

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

COUNCIL ON THE ARTS

MISSION

The primary responsibility for oversight and administration of the State's artistic and cultural resources is assigned to three existing entities — the Council on the Arts, the Empire State Plaza Performing Arts Center Corporation and the New York State Theatre Institute. The 2004-05 Executive Budget proposes the establishment of the New York Institute for Cultural Education to administer a variety of statewide cultural education programs and important cultural institutions. Working together, these agencies expand access to the performing and fine arts, preserve the State's cultural resources and promote greater public awareness of New York's rich cultural heritage.

ORGANIZATION AND STAFFING

The Council on the Arts is headed by a Chair and a Vice Chair and consists of 20 members nominated for 5-year terms by the Governor with confirmation by the Senate. The Council's staff, headed by an Executive Director, is organized into an Administrative Division and a Program Division, both located in New York City. The Council has expertise in several major artistic disciplines (including dance, theater and music) and provides advisory services and financial assistance to New York's arts community. During 2004-05, the Council on the Arts will have a workforce of 55 for the review, processing and administration of arts grants and loans to non-profit organizations. An additional 400 FTEs will be transferred from the Education Department's Office of Cultural Education to assume the responsibilities associated with the creation of the New York Institute for Cultural Education (NYICE).

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

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

To promote increased recognition and visibility of the important cultural programs administered by the State Museum, the State Library and the State Archives, a transfer of these functions from the State Education Department (SED) is recommended to establish a new entity — the New York Institute for Cultural Education (NYICE) — which will have as its sole focus the promotion of New York's cultural resources. The 2004-05 Executive Budget proposes to implement this functional transfer by October 1, 2004 and provides for the related transfer of programs, facilities and staff.

A 15-member Board will oversee this new Institute with members nominated for 5-year terms by the Governor, legislative leaders and the Board of Regents. The Chair of the Board will be designated by the Governor from among its members; and the Institute's Chief Executive Officer will be appointed by the Board.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

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represent approximately 2 percent of 2004-05 disbursements. One Fiduciary Fund account provides funding for short-term loans to arts organizations for acquisition of expensive musical instruments and for capital improvements. A second Fiduciary Fund, established in 1999-00, enables the Council to receive and expend funds available through donations and gifts.

Grants to not-for-profit arts organizations represent nearly 83 percent of the projected expenditures of the Council. The remainder is used for the administration of grant programs and the statewide advocacy, promotion and development of artistic and cultural programs. The 2004-05 Executive Budget provides \$4.9 million for administration of the Council's programs. In addition, \$37.4 million in continuing support is provided for general arts grants, decentralization grants and the Empire State Partnership initiative.

Funding of \$556,000 is provided for the Egg and \$1,578,000 for NYSTI. Receipts from ticket sales, private donations and sales and lease of products and facilities will supplement State funds provided to these organizations.

The Executive Budget provides \$12.5 million from dedicated revenues for NYICE, representing six month funding for the new Institute for the period of October 1, 2004 to March 31, 2005. Separate transitional funding is provided in SED to support these cultural education programs until the date of their transfer to NYICE on October 1, 2004.

PROGRAM HIGHLIGHTS

Council on the Arts. Since April 1995, the Council has distributed approximately 25,000 grants totaling over \$350 million to more than 2,300 cultural organizations. Grant awards to non-profit arts organizations are approved through a multi-step review process, which ensures fair and equitable treatment of all applicants. Program audits are also conducted to promote accountability by monitoring program quality and contractual compliance.

The Council receives approximately 3,000 requests for funding each year from organizations throughout the State including symphony orchestras, museums, dance companies, theaters and libraries. To recognize program excellence and promote regional diversity, the Council devotes half of its State grant funding to organizations that have recognized standing in the field, and guarantees that each county receives a minimum base grant tied to its population.

Performing Arts Center Corporation (the "Egg"). During the 2002-03 season, the Egg presented 83 events that featured the finest dance, music and theatre companies from New York State and around the world, generating a total audience of 44,860. The facility was in use over 320 days. The Egg is also home to the Ellen Sinopoli Dance Company, Ko-Motion Movement Company and the Student Theatre Opportunity Program, and has worked collaboratively with a number of civic and cultural organizations to present performing arts events and education programs.

New York State Theatre Institute. More than 65,000 children, teachers and parents attended NYSTI's six productions in 2002-03 in Troy and 33,000 children attended performances in other locations across the State. The Institute certified 90 high school units and 160 college credits to 65 high school seniors and college students who participated in its internship program. The Institute received an Emmy in 1984, the Silver Award from Worldfest for *A Tale of Cinderella* in 1996, the National American Alliance for Theater and Education award for artistic achievement in 1999, an Audie Award in 2000 for its production of *Sherlock's Secret Life*, a Benjamin Franklin Award for *The Snow Queen* in 2002 and a Classic Telly Award in 2003 for *A Tale of Cinderella*.

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

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

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

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	8,454,700	20,755,000	12,300,300	444,000
Aid To Localities	37,785,000	37,850,000	65,000	1,650,000
Capital Projects	0	0	0	0
Total	46,239,700	58,605,000	12,365,300	2,094,000

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

Full-Time Equivalent Positions (FTE)

Program	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Administration			
General Fund	47	47	0
Special Revenue Funds - Federal	8	8	0
New York Institute for Cultural Education			
General Fund	0	18	18
Special Revenue Funds - Federal	0	68	68
Special Revenue Funds - Other	0	291	291
Internal Service Funds	0	23	23
Total	55	455	400

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	7,277,500	7,055,000	(222,500)
Special Revenue Funds - Federal	777,200	800,000	22,800
Special Revenue Funds - Other	400,000	12,900,000	12,500,000
Total	8,454,700	20,755,000	12,300,300

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

Program	Available 2003-04	Recommended 2004-05	Change
Administration			
General Fund	5,100,000	4,921,000	(179,000)
Special Revenue Funds - Federal	777,200	800,000	22,800
Special Revenue Funds - Other	400,000	400,000	0
Empire State Performing Arts Center Corporation			
General Fund	567,000	556,000	(11,000)
New York State Theatre Institute			
General Fund	1,610,500	1,578,000	(32,500)
New York Institute for Cultural Education			
Special Revenue Funds - Other	0	12,500,000	12,500,000
Total	8,454,700	20,755,000	12,300,300

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,173,000	(142,000)	3,059,000	(130,000)
Total	3,173,000	(142,000)	3,059,000	(130,000)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	114,000	(8,000)	0	(4,000)
Total	114,000	(8,000)	0	(4,000)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,748,000	(37,000)	111,400	0
Empire State Performing Arts Center Corporation	556,000	(11,000)	0	0
New York State Theatre Institute	1,578,000	(32,500)	0	0
Total	3,882,000	(80,500)	111,400	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	189,200	0	1,366,000	(37,000)
Empire State Performing Arts Center Corporation	0	0	0	0
New York State Theatre Institute	0	0	0	0
Total	189,200	0	1,366,000	(37,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	81,400	0	0	0
Empire State Performing Arts Center Corporation	0	0	556,000	(11,000)
New York State Theatre Institute	0	0	1,578,000	(32,500)
Total	81,400	0	2,134,000	(43,500)

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	1,200,000	22,800	542,000	31,100
New York Institute for Cultural Education	12,500,000	12,500,000	0	0
Total	13,700,000	12,522,800	542,000	31,100

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	258,000	(8,300)	400,000	0
New York Institute for Cultural Education	0	0	12,500,000	12,500,000
Total	258,000	(8,300)	12,900,000	12,500,000

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	37,400,000	37,400,000	0
Special Revenue Funds - Federal	185,000	250,000	65,000
Special Revenue Funds - Other	200,000	200,000	0
Total	37,785,000	37,850,000	65,000

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

Program	Available 2003-04	Recommended 2004-05	Change
Administration			
General Fund	37,400,000	37,400,000	0
Special Revenue Funds - Federal	185,000	250,000	65,000
Special Revenue Funds - Other	200,000	200,000	0
Total	37,785,000	37,850,000	65,000

CITY UNIVERSITY OF NEW YORK

MISSION

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

ORGANIZATION AND STAFFING

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

The chief executive officer of the University is the Chancellor, who is appointed by the Board of Trustees. Individual college presidents are also appointed by the Board of Trustees. University operations are subjected to fewer State government controls than are imposed on other State agencies, reflecting executive and legislative interest in providing enhanced administrative and managerial flexibility to the City University.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

SENIOR COLLEGES

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

For 2004-05, CUNY's gross operating budget will total \$1.2 billion, an increase of \$36.5 million or 3.1 percent. Within this amount, taxpayer support will total \$608.6 million, an increase of \$28.5 million or 4.9 percent. CUNY's Senior College Revenue Offset will total \$603.6 million, an increase of \$8.0 million or 1.3 percent reflecting additional appropriation authority for University-generated revenues resulting from base year enrollment growth.

Special revenue funding for CUNY will total \$153.7 million, an increase of \$20 million to finance equipment purchases consistent with the useful life of assets.

Consistent with austerity reductions and efficiencies required of a wide range of State programs, funding for the Search for Education, Elevation and Knowledge (SEEK) program is reduced by five percent or \$730,000 for 2004-05.

COMMUNITY COLLEGES

CUNY community colleges have three basic funding sources: State support, local support from New York City and tuition revenue. Recommended State funding for community colleges of \$144.9 million reflects a net increase of \$6.0 million from 2003-04 attributable to: enrollment growth (\$10.5 million); a 5 percent reduction in operating aid from the current per student rate of \$2,300 to \$2,185 (-\$7.3 million); an increase in rental aid for leased space

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(\$2.8 million); and a five percent reduction in funding for the College Discovery program (-\$.04 million). Funding for childcare and workforce development are continued at \$0.9 million and \$1 million, respectively.

CAPITAL DEVELOPMENT PROJECTS

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

Capital recommendations for 2004-05 include a new \$1.1 billion Five-Year Capital Investment Program for CUNY, which provides for facility and infrastructure improvements at City University senior colleges consistent with the University's needs and priorities. Funded projects encompass critical health and safety, preservation and handicapped access projects, as well as the completion of ongoing projects at John Jay College and Brooklyn College. In addition, authorization is provided for CUNY to establish a Science Research Center and for the development of Governors Island. CUNY's bond cap will be increased by \$840 million, for a total bonding authorization of \$4.3 billion, to cover CUNY's planned bond sales for the multi-year period of the new Capital Investment Program and to reflect disbursement-based bonding.

CUNY's capital program for 2004-05 provides \$216 million to support the first year of the new Five-Year Capital Investment Program.

PROGRAM HIGHLIGHTS

The City University of New York offers a wide variety of educational avenues ranging from vocational courses to doctoral degree programs. Approximately 213,000 full-time and part-time students — 143,000 at the senior colleges and 70,000 at the community colleges — were enrolled in degree programs for the fall 2003 semester. In addition, the University served more than 238,000 individuals through adult and continuing education courses. CUNY's academic offerings and programs include, the following important programs:

- The Language Immersion Program is designed to strengthen the language skills of first year students prior to their entry into collegiate coursework. This intensive, full-time program has successfully taken a holistic approach to language development. The program operates at eight sites and, in its brief history, has helped more than 12,000 students to prepare for full collegiate matriculation;
- The College Preparatory Initiative is a system-wide collaboration between the City University and the New York City public schools to improve the academic preparation of high school students. The cooperative effort has enabled CUNY to strengthen its academic prerequisites for admission to the University;
- The New York City Alliance for Minority Participation is a consortium of 16 CUNY campuses that have joined with the National Science Foundation in a cooperative venture to increase the number of under-represented students successfully completing science, mathematics, engineering and technology baccalaureate programs; and
- Approximately 80 research institutes and centers are located throughout the University. Notable examples include the Structural Biology Center — a consortium of public and private research institutions located on the City College campus, the Levich Institute for Physico-Chemical Hydrodynamics at City College and the Institute for Biomolecular Structure and Function at Hunter College. University-wide research activities have been enhanced by the Applied Science Coordinating Institute.

In recent years, the CUNY Board of Trustees has advanced a series of significant actions to improve academic program quality and strengthen the planning and management functions of the University. These actions include the establishment of more rigorous

admissions criteria and the successful implementation of a new remedial education policy. The Board of Trustees continues to encourage campuses to set higher standards, reduce time-to-program completion and reallocate resources through program consolidation.

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

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	1,314,384,000	1,365,899,000	51,515,000	0
Aid To Localities	733,192,000	744,397,000	11,205,000	0
Capital Projects	55,000,000	1,115,000,000	1,060,000,000	577,561,000
Total	2,102,576,000	3,225,296,000	1,122,720,000	577,561,000

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
Special Revenue Funds - Other	188,700,000	153,700,000	(35,000,000)
Fiduciary Funds	1,125,684,000	1,212,199,000	86,515,000
Total	1,314,384,000	1,365,899,000	51,515,000

Adjustments:

Recommended Deficiency	
City University of New York	
Special Revenue Funds - Other	(55,000,000)
Appropriated 2003-04	<u>1,259,384,000</u>

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	733,192,000	744,397,000	11,205,000
Total	733,192,000	744,397,000	11,205,000

Adjustments:

Recommended Deficiency	
City University of New York	
General Fund	(2,258,000)
Appropriated 2003-04	<u>730,934,000</u>

CITY UNIVERSITY

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

Program	Available 2003-04	Recommended 2004-05	Change
Community College Programs			
General Fund	127,212,000	144,116,000	16,904,000
Institutional Support Services			
General Fund	602,980,000	595,481,000	(7,499,000)
Senior College Pension Payments			
General Fund	3,000,000	4,800,000	1,800,000
Total	<u>733,192,000</u>	<u>744,397,000</u>	<u>11,205,000</u>

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

Comprehensive Construction Program	Available 2003-04	Recommended 2004-05	Change	Reappropriations 2004-05
Senior Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	20,000,000	20,000,000	32,531,000
Capital Projects Fund - Advances	0	1,095,000,000	1,095,000,000	4,037,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	2,311,000
New Facilities				
Capital Projects Fund - Advances	0	0	0	352,300,000
City University of New York Capital Projects Fund				
City University of New York Capital Projects Fund	0	0	0	1,966,000
Subtotal	<u>0</u>	<u>1,115,000,000</u>	<u>1,115,000,000</u>	<u>393,145,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	5,000,000	0	(5,000,000)	17,807,000
Capital Projects Fund - Advances	50,000,000	0	(50,000,000)	166,609,000
Subtotal	<u>55,000,000</u>	<u>0</u>	<u>(55,000,000)</u>	<u>184,416,000</u>
Total	<u>55,000,000</u>	<u>1,115,000,000</u>	<u>1,060,000,000</u>	<u>577,561,000</u>

STATE EDUCATION DEPARTMENT

MISSION

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

ORGANIZATION AND STAFFING

Oversight of the Department is provided by the Board of Regents, which was originally established by the Legislature in 1784 and subsequently continued in the State Constitution. The Board of Regents is comprised of 16 members — one for each of the State's 12 judicial districts and four statewide members — who are elected by a joint session of the Legislature for staggered 5-year terms. The Board elects its chair, who holds the title Chancellor, and appoints the Commissioner of Education as the chief administrative officer of the Department.

