

***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,

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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) |

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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 | 3,675,000 | 0 | 3,531,800 | 0 |
| Total | <u>3,675,000</u> | <u>0</u> | <u>3,531,800</u> | <u>0</u> |

| Program | Temporary Service (Nonannual Salaried) | | Holiday/Overtime Pay (Annual Salaried) | |
|----------------|---|----------|---|----------|
| | Amount | Change | Amount | Change |
| Administration | 139,500 | 0 | 3,700 | 0 |
| Total | <u>139,500</u> | <u>0</u> | <u>3,700</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 | 502,000 | (60,000) | 110,000 | 26,500 |
| Total | <u>502,000</u> | <u>(60,000)</u> | <u>110,000</u> | <u>26,500</u> |

| Program | Travel | | Contractual Services | |
|----------------|---------------|---------------|----------------------|------------------|
| | Amount | Change | Amount | Change |
| Administration | 60,000 | 15,500 | 292,000 | (117,900) |
| Total | <u>60,000</u> | <u>15,500</u> | <u>292,000</u> | <u>(117,900)</u> |

| Program | Equipment | |
|----------------|---------------|---------------|
| | Amount | Change |
| Administration | 40,000 | 15,900 |
| Total | <u>40,000</u> | <u>15,900</u> |

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 | <u>900,000</u> | <u>0</u> | <u>900,000</u> | <u>0</u> |

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

| Fund Type | Available | Recommended | Change |
|--------------|---------------|---------------|----------|
| | 2002-03 | 2003-04 | |
| General Fund | 50,000 | 50,000 | 0 |
| Total | <u>50,000</u> | <u>50,000</u> | <u>0</u> |

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

| Program | Available | Recommended | Change |
|----------------|---------------|---------------|----------|
| | 2002-03 | 2003-04 | |
| Administration | | | |
| General Fund | 50,000 | 50,000 | 0 |
| Total | <u>50,000</u> | <u>50,000</u> | <u>0</u> |

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,

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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> |

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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 | 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 | 516 | 516 | 0 |

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

| Fund Type | Available 2002-03 | Recommended 2003-04 | Change |
|---------------------------------|----------------------|------------------------|-----------|
| | | | |
| 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 | 104,042,600 | 106,102,000 | 2,059,400 |

| | |
|--|-------------|
| 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 | 111,692,600 |

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

| Program | Available 2002-03 | Recommended 2003-04 | Change |
|---------------------------------|----------------------|------------------------|-------------|
| | | | |
| 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 | 104,042,600 | 106,102,000 | 2,059,400 |

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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 | 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 |

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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 | <u>37,017,300</u> | <u>32,802,000</u> | <u>(4,215,300)</u> |

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 | <u>37,017,300</u> | <u>32,802,000</u> | <u>(4,215,300)</u> |

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 | <u>2,600,000</u> | <u>2,600,000</u> | <u>0</u> | <u>2,451,000</u> |

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

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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 | 2003-04 | FTE Change |
| | Estimated FTEs 03/31/03 | Estimated FTEs 03/31/04 | |
| 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 | <u>231</u> | <u>219</u> | <u>(12)</u> |

**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 | <u>33,600,900</u> | <u>34,981,900</u> | <u>1,381,000</u> |

**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 | <u>33,600,900</u> | <u>34,981,900</u> | <u>1,381,000</u> |

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

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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> |

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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 | 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 |

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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) |

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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 | <u>638,877,000</u> | <u>505,154,000</u> | <u>(133,723,000)</u> | <u>3,598,935,000</u> |

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 Amount | Change | Maintenance Undistributed 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 |

| Program | Maintenance Undistributed | |
|----------------|----------------------------------|---------------|
| | 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 Require- ments | Surplus (Deficit) ^{b/} | Total Revenues | Operating Expenses | Debt Service Require- ments | 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 ^{d/} | 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 ^{d/} | 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 Requirements | Surplus (Deficit) ^{b/} | Total Revenues | Operating Expenses | Debt Service Requirements | 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/} | | | Total |
|---|--|-----------------------------|-----------------------------|--|---|-------------------------------|--|------------------|
| | Revenue and Nonrecourse | State Guaranteed | Moral Obligation | | New Approp- riations | Reapprop- riations | | |
| 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

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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

| 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 | 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 | 16,039,000 | | |

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 | <u>19,512,000</u> | <u>12,900,000</u> | <u>13,272,000</u> | <u>10,044,000</u> |

| 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 | <u>6,240,000</u> | <u>4,156,000</u> | <u>0</u> | <u>(1,300,000)</u> |

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

| Fund Type | Available | Recommended | Change |
|------------------|------------------|--------------------|-----------------|
| | 2002-03 | 2003-04 | |
| General Fund | 40,000 | 0 | (40,000) |
| Total | <u>40,000</u> | <u>0</u> | <u>(40,000)</u> |

**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 | <u>40,000</u> | <u>0</u> | <u>(40,000)</u> |

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

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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;

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- **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 | <u>42,470,000</u> | <u>(5,053,000)</u> | <u>13,776,000</u> | <u>88,000</u> |

| 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 | <u>14,377,000</u> | <u>377,000</u> | <u>14,317,000</u> | <u>(5,518,000)</u> |

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

| Fund Type | Available 2002-03 | Recommended 2003-04 | Change |
|---------------------------------|----------------------|------------------------|--------------------|
| General Fund | 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 | <u>1,752,408,700</u> | <u>1,747,988,000</u> | <u>(4,420,700)</u> |

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 | <u>1,752,408,700</u> | <u>1,747,988,000</u> | <u>(4,420,700)</u> |

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 |