,639,726	1,739,253
Special Revenue Funds	0	0	0
Total – All Funds	57,900,473	59,639,726	1,739,253
Appellate Auxiliary Operations			
General Fund	75,709,920	77,111,845	1,401,925
Special Revenue Funds	16,482,737	17,351,094	868,357
Total – All Funds	92,192,657	94,462,939	2,270,282
Administration and General Support			
General Fund	18,917,467	19,330,009	412,542
Special Revenue Funds	2,954,224	2,698,798	(255,426)
Total – All Funds	21,871,691	22,028,807	157,116
Judiciary Wide Maintenance Undistributed			
General Fund	10,768,231	8,895,227	(1,873,004)
Special Revenue Funds	1,316,470	1,386,950	70,480
Total – All Funds	12,084,701	10,282,177	(1,802,524)
Court and Agency Operations – Total			
General Fund	1,325,577,283	1,351,216,845	25,639,562
Special Revenue Funds	65,137,061	62,878,940	(2,258,121)
Total – All Funds	1,390,714,344	1,414,095,785	23,381,441
<u>General State Charges</u>			
<u>Employee Fringe Benefits</u>			
General Fund	244,698,811	281,887,527	37,188,716
Special Revenue Funds	7,778,638	8,946,095	1,167,457
Total – All Funds	252,477,449	290,833,622	38,356,173
<u>Lawyer's Fund for Client Protection</u>			
General Fund	0	0	0
Special Revenue Funds	9,770,949	9,776,788	5,839
Total – All Funds	9,770,949	9,776,788	5,839
<u>Aid to Localities</u>			
General Funds	500,000	500,000	0
Special Revenue Funds	84,779,000	87,095,749	2,316,749
Total – All Funds	85,279,000	87,595,749	2,316,749

**UNIFIED COURT SYSTEM
2003-04 BUDGET REQUEST
ALL FUNDS DISBURSEMENT REQUIREMENTS
(millions of dollars)**

Category / Fund	2002-2003 Projected	2003-2004 Projected	Change
<u>Court and Agency Operations:</u>			
<i>General Fund</i>	1,314.5	1,338.3	23.8
<i>Special Revenue Funds-Federal</i>			
Miscellaneous Federal Grants	3.4	4.2	0.8
<i>Special Revenue Funds-Other</i>			
NYC County Clerks' Operations Offset Fund	17.2	17.9	0.7
Judiciary Data Processing Offset Fund	13.2	13.3	0.1
Miscellaneous Special Revenue	20.6	20.9	0.3
Court Facilities Incentive Aid Fund	2.0	2.0	0.0
<i>Court and Agency Operations – All Funds Total</i>	1,371.0	1,396.6	25.6
<u>General State Charges</u>			
General Fund	252.8	281.6	28.7
Lawyers' Fund for Client Protection	0.1	0.1	0.0
Miscellaneous Special Revenue	2.4	2.8	0.4
Court Facilities Incentive Aid Fund	0.5	0.5	0.0
Judiciary Data Processing Offset Fund	0.0	0.0	0.0
NYC County Clerks' Operations Offset Fund	2.6	3.0	0.4
<i>General State Charges – All Funds Total</i>	258.3	287.9	29.5
<u>Lawyers' Fund for Client Protection</u>			
Lawyers' Fund for Client Protection	10.2	9.5	(0.6)
<i>Lawyers' Fund for Client Protection – Total</i>	10.2	9.5	(0.6)
<u>Aid to Localities</u>			
General Fund - Courts of Original Jurisdiction	0.6	0.5	(0.1)
Court Facilities Incentive Aid Fund	87.7	93.9	6.2
<i>Aid to Localities – All Funds Total</i>	88.3	94.4	6.1
<u>Capital Projects</u>			
Courthouse Improvements	18.6	18.6	0.0
<i>Capital Construction – All Funds Total</i>	18.6	18.6	0.0

THE LEGISLATURE

The New York State Constitution vests the State's law-making power in a two-house Legislature composed of a 62-member Senate and a 150-member Assembly. Each representative is elected for two-year terms, with all 212 being elected every two years. The Legislature convenes annually on the first Wednesday after the first Monday in January and remains in session until it concludes its business.

The Legislature has many powers set by the State Constitution. These responsibilities include:

- the ability to propose laws;
- the power to override a gubernatorial veto if two-thirds of the Senate and Assembly vote to do so;
- the reapportionment of legislative and congressional districts every ten years after the national census;
- the confirmation by the Senate of gubernatorial appointments of non-elected state officials and court judges;
- the proposition of amendments to the State Constitution;
- voting on ratification of proposed amendments to the Federal Constitution; and
- the creation, regulation and, in some limited cases, abolition of local governments.

Subject to the limitations and prohibitions imposed by the Federal Constitution, certain Federal statutes and treaties, and the State Constitution, the law-making powers of the Legislature are practically unlimited. The principal purposes of bills considered by the Legislature are to:

- enact or amend laws relating to the government of the State and its various subdivisions;
- appropriate funds for the operation of the various agencies and functions of State government and for State aid to local governments, and to provide adequate revenue-producing sources for these purposes;
- provide for and regulate the operation of a judicial system, including the practices and procedures for the system;
- define acts or omissions that constitute crimes, and to provide penalties for these crimes;
- promote the public welfare, including the care of the State's indigent, mentally ill, unemployed, etc.; and
- correct, clarify, amend or repeal obsolete, conflicting, uncertain or invalidated statutes.

In addition to the Senate and Assembly, the Legislature's Budget authorizes funding for several other components, which support the operations of the two houses, including:

- part of the Lieutenant Governor's office;
- fiscal committees operating in each house; and
- joint entities, including the Legislative Ethics Committee, Legislative Library, Legislative Health Services, Legislative Messenger Service, Legislative Bill Drafting Commission and the Legislative Task Force on Demographic Research and Reapportionment.

Each of these Legislative components will be discussed in separate sections below.

LEGISLATIVE BUDGET HIGHLIGHTS

The recommended General Fund appropriation of \$206,735,159 for fiscal year 2003-04 for the Legislature represents no change from the amount appropriated for FY 2002-2003. This represents the second consecutive "no growth" budget request for the Legislature. The Legislature's budget request for FY 2003-04 represents an overall increase of 12.72 percent over the past thirteen years. Over this same period, the Consumer Price Index will have increased by 41.73 percent.

LEGISLATURE

LEGISLATIVE BUDGET SUMMARY GENERAL FUND APPROPRIATIONS

Entity	Available FY 02-03	Recommended FY 03-04	Change
Lt. Governor	\$285,989	\$285,989	\$0
Senate	\$81,808,505	\$81,808,505	0
Assembly	\$97,227,980	\$97,227,980	0
Fiscal Committees	\$10,750,652	\$10,750,652	0
Joint Legislative Entities	\$16,662,033	\$16,662,033	0
LEGISLATURE TOTAL	\$206,735,159	\$206,735,159	\$0

LEGISLATIVE BUDGET HISTORY FISCAL YEAR 1990-91 TO 2003-04 GENERAL FUND APPROPRIATIONS

FY 90-91 Approp.	FY 02-03 Approp.	FY 03-04 Recommended	Change from FY 02-03 Approp. (%)	Change from FY 90-91 Approp. (%)
\$183,405,313	\$206,735,159	\$206,735,159	0 (0%)	+\$23,329,846 (+12.72%)

LEGISLATIVE BUDGET GENERAL FUND APPROPRIATIONS COMPARISON TO CONSUMER PRICE INDEX FISCAL YEAR 1990-91 THROUGH FISCAL YEAR 2003-2004

	FY 1990-91	FY 2002-03	FY 2003-04	% Change 90-91 to 03-04
Legislative Budget	\$183,405,313	\$206,735,159	\$206,735,159	+12.72%
Consumer Price Index	138.5	191.8*	196.3*	+41.73%

* estimated

The recommended Special Revenue Fund-Other appropriation of \$1,600,000 for FY 2003-04 represents no change from the amount appropriated for FY 2002-03. No tax revenues are required for Special Revenue Funds.

The recommended Grants and Bequests Fund appropriation of \$500,000 for FY 2003-04 represents no change from the amount appropriated for FY 2002-03. No tax revenues are required for Grants and Bequests Funds.

LIEUTENANT GOVERNOR

The Lieutenant Governor serves as the Senate's President and has a casting vote. The Lieutenant Governor's salary of \$151,500 appears as part of the Legislative Budget. The Legislature also funds a part of the Lieutenant Governor's Office.

BUDGET HIGHLIGHTS

The recommended appropriation of \$285,989 for fiscal year 2003-04 for the Lieutenant Governor represents no change from the amount appropriated for FY 2002-03.

SENATE

The Senate is composed of 62 Members elected for two-year terms from districts around the state. Each Senator represents approximately 306,000 constituents. The Senate conducts its legislative business through the operation of 34 Standing Committees.

The Senate elects from among its Members for a two-year term a Temporary President who directs and guides the business of the Senate, appoints Members to Senate Standing Committees, and appoints the Senate's staff. The Temporary President serves as the presiding officer in the absence of the Lieutenant Governor or may delegate this duty to

another Member. In addition, the Temporary President serves as the Majority Leader of the majority party, while the minority party of the Senate chooses a Minority Leader from among its membership.

Senate Members have staff to assist them in carrying out their legislative duties, delivering constituent services and, where applicable, in fulfilling their responsibilities as committee chairs or leaders of the Senate. Members are also provided with office space both in Albany and the district, as well as office equipment, furnishings and supplies, in order to serve their constituents. Travel expenses for approved official Senate business are reimbursable. The Majority and Minority Leaders each have staff to provide counsel, policy analysis, program development and Washington, D.C. representation. The Temporary President, through the Secretary of the Senate, employs staff to operate the Senate Chamber during session and to handle the legislative process during the remainder of the year, furnish research and computer services, and provide administrative services such as personnel, fiscal, maintenance, and printing services for the Senate. The Temporary President also has staff to deliver communications services for the Senate. Finally, the Senate operates a program for college students which includes a Session Assistant program for undergraduates and a Student Fellows program for post-graduates who wish to learn about and experience the legislative process by working with Senate Members.

In addition to the Senate's General Fund appropriation, a Special Revenue Fund (Senate Recyclable Materials, Information Services and Conference Fund) has been established to collect revenues from the sale of recyclable materials, distribution of documents, materials and computerized information, and fees charged for conferences sponsored by the Senate. These revenues may be used to pay for waste disposal, production and distribution of Senate documents, materials and computerized information, and expenses related to conferences sponsored by the Senate. A Grants and Bequests Fund has also been established to receive non-state grants which may be used to pay for services and expenses related to the restoration of the Senate Chamber.

BUDGET HIGHLIGHTS

The recommended appropriation for the Senate of \$81,808,505 for FY 2003-04 represents no change from the amount appropriated for FY 2002-03. The Senate intends to absorb any anticipated increases in the non-personal service sector due primarily to inflationary pressure on the cost of the district office leases and supplies, and the newly implemented postal rate increases.

As detailed in the Table below, the Senate (including the Legislative Commissions for which funding was eliminated in the FY 1995-96 budget) has seen its budget increase by \$10,944,038 or 15.44 percent from the \$70,864,467 appropriated in FY 1990-91. Over the same thirteen-year period, the consumer price index has increased by 41.7 percent.

In the past seven years, the Senate has reduced its staff by 368 employees or 20.1 percent, eliminated its Washington, D.C. and New York City office leases, closed many district offices, and reduced the number of district-wide mailings allowed each Member. The Senate has also granted an across-the-board cost-of-living increase for its staff in only eight of the past thirteen years. The Senate continued to tightly control its non-personal service expenses by restraining the purchasing of office supplies and furnishings, severely restricting travel, delaying essential equipment upgrades and reducing expenditures in other ways while the costs of these have continued to rise, often above the rate of inflation.

LEGISLATURE

SENATE BUDGET HISTORY FISCAL YEAR 1990-91 TO 2003-04 GENERAL FUND APPROPRIATIONS

	FY 90-91 Approp.	FY 02-03 Available	FY 03-04 Recommended	Change from FY 02-03 (%)	Change from FY 90-91 (%)
Senate Budget	67,238,167	81,808,505	81,808,505		
Senate Commissions	3,626,300	0	0		
TOTAL	70,864,467	81,808,505	81,808,505	\$0 (0%)	+10,944,038 (+15.44%)

ASSEMBLY

The Assembly is composed of 150 members elected for two-year terms from districts around the state. Each Member of Assembly represents approximately 127,000 constituents. The Assembly conducts its legislative business through the operation of 36 standing committees.

The Assembly elects from among its members a Speaker who directs and guides the business of the Assembly, and appoints members to Assembly Standing Committees and Assembly leadership positions. The Speaker serves as the presiding officer of the Assembly. The minority party of the Assembly chooses a Minority Leader from their membership.

Each Member of Assembly is entitled to employ staff to assist them in carrying out their legislative duties and, where applicable, their responsibilities as Committee Chairs or leadership. Members are also provided with office space both in Albany and the district, as well as office equipment, furnishings and supplies, in order to serve their constituents. The State Constitution provides for reimbursement to Assembly Members for travel to the Capitol from their district, and Members and staff are also eligible for reimbursement of other travel related to legislative business. The Speaker of the Assembly and the Assembly Minority Leader employ staff to provide counsel, legislative program development and policy analysis. The Assembly also employs staff to serve the needs of the house, including the operation of the Assembly Chamber during session, the management of the legislative process, and research, communications and administrative services. The Assembly also administers an Intern Program to provide opportunities to undergraduate and graduate college students to learn about the legislative process while utilizing their skills to assist the Assembly Members in fulfilling their constitutional responsibilities.

In addition to the Assembly's General Fund appropriation, a Special Revenue Fund (Assembly Recyclable Materials, Information Services and Conference Fund) has been established to collect revenues from the sale of recyclable materials, distribution of documents, materials and computerized information, and fees charged for conferences sponsored by the Assembly. These revenues may be used to pay for waste disposal, production and distribution of Assembly documents, materials and computerized information, and expenses related to conferences sponsored by the Assembly. A Grants and Bequests Fund has also been established to receive non-state grants which may be used to pay for services and expenses related to the restoration of the Assembly Chamber.

BUDGET HIGHLIGHTS

The recommended appropriation for FY 2003-04 of \$97,227,980 represents no change from the amount appropriated for FY 2002-03. This will be the second consecutive "no growth" budget request by the Assembly.

Over the past thirteen years, as detailed below, the Assembly's budget (including Assembly Commissions for which funding was eliminated in FY 1995-96) has increased by 15.3 percent while over the same period, the Consumer Price Index has increased by 41.73 percent. The Assembly has been able to keep its spending over the past thirteen years well below inflation by reducing the payroll for Assembly controlled entities by over 300 positions, the elimination of regional offices, and other operational savings.

**ASSEMBLY BUDGET HISTORY
FISCAL YEAR 1990-91 TO 2003-2004
GENERAL FUND APPROPRIATIONS**

	FY 90-91 Approp.	FY 02-03 Available	FY 03-04 Recommended	Change from FY 02-03 (%)	Change from FY 90-91 (%)
Assembly Budget	\$80,732,868	\$97,227,980	\$97,227,980		
Assembly Commissions	\$3,569,700	0	0		
TOTAL	\$84,302,568	\$97,227,980	\$97,227,980	\$0 (0%)	+12,925,412 (+15.3%)

FISCAL COMMITTEES

The Governor’s annual budget bills and the budgetary proposals for the Legislature and Judiciary are referred to these committees when introduced and are reported by them, with recommendations, to the Legislature. Designated representatives of the committees are entitled, by constitutional provisions, to attend the required hearings for the preparation of the budget and to make inquiry concerning any part thereof. These committees also consider all bills introduced in the Legislature carrying appropriations or providing for the expenditures of public money.

In addition, pursuant to the provisions of section 122-a of the State Finance Law, the Chairmen and ranking Minority Members of the Senate Finance Committee and the Assembly Ways and Means Committee function as an Audit Committee. The responsibilities of the Audit Committee include the selection of an independent certified public accountant to conduct an independent audit of the state’s annual financial statements, receiving the results of such independent audit, and submitting the certification received from the independent certified public accountant to the State Comptroller for inclusion in the annual financial report required pursuant to section 8 of the State Finance Law.

BUDGET HIGHLIGHTS

The recommended appropriation of \$5,375,326 for fiscal year 2003-04 for both the Senate Finance Committee and the Assembly Ways and Means Committee represents no increase from the amount appropriated for FY 2002-2003.

JOINT ENTITIES AND DUES PAYMENTS

LEGISLATIVE ETHICS COMMITTEE

The Legislative Ethics Committee was created by Chapter 813 of the laws of 1987 and is a joint bipartisan committee authorized by law to act on matters arising out of Public Officers Law Sections 73, 73-a and 74, as applied to the legislative branch, and Legislative Law Section 80. The Committee is authorized by law to distribute, collect and review financial disclosure statements from legislators, employees and candidates for legislative office. The Committee renders formal advice on the law and investigates violations of the law, which are subject to civil and criminal penalties. The Legislative Ethics Committee is also required to adopt policies, guidelines, rules, and regulations to interpret and administer the legislative ethics laws. The eight-member committee is comprised of two members each from the Senate and Assembly majority and minority parties.

BUDGET HIGHLIGHTS

The recommended appropriation of \$370,000 for FY 2003-04 for the Legislative Ethics Committee represents no increase from the amount appropriated for FY 2002-03.

LEGISLATURE

LEGISLATIVE HEALTH SERVICE

Section 7-b of the Legislative Law provides for a legislative emergency health station for the use of members and employees of the Legislature and legislative correspondents. This station is to be under the direction of a registered nurse and suitably and adequately equipped to administer first aid whenever needed.

BUDGET HIGHLIGHTS

The recommended appropriation of \$184,369 for FY 2003-04 for the Legislative Health Service represents no change from the amount appropriated for FY 2002-03.

LEGISLATIVE LIBRARY

Section 7-a of the Legislative Law provides for a Legislative Library to be located in the State Capitol, conveniently accessible to the members of both houses of the Legislature. The Legislative Library is the Library of Record for the Legislature. The Legislative Library is open throughout the year and all hours that the Legislature is actively in session, and provides general information services to legislators and their staffs with a collection emphasis on legal materials.

BUDGET HIGHLIGHTS

The recommended appropriation of \$763,375 for FY 2003-04 for the Legislative Library represents no change from the amount appropriated for FY 2002-03.

LEGISLATIVE MESSENGER SERVICE

The Legislative Messenger Service provides a communications network throughout the Empire State Plaza and neighboring state buildings for Senate and Assembly legislators and their staffs. The service employs and trains individuals with disabilities as office personnel and messengers, and is located in the Legislative Office Building.

BUDGET HIGHLIGHTS

The recommended appropriation of \$709,819 for FY 2003-04 represents no change from the amount appropriated for FY 2002-2003.

LEGISLATIVE BILL DRAFTING COMMISSION

The Legislative Bill Drafting Commission is composed of two commissioners jointly appointed by the Temporary President of the Senate and the Speaker of the Assembly. The Commission is mandated to draft or aid in the drafting of legislative bills and resolutions at the request of members or committees of either house of the Legislature. The Commission, upon research and examination, may advise as to the constitutionality, consistency or effect of proposed legislation upon request of a member or committee of either house of the Legislature. The Commissioners direct a legal staff of attorneys and are supported by a data processing and technical staff.

The Commission also maintains and operates centralized data processing systems, programs and equipment for the operation of a bill status and statutory and other miscellaneous information retrieval system for the Legislature, including the creation of a databank containing the official statutes of the state and the text of the rules and regulations of state agencies as filed with the Secretary of State. The Commission's budget is used to

pay for the cost of the Legislature's printing contract for the printing of bills, session laws, the classification of appropriations book (Black Book), Senate and Assembly Journals, and other miscellaneous legislative documents, and the printing, publication and distribution of the Legislative Digest.

The Commission receives revenues from the private sale of subscriptions to the Legislative Digest and to the Legislative Retrieval Service (LRS), which are deposited in a Special Revenue Fund known as the Legislative Computer Services Fund. These revenues are used to offset the costs of operating the Commission's data processing systems.

BUDGET HIGHLIGHTS

The recommended appropriation of \$12,157,549 for fiscal year 2003-04 for the Legislative Bill Drafting Commission represents no change from the amount appropriated for FY 2002-03.

An appropriation of \$1,500,000 for FY 2003-04 is recommended for the Legislative Computer Services Fund. This recommended appropriation represents no change from the amount appropriated for FY 2002-03. No tax revenues are required for this Fund.

LEGISLATIVE TASK FORCE ON DEMOGRAPHIC RESEARCH AND REAPPORTIONMENT

The Task Force on Demographic Research and Reapportionment was established by Chapter 45 of the laws of 1978 to research and study the techniques and methodologies used by the U.S. Commerce Departments' Bureau of the Census in carrying out the decennial federal census. The Task Force aids the Legislature by providing technical plans for meeting the requirements of legislative timetables for the reapportionment of Senate, Assembly and Congressional districts. Using its Geographic Information System database, it also conducts research projects relating to the collection and use of census data and other statistical information.

The Task Force is also authorized to receive revenues from the sale of computer-generated data and services for deposit in the Special Revenue Fund known as the Legislative Computer Services Fund. These funds may be used to offset the Task Force's cost of operating its data processing systems.

BUDGET HIGHLIGHTS

The total recommended appropriation of \$2,183,166 for fiscal year 2003-04 for the Legislative Task Force on Demographic Research and Reapportionment represents no change from the amount available for FY 2002-03.

NATIONAL CONFERENCE OF STATE LEGISLATURES DUES

The National Conference of State Legislatures (NCSL) is a bi-partisan organization created to serve the legislators and staff of each State Legislature. NCSL provides research, technical assistance and the opportunity for policy makers to exchange ideas on the most pressing state issues.

New York's involvement with the NCSL is through the Assembly on the Legislature (AOL) and State-Federal Assembly (SFA). The AOL promotes the exchange of ideas and information on state issues among state legislatures. SFA informs legislators of developments in state-federal relations, identifies issues of critical concern and serves as a

LEGISLATURE

forum for discussion among its 50-state membership. All state legislators and their staff members are eligible to participate in the Conference and are entitled to the full use of its services.

NCSL is supported from dues assessed to each State Legislature, on the basis of state population totals.

BUDGET HIGHLIGHTS

The recommended appropriation of \$293,755 for fiscal year 2003-04 for the National Conference of State Legislatures dues represents no change from amount appropriated for FY 2002-03.