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

Recommended staffing levels for 2004-05 are projected to total 2,654 positions at year's end, with 381 positions, or approximately 14 percent, supported by the General Fund. Various dedicated fees, charge-backs and Federal grants will support the remaining staff.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2004-05, total funding for programs and operations of the State Education Department will increase by \$782 million or 3.5 percent. This year-to-year change is primarily due to: increases of \$290 million in support for public schools from General Fund and lottery revenues; a \$164 million increase in the STAR property tax relief program; and a Federal funds increase of \$291 million.

The taxpayer-supported General Fund provides 8 percent of SED's operating budget. Federal grants, including programs for individuals with disabilities and disadvantaged pupils, account for 60 percent of the agency's resources. The remaining 32 percent is derived from fees, charge-backs and other miscellaneous receipts.

SCHOOL TAX RELIEF (STAR)

The School Tax Relief (STAR) program was enacted in 1997-98 to provide needed tax relief for homeowners across the State. In 2004-05, \$3 billion is appropriated for STAR, an increase of \$164 million. This amount includes funds for the enhanced exemption for eligible senior citizens, the basic STAR exemption for other homeowners and the New York City Personal Income Tax reduction. The Governor will also call for a cap that would limit school spending increases to the lesser of 4 percent or 120 percent of the increase in the Consumer Price Index.

For 2004-05, STAR benefits will be increased to recognize the effects of inflation. As a result, local taxpayers will save \$43 million in property taxes paid to them as a credit on their income tax. The STAR credit provided for 2004-05 will be available for all homeowners in school districts that keep their spending within the proposed spending cap.

The Governor is also proposing to expand the School Property Tax Report Card to require school districts to include information displaying the three-year change in the school tax levy compared to the change in the Consumer Price Index, thereby helping local taxpayers review school spending trends.

EDUCATION

EDUCATIONAL GOVERNANCE

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

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

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

The Budget also proposes a restructuring of the State Education Department to sharpen its focus on its core mission — the education of our children. Cultural Education programs — including the State Museum, State Library and State Archives — will be transferred from the State Education Department to create a new entity, the New York Institute for Cultural Education (NYICE). NYICE will be established as a new public benefit corporation and will be headed by a 15-member board appointed by the Governor, legislative leaders and the Board of Regents. A total of 400 positions will be transferred from the State Education Department to NYICE effective October 1, 2004.

SCHOOL AID

In September 2003, Governor Pataki announced the creation of the New York State Commission on Education Reform — a non-partisan group of educational, business and community leaders who will develop a comprehensive set of recommendations to address the historic opportunity presented by the Court of Appeals' order to overhaul New York's education finance system. The Commission will present its findings and recommendations to the Governor and the Legislature on March 1, 2004. While awaiting release of the Commission's recommendations, the 2004-05 Executive Budget proposes targeted reforms in certain critical areas.

Major recommendations for 2004-05 include:

- **School Year Support:** For the 2004-05 school year, \$14.56 billion is provided in State support for public schools, a school year increase of \$147 million or 1 percent;
- **Fiscal Year Support:** For the 2004-05 fiscal year, \$14.65 billion is provided in State support for public schools, a fiscal year increase of \$290 million or 2 percent, including an increase of \$110 million in lottery revenues;
- **Additional Support for Education:** In addition to the \$14.56 billion for general school aid, the Budget reserves certain new revenues to support expected reforms related to ensuring that every child has the opportunity to receive a sound basic education. Beginning with the 2004-05 school year, all State revenues generated by Video Lottery Terminals (VLTs) will be dedicated to support the sound basic education requirements set forth in the State Constitution and re-affirmed in a recent decision by the State Court of Appeals. Based upon VLT facilities now being developed and new ones to be authorized in legislation introduced with the Executive Budget, these receipts are expected to approximate \$325 million in the 2004-05 school year, growing to \$2 billion over the next five years;

- **Sound Basic Education Grant:** The Executive Budget includes a \$100 million Sound Basic Education matching grant for New York City as part of the City's general school aid, which will be supplemented by an allocation to the City from the \$325 million in new VLT revenues;
- **Flex Aid:** For the coming year, the Executive Budget recommendations would provide schools with greater flexibility to meet locally defined needs by consolidating seven existing aid categories into a single program — Flex Aid. Overall, Flex Aid funding will total nearly \$10 billion and will be maintained at 2003-04 levels for all districts;
- **Building Aid:** For the 2004-05 school year, \$1.36 billion is recommended in State support for the construction of school facilities, an increase of \$152 million. The Executive Budget recommends a series of reforms to ensure that State and local resources are effectively targeted to address school facility needs across New York. These reforms include: replacing the existing open-ended building aid system with a priority-based system; simplifying the building aid formula to provide realistic allowances for construction costs and per student based space needs; and creation of a State Clearinghouse for Efficient Construction Practices and Designs whereby the Dormitory Authority of the State of New York will provide advisory services and technical expertise to school districts. Additionally, payment reforms for new projects enacted in 2003-04 will be extended for 2004-05;
- **BOCES Aid:** The 2004-05 Executive Budget recommends reforms to refocus BOCES on their core mission — to promote cost-efficiency through the regional delivery of educational services. For 2004-05, the Executive Budget also recommends that BOCES Aid be limited to the amount received by the school district in the prior year;
- **Transportation Aid:** The 2004-05 Executive budget provides \$1.1 billion for reimbursement of the cost of transporting 2.5 million students statewide. As a cost-containment measure, transportation aid for non-capital expenses will be limited to an increase of 2.5 percent. Beginning in 2005-06, transportation-related capital expenses will be reimbursed over a term consistent with the useful life of the asset. In 2004-05, during the transition to the new reimbursement system, capital grants will be provided to school districts from proceeds of State supported bonds;
- **Teachers of Tomorrow:** The 2004-05 Executive Budget continues funding of \$20 million for the Teachers of Tomorrow Program;
- **Categorical Grant Programs:** State support is being reduced for various discretionary grant programs, including the Teacher Support Aid, Teacher Centers and the Teacher Mentor Intern program;
- **Other Programs:** The 2004-05 Executive Budget recommends funding based on existing statutory formulas for several programs, including growth aid, textbook aid, reorganization incentive aid, special services aid and instructional materials aids;
- **Mandate Relief:** In order to avoid costly unfunded mandates, legislation accompanying the Executive Budget would require the Board of Regents to obtain approval by the State Office of Regulatory Reform of any new regulations that carry significant costs for the State, local governments, or educational institutions. Other mandate relief initiatives include extending to all schools the exemption from the Wicks Law currently provided to New York City;
- **School Safety:** The Governor's Safe Schools Against Violence in Education Act of 2000 — based upon the recommendations of the Task Force on School Violence, chaired by Lieutenant Governor Mary Donohue — represents the most comprehensive plan in the nation to ensure the safety and well being of school children. For 2004-05, \$475,000 is recommended to support the efforts of the Statewide Center for School Safety in promoting "best practices" and providing technical assistance to schools, and \$500,000 is provided for character education curriculum development activities;

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- **School Choice:** For 2004-05, \$6 million is provided for the Charter School Stimulus Fund to assist with facility needs and other costs connected to the development and expansion of charter schools; and
- **Advantage Schools:** The Advantage After-School Program provides school-age children with supervised educational and social activities during non-school hours. Recommended appropriations for the Office of Children and Family Services will restore the Advantage Schools program to \$20.2 million in 2004-05, \$10.2 million more than the enacted 2003-04 budget. This increase is expected to return Advantage Schools to a full program level, providing vital after-school services to more than 25,000 children throughout the State.

SPECIAL EDUCATION

School-Age Special Education

The State's current special education finance system provides unintended fiscal incentives for children to be placed in restrictive settings, away from their non-disabled peers. Effective in the 2004-05 school year, \$2.2 billion in funding for public special education programs will be consolidated within Flex Aid to:

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

Also, reimbursement for private special education placements will be limited to the statewide amount provided in 2003-04.

Preschool Special Education

Over the past several years, fundamental reforms have been enacted in the preschool special education program to improve the cost-effective delivery of these services and ensure that over 75,000 disabled children receive services in the least restrictive setting.

The 2004-05 Executive Budget will reinstate the restriction on the creation or expansion of preschool programs that serve children with disabilities in non-inclusive settings. Provisions are also recommended to authorize the State Education Department to approve new or expanded non-inclusive preschool programs based upon a demonstrated need for such programs.

The 2004-05 General Fund recommendation of \$552 million will support the State's 59.5 percent share of preschool special education program costs.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

Various categorical education programs will experience a net reduction of \$111 million for the 2004-05 school year. Increased funding is provided for mandated expenditure-based programs that include Non-Public School Aid (\$2.5 million) and Education of Native Americans (\$3 million). The overall net decrease reflects the elimination of \$59 million in one-time legislative grants and a \$62 million reduction in funding for fiscal stabilization grants. Consistent with austerity reductions and efficiencies required of many other State aid programs, there is also a 5 percent reduction in funding for the following categorical programs: AIDS Education; Apprenticeship Training; Comprehensive School Health Demonstration; Consortium for Worker Education; Education of Children of Migrant Workers; Extended Day/School Safety; Primary Mental Health; School Health Demonstration; Schools Under Registration Review; Transferring Success; and Workplace Literacy.

EDUCATION

ELEMENTARY, MIDDLE AND SECONDARY CATEGORICAL PROGRAMS 2004-05 SCHOOL YEAR

(amounts in thousands of dollars)

Program	2003-04 School Year	2004-05 School Year	Change
Adult Literacy Education	3,325	3,325	0
AIDS Education	693	658	(35)
AIS for Non-Public Schools	1,000	1,000	0
Apprenticeship Training	1,830	1,739	(91)
Character Education	0	500	500
Charter Schools	0	6,000	6,000
Comprehensive School Health	368	349	(19)
Consortium for Worker Education	9,000	8,550	(450)
Extended Day	30,200	28,690	(1,510)
Fiscal Stabilization Grants/Prior Year Claims	90,000	28,000	(62,000)
Migrant Workers	90	68	(22)
Native American Education	16,000	19,000	3,000
Non-Public School Aid	80,800*	83,300	2,500
One-Time Legislative Adds	58,958	0	(58,958)
Primary Mental Health	570	542	(28)
School Health Demo.	150	143	(7)
School Lunch/Breakfast	31,700	31,700	0
School Safety Center	0	475	475
Summer Food Program	3,300	3,300	0
SURR Schools	2,000	1,900	(100)
Targeted Pre-Kindergarten	50,200	50,200	0
Transferring Success	630	598	(32)
WEP/Adult Basic Education	5,000	5,000	0
Workplace Literacy	1,376	1,307	(69)
Total	\$387,190	\$276,344	(\$110,846)

*Includes recommended current year deficiency of \$8 million

OTHER RECOMMENDATIONS

The Executive Budget provides \$35.5 million in General Fund support for agency operations reflecting a net reduction of \$8.3 million, due to \$7 million in savings from recommended management efficiencies and \$1.3 million reflecting the transfer of tenured teacher hearing costs to school districts. In addition to funding for agency operations, the State Education Department's budget also includes the following aid programs:

- \$84.4 million for Library Aid, a decrease of \$4.4 million (-5%);
- \$13.1 million for Aid for Public Broadcasting, a decrease of \$692,000 (-5%);
- \$52.6 million for Case Services for vocational rehabilitation clients, a decrease of \$2 million;
- \$14.8 million for Supported Employment, to maintain services including extended supported employment services for consumers being transitioned from the Office of Mental Retardation and Developmental Disabilities to VESID;
- \$10.2 million for Independent Living Centers, reflecting a decrease of a \$536,600 (-5%);
- \$42.0 million for Unrestricted Aid for Independent Colleges and Universities, a decrease of \$2.2 million (-5%);
- \$20.9 million for the Higher Education Opportunity Program, a decrease of \$1.1 million (-5%);
- \$10.9 million for the Liberty Partnerships Program; a decrease of \$575,000 (-5%);
- \$9.5 million for the Science and Technology Entry Program (STEP) and its collegiate counterpart (CSTEP), a decrease of \$500,000 (-5%); and
- \$712,500 for the Teacher Opportunity program; a decrease of \$37,500 (-5%).

EDUCATION

PROGRAM HIGHLIGHTS

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

SCHOOL AID

The 2004-05 Executive Budget will provide \$14.6 billion for the 2004-05 school year. As a result of the combination of school aid and property tax relief through STAR, New York State now supports nearly 44 percent of local school districts' spending on education. State support for public schools, combined with STAR and lottery payments, now accounts for more than 37 percent of the State's General Fund — up from 27 percent when the Governor first took office.

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

- **Flex Aid:** In this aid program, seven aid categories are consolidated into a single funding stream that represents more than 68 percent of State aid to local school districts. This program provides support to school districts for their general operating costs;
- **Transportation Aid and Building Aid** provides support to school districts for student transportation and the construction and preservation of school facilities. With a combined total of nearly \$2.5 billion, these two aid categories account for nearly 17 percent of overall school aid; and
- **Specialized aid and grant programs** address specific educational needs, ranging from textbooks to adult education programs. Notable program recommendations for 2004-05 include continuation of \$136.1 million in grants for magnet school programs in 19 cities throughout the State and \$81.9 million in aid to small city school districts.

SCHOOL TAX RELIEF (STAR)

STAR provides New York's taxpayers with savings totaling \$3 billion in appropriations for school property tax relief and New York City personal income tax reductions. For the coming year, a new State STAR credit will be created under the personal income tax to protect the STAR benefit from the effects of inflation.

School Property Tax Relief

- In 2004-05, more than 620,000 senior homeowners will be eligible to receive an enhanced exemption of at least \$50,000 (on a "full value" basis) with a statewide benefit averaging \$1,080. To be eligible for the enhanced benefit, residential property owners must be at least 65 years of age and have annual incomes of \$63,750 or less (combined incomes of the owners and their spouses who reside on the premises). The new income limit reflects the second Cost of Living Adjustment to income eligibility, as enacted in the 2002-03 budget;
- In 2004-05, the school property tax exemption will provide nearly 2.5 million other homeowners who are not eligible for the senior citizen enhanced exemption with a full value equivalent homestead exemption of at least \$30,000. Statewide tax savings for non-senior owner occupied residences will average \$710; and
- The exemptions provided to homeowners (both seniors and non-seniors) living in a county whose median home sale price exceeds the statewide median will be adjusted upward to account for the variation in property values for similar homes in different regions of the State.

New York City Tax Reduction

Under the STAR program, New York City's more than 3 million resident personal income taxpayers will receive a flat refundable credit and a rate reduction. Total local taxpayer savings will be \$560 million. The personal income tax credit and changes in the tax rates were fully implemented in 2001-02 and have reduced the New York City personal income tax by nearly 10 percent.

New State STAR Credit

For 2004-05, STAR benefits will be increased to recognize the effects of inflation. As a result, current STAR benefits that average \$1,080 for seniors and \$710 for other homeowners will be adjusted by the increase in the Consumer Price Index. The STAR credit will be available for all homeowners in school districts that keep their spending within the proposed spending cap.