ALL FUNDS REQUIREMENTS FOR THE LEGISLATURE

Fund/Entity/Major Purpose	Available 2002-03	Recommended 2003-04	Change
Lt. Governor	\$285,989	\$285,989	\$0
Senate	81,808,505	81,808,505	0
Assembly	97,227,480	97,227,980	0
Senate Finance Committee	5,375,326	5,375,326	0
Assembly Ways and Means Committee	5,375,326	5,375,326	0
Joint Entities:			
Legislative Ethics Commission	370,000	370,000	0
National Conference of State Legislatures Dues	293,755	293,755	0
Legislative Health Service	184,369	184,369	0
Legislative Library	763,375	763,375	0
Legislative Messenger Service	709,819	709,819	0
Legislative Bill Drafting Commission	12,157,549	12,157,549	0
Legislative Task Force on Demographic Research and Reapportionment	2,183,166	2,183,166	0
Joint Entities Total	\$16,662,033	\$16,662,033	0
GENERAL FUND TOTAL	\$206,735,159	\$206,735,159	\$0
Special Revenue Fund - Other:			
Legislative Computer Services Fund	\$1,500,000	\$1,500,000	\$0
Senate Recyclable Materials, Information Services and Conference Fund	50,000	50,000	0
Assembly Recyclable Materials, Information Services and Conference Fund	50,000	50,000	0
SPECIAL REVENUE FUND TOTAL	\$1,600,000	\$1,600,000	\$0
Grants and Bequests Fund:			
Restoration of Senate Chamber	250,000	250,000	0
Restoration of Assembly Chamber	250,000	250,000	0
GRANTS AND BEQUESTS FUND TOTAL	\$500,000	\$500,000	\$0

LEGISLATURE

SCHEDULE OF APPROPRIATIONS

Title of Appropriation	Appropriated for 2002-03	Requested for 2003-04	Change
OFFICE OF THE LIEUTENANT GOVERNOR			
Lieutenant Governor.....	\$151,500	\$151,500	\$0
Administration			
For personal service of employees and for temporary and expert services.....	\$117,547	\$117,547	\$0
Maintenance and Operation			
For services and expenses of maintenance and operation (including liabilities incurred prior to April 1, 2003).....	\$16,942	\$16,942	\$0
Total—Office of Lieutenant Governor.....	\$285,989	\$285,989	\$0
THE SENATE			
Personal Service			
For payment of salaries to Members, 62, pursuant to section five of the Legislative Law.....	\$4,849,500	\$4,929,000	\$79,500
For payment of allowances to members designated by the temporary president, pursuant to the schedule of such allowances set forth in section 5-a of the legislative law.....	\$1,289,500	\$1,289,500	\$0
For personal service of employees and for temporary and expert services of majority leader and minority leader operations.....	\$9,357,564	\$9,357,564	\$0
For personal service of employees and for temporary and expert services of members' offices and of standing committees.....	\$28,403,909	\$28,403,909	\$0
For personal service of employees and for temporary and expert services for administrative support operations.....	\$13,868,306	\$13,868,306	\$0
For personal service of employees and for temporary and expert services for the senate student program office.....	\$465,266	\$465,266	\$0
For personal service of employees and for temporary and expert services for the senate select committee on interstate cooperation.....	\$78,983	\$78,983	\$0
For personal service of employees and for temporary and expert services for the senate special committee on the culture industry.....	\$78,983	\$78,983	\$0
For personal service of employees and for temporary and expert services for the senate select committee on the disabled.....	\$116,150	\$116,150	\$0
Total Personal Service.....	\$58,508,161	\$58,587,661	\$79,500
Nonpersonal Service			
For services and expenses of maintenance and operations (including liabilities incurred prior to April 1, 2003)			
Non-employee services.....	\$375,000	\$375,000	\$0
Supplies and Materials.....	\$2,400,000	\$2,300,000	(\$100,000)
Travel.....	\$1,425,000	\$1,425,000	\$0
Rentals.....	\$1,550,000	\$1,550,000	\$0
Equipment maintenance and repairs.....	\$1,600,000	\$1,500,000	(\$100,000)
Office and space leases.....	\$3,400,000	\$3,400,000	\$0
Utilities.....	\$950,000	\$950,000	\$0
Postage and shipping.....	\$4,000,000	\$4,500,000	\$500,000
Printing.....	\$330,000	\$330,000	\$0

Title of Appropriation	Appropriated for 2002-03	Requested for 2003-04	Change
Telephone and telegraph.....	\$2,625,000	\$2,525,000	(\$100,000)
Miscellaneous contractual services.....	\$450,000	\$450,000	\$0
Equipment.....	\$3,200,000	\$3,000,000	(\$200,000)
Total Nonpersonal Service	\$22,305,000	\$22,305,000	\$0

Maintenance Undistributed

For services and expenses, including travel outside the state.....	\$995,344	\$915,844	(\$79,500)
Grand Total—The Senate	<u>\$81,808,505</u>	<u>\$81,808,505</u>	<u>\$0</u>

THE ASSEMBLY

Personal Service

Members, 150, payment of salaries pursuant to section five of the legislative law.....	\$11,925,000	\$11,925,000	\$0
For payment of allowances to members designated by the speaker.....	\$1,592,500	\$1,592,500	\$0
For personal service of employees and for temporary and expert services of members' offices and of standing committees and subcommittees	\$27,474,381	\$27,474,381	\$0
For personal service of employees and for temporary and expert services for administrative and program support operations.....	\$31,230,243	\$31,230,243	\$0
For the Assembly Intern and Youth Participation Program for personal service of employees and for temporary and expert services.....	\$777,976	\$777,976	\$0
Total Personal Service	<u>\$73,000,100</u>	<u>\$73,000,100</u>	<u>\$0</u>

Nonpersonal Service

For services and expenses of maintenance and operations (including liabilities incurred prior to April 1, 2003)			
Non-employee services	\$65,000	\$65,000	\$0
Supplies and Materials	\$2,400,000	\$2,400,000	\$0
Travel.....	\$2,630,000	\$2,630,000	\$0
Rentals.....	\$1,255,000	\$1,105,000	(\$150,000)
Equipment maintenance and repairs.....	\$1,470,000	\$1,470,000	\$0
Office and space leases	\$4,850,000	\$5,100,000	\$250,000
Utilities	\$700,000	\$700,000	\$0
Postage and shipping	\$4,200,000	\$4,200,000	\$0
Printing.....	\$113,000	\$113,000	\$0
Telephone and telegraph.....	\$2,600,000	\$2,500,000	(\$100,000)
Miscellaneous contractual services	\$673,000	\$673,000	\$0
Equipment.....	\$1,800,000	\$1,800,000	\$0
Total Nonpersonal Service	<u>\$22,756,000</u>	<u>\$22,756,000</u>	<u>\$0</u>

Maintenance Undistributed

For services and expenses, including travel outside the state.....	\$1,471,880	\$1,471,880	\$0
Grand Total—The Assembly	<u>\$97,227,980</u>	<u>\$97,227,980</u>	<u>\$0</u>

LEGISLATURE

Title of Appropriation	Appropriated for 2002-03	Requested for 2003-04	Change
SENATE FINANCE COMMITTEE			
For personal service, temporary and special services (including liabilities incurred prior to April 1, 2003)	\$5,375,326	\$5,375,326	\$0
ASSEMBLY WAYS & MEANS COMMITTEE			
For personal service, temporary and special services (including liabilities incurred prior to April 1, 2003)	\$5,375,326	\$5,375,326	\$0
<u>SENATE AND ASSEMBLY JOINT ENTITIES</u>			
LEGISLATIVE ETHICS COMMITTEE			
For services and expenses of the legislative ethics committee pursuant to section 80 of the legislative law	\$370,000	\$370,000	\$0
NATIONAL CONFERENCE OF STATE LEGISLATURES			
For a contribution to the National Conference of State Legislatures	\$293,755	\$293,755	\$0
LEGISLATIVE HEALTH SERVICE			
For services and expenses for the operation of the legislative health service.....	\$184,369	\$184,369	\$0
LEGISLATIVE LIBRARY			
For services and expenses and for temporary and special services for the operation of the legislative library.....	\$763,375	\$763,375	\$0
LEGISLATIVE MESSENGER SERVICE			
For services and expenses for the operation of the legislative messenger service.....	\$709,819	\$709,819	\$0
LEGISLATIVE BILL DRAFTING COMMISSION			
For services and expenses, temporary and special services, and for expenses of maintenance and operation			
Schedule			
Personal Service-Regular & Temporary	\$8,006,500	\$8,006,500	\$0
Nonpersonal Service	\$4,014,018	\$4,014,018	\$0
Legislative Digest Contract Administration	\$253,642	\$253,642	\$0
Legislative Printing Contract Administration	\$833,389	\$833,389	\$0
Total.....	\$13,107,549	\$13,107,549	\$0
Less Transfer from Legislative Computer Services Fund.....	(\$950,000)	(\$950,000)	\$0
Total available	\$12,157,549	\$12,157,549	\$0
LEG. TASK FORCE ON DEMOGRAPHIC RESEARCH AND REAPPORTIONMENT			
Maintenance Undistributed			
For services and expenses (including liabilities incurred prior to April 1, 2003) of the task force for senate purposes	\$341,583	\$341,583	\$0
For services and expenses (including liabilities incurred prior to April 1, 2003) of the task force for assembly pur- poses	\$341,583	\$341,583	\$0
For services and expenses (including liabilities incurred prior to April 1, 2003) of the task force for joint operations	\$1,500,000	\$1,500,000	\$0
Amount available	\$2,183,166	\$2,183,166	\$0
Grand Total—Senate and Assembly Joint Entities.....	\$16,662,033	\$16,662,033	\$0

LEGISLATURE

Title of Appropriation	Appropriated for 2002-03	Requested for 2003-04	Change
SPECIAL REVENUE FUND - OTHER LEGISLATIVE COMPUTER SERVICES FUND			
For services and expenses of the legislative computer services fund.....	\$1,500,000	\$1,500,000	\$0
SENATE RECYCLABLE MATERIALS, INFORMATION SERVICES AND CONFERENCE FUND			
For services and expenses of the senate recyclable materials, information services and conference fund	\$50,000	\$50,000	\$0
ASSEMBLY RECYCLABLE MATERIALS, INFORMATION SERVICES AND CONFERENCE FUND			
For services and expenses of the assembly recyclable materials, information services and conference fund	\$50,000	\$50,000	\$0
GRANTS AND BEQUESTS FUND LEGISLATURE			
THE SENATE			
Maintenance Undistributed			
For services and expenses relative to restoration of the Senate Chamber and other purposes as funded by non-state grants	\$250,000	\$250,000	\$0
THE ASSEMBLY			
Maintenance Undistributed			
For services and expenses relative to restoration of the Assembly Chamber and other purposes as funded by non-state grants.....	\$250,000	\$250,000	\$0

PART IV

SUMMARY OF APPROPRIATIONS

SUMMARY OF APPROPRIATIONS

ALL FUNDS
RECOMMENDED 2003-04
COMPARED TO 2002-03 AVAILABLE
(dollars)

	Available 2002-03	State Operations Recommended 2003-04	Aid to Localities Recommended 2003-04	Capital Projects Recommended 2003-04	Total Recommended 2003-04	Change From 2002-03
Adirondack Park Agency	5,187,000	5,077,000	50,000	0	5,127,000	(60,000)
Advocate for Persons with Disabilities, Office of	1,585,000	1,593,000	0	0	1,593,000	8,000
Aging, Office for the	191,092,808	13,579,000	164,330,400	0	177,909,400	(13,183,408)
Agriculture and Markets, Department of	143,659,900	106,102,000	32,802,000	2,600,000	141,504,000	(2,155,900)
Alcoholic Beverage Control, Division of	13,744,000	13,057,500	0	0	13,057,500	(686,500)
Arts, Council on the	52,797,500	20,454,700	37,785,000	0	58,239,700	5,442,200
Audit and Control, Department of	225,469,000	202,147,000	29,099,000	0	231,246,000	5,777,000
Banking Department	75,048,000	73,288,000	0	0	73,288,000	(1,760,000)
Budget, Division of the	65,144,000	57,765,000	0	0	57,765,000	(7,379,000)
Capital Defender Office	13,897,000	13,095,000	0	0	13,095,000	(802,000)
Children and Family Services Office of	3,502,429,022	412,089,000	3,264,447,000	20,030,000	3,696,566,000	194,136,978
City University of New York	2,119,508,690	1,198,381,000	715,054,000	1,056,500,000	2,969,935,000	850,426,310
Civil Service, Department of	65,783,000	58,816,000	0	0	58,816,000	(6,967,000)
Consumer Protection Board, State	5,154,000	4,998,000	0	0	4,998,000	(156,000)
Correction, Commission of	2,586,000	2,529,000	0	0	2,529,000	(57,000)
Correctional Services, Department of	2,265,221,000	1,995,595,000	11,400,000	205,000,000	2,211,995,000	(53,226,000)
Crime Victims Board	67,377,000	6,139,000	63,114,000	0	69,253,000	1,876,000
Criminal Justice Services, Division of	220,390,845	135,081,000	99,257,000	0	234,338,000	13,947,155
Developmental Disabilities Planning Council	4,550,000	4,550,000	0	0	4,550,000	0
Economic Development, Department of	55,316,381	34,981,900	1,000,000	0	35,981,900	(19,334,481)
Education Department, State	21,941,705,099	372,668,300	20,836,308,400	3,750,000	21,212,726,700	(728,978,399)
Elections, State Board of	3,601,000	9,455,000	65,000,000	0	74,455,000	70,854,000
Empire State Development Corporation	89,169,100	0	75,362,100	0	75,362,100	(13,807,000)
Employee Relations, Office of	7,020,000	5,628,000	0	0	5,628,000	(1,392,000)
Energy Research and Development Authority, New York State	30,523,000	14,656,000	0	13,367,000	28,023,000	(2,500,000)
Environmental Conservation, Department of	1,073,456,730	397,625,800	461,000	505,154,000	903,240,800	(170,215,930)
Environmental Facilities Corporation	9,820,000	9,732,000	0	292,000	10,024,000	204,000
Executive Chamber	18,255,000	14,171,000	0	0	14,171,000	(4,084,000)
General Services, Office of	583,288,000	290,847,600	0	125,500,000	416,347,600	(166,940,400)
Health, Department of	34,994,600,768	4,542,452,600	34,942,497,000	76,600,000	39,561,549,600	4,566,948,832
Higher Education Services Corporation, New York State	898,664,000	101,479,000	619,914,000	0	721,393,000	(177,271,000)
Housing and Community Renewal, Division of	326,893,735	85,478,000	149,754,000	74,200,000	309,432,000	(17,461,735)
Housing Finance Agency	665,000	0	0	0	0	(665,000)
Mortgage Agency, State of New York	190,553,000	76,800,000	172,009,000	0	248,809,000	58,256,000
Hudson River Park Trust	30,000,000	0	0	16,000,000	16,000,000	(14,000,000)
Human Rights, Division of	18,224,000	18,224,000	0	0	18,224,000	0
Inspector General, Office of the	6,366,000	5,910,000	0	0	5,910,000	(456,000)
Insurance Department	125,419,000	160,398,000	0	0	160,398,000	34,979,000
Interest on Lawyer Account	16,509,000	1,588,000	13,000,000	0	14,588,000	(1,921,000)
Investigation, Temporary State Commission of	3,225,000	3,181,000	0	0	3,181,000	(44,000)
Judicial Commissions	2,390,000	2,426,000	0	0	2,426,000	36,000
Labor, Department of	5,809,744,750	5,502,362,000	347,920,000	0	5,850,282,000	40,537,250
Law, Department of	186,995,000	188,427,000	0	0	188,427,000	1,432,000
Lieutenant Governor, Office of the	523,000	490,000	0	0	490,000	(33,000)
Lobbying, Temporary State Commission on	1,430,000	1,287,000	0	0	1,287,000	(143,000)
Lottery, Division of the	125,743,000	118,296,000	0	0	118,296,000	(7,447,000)
Mental Hygiene, Department of	40,000,000	0	0	0	0	(40,000,000)
Mental Health, Office of	2,152,373,500	1,114,126,000	844,723,000	215,482,000	2,174,331,000	21,957,500
Mental Retardation and Developmental Disabilities, Office of	2,587,391,800	1,203,550,000	1,397,845,000	90,081,000	2,691,476,000	104,084,200
Alcoholism and Substance Abuse Services, Office of	508,497,600	76,525,000	394,377,000	36,835,000	507,737,000	(760,600)
Metropolitan Transportation Authority	476,900,000	0	536,100,000	0	536,100,000	59,200,000
Military and Naval Affairs, Division of	91,244,000	63,594,000	274,450,000	40,600,000	378,644,000	287,400,000
Motor Vehicles, Department of	236,020,000	112,909,000	13,020,000	120,468,000	246,397,000	10,377,000
Olympic Regional Development Authority	7,902,000	7,750,000	0	0	7,750,000	(152,000)
Parks, Recreation and Historic Preservation, Office of	246,675,120	161,683,300	14,240,000	43,305,000	219,228,300	(27,446,820)
Parole, Division of	198,287,000	147,519,000	42,727,000	0	190,246,000	(8,041,000)
Prevention of Domestic Violence, Office for	2,771,000	1,685,000	755,000	0	2,440,000	(331,000)
Probation and Correctional Alternatives, Division of	89,693,000	2,153,000	71,797,000	0	73,950,000	(15,743,000)
Public and Private Employment Relations Board	5,715,000	4,836,000	0	0	4,836,000	(879,000)
Public Security, Office of	0	11,916,000	0	0	11,916,000	11,916,000
Public Service Department	66,499,000	65,512,000	400,000	0	65,912,000	(587,000)
Quality of Care for the Mentally Disabled, Commission on	11,742,000	12,053,000	513,000	0	12,566,000	824,000

SUMMARY OF APPROPRIATIONS

**ALL FUNDS
RECOMMENDED 2003-04
COMPARED TO 2002-03 AVAILABLE
(dollars)**

	Available 2002-03	State Operations Recommended 2003-04	Aid to Localities Recommended 2003-04	Capital Projects Recommended 2003-04	Total Recommended 2003-04	Change From 2002-03
Racing and Wagering Board, State	16,079,000	19,512,000	0	0	19,512,000	3,433,000
Real Property Services, Office of	52,393,400	36,424,000	21,840,000	0	58,264,000	5,870,600
Regulatory Reform, Governor's Office of	3,702,000	3,115,000	0	0	3,115,000	(587,000)
Science, Technology and Academic Research, Office of	71,805,000	3,325,000	64,520,000	0	67,845,000	(3,960,000)
State, Department of	195,070,135	78,048,000	79,370,000	0	157,418,000	(37,652,135)
State Police, Division of	454,880,000	490,084,000	0	2,800,000	492,884,000	38,004,000
State University of New York	4,712,297,762	4,326,131,000	320,319,000	2,561,000,000	7,207,450,000	2,495,152,238
State University Construction Fund	10,837,000	11,003,000	0	0	11,003,000	166,000
Taxation and Finance, Department of	449,787,900	433,838,000	0	0	433,838,000	(15,949,900)
Tax Appeals, Division of	3,310,000	3,085,000	0	0	3,085,000	(225,000)
Temporary and Disability Assistance, Office of	4,108,766,400	467,352,500	4,302,335,500	30,000,000	4,799,688,000	690,921,600
Technology, Office for	232,900,000	280,968,000	0	0	280,968,000	48,068,000
Thruway Authority, New York State	2,000,000	0	0	2,000,000	2,000,000	0
Transportation, Department of	5,670,269,700	42,470,000	1,747,988,000	3,372,236,000	5,162,694,000	(507,575,700)
Veterans Affairs, Division of	15,737,910	7,549,000	5,575,000	0	13,124,000	(2,613,910)
Workers Compensation Board	167,640,000	163,707,000	0	0	163,707,000	(3,933,000)
Subtotal	<u>98,479,910,555</u>	<u>25,635,323,200</u>	<u>71,773,458,400</u>	<u>8,613,800,000</u>	<u>106,022,581,600</u>	<u>7,542,671,045</u>
Miscellaneous--All State Departments and Agencies						
Cigarette Tax Enforcement	5,500,000	0	0	0	0	(5,500,000)
Deferred Compensation Board	716,000	737,000	0	0	737,000	21,000
Development Authority of the North Country	1,430,000	0	0	0	0	(1,430,000)
Economic Development Capital	1,200,000,000	0	0	0	0	(1,200,000,000)
Election Modernization, Task Force on	300,000	0	0	0	0	(300,000)
General State Charges	2,473,679,000	2,730,292,000	0	0	2,730,292,000	256,613,000
Green Thumb	2,394,000	2,394,000	0	0	2,394,000	0
Health Insurance Contingency Reserve	380,505,000	430,022,000	0	0	430,022,000	49,517,000
Health Insurance Reserve Receipts Fund	78,400,000	192,400,000	0	0	192,400,000	114,000,000
Higher Education - Miscellaneous	4,213,000	717,400	0	0	717,400	(3,495,600)
Homeland Security	149,300,000	55,178,000	50,000,000	12,500,000	117,678,000	(31,622,000)
Hudson River Valley Greenway Commission	925,000	0	0	0	0	(925,000)
Insurance and Securities Funds Reserve						
Guarantee	1,672,000,000	1,672,000,000	0	0	1,672,000,000	0
Labor Management Committees	38,472,300	2,375,000	0	0	2,375,000	(36,097,300)
Local Government Assistance	25,202,412,002	3,086,000	25,134,994,002	0	25,138,080,002	(64,332,000)
Miscellaneous Guarantee Appropriations	1,030,855,000	1,070,028,000	0	0	1,070,028,000	39,173,000
National and Community Service	30,332,000	30,332,000	0	0	30,332,000	0
Northeastern Queens Nature and Historical Preserve Commission	92,000	0	0	0	0	(92,000)
Petroleum Storage Tanks - COPs Repayment	2,085,000	1,301,000	0	0	1,301,000	(784,000)
Reserve for Federal Audit Disallowances	50,000,000	50,000,000	0	0	50,000,000	0
Services, Expenses or Grants	8,000,000	0	0	0	0	(8,000,000)
Statewide Energy Improvement	2,500,000	0	0	0	0	(2,500,000)
Statewide Wireless Network	6,859,000	8,818,000	0	0	8,818,000	1,959,000
Tribal State Compact Revenue	0	0	13,750,000	0	13,750,000	13,750,000
Workers Compensation Reserve	33,000,000	31,295,000	0	0	31,295,000	(1,705,000)
World Trade Center	5,755,700,000	0	0	0	0	(5,755,700,000)
Subtotal	<u>38,129,669,302</u>	<u>6,280,975,400</u>	<u>25,198,744,002</u>	<u>12,500,000</u>	<u>31,492,219,402</u>	<u>(6,637,449,900)</u>
Judiciary	1,738,241,742	1,714,706,195	87,595,749	0	1,802,301,944	64,060,202
Legislature	208,850,349	208,835,159	0	0	208,835,159	(15,190)
Total	<u>138,556,671,948</u>	<u>33,839,839,954</u>	<u>97,059,798,151</u>	<u>8,626,300,000</u>	<u>139,525,938,105</u>	<u>969,266,157</u>
Debt Service	6,292,675,000	0	0	0	6,982,300,000	689,625,000
Grand Total	<u>144,849,346,948</u>	<u>33,839,839,954</u>	<u>97,059,798,151</u>	<u>8,626,300,000</u>	<u>146,508,238,105</u>	<u>1,658,891,157</u>
Special Emergency Appropriation	50,000,000				50,000,000	
Special Federal Emergency Appropriation	1,000,000,000				1,000,000,000	

SUMMARY OF APPROPRIATIONS

STATE OPERATIONS RECAPITULATION OF 2003-04 RECOMMENDATIONS BY FUND TYPE (dollars)

	General	Special Revenue Federal	Special Revenue Other	Enterprise	Internal Service	Fiduciary	Total
Adirondack Park Agency	4,177,000	900,000	0	0	0	0	5,077,000
Advocate for Persons with Disabilities, Office of	951,000	460,000	0	25,000	0	157,000	1,593,000
Aging, Office for the	2,979,000	10,250,000	0	100,000	0	250,000	13,579,000
Agriculture and Markets, Department of	25,465,000	22,432,000	36,660,000	19,793,000	0	1,752,000	106,102,000
Alcoholic Beverage Control, Division of	0	0	13,057,500	0	0	0	13,057,500
Arts, Council on the	7,277,500	777,200	0	0	0	12,400,000	20,454,700
Audit and Control, Department of	119,952,000	0	4,465,000	0	3,222,000	74,508,000	202,147,000
Banking Department	0	500,000	70,088,000	0	0	2,700,000	73,288,000
Budget, Division of the	37,115,000	0	19,200,000	0	1,300,000	150,000	57,765,000
Capital Defender Office	13,095,000	0	0	0	0	0	13,095,000
Children and Family Services Office of	211,188,500	62,558,000	135,029,000	500,000	100,000	2,713,500	412,089,000
City University of New York	0	0	80,000,000	0	0	1,118,381,000	1,198,381,000
Civil Service, Department of	22,048,000	0	1,500,000	0	34,968,000	300,000	58,816,000
Consumer Protection Board, State	403,000	0	4,595,000	0	0	0	4,998,000
Correction, Commission of	2,529,000	0	0	0	0	0	2,529,000
Correctional Services, Department of	1,788,032,000	63,904,000	250,000	65,758,000	77,633,000	18,000	1,995,595,000
Crime Victims Board	3,425,000	1,857,000	857,000	0	0	0	6,139,000
Criminal Justice Services, Division of	40,037,000	85,894,000	8,000,000	0	0	1,150,000	135,081,000
Developmental Disabilities Planning Council	0	4,550,000	0	0	0	0	4,550,000
Economic Development, Department of	29,572,000	1,000,000	4,409,900	0	0	0	34,981,900
Education Department, State	38,327,600	234,074,200	79,842,200	0	19,023,900	1,400,400	372,668,300
Elections, State Board of	6,435,000	3,000,000	20,000	0	0	0	9,455,000
Employee Relations, Office of	3,290,000	0	479,000	0	1,859,000	0	5,628,000
Energy Research and Development Authority, New York State	0	0	14,656,000	0	0	0	14,656,000
Environmental Conservation, Department of	99,321,000	86,928,000	211,331,800	0	45,000	0	397,625,800
Environmental Facilities Corporation	0	0	9,732,000	0	0	0	9,732,000
Executive Chamber	14,071,000	0	0	0	0	100,000	14,171,000
General Services, Office of	117,031,000	7,600,000	13,923,000	1,091,000	150,083,600	1,119,000	290,847,600
Health, Department of	167,785,600	3,961,720,000	408,262,000	10,000	0	4,675,000	4,542,452,600
Higher Education Services Corporation, New York State	0	6,340,000	95,139,000	0	0	0	101,479,000
Housing and Community Renewal, Division of	27,777,000	8,700,000	49,001,000	0	0	0	85,478,000
Mortgage Agency, State of New York	76,800,000	0	0	0	0	0	76,800,000
Human Rights, Division of	13,334,000	4,800,000	70,000	0	0	20,000	18,224,000
Inspector General, Office of the	4,300,000	0	1,610,000	0	0	0	5,910,000
Insurance Department	0	0	160,398,000	0	0	0	160,398,000
Interest on Lawyer Account Investigation, Temporary State Commission of	0	0	266,000	0	0	0	3,181,000
Judicial Commissions	2,426,000	0	0	2,426,000	0	0	2,426,000
Labor, Department of	7,345,000	603,990,000	89,713,000	0	0	4,801,314,000	5,502,362,000
Law, Department of	112,778,000	30,625,000	35,098,000	0	9,926,000	0	188,427,000
Lieutenant Governor, Office of the Lobbying, Temporary State Commission on	490,000	0	0	0	0	0	490,000
Lottery, Division of the	987,000	0	300,000	0	0	0	1,287,000
Mental Hygiene, Department of	0	0	118,296,000	0	0	0	118,296,000
Mental Health, Office of	(300,000,000)	0	300,000,000	0	0	0	0
Mental Retardation and Developmental Disabilities, Office of	505,715,000	1,272,000	595,981,000	8,284,000	2,304,000	570,000	1,114,126,000
Alcoholism and Substance Abuse Services, Office of	163,473,000	80,000	1,036,943,000	2,350,000	150,000	554,000	1,203,550,000
Military and Naval Affairs, Division of	48,670,000	6,379,000	21,476,000	0	0	0	76,525,000
Motor Vehicles, Department of	16,682,000	34,269,000	11,621,000	0	0	1,022,000	63,594,000
Olympic Regional Development Authority	0	12,800,000	96,109,000	0	4,000,000	0	112,909,000
Parks, Recreation and Historic Preservation, Office of	7,400,000	0	150,000	0	0	200,000	7,750,000
Parole, Division of	92,191,100	3,717,000	61,953,200	2,500,000	0	1,322,000	161,683,300
Prevention of Domestic Violence, Office for	145,234,000	1,460,000	400,000	0	0	425,000	147,519,000
Probation and Correctional Alternatives, Division of	1,515,000	100,000	50,000	0	0	20,000	1,685,000
Public and Private Employment Relations Board	2,153,000	0	0	0	0	0	2,153,000
Public Security, Office of	4,579,000	0	257,000	0	0	0	4,836,000
Public Service Department	7,258,000	0	4,658,000	0	0	0	11,916,000
Quality of Care for the Mentally Disabled, Commission on	0	1,400,000	64,112,000	0	0	0	65,512,000
	2,758,000	6,414,000	2,861,000	20,000	0	0	12,053,000

SUMMARY OF APPROPRIATIONS

STATE OPERATIONS RECAPITULATION OF 2003-04 RECOMMENDATIONS BY FUND TYPE (dollars)

	General	Special Revenue Federal	Special Revenue Other	Enterprise	Internal Service	Fiduciary	Total
Racing and Wagering Board, State	0	0	19,512,000	0	0	0	19,512,000
Real Property Services, Office of	10,000,000	0	26,424,000	0	0	0	36,424,000
Regulatory Reform, Governor's Office of Science, Technology and Academic Research, Office of	3,115,000	0	0	0	0	0	3,115,000
State, Department of	2,825,000	0	500,000	0	0	0	3,325,000
State Police, Division of	14,307,000	10,980,000	52,561,000	0	0	200,000	78,048,000
State University of New York	331,142,000	18,726,000	140,208,000	0	0	8,000	490,084,000
State University Construction Fund	1,028,530,000	196,550,000	3,034,251,000	0	9,000,000	57,800,000	4,326,131,000
Taxation and Finance, Department of	0	0	11,003,000	0	0	0	11,003,000
Tax Appeals, Division of	318,327,000	582,000	38,024,000	0	76,905,000	0	433,838,000
Temporary and Disability Assistance, Office of	3,085,000	0	0	0	0	0	3,085,000
Technology, Office for	61,539,500	255,342,000	149,471,000	0	1,000,000	0	467,352,500
Transportation, Department of	34,568,000	0	0	0	246,400,000	0	280,968,000
Veterans Affairs, Division of	0	9,609,000	28,357,000	0	4,504,000	0	42,470,000
Workers Compensation Board	5,267,000	2,282,000	0	0	0	0	7,549,000
Subtotal	0	0	163,707,000	0	0	0	163,707,000
	<u>5,513,992,800</u>	<u>5,764,821,400</u>	<u>7,526,837,600</u>	<u>100,431,000</u>	<u>642,423,500</u>	<u>6,086,816,900</u>	<u>25,635,323,200</u>
Miscellaneous--All State Departments and Agencies							
Deferred Compensation Board	152,000	0	585,000	0	0	0	737,000
General State Charges	2,730,292,000	0	0	0	0	0	2,730,292,000
Green Thumb	2,394,000	0	0	0	0	0	2,394,000
Health Insurance Contingency Reserve	430,022,000	0	0	0	0	0	430,022,000
Health Insurance Reserve Receipts Fund	0	0	0	0	0	192,400,000	192,400,000
Higher Education - Miscellaneous	0	0	717,400	0	0	0	717,400
Homeland Security	0	0	3,000,000	0	0	0	3,000,000
Insurance and Securities Funds Reserve Guarantee	1,672,000,000	0	0	0	0	0	1,672,000,000
Labor Management Committees	2,000,000	0	375,000	0	0	0	2,375,000
Local Government Assistance	0	0	3,086,000	0	0	0	3,086,000
Miscellaneous Guarantee Appropriations	1,070,028,000	0	0	0	0	0	1,070,028,000
National and Community Service	332,000	30,000,000	0	0	0	0	30,332,000
Petroleum Storage Tanks - COPs Repayment	1,301,000	0	0	0	0	0	1,301,000
Reserve for Federal Audit Disallowances	50,000,000	0	0	0	0	0	50,000,000
Statewide Wireless Network	0	0	8,818,000	0	0	0	8,818,000
Workers Compensation Reserve	31,295,000	0	0	0	0	0	31,295,000
Subtotal	<u>5,989,816,000</u>	<u>30,000,000</u>	<u>16,581,400</u>	<u>0</u>	<u>0</u>	<u>192,400,000</u>	<u>6,228,797,400</u>
Judiciary	1,633,104,372	6,500,000	75,101,823	0	0	0	1,714,706,195
Legislature	206,735,159	0	1,600,000	0	0	500,000	208,835,159
Subtotal	<u>1,839,839,531</u>	<u>6,500,000</u>	<u>76,701,823</u>	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>1,923,541,354</u>
Total	<u>13,343,648,331</u>	<u>5,801,321,400</u>	<u>7,620,120,823</u>	<u>100,431,000</u>	<u>642,423,500</u>	<u>6,279,716,900</u>	<u>33,787,661,954</u>

SUMMARY OF APPROPRIATIONS

STATE OPERATIONS GENERAL FUND (dollars)

	Available 2002-03	Recommended 2003-04	Change
Adirondack Park Agency	4,237,000	4,177,000	(60,000)
Advocate for Persons with Disabilities, Office of	965,000	951,000	(14,000)
Aging, Office for the	2,587,000	2,979,000	392,000
Agriculture and Markets, Department of	26,028,000	25,465,000	(563,000)
Arts, Council on the	7,473,500	7,277,500	(196,000)
Audit and Control, Department of	128,291,000	119,952,000	(8,339,000)
Budget, Division of the	46,467,000	37,115,000	(9,352,000)
Capital Defender Office	13,897,000	13,095,000	(802,000)
Children and Family Services Office of	252,926,600	211,188,500	(41,738,100)
Civil Service, Department of	28,463,000	22,048,000	(6,415,000)
Consumer Protection Board, State	400,000	403,000	3,000
Correction, Commission of	2,586,000	2,529,000	(57,000)
Correctional Services, Department of	1,808,035,000	1,788,032,000	(20,003,000)
Crime Victims Board	3,590,000	3,425,000	(165,000)
Criminal Justice Services, Division of	42,642,000	40,037,000	(2,605,000)
Economic Development, Department of	28,191,000	29,572,000	1,381,000
Education Department, State	46,820,600	38,327,600	(8,493,000)
Elections, State Board of	3,581,000	6,435,000	2,854,000
Employee Relations, Office of	4,077,000	3,290,000	(787,000)
Environmental Conservation, Department of	109,036,500	99,321,000	(9,715,500)
Executive Chamber	18,155,000	14,071,000	(4,084,000)
General Services, Office of	124,952,000	117,031,000	(7,921,000)
Health, Department of	211,254,000	167,785,600	(43,468,400)
Housing and Community Renewal, Division of	29,868,000	27,777,000	(2,091,000)
Mortgage Agency, State of New York	76,800,000	76,800,000	0
Human Rights, Division of	13,334,000	13,334,000	0
Inspector General, Office of the	4,967,000	4,300,000	(667,000)
Investigation, Temporary State Commission of	3,025,000	2,915,000	(110,000)
Judicial Commissions	2,390,000	2,426,000	36,000
Labor, Department of	13,863,000	7,345,000	(6,518,000)
Law, Department of	120,618,000	112,778,000	(7,840,000)
Lieutenant Governor, Office of the	523,000	490,000	(33,000)
Lobbying, Temporary State Commission on	1,130,000	987,000	(143,000)
Mental Hygiene, Department of	(215,000,000)	(300,000,000)	(85,000,000)
Mental Health, Office of	667,599,500	505,715,000	(161,884,500)
Mental Retardation and Developmental Disabilities, Office of	168,994,000	163,473,000	(5,521,000)
Alcoholism and Substance Abuse Services, Office of	49,290,000	48,670,000	(620,000)
Military and Naval Affairs, Division of	18,450,000	16,682,000	(1,768,000)
Motor Vehicles, Department of	108,504,000	0	(108,504,000)
Olympic Regional Development Authority	7,552,000	7,400,000	(152,000)
Parks, Recreation and Historic Preservation, Office of	107,892,100	92,191,100	(15,701,000)
Parole, Division of	152,067,000	145,234,000	(6,833,000)
Prevention of Domestic Violence, Office for	1,846,000	1,515,000	(331,000)
Probation and Correctional Alternatives, Division of	2,340,000	2,153,000	(187,000)
Public and Private Employment Relations Board	5,497,000	4,579,000	(918,000)
Public Security, Office of	0	7,258,000	7,258,000
Quality of Care for the Mentally Disabled, Commission on	2,985,000	2,758,000	(227,000)
Racing and Wagering Board, State	9,427,000	0	(9,427,000)
Real Property Services, Office of	20,291,000	10,000,000	(10,291,000)
Regulatory Reform, Governor's Office of	3,702,000	3,115,000	(587,000)
Science, Technology and Academic Research, Office of	3,222,000	2,825,000	(397,000)
State, Department of	14,094,000	14,307,000	213,000
State Police, Division of	336,927,000	331,142,000	(5,785,000)
State University of New York	1,211,999,000	1,028,530,000	(183,469,000)
Taxation and Finance, Department of	332,386,500	318,327,000	(14,059,500)
Tax Appeals, Division of	3,310,000	3,085,000	(225,000)
Temporary and Disability Assistance, Office of	69,922,400	61,539,500	(8,382,900)
Technology, Office for	51,000,000	34,568,000	(16,432,000)
Veterans Affairs, Division of	5,647,000	5,267,000	(380,000)
Subtotal	<u>6,321,117,700</u>	<u>5,513,992,800</u>	<u>(807,124,900)</u>
Miscellaneous--All State Departments and Agencies			
Cigarette Tax Enforcement	5,500,000	0	(5,500,000)
Deferred Compensation Board	154,000	152,000	(2,000)
Election Modernization, Task Force on	300,000	0	(300,000)
General State Charges	2,473,679,000	2,730,292,000	256,613,000
Green Thumb	2,394,000	2,394,000	0
Health Insurance Contingency Reserve	380,505,000	430,022,000	49,517,000
Higher Education - Miscellaneous	568,000	0	(568,000)
Hudson River Valley Greenway Commission	621,000	0	(621,000)
Insurance and Securities Funds Reserve Guarantee	1,672,000,000	1,672,000,000	0
Labor Management Committees	38,222,300	2,000,000	(36,222,300)
Miscellaneous Guarantee Appropriations	1,030,855,000	1,070,028,000	39,173,000
National and Community Service	332,000	332,000	0
Northeastern Queens Nature and Historical Preserve Commission	92,000	0	(92,000)

SUMMARY OF APPROPRIATIONS

STATE OPERATIONS GENERAL FUND (dollars)

	<u>Available 2002-03</u>	<u>Recommended 2003-04</u>	<u>Change</u>
Petroleum Storage Tanks - COPs Repayment	2,085,000	1,301,000	(784,000)
Reserve for Federal Audit Disallowances	50,000,000	50,000,000	0
Workers Compensation Reserve	33,000,000	31,295,000	(1,705,000)
Subtotal	<u>5,690,307,300</u>	<u>5,989,816,000</u>	<u>299,508,700</u>
Judiciary	1,570,276,094	1,633,104,372	62,828,278
Legislature	206,750,349	206,735,159	(15,190)
Total	<u>13,788,451,443</u>	<u>13,343,648,331</u>	<u>(444,803,112)</u>
Adjustments			
Prior Year Deficiencies	99,302,700		
Transfer To:			
Special Revenue Funds - Other	93,000		
Appropriated 2002-03	<u>13,887,847,143</u>		

SUMMARY OF APPROPRIATIONS

STATE OPERATIONS SPECIAL REVENUE FUNDS - FEDERAL (dollars)

	Available 2002-03	Recommended 2003-04	Change
Adirondack Park Agency	900,000	900,000	0
Advocate for Persons with Disabilities, Office of	460,000	460,000	0
Aging, Office for the	10,250,000	10,250,000	0
Agriculture and Markets, Department of	21,398,800	22,432,000	1,033,200
Arts, Council on the	539,000	777,200	238,200
Banking Department	500,000	500,000	0
Children and Family Services Office of	89,744,000	62,558,000	(27,186,000)
Correctional Services, Department of	61,239,000	63,904,000	2,665,000
Crime Victims Board	1,623,000	1,857,000	234,000
Criminal Justice Services, Division of	53,818,000	85,894,000	32,076,000
Developmental Disabilities Planning Council	4,550,000	4,550,000	0
Economic Development, Department of	1,000,000	1,000,000	0
Education Department, State	195,700,000	234,074,200	38,374,200
Elections, State Board of	0	3,000,000	3,000,000
Energy Research and Development Authority, New York State	2,500,000	0	(2,500,000)
Environmental Conservation, Department of	93,369,000	86,928,000	(6,441,000)
General Services, Office of	7,600,000	7,600,000	0
Health, Department of	3,901,679,000	3,961,720,000	60,041,000
Higher Education Services Corporation, New York State	5,532,000	6,340,000	808,000
Housing and Community Renewal, Division of	8,700,000	8,700,000	0
Human Rights, Division of	4,800,000	4,800,000	0
Labor, Department of	546,046,000	603,990,000	57,944,000
Law, Department of	31,073,000	30,625,000	(448,000)
Mental Health, Office of	1,258,000	1,272,000	14,000
Mental Retardation and Developmental Disabilities, Office of	80,000	80,000	0
Alcoholism and Substance Abuse Services, Office of	5,675,000	6,379,000	704,000
Military and Naval Affairs, Division of	35,382,000	34,269,000	(1,113,000)
Motor Vehicles, Department of	12,764,000	12,800,000	36,000
Parks, Recreation and Historic Preservation, Office of	3,695,800	3,717,000	21,200
Parole, Division of	1,461,000	1,460,000	(1,000)
Prevention of Domestic Violence, Office for	100,000	100,000	0
Public Service Department	1,400,000	1,400,000	0
Quality of Care for the Mentally Disabled, Commission on	5,387,000	6,414,000	1,027,000
State, Department of	10,945,000	10,980,000	35,000
State Police, Division of	21,338,000	18,726,000	(2,612,000)
State University of New York	163,165,000	196,550,000	33,385,000
Taxation and Finance, Department of	572,000	582,000	10,000
Temporary and Disability Assistance, Office of	255,242,000	255,342,000	100,000
Transportation, Department of	9,377,000	9,609,000	232,000
Veterans Affairs, Division of	2,282,000	2,282,000	0
National and Community Service	30,000,000	30,000,000	0
World Trade Center	24,000,000	0	(24,000,000)
Judiciary	4,000,000	6,500,000	2,500,000
Total	<u>5,631,144,600</u>	<u>5,801,321,400</u>	<u>170,176,800</u>
Adjustments			
Prior Year Deficiencies	13,100,000		
Appropriated 2002-03	<u>5,644,244,600</u>		

SUMMARY OF APPROPRIATIONS

STATE OPERATIONS SPECIAL REVENUE FUNDS - OTHER (dollars)

	Available 2002-03	Recommended 2003-04	Change
Agriculture and Markets, Department of	35,788,800	36,660,000	871,200
Alcoholic Beverage Control, Division of	13,744,000	13,057,500	(686,500)
Audit and Control, Department of	4,306,000	4,465,000	159,000
Banking Department	71,848,000	70,088,000	(1,760,000)
Budget, Division of the	17,227,000	19,200,000	1,973,000
Children and Family Services Office of	124,456,000	135,029,000	10,573,000
City University of New York	88,700,000	80,000,000	(8,700,000)
Civil Service, Department of	1,500,000	1,500,000	0
Consumer Protection Board, State	4,754,000	4,595,000	(159,000)
Correctional Services, Department of	250,000	250,000	0
Crime Victims Board	767,000	857,000	90,000
Criminal Justice Services, Division of	300,000	8,000,000	7,700,000
Economic Development, Department of	4,409,900	4,409,900	0
Education Department, State	115,320,400	79,842,200	(35,478,200)
Elections, State Board of	20,000	20,000	0
Employee Relations, Office of	479,000	479,000	0
Energy Research and Development Authority, New York State	14,656,000	14,656,000	0
Environmental Conservation, Department of	227,624,200	211,331,800	(16,292,400)
Environmental Facilities Corporation	9,528,000	9,732,000	204,000
General Services, Office of	14,073,000	13,923,000	(150,000)
Health, Department of	393,991,000	408,262,000	14,271,000
Higher Education Services Corporation, New York State	113,768,000	95,139,000	(18,629,000)
Housing and Community Renewal, Division of	47,634,000	49,001,000	1,367,000
Human Rights, Division of	70,000	70,000	0
Inspector General, Office of the	1,399,000	1,610,000	211,000
Insurance Department	125,419,000	160,398,000	34,979,000
Investigation, Temporary State Commission of	200,000	266,000	66,000
Labor, Department of	52,752,000	89,713,000	36,961,000
Law, Department of	26,244,000	35,098,000	8,854,000
Lobbying, Temporary State Commission on	300,000	300,000	0
Lottery, Division of the	125,743,000	118,296,000	(7,447,000)
Mental Hygiene, Department of	255,000,000	300,000,000	45,000,000
Mental Health, Office of	485,447,000	595,981,000	110,534,000
Mental Retardation and Developmental Disabilities, Office of	1,026,274,000	1,036,943,000	10,669,000
Alcoholism and Substance Abuse Services, Office of	19,041,000	21,476,000	2,435,000
Military and Naval Affairs, Division of	10,295,000	11,621,000	1,326,000
Motor Vehicles, Department of	85,084,000	96,109,000	11,025,000
Olympic Regional Development Authority	150,000	150,000	0
Parks, Recreation and Historic Preservation, Office of	47,521,800	61,953,200	14,431,400
Parole, Division of	400,000	400,000	0
Prevention of Domestic Violence, Office for	50,000	50,000	0
Public and Private Employment Relations Board	218,000	257,000	39,000
Public Security, Office of	0	4,658,000	4,658,000
Public Service Department	64,699,000	64,112,000	(587,000)
Quality of Care for the Mentally Disabled, Commission on	2,782,000	2,861,000	79,000
Racing and Wagering Board, State	6,612,000	19,512,000	12,900,000
Real Property Services, Office of	16,802,400	26,424,000	9,621,600
Science, Technology and Academic Research, Office of	500,000	500,000	0
State, Department of	36,801,000	52,561,000	15,760,000
State Police, Division of	92,007,000	140,208,000	48,201,000
State University of New York	2,766,581,000	3,034,251,000	267,670,000
State University Construction Fund	10,837,000	11,003,000	166,000
Taxation and Finance, Department of	40,644,000	38,024,000	(2,620,000)
Temporary and Disability Assistance, Office of	139,017,000	149,471,000	10,454,000
Transportation, Department of	33,642,000	28,357,000	(5,285,000)
Workers Compensation Board	167,640,000	163,707,000	(3,933,000)
Deferred Compensation Board	562,000	585,000	23,000
Higher Education - Miscellaneous	0	717,400	717,400
Homeland Security	3,000,000	3,000,000	0
Labor Management Committees	250,000	375,000	125,000
Local Government Assistance	3,008,000	3,086,000	78,000
Statewide Energy Improvement	2,500,000	0	(2,500,000)
Statewide Wireless Network	6,859,000	8,818,000	1,959,000
Judiciary	78,686,648	75,101,823	(3,584,825)
Legislature	1,600,000	1,600,000	0
Total	<u>7,041,782,148</u>	<u>7,620,120,823</u>	<u>578,338,675</u>
Adjustments			
Prior Year Deficiencies	28,852,000		
Transfer From:			
General Fund	(93,000)		
Appropriated 2002-03	<u>7,070,541,148</u>		

SUMMARY OF APPROPRIATIONS

STATE OPERATIONS FIDUCIARY FUNDS (dollars)

	Available 2002-03	Recommended 2003-04	Change
Advocate for Persons with Disabilities, Office of	135,000	157,000	22,000
Aging, Office for the	250,000	250,000	0
Agriculture and Markets, Department of	1,743,100	1,752,000	8,900
Arts, Council on the	400,000	12,400,000	12,000,000
Audit and Control, Department of	68,803,000	74,508,000	5,705,000
Banking Department	2,700,000	2,700,000	0
Budget, Division of the	150,000	150,000	0
Children and Family Services Office of	3,525,000	2,713,500	(811,500)
City University of New York	1,157,288,000	1,118,381,000	(38,907,000)
Civil Service, Department of	300,000	300,000	0
Correctional Services, Department of	18,000	18,000	0
Criminal Justice Services, Division of	1,150,000	1,150,000	0
Education Department, State	1,400,400	1,400,400	0
Executive Chamber	100,000	100,000	0
General Services, Office of	1,119,000	1,119,000	0
Health, Department of	4,225,000	4,675,000	450,000
Human Rights, Division of	20,000	20,000	0
Interest on Lawyer Account	1,559,000	1,588,000	29,000
Labor, Department of	4,800,000,000	4,801,314,000	1,314,000
Mental Health, Office of	570,000	570,000	0
Mental Retardation and Developmental Disabilities, Office of	554,000	554,000	0
Military and Naval Affairs, Division of	572,000	1,022,000	450,000
Olympic Regional Development Authority	200,000	200,000	0
Parks, Recreation and Historic Preservation, Office of	1,298,200	1,322,000	23,800
Parole, Division of	425,000	425,000	0
Prevention of Domestic Violence, Office for	20,000	20,000	0
State, Department of	200,000	200,000	0
State Police, Division of	8,000	8,000	0
State University of New York	57,800,000	57,800,000	0
Health Insurance Reserve Receipts Fund	78,400,000	192,400,000	114,000,000
Legislature	500,000	500,000	0
Total	<u>6,185,432,700</u>	<u>6,279,716,900</u>	<u>94,284,200</u>
Adjustments			
Prior Year Deficiencies	<u>20,000,000</u>		
Appropriated 2002-03	<u>6,205,432,700</u>		

SUMMARY OF APPROPRIATIONS

STATE OPERATIONS INTERNAL SERVICE FUNDS (dollars)