Property Taxpayer's Bill of Rights

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

Local Voter Empowerment

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

- **Property Tax Report Card:** Schools are now required to report proposed property tax increases, spending growth and estimated enrollment changes to the State Education Department prior to the statewide school budget voting day. A property tax report card is then compiled and released to the public before school budget votes are held. For 2004-05, the property tax report card will be expanded to include information displaying the three-year change in the school tax levy compared to the change in the CPI, thereby helping local taxpayers review school spending trends.
- **Special Informational Mailings:** School districts are now required to mail notices to voters prior to budget votes, disclosing:
 - How proposed school spending increases compare with increases in consumer prices;
 - How a proposed budget would compare to the contingency budget that would be authorized by statute if the voters were to defeat the proposed budget on two successive votes; and
 - How STAR savings were affected by school tax increases for a typical homeowner in the current year and the estimated effects of proposed tax changes on estimated STAR savings under the budget proposed for the coming year.

Limiting School Property Tax Increases

To ensure that STAR results in property tax savings to homeowners, and that STAR benefits are not eroded by excessive tax increases, Governor Pataki is proposing that limits be placed on the ability of school districts to increase total spending. An annual cap would limit school spending increases to the lesser of 4 percent or 120 percent of the increase in the Consumer Price Index. A two-thirds majority of school district voters would be required to exceed this spending cap.

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Certain exceptions including those currently allowed in calculating the maximum school contingency budget would be allowed in calculating spending increases. Expenditures for increases in enrollment, capital projects, certified emergencies, judgments, tax certiorari proceedings and court ordered funding to provide a sound basic education would be excluded from the cap.

PROGRAMS FOR STUDENTS WITH SPECIAL NEEDS

New York provides a full spectrum of special education services for over 400,000 students aged 4 to 21. These services range from speech therapy to placement in full-time residential schools for those school-age children with the most severely disabling conditions. The network of service providers includes school districts, Boards of Cooperative Educational Services (BOCES), private not-for-profit schools and State-operated facilities.

School districts and BOCES serve approximately 390,000 school-age children in classroom settings. An additional 14,000 students who require particularly intensive programs are served by nearly 150 private schools, including 14 Special Act School Districts and 11 State-supported schools for blind and deaf students.

Two State-operated schools provide specialized services for blind and deaf students with multiple disabilities. The New York State School for the Blind in Batavia serves over 70 blind and multiply disabled students, including 16 developmentally disabled students at its Intermediate Care Facility. The New York State School for the Deaf in Rome serves over 80 deaf and multiply disabled students.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

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

- **School Lunch and Breakfast Program:** State funds of \$31.7 million supplement Federal support for the provision of free and reduced-price meals to low-income students. Approximately 1.4 million lunches and 456,000 breakfasts are served daily under this program;
- **Summer Food Program:** \$3.3 million in additional State funds supplement Federal support for the provision of free meals for low-income students participating in summer recreation programs. There are more than 270 sponsors of summer programs serving almost 260,000 students; and
- **Non-Public School Aid:** The State reimburses 1,400 non-public schools for the costs of administering State mandated tests, attendance taking and other data collection efforts.

HIGHER EDUCATION AND REGULATION OF THE PROFESSIONS

The Office of Higher Education and the Professions is responsible for ensuring the quality and availability of post-secondary education programs and regulating professionals to protect the public by ensuring the quality and integrity of services provided to consumers in the State. This office:

- Assists the Regents in making higher education policies and plans, administers aid programs for colleges, universities and students and reviews and registers academic programs of degree-granting institutions. This office also oversees the regulation of proprietary schools that offer a range of vocational education programs, as well as teacher certification and discipline and background checks of prospective school personnel.
- Licenses and provides oversight for members of the 44 professions regulated pursuant to Title VIII of the Education Law, including: Nursing, Optometry, Dentistry, Pharmacy, Veterinary Medicine, Social Work, Architecture, Civil Engineering and Public Accountancy. The Office is also responsible for enforcing standards of

practice, codes of conduct and professional discipline for the licensees, except members of the medical professions (Physicians, Physician Assistants and Special Assistants) whose professional conduct is within the purview of the Department of Health. Professional licensure, oversight and enforcement functions have been self-supporting, through the collection of fines and fees, since 1987.

VOCATIONAL REHABILITATION

The Vocational and Educational Services for Individuals with Disabilities (VESID) program provides job training, counseling and placement services for disabled persons throughout New York. Using its network of 15 district offices across the State, VESID provides vocational rehabilitation services to disabled clients tailored to their individual goals, capabilities and needs. This program arranges job placements for more than 15,000 individuals annually from an active caseload of 57,000.

EDUCATION

Program	School Aid			
	School Year Payments (millions)			
	Estimated 2003-04	Recommended 2004-05	Change Amount	Change Percent
I. Computerized Aids:				
Comprehensive Operating Aid	\$6,840.62	\$0.00	\$0.00	0.00
Extraordinary Needs Aid	703.12	0.00	0.00	0.00
ERSSA	71.08	0.00	0.00	0.00
Limited English Proficiency	77.41	0.00	0.00	0.00
Summer School	36.18	0.00	0.00	0.00
Tax Limitation Aid	29.93	0.00	0.00	0.00
Excess Cost - Public	2,198.81	0.00	0.00	0.00
Flex Aid	\$9,957.15	\$9,957.15	\$0.00	0.00
Excess Cost - Private	187.42	187.42	0.00	0.00
Textbooks (Incl. Lottery)	189.01	188.65	(0.36)	(0.19)
Computer Software	45.88	46.40	0.52	1.13
Computer Hardware	28.10	28.38	0.28	1.00
Library Materials	19.26	19.58	0.32	1.66
Prekindergarten	201.34	201.34	0.00	0.00
Class Size Reduction	136.49	136.49	0.00	0.00
Minor Maintenance	49.97	49.97	0.00	0.00
New York City Sound Basic Education Grant	0.00	100.00	100.00	NA
Subtotal Computerized Aid Excluding Bldg, Trans, BOCES, Sp Serv, FDK, Reorg Oper	10,814.62	10,915.38	100.76	0.93
Transportation (Including Summer)	1,076.94	1,097.23	20.29	1.88
Building/Reorganization Building	1,207.33	1,359.46	152.13	12.60
BOCES	505.05	480.58	(24.47)	(4.85)
Special Services (Career Ed./Computer Admin.)	132.37	131.03	(1.34)	(1.01)
Full-Day Kindergarten	7.57	3.66	(3.91)	(51.65)
Reorganization Incentive (Operating)	17.53	14.74	(2.79)	(15.92)
Computerized Aid Total	\$13,761.41	\$14,002.10	\$240.69	1.75
II. Grant Programs and Other Aid Categories:				
Capital Outlay Transition Grant Adjustments	11.44	0.00	(11.44)	(100.00)
Growth Aid	29.93	13.59	(16.34)	(54.59)
Teachers of Tomorrow	20.00	20.00	0.00	0.00
Teacher Centers	30.00	10.00	(20.00)	(66.67)
Teacher-Mentor Intern	4.00	1.33	(2.67)	(66.75)
Teacher Support Aid	67.48	22.49	(44.99)	(66.67)
Roosevelt	6.00	6.00	0.00	0.00
Categorical Reading	63.95	63.95	0.00	0.00
Improving Pupil Performance	66.35	66.35	0.00	0.00
Magnet Schools	135.80	136.10	0.30	0.22
Aid to Small City School Districts	81.88	81.88	0.00	0.00
Fort Drum	2.63	2.63	0.00	0.00
Urban-Suburban Transfer	1.13	1.13	0.00	0.00
Employment Preparation Education	84.00	84.00	0.00	0.00
Homeless Pupils	5.61	5.91	0.30	5.35
Incarcerated Youth	14.00	14.50	0.50	3.57
Bilingual	11.20	11.20	0.00	0.00
Comptroller Audits	0.25	0.25	0.00	0.00
Education of OMH/OMR Pupils	25.00	26.00	1.00	4.00
Special School Districts	2.20	2.20	0.00	0.00
Chargebacks	(18.00)	(18.00)	0.00	0.00
Tuition Adjustment	1.18	1.18	0.00	0.00
CVEEB	0.92	0.92	0.00	0.00
BOCES Aid for Special Act Districts	0.68	0.68	0.00	0.00
Learning Technology Grants	3.29	3.29	0.00	0.00
Shared Services Incentive	0.20	0.20	0.00	0.00
Native American Building	2.00	2.00	0.00	0.00
Bus Driver Safety	0.40	0.40	0.00	0.00
Add'l Prekindergarten	0.60	0.60	0.00	0.00
Add'l Class Size Reduction	1.82	1.82	0.00	0.00
Subtotal	655.94	562.60	(93.34)	(14.23)
SCHOOL YEAR TOTAL	\$14,417.35	\$14,564.70	\$147.35	1.02

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	452,894,300	426,138,200	(26,756,100)	340,908,200
Aid To Localities	21,669,850,900	22,392,426,000	722,575,100	4,113,347,900
Capital Projects	3,750,000	90,300,000	86,550,000	26,875,000
Total	22,126,495,200	22,908,864,200	782,369,000	4,481,131,100

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

Full-Time Equivalent Positions (FTE)

Program	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Office of Management Services Program			
General Fund	160	160	0
Special Revenue Funds - Other	181	181	0
Internal Service Funds	101	101	0
Elementary, Middle and Secondary Education			
General Fund	189	189	0
Special Revenue Funds - Federal	305	300	(5)
School for the Blind			
Special Revenue Funds - Other	104	104	0
Batavia ICF/DD			
Special Revenue Funds - Other	37	37	0
School for the Deaf			
Special Revenue Funds - Other	103	103	0
Higher Education and the Professions, Office of			
General Fund	55	52	(3)
Special Revenue Funds - Federal	12	12	0
Special Revenue Funds - Other	412	440	28
Cultural Education			
General Fund	18	0	(18)
Special Revenue Funds - Federal	68	0	(68)
Special Revenue Funds - Other	291	0	(291)
Internal Service Funds	23	0	(23)
Vocational and Educational Services for Individuals with Disabilities			
Special Revenue Funds - Federal	995	995	0
Management Efficiencies Program			
General Fund	0	(20)	(20)
Total	3,054	2,654	(400)

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	43,820,600	35,520,600	(8,300,000)
Special Revenue Funds - Federal	274,917,200	255,929,500	(18,987,700)
Special Revenue Funds - Other	114,552,600	113,855,100	(697,500)
Internal Service Funds	19,603,900	20,833,000	1,229,100
Total	452,894,300	426,138,200	(26,756,100)

Adjustments:	
Recommended Deficiency	
Education Department, State	
Special Revenue Funds - Other	(1,400,000)
Appropriated 2003-04	451,494,300

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

Program	Available 2003-04	Recommended 2004-05	Change
Office of Management Services Program			
General Fund	17,399,500	17,399,500	0
Special Revenue Funds - Other	17,474,000	21,674,000	4,200,000
Internal Service Funds	11,550,000	12,660,000	1,110,000
Elementary, Middle and Secondary Education			
General Fund	21,414,000	21,414,000	0
Special Revenue Funds - Federal	133,456,000	104,919,000	(28,537,000)
Special Revenue Funds - Other	978,900	978,900	0
School for the Blind			
Special Revenue Funds - Other	7,577,900	8,505,000	927,100
Batavia ICF/DD			
General Fund	126,100	126,100	0
Special Revenue Funds - Other	2,650,000	2,917,000	267,000
School for the Deaf			
Special Revenue Funds - Other	7,446,000	8,167,000	721,000
Higher Education and the Professions, Office of			
General Fund	4,881,000	3,581,000	(1,300,000)
Special Revenue Funds - Federal	2,723,000	2,900,000	177,000
Special Revenue Funds - Other	47,048,000	51,488,000	4,440,000
Cultural Education			
Special Revenue Funds - Federal	8,154,000	8,689,000	535,000
Special Revenue Funds - Other	30,465,800	19,213,200	(11,252,600)
Internal Service Funds	8,053,900	8,173,000	119,100
Vocational and Educational Services for Individuals with Disabilities			
Special Revenue Funds - Federal	130,584,200	139,421,500	8,837,300
Special Revenue Funds - Other	912,000	912,000	0
Management Efficiencies Program			
General Fund	0	(7,000,000)	(7,000,000)
Total	<u>452,894,300</u>	<u>426,138,200</u>	<u>(26,756,100)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Office of Management Services Program	9,560,600	0	9,560,600	0
Elementary, Middle and Secondary Education	11,051,000	0	11,051,000	0
Higher Education and the Professions, Office of	2,256,000	0	2,256,000	0
Total	<u>22,867,600</u>	<u>0</u>	<u>22,867,600</u>	<u>0</u>

EDUCATION

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Office of Management Services Program	7,838,900	0	400,000	0
Elementary, Middle and Secondary				
Education	10,363,000	0	282,300	0
Batavia ICF/DD	126,100	0	0	0
Higher Education and the Professions,				
Office of	1,325,000	(1,300,000)	0	0
Management Efficiencies Program	(7,000,000)	(7,000,000)	0	0
Total	<u>12,653,000</u>	<u>(8,300,000)</u>	<u>682,300</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Office of Management Services Program	350,000	0	5,648,900	0
Elementary, Middle and Secondary				
Education	697,500	0	9,108,200	0
Batavia ICF/DD	0	0	0	0
Higher Education and the Professions,				
Office of	0	0	325,000	0
Management Efficiencies Program	0	0	0	0
Total	<u>1,047,500</u>	<u>0</u>	<u>15,082,100</u>	<u>0</u>

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Office of Management Services Program	250,000	0	1,190,000	0
Elementary, Middle and Secondary				
Education	0	0	0	0
Batavia ICF/DD	0	0	0	0
Higher Education and the Professions,				
Office of	0	0	0	0
Management Efficiencies Program	0	0	0	0
Total	<u>250,000</u>	<u>0</u>	<u>1,190,000</u>	<u>0</u>

Program	Maintenance Undistributed	
	Amount	Change
Office of Management Services Program	0	0
Elementary, Middle and Secondary		
Education	275,000	0
Batavia ICF/DD	126,100	0
Higher Education and the Professions,		
Office of	1,000,000	(1,300,000)
Management Efficiencies Program	(7,000,000)	(7,000,000)
Total	<u>(5,598,900)</u>	<u>(8,300,000)</u>

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**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Office of Management Services Program	34,334,000	5,310,000	13,822,000	0
Elementary, Middle and Secondary Education	105,897,900	(28,537,000)	48,225,000	(15,214,000)
School for the Blind	8,505,000	927,100	5,300,000	110,000
Batavia ICF/DD	2,917,000	267,000	1,790,000	108,000
School for the Deaf	8,167,000	721,000	5,150,000	276,000
Higher Education and the Professions, Office of	54,388,000	4,617,000	4,640,000	0
Cultural Education	36,075,200	(10,598,500)	8,026,000	(54,700)
Vocational and Educational Services for Individuals with Disabilities	140,333,500	8,837,300	58,605,100	1,340,000
Total	390,617,600	(18,456,100)	145,558,100	(13,434,700)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Office of Management Services Program	14,602,000	0	5,910,000	5,310,000
Elementary, Middle and Secondary Education	56,694,000	(13,323,000)	978,900	0
School for the Blind	3,205,000	817,100	0	0
Batavia ICF/DD	1,127,000	159,000	0	0
School for the Deaf	3,017,000	445,000	0	0
Higher Education and the Professions, Office of	5,008,000	177,000	44,740,000	4,440,000
Cultural Education	13,297,400	830,200	14,751,800	(11,374,000)
Vocational and Educational Services for Individuals with Disabilities	80,816,400	7,497,300	912,000	0
Total	177,766,800	(3,397,400)	67,292,700	(1,624,000)