	Available 2002-03	Recommended 2003-04	Change
Audit and Control, Department of	3,167,000	3,222,000	55,000
Budget, Division of the	1,300,000	1,300,000	0
Children and Family Services Office of	100,000	100,000	0
Civil Service, Department of	35,520,000	34,968,000	(552,000)
Correctional Services, Department of	92,462,000	77,633,000	(14,829,000)
Education Department, State	20,570,800	19,023,900	(1,546,900)
Employee Relations, Office of	2,464,000	1,859,000	(605,000)
Environmental Conservation, Department of	40,000	45,000	5,000
General Services, Office of	239,569,000	150,083,600	(89,485,400)
Law, Department of	9,000,000	9,926,000	926,000
Mental Health, Office of	2,292,000	2,304,000	12,000
Mental Retardation and Developmental Disabilities, Office of	150,000	150,000	0
Motor Vehicles, Department of	2,500,000	4,000,000	1,500,000
State University of New York	7,500,000	9,000,000	1,500,000
Taxation and Finance, Department of	76,185,400	76,905,000	719,600
Temporary and Disability Assistance, Office of	1,000,000	1,000,000	0
Technology, Office for	181,900,000	246,400,000	64,500,000
Transportation, Department of	4,504,000	4,504,000	0
Total	<u>680,224,200</u>	<u>642,423,500</u>	<u>(37,800,700)</u>
Appropriated 2002-03	<u>680,224,200</u>		

STATE OPERATIONS ENTERPRISE FUNDS (dollars)

	Available 2002-03	Recommended 2003-04	Change
Advocate for Persons with Disabilities, Office of	25,000	25,000	0
Aging, Office for the	100,000	100,000	0
Agriculture and Markets, Department of	19,083,900	19,793,000	709,100
Children and Family Services Office of	500,000	500,000	0
Correctional Services, Department of	66,404,000	65,758,000	(646,000)
General Services, Office of	1,475,000	1,091,000	(384,000)
Health, Department of	10,000	10,000	0
Mental Health, Office of	8,277,000	8,284,000	7,000
Mental Retardation and Developmental Disabilities, Office of	2,350,000	2,350,000	0
Parks, Recreation and Historic Preservation, Office of	2,500,000	2,500,000	0
Quality of Care for the Mentally Disabled, Commission on	20,000	20,000	0
Total	<u>100,744,900</u>	<u>100,431,000</u>	<u>(313,900)</u>
Adjustments			
Prior Year Deficiencies	<u>600,000</u>		
Appropriated 2002-03	<u>101,344,900</u>		

SUMMARY OF APPROPRIATIONS

AID TO LOCALITIES RECAPITULATION OF 2003-04 RECOMMENDATIONS BY FUND TYPE (dollars)

	General	Special Revenue Federal	Special Revenue Other	Internal Service	Fiduciary	Total
Adirondack Park Agency	50,000	0	0	0	0	50,000
Aging, Office for the	58,230,400	105,100,000	0	0	1,000,000	164,330,400
Agriculture and Markets, Department of	12,802,000	20,000,000	0	0	0	32,802,000
Arts, Council on the	37,400,000	185,000	0	0	200,000	37,785,000
Audit and Control, Department of	29,099,000	0	0	0	0	29,099,000
Children and Family Services Office of	1,226,359,000	2,022,308,000	12,250,000	0	3,530,000	3,264,447,000
City University of New York	715,054,000	0	0	0	0	715,054,000
Correctional Services, Department of	11,400,000	0	0	0	0	11,400,000
Crime Victims Board	0	36,523,000	26,551,000	0	40,000	63,114,000
Criminal Justice Services, Division of	47,006,000	47,151,000	5,100,000	0	0	99,257,000
Economic Development, Department of	1,000,000	0	0	0	0	1,000,000
Education Department, State	12,980,889,400	3,210,127,000	4,645,292,000	0	0	20,836,308,400
Elections, State Board of	0	65,000,000	0	0	0	65,000,000
Empire State Development Corporation	75,362,100	0	0	0	0	75,362,100
Environmental Conservation, Department of	461,000	0	0	0	0	461,000
Health, Department of	6,092,207,000	23,199,826,000	4,420,464,000	0	1,230,000,000	34,942,497,000
Higher Education Services Corporation, New York State	610,698,000	5,216,000	4,000,000	0	0	619,914,000
Housing and Community Renewal, Division of	47,304,000	92,450,000	0	0	10,000,000	149,754,000
Mortgage Agency, State of New York	172,009,000	0	0	0	0	172,009,000
Interest on Lawyer Account	0	0	0	0	13,000,000	13,000,000
Labor, Department of	0	347,490,000	430,000	0	0	347,920,000
Mental Health, Office of	730,059,000	40,129,000	74,535,000	0	0	844,723,000
Mental Retardation and Developmental Disabilities, Office of	664,145,000	0	731,700,000	0	2,000,000	1,397,845,000
Alcoholism and Substance Abuse Services, Office of	244,793,000	143,084,000	6,500,000	0	0	394,377,000
Metropolitan Transportation Authority	0	0	536,100,000	0	0	536,100,000
Military and Naval Affairs, Division of	60,000,000	211,600,000	2,850,000	0	0	274,450,000
Motor Vehicles, Department of	0	13,020,000	0	0	0	13,020,000
Parks, Recreation and Historic Preservation, Office of	2,200,000	9,640,000	2,400,000	0	0	14,240,000
Parole, Division of	37,477,000	0	0	5,250,000	0	42,727,000
Prevention of Domestic Violence, Office for	755,000	0	0	0	0	755,000
Probation and Correctional Alternatives, Division of	71,797,000	0	0	0	0	71,797,000
Public Service Department	0	0	400,000	0	0	400,000
Quality of Care for the Mentally Disabled, Commission on	95,000	0	418,000	0	0	513,000
Real Property Services, Office of	21,840,000	0	0	0	0	21,840,000
Science, Technology and Academic Research, Office of	58,020,000	6,500,000	0	0	0	64,520,000
State, Department of	1,270,000	63,700,000	10,300,000	0	4,100,000	79,370,000
State University of New York	320,319,000	0	0	0	0	320,319,000
Temporary and Disability Assistance, Office of	1,386,933,900	2,887,026,600	18,375,000	0	10,000,000	4,302,335,500
Transportation, Department of	161,616,000	33,931,000	1,552,441,000	0	0	1,747,988,000
Veterans Affairs, Division of	5,575,000	0	0	0	0	5,575,000
Subtotal	<u>25,884,225,800</u>	<u>32,560,006,600</u>	<u>12,050,106,000</u>	<u>5,250,000</u>	<u>1,273,870,000</u>	<u>71,773,458,400</u>
Miscellaneous--All State Departments and Agencies						
Homeland Security	0	50,000,000	0	0	0	50,000,000
Local Government Assistance	1,056,694,002	0	0	0	24,078,300,000	25,134,994,002
Tribal State Compact Revenue	0	0	13,750,000	0	0	13,750,000
Subtotal	<u>1,056,694,002</u>	<u>50,000,000</u>	<u>13,750,000</u>	<u>0</u>	<u>24,078,300,000</u>	<u>25,198,744,002</u>
Judiciary	500,000	0	87,095,749	0	0	87,595,749
Subtotal	<u>500,000</u>	<u>0</u>	<u>87,095,749</u>	<u>0</u>	<u>0</u>	<u>87,595,749</u>
Special Federal Emergency Appropriation	0	1,000,000,000	0	0	0	1,000,000,000
Total	<u>26,941,419,802</u>	<u>33,610,006,600</u>	<u>12,150,951,749</u>	<u>5,250,000</u>	<u>25,352,170,000</u>	<u>98,059,798,151</u>

SUMMARY OF APPROPRIATIONS

AID TO LOCALITIES GENERAL FUND (dollars)

	Available 2002-03	Recommended 2003-04	Change
Adirondack Park Agency	50,000	50,000	0
Aging, Office for the	71,305,808	58,230,400	(13,075,408)
Agriculture and Markets, Department of	17,017,300	12,802,000	(4,215,300)
Arts, Council on the	44,000,000	37,400,000	(6,600,000)
Audit and Control, Department of	20,902,000	29,099,000	8,197,000
Children and Family Services Office of	1,191,479,422	1,226,359,000	34,879,578
City University of New York	873,520,690	715,054,000	(158,466,690)
Correctional Services, Department of	11,813,000	11,400,000	(413,000)
Criminal Justice Services, Division of	66,985,845	47,006,000	(19,979,845)
Economic Development, Department of	21,715,481	1,000,000	(20,715,481)
Education Department, State	13,744,076,899	12,980,889,400	(763,187,499)
Empire State Development Corporation	74,869,100	75,362,100	493,000
Environmental Conservation, Department of	4,510,030	461,000	(4,049,030)
Health, Department of	6,598,064,768	6,092,207,000	(505,857,768)
Higher Education Services Corporation, New York State	765,148,000	610,698,000	(154,450,000)
Housing and Community Renewal, Division of	64,041,735	47,304,000	(16,737,735)
Housing Finance Agency	665,000	0	(665,000)
Mortgage Agency, State of New York	113,753,000	172,009,000	58,256,000
Labor, Department of	10,777,750	0	(10,777,750)
Law, Department of	60,000	0	(60,000)
Mental Health, Office of	711,280,000	730,059,000	18,779,000
Mental Retardation and Developmental Disabilities, Office of	662,582,800	664,145,000	1,562,200
Alcoholism and Substance Abuse Services, Office of	254,767,600	244,793,000	(9,974,600)
Military and Naval Affairs, Division of	95,000	60,000,000	59,905,000
Parks, Recreation and Historic Preservation, Office of	32,207,220	2,200,000	(30,007,220)
Parole, Division of	35,972,000	37,477,000	1,505,000
Prevention of Domestic Violence, Office for	755,000	755,000	0
Probation and Correctional Alternatives, Division of	87,353,000	71,797,000	(15,556,000)
Quality of Care for the Mentally Disabled, Commission on	195,000	95,000	(100,000)
Racing and Wagering Board, State	40,000	0	(40,000)
Real Property Services, Office of	15,300,000	21,840,000	6,540,000
Science, Technology and Academic Research, Office of	61,583,000	58,020,000	(3,563,000)
State, Department of	26,630,135	1,270,000	(25,360,135)
State University of New York	350,252,762	320,319,000	(29,933,762)
Temporary and Disability Assistance, Office of	957,088,000	1,386,933,900	429,845,900
Transportation, Department of	164,736,700	161,616,000	(3,120,700)
Veterans Affairs, Division of	7,808,910	5,575,000	(2,233,910)
Subtotal	<u>27,063,402,955</u>	<u>25,884,225,800</u>	<u>(1,179,177,155)</u>
Miscellaneous--All State Departments and Agencies			
Development Authority of the North Country	1,430,000	0	(1,430,000)
Higher Education - Miscellaneous	3,645,000	0	(3,645,000)
Hudson River Valley Greenway Commission	304,000	0	(304,000)
Local Government Assistance	1,124,104,002	1,056,694,002	(67,410,000)
Services, Expenses or Grants	8,000,000	0	(8,000,000)
Subtotal	<u>1,137,483,002</u>	<u>1,056,694,002</u>	<u>(80,789,000)</u>
Judiciary	500,000	500,000	0
Total	<u>28,201,385,957</u>	<u>26,941,419,802</u>	<u>(1,259,966,155)</u>
Adjustments			
Prior Year Deficiencies	663,188,000		
Recommended Deficiencies	<u>(135,200,000)</u>		
Appropriated 2002-03	<u>28,729,373,957</u>		

SUMMARY OF APPROPRIATIONS

AID TO LOCALITIES SPECIAL REVENUE FUNDS - FEDERAL (dollars)

	Available 2002-03	Recommended 2003-04	Change
Aging, Office for the	105,600,000	105,100,000	(500,000)
Agriculture and Markets, Department of	20,000,000	20,000,000	0
Arts, Council on the	185,000	185,000	0
Children and Family Services Office of	1,804,508,000	2,022,308,000	217,800,000
Crime Victims Board	32,458,000	36,523,000	4,065,000
Criminal Justice Services, Division of	48,395,000	47,151,000	(1,244,000)
Education Department, State	3,094,795,000	3,210,127,000	115,332,000
Elections, State Board of	0	65,000,000	65,000,000
Health, Department of	19,069,313,000	23,199,826,000	4,130,513,000
Higher Education Services Corporation, New York State	5,216,000	5,216,000	0
Housing and Community Renewal, Division of	92,450,000	92,450,000	0
Labor, Department of	386,061,000	347,490,000	(38,571,000)
Mental Health, Office of	38,235,000	40,129,000	1,894,000
Alcoholism and Substance Abuse Services, Office of	135,004,000	143,084,000	8,080,000
Military and Naval Affairs, Division of	5,500,000	211,600,000	206,100,000
Motor Vehicles, Department of	12,380,000	13,020,000	640,000
Parks, Recreation and Historic Preservation, Office of	8,620,000	9,640,000	1,020,000
Parole, Division of	2,712,000	0	(2,712,000)
Science, Technology and Academic Research, Office of	6,500,000	6,500,000	0
State, Department of	82,000,000	63,700,000	(18,300,000)
Temporary and Disability Assistance, Office of	2,596,747,000	2,887,026,600	290,279,600
Transportation, Department of	33,931,000	33,931,000	0
Homeland Security	50,000,000	50,000,000	0
World Trade Center	5,389,700,000	0	(5,389,700,000)
Special Federal Emergency Appropriation	1,000,000,000	1,000,000,000	0
Total	<u>34,020,310,000</u>	<u>33,610,006,600</u>	<u>(410,303,400)</u>
Adjustments			
Prior Year Deficiencies	4,500,000		
Appropriated 2002-03	<u>34,024,810,000</u>		

AID TO LOCALITIES SPECIAL REVENUE FUNDS - OTHER (dollars)

	Available 2002-03	Recommended 2003-04	Change
Children and Family Services Office of	17,250,000	12,250,000	(5,000,000)
Crime Victims Board	28,899,000	26,551,000	(2,348,000)
Criminal Justice Services, Division of	7,100,000	5,100,000	(2,000,000)
Education Department, State	4,573,256,000	4,645,292,000	72,036,000
Health, Department of	3,709,264,000	4,420,464,000	711,200,000
Higher Education Services Corporation, New York State	9,000,000	4,000,000	(5,000,000)
Labor, Department of	245,000	430,000	185,000
Mental Health, Office of	74,535,000	74,535,000	0
Mental Retardation and Developmental Disabilities, Office of	607,794,000	731,700,000	123,906,000
Alcoholism and Substance Abuse Services, Office of	13,700,000	6,500,000	(7,200,000)
Metropolitan Transportation Authority	476,900,000	536,100,000	59,200,000
Military and Naval Affairs, Division of	1,650,000	2,850,000	1,200,000
Parks, Recreation and Historic Preservation, Office of	2,100,000	2,400,000	300,000
Public Service Department	400,000	400,000	0
Quality of Care for the Mentally Disabled, Commission on	373,000	418,000	45,000
State, Department of	20,300,000	10,300,000	(10,000,000)
Temporary and Disability Assistance, Office of	49,750,000	18,375,000	(31,375,000)
Transportation, Department of	1,553,741,000	1,552,441,000	(1,300,000)
Tribal State Compact Revenue	0	13,750,000	13,750,000
Judiciary	84,779,000	87,095,749	2,316,749
Total	<u>11,231,036,000</u>	<u>12,150,951,749</u>	<u>919,915,749</u>
Adjustments			
Prior Year Deficiencies	71,200,000		
Recommended Deficiencies	(34,000,000)		
Appropriated 2002-03	<u>11,268,236,000</u>		

SUMMARY OF APPROPRIATIONS

AID TO LOCALITIES FIDUCIARY FUNDS (dollars)

	Available 2002-03	Recommended 2003-04	Change
Aging, Office for the	1,000,000	1,000,000	0
Arts, Council on the	200,000	200,000	0
Children and Family Services Office of	3,530,000	3,530,000	0
Crime Victims Board	40,000	40,000	0
Health, Department of	950,000,000	1,230,000,000	280,000,000
Housing and Community Renewal, Division of	10,000,000	10,000,000	0
Interest on Lawyer Account	14,950,000	13,000,000	(1,950,000)
Mental Retardation and Developmental Disabilities, Office of	2,000,000	2,000,000	0
State, Department of	4,100,000	4,100,000	0
Temporary and Disability Assistance, Office of	10,000,000	10,000,000	0
Local Government Assistance	24,075,300,000	24,078,300,000	3,000,000
Total	<u>25,071,120,000</u>	<u>25,352,170,000</u>	<u>281,050,000</u>
Appropriated 2002-03	<u>25,071,120,000</u>		

AID TO LOCALITIES INTERNAL SERVICE FUNDS (dollars)

	Available 2002-03	Recommended 2003-04	Change
Parole, Division of	5,250,000	5,250,000	0
Total	<u>5,250,000</u>	<u>5,250,000</u>	<u>0</u>
Appropriated 2002-03	<u>5,250,000</u>		

SUMMARY OF APPROPRIATIONS

**CAPITAL PROJECTS APPROPRIATIONS
ALL FUNDS
APPROPRIATED 2002-03
(dollars)**

	Capital Projects Funds	Special Revenue Funds	Fiduciary Funds	Total
Agriculture and Markets, Department of	2,600,000	0	0	2,600,000
Children and Family Services Office of	14,410,000	0	0	14,410,000
Correctional Services, Department of	225,000,000	0	0	225,000,000
Education Department, State	149,765,000	0	0	149,765,000
Empire State Development Corporation	14,300,000	0	0	14,300,000
Energy Research and Development Authority, New York State	13,367,000	0	0	13,367,000
Environmental Conservation, Department of	635,877,000	3,000,000	0	638,877,000
Environmental Facilities Corporation	292,000	0	0	292,000
General Services, Office of	194,500,000	0	0	194,500,000
Health, Department of	156,800,000	0	0	156,800,000
Housing and Community Renewal, Division of	74,200,000	0	0	74,200,000
Hudson River Park Trust	30,000,000	0	0	30,000,000
Mental Health, Office of	162,880,000	0	0	162,880,000
Mental Retardation and Developmental Disabilities, Office of	116,613,000	0	0	116,613,000
Alcoholism and Substance Abuse Services, Office of	31,020,000	0	0	31,020,000
Military and Naval Affairs, Division of	19,300,000	0	0	19,300,000
Motor Vehicles, Department of	14,788,000	0	0	14,788,000
Parks, Recreation and Historic Preservation, Office of	35,840,000	0	5,000,000	40,840,000
State Police, Division of	4,600,000	0	0	4,600,000
State University of New York	155,000,000	0	0	155,000,000
Temporary and Disability Assistance, Office of	30,000,000	0	0	30,000,000
Thruway Authority, New York State	2,000,000	0	0	2,000,000
Transportation, Department of	3,760,294,000	58,044,000	52,000,000	3,870,338,000
Economic Development Capital	1,200,000,000	0	0	1,200,000,000
Homeland Security	23,500,000	0	0	23,500,000
World Trade Center	342,000,000	0	0	342,000,000
Total	<u>7,408,946,000</u>	<u>61,044,000</u>	<u>57,000,000</u>	<u>7,526,990,000</u>

SUMMARY OF APPROPRIATIONS

CAPITAL PROJECTS NEW APPROPRIATIONS AND REAPPROPRIATIONS ALL FUNDS RECOMMENDED 2003-04 (dollars)

	Total Recommended Appropriations 2003-04	Total Recommended Reappropriations 2003-04	Capital Projects Fund	Capital Projects Fund Advances	Federal Capital Projects Fund	All Other Fund Types (a)	Total Capital Projects 2003-04
Agriculture and Markets, Department of	2,600,000	2,451,000	0	0	0	5,051,000	5,051,000
Children and Family Services Office of	20,030,000	67,693,000	55,192,000	0	0	32,531,000	87,723,000
City University of New York	1,056,500,000	530,060,000	0	0	0	1,586,560,000	1,586,560,000
Correctional Services, Department of	205,000,000	762,661,000	0	0	0	967,661,000	967,661,000
Education Department, State	3,750,000	85,033,000	0	0	0	88,783,000	88,783,000
Empire State Development Corporation	0	490,050,000	0	0	0	490,050,000	490,050,000
Energy Research and Development Authority, New York State	13,367,000	0	0	0	0	13,367,000	13,367,000
Environmental Conservation, Department of	505,154,000	3,598,935,000	106,884,000	11,384,000	0	3,985,821,000	4,104,089,000
Environmental Facilities Corporation	292,000	11,373,000	0	0	0	11,665,000	11,665,000
General Services, Office of	125,500,000	229,302,000	0	0	0	354,802,000	354,802,000
Health, Department of	76,600,000	243,696,000	0	0	0	320,296,000	320,296,000
Housing and Community Renewal, Division of	74,200,000	384,971,000	11,333,000	0	0	447,838,000	459,171,000
Hudson River Park Trust	16,000,000	69,656,000	0	0	0	85,656,000	85,656,000
Mental Health, Office of	215,482,000	555,105,000	0	0	0	770,587,000	770,587,000
Mental Retardation and Developmental Disabilities, Office of	90,081,000	165,689,000	0	0	0	255,770,000	255,770,000
Alcoholism and Substance Abuse Services, Office of	36,835,000	118,164,000	0	0	0	154,999,000	154,999,000
Metropolitan Transportation Authority	0	36,000,000	0	0	0	36,000,000	36,000,000
Military and Naval Affairs, Division of	40,600,000	22,800,000	0	0	0	63,400,000	63,400,000
Motor Vehicles, Department of	120,468,000	0	120,468,000	0	0	0	120,468,000
Parks, Recreation and Historic Preservation, Office of	43,305,000	97,665,000	88,763,000	0	0	52,207,000	140,970,000
Science, Technology and Academic Research, Office of	0	49,500,000	0	0	0	49,500,000	49,500,000
State Police, Division of	2,800,000	8,014,000	0	0	0	10,814,000	10,814,000
State University of New York	2,561,000,000	1,756,217,000	0	0	0	4,317,217,000	4,317,217,000
Temporary and Disability Assistance, Office of	30,000,000	141,736,000	0	0	0	171,736,000	171,736,000
Thruway Authority, New York State	2,000,000	1,631,000	3,631,000	0	0	0	3,631,000
Transportation, Department of	3,372,236,000	9,626,990,000	5,564,657,000	0	0	7,434,569,000	12,999,226,000
Economic Development Capital	0	1,200,000,000	0	0	0	1,200,000,000	1,200,000,000
Economic Development and Natural Resource Preservation	0	23,744,000	0	0	0	23,744,000	23,744,000
Homeland Security	12,500,000	23,500,000	0	0	0	36,000,000	36,000,000
Strategic Investment Program	0	172,319,000	0	0	0	172,319,000	172,319,000
World Trade Center	0	342,000,000	0	0	0	342,000,000	342,000,000
Judiciary	0	28,700,000	0	0	0	28,700,000	28,700,000
Total	8,626,300,000	20,845,655,000	5,950,928,000	11,384,000	0	23,509,643,000	29,471,955,000

(a) Includes Other Capital Projects Funds, Special Revenue Funds - Other, Fiduciary Funds, Enterprise Funds, and Bond Funds.

SUMMARY OF APPROPRIATIONS

**CAPITAL PROJECTS NEW APPROPRIATIONS
ALL FUNDS
RECOMMENDED 2003-04
(dollars)**

	Total Appropriated 2002-03	Capital Projects Funds	Special Revenue Funds	Fiduciary Funds	Total Recommended 2003-04	Change From 2002-03
Agriculture and Markets, Department of	2,600,000	2,600,000	0	0	2,600,000	0
Children and Family Services Office of	14,410,000	20,030,000	0	0	20,030,000	5,620,000
City University of New York	0	1,056,500,000	0	0	1,056,500,000	1,056,500,000
Correctional Services, Department of	225,000,000	205,000,000	0	0	205,000,000	(20,000,000)
Education Department, State	149,765,000	3,750,000	0	0	3,750,000	(146,015,000)
Empire State Development Corporation	14,300,000	0	0	0	0	(14,300,000)
Energy Research and Development Authority, New York State	13,367,000	13,367,000	0	0	13,367,000	0
Environmental Conservation, Department of	638,877,000	505,154,000	0	0	505,154,000	(133,723,000)
Environmental Facilities Corporation	292,000	292,000	0	0	292,000	0
General Services, Office of	194,500,000	125,500,000	0	0	125,500,000	(69,000,000)
Health, Department of	156,800,000	76,600,000	0	0	76,600,000	(80,200,000)
Housing and Community Renewal, Division of	74,200,000	74,200,000	0	0	74,200,000	0
Hudson River Park Trust	30,000,000	16,000,000	0	0	16,000,000	(14,000,000)
Mental Health, Office of	162,880,000	215,482,000	0	0	215,482,000	52,602,000
Mental Retardation and Developmental Disabilities, Office of	116,613,000	90,081,000	0	0	90,081,000	(26,532,000)
Alcoholism and Substance Abuse Services, Office of	31,020,000	36,835,000	0	0	36,835,000	5,815,000
Military and Naval Affairs, Division of	19,300,000	40,600,000	0	0	40,600,000	21,300,000
Motor Vehicles, Department of	14,788,000	120,468,000	0	0	120,468,000	105,680,000
Parks, Recreation and Historic Preservation, Office of	40,840,000	38,305,000	0	5,000,000	43,305,000	2,465,000
State Police, Division of	4,600,000	2,800,000	0	0	2,800,000	(1,800,000)
State University of New York	155,000,000	2,561,000,000	0	0	2,561,000,000	2,406,000,000
Temporary and Disability Assistance, Office of	30,000,000	30,000,000	0	0	30,000,000	0
Thruway Authority, New York State	2,000,000	2,000,000	0	0	2,000,000	0
Transportation, Department of	3,870,338,000	3,262,809,000	59,427,000	50,000,000	3,372,236,000	(498,102,000)
Economic Development Capital	1,200,000,000	0	0	0	0	(1,200,000,000)
Homeland Security	23,500,000	12,500,000	0	0	12,500,000	(11,000,000)
World Trade Center	342,000,000	0	0	0	0	(342,000,000)
Total	7,526,990,000	8,511,873,000	59,427,000	55,000,000	8,626,300,000	1,099,310,000

PART V

USER'S GUIDE

USER'S GUIDE

The "User's Guide" provides an explanation of how to use the Executive Budget documents and where to find particular types of information. It also contains some short, nontechnical and "user-friendly" descriptions of State government and the budget process, a guide on how to read certain budget tables, and definitions of financial terms as included in these budget documents.

Government budget documents can be difficult to read. They contain many numbers and tend to involve technical terms and concepts. Even people with considerable government experience can be baffled by the numerous tables or find themselves uncertain about the meaning of specialized terms.

The User's Guide attempts to overcome this problem by providing simplified, nontechnical explanations and a description of how to use the budget documents. The User's Guide contains the following sections:

- The Executive Budget Documents
- The Structure of State Government
- The Budget Process
- Guide to the Tables
- Financial Terminology

THE EXECUTIVE BUDGET DOCUMENTS

The 2003-04 Executive Budget is presented in three volumes. The first volume includes the Budget Message, an overview that describes the fiscal and economic environment within which budget decisions were made, presents the major themes and initiatives contained in the budget, and provides a listing of the legislation necessary to implement the budget recommendations. This document also presents tables summarizing significant changes in agency spending.

This second volume (Appendix I) contains the more detailed agency budget presentations. These presentations generally follow a common format and provide information on the agencies' budgets, including operating, local aid and capital projects appropriations. This volume also contains presentations covering miscellaneous appropriations (including general state charges), State debt service and, as required by the Constitution, the requests of the Judiciary and the Legislature. Tables summarizing appropriations for all agencies can be found in Part IV immediately preceding this Guide.

A third volume (Appendix II) includes the State's Financial Plan Overview, the Five-Year Capital Program and Financing Plan, the detailed Explanation of Receipt Estimates, and the economic, revenue and expenditure assumptions that form the basis of the Financial Plan.

A statutorily-required Tax Expenditure Report, also part of the Budget documents, is published separately shortly after formal submission of the Budget.

It should be noted that this User's Guide describes only the "official" budget publications (the Executive Budget and the Executive Budget Appendix books). Other documents such as press releases and publicly released briefing materials may also be of help to those seeking to understand the budget. This information will be posted on the Division of the Budget's website as soon as it is available.

THE STRUCTURE OF STATE GOVERNMENT

The Executive Budget focuses on the programs and finances of State government. It should be kept in mind, however, that government in New York State also includes the governments of 62 counties (five of which are the five boroughs of New York City), 62 cities (including New York City), 932 towns and 554 villages. In addition, the State is divided into 702 school districts, including New York City.

Organizationally, the State follows the classic pattern of American government, with three independent branches. The legislative branch consists of a bicameral Legislature — a Senate of 62 members and an Assembly of 150 members. The judicial branch includes trial courts and appellate courts ranging from town and village courts to the State's highest court — the Court of Appeals. The Judiciary functions under a Unified Court System whose organization, administration and financing are prescribed by the State Constitution and the Unified Court Budget Act.

The executive branch of New York State government consists of 20 departments, the maximum number allowed under a constitutional ceiling. The limitation in the number of departments is traceable to the constitutional reforms of the mid-1920s which sought to make government more manageable by eliminating most of the independently elected executive officers and by inhibiting the creation of new departments. Although there have been several interim changes since the 1920s, in 1961 the maximum number of departments was set at 20, which at the present time are the following:

Agriculture and Markets	Health
Audit and Control	Insurance
Banking	Labor
Civil Service	Law
Correctional Services	Mental Hygiene
Economic Development	Motor Vehicles
Education	Public Service
Environmental Conservation	State
Executive	Taxation and Finance
Family Assistance	Transportation

To accommodate governmental functions added since the 1920s within the limits established by the Constitution, numerous agencies have been created within the Executive Department. At the time of the 1920s reorganization, this Department, headed by the Governor, consisted solely of such core functions as budgeting, central purchasing, State police, and military and naval affairs. However, over the years, as the State took on new responsibilities that did not fit logically into the framework of one of the other departments, the entities charged with providing those services became divisions or offices of the Executive Department.

New York grants its Governor a comparatively broad range of executive power. Only two officers, in addition to the Governor and Lieutenant Governor (who are elected on a joint ballot), are directly elected by the people of the State: the State Comptroller, who heads the Department of Audit and Control, and the Attorney General, who heads the Department of Law. With a handful of exceptions, the Governor appoints the heads of all other departments and agencies of the executive branch.

USER'S GUIDE

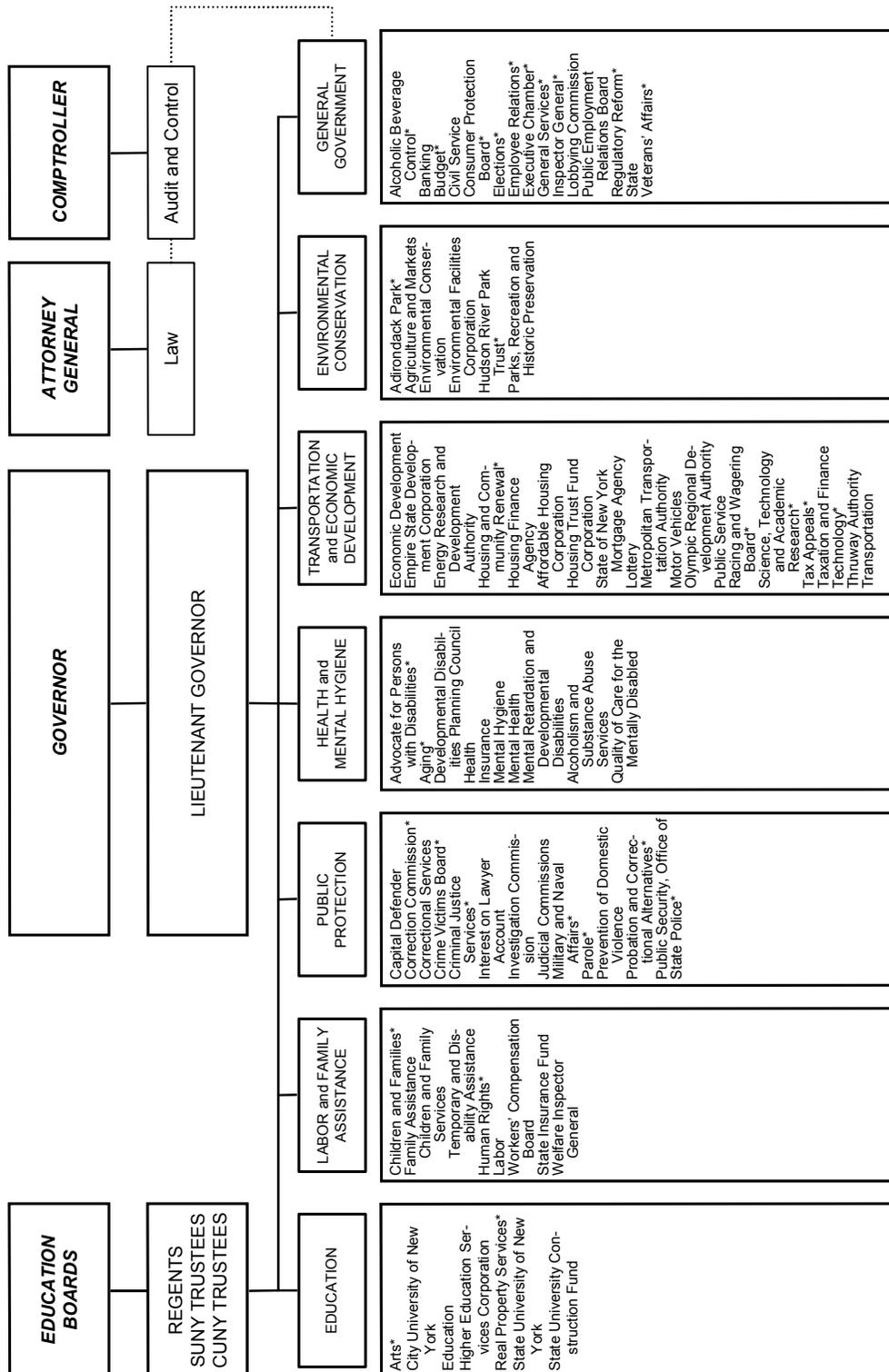
The exceptions include the Commissioner of the State Education Department, whose head is appointed by, and serves at the pleasure of, the State Board of Regents. The State University of New York (SUNY), although technically a corporate entity within the State Education Department, is headed by a Chancellor who is appointed by a Board of Trustees. Likewise, the City University of New York (CUNY) is headed by a Chancellor who is appointed by a Board of Trustees.

The departments and agencies whose heads report to the Governor are separate and distinct from one another. Conceptually, however, one may think of each department, board, commission, office or other entity as operating within the context of one of seven major functional areas.

An organization chart of the executive branch by functional areas is displayed on the following page. This chart depicts the current structure of the executive branch, and therefore does not reflect any reorganizations that are proposed in the Executive Budget. These are described elsewhere, particularly in the Agency Presentations section of this volume.

FUNCTIONAL DISTRIBUTION OF STATE AGENCIES IN THE EXECUTIVE BRANCH

January 1, 2003



* Indicates agencies within the Executive Department

THE BUDGET PROCESS

New York State's budget process is a prime example of an executive budget system. The Governor is required by the State Constitution to seek and coordinate requests from agencies of State government, develop a "complete" plan of proposed expenditures and the revenues available to support them (a "balanced budget"), and submit a budget to the Legislature along with the appropriation bills and other legislation required to carry out budgetary recommendations. The Governor is also required by the State Finance Law to manage the budget through administrative actions during the fiscal year.

The State's fiscal year begins April 1 and ends on March 31. However, the actual "budget cycle," representing the time between early budget preparation and last-minute disbursements, begins some nine months earlier and lasts approximately 27 months — until the expiration of the State Comptroller's authority to honor vouchers against the previous fiscal year's appropriations.

AGENCY BUDGET PREPARATION (JUNE–SEPTEMBER/OCTOBER)

Preparation of budget requests varies among agencies reflecting their size, complexity and internal practice. Typically, budget development begins at the program or subdepartmental level, with staff preparing individual program requests guided by the instructions set forth by the Division of the Budget in the Budget Request Manual. The head of the agency or its top fiscal officer may hold internal hearings at which program managers outline their budgetary needs.

Although agencies begin to analyze their budget needs as early as May or June, the formal budget cycle begins when the Budget Director issues a policy memorandum — the "call letter" — to agency heads. The call letter outlines, in general terms, the Governor's priorities for the coming year, alerts the agency heads to expected fiscal constraints and informs agencies of the schedule for submitting requests to the Division of the Budget. The call letter signals the official start of the budget process.

By early-mid fall, the final program package is assembled, reviewed for consistency with the call letter, and approved by the agency head.

DIVISION OF THE BUDGET REVIEW (SEPTEMBER/OCTOBER–DECEMBER)

In accordance with a schedule outlined in the call letter, agencies typically submit their budget requests to the Division of the Budget in the early fall, with copies provided to the legislative fiscal committees. Examination units within the Division then analyze the requests of agencies for which they have responsibility. Examiners may seek additional information from the agencies and may hold informal hearings or meetings with agency management to clarify agency requests and seek a more precise definition of agency priorities. By the end of October, examination units have also usually determined funding requirements to continue agency programs at current levels in the new year.

In November, the Budget Director conducts a series of constitutionally authorized "formal" budget hearings, giving agency heads an opportunity to present and discuss their budget requests and giving the staff of the Division of the Budget and the Governor's office an opportunity to raise critical questions on program, policy and priorities. As provided in the Constitution, representatives of the Legislature may participate in the hearings.

Pursuant to the State Finance Law and to help expedite the budget process, legislative and Executive staffs meet by November 15 to discuss the economic outlook, revenue forecasts, projected spending, the impact of State and Federal statutes, and any other relevant issues. Through late November, the Division's examiners transform agency requests into preliminary budget and personnel recommendations which are reviewed in detail with the Director. The staff also prepare the appropriation bills and any other legislation required to carry out these recommendations. Concurrently, the Division of the Budget's fiscal planning staff is reassessing economic projections, investigating possible changes in

the revenue structure, analyzing trends in Federal funding, and preparing the Financial Plan that describes and forecasts the State's fiscal condition. The Financial Plan is prepared both on a cash basis and according to generally accepted accounting principles (GAAP).

By early December, the Division of the Budget will normally have completed its preliminary recommendations on both revenues and expenditures, and presented them to the Governor and the Governor's staff. Budget staff then prepare the tables and the narrative (the "budget story") that accompany each agency budget, and the descriptions and forecasts of individual revenue sources.

THE GOVERNOR'S DECISIONS (NOVEMBER–JANUARY)

The Governor and Executive Chamber staff, who are also preparing the annual Message to the Legislature (the "State-of-the-State" message which the Governor presents to the Legislature when it convenes in January), are conversant with the budget throughout its development. The Governor is kept up-to-date on changing economic and revenue forecasts and confirms that Executive program priorities are accurately reflected in the budget. Based on the preliminary recommendations and the most current reading of the economic and fiscal environment, the final Executive Budget recommendations are formulated in a series of meetings between Division of the Budget staff and the Governor and his staff. These sessions focus on major fiscal and policy issues and may lead to significant revisions in agency budgets.

LEGISLATIVE ACTION (JANUARY–MARCH)

Typically, by mid-January or earlier — or, following a gubernatorial election year, by February 1 — the Governor submits the Executive Budget to the Legislature, along with the related appropriation, revenue and other budget bills. The State's Financial Plan and Five-Year Capital Program and Financing Plan are also submitted with the Executive Budget. Within 10 days, the Division of the Budget provides the Legislature with additional financial information supporting the Executive Budget. A three-year financial projection is submitted within 30 days following submission of the Executive Budget, although it can be submitted earlier and has accompanied the Executive Budget the last several years. The Executive Budget documents are available on the Division of the Budget's web site: <http://www.budget.state.ny.us/>.

The Legislature, primarily through its fiscal committees — Senate Finance and Assembly Ways and Means — analyzes the Executive spending proposals and revenue estimates, holds public hearings on major programs and seeks further information from the staffs of the Division of the Budget and other State agencies. Following that review, the Legislature acts on the appropriation bills submitted with the Executive Budget to reflect its decisions.

At times the Legislature has opted to use a Conference Committee process to organize its deliberations, set priorities and reach agreement on a Budget between the two houses. In addition, the State Finance Law requires that the Executive and Legislature convene a consensus economic and revenue forecasting conference and issue a consensus report on tax, lottery and miscellaneous receipts on or prior to March 10.

Regardless of the specific process, the two houses ultimately agree on spending and revenue recommendations which are reflected in amended versions of the Governor's proposed appropriation bills and related legislation, and then approved by both houses. These amended bills are available from the Senate and Assembly Document Rooms located in the Capitol and the Legislative Office Building, and on the Internet.

The appropriation bills, except for those items which were added by the Legislature and the appropriations for the Legislature and Judiciary, become law without further action by the Governor. The Governor must approve or disapprove all or parts of the appropriation bills covering the Legislature and Judiciary, and may use the line item veto to disapprove items added by the Legislature while approving the remainder of the bill. As provided in the

USER'S GUIDE

Constitution, the Legislature may override the Governor's veto by a vote of two-thirds of the members of each house. The passage of the appropriation bills provides a legal foundation for the disbursement of funds during the new fiscal year.

Upon passage of the appropriation bills, the Legislature must issue a summary of changes to the budget, and indicate how projected disbursements will be balanced by projected receipts. The Legislature must also issue a report describing appropriation changes and the effect of the enacted budget on State agency employment levels.

BUDGET EXECUTION (APRIL–MARCH)

At this point the budget process enters a new phase: budget execution. As a first step, the Division of the Budget approves "certificates of allocation" informing the State Comptroller that accounts may be established as specified in the certificates and that vouchers drawn against the accounts may be honored.

In addition, the Division of the Budget keeps a close watch throughout the year on the flow of revenue and the pattern of expenditures against its projections. This information is reflected in quarterly updates of the Financial Plan which are provided to the Legislature as required by law in April (or as soon as practicable after budget enactment), July, October and with the Executive Budget for the ensuing year (usually January). The Debt Reform Act of 2000 requires the Governor to report on the State's compliance with statutory caps placed on new debt issued after March 31, 2000; the State annually reports these findings in the Financial Plan Update proximate to October 31. These updates serve as the basis of financial management during the fiscal year, and may alert both the Governor and the Legislature to potential problems in maintaining budget balance as the State fiscal year unfolds.

A GUIDE TO THE TABLES

One of the most daunting features of any budget document is the array of tables that accompanies each narrative. What does each table include? What is a “category”? Is it the same as a “program”? What are “all funds”? How do the tables account for transactions that have occurred during the current fiscal year and that may have changed the basis for year-to-year comparisons?

At first glance, the tables may appear to differ widely in appearance and content from one agency budget to another. Some agencies will have a limited number of programs, receive funding in only one category of appropriation — say, State Operations — and have no capital construction projects. Others may receive funding in all categories and many fund types, have a complex set of programs, and reflect numerous current-year adjustments. A closer look will reveal that the agency presentations use a uniform set of tables in an identical sequence. It should be noted, however, that some agencies may not require one or more of the set. For example, the capital projects table will not be included for an agency that has no construction program.

All or most of the following tables accompany each agency presentation. Although the titles of the tables are identical to those that appear in the agency presentations, the tables in the presentations are not numbered. The numbers of the tables (e.g., I, II,...X) have been included in this guide for ease of reference only.

- I. ALL FUNDS — APPROPRIATIONS**
- II. ALL FUND TYPES — PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM — FILLED ANNUAL SALARIED POSITIONS**
- III. STATE OPERATIONS — ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE — APPROPRIATIONS**
- IV. STATE OPERATIONS — ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM — APPROPRIATIONS**
- V. STATE OPERATIONS - GENERAL FUND — SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES — 2003-04 RECOMMENDED**
- VI. STATE OPERATIONS - GENERAL FUND — SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES — 2003-04 RECOMMENDED**
- VII. STATE OPERATIONS - OTHER THAN GENERAL FUND — SUMMARY OF APPROPRIATIONS AND CHANGES — 2003-04 RECOMMENDED**
- VIII. AID TO LOCALITIES — ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE — APPROPRIATIONS**
- IX. AID TO LOCALITIES — ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM — APPROPRIATIONS**
- X. CAPITAL PROJECTS — ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM — APPROPRIATIONS**

USER'S GUIDE

I. ALL FUNDS — APPROPRIATIONS

This table shows, by category, the total recommended appropriations for the next fiscal year and the appropriations available for the current fiscal year for all funds. It also shows the total of current year and prior year appropriations which have been recommended for reappropriation for all funds.

ALL FUNDS ¹				
APPROPRIATIONS				
(dollars)				
² Category	³ Available 2002-03	⁴ Appropriations Recommended 2003-04	⁵ Change	⁶ Reappropriations Recommended 2003-04
State Operations	56,951,450	58,533,100	1,581,650	9,744,500
Aid To Localities	7,405,000	7,150,000	(255,000)	207,285,000
Capital Projects	9,725,000	9,725,000	0	16,230,000
Total	<u>74,081,450</u>	<u>75,408,100</u>	<u>1,326,650</u>	<u>233,259,500</u>

- ¹ "All Funds" captures spending from all of the State's various revenue sources, including taxes, fees, fines, Federal grants, bond proceeds, lottery proceeds, and other miscellaneous receipts. This concept includes the four fund types which comprise the Governmental Funds Financial Plan: the General Fund (the repository for the majority of State-imposed taxes and fees), Special Revenue funds (including funds earmarked for specific purposes like lottery proceeds, fishing licenses, or Federal grants), Capital Projects funds and Debt Service* funds. Another three fund types — Internal Service funds, Enterprise funds and Fiduciary funds — are included as well.
- ² There are four major categories of spending: State Operations, Aid to Localities, Capital Projects and Debt Service.
- ³ This column displays the appropriations available for the current fiscal year. Adjustments, such as the recommended transfer of a program or an item to another fund or agency for the next fiscal year, are included to provide for year-to-year comparability.
- ⁴ This column displays the appropriations recommended for the next fiscal year. As explained in the "Financial Terminology" section of this Guide, appropriations represent an authorization to incur spending obligations during the fiscal year, up to the specified amount. Cash payments for those obligations may occur during the fiscal year of the appropriation, or during the first part of the ensuing fiscal year.
- ⁵ This column displays the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses.
- ⁶ A reappropriation is a prior-year or current-year appropriation which will not be fully spent by the end of the current fiscal year and which has been recommended for extension.

* While funds typed as Debt Service may be included, any appropriations made specifically in the Debt Service category of spending are not incorporated into this table. For more information about State Debt Service, please refer to Part II.

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

The Projected Levels of Employment by Program table for filled, annual salaried positions is presented on a Full-Time Equivalent (FTE) basis. The table provides a point-in-time projection of filled, full-time, annual salaried positions.

In understanding the definition of FTE, it is important to note that the FTE is a unit of measure which identifies filled, full-time, annual salaried positions rather than people. The following three examples illustrate this concept:

- 1 person serving in 1 position at 100 percent time (full-time) = **1 FTE**
- 2 people sharing 1 position, each at 50 percent time (half-time) = .5 FTE + .5 FTE = **1 FTE**
- 2 people serving in 2 positions, each at 50 percent time (half-time) = .5 FTE + .5 FTE = **1 FTE**

In total, the above three examples indicate that 5 people are employed within State service, but since 4 people work half-time, only 3 FTE's are counted.

FTE's supported by funds derived from some external source (i.e., suballocations) are included within agency program fund type totals.

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

[1] Program	Full-Time Equivalent Positions (FTE)		[4] FTE Change
	[2] 2002-03 Estimated FTEs 03/31/03	[3] 2003-04 Estimated FTEs 03/31/04	
	Administration		
General Fund	62	62	0
Emergency Management			
General Fund	19	19	0
Special Revenue Funds - Federal	63	63	0
Special Revenue Funds - Other	23	22	(1)
Military Readiness			
General Fund	178	169	(9)
Special Revenue Funds - Federal	255	255	0
Special Service			
Special Revenue Funds - Federal	43	43	0
Special Revenue Funds - Other	10	11	1
Total	653	644	(9)

- [1] Each agency has a program structure which is described in its narrative presentation. Each of the agency's activities falls within a program, and each program that contains FTE's may have appropriations from one or more fund types.
- [2] This column displays an estimate of FTE's on March 31, 2003 (i.e., the last day of the current fiscal year).
- [3] This column displays an estimate of FTE's on March 31, 2004 (i.e., the last day of the next fiscal year).
- [4] This column displays the difference between the FTE's in the current fiscal year and FTE's recommended for the next fiscal year, with negative amounts displayed in parentheses.

USER'S GUIDE

The next five tables apply to the State Operations category. Each agency which has appropriations in this category will have some or all of these tables in its presentation.

III. STATE OPERATIONS — ALL FUNDS REQUIREMENTS BY FUND TYPE — APPROPRIATIONS

This table shows the distribution of all appropriations within the State Operations category by fund type and shows a year-to-year comparison of the amounts available in the current fiscal year and those recommended for the next fiscal year. See the next table for a distribution by program.