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	13,758,431,900	13,896,846,000	138,414,100
Special Revenue Funds - Federal	3,210,127,000	3,520,072,000	309,945,000
Special Revenue Funds - Other	4,701,292,000	4,975,508,000	274,216,000
Total	21,669,850,900	22,392,426,000	722,575,100

Adjustments:

Recommended Deficiency	
Education Department, State	
General Fund	(16,000,000)
Special Revenue Funds - Other	(40,000,000)
Appropriated 2003-04	<u>21,613,850,900</u>

EDUCATION

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

Program	Available 2003-04	Recommended 2004-05	Change
School Tax Relief			
Special Revenue Funds - Other	2,836,000,000	3,000,000,000	164,000,000
Elementary, Middle and Secondary Education			
General Fund	13,482,911,300	13,633,492,000	150,580,700
Special Revenue Funds - Federal	2,568,162,000	2,769,840,000	201,678,000
Special Revenue Funds - Other	1,855,142,000	1,965,358,000	110,216,000
Higher Education and the Professions, Office of			
General Fund	89,205,000	84,710,000	(4,495,000)
Cultural Education			
General Fund	105,245,000	100,110,000	(5,135,000)
Special Revenue Funds - Federal	4,660,000	4,660,000	0
Special Revenue Funds - Other	10,150,000	10,150,000	0
Vocational and Educational Services for Individuals with Disabilities			
General Fund	81,070,600	78,534,000	(2,536,600)
Special Revenue Funds - Federal	637,305,000	745,572,000	108,267,000
Total	<u>21,669,850,900</u>	<u>22,392,426,000</u>	<u>722,575,100</u>

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

Comprehensive Construction Program	Available 2003-04	Recommended 2004-05	Change	Reappropriations 2004-05
Education Building				
Capital Projects Fund	0	0	0	1,946,000
Capital Projects Fund - Advances	0	0	0	400,000
School for the Blind				
Capital Projects Fund	0	0	0	1,997,000
Capital Projects Fund - Advances	0	0	0	1,510,000
School for the Deaf				
Capital Projects Fund	250,000	2,500,000	2,250,000	336,000
Capital Projects Fund - Advances	0	0	0	200,000
Schools For Native American Reservations				
Capital Projects Fund	1,500,000	5,800,000	4,300,000	1,500,000
Cultural Education Center				
Capital Projects Fund	0	1,000,000	1,000,000	5,314,000
Capital Projects Fund - Advances	0	0	0	8,800,000
Administration				
Capital Projects Fund	2,000,000	1,000,000	(1,000,000)	4,772,000
Capital Transition Grants				
Capital Projects Fund - Authority Bonds	0	80,000,000	80,000,000	0
Washington Avenue Armory				
Capital Projects Fund - Advances	0	0	0	100,000
Total	<u>3,750,000</u>	<u>90,300,000</u>	<u>86,550,000</u>	<u>26,875,000</u>

OFFICE OF CHILDREN AND FAMILY SERVICES

MISSION

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

ORGANIZATION AND STAFFING

The Office of Children and Family Services is headquartered in Rensselaer with regional offices throughout the State. These offices provide operational support and policy direction to local social services districts and youth bureaus. The Office is also responsible for the operation of 37 residential and 8 day placement facilities statewide serving nearly 2,000 youth. The workforce for fiscal year 2004-05 is estimated at 3,853 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office of Children and Family Services receives 40 percent of its \$3.6 billion budget from State tax dollars and 60 percent from Federal and other funds. The State Operations budget of \$409 million supports the operation of juvenile justice facilities as well as OCFS oversight of child welfare, child care, adult protection and other related programs. The 2004-05 Executive Budget reduces State Operations General Fund support for OCFS by \$11.28 million through cost savings measures that range from maximization of Federal funding to full implementation of a juvenile justice program restructuring initiated in 2003-04.

The Local Assistance budget of \$3.19 billion provides payments to local governments and not-for-profit providers for programs such as foster care, adoption, child protective services, delinquency prevention and child care.

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

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The Executive Budget provides more than \$1.8 billion in State and Federal funding to support New York's child welfare programs. These programs are structured to encourage local governments to invest in preventive services necessary to reduce out-of-home placement of children. Specific program elements include:

- **Open-ended Funding for Child Welfare Services:** The centerpiece of the child welfare financing system is the provision of 65 percent State reimbursement for community-based preventive services that avert the placement of children in foster care or juvenile justice facilities. State funding at a 65 percent level is also available for child protective services, aftercare services, independent living activities, and local administration costs related to adoptions. The Budget includes an increase of \$2.4 million in 2004-05, from \$344.9 million to \$347.3 million, to support this child welfare funding source.
- **Investments in Child Welfare Quality Enhancement:** OCFS will distribute \$1.9 million in Temporary Assistance for Needy Families (TANF) funding to counties and not-for-profit groups in 2004-05 to promote the development of innovative child welfare service delivery models.
- **A Flexible Foster Care Block Grant:** The Executive Budget continues funding for a \$364.5 million Foster Care Block Grant that provides counties with a clear incentive to reduce the number of children in foster care. Under the Block Grant, savings

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resulting from reduced use of foster care can be reinvested in locally-designed child welfare initiatives that strengthen preventive services or better serve high-needs children. OCFS will again distribute \$9 million in General Fund support outside the Foster Care Block Grant to fund the cost of a COLA for direct care workers in foster care agencies that took effect December 1, 2002.

As part of an overall effort to target limited TANF resources to the Earned Income Tax Credit (EITC) and other direct assistance for needy families, the 2004-05 Executive Budget reduces the transfer of Federal TANF funds to the Title XX Block Grant from the maximum of 10 percent to 5 percent. In order to mitigate much of this reduction, State funding at the 65 percent level will continue to be available on an open-ended basis.

Within the TANF Block Grant, \$286 million is again set aside for children and their families facing emergency situations. The Executive Budget also provides \$5.95 million in TANF funding to support the full cost of locally-developed services necessary to prevent placement of persons-in need of supervision (PINS) in costly institutional settings such as non-secure detention.

The Executive Budget includes \$172 million for the State's share of subsidies provided to families who adopt children with special needs. These funds will support approximately 47,000 children in adoptive homes. SFY 2003-04 funds will remain available through 2004-05 for the \$1 million Adoption Now initiative intended to expedite the adoption of foster children in targeted areas.

The 2004-05 recommendation will decrease TANF funding for Adolescent Pregnancy Prevention Services (APPS) by \$1.7 million, from \$7.67 million to \$5.95 million. OCFS will act in 2004-05 to ensure that remaining APPS resources are targeted to the most effective programs.

CHILD CARE

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

The Budget increases funding for Advantage After-School programs to \$20.2 million, thereby restoring a \$10 million reduction included in the final 2003-04 State budget. This program offers educational and recreational after-school activities for elementary, middle and high school students and funds community-based organizations demonstrating the ability to work collaboratively with schools, child care providers and other community providers for after-school programming. As in 2003-04, Advantage Schools will be fully supported in 2004-05 with Federal TANF funds.

YOUTH FACILITIES

The Youth Facilities Program includes the Office's 37 residential facilities and 8 day placement centers serving youth placed by the Family Courts or directed by the Criminal Courts. Through a broad array of programs, the Office provides rehabilitative services that include counseling, education and training designed to promote positive youth development and foster a youth's return to the community as a law-abiding and productive citizen.

The 2004-05 Executive Budget fully implements an OCFS juvenile justice program reform that reduces overall State spending through a targeted expansion of community-based services and a reduction in the number of State-operated youth facility beds. In 2004-05, OCFS will invest \$6 million in Evidence-based Community Initiative (EbCI) programs

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designed to reduce the rate of recidivism among non-violent youths through the use of local non-profit agencies providing services ranging from family-based counseling to specialized after-school programs. Combined with a declining facility population, EbCI has allowed OCFS to reduce its facility capacity by approximately 290 beds.

SYSTEMS

The Executive Budget continues approximately \$50 million in State and Federal funding to operate and continue development of CONNECTIONS, the State's child welfare information system. Once completed, CONNECTIONS will electronically transmit reports of child abuse or neglect from the State's Child Abuse Hotline to local governments to enhance case management and afford children and families greater protections.

PROGRAM HIGHLIGHTS

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

The Office also provides funding to counties and municipalities, and community-based not-for-profit agencies for the provision of youth development and delinquency prevention programs. The 2004-05 Budget continues nearly \$38 million in General Fund support for these programs.

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

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

Legislation accompanying the 2004-05 Executive Budget creates a new \$56 million Detention Block Grant designed to discourage excessive lengths of stay in detention while promoting the creation of new preventive program models. Counties will be able to access State 65 percent open-ended reimbursement as well as TANF funding dedicated to support new community-based services that allow youth to remain with their families in the community as an alternative to detention.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	420,185,000	409,158,500	(11,026,500)	271,733,000
Aid To Localities	3,258,505,100	3,191,231,000	(67,274,100)	3,240,567,400
Capital Projects	20,030,000	20,025,000	(5,000)	75,116,000
Total	<u>3,698,720,100</u>	<u>3,620,414,500</u>	<u>(78,305,600)</u>	<u>3,587,416,400</u>

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

Program	Full-Time Equivalent Positions (FTE)		
	2003-04	2004-05	FTE Change
	Estimated FTEs 03/31/04	Estimated FTEs 03/31/05	
Central Administration			
General Fund	357	338	(19)
Special Revenue Funds - Federal	6	6	0
Special Revenue Funds - Other	79	79	0
Child Care			
Special Revenue Funds - Federal	235	235	0
Commission for the Blind and Visually Handicapped			
General Fund	14	14	0
Special Revenue Funds - Federal	163	163	0
Special Revenue Funds - Other	1	1	0
Employment and Disability Assistance Account			
Special Revenue Funds - Federal	11	11	0
Family and Children Services			
General Fund	410	405	(5)
Special Revenue Funds - Federal	79	79	0
National and Community Service, Office of			
General Fund	4	4	0
Special Revenue Funds - Federal	5	5	0
Systems Support			
General Fund	142	138	(4)
Training and Development			
Special Revenue Funds - Other	52	52	0
Youth Facilities			
General Fund	2,323	2,323	0
Total	<u>3,881</u>	<u>3,853</u>	<u>(28)</u>

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

Fund Type	Available	Recommended	Change
	2003-04	2004-05	
General Fund	210,448,500	199,167,500	(11,281,000)
Special Revenue Funds - Federal	75,330,000	76,760,000	1,430,000
Special Revenue Funds - Other	133,806,500	132,631,000	(1,175,500)
Enterprise Funds	500,000	500,000	0
Internal Service Funds	100,000	100,000	0
Total	<u>420,185,000</u>	<u>409,158,500</u>	<u>(11,026,500)</u>

CHILDREN AND FAMILY SERVICES

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

Program	Available 2003-04	Recommended 2004-05	Change
Central Administration			
General Fund	32,873,400	30,965,500	(1,907,900)
Special Revenue Funds - Federal	1,986,000	500,000	(1,486,000)
Special Revenue Funds - Other	18,200,500	18,125,000	(75,500)
Internal Service Funds	100,000	100,000	0
Commission for the Blind and Visually Handicapped			
General Fund	8,456,000	8,456,000	0
Special Revenue Funds - Federal	25,544,000	26,260,000	716,000
Special Revenue Funds - Other	1,902,000	1,902,000	0
Departmental Administrative Reimbursement			
General Fund	(42,643,000)	(41,043,000)	1,600,000
Special Revenue Funds - Other	49,143,000	47,543,000	(1,600,000)
Family and Children Services			
General Fund	30,003,100	29,686,000	(317,100)
Special Revenue Funds - Federal	17,800,000	20,000,000	2,200,000
Special Revenue Funds - Other	1,046,000	1,546,000	500,000
Systems Support			
General Fund	27,151,000	27,389,000	238,000
Special Revenue Funds - Federal	30,000,000	30,000,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Training and Development			
General Fund	7,514,000	7,514,000	0
Special Revenue Funds - Other	53,515,000	53,515,000	0
Enterprise Funds	200,000	200,000	0
Youth Facilities			
General Fund	147,094,000	136,200,000	(10,894,000)
Enterprise Funds	300,000	300,000	0
Total	<u>420,185,000</u>	<u>409,158,500</u>	<u>(11,026,500)</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	19,554,000	(1,157,000)	18,140,000	(1,202,000)
Family and Children Services	20,607,000	(590,000)	19,663,000	(607,100)
Systems Support	5,881,000	156,000	5,760,000	156,000
Youth Facilities	108,000,000	(11,558,000)	96,354,000	(11,954,000)
Total	<u>154,042,000</u>	<u>(13,149,000)</u>	<u>139,917,000</u>	<u>(13,607,100)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	1,167,000	37,000	247,000	8,000
Family and Children Services	0	(6,000)	944,000	23,100
Systems Support	0	0	121,000	0
Youth Facilities	5,739,000	180,000	5,907,000	216,000
Total	<u>6,906,000</u>	<u>211,000</u>	<u>7,219,000</u>	<u>247,100</u>

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STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Central Administration	11,411,500	(750,900)	208,000	0
Commission for the Blind and Visually Handicapped	8,456,000	0	0	0
Family and Children Services	9,079,000	272,900	595,000	6,000
Systems Support	21,508,000	82,000	233,000	8,000
Training and Development	7,514,000	0	0	0
Youth Facilities	28,200,000	664,000	9,869,000	(720,000)
Total	<u>86,168,500</u>	<u>268,000</u>	<u>10,905,000</u>	<u>(706,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Central Administration	534,000	0	8,870,800	(245,100)
Commission for the Blind and Visually Handicapped	0	0	0	0
Family and Children Services	372,000	12,000	8,082,000	253,900
Systems Support	52,000	2,000	10,590,000	64,000
Training and Development	0	0	0	0
Youth Facilities	849,000	(63,000)	12,444,000	(936,000)
Total	<u>1,807,000</u>	<u>(49,000)</u>	<u>39,986,800</u>	<u>(863,200)</u>

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Central Administration	385,200	0	0	(5,800)
Commission for the Blind and Visually Handicapped	0	0	0	0
Family and Children Services	30,000	1,000	0	0
Systems Support	233,000	8,000	0	0
Training and Development	0	0	0	0
Youth Facilities	1,088,000	(80,000)	0	0
Total	<u>1,736,200</u>	<u>(71,000)</u>	<u>0</u>	<u>(5,800)</u>

Program	Maintenance Undistributed	
	Amount	Change
Central Administration	1,413,500	(500,000)
Commission for the Blind and Visually Handicapped	8,456,000	0
Family and Children Services	0	0
Systems Support	10,400,000	0
Training and Development	7,514,000	0
Youth Facilities	3,950,000	2,463,000
Total	<u>31,733,500</u>	<u>1,963,000</u>

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STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Central Administration	18,725,000	(1,561,500)	0	0
Commission for the Blind and Visually Handicapped	28,162,000	716,000	0	0
Family and Children Services	21,546,000	2,700,000	0	0
Systems Support	40,000,000	0	0	0
Training and Development	53,715,000	0	1,662,000	0
Youth Facilities	300,000	0	0	0
Total	162,448,000	1,854,500	1,662,000	0

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	1,925,000	(500)	16,800,000	(1,561,000)
Commission for the Blind and Visually Handicapped	0	0	28,162,000	716,000
Family and Children Services	7,700,000	2,700,000	13,846,000	0
Systems Support	0	0	40,000,000	0
Training and Development	3,224,000	0	48,829,000	0
Youth Facilities	300,000	0	0	0
Total	13,149,000	2,699,500	147,637,000	(845,000)

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

Fund Type	Available	Recommended	Change
	2003-04	2004-05	
General Fund	1,230,617,100	1,228,959,000	(1,658,100)
Special Revenue Funds - Federal	2,012,108,000	1,946,492,000	(65,616,000)
Special Revenue Funds - Other	15,780,000	15,780,000	0
Total	3,258,505,100	3,191,231,000	(67,274,100)

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

Program	Available	Recommended	Change
	2003-04	2004-05	
Child Care			
General Fund	96,066,000	96,066,000	0
Special Revenue Funds - Federal	768,000,000	735,000,000	(33,000,000)
Special Revenue Funds - Other	250,000	350,000	100,000
Family and Children Services			
General Fund	1,129,551,100	1,127,893,000	(1,658,100)
Special Revenue Funds - Federal	1,215,670,000	1,183,054,000	(32,616,000)
Special Revenue Funds - Other	15,530,000	15,430,000	(100,000)
Training and Development			
General Fund	5,000,000	5,000,000	0
Special Revenue Funds - Federal	28,438,000	28,438,000	0
Total	3,258,505,100	3,191,231,000	(67,274,100)

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

Comprehensive Construction Program	Available 2003-04	Recommended 2004-05	Change	Reappropriations 2004-05
Design and Construction Supervision				
Youth Facilities Improvement Fund	4,000,000	5,000,000	1,000,000	6,034,000
Child Care Facilities Development Program				
Capital Projects Fund - Authority Bonds	0	0	0	8,724,000
Maintenance and Improvement of Facilities				
Capital Projects Fund	2,930,000	1,325,000	(1,605,000)	7,861,000
Youth Facilities Improvement Fund	11,000,000	13,700,000	2,700,000	32,387,000
Executive Direction and Administrative Services				
Capital Projects Fund	0	0	0	270,000
Misc. Capital Projects	0	0	0	3,625,000
Program Improvement or Program Change				
Youth Facilities Improvement Fund	2,100,000	0	(2,100,000)	10,416,000
Youth Center				
Capital Projects Fund	0	0	0	5,799,000
Total	<u>20,030,000</u>	<u>20,025,000</u>	<u>(5,000)</u>	<u>75,116,000</u>

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

MISSION

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

ORGANIZATION AND STAFFING

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

Office staff also provide legal, audit and computer systems support. Through its Division of Disability Determinations, the Office also evaluates the medical eligibility of disability claimants for Supplemental Security Income and Social Security Disability Insurance. The office is authorized 2,347 positions for 2004-05. Approximately 463 of these positions are paid by State tax dollars from the General Fund with partial Federal reimbursement and 1,449 are funded directly by Federal grants. The remaining 18 percent are supported by various non-governmental grants and revenues.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A total of \$4.8 billion is recommended from all funding sources in 2004-05 to support State Operations and Aid to Localities programs including Family Assistance, Safety Net, Supplemental Security Income (SSI), Food Assistance (FAP), Home Energy Assistance (HEAP), child support enforcement and Food Stamp administration.

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

For State Operations, an appropriation of approximately \$441 million is recommended from all funding sources. These funds will support a workforce of approximately 2,347, including 1,285 federally funded positions in the Division of Disability Determinations.

The recommended \$51.7 million General Fund appropriation includes: funding for staff and other costs related to the oversight of social services district administration of public assistance and child support enforcement programs; administrative hearings for public assistance, Food Stamp, and Medicaid applicants and recipients; and operation of the major computer systems supporting public assistance programs. Approximately \$523 million in Federal funds and other revenues are recommended for the operation of the Division of Disability Determinations, the Home Energy Assistance program (HEAP) and the Bureau of Refugee and Immigration Affairs.

State funding of \$20 million is appropriated for the cost of redesigning the Welfare Management System (WMS), continued development of the Welfare-to-Work Caseload Management System and related systems initiatives including the Human Services Enterprise Network.

TEMPORARY AND DISABILITY ASSISTANCE

Specific priorities for the Office of Temporary and Disability Assistance for 2004-05 are as follows:

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

PROGRAM HIGHLIGHTS

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

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

This new approach has resulted in a dramatic decline in welfare caseloads. Since 1995, over 1,028,000 recipients have left the welfare rolls, a 62.6 percent decline. In addition to generating significant State and local government savings, this unprecedented caseload decrease has allowed the State to use TANF Block Grant funding to encourage employment. The programs funded include the Earned Income Tax Credit (EITC) and Child and Dependent Care Credit, and programs that provide transportation, drug and alcohol services, domestic violence screening and child care services.

FAMILY ASSISTANCE

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

All Family Assistance participants must undergo an assessment of their employability, skills and training needs and, unless disabled, must participate in assigned work activities to remain eligible. Federal financial participation in cash benefits for Family Assistance participants is limited to a cumulative period of five years. If the Family Assistance household is unable to transition off of cash assistance during this period, the family typically moves to the Safety Net Assistance program (discussed below) while the head of household continues to search for a job.

Local social services districts are required to meet Federal work activity participation targets. Under current Federal law, districts must place at least 50 percent of all Family Assistance cases in an allowable work activity for not less than 30 hours per week. State law requires that this activity be work or work-like activities such as job training, community service or workfare. However, current proposals in both Houses of Congress would increase the required work activity requirement to 70 percent of all Family Assistance cases by Federal Fiscal Year 2008.

The Governor's welfare reform program also fosters individual responsibility to help break the cycle of long-term dependency. All applicants and recipients are required to participate in

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screening and assessment to determine if the need for welfare results from use of illegal drugs or excessive consumption of alcoholic beverages. If a participant is unable to work because of such circumstances, he or she is referred to an appropriate treatment program. Teen parents must attend high school or other approved education programs to receive welfare benefits.

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

Homeless families in the State's transitional and emergency shelter system also are expected to strive for self-sufficiency. These facilities help homeless families achieve this goal by strengthening their independent living skills and helping them to acquire permanent housing. To this end, the Governor is continuing funding for family shelters, housing subsidy and homeless support services programs in SFY 2004-05.

In November 2003, New York increased the maximum amount that may be provided to families on welfare for shelter costs to improve housing quality and availability. Local districts were also authorized, at local discretion, to provide additional rent supplement payments to homeless families and families facing eviction. The increased shelter allowance, combined with the provision of rent subsidies and various supportive services, provide access to permanent housing, enable needy individuals to retain housing, promote self-sufficiency and curtail unnecessary use of more expensive emergency hotels and homeless shelters.

The Governor's welfare reform program has also strengthened child support enforcement. Improvements include automated updating of child support awards to reflect inflation; improved customer services through website access of account information and interstate reciprocity in child support proceedings; a strengthened role for child support staff in welfare case processing; and administrative authority for social services districts to order genetic tests, subpoena information and collect relevant data from Federal, State and local agencies. These measures have helped to increase total child support collections to their current level of \$1.38 billion.

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

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

SAFETY NET ASSISTANCE PROGRAM

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

Safety Net Assistance participants are single adults and childless couples, families that have exhausted their five-year limit on Family Assistance, certain non-citizens, households where the adult is unable to work because of substance abuse and households where the adult has refused to participate in drug/alcohol screening or treatment. In addition to

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providing for essential needs, the Safety Net Assistance program provides employment services such as job search, work training and workfare. Unless prevented from doing so by a physical or mental disability, Safety Net Assistance participants must engage in assigned work activities to receive assistance.

The Executive Budget provides funding for a new case management initiative to assist local social services districts in finding lower-cost and more effective treatment options for Safety Net recipients unable to work due to substance abuse problems.

SUPPLEMENTAL SECURITY INCOME

Federal Supplemental Security Income (SSI) provides cash assistance to the aged, visually handicapped and disabled. The State's SSI benefit currently is among the highest nationally. The 2004-05 recommendation of \$629 million funds the State cost of SSI benefits for a projected 624,400 recipients. SSI and Social Security Disability Insurance (SSDI) eligibility for disability claimants is evaluated by OTDA's Division of Disability Determinations (DDD).

NUTRITION ASSISTANCE

The Federal Food Stamp Program provides low-income households with coupons or electronic benefits that can be used as cash at grocery stores to purchase food. New York receives \$1.6 billion per year in Federal Food Stamp benefits, with an average monthly benefit of \$194 to support needy households and those making the transition from welfare to work.

New York's Nutrition Outreach and Education Program increases public awareness of the benefits of participating in the Federal Food Stamp, Summer Food Service and School Breakfast programs and assists individuals and families with the Food Stamp application process. The SFY 2004-05 Budget continues funding to expand enrollment in the federally-funded Food Stamp program for eligible individuals and to expand related nutrition education and outreach.

New York's Food Assistance Program (FAP) purchases food stamps on behalf of immigrants age 60 through 67 who are not eligible for federally funded Food Stamp benefits. Although the Food Stamp Reauthorization Act of 2002 restored Food Stamp eligibility to the vast majority of qualified aliens served by FAP, recent State legislation extended the FAP program until September 2005. As a result, the Budget includes \$200,000 in combined State and local funds to continue program operations.

PROGRAM AND ADMINISTRATIVE COST CONTAINMENT

While welfare reform continues to be an unprecedented success, cost containment measures continue to be necessary to not only preserve basic income support for eligible children and adults, but to also foster individual self-sufficiency and employment. In order to accomplish this, the 2004-05 welfare budget recommendations:

- Encourage adult participation in mandatory work requirements by imposing a full welfare benefit reduction if the head of the household is out of compliance with work requirements. Currently, only a portion of the household's welfare benefit is reduced when the head of the household does not meet mandatory employment requirements;
- Discourage long-term reliance on public assistance by reducing the non-shelter portion of the welfare grant by 10 percent for families on welfare longer than 5 years and by 10 percent for single adults/childless couples on welfare longer than 1 year;
- Modify the welfare family grant eligibility determination methodology to include the income of a household member on SSI and eliminate from the grant the pro-rata share of an applicant or recipient of public assistance if the individual refuses to cooperate in applying for or accepting SSI benefits for him/herself or a household member; and

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- Fix the amount of earnings disregarded for purpose of determining welfare eligibility and welfare benefit levels at 50 percent for recipients on welfare less than two years; reduce the disregard percentage to 25 percent for recipients on welfare more than two years but less than five years; and eliminate the disregard entirely for recipients on welfare more than five years.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	436,769,500	441,175,000	4,405,500	292,424,000
Aid To Localities	4,316,100,500	4,313,906,900	(2,193,600)	10,195,547,600
Capital Projects	30,000,000	30,000,000	0	155,929,000
Total	<u>4,782,870,000</u>	<u>4,785,081,900</u>	<u>2,211,900</u>	<u>10,643,900,600</u>

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

Full-Time Equivalent Positions (FTE)

Program	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Administration			
General Fund	150	149	(1)
Special Revenue Funds - Federal	98	98	0
Special Revenue Funds - Other	56	56	0
Child Support Enforcement			
Special Revenue Funds - Other	56	56	0
Disability Determinations			
Special Revenue Funds - Federal	1,285	1,285	0
Special Revenue Funds - Other	101	101	0
Executive Direction			
General Fund	17	16	(1)
Legal Affairs			
General Fund	149	151	2
System Support and Information Services			
General Fund	114	91	(23)
Special Revenue Funds - Federal	16	16	0
Special Revenue Funds - Other	59	59	0
Temporary and Disability Assistance Programs			
General Fund	38	35	(3)
Special Revenue Funds - Federal	21	21	0
Special Revenue Funds - Other	148	148	0
Transitional Supports and Policy, Division of			
General Fund	14	21	7
Special Revenue Funds - Federal	29	29	0
Special Revenue Funds - Other	15	15	0
Total	<u>2,366</u>	<u>2,347</u>	<u>(19)</u>

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	45,956,500	51,656,000	5,699,500
Special Revenue Funds - Federal	240,342,000	238,762,000	(1,580,000)
Special Revenue Funds - Other	149,471,000	149,557,000	86,000
Internal Service Funds	1,000,000	1,200,000	200,000
Total	<u>436,769,500</u>	<u>441,175,000</u>	<u>4,405,500</u>

TEMPORARY AND DISABILITY ASSISTANCE

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

Program	Available 2003-04	Recommended 2004-05	Change
Administration			
General Fund	20,576,000	22,033,000	1,457,000
Special Revenue Funds - Federal	7,000,000	7,000,000	0
Special Revenue Funds - Other	19,500,000	19,750,000	250,000
Internal Service Funds	1,000,000	1,200,000	200,000
Child Support Enforcement			
Special Revenue Funds - Federal	3,100,000	3,100,000	0
Special Revenue Funds - Other	27,000,000	27,000,000	0
Departmental Administrative			
Reimbursement			
General Fund	(72,127,000)	(71,963,000)	164,000
Special Revenue Funds - Other	75,696,000	75,532,000	(164,000)
Disability Determinations			
Special Revenue Funds - Federal	160,000,000	158,000,000	(2,000,000)
Special Revenue Funds - Other	8,900,000	8,900,000	0
Executive Direction			
General Fund	1,756,000	1,846,000	90,000
Legal Affairs			
General Fund	11,304,700	12,063,000	758,300
System Support and Information Services			
General Fund	78,955,000	82,334,000	3,379,000
Special Revenue Funds - Federal	60,000,000	60,000,000	0
Special Revenue Funds - Other	13,100,000	13,100,000	0
Temporary and Disability Assistance			
Programs			
General Fund	4,141,400	3,659,000	(482,400)
Special Revenue Funds - Federal	6,100,000	6,520,000	420,000
Special Revenue Funds - Other	4,000,000	4,000,000	0
Transitional Supports and Policy, Division of			
General Fund	1,350,400	1,684,000	333,600
Special Revenue Funds - Federal	4,142,000	4,142,000	0
Special Revenue Funds - Other	1,275,000	1,275,000	0
Total	<u>436,769,500</u>	<u>441,175,000</u>	<u>4,405,500</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	8,565,000	69,000	8,435,700	69,000
Executive Direction	1,546,000	90,000	1,462,300	96,900
Legal Affairs	9,441,000	705,000	9,216,000	790,500
System Support and Information Services	6,314,000	(2,103,000)	6,292,000	(1,784,000)
Temporary and Disability Assistance				
Programs	2,784,000	(482,000)	2,340,900	(432,200)
Transitional Supports and Policy, Division of	1,452,000	334,000	1,435,900	334,000
Total	<u>30,102,000</u>	<u>(1,387,000)</u>	<u>29,182,800</u>	<u>(925,800)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	94,800	0	34,500	0
Executive Direction	82,500	(6,500)	1,200	(400)
Legal Affairs	0	0	225,000	(85,500)
System Support and Information Services	0	0	22,000	(319,000)
Temporary and Disability Assistance				
Programs	420,900	(50,600)	22,200	800
Transitional Supports and Policy, Division of	0	0	16,100	0
Total	<u>598,200</u>	<u>(57,100)</u>	<u>321,000</u>	<u>(404,100)</u>