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS

[1] Fund Type	[2] Available 2002-03	[3] Recommended 2003-04	[4] Change
General Fund	13,488,050	14,429,400	941,350
Special Revenue Funds - Federal [5]	31,515,000	32,812,300	1,297,300
Special Revenue Funds - Other	11,396,400	10,719,400	(677,000)
Fiduciary Funds	552,000	572,000	20,000
Total	56,951,450	58,533,100	1,581,650
Adjustments: [6]			
Transfer(s) From			
Special Pay Bill			
General Fund	(1,219,000)		
Special Revenue Funds - Federal	(1,308,000)		
Special Revenue Funds - Other	(202,000)		
Appropriated 2002-03	54,222,450		

[1] The State Finance Law defines and mandates the use of seven fund types. Of these, the fund types typically found in the State Operations category are General, Special Revenue, Enterprise, Internal Service and Fiduciary.

[2] This column displays the appropriations available for the current fiscal year.

[3] This column displays the appropriations recommended for the next fiscal year.

[4] This column displays the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses.

[5] Because of the difference between the State's fiscal year (April 1 through March 31) and the Federal fiscal year (October 1 through September 30), appropriations of most Federal grants generally include spending from portions of two Federal fiscal years. The amounts discussed throughout the Executive Budget represent the totals of spending from different grants that are expected to occur during the State fiscal year.

[6] Adjustments in the amounts available for the current year may occur for a number of reasons. As discussed below, they may anticipate changes that are being recommended in the budget for the new fiscal year or reflect transactions occurring during the course of the current year:

- Most commonly, the adjustment is included to make the amounts available in the current fiscal year more comparable to those recommended for the next fiscal year. For example, if the Executive Budget is recommending that an item which has been appropriated in the current year's budget as a State Operations item be included as an Aid to Localities item in the next fiscal year, the dollar amount of the item would be

- deducted from the amount available in the current year for State Operations to achieve year-to-year comparability. A similar amount would be added to the amount available this year for Aid to Localities.
- In other cases, including the example shown in the table above, the amount shown reflects an adjustment that has actually taken place during the current year. In the example, amounts were transferred to this agency from an appropriation made to “All State Departments and Agencies” which is included among the Miscellaneous appropriations elsewhere in the Executive Budget. During budget execution, such Miscellaneous All State Department and Agency appropriations (e.g., to fund a salary increase or some other across-the-board adjustment) are divided and transferred to the appropriations of individual agencies to be expended (see the explanation of “lump sum appropriations” included in the “Financial Terminology” section). The adjustments made in this case enable the reader to compare the amount actually available to the agency under this category during the current fiscal year with that appropriated by the Legislature for the year.

USER'S GUIDE

IV. STATE OPERATIONS — ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM — APPROPRIATIONS

This table shows the amounts available for State Operations for the current fiscal year and those that have been recommended for the next fiscal year by program and, within each program, by fund type.

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)			
1	2	3	4
Program	Available 2002-03	Recommended 2003-04	Change
Administration			
General Fund	3,394,000	3,424,500	30,500
Disaster Assistance			
Special Revenue Funds - Federal	1,456,600	1,680,400	223,800
Emergency Management			
General Fund	1,032,700	1,267,400	234,700
Special Revenue Funds - Federal	7,370,800	7,563,300	192,500
Special Revenue Funds - Other	2,024,300	1,881,400	(142,900)
Military Readiness			
General Fund	9,061,350	8,990,000	(71,350)
Special Revenue Funds - Federal	20,110,500	20,832,800	722,300
Special Service			
General Fund	0	747,500	747,500
Special Revenue Funds - Federal	2,577,100	2,735,800	158,700
Special Revenue Funds - Other	9,372,100	8,838,000	(534,100)
Fiduciary Funds	552,000	572,000	20,000
Total	56,951,450	58,533,100	1,581,650

- 1 Each agency has a program structure which is described in its narrative presentation. Each of the agency's activities falls within a program, and each program may have appropriations from one or more fund types.
- 2 This column displays the appropriations available for the current fiscal year.
- 3 This column displays the appropriations recommended for the next fiscal year.
- 4 This column displays the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses.

V. STATE OPERATIONS - GENERAL FUND — SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES — 2003-04 RECOMMENDED

Personal service is one of the four “major objects” of expenditure in use in New York State budgeting. This table shows the amounts recommended for personal service for each program supported from the General Fund. As discussed in the notes for this table, there are “subobjects” within personal service. The remaining three major objects are discussed in the tables that follow.

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

1 Program	2 Total		3 Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,079,100	20,100	3,062,600	18,600
Emergency Management	998,900	122,100	987,900	121,100
Military Readiness	7,045,300	(409,000)	6,580,600	(521,700)
Special Service	520,500	520,500	520,500	520,500
Total	11,643,800	253,700	11,151,600	138,500

Program	4 Temporary Service (Nonannual Salaried)		5 Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	16,500	1,500
Emergency Management	0	0	11,000	1,000
Military Readiness	187,900	(64,100)	276,800	176,800
Special Service	0	0	0	0
Total	187,900	(64,100)	304,300	179,300

- 1** Each agency has a program structure which is described in its narrative presentation.
- 2** The Total columns display the sum of the amounts recommended for the “subobjects” Personal Service Regular (Annual Salaried), Temporary Service (Nonannual Salaried), and Holiday/Overtime Pay (Annual Salaried). Total Personal Service includes funding for annual-salaried personnel (see table II.) and nonannual-salaried personal service costs, and may include adjustments to account for savings expected to result from vacancies occurring throughout the year.
- 3** The Personal Service Regular columns display the amounts recommended for the “subobject” Personal Service Regular (Annual Salaried) and the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses. The bulk of the State’s permanent work force is funded through Personal Service Regular and is generally paid on the basis of an annual salary.
- 4** Similar to **3** above, these columns display the recommended and change amounts for the “subobject” Temporary Service. Temporary Service authorizes pay for employees hired on a seasonal or short-term basis who are generally paid according to an hourly wage scale, including amounts to cover holiday/overtime pay for such nonannual salaried employees.
- 5** Similar to **3** above, these columns display the recommended and change amounts for the “subobject” Holiday/Overtime Pay. Holiday/Overtime Pay includes compensation for annual salaried employees eligible to receive additional payment for work performed on holidays or beyond normal duty hours. Eligibility for such payment is established by Civil Service Rules and Regulations and by contracts resulting from collective bargaining with

USER'S GUIDE

employee organizations. The provisions of both the Civil Service Rules and Regulations and contracts with employee organizations must meet the standards set forth in the Federal Fair Labor Standards Act which governs State overtime policies.

**VI. STATE OPERATIONS - GENERAL FUND — SUMMARY OF
NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES — 2003-04 RECOMMENDED**

Nonpersonal service is one of the four “major objects” of expenditure in use in New York State budgeting. This table shows the amounts recommended for nonpersonal service for each program supported from the General Fund. As discussed in the notes for this table, there are “subobjects” within nonpersonal service.

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

1 Program	2 Total		3 Supplies and Materials	
	Amount	Change	Amount	Change
Administration	345,400	10,400	46,400	1,400
Emergency Management	268,500	112,600	32,300	2,300
Military Readiness	1,944,700	337,650	171,400	4,600
Special Service	227,000	227,000	109,000	109,000
Total	2,785,600	687,650	359,100	117,300

4 Program	4 Travel		5 Contractual Services	
	Amount	Change	Amount	Change
Administration	20,600	600	268,100	8,100
Emergency Management	26,500	600	107,700	7,700
Military Readiness	53,000	1,400	1,257,200	331,050
Special Service	12,000	12,000	90,000	90,000
Total	112,100	14,600	1,723,000	436,850

6 Program	6 Equipment		7 Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	10,300	300	0	0
Emergency Management	102,000	102,000	0	0
Military Readiness	23,100	600	440,000	0
Special Service	16,000	16,000	0	0
Total	151,400	118,900	440,000	0

- 1** Each agency has a program structure which is described in its narrative presentation.
- 2** The Total columns display the sum of the amounts recommended for the “subobjects” Supplies and Materials, Travel, Contractual Services, Equipment and Maintenance Undistributed and the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses.
- 3** The Supplies and Materials columns display the amounts recommended for the “subobject” Supplies and Materials and the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses. Supplies and Materials includes items such as institutional food, clothing, household supplies and office supplies. The mix of items purchased will, of course, vary widely from agency to agency and program to program.
- 4** Similar to **3** above, these columns display the recommended and change amounts for the “subobject” Travel. Travel includes items such as public transportation, meals and lodging, reimbursement for the use of personal cars, and the costs associated with the operation and maintenance of State-owned cars.

USER'S GUIDE

- 5 Similar to 3 above, these columns display the recommended and change amounts for the “subobject” Contractual Services. Contractual services includes the payment of leases, the rental of data processing and other equipment, and a variety of services provided to the State on an occasional or regular basis by outside vendors. Some examples are printing, accounting, legal, consulting and medical services.
- 6 Similar to 3 above, these columns display the recommended and change amounts for the “subobject” Equipment. Equipment includes items such as vehicles, office machines and furniture, and highway equipment.
- 7 These columns display the recommended and change amounts for Maintenance Undistributed. Maintenance Undistributed is not a subobject within Nonpersonal Service. It contains one or more lump sum appropriations for specific purposes or programs; as appropriated, it does not distinguish between major objects or subobjects. Under the State Finance Law, before an agency can use these funds, a segregation (“certificate”) must be issued by the Director of the Budget to specify the amounts available from the lump sum for major objects (Personal Service, Nonpersonal Service) and for various subobjects (e.g., personal service regular, travel, equipment). Copies of the certificate are filed with the Comptroller and the legislative fiscal committees.

VII. STATE OPERATIONS - OTHER THAN GENERAL FUND — SUMMARY OF APPROPRIATIONS AND CHANGES — 2003-04 RECOMMENDED

This table shows the amounts recommended to support State Operations from funds other than the General Fund. It shows amounts recommended by program for the “major objects” Personal Service and Nonpersonal Service and amounts recommended for Maintenance Undistributed. This table does not show separate amounts for “subobjects” within Personal Service and Nonpersonal Service. For more information about Maintenance Undistributed, see table VI., note 7.

Other-than-General Fund recommendations include Federal funds; Internal Service funds, such as the Centralized Services Fund through which individual agencies purchase telecommunications and other support services from the Office of General Services; Special Revenue funds, such as the Miscellaneous Special Revenue Fund; Debt Service funds (budgeted centrally, not within agency appropriations, in most cases); Fiduciary funds, such as the Common Retirement Fund; and Enterprise funds.

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED**

1 Program	2 Total		3 Personal Service	
	Amount	Change	Amount	Change
Disaster Assistance	1,680,400	223,800	934,000	106,500
Emergency Management	9,444,700	49,600	3,992,600	54,400
Military Readiness	20,832,800	722,300	10,090,000	(143,300)
Special Service	12,145,800	(355,400)	2,651,500	(274,000)
Total	44,103,700	640,300	17,668,100	(256,400)

Program	3 Nonpersonal Service		3 Maintenance Undistributed	
	Amount	Change	Amount	Change
Disaster Assistance	746,400	117,300	0	0
Emergency Management	5,452,100	(4,800)	0	0
Military Readiness	10,742,800	865,600	0	0
Special Service	5,816,300	(81,400)	3,678,000	0
Total	22,757,600	896,700	3,678,000	0

1 Each agency has a program structure which is described in its narrative presentation.

2 The Total columns display the sum of the amounts recommended for personal service, nonpersonal service and maintenance undistributed and the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses.

3 The Personal Service, Nonpersonal Service, and Maintenance Undistributed columns display the amounts recommended for each item within a program and the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses.

USER'S GUIDE

The next two tables apply to the Aid to Localities category. Each agency which has appropriations in this category will have these two tables in its presentation.

VIII. AID TO LOCALITIES — ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE — APPROPRIATIONS

This table shows the distribution of all appropriations for this agency within the Aid to Localities category by fund type and shows a year-to-year comparison of the amounts available in the current year with those recommended for the next fiscal year. See the next table for a distribution by program.

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)			
[1] Fund Type	[2] Available 2002-03	[3] Recommended 2003-04	[4] Change
General Fund	255,000	0	(255,000)
Special Revenue Funds - Federal [5]	5,500,000	5,500,000	0
Special Revenue Funds - Other	1,650,000	1,650,000	0
Total	7,405,000	7,150,000	(255,000)
Adjustments: [6]			
Transfer(s) To			
Health, Department of			
General Fund (State Operations)	100,000		
Appropriated 2002-03	7,505,000		

- [1] The State Finance Law defines and mandates the use of seven fund types. Of these, the fund types typically found in the Aid to Localities category are General, Special Revenue, Enterprise, Internal Service and Fiduciary.
- [2] This column displays the appropriations available for the current fiscal year.
- [3] This column displays the appropriations recommended for the next fiscal year.
- [4] This column displays the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses.
- [5] Because of the difference between the State's fiscal year (April 1 through March 31) and the Federal fiscal year (October 1 through September 30), appropriations of most Federal grants generally include spending from portions of two Federal fiscal years. The amounts discussed throughout the Executive Budget represent the totals of spending from different grants that are expected to occur during the State fiscal year.
- [6] Adjustments in the amounts available for the current year may occur for a number of reasons. For more information, please refer to table III. note [6].

IX. AID TO LOCALITIES — ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM — APPROPRIATIONS

This table shows the amounts available for Aid to Localities for the current fiscal year and those that have been recommended for the next fiscal year by program and, within each program, by fund type.

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)			
1 Program	2 Available 2002-03	3 Recommended 2003-04	4 Change
Emergency Management			
Special Revenue Funds - Federal	5,500,000	5,500,000	0
Special Revenue Funds - Other	1,650,000	1,650,000	0
Community Projects			
General Fund	255,000	0	(255,000)
Total	7,405,000	7,150,000	(255,000)

- 1 Each agency has a program structure which is described in its narrative presentation. Each of the agency's activities falls within a program, and each program may have appropriations from one or more fund types.
- 2 This column displays the appropriations available for the current fiscal year.
- 3 This column displays the appropriations recommended for the next fiscal year.
- 4 This column displays the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses.

USER'S GUIDE

The next table applies to the Capital Projects category. Each agency which has appropriations in this category will have this table in its presentation.

X. CAPITAL PROJECTS — ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM — APPROPRIATIONS

This table shows the amounts that are available for Capital Projects for the current fiscal year and those that have been recommended for the next fiscal year by Comprehensive Construction Program and, within each program, by fund type. It also shows recommended reappropriations for the next fiscal year.

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS				
(dollars)				
[1] Comprehensive Construction Program	[2] Available 2002-03	[3] Recommended 2003-04	[4] Change	[5] Reappropriations 2003-04
Design and Construction Supervision				
Capital Projects Fund	1,750,000	1,000,000	(750,000)	3,500,000
Federal Capital Projects Fund	275,000	275,000	0	630,000
Maintenance and Improvement of Existing Facilities				
Capital Projects Fund	4,550,000	5,300,000	750,000	4,800,000
Federal Capital Projects Fund	3,150,000	3,150,000	0	7,300,000
Total	9,725,000	9,725,000	0	16,230,000

[1] Programs in the Capital Projects category are known as Comprehensive Construction Programs (CCP). The program titles in the Capital Projects category usually differ from the program titles used in the State Operations and Aid to Localities categories. Some CCP's represent broad categories, such as Design and Construction Supervision, while others may correspond to specific agency programs.

[2] This column displays the appropriations available for the current fiscal year.

[3] This column displays the appropriations recommended for the next fiscal year.

[4] This column displays the difference between the appropriations available in the current fiscal year and the amounts recommended for the next fiscal year, with negative amounts displayed in parentheses.

[5] This column displays the reappropriations recommended for the next fiscal year. Reappropriations are recommended to continue the authorization to spend all or part of undisbursed balances from appropriations that would otherwise lapse. Reappropriations are used extensively in the Capital Projects category because construction or major rehabilitation projects usually require more than one fiscal year from their inception to completion.

FINANCIAL TERMINOLOGY

This section provides a comprehensive overview of financial terms used throughout the Executive Budget and in other financial and budgetary documents. Many of the terms are generic; others reflect definitions set forth in New York State law, regulations issued by State financial control agencies, or historical usage in State government. The terms have been grouped under 9 major headings:

1. Budgets
2. Financial Plan
3. Fund Structure
4. Appropriations and Expenditures
5. Budget Execution and Control
6. Generally Accepted Accounting Principles (GAAP)
7. Accountability, Audit and Internal Controls
8. Debt and Capital Financing
9. Other Miscellaneous Terms

1. BUDGETS

Executive Budget refers to the structure and process of the constitutional system of budgeting in New York State which vests in the Governor primary authority and responsibility for budget formulation, presentation and execution. More specifically, it refers to the Governor's constitutionally mandated annual submission to the Legislature containing his plan of recommended **appropriations, expenditures** and **cash disbursements** (see below) necessary to carry out programs, along with estimates of **revenues** and **cash receipts** (see below) expected to be available to support these expenditures and disbursements for the forthcoming **fiscal year** (see below). The State Constitution requires explicit recommendations for making changes to the current revenue structure and legislation to implement such recommendations (see **Financial Plan** below).

Pursuant to the Constitution, the Governor's Executive Budget must incorporate the appropriations requests of the Judiciary and the Legislature as they are received from these bodies, although they are not part of the executive branch of State government. While the Governor may not alter their requests, the Governor may comment on them and recommend changes.

The Constitution requires submission of the Budget on or before the third Tuesday after the first Monday in January, except in years following gubernatorial elections when it must be submitted by February 1.

Amendments to the Budget: The State Constitution permits the Governor to amend or supplement the Executive Budget within 30 calendar days after its submission or, with the consent of the Legislature, at any time before the close of the legislative session. Such revisions, additions or deletions, conveyed to the heads of the fiscal committees in a memorandum, reflect necessary corrections or responses to new situations or conditions arising after the preparation of the Executive Budget.

Legislative action on the Executive Budget: The Legislature and its fiscal committees — Senate Finance and Assembly Ways and Means — analyze the budget, holding public hearings on major programs and seeking further information from the staffs of the Division of the Budget and other State agencies. Except for the budgets of the Legislature and the Judiciary, the Legislature may not alter an appropriation bill except to eliminate or reduce the amount of an item recommended therein. It may, however, add items separate and distinct from those included in the original bill submitted by the Governor.

The appropriations passed by the Legislature, except for those which added items or provided funds for the Legislature and Judiciary, become law without further action by the Governor. The Governor must approve or disapprove all or parts of the appropriation bills covering the Legislature and Judiciary and may disapprove, by line item veto, items added to

USER'S GUIDE

his original bills. As provided in the Constitution, the Legislature may override the Governor's veto by a vote of two-thirds of those elected to each house.

Other Appropriation Measures: An appropriation bill may also be submitted through the regular legislative process (i.e., it may be introduced by one or more legislators or by a legislative committee). However, the Legislature must act upon the Governor's constitutionally mandated appropriation bills before it acts on any other appropriation bills (unless the Governor certifies the need for immediate passage of another appropriation bill, pursuant to the Governor's constitutional authority to issue a "Message of Necessity"). Appropriation measures initiated by the Legislature are subject to veto in whole or in part by the Governor.

Fiscal Years: A fiscal year is the accounting period on which a budget is based. The State fiscal year runs from April 1 through March 31. The Federal fiscal year runs from October 1 through September 30. The fiscal year for all New York counties and towns and for most cities is the calendar year. New York City, the State University of New York, the City University of New York, and independent school districts in the State operate on July 1 through June 30 fiscal years. For most villages, the fiscal year runs from June 1 through May 31. Other cities and villages in New York State have varying fiscal years (see the State Comptroller's annual *Special Report on Municipal Affairs*).

2. FINANCIAL PLAN

A financial plan is a comprehensive outline of a government's financial resources and spending requirements.

State laws and appropriation bills together provide the necessary legal framework for the State to collect money and spend it on the operations of State agencies, aid to local governments and school districts, and for capital projects and debt service. However, the tax laws do not contain estimates of how much income the State will generate from each levy — these amounts must be estimated. Similarly, estimates must be made of spending, based on an evaluation of each State program and its attendant costs and eligibility requirements. Together these projections of income and spending constitute the Financial Plan.

The Budget Director is designated by law to act on specific matters on behalf of the Governor in exercising the Governor's constitutionally prescribed responsibilities. The Division of the Budget, headed by the Budget Director, prepares a Financial Plan for each fiscal year. The Financial Plan presented with the budget reflects the receipts and disbursements that would result from legislative adoption of the Executive Budget recommendations. A revised Financial Plan must be submitted as soon as practicable after the Executive Budget, as amended, is enacted. This plan becomes the basis for administration of the State's finances and must be updated quarterly.

The Financial Plan includes results for one or more funds that are managed by the State, displayed on a cash or GAAP basis, and projects closing balances at the completion of a fiscal period (e.g., a fiscal year). See Section 6 below for a discussion of GAAP and cash-based accounting.

3. FUND STRUCTURE

Governmental Funds

- a) **General Fund:** This is the major operating fund of the State. It receives all State income not earmarked for a particular program or activity and not specified by law to be deposited in another fund. State income for financial plan purposes consists of moneys deposited to the credit of the General Fund during the fiscal year from current revenues (taxes, fees, and miscellaneous receipts including certain repayments of State advances) and transfers. General Fund income finances disbursements from its two operating accounts — the Local Assistance Account and the State Purposes Account — and transfers to other funds.

The **Local Assistance Account** finances:

- State grants to, or State expenditures on behalf of, counties, cities, towns, villages, school districts and other local entities;
- certain contractual payments to localities;
- certain advances for reimbursable costs (see **advances**, below); and
- certain financial assistance to, or on behalf of, individuals and not-for-profit organizations.

The **State Purposes Account** finances:

- salaries and non-wage compensation for most State employees;
- other operating costs of State departments and agencies, the Legislature and the Judiciary;
- general state charges, which are costs mandated by statute or court decree or by agreements negotiated with employee unions for which the State is liable, including: pensions; health, dental and optical benefits; Social Security payments on behalf of State employees; unemployment insurance benefits; employee benefit programs; court judgments and settlements; assessments for local improvements; and taxes on public lands;
- certain contractual payments, including some contractual payments to localities and State lease-purchase payments for **certificates of participation** (see below);
- certain financial assistance to individuals and not-for-profit organizations;
- certain advances for reimbursable costs; and
- interest payments on **tax and revenue anticipation notes (TRANS)**, **bond anticipation notes (BANs)** and BANs issued in the form of commercial paper, if such short-term debt instruments are used by the State.

In addition to the above accounts, the General Fund includes the following funds:

- **Tax Stabilization Reserve Fund (TSRF)**: This fund receives any General Fund cash surpluses existing at year-end up to a maximum contribution of two-tenths of one percent of total General Fund disbursements. The reserve fund cannot exceed 2 percent of General Fund disbursements for the fiscal year. Any General Fund surplus after the reserve contribution may be used for State tax reduction or may be carried over into the succeeding fiscal year. In the event of a deficit in the General Fund at the close of the fiscal year, a loan may be made from the TSRF to the extent of the deficit or the funds available in the TSRF, whichever is lower, provided such loans will be repaid in three equal annual installments within a period of six years from the date the loan was made. Cash assets of the TSRF can be loaned to the Local Assistance Account or the State Purposes Account during the fiscal year, but must be repaid in cash by March 31 of any fiscal year.
- **Contingency Reserve Fund**: This fund was created in legislation accompanying the 1993-94 budget to provide a reserve to fund extraordinary needs arising from litigation actions against the State. Use of this fund is restricted to litigation cases of \$25 million or more, and requires an appropriation to authorize spending
- **Community Projects Fund**: This fund was created in legislation accompanying the 1996-97 Budget to provide a fund to track various community projects.
- **Fringe Benefit Escrow Fund**: This fund was reclassified by the State Comptroller in April 2001 from the Agency Fund group to the General Fund. It contains payments by State agencies of certain fringe benefit costs chargeable to other entities.

The General Fund, as reported by the State Comptroller in his annual GAAP financial statements, also includes the revenues and expenditures of funds budgeted as Internal Service Funds and Enterprise Funds and of certain Special Revenue Funds (see below).

- b) Special Revenue Funds**: These funds are collectively the largest group of funds within the State in both size and number. They account for State receipts from specific revenue sources and are legally restricted to disbursement for specified purposes. This governmental fund type is divided into two classifications in New York State — **Special Revenue Funds-Other** and **Special Revenue Funds-Federal**. An example of a

USER'S GUIDE

Special Revenue Fund-Other is the Conservation Fund, which finances a number of State environmental programs. An example of a Special Revenue Fund-Federal is the Health and Human Services Fund where, for instance, Federal Medicaid reimbursements are received and disbursed. Although any earmarked revenue fund is treated as a Special Revenue Fund-Other for cash-basis budgeting and reporting purposes, it is combined with the General Fund for purposes of reporting on the basis of GAAP.

- c) **Capital Projects Funds:** These funds finance such capital construction costs as:
- planning, land acquisition, design, construction, construction management and supervision, and equipment costs attributable to: highway, parkway and rail preservation projects; outdoor recreation and environmental conservation projects; and buildings and other capital facilities required by various State departments and agencies;
 - aid payments to local governmental units and public authorities to help finance the following types of capital programs: highway, parkway, bridge, mass transportation, aviation, economic development, port development, community college, community and State mental health, outdoor recreation, State-assisted housing and environmental quality; and
 - advances for capital construction costs reimbursable by public authorities, instrumentalities of the State, the Federal government or local governments.

Sources of revenue for this fund type include transfers from other State funds including the General Fund, dedicated taxes and other revenues, reimbursement of advances, bond proceeds, and Federal capital grants.

- d) **Debt Service Funds:** All tax-financed State debt service on long-term debt and payments on certain lease-purchase or other contractual obligations are paid from debt service funds. These account for the accumulation of money for, and the payment of principal and interest on, general long-term debt and certificates of participation. Lease-purchase payments for State University, Health and Mental Hygiene facilities under contractual agreements with public authorities are also paid from funds classified as debt service funds. Debt service on highway bonds supported by dedicated highway revenues is also reflected in this fund type. Sources of revenue for this fund type include transfers from the General Fund, dedicated taxes and other revenues.

Proprietary Funds

- a) **Internal Service Funds:** These funds are used to account for the financing of goods or services supplied by one State agency to other State agencies or governmental units on a cost reimbursement basis.
- b) **Enterprise Funds:** These funds are used to account for operations that operate similarly to private business enterprises.

The Internal Service Funds and Enterprise Funds are treated as Proprietary Funds for cash-basis budgeting and reporting purposes, and are combined with the General Fund for purposes of reporting on a GAAP basis.

Fiduciary Funds

- a) **Expendable Trust Funds:** These funds are used to account for funds held by the State in a trust capacity whose principal and income may be spent for designated operations.
- b) **Non-Expendable Trust Funds:** These funds are used to account for funds held by the State in a trust capacity whose principal must remain intact.

4. APPROPRIATIONS AND EXPENDITURES

An **appropriation** is a statutory authorization to make expenditures during a specific State fiscal year, and to make disbursements (see below) for the purposes designated, up to the stated amount of the appropriation. Under the Constitution, an appropriation may be made for no longer than a two-year period (also see **reappropriation**, below).

Appropriations are authorizations, rather than mandates, to spend. **Expenditures** and disbursements (see below) need not, and generally do not, equal the amount of the appropriation from which they were made, since less than the full amount of the appropriation is usually spent within the fiscal year to which it pertains (see **carryover**, below). An appropriation thus represents maximum spending authority unless a lower maximum has been set by a **disbursement ceiling** (see below). When authorized by statute an appropriation may be **suballocated** (that is, moved) from one agency to another agency for the purpose of incurring obligations and making disbursements in the agency which receives the suballocation. (The term suballocation should not be confused with allocation which is defined in section 5).

In New York, all appropriations are classified in one of the following four categories:

- **State Operations:** This category relates to appropriations for the operation of State agencies, regardless of fund source. For example, an agency may have appropriations in several different funds (or accounts within funds), and all these appropriations would be categorized as "State Operations." Also included in this category, although authorized by appropriation bills separate and distinct from those for the executive branch, are the appropriations for the operation of the Legislature and the Judiciary. (See also **personal service** and **nonpersonal service** defined below.)
- **Aid to Localities:** This category includes all appropriations for aid to localities, regardless of fund source.
- **Capital Projects:** When used as a category of appropriation, "Capital Projects" includes all appropriations for capital construction projects, regardless of fund source. (It should not be confused with the Capital Projects Fund or the Federal Capital Projects Fund).
- **Debt Service:** This category includes all appropriations for tax-financed State debt service on long-term debt; contractual-obligation and lease-purchase arrangements with several public authorities and municipalities; and lease-purchase payments for State University, Health and Mental Hygiene facilities. This also includes appropriations for interest rate exchange and similar agreements.

A **deficiency appropriation** is used to meet actual or anticipated obligations not foreseen when the annual budget and any supplemental budgets were enacted and for which the costs would exceed available spending authorizations. It might add to a previously authorized appropriation anticipated to be inadequate, or provide a new appropriation to finance an existing or anticipated liability for which no appropriation exists. A deficiency appropriation usually applies to the fiscal year during which it is made.

Section 53 of the State Finance Law authorizes the enactment of a **special emergency appropriation** which may be allocated by the Governor to various funds. As set forth in the statute, allocations to the General Fund, the Capital Projects Fund and funds receiving Federal moneys are subject to the prior approval of the chairpersons of the Senate Finance and Assembly Ways and Means committees.

Personal service represents an appropriation for salaries and non-wage compensation for State employees and certain payments to non-State employees.

Nonpersonal service represents an appropriation for such items as contractual services, equipment and supplies.

Maintenance undistributed is an appropriation which does not define the amounts to be available for personal and nonpersonal service. Such an appropriation allows flexibility in the management of a program. The terms lump sum and maintenance undistributed are often used synonymously, although they are not equivalent.

A **lump-sum appropriation** is one made for personal service, nonpersonal service or maintenance undistributed; or for local assistance or capital projects for all State agencies, or to an agency alone or on behalf of itself and one or more other agencies. A lump sum is appropriated for a stated purpose without specifying maximum amounts that may be spent for specific activities or individual objects of expenditure. Such an appropriation cannot be obligated and expended without an **allocation** (see below, section 5).

USER'S GUIDE

A **reappropriation** is a legislative enactment that continues the undisbursed balance of an appropriation that would otherwise lapse (see **lapsed appropriation**, below). Reappropriations are commonly used in the case of federally funded programs and capital projects, where the funding amount is intended to support activities that may span several fiscal years. For example, funds for capital projects are customarily recommended and appropriated in amounts sufficient to cover the total estimated cost of all phases of a specific project (such as land acquisition, design, construction and equipping). As contracts within each phase are established, portions of the capital construction appropriation are allocated. However, disbursements are made only to meet the actual costs incurred as each phase of the project progresses. In ensuing years, the balances not disbursed are reappropriated to cover the costs of subsequent construction phases in the project.

An **obligation** is a commitment (such as a contract or purchase order) to spend against a given appropriation. An **encumbrance** provides a mechanism for reserving all or a portion of an appropriation for future expenditure. Entering into a contract usually requires an encumbrance, although the funds will be expended or disbursed over a period of several months. Encumbrance accounting enables management to avoid spending in excess of authorized appropriations.

A **carryover** is the balance of an appropriation that remains at the end of the fiscal year for which it was appropriated (and where it has not been repealed or reappropriated), against which liabilities were incurred (i.e., an obligation exists) but for which cash payments were not disbursed before the end of the fiscal year. Disbursements may be made against a carryover balance through June 30 of the following fiscal year to liquidate any such liabilities for State operations, or through September 15 for aid to localities, capital projects, and debt service.

A **lapsed appropriation** is an appropriation which has expired and against which obligations can no longer be incurred, nor payment made. An appropriation lapses, and is no longer available to authorize any encumbrance or cash payments, on June 30 for State operations and on September 15 for aid to localities, capital projects, and debt service.

5. BUDGET EXECUTION AND CONTROL

Certificates of several types are issued by the Budget Director to authorize various fiscal actions. Copies of all certificates must be sent to the State Comptroller and to the chairpersons of the two legislative fiscal committees.

For State Operations, and in some cases Aid to Localities, a **certificate of approval** issued by the Budget Director formally authorizes certain financial transactions. These transactions include **allocations** or **segregations**, **apportionments** and **interchanges**:

- An **allocation** or a **segregation** authorizes expenditures from appropriated funds for specified purposes, activities or objects. It is used as a control device for appropriated funds (e.g., quarterly allocations) and to distribute lump-sum appropriations within State agencies.
- An **apportionment** transfers part of an appropriation from certain lump-sum "all State departments and agencies" appropriations to specific agencies.
- An **interchange** is the movement of appropriation authority by certificate to increase or decrease the funds for any items within the same fund and program. In accordance with the State Finance Law, the amounts appropriated to a department or agency from a given fund may also be interchanged among appropriations in different programs, subject to the following formula (with the exclusion of the State University of New York, the City University of New York, and other specific appropriations as may be noted in the various appropriation bills): the total amount appropriated for any given program or purpose may not, in aggregate, be increased or decreased via interchanges by more than the total of 5 percent of the first \$5 million, 4 percent of the second \$5 million and 3 percent of amounts in excess of \$10 million.

A **certificate of transfer** authorizes the transfer of appropriation authority and/or positions between agencies and/or funds. All such transfers must be specifically authorized in statute. Transfers of appropriation authority must be distinguished from operating transfers which move moneys (cash) between funds or accounts.

For **Capital Projects**, the appropriation format differs somewhat from the program structure found in State Operations and Aid to Localities. Capital Projects appropriations are structured as follows:

- one or more **comprehensive construction programs (CCPs)**, which may or may not relate to agency operating or local aid programs or other organizational arrangements;
- **a grouping of appropriations into one or more purposes within CCPs**, which purposes may or may not relate to other agency organizational structures; and
- **one or more appropriations or projects in each purpose**. Some appropriations have “project schedules” that list institutions or projects for which construction work will be done.

For Capital Projects, a **certificate of approval of availability** issued by the Budget Director in accordance with an appropriation authorizes the State Comptroller to encumber, expend and disburse funds to the extent required for specific projects or phases of projects.

Capital Projects Funds **interchanges or transfers** must be accompanied by a certification of need and availability of funds and may be made as follows:

In the case of **interchanges**, which are movements of funds by certificate between items within an appropriation “project schedule,” no certification is required when the appropriation states that schedule amounts are estimates and are interchangeable among the various projects; all other interchanges require the certification of need and availability.

In the case of transfers, a **certificate of transfer** authorizes the transfer of a specified amount, within available limits, from an appropriation for a given capital project to an appropriation for another capital project within the same CCP and agency. However, the Budget Director cannot authorize any Capital Projects Fund transfer which would increase or decrease the total of appropriations (including reappropriations) for projects sharing the same purpose by an amount exceeding the total of the following percentages of the total amount of the original appropriation for the project: 25 percent of the first \$5 million, 20 percent of the second \$5 million, 15 percent of the third \$5 million, and 10 percent of any amount in excess of \$15 million.

6. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Generally Accepted Accounting Principles (GAAP) for governments are uniform minimum standards and guidelines for financial accounting and reporting as promulgated by authoritative national standard-setting bodies, primarily the National Council on Governmental Accounting (NCGA); its successor, the Governmental Accounting Standards Board (GASB); and the American Institute of Certified Public Accountants (AICPA). NCGA’s *Statement One — Governmental Accounting and Financial Reporting Principles*, published in 1979, succeeding statements by NCGA (reaffirmed by GASB), and statements promulgated by GASB are the most widely recognized sources for authoritative guidance. New York presents its State financial plan and Executive Budget on both a cash basis and in accordance with GAAP. Projected operating results in the General Fund as measured on the cash basis of accounting differ from projections measured in accordance with GAAP. Generally, these differences are caused by the inclusion of certain funds in the GAAP General Fund which are outside the cash basis General Fund, plus the recognition of differences between cash and GAAP. The conversion tables in Appendix II show these differences classified into the following major categories:

- “Perspective Differences” represent the projected cash basis operating results of the Miscellaneous State Special Revenue Fund which is treated as part of the General Fund in the GAAP basis financial plan, but as part of the Special Revenue Fund in the cash basis financial plan. The Miscellaneous State Special Revenue Fund includes dozens of individual accounts which finance the operation of agencies and programs from sources other than General Fund tax dollars.
- “Entity Differences” represent the projected cash basis operating results of the proprietary funds (Internal Service Funds and Enterprise Funds) which are treated as

part of the General Fund in the GAAP basis financial plan. On a cash basis the proprietary funds are reported separately and are not part of the all governmental funds financial plan.

- “Changes in Accruals” result from timing differences between the recognition of individual accounting transactions on a cash basis vs. recognition of the same items under generally accepted accounting principles. On a cash basis, receipts are recorded when moneys are deposited in the State Treasury, and disbursements are recorded when a check is drawn from the Treasury. Under GAAP, however, revenues are recorded when they are measurable and available, and expenditures are recorded when the State incurs an obligation to pay. It is in this column that revenues and expenditures are attributed to the appropriate fiscal year. For example, positive numbers in this column reflect the accrual of revenues which are owed to the State but not yet received, and obligations of the State for which payment has not yet been made. Negative entries generally reflect the reduction of receipts or disbursements which are attributed under GAAP to a different fiscal period.
- “Eliminations” exclude activity related to State advances and the repayment of such advances, which are treated as receipts and disbursements in the cash basis financial plan. On a GAAP basis, the repayment is not a revenue, and the advance is not an expenditure unless it is determined to be uncollectible. This category also includes transactions related to the elimination of SUNY/CUNY Senior College operations, which are not part of the governmental fund structure on a GAAP basis.
- “Intra-fund Eliminations” remove any transactions which occur between two funds in the same fund type, in order to avoid counting such transactions twice.
- “Reclassifications” show the movement of transactions from one category of the financial plan to another, and do not impact the operating results of a given fund.

The GASB issued statement 34 entitled *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*. This statement establishes new financial statement reporting requirements for State and local governments and is required to be implemented by the 2002-03 fiscal year. New York State is, therefore, required to implement GASB 34 when reporting its GAAP financial results for the 2002-03 fiscal year in July 2003. As a result, the Division of the Budget expects to modify future GAAP updates to reflect the changes required under GASB 34. These changes will include new statements that reflect the State's net overall financial condition, including activities that affect State assets and liabilities during the fiscal year.

GAAP Basis Reporting Differences

In general, the General Fund revenue and expenditure projections contained in the Budget reflect the application of Generally Accepted Accounting Principles as applied by the State Comptroller in his audited 2001-02 financial statements. There is one exception to this policy. Activity related to public authorities has not been reclassified as operating transfers. These reclassifications do not affect operating results and only further complicate the differences between cash basis financial plans and GAAP basis financial plans. Accordingly, these reclassifications have not been included.

GAAP Revenues

A separate volume provides tax-by-tax descriptions of the cash-based estimates of tax receipts underlying the cash-based financial plans. This section deals with estimates of GAAP revenues that are included in the GAAP financial plan. The following is a brief description of how such estimates are generated, what factors are considered in their preparation, and how such estimates differ from those prepared on the cash basis.

In general, cash-based estimates are forecasts of the deposits of cash (net of refund payments) that will occur during the fiscal year. Estimates of GAAP revenue attempt to more closely measure what the State actually “earned” during the period, regardless of when the cash transactions that represent those earnings occur. The State, of course, “earns” money

when taxpayers incur liability for taxes, for example, by receiving money subject to income taxes or purchasing goods or services subject to the sales or excise levies, or by wagering on horse races in betting pools subject to the pari-mutuel tax. Taxpayers may discharge that liability in a variety of ways. For example, in the case of the sales tax they often pay the money directly to an authorized agent of the State who must then transmit it to the State, sometimes in a period different from that in which the actual liability was incurred and discharged by the taxpayer. In the case of the personal income tax, they may be subject to withholding by their employer (another agent of the State) or make estimated and final tax payments directly to the State. Some taxpayers overpay their liability and are due refunds for a given liability period. Such refunds or final payments are usually paid in years (or accounting periods) different from those to which the transaction relates.

In their most pure sense, GAAP revenue estimates attempt to gather all the (actual or estimated) transactions that apply to tax liabilities earned in a given State fiscal year, regardless of the year in which the related cash transaction occurs, to appropriately “measure” what the State has earned. In practice, given the limits of both information systems and time, some accommodations are made in the development of these “earnings” estimates. During any one fiscal year the State will receive money earned in the current year and in any of several prior years (and sometimes money not yet earned). Estimates of those prior-year earnings are not changed each time a new transaction is disclosed and so GAAP revenue estimates are not “pure.”

However, for any given tax, GAAP revenue estimates should attempt to measure (as an increase in revenue, or a receivable) how much the State is owed, but has not yet received, from taxpayers for the activity during a State fiscal year. Similarly, they must reflect (as a reduction in revenue, or a payable) any amounts that the State has received but must refund (in some future period) as a result of overpayments of liability by taxpayers.

In some sources, the receivable and payable amounts are relatively trivial and do not change materially from year to year. In others, the accruals are large and variable. GAAP revenue estimates differ from cash receipt estimates by how much the receivable and payable balances change from year to year. If receivables are growing relative to payables in a particular source (i.e., if the net amount owed to the State is larger at the end of the year than at the beginning of the year), estimated GAAP revenues will exceed forecasted cash receipts. Should payables rise faster than receivables, the opposite relationship will exist.

GAAP Expenditures

As previously mentioned, GAAP measures expenditures when the State incurs a liability to pay, rather than when a check is written against the Treasury. The Comptroller generally applies a 12-month recognition rule — if the liability is determined to exist and will be disbursed in the 12 months following the close of the fiscal year, the expenditure will be recorded in that fiscal year. Thus, the GAAP basis financial plan includes liabilities projected to be incurred during a given fiscal year for which actual payments will not be made for up to 12 months following the close of such fiscal year.

The most significant of these liabilities occur in the categories of local assistance and State operations. The GAAP basis financial plan reflects:

- Amounts owed to local governments for Medicaid, public health, criminal justice and court-ordered handicapped programs which are all reimbursed on a lag basis.
- Employee salaries remaining unpaid at the close of each fiscal year, and the related fringe benefits.

7. ACCOUNTABILITY, AUDIT AND INTERNAL CONTROL

Internal controls are the measures an organization adopts to encourage adherence to agency policies and procedures; promote operational efficiency and effectiveness; safeguard assets; and ensure the reliability of data. Internal controls encompass both internal administrative controls and internal accounting controls.

USER'S GUIDE

Internal audit is an independent appraisal of operations, conducted under the direction of agency management, to assess the effectiveness of internal controls.

Internal Control Review (ICR) is a detailed evaluation of the degree to which the organization has designed, established, documented and followed the policies and procedures necessary to achieve specific functional goals and objectives and avoid unwanted outcomes. The ICR focuses upon how well procedures operate for a given function.

Vulnerability Assessment (VA) is an assessment by an agency of its susceptibility to operational breakdowns which could lead to inadequate or inappropriate program outcomes, including waste of resources. The VA analyzes the overall organizational and administrative environment, the potential for failures and related impact. VA's help the agency schedule the timing and frequency of ICRs or identify weaknesses which can be immediately corrected.

Testing is that part of an internal control review which assesses whether actual practice follows, or complies with, prescribed policies and procedures. The assessment is made by interviewing or observing staff, following a transaction through the process, or sampling documentation of transactions to determine if required steps are executed.

Corrective Action Plan is a step-by-step plan of action and schedule for resolving the internal control weaknesses identified by a vulnerability assessment or internal control review.

Certification is the annual affirmation by each agency that it is in conformance with the Internal Control Act which requires the establishment and maintenance of a system of internal controls and a program of internal control review by State agencies and covered public authorities. Agencies may submit a plan to achieve compliance with the Act in lieu of a certification. In addition to the certification, agencies submit an Annual Internal Control Summary which describes certain aspects of its internal control system for the preceding year.

8. DEBT AND CAPITAL FINANCING

The **Annual Information Statement (AIS)** is the State's principal means for disclosing financial information that is required to meet its legal obligations under federal securities law and constitutes the official form of such financial disclosure information. The State publishes the AIS annually, generally within 30 days of the adoption of a budget by the State Legislature. The AIS is updated on a quarterly basis (the "Quarterly Updates") and may be supplemented ("Supplements") for significant events or developments that occur between updates. The AIS, updates and supplements are available online at www.budget.state.ny.us.

Appropriation-backed bonds refer to long-term obligations sold by the State's public authorities under a variety of financial arrangements — primarily **lease-purchase and contractual service agreements**. Debt service on such obligations is appropriated annually by the State, although the State has no legal obligation to continue to make such appropriations. This form of debt represents an important source of financing for capital projects in the State's transportation, criminal justice, mental hygiene, education, health, and housing programs.

Bond anticipation notes (BANs) are short-term notes which occasionally may be sold by the Comptroller to finance capital expenditures until long-term bonds are sold. Since these obligations are outstanding for no more than two years (with certain exceptions), the interest rates paid on such obligations are typically lower than that for long-term bonds.

Bondable capital spending refers to disbursements for capital purposes which, by statute, may be financed by the proceeds of bonds or other debt obligations.

Certificates of Participation represent shares of lease-purchase payments for personal or real property made by State agencies. These tax-exempt certificates are sold publicly or privately to investors by the Comptroller, pursuant to Article 5-A of the State Finance Law. These payments are not State debt under Article VII of the State Constitution and are subject to annual appropriation.

A **credit rating** is assigned by a non-governmental agency serving the financial market (such as Standard & Poor's and Fitch), and represents the relative security behind a given debt. The ratings indicate the relative likelihood of repayment of debt service liabilities by a specific issuer. The State's current credit rating is AA.

The **Debt Reform Act of 2000**, which applies to all new State-supported debt issued after March 31, 2000, imposes phased-in caps that limit new debt outstanding to 4 percent of the personal income and new debt services costs to 5 percent of total governmental receipts. Both caps began in 2000-01 at an initial phase-in level of .75 percent. Pursuant to section 23 of the State Finance Law, the State is required to calculate compliance with the caps annually and report the findings in the Financial Plan update most proximate to October 31.

The **Debt Reduction Reserve Fund or DRRF** was created in 1998 to accumulate surplus revenues to pay debt service costs on State-supported bonds, retire or defease such bonds, and to finance capital projects. Use of DRRF funds requires an appropriation.

General obligation bonds refer to long-term obligations of the State, used to finance capital projects. These obligations must be authorized by the voters in a general election, are issued by the Comptroller, and are backed by the **full faith and credit** of the State. Under current provisions of the Constitution, only one bond issue may be put before the voters at each general election, and it must be for a single work or purpose. The amount of general obligation bond or note proceeds which the State expects to issue in a given fiscal year is shown in the Capital Projects fund-type of the Governmental Funds Financial Plan in the Other Financing Sources category. Debt service must be paid from the first available taxes whether or not the Legislature has enacted the required appropriations for such payments.

Impoundment is the term used to describe the setting aside, in a separate account, of income necessary to pay principal and interest on obligations. The specific method of impoundment — including the timing and amounts — is generally specified by State law for each obligation, and is an integral element of the security behind any obligation.

Moral obligation debt refers to long-term bonds issued by certain State public authorities, also known as public benefit corporations, which are essentially supported by their own revenues. Moral obligation debt is not incurred pursuant to a referendum, is not considered State debt, and is not backed by the full faith and credit of the State. However, the authorities selling such obligations have been allowed to establish procedures where, under certain conditions, the State may be called upon to meet deficiencies in debt service reserve funds supporting such bonds. An appropriation must be enacted by the Legislature to meet any such obligation.

An **official statement** is a disclosure document prepared to accompany each issuance of bonds, notes and publicly sold certificates of participation offered for sale by the State or its public authorities. This statement is prepared by the issuer and describes the issuer, the project or program being financed and the security behind the bond issue. In addition, where payment of debt service is made primarily with State moneys, this statement discloses information regarding the State, including recent and projected fiscal and economic trends and developments that bear reasonably on the credit strength of the issue. It discusses potential legal, fiscal or economic problems facing the issuer, State government and other relevant major governmental jurisdictions. Its primary purpose is to provide prospective bond or note purchasers sufficient information to make informed decisions on the creditworthiness of the issue.

State personal income tax revenue bonds are expected to be the primary funding vehicle for a broad range of State-supported debt programs. In 2001, legislation was enacted to permit certain State public authorities to issue State personal income tax revenue bonds. The legislation provides that 25 percent of personal income tax receipts (excluding refunds owed to taxpayers and deposits to the STAR Fund) be deposited to the Revenue Bond Tax Fund for purposes of making debt service payments on these bonds, with excess amounts returned to the General Fund. These bonds are expected to reduce borrowing costs by improving the marketability and creditworthiness of State-supported obligations and by permitting the consolidation of multiple bonding programs to reduce administrative costs.