TEMPORARY AND DISABILITY ASSISTANCE

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	13,968,000	1,388,000	154,700	400
Executive Direction	300,000	0	31,900	8,700
Legal Affairs	2,622,000	53,300	137,500	(3,000)
System Support and Information Services	76,020,000	5,482,000	37,900	(386,200)
Temporary and Disability Assistance Programs	875,000	(400)	18,000	0
Transitional Supports and Policy, Division of	232,000	(400)	17,000	(400)
Total	<u>94,017,000</u>	<u>6,922,500</u>	<u>397,000</u>	<u>(380,500)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	236,700	48,400	7,679,900	2,279,200
Executive Direction	58,100	(5,000)	198,000	11,000
Legal Affairs	115,700	(3,400)	2,302,800	61,700
System Support and Information Services	33,700	(124,400)	10,404,400	834,600
Temporary and Disability Assistance Programs	80,500	(77,500)	749,500	102,100
Transitional Supports and Policy, Division of	61,500	0	108,600	0
Total	<u>586,200</u>	<u>(161,900)</u>	<u>21,443,200</u>	<u>3,288,600</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	371,700	(880,000)	5,525,000	(60,000)
Executive Direction	12,000	(14,700)	0	0
Legal Affairs	66,000	(2,000)	0	0
System Support and Information Services	70,000	(142,000)	65,474,000	5,300,000
Temporary and Disability Assistance Programs	27,000	(25,000)	0	0
Transitional Supports and Policy, Division of	44,900	0	0	0
Total	<u>591,600</u>	<u>(1,063,700)</u>	<u>70,999,000</u>	<u>5,240,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	27,450,000	450,000	600,000	0
Child Support Enforcement	30,100,000	0	0	0
Disability Determinations	166,900,000	(2,000,000)	68,000,000	0
System Support and Information Services	73,100,000	0	0	0
Temporary and Disability Assistance Programs	10,520,000	420,000	0	0
Transitional Supports and Policy, Division of	5,417,000	0	870,000	0
Total	<u>313,487,000</u>	<u>(1,130,000)</u>	<u>69,470,000</u>	<u>0</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	250,000	0	26,600,000	450,000
Child Support Enforcement	0	0	30,100,000	0
Disability Determinations	90,000,000	(2,000,000)	8,900,000	0
System Support and Information Services	0	0	73,100,000	0
Temporary and Disability Assistance Programs	0	0	10,520,000	420,000
Transitional Supports and Policy, Division of	405,000	0	4,142,000	0
Total	<u>90,655,000</u>	<u>(2,000,000)</u>	<u>153,362,000</u>	<u>870,000</u>

TEMPORARY AND DISABILITY ASSISTANCE

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	1,388,098,900	1,445,557,300	57,458,400
Special Revenue Funds - Federal	2,898,126,600	2,843,249,600	(54,877,000)
Special Revenue Funds - Other	19,875,000	15,100,000	(4,775,000)
Fiduciary Funds	10,000,000	10,000,000	0
Total	<u>4,316,100,500</u>	<u>4,313,906,900</u>	<u>(2,193,600)</u>

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

Program	Available 2003-04	Recommended 2004-05	Change
Child Support Enforcement			
General Fund	30,774,000	30,936,000	162,000
Special Revenue Funds - Federal	100,000,000	120,000,000	20,000,000
Special Revenue Funds - Other	75,000	0	(75,000)
Employment Services			
General Fund	66,421,900	84,690,700	18,268,800
Food Assistance Program			
General Fund	300,000	100,000	(200,000)
Special Revenue Funds - Other	300,000	100,000	(200,000)
Food Stamp Administration Program			
General Fund	101,680,000	77,911,000	(23,769,000)
Special Revenue Funds - Federal	294,526,600	294,526,600	0
Special Revenue Funds - Other	9,500,000	5,000,000	(4,500,000)
Temporary and Disability Assistance Administration			
General Fund	178,458,000	147,595,600	(30,862,400)
Temporary and Disability Assistance Programs			
General Fund	883,715,000	982,374,000	98,659,000
Special Revenue Funds - Federal	2,450,100,000	2,375,298,000	(74,802,000)
Fiduciary Funds	10,000,000	10,000,000	0
Transitional Supports and Policy, Division of			
General Fund	126,750,000	121,950,000	(4,800,000)
Special Revenue Funds - Federal	53,500,000	53,425,000	(75,000)
Special Revenue Funds - Other	10,000,000	10,000,000	0
Total	<u>4,316,100,500</u>	<u>4,313,906,900</u>	<u>(2,193,600)</u>

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

Comprehensive Construction Program	Available 2003-04	Recommended 2004-05	Change	Reappropriations 2004-05
Supported Housing Program				
Housing Program Fund	30,000,000	30,000,000	0	155,929,000
Total	<u>30,000,000</u>	<u>30,000,000</u>	<u>0</u>	<u>155,929,000</u>

HIGHER EDUCATION SERVICES CORPORATION

MISSION

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

ORGANIZATION AND STAFFING

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

The Corporation's chief executive officer is the President, who is appointed by the Governor, subject to Senate confirmation. The President's responsibilities include administrative oversight of key program areas including legal counsel, data processing, operations, grants and scholarships, loans and research.

The Agency will have a workforce of 735 employees in 2004-05. Virtually all employees are paid through funds received for the administration of Federal student loans. General administrative operations are located in Albany and Menands, while data processing operations are located in Troy.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends over \$766 million in support of agency operations and programs. Of this amount, approximately \$106 million will be available to support administration of State and Federal student aid programs and \$660 million will be awarded in financial aid to students or colleges to promote access to postsecondary educational opportunities.

Of the \$660 million invested in financial aid and institutional grants, General Fund support accounts for \$655 million. Support for the remaining expenditures is provided from Federal funds.

STATE OPERATIONS

The Corporation will continue to improve its operational efficiency in 2004-05 through increased reliance on technology and streamlined administrative practices. In addition to a renewed emphasis on providing comprehensive services to its clientele, the Corporation continues to develop partnerships with other student loan guaranty agencies and the Federal government to streamline costs, improve services, and increase responsiveness through shared development efforts.

HIGHER EDUCATION SERVICES

FINANCIAL AID PROGRAMS

The 2004-05 recommended appropriation for the Tuition Assistance Program (TAP) is \$604.2 million. This level of funding continues enhancements made to the TAP program in 2000-01, and reflects a restructuring of the program to emphasize degree completion by creating a financial incentive for students to stay in college and graduate.

TAP enhancements enacted in 2000-01 provide the higher TAP maximum award level of \$5,000 to another class of first-time TAP recipients in 2004-05. The proposed restructuring of TAP will generate \$259.2 million in TAP savings, offset by an increase of \$11.5 million for a new TAP loan program. Major components of the restructured TAP program are as follows:

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

The 2004-05 Executive Budget provides \$20.8 million for various scholarship and fellowship programs, reflecting a reduction of \$1.2 million from 2003-04. Under existing statute, the awarding of new scholarships under the Regents Health Care Opportunity Scholarships, Regents Professional Opportunity Scholarships and Regents Physician Loan Forgiveness Program will sunset in 2004-05 producing savings of \$2.9 million. Scholarship payments will continue to be provided for existing recipients under these three programs. Funding of \$1.7 million is provided for Military Enhanced Recognition, Incentive and Tribute (MERIT) Scholarships which were enacted in 2003 as part of the Patriot Act. A total of \$4 million will support Volunteer Recruitment Service Scholarships which were enacted in 2002.

PROGRAM HIGHLIGHTS

STATE OPERATIONS

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

In 2004-05, the Corporation will continue to coordinate the State’s participation in the Federal GEAR-UP program. In 1999, the Corporation was awarded a five-year Federal GEAR-UP grant to provide early college preparation and guidance services to low-income individuals.

The Corporation will also continue working with New York’s two public university systems, SUNY and CUNY, to encourage the campuses to use HESC as the Federal guarantor for loans provided to their students.

FEDERAL LOAN GUARANTEE PROGRAM

The largest part of the Corporation's operational responsibility is the administration of the Federal Family Education Loan program. Under this program, the Corporation guarantees over \$16.1 billion in outstanding loans made by banks to students. When banks are unable to collect student loan repayments, the Corporation intervenes to avert default. If these default aversion efforts are unsuccessful, defaulted loans are purchased from banks and steps are taken to bring such defaulted loans into repayment. The Corporation also provides customer services for lenders, schools and students, which include the distribution of loan information, as well as training and technical assistance related to loan applications and processing.

Federal loan activities administered by the Corporation include:

- \$5.4 billion in new guaranteed loans in 2002-03;
- Processing of student loans for over 609,000 individual borrowers; and
- Defaulted loan collections of \$271 million and defaulted loan purchases of \$255 million in 2002-03.

FINANCIAL AID PROGRAMS

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

- Tuition Assistance Program: \$604.2 million in aid will be provided to recipients in all sectors of higher education;
- Tuition Assistance Loan Program: \$11.5 million will be made available for those students who have exhausted their Federal loan eligibility and need additional assistance to finance their TAP performance award prior to graduation;
- Aid for Part Time Study: \$14.6 million will be available to over 22,000 part-time students in all sectors of higher education; and
- Scholarships and Fellowships: \$20.8 million will be provided for various scholarships and fellowships. Under existing statute, the awarding of new scholarships will sunset in 2004-05 for the Regents Health Care Opportunity Scholarships, the Regents Professional Opportunity Scholarships and the Regents Loan Forgiveness Program. Scholarship payments will be continued for existing recipients under these three programs. Funding is provided for the new Military Enhanced Recognition, Incentive and Tribute (MERIT) Scholarships. Nearly 20,700 recipients are projected to receive aid under the eleven State and Federal scholarship programs administered by HESC.

COLLEGE CHOICE TUITION SAVINGS PROGRAM

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

Jointly administered by the Corporation and the Office of the State Comptroller, the program has been well received by the general public. Since its inception in September 1998, over 253,000 accounts have been opened, with contributions exceeding \$2.0 billion. New York's program has already received national recognition as one of the top college savings plans in the nation.

HIGHER EDUCATION SERVICES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	101,479,000	105,697,000	4,218,000	5,023,000
Aid To Localities	909,234,000	660,347,000	(248,887,000)	0
Capital Projects	0	0	0	0
Total	1,010,713,000	766,044,000	(244,669,000)	5,023,000

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

Full-Time Equivalent Positions (FTE)

Program	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Administration			
Special Revenue Funds - Other	336	336	0
Guaranteed Loan Programs			
Special Revenue Funds - Other	399	399	0
Total	735	735	0

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
Special Revenue Funds - Federal	6,340,000	7,203,000	863,000
Special Revenue Funds - Other	95,139,000	98,494,000	3,355,000
Total	101,479,000	105,697,000	4,218,000

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

Program	Available 2003-04	Recommended 2004-05	Change
Administration			
Special Revenue Funds - Other	45,133,000	47,389,000	2,256,000
Guaranteed Loan Programs			
Special Revenue Funds - Federal	6,340,000	7,203,000	863,000
Special Revenue Funds - Other	50,006,000	51,105,000	1,099,000
Total	101,479,000	105,697,000	4,218,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	47,389,000	2,256,000	14,186,000	106,000
Guaranteed Loan Programs	58,308,000	1,962,000	19,350,000	144,000
Total	105,697,000	4,218,000	33,536,000	250,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	32,703,000	2,150,000	500,000	0
Guaranteed Loan Programs	31,755,000	955,000	7,203,000	863,000
Total	64,458,000	3,105,000	7,703,000	863,000

HIGHER EDUCATION SERVICES

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	900,018,000	651,131,000	(248,887,000)
Special Revenue Funds - Federal	5,216,000	5,216,000	0
Special Revenue Funds - Other	4,000,000	4,000,000	0
Total	<u>909,234,000</u>	<u>660,347,000</u>	<u>(248,887,000)</u>

Adjustments:

Prior Year Deficiency			
Higher Education Services Corporation, New York State General Fund	35,200,000		
Recommended Deficiency			
Higher Education Services Corporation, New York State General Fund	(33,900,000)		
Appropriated 2003-04	<u>910,534,000</u>		

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

Program	Available 2003-04	Recommended 2004-05	Change
Scholarships and Fellowships			
General Fund	21,918,000	20,768,000	(1,150,000)
Special Revenue Funds - Other	4,000,000	4,000,000	0
State Grant Programs			
General Fund	863,470,000	615,733,000	(247,737,000)
Special Revenue Funds - Federal	5,216,000	5,216,000	0
Tuition Awards for Part-Time Students			
General Fund	14,630,000	14,630,000	0
Total	<u>909,234,000</u>	<u>660,347,000</u>	<u>(248,887,000)</u>

DIVISION OF HUMAN RIGHTS

MISSION

New York holds the proud distinction of being the first state to enact a Human Rights Law, affording every citizen an equal opportunity to enjoy a full and productive life. Discriminating against others because of their race, sex, age, disability or membership in other specified classes is illegal in the State of New York. In 2003, protection under the Human Rights Law was expanded by the Patriot Act, prohibiting discrimination based on military status, and by the Sexual Orientation Non-Discrimination Act, which further ensures fair and equitable treatment for all New Yorkers based on sexual orientation.

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

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

ORGANIZATION AND STAFFING

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

The Division will have a workforce of 203 employees during 2004-05: 31 for administration of the Division and 172 to investigate, determine probable cause, and hear individual cases of discrimination. Funding is also provided to support five per diem administrative law judges not reflected in the 203 salaried staff.

BUDGET AND PROGRAM HIGHLIGHTS

In the last eight years, the Division has made solid progress in reducing the number of open cases. Open cases totaled 5,883 as of November 2003, down from 16,880 in January 1995; a reduction of 65 percent. The agency continues to work vigorously to reduce the caseload and meet reasonable standards for timely case processing. To help further shorten its case processing time, the Division is implementing a new Case Management System expected to be operational in 2004.