Pay-as-you-go financing refers to the use of current State resources, i.e. cash, (as opposed to bonds) to finance capital projects.

USER'S GUIDE

State-guaranteed debt refers to debt authorized by the voters to be sold by three public authorities: the Job Development Authority, the New York State Thruway Authority, and the Port Authority of New York and New Jersey. Such debt is backed by the full faith and credit of the State.

State-related debt includes all State-supported debt, as well as State-guaranteed and moral obligation debt. This broad category combines all forms of debt for which the State is directly or contingently liable.

State-supported debt includes general obligation and appropriation-backed debt, and certificates of participation. This category includes all obligations for which the State appropriates and pays debt service. While tax supported debt (obligations supported by State taxes) represents the majority of obligations in this category, obligations supported by other State revenues (such as dormitory fees or patient revenues) are also included.

Tax and revenue anticipation notes (TRANS) refer to short-term obligations of the State. The notes must be redeemed within one-year of issuance. Prior to the debt reform actions of the 1990s, notes were sold to address short-term cashflow imbalances, but may also be issued to address a year-end deficit.

9. OTHER MISCELLANEOUS TERMS

An **account** is a subdivision of a fund and refers to a classification by which information on particular financial transactions and financial resources is recorded and arranged.

An **advance** is a payment by the State on behalf of an agency, an authority, a fund, a public benefit corporation, or the Federal government that must be reimbursed by such entity. Certain advances are made from the Capital Projects Fund for prefinancing the cost of capital projects undertaken by public authorities, State agencies or localities.

All Governmental Funds is a term referring to all State government funds within the following fund types: General, Special Revenue, Capital Projects, and Debt Service. In a discussion of appropriations rather than cash figures (e.g., in the Appendix I tables described earlier in this Guide), **All Funds** includes All Governmental Funds appropriations *plus* appropriations made from the non-governmental (Proprietary and Fiduciary) fund types.

Annualization refers to the expected full-year financial implications of a revenue item or an expenditure item initially budgeted for only part of a fiscal year.

Attrition refers to a method of achieving a reduction in personnel by not refilling positions that are vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.

Cap refers to an absolute dollar limit placed on spending and/or borrowing for a designated activity or program. The term is sometimes used to refer to the limitation of a disbursement for the current and/or forthcoming fiscal year(s) to the level of the preceding fiscal year or to some other predetermined level.

Chargeback refers to an assessment levied by the State on another government or other entity (e.g., a public authority, a private-sector enterprise, a trade association, or a nonprofit organization) for payment of costs incurred by the State in administering an activity or program on behalf of such government or entity. It may also refer to an assessment by one State agency against another.

A **deficit**, for purposes of the cash-basis financial plan, is an excess of disbursements over receipts at the end of a fiscal year. On a GAAP basis, a deficit is an excess of expenditures or expenses over revenues at the end of a fiscal year.

Fixed assets are assets of a long-term character, such as land, buildings, machinery, equipment and improvements other than buildings, that are intended to continue to be held or used. **General fixed assets** include all fixed assets not accounted for in proprietary funds or in trust and agency funds. Under GAAP, general fixed assets are recorded in an **account group** (which does not involve the measurement of results of operations), rather than in a fund, and the recording of "infrastructure" assets and depreciation is not required.

Full Time Equivalent (FTE) is a unit of measure which is equal to one filled, full-time, annual-salaried position.

A **joint-custody fund** is held within the State Treasury by both the State Comptroller and the Commissioner of Taxation and Finance (see sole-custody fund).

Line item veto. The Governor of New York State has the power of line item veto. The State Constitution authorizes the Governor to veto individual appropriations for the Legislature and Judiciary, and appropriations added by the Legislature, contained within any multiple appropriation bill passed by the Legislature.

A **margin**, or **positive margin**, is a temporary excess of receipts over disbursements. When disbursements temporarily exceed receipts, a **negative margin** exists. A positive margin is not a surplus, nor is a negative margin a deficit, until the fiscal year ends.

A **matching formula** is a formula applied under an intergovernmental grant program which requires a recipient to match from its own funds a specified percentage of each dollar granted by one or more higher level(s) of government.

Nonrecurring receipts are receipts in a given fiscal year that are not normally expected to recur in subsequent fiscal years. **Recurring receipts** are normally derived from an income stream that is expected to continue from one fiscal year to the next.

An **offset fund** is an appropriated fund, usually of the Special Revenue Fund type, which is used to reimburse expenditures charged in the first instance to the General Fund.

Save harmless refers to a provision of law under which the State protects another entity against any decrease from a previous level of funding under a given State program.

Shortfall refers to a situation where actual revenues collected are less than those that had been projected.

A **sole-custody fund** is administered by an individual State agency official and is not under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance. Sole-custody funds are usually fiduciary in nature. Examples include assets held for wards of the State.

INDEX

A

Acute Care (DOH)	96
Addiction Treatment Centers (OASAS).....	115
Adirondack Park Agency	145
Adirondack Park Local Government Review Board (APA).....	145
Advantage After-School Program (OCFS).....	33
Advantage Schools (SED)	20
Advocate for Persons with Disabilities, Office of.....	85
Affordable Housing Corporation (DHCR).....	181
Aging, State Office for the	89
Agricultural Business Services (Ag&Mkts).....	150
Agriculture and Markets, Department of.....	149
Aid for Part Time Study (HESC)	53
AIDS Institute (DOH)	98
Albany Port District Commission (Public Authorities).....	222
Alcoholic Beverage Control, Division of.....	271
Alcoholism and Substance Abuse Services, Office of	115
Alternatives to Incarceration (DPCA).....	367
Artpark (Parks).....	213
Arts, Council on the.....	5
Assisted Outpatient Treatment Program (“Kendra’s Law”) (OMH)	123
Audit and Control, Department of	273

B

Banking Department.....	279
Battery Park City Authority (Public Authorities).....	220
Blind Veteran Annuity Assistance Program (DVA).....	393
Budget, Division of the.....	283
Buffalo and Fort Erie Public Bridge Authority (Public Authorities)	219
BUILDNOW-NY (GORR).....	379
Bureau of Criminal Investigation (DSP).....	390
Business and Licensing Services Program (DOS).....	384
Business Permits Assistance (GORR).....	379

C

Capital Defender Office	285
Capital District Transportation Authority (Public Authorities).....	222
Capital Facility Program (STAR).....	241
Capital Investment Program (CUNY).....	12
Caregiver Resource Centers (SOFA)	90
Center for Advanced Technology Development Program (STAR)	241
Central New York Regional Transportation Authority (Public Authorities)	222
Child Care Block Grant (OCFS).....	32
Child Health Plus (DOH)	97
Child Support Enforcement (OTDA).....	41
Child Welfare Quality Act (OCFS)	32
Child Welfare Services (OCFS)	31
Children and Families, Council on (OCFS).....	31
Children and Family Services, Office of	31
City University of New York.....	11

INDEX

Civil Service, Department of.....	289
Clean Air Fund (DEC).....	168
Clean Water/Clean Air Bond Act (DEC).....	168
Clean Water State Revolving Fund (EFC).....	178
Collective Bargaining Agreements (Miscellaneous).....	403
College Choice Tuition Savings Program (HESC).....	53
College Discovery (CUNY).....	12
College Preparatory Initiative (CUNY).....	13
Community Colleges (CUNY).....	12
Community Colleges (SUNY).....	76
Community Mental Health Reinvestment Act (OMH).....	122
Community Service Provider Assistance Program (Miscellaneous).....	405
Community Services for the Elderly Program (SOFA).....	89
Comprehensive Alcohol and Substance Abuse Treatment Program (DOCS).....	300
Comprehensive Psychiatric Emergency Programs (OMH).....	124
Congregate Services Initiative (SOFA).....	89
CONNECTIONS (OCFS).....	33
Consolidated Highway Improvement Program-CHIPS (DOT).....	262
Consumer Food Services Program (Ag&Mkts).....	150
Consumer Protection Board.....	293
Cornell Cooperative Extension (SUNY).....	77
Correction, State Commission of.....	297
Correctional Industries Program (DOCS).....	299
Correctional Services, Department of.....	299
Crime Victims Board.....	307
Criminal Justice Services, Division of.....	311
Cultural Education, New York Institute for (Arts).....	5

D

Day Services (OMRDD).....	132
Debt Service.....	423
Dedicated Highway and Bridge Trust Fund (DOT).....	262
Dedicated Mass Transportation Trust Fund (DOT).....	262
Deferred Compensation Board (Miscellaneous).....	405
Design and Construction (OGS).....	328
Developmental Disabilities Planning Council.....	93
Disability Benefits Program (WCB).....	398
Disability Determinations, Division of (OTDA).....	41
DNA Databank (DCJS).....	311
Do Not Call Registry (CPB).....	293
Dormitory Authority (Public Authorities).....	221
Drinking Water State Revolving Fund (EFC).....	178

E

Economic Development, Department of.....	155
Education Department, State.....	17
Elderly Pharmaceutical Insurance Coverage Program (DOH).....	96
Election Modernization, Task Force on (Miscellaneous).....	406
Elections, State Board of.....	317
Electronic Filing Pilot Program (Lobbying).....	351
Elementary, Middle and Secondary Education Programs (SED).....	20
Empire Opportunity Fund (ESDC).....	162
Empire State Development Corporation.....	161

Empire State Games (Parks).....	213
Empire State Plaza Performing Arts Center Corporation (Arts).....	5
Empire Zones (DED).....	156
Employee Relations, Office of.....	321
Employment Relations Board (DOL).....	62
Energy Research and Development Authority.....	165
Enhanced Community Services Program (OMH).....	122
Environmental Conservation, Department of.....	167
Environmental Facilities Corporation.....	177
Environmental Protection Fund (DEC).....	167
Environmental Protection Fund (Parks).....	213
Environmental Quality Bond Act - 1986 (DEC).....	168
Executive Chamber.....	325
Expanded In-Home Services for the Elderly Program (SOFA).....	90

F

Faculty Development Program (STAR).....	241
Family Assistance (OCFS).....	32
Family Assistance (OTDA).....	41
Family Health Plus (DOH).....	98
Federal Family Education Loan Program (HESC).....	52
Federal National Affordable Housing Act Program (DHCR).....	183
Federal Nutrition Assistance Program for Women, Infants and Children (DOH).....	99
Federal Transportation Equity Act (DOT).....	262
Fire Prevention and Control, Office of (DOS).....	383
Flex Aid (SED).....	18
Food Assistance Program (OTDA).....	41
Foster Care Block Grant (OCFS).....	32
Foster Grandparent Program (SOFA).....	89

G

GEAR-UP (HESC).....	52
General Services, Office of.....	327
General State Charges (Miscellaneous).....	407
Governmental Accounting Standards Board (Miscellaneous).....	409
Green Thumb Program (Miscellaneous).....	409
Greenway Heritage Conservancy of the Hudson River Valley (Miscellaneous).....	412
“guardHELP” (DMNA).....	354

H

Health, Department of.....	95
Health Care Reform Act (DOH).....	100
Health Insurance Contingency Reserve (Miscellaneous).....	410
Health Insurance Reserve Receipts Fund (Miscellaneous).....	410
Heavy Duty Inspection and Maintenance Program (DEC).....	170
Higher Education (Miscellaneous).....	410
Higher Education Services Corporation.....	51
Holocaust Claims Processing Office (Bank).....	279
Home and Community Based Services Waiver Programs (OMRDD).....	130
Home Energy Assistance Program (HEAP) (OTDA).....	41
Homeland Security (Miscellaneous).....	411
Homes for Working Families Program (DHCR).....	181

INDEX

Housing and Community Renewal, Division of.....	181
Housing Finance Agency	189
Housing Finance Agency (DHCR).....	181
Housing Project Repair Program (DHCR)	183
Housing Trust Fund Corporation (DHCR).....	181
Hudson River Park Trust.....	195
Hudson River Valley Greenway Commission.....	412
Hudson River Valley Greenway Communities Council (Miscellaneous).....	412
Human Rights, Division of.....	57

I

“I ♥ NY” (DED).....	155
Indian Gaming (R&W).....	238
Industrial Finance Program (EFC).....	178
Inspector General, Office of the State	333
Insurance and Securities Funds Reserve Guarantee (Miscellaneous).....	413
Insurance Department.....	109
Integrated Testing System (CS)	290
Interagency Veterans’ Council (DVA).....	393
Interest on Lawyer Account.....	337
Investigation, Temporary State Commission of	339

J

JOBS NOW Program (ESDC).....	162
Joint Enforcement Teams (OTDA).....	43
Judicial Commissions.....	341
Judicial Conduct, Commission on	341
Judicial Nomination, Commission on	341
Judicial Screening Committees, Governor’s.....	341
Judiciary	433
Judiciary, Commentary of the Governor on the	431
Juvenile Delinquent/Persons in Need of Supervision (JD/PINS) Foster Care Program (OCFS).....	32

L

Labor, Department of.....	61
Lake George Park Commission (DOS).....	384
Language Immersion Program (CUNY).....	12
Law, Department of	345
Legislature.....	453
Lieutenant Governor (Legislature).....	453
Lieutenant Governor, Office of.....	326
Linked Deposit Program (DED)	157
Lobbying, Temporary State Commission on.....	351
Local Government and Community Services Program (DOS).....	383
Local Government Assistance (Miscellaneous).....	413
Long Island Power Authority (Public Authorities).....	221
Long Term Care (DOH).....	96
Long-Term Care Ombudsman Program (SOFA).....	90
Lottery, Division of the	197
Low-Income Housing Tax Credit Program (DHCR).....	181

M

Managed Care (DOH).....	97
Marchiselli Program (DOT)	262
Mass Transportation Operating Assistance Fund (DOT).....	262
Medicaid (DOH).....	99
Mental Health, Office of.....	121
Mental Hygiene, Department of.....	113
Mental Retardation and Developmental Disabilities, Office of.....	129
Metropolitan Transportation Authority	199
Military and Naval Affairs, Division of.....	353
Military Readiness (DMNA).....	354
Minority- and Women-Owned Business Development and Lending Programs (ESDC)	162
Miscellaneous Guarantee Appropriations (Miscellaneous).....	415
Mortgage Agency, State of New York	191
Motor Vehicles, Department of	203
MTA Bridges and Tunnels (MTA).....	200
MTA New York City Transit (MTA).....	199
Municipal Assistance Corporation for the City of New York (Public Authorities)	221
Municipal Assistance Corporation for the City of Troy (Public Authorities)	221
Municipal Bond Bank Agency (Public Authorities).....	221

N

Nathan S. Kline Institute (OMH).....	122
National and Community Service (Miscellaneous).....	416
Natural Heritage Trust (Parks)	214
Naturally Occurring Retirement Communities (NORC) Supportive Service Program (SOFA).....	89
New York Benefits Eligibility and Accounting System (CS)	289
New York City Alliance for Minority Participation (CUNY).....	13
New York Institute for Cultural Education (NYICE).....	21
New York Power Authority (Public Authorities).....	220
New York Psychiatric Institute (OMH)	122
New York State Bridge Authority (Public Authorities).....	220
New York State Canal Corporation (Thruway)	259
New York Works Block Grant (DOL).....	61
Niagara Frontier Transportation Authority (Public Authorities).....	223
Northeastern Queens Nature & Historical Preserve Comm. (Miscellaneous).....	416
NYeNet (OFT).....	255
NYS-Cares (OMRDD).....	130
NYS Theatre Institute (Arts)	5

O

Ogdensburg Bridge and Port Authority (Public Authorities).....	222
Olympic Regional Development Authority	209
Open Government, Committee on (DOS).....	384

P

Parks, Recreation and Historic Preservation, Office of	213
Parole, Division of	359
Payment to Victims Program (CVB).....	307
Performing Arts Center Corporation (Arts).....	5

INDEX

Permanent Housing for Homeless Families, Program (DHCR)	183
Petroleum Storage Tanks - COPS Repayment (Miscellaneous)	417
Pipeline for Jobs Program (EFC).....	179
Port Authority of New York and New Jersey (Public Authorities)	222
Port of Oswego Authority (Public Authorities).....	222
Prelude to Success Program (CUNY).....	13
Prevention of Domestic Violence, Office for the	363
Probation and Correctional Alternatives, Division of.....	367
Procurement Services (OGS).....	328
Professions, Office of (SED).....	21
Professions, Office of (DOS).....	384
Project Finance Agency (Public Authorities).....	221
Public Authorities, New York State	219
Public Employment Practices and Representation, Office of (PERB).....	371
Public and Private Employment Relations Board	371
Public Employment Relations Board (PERB).....	371
Public Service, Department of	233
Public Service Commission	233
Public Security, Office of	375

Q

Quality of Care for the Mentally Disabled, Commission on.....	137
---	-----

R

Racing and Wagering Board, State	237
Real Property Management and Development (OGS)	328
Real Property Services, Office of.....	69
Recruitment Incentive and Retention Program (DMNA).....	354
Recycling Market Development Program (DED).....	157
Refugee and Immigration Affairs, Bureau of (OTDA).....	41
Regulatory Reform, Governor's Office of	379
Regulatory Review (GORR)	379
Rent Administration Program (DHCR)	181
Replacement Medicaid System (DOH).....	97
Reserve for Federal Audit Disallowances (Miscellaneous).....	417
Residential Services (OMRDD)	132
Retired and Senior Volunteer Program (SOFA)	89
Rochester-Genesee Regional Transportation Authority (Public Authorities).....	223
Roswell Park Cancer Institute Corporation (DOH).....	95

S

Safe Schools Against Violence in Education Act of 2000 (SED).....	19
Safety Net Assistance Program (OTDA).....	43
Scholarships for Academic Excellence (HESC)	52
School Aid (SED).....	18
School Choice (SED).....	19
School District Income Verification Program (ORPS)	71
School Tax Relief (STAR) (ORPS).....	69
School Tax Relief (STAR) (SED).....	23
Science, Technology, and Academic Research, Office of.....	241
SEMATECH (SUNY).....	78
SEMI-NY (GORR)	379

Senior Colleges (CUNY)	13
Social Security Disability Insurance (OTDA).....	44
Solid Waste Management Act -1988 (DEC).....	170
Special Education (SED).....	20
Special Emergency Appropriation (Miscellaneous).....	417
Special Federal Emergency Appropriation (Miscellaneous).....	417
Special Needs Plans (DOH)	97
State, Department of.....	383
State Athletic Commission (DOS)	384
State Child Abuse Hotline (OCFS).....	34
State Debt Service and Financing Agreement Payments.....	423
State Emergency Management Office (DMNA)	354
State Employment Relations Board (SERB).....	371
State Ethics Commission (DOS)	384
State Fair (Ag&Mkts)	150
State-Operated Colleges (SUNY).....	75
State Park Infrastructure Fund (Parks).....	214
State Police, Division of.....	389
State University Construction Fund	81
State University of New York	75
Statewide Automated Fingerprint System (DCJS)	311
Statewide Energy Improvement (Miscellaneous)	418
Statewide Wireless Network (Miscellaneous).....	418
Summary of Appropriations	469
SUNY Hospitals (SUNY).....	76
SUNY Learning Network (SUNY).....	78
Supplemental Nutrition Assistance Program (SOFA)	90
Supplemental Security Income (SSI) (OTDA)	41
Support for Consumers Living in Their Own Homes (OMRDD).....	132
Surrogate Decision Making Committee Program (CQC).....	138
System Benefits Charge (ERDA)	165
Systems Modernization Program (WCB).....	398

T

Tax Appeals, Division of.....	251
Taxation and Finance, Department of.....	245
Teachers of Tomorrow (SED).....	19
Technical Advisory Services (EFC).....	178
Technology, Office for	255
Technology Transfer Incentive Program (STAR)	241
Tele-Claims Centers (DOL)	63
Temporary and Disability Assistance, Office of	41
Temporary Assistance for Needy Families (TANF) (DOL)	61
Temporary Assistance for Needy Families (TANF) (OCFS).....	32
Thousand Islands Bridge Authority (Public Authorities)	220
Thruway Authority.....	259
Transportation, Department of.....	261
Tribal State Compact Revenue (Miscellaneous)	419
Tug Hill Commission (DOS).....	384
Tuition Assistance Program (HESC).....	51

INDEX

U

Unemployment Insurance (DOL).....	63
United Nations Development Corporation (Public Authorities).....	220
Urban and Community Development Program (ESDC).....	162
Urban Development Corporation (ESDC).....	161
U.S. Open (Parks).....	214
User's Guide.....	489

V

Veterans' Affairs, Division of.....	393
Veterans' Education Program (DVA).....	394
Victim and Witness Assistance Program (CVB).....	308
Vocational and Educational Services for Individuals with Disabilities (VESID) (DOL).....	64
Vocational Rehabilitation (DOL).....	63

W

Weatherization Assistance Program (DHCR).....	181
Welfare Inspector General, Office of (OTDA).....	45
Welfare Management System (OTDA).....	41
Welfare-to-Work Caseload Management System (OTDA).....	41
Worker Protection (DOL).....	63
Workers' Compensation Board.....	397
Workers' Compensation Reserve (Miscellaneous).....	419
Workforce Investment Act (DOL).....	61
World Trade Center (Miscellaneous).....	419

Y

Youth Education, Employment and Training Program (DOL).....	61
Youth Facilities Program (OCFS).....	33

KEY TO AGENCY ABBREVIATIONS USED IN THE INDEX

A&C	Department of Audit and Control
ABC	Division of Alcoholic Beverage Control
APD	Office of Advocate for Persons with Disabilities
Ag&Mkts	Department of Agriculture and Markets
APA	Adirondack Park Agency
Arts	Council on the Arts
Bank	Banking Department
CPB	Consumer Protection Board
CQC	Commission on Quality of Care for the Mentally Disabled
CS	Department of Civil Service
CUNY	City University of New York
CVB	Crime Victims Board
DA	Dormitory Authority
DANC	Development Authority of the North Country
DCJS	Division of Criminal Justice Services
DDPC	Developmental Disabilities Planning Council
DEC	Department of Environmental Conservation
DED	Department of Economic Development
DHCR	Division of Housing and Community Renewal
DHR	Division of Human Rights
DMNA	Division of Military and Naval Affairs
DMH	Department of Mental Hygiene
DMV	Department of Motor Vehicles
DOB	Division of the Budget
DOCS	Department of Correctional Services
DOH	Department of Health
DOL	Department of Labor
DOS	Department of State
DOT	Department of Transportation
DPCA	Division of Probation and Correctional Alternatives
DSP	Division of State Police
DTA	Division of Tax Appeals
DVA	Division of Veterans' Affairs
EFC	Environmental Facilities Corporation
ERDA	New York State Energy Research and Development Authority
ESDC	Empire State Development Corporation
GORR	Governor's Office of Regulatory Reform
HESC	Higher Education Services Corporation
HFA	Housing Finance Agency
HRPT	Hudson River Park Trust
IG	Inspector General, Office of the State
Ins	Insurance Department
IOLA	Interest on Lawyer Account

KEY TO AGENCY ABBREVIATIONS

Law	Department of Law
LIPA	Long Island Power Authority
Lottery	Division of the Lottery
MBBA	Municipal Bond Bank Agency
MTA	Metropolitan Transportation Authority
NYSTAR	Office of Science, Technology and Academic Research
OASAS	Office of Alcoholism and Substance Abuse Services
OCFS	Office of Children and Family Services
OER	Office of Employee Relations
OFT	Office for Technology
OGS	Office of General Services
OMH	Office of Mental Health
OMRDD	Office of Mental Retardation and Developmental Disabilities
OPDV	Office for the Prevention of Domestic Violence
ORDA	Olympic Regional Development Authority
ORPS	Office of Real Property Services
OTDA	Office of Temporary and Disability Assistance
Parks	Office of Parks, Recreation and Historic Preservation
Parole	Division of Parole
PPERB	Public and Private Employment Relations Board
PFA	Project Finance Agency
OPS	Office of Public Security
R&W	New York State Racing and Wagering Board
SCOC	State Commission of Correction
SED	State Education Department
SOFA	State Office for the Aging
SONYMA	State of New York Mortgage Agency
STAR	Office of Science, Technology and Academic Research
SUCF	State University Construction Fund
SUNY	State University of New York
Tax	Department of Taxation and Finance
Thruway	NYS Thruway Authority
UDC	Urban Development Corporation
WCB	Workers' Compensation Board