In 2004-05, the Office of Temporary and Disability Assistance will assume partial responsibility for basic administrative functions of the Division such as personnel and finance. This "host agency" concept is designed to produce savings of \$280,000 in 2004-05 through increased administrative efficiencies.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	18,224,000	17,869,000	(355,000)	9,600,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	18,224,000	17,869,000	(355,000)	9,600,000

HUMAN RIGHTS

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

Full-Time Equivalent Positions (FTE)

Program	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Administration			
General Fund	168	166	(2)
Special Revenue Funds - Federal	37	37	0
Total	<u>205</u>	<u>203</u>	<u>(2)</u>

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	13,334,000	13,054,000	(280,000)
Special Revenue Funds - Federal	4,800,000	4,700,000	(100,000)
Special Revenue Funds - Other	90,000	115,000	25,000
Total	<u>18,224,000</u>	<u>17,869,000</u>	<u>(355,000)</u>

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

Program	Available 2003-04	Recommended 2004-05	Change
Administration			
General Fund	13,334,000	13,054,000	(280,000)
Special Revenue Funds - Federal	4,800,000	4,700,000	(100,000)
Special Revenue Funds - Other	90,000	115,000	25,000
Total	<u>18,224,000</u>	<u>17,869,000</u>	<u>(355,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

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

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

HUMAN RIGHTS

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)

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

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	57,000	0	3,285,000	0
Total	57,000	0	3,285,000	0

Program	Equipment	
	Amount	Change
Administration	120,000	0
Total	120,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	4,815,000	(75,000)	4,815,000	(75,000)
Total	4,815,000	(75,000)	4,815,000	(75,000)

DEPARTMENT OF LABOR

MISSION

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

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner with a central office located in Albany. This office is responsible for three Unemployment Insurance Telephone Claims Centers and eight employment service regional offices that oversee employment services staff at 103 locations throughout the State. In addition, through nine worker protection district offices, the Department enforces child labor laws, fosters workplace health and safety and ensures that employees are paid in accordance with provisions of the Labor Law. Offices are staffed based upon the workload in each geographic area.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department of Labor will have a workforce of 4,138 in SFY 2004-05. Approximately 85 percent of these positions are financed by Federal grants and 14 percent are supported by fees and assessments. Less than one percent of the Department's positions are supported by State tax dollars from the General Fund.

General Fund appropriations will provide partial support for Agency administrative costs. The \$1.7 million decrease in General Fund appropriations reflects the increased use of fee and penalty revenue from the Department's Worker Protection and Unemployment Insurance (UI) programs to pay for administration and employment and training costs.

Excluding the \$4.8 billion appropriation for the Unemployment Insurance Benefit Fund, Federal funds support approximately 87 percent of the Department's remaining budget. Specific programs and activities include Workforce Investment Act (WIA) job training services and re-employment services for persons who may be affected adversely by international trade agreements. Under the State Welfare Reform Act of 1997, the Department is responsible for supervising social services district operation of welfare employment programs. The programs are supported by the General Fund, Federal Temporary Assistance for Needy Families (TANF) Block Grant dollars and Federal Food Stamp Employment and Training money.

In SFY 2004-05, the Department will initiate a multi-year effort to ensure New York meets expected increases in public assistance work participation requirements as the Federal government acts to reauthorize the TANF program. As a first step in this effort, \$8.5 million in TANF funding is appropriated in the Office of Temporary and Disability Assistance (OTDA) to support "best practices" initiatives to develop employment and transitional services program models targeted to hard-to-serve public assistance recipients. Also appropriated in OTDA is TANF funding of \$50 million, an increase of \$11 million, to be made available in the form of a block grant to social services districts and State agencies to support work activities and transitional services for public assistance recipients and those recipients who have recently left assistance.

TANF funding of \$52 million will be appropriated in the Department of Labor for employment and training programs, including \$22 million for the Bridge/EDGE program, \$9.5 million for State employment specialists to assist local districts in meeting work participation

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goals and \$15 million for summer youth employment programs. TANF funding for the Youth Education, Employment and Training Program (YEETP) and the Green Teams Program is not recommended. Prior-year set-asides for initiatives, such as the New York Works Block Grant, will remain available for expenditure in the forthcoming fiscal year and can be provided to eligible individuals and families with incomes that do not exceed 200 percent of the Federal poverty level. Finally, although Displaced Homemaker Centers will not receive TANF or other direct funding in 2004-05, displaced homemakers will continue to be eligible for services and training through local One-Stop Centers.

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

Fee revenues support approximately 13 percent of the Department of Labor's non-Unemployment Insurance benefit related budget, funding worker protection and compensation enforcement activities and job training programs. These accounts are financed by fees for health and safety inspections, revenue from Workers' Compensation Board assessments and penalties for misreporting wages for Unemployment Insurance purposes. The Unemployment Insurance benefit appropriation of \$4.8 billion comprises 83 percent of the Department of Labor's overall budget. These benefits are funded from Unemployment Insurance taxes paid by employers.

UI penalty revenue of \$3.5 million is appropriated in 2004-05 for upgrades to the outdated UI computer system. High maintenance costs for the UI system, which is nearly 40-years old, cannot be supported with declining Federal UI administration funding. To fund the required improvements, it is necessary to eliminate a number of programs previously funded with penalty revenue.

PROGRAM HIGHLIGHTS

JOB SERVICES

Consistent with Workforce Investment Act (WIA) requirements, the Department of Labor and local governments have worked together to open 69 local One-Stop Centers across the State that offer access to a variety of employment services including job referral and placement, education and training, resume preparation, employer services, human resources consultation and support services such as child care and transportation. The Centers benefit employers by providing them with access to worker resumes and information on tax credits, workplace safety issues and apprenticeship services. Department of Labor employment services also help move individuals from welfare to work and help prevent public assistance dependency by focusing on disadvantaged youth, displaced homemakers and persons who may lose their jobs because of plant closings or relocations.

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

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

WORKFORCE INVESTMENT ACT (WIA)

Federally funded local assistance appropriation authority includes \$272 million for WIA services. WIA provides job training to youth, adults and dislocated workers. WIA also upgrades the skills of those currently working, thus helping employers meet the changing needs of their business operations. Eligible participants access WIA services through a

network of local One-Stop Centers for the delivery of employment and training services. WIA also improves customer choice and program effectiveness, as participants can choose training providers based on past performance through the use of individual training accounts.

WORKER PROTECTION

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

The Occupational Safety and Health program is responsible for health and safety inspections and granting licenses to qualified persons to operate or handle dangerous equipment or substances. Statistics for recent years show that the Division inspected 24,027 amusement park devices, 882 ski lifts, 6,436 places of public assembly (e.g., bleachers at concerts) and 31,103 commercial boilers. It also reviewed applications for 813 radioactive materials licenses and 54,464 asbestos licenses and certificates.

The Labor Standards program enforces the Labor Law in such areas as minimum and prevailing wage, child labor and garment industry registration. Statistics for recent years indicate the Division inspected 694 businesses for compliance with child labor laws and collected over \$15 million in back wages, unpaid fringe benefits and minimum wage underpayments for approximately 30,970 employees.

UNEMPLOYMENT INSURANCE

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

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

A projected deficit in the Unemployment Insurance Trust Fund resulting from the September 11 terrorist attacks and the downturn in the national economy will require the State to borrow funding from the Federal government in 2004 thereby incurring Federal interest costs. The Budget includes an interest assessment on employer taxes to pay these interest costs.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	5,443,782,000	5,450,666,000	6,884,000	748,257,000
Aid To Localities	706,720,000	323,821,000	(382,899,000)	916,740,900
Capital Projects	0	0	0	0
Total	6,150,502,000	5,774,487,000	(376,015,000)	1,664,997,900

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

Program	Full-Time Equivalent Positions (FTE)		
	2003-04	2004-05	FTE Change
	Estimated FTEs 03/31/04	Estimated FTEs 03/31/05	
Administration			
General Fund	32	18	(14)
Special Revenue Funds - Federal	3,524	3,524	0
Employment Relations Board			
General Fund	16	16	0
Employment and Training			
General Fund	43	0	(43)
Special Revenue Funds - Other	74	89	15
Labor Standards			
Special Revenue Funds - Other	210	242	32
Occupational Safety and Health			
Special Revenue Funds - Other	239	249	10
Total	<u>4,138</u>	<u>4,138</u>	<u>0</u>

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	5,100,000	3,401,000	(1,699,000)
Special Revenue Funds - Federal	550,375,000	520,303,000	(30,072,000)
Special Revenue Funds - Other	88,307,000	126,962,000	38,655,000
Enterprise Funds	4,800,000,000	4,800,000,000	0
Total	<u>5,443,782,000</u>	<u>5,450,666,000</u>	<u>6,884,000</u>

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

Program	Available 2003-04	Recommended 2004-05	Change
Administration			
General Fund	2,000,000	1,359,000	(641,000)
Special Revenue Funds - Federal	491,865,000	452,803,000	(39,062,000)
Employment Relations Board			
General Fund	1,720,000	1,720,000	0
Employment and Training			
General Fund	1,380,000	322,000	(1,058,000)
Special Revenue Funds - Federal	1,010,000	0	(1,010,000)
Special Revenue Funds - Other	10,919,000	9,500,000	(1,419,000)
Labor Standards			
Special Revenue Funds - Other	16,836,000	19,756,000	2,920,000
Occupational Safety and Health			
Special Revenue Funds - Other	30,552,000	32,706,000	2,154,000
Unemployment Insurance Benefit Fund			
Special Revenue Funds - Federal	57,500,000	67,500,000	10,000,000
Special Revenue Funds - Other	30,000,000	65,000,000	35,000,000
Enterprise Funds	4,800,000,000	4,800,000,000	0
Total	<u>5,443,782,000</u>	<u>5,450,666,000</u>	<u>6,884,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	904,000	(476,000)	904,000	(476,000)
Employment Relations Board	1,251,000	0	1,234,000	0
Employment and Training	0	(954,000)	0	(954,000)
Total	<u>2,155,000</u>	<u>(1,430,000)</u>	<u>2,138,000</u>	<u>(1,430,000)</u>

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	0	0
Employment Relations Board	17,000	0
Employment and Training	0	0
Total	<u>17,000</u>	<u>0</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	455,000	(165,000)	34,000	(4,000)
Employment Relations Board	469,000	0	19,000	0
Employment and Training	322,000	(104,000)	0	(35,000)
Total	<u>1,246,000</u>	<u>(269,000)</u>	<u>53,000</u>	<u>(39,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	20,000	(4,000)	171,000	(153,000)
Employment Relations Board	65,000	0	383,000	0
Employment and Training	0	(26,000)	0	(17,000)
Total	<u>85,000</u>	<u>(30,000)</u>	<u>554,000</u>	<u>(170,000)</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	30,000	(4,000)	200,000	0
Employment Relations Board	2,000	0	0	0
Employment and Training	0	(26,000)	322,000	0
Total	<u>32,000</u>	<u>(30,000)</u>	<u>522,000</u>	<u>0</u>

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**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	452,803,000	(39,062,000)	0	0
Employment and Training	9,500,000	(2,429,000)	954,000	954,000
Labor Standards	19,756,000	2,920,000	12,027,000	(146,000)
Occupational Safety and Health	32,706,000	2,154,000	15,145,000	(289,000)
Unemployment Insurance Benefit Fund	4,932,500,000	45,000,000	0	0
Total	5,447,265,000	8,583,000	28,126,000	519,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	452,803,000	(39,062,000)
Employment and Training	500,000	500,000	8,046,000	(3,883,000)
Labor Standards	7,729,000	3,066,000	0	0
Occupational Safety and Health	17,561,000	2,443,000	0	0
Unemployment Insurance Benefit Fund	0	0	4,932,500,000	45,000,000
Total	25,790,000	6,009,000	5,393,349,000	2,055,000

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
Special Revenue Funds - Federal	706,290,000	323,391,000	(382,899,000)
Special Revenue Funds - Other	430,000	430,000	0
Total	706,720,000	323,821,000	(382,899,000)

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

Program	Available 2003-04	Recommended 2004-05	Change
Employment and Training			
Special Revenue Funds - Federal	706,290,000	323,391,000	(382,899,000)
Occupational Safety and Health			
Special Revenue Funds - Other	430,000	430,000	0
Total	706,720,000	323,821,000	(382,899,000)

OFFICE OF REAL PROPERTY SERVICES

MISSION

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

ORGANIZATION AND STAFFING

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2004-05 Executive Budget will support a staffing level of 401 positions for the Office of Real Property Services. State tax dollars from the General Fund currently support 39 percent of these positions, with the remaining 61 percent supported by three revenue accounts: the Improvement of Real Property Tax Administration Account; the Industrial and Utility Services Account; and the Local Services Account. These accounts are funded from the State's share of the real property transfer recording fee, chargebacks for assessments made on industrial, utility and railroad property and charges for miscellaneous consulting and computing services.

Effective July 1, 2004, the real property transfer recording fee will be increased from \$50 to \$75 for residences and farms and from \$50 to \$165 for all other properties to generate \$14.2 million in additional revenues in 2004-05 and \$18.9 million annually. This revenue will be used to offset General Fund support for agency operations and permit self-sufficiency in 2005-06.

Budget recommendations for the Office of Real Property Services for 2004-05 include:

- General Fund support of \$2.6 million for agency operations as ORPS transitions to self-sufficiency in 2005-06;
- State aid of \$6 million for local administration of the School Tax Relief (STAR) program;
- State Aid of \$11.7 million for financial incentives for local governments to improve assessment administration through various programs that include annual updates of assessment rolls pursuant to the higher standards enacted in 1999; and
- State aid of \$5 million to reimburse local governments for their revenue losses relating to the Rail Infrastructure Investment Act of 2002.

PROGRAM HIGHLIGHTS

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

REAL PROPERTY SERVICES

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

EQUALIZATION OF MUNICIPAL FULL VALUE

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

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

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

- In 2003, the assessment ratios supplied by 76 percent of local assessors were adopted without change as State equalization rates and that rate of adoption is expected to increase to more than 80 percent in 2004;
- Preparation of equalization rates has been accelerated so that all school districts across the State can now use current equalization rates for their school tax levies, instead of using modified rates from prior years;
- The number of complaints on preliminary equalization rates by local officials has dropped, resulting in reduced costs for rate complaint hearings and improved State-local relations. The percentage of cities and towns that filed complaints was approximately 6 percent in 2003, as compared to 36 percent a decade ago;
- The Office has integrated nationally accepted standards and techniques, such as computer assisted appraisal studies and residential sales studies within its equalization rate process, thereby reducing its reliance on costly appraisals. The percentage of localities where residential appraisals are needed has been reduced from 100 percent in 1994 to less than 10 percent in 2003; and
- Since 1994-95, the continuing base cost of the Office's equalization program has been reduced from \$17 million to \$14 million.

ASSISTANCE AND SERVICES TO LOCAL GOVERNMENTS

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

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

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

REAL PROPERTY SERVICES

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

These State aid programs have been a catalyst for enhancing the equity and cost-efficiency of local property tax administration throughout the State. According to recent data, nearly two-thirds of the State's assessing units prepare assessment rolls that are reasonably equitable and current. Additionally, since the introduction of consolidation aid in 1994, 100 towns in 23 counties have come together to form 43 coordinated assessment programs.

OTHER SERVICES AND RESPONSIBILITIES

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

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

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

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	36,424,000	40,088,200	3,664,200	0
Aid To Localities	21,840,000	23,044,000	1,204,000	0
Capital Projects	0	0	0	0
Total	<u>58,264,000</u>	<u>63,132,200</u>	<u>4,868,200</u>	<u>0</u>

REAL PROPERTY SERVICES

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

Program	Full-Time Equivalent Positions (FTE)		
	2003-04	2004-05	FTE Change
	Estimated FTEs 03/31/04	Estimated FTEs 03/31/05	
Policy and Organizational Support Services			
General Fund	90	0	(90)
Special Revenue Funds - Other	53	106	53
Regional Operations			
General Fund	65	0	(65)
Special Revenue Funds - Other	193	295	102
Total	<u>401</u>	<u>401</u>	<u>0</u>

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

Fund Type	Available	Recommended	Change
	2003-04	2004-05	
General Fund	10,000,000	2,570,000	(7,430,000)
Special Revenue Funds - Other	26,424,000	37,518,200	11,094,200
Total	<u>36,424,000</u>	<u>40,088,200</u>	<u>3,664,200</u>

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

Program	Available	Recommended	Change
	2003-04	2004-05	
Policy and Organizational Support Services			
General Fund	6,412,000	2,570,000	(3,842,000)
Special Revenue Funds - Other	4,877,700	15,380,700	10,503,000
Regional Operations			
General Fund	3,588,000	0	(3,588,000)
Special Revenue Funds - Other	21,546,300	22,137,500	591,200
Total	<u>36,424,000</u>	<u>40,088,200</u>	<u>3,664,200</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	870,000	(2,859,200)	870,000	(2,859,200)
Regional Operations	0	(3,537,800)	0	(3,537,800)
Total	<u>870,000</u>	<u>(6,397,000)</u>	<u>870,000</u>	<u>(6,397,000)</u>

REAL PROPERTY SERVICES

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	1,700,000	(982,800)	0	(84,900)
Regional Operations	0	(50,200)	0	(41,660)
Total	1,700,000	(1,033,000)	0	(126,560)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	0	(168,200)	0	(434,600)
Regional Operations	0	(8,540)	0	0
Total	0	(176,740)	0	(434,600)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	0	(295,100)	1,700,000	0
Regional Operations	0	0	0	0
Total	0	(295,100)	1,700,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	15,380,700	10,503,000	9,322,300	6,397,000
Regional Operations	22,137,500	591,200	10,500,000	0
Total	37,518,200	11,094,200	19,822,300	6,397,000

Program	Nonpersonal Service	
	Amount	Change
Policy and Organizational Support Services	6,058,400	4,106,000
Regional Operations	11,637,500	591,200
Total	17,695,900	4,697,200

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	21,840,000	23,044,000	1,204,000
Total	21,840,000	23,044,000	1,204,000

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

Program	Available 2003-04	Recommended 2004-05	Change
Policy and Organizational Support Services			
General Fund	21,840,000	23,044,000	1,204,000
Total	21,840,000	23,044,000	1,204,000

STATE UNIVERSITY OF NEW YORK

MISSION

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

ORGANIZATION AND STAFFING

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

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

The University is governed by a Board of Trustees consisting of 16 members, with 15 appointed by the Governor to staggered seven-year terms and approved by the Senate, and one ex-officio trustee representing the student assembly of the State University. The Board oversees the operations of the University's State-operated campuses and also exercises general supervisory authority over the community colleges, which are sponsored by local governments and governed by local boards of trustees.

The chief executive officer of the University is the Chancellor who is appointed by, and serves at the pleasure of, the Board of Trustees. Individual college presidents are also appointed by, and serve at the pleasure of, the Board.

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

STATE-OPERATED COLLEGES

The 2004-05 Executive Budget recommends nearly \$5.3 billion to support the operations of the State University's campuses, central administration and University-wide programs. In addition to \$1.6 billion in support from the General Fund (\$889.8 million for operations, \$132.7 million for University-specific fringe benefit costs and \$554 million for general fringe benefit costs), the University's budget includes \$3.7 billion in activities funded by other revenues. Revenue-generating entities and programs include: three teaching hospitals at Brooklyn, Stony Brook and Syracuse; the Long Island Veterans' Home administered by the Stony Brook Health Science Center; dormitory operations; food services; and tuition-supported activities, including summer session and overseas academic studies.

STATE UNIVERSITY

SUNY's 2004-05 gross operating budget will total \$2.6 billion, an increase of \$95 million or 3.8 percent. Within this amount, taxpayer support will total \$1.6 billion, an increase of \$75.4 million or 5 percent. SUNY's General Revenue Offset Account will total \$1 billion, an increase of \$19.6 million or 2 percent.

SUNY's special revenue funding, exclusive of the General Revenue Offset Account, will total \$2.5 billion, an increase of \$326.9 million including:

- \$140.5 million for the SUNY hospitals to support their revenue-generating strategic and operational initiatives;
- \$82.7 million for the General Income Fund Reimbursable (IFR) account reflecting inflation and the use of bond proceeds to finance equipment purchases consistent with the useful life of assets;
- \$80 million for the Stabilization account, which has a two-year life and is appropriated every other year; and
- \$20 million for the Dormitory IFR account reflecting inflation.

For 2004-05, Federal appropriations totaling \$200.6 million will support the Pell grant program and various other student financial aid programs.

Consistent with austerity reductions and efficiencies required of a wide range of State programs, funding for the Educational Opportunity Program (EOP) is reduced by 5 percent or \$820,000 for 2004-05.

SUNY HOSPITALS

The 2004-05 Budget continues the appropriation structure enacted in 2001-02 for the SUNY hospitals. All hospital spending is now appropriated in one account with the hospitals being responsible for direct payment of their fringe benefit and debt service costs. Under this appropriation structure, the SUNY hospitals will continue to be directly accountable for operating within their available revenues, including a fixed State subsidy amount.

The recommended State subsidy for the SUNY hospitals, which recognizes costs attributable to their State agency status, is maintained at \$92.6 million for 2004-05. A payment of \$13 million will be made from reserves held by the Dormitory Authority for the State's share of a multi-year effort by the SUNY hospitals and the State to address the accumulated deficit of the hospitals. To address the capital needs and priorities of SUNY's hospitals, \$350 million was included in the Multi-Year Capital Investment Program enacted in the 2003-04 Budget. In addition, legislation will be advanced to restructure the SUNY hospitals as private not-for-profit corporations to better position them to compete in today's health care environment.

COMMUNITY COLLEGES

SUNY community colleges have three primary funding sources – State aid, support from local government sponsors and tuition revenue. Recommended State funding for community colleges of \$358.7 million reflects a net decrease of \$6 million from 2003-04 attributable to additional funding for enrollment growth (\$7.8 million) offset by a 5 percent reduction in operating aid from the current per student rate of \$2,300 to \$2,185 (-\$13.8 million). Funding for childcare, rental aid for leased space and contract courses for workforce development are continued at \$1.1 million, \$2.8 million and \$1 million respectively.

CORNELL COOPERATIVE EXTENSION

County cooperative extension associations — funded by State, county and Federal contributions — provide specialized information and assistance in community development, agricultural technology, 4-H youth development and consumer and family education. The Executive Budget recommends nearly \$3.7 million in State support for this program.

CAPITAL

The 2004-05 Executive Budget recommends a new Five-Year Capital Investment Program that will provide nearly \$1.8 billion over the next five years to respond to the needs and priorities of SUNY State-operated campuses. The new \$1.8 billion Five-Year Capital Investment Program, combined with the \$895 million enacted as part of the 2003-04 capital budget, provides nearly \$2.7 billion for SUNY over a six-year period. This new program, which builds on the prior multi-year capital program initiated in 1998-99, is primarily targeted toward renovation and reconstruction of existing facilities.

SUNY's bond cap will be increased by \$1.15 billion, for a total bonding authorization of \$4.7 billion, to cover SUNY's planned bond sales for the multi-year period of the new Capital Investment Program and to reflect disbursement-based bonding.

Capital recommendations include: \$1.6 billion for academic facilities, critical health/safety and preservation needs, the phased revitalization of campuses through rehabilitation of existing buildings and selected new facilities essential for the campus mission.

The recommendations also enable the University to maximize revenues by authorizing \$150 million for projects supported by private donations and other non-State sources through the SUNY Capital Projects Fund.

PROGRAM HIGHLIGHTS

The State University of New York is the nation's largest comprehensive public university, offering 5,600 degree programs at the research universities, community colleges, medical schools and colleges of technology that comprise its 64 campuses. The State University enrolls over 40 percent of college-bound students graduating from New York State high schools. More than 410,700 full-time and part-time SUNY students — 206,300 at State-operated campuses and 204,400 in community colleges — are pursuing studies ranging from one-year certificate programs to doctorates.

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

The State University is also working to raise the profile and volume of the scholarly research conducted by its faculty, and is more aggressively seeking Federal and other external support for research. As a result, funding for SUNY sponsored research reached an all-time high of more than \$770 million in 2003, a growth of 11 percent from 2002. In addition, the State University was recently ranked in the Top 10 of all institutions nationally in the number of patents issued each year and in the Top 15 for royalties earned on inventions by research universities by *IP Worldwide* magazine.

The University's initiatives in the area of technology have placed it at the forefront of higher educational institutions across the nation and recently earned it the Award for Excellence in Institution-Wide Asynchronous Learning Networks (ALN) Programming by the Alfred P. Sloan Foundation for the promotion of anytime/anywhere learning. The Sloan Foundation recognized the SUNY Learning Network, citing its primary goal of bringing SUNY's diverse, high-quality instructional programs within the reach of learners everywhere. In the 2001-02 academic year, the SUNY Learning Network enabled more than 40,000 student enrollments in 2,500 online courses. The 55 SUNY campuses participating in the SUNY Learning Network offer complete online degree and certificate programs.

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

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

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

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

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	4,846,581,000	5,254,486,000	407,905,000	183,900,000
Aid To Localities	368,575,000	362,400,000	(6,175,000)	0
Capital Projects	895,000,000	1,787,000,000	892,000,000	2,366,779,000
Total	6,110,156,000	7,403,886,000	1,293,730,000	2,550,679,000

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	1,501,080,000	1,576,484,000	75,404,000
Special Revenue Funds - Federal	216,550,000	200,550,000	(16,000,000)
Special Revenue Funds - Other	3,119,951,000	3,466,452,000	346,501,000
Internal Service Funds	9,000,000	11,000,000	2,000,000
Total	4,846,581,000	5,254,486,000	407,905,000

Adjustments:

Recommended Deficiency	
State University of New York	
Special Revenue Funds - Other	(6,000,000)
Transfer(s) From	
General State Charges	
General Fund	(481,000,000)
Appropriated 2003-04	4,359,581,000

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

Program	Available 2003-04	Recommended 2004-05	Change
All State University Colleges and Schools			
General Fund	883,250,000	889,776,000	6,526,000
Special Revenue Funds - Federal	216,550,000	200,550,000	(16,000,000)
Special Revenue Funds - Other	3,119,951,000	3,466,452,000	346,501,000
Internal Service Funds	9,000,000	11,000,000	2,000,000
Employee Fringe Benefits			
General Fund	617,830,000	686,708,000	68,878,000
Total	<u>4,846,581,000</u>	<u>5,254,486,000</u>	<u>407,905,000</u>

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	368,575,000	362,400,000	(6,175,000)
Total	<u>368,575,000</u>	<u>362,400,000</u>	<u>(6,175,000)</u>

Adjustments:

Recommended Deficiency			
State University of New York			
General Fund	(2,900,000)		
Appropriated 2003-04	<u>365,675,000</u>		

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

Program	Available 2003-04	Recommended 2004-05	Change
Community Colleges			
General Fund	364,712,000	358,730,000	(5,982,000)
County Cooperative Extension Program -			
Cornell University			
General Fund	3,863,000	3,670,000	(193,000)
Total	<u>368,575,000</u>	<u>362,400,000</u>	<u>(6,175,000)</u>

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

Comprehensive Construction Program	Available 2003-04	Recommended 2004-05	Change	Reappropriations 2004-05
Senior Universities				
General Maintenance and Improvements				
Capital Projects Fund	0	25,000,000	25,000,000	45,242,000
Capital Projects Fund - Advances	350,000,000	1,612,000,000	1,262,000,000	1,041,138,000
State University Capital Projects Fund				
State University Capital Projects Fund	0	150,000,000	150,000,000	117,198,000
State University Residence Hall Rehabilitation Fund				
State University Residence Hall Rehabilitation Fund	335,000,000	0	(335,000,000)	677,089,000
Subtotal	<u>685,000,000</u>	<u>1,787,000,000</u>	<u>1,102,000,000</u>	<u>1,880,667,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	35,000,000	0	(35,000,000)	49,006,000
Capital Projects Fund - Advances	175,000,000	0	(175,000,000)	417,440,000
New Facilities				
Capital Projects Fund - Advances	0	0	0	19,666,000
Subtotal	<u>210,000,000</u>	<u>0</u>	<u>(210,000,000)</u>	<u>486,112,000</u>
Total	<u><u>895,000,000</u></u>	<u><u>1,787,000,000</u></u>	<u><u>892,000,000</u></u>	<u><u>2,366,779,000</u></u>

STATE UNIVERSITY CONSTRUCTION FUND

MISSION

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

ORGANIZATION AND STAFFING

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

The agency's workforce for 2004-05 is maintained at 113 positions. The Fund's positions are supported entirely from proceeds of revenue bonds issued to finance the construction and reconstruction of academic facilities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2004-05 Executive Budget recommendation of more than \$12.2 million from proceeds of State University Educational Facilities Revenue bonds will enable the Fund to oversee existing SUNY facility projects and to administer the new \$1.8 billion Multi-Year Capital Investment Program that is being recommended for SUNY in the Executive Budget.

PROGRAM HIGHLIGHTS

The 2004-05 Executive Budget contains a new Five-Year Capital Investment Program. As of March 31, 2003, the Fund has completed more than 4,700 academic, dormitory and dining hall capital projects with a replacement value exceeding \$13.6 billion. During the 2002-03 fiscal year, the Fund initiated the design of 75 projects having a total value of \$32.9 million and began construction of 23 projects having an estimated cost of \$71.9 million. These figures exclude projects administered by the individual campuses.

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

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

STATE UNIVERSITY CONSTRUCTION

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	11,003,000	12,225,000	1,222,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	11,003,000	12,225,000	1,222,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Administration			
Special Revenue Funds - Other	113	113	0
Total	113	113	0

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
Special Revenue Funds - Other	11,003,000	12,225,000	1,222,000
Total	11,003,000	12,225,000	1,222,000

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

Program	Available 2003-04	Recommended 2004-05	Change
Administration			
Special Revenue Funds - Other	11,003,000	12,225,000	1,222,000
Total	11,003,000	12,225,000	1,222,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	12,225,000	1,222,000	7,550,000	50,000
Total	12,225,000	1,222,000	7,550,000	50,000

Program	Nonpersonal Service	
	Amount	Change
Administration	4,675,000	1,172,000
Total	4,675,000	1,172,000

OFFICE OF WELFARE INSPECTOR GENERAL

MISSION

The Office of Welfare Inspector General was established in 1992 to prevent, investigate, and prosecute public assistance fraud. The Agency acts on allegations that welfare recipients are dishonestly receiving benefits for which they are not eligible, or that Medicaid, day care or other providers or administrators of services are accepting payments fraudulently.

In carrying out its responsibilities, the Office works closely with the Office of Temporary and Disability Assistance, local social services districts, the Office of Children and Family Services, the Department of Health and the Department of Law.

ORGANIZATION AND STAFFING

The Office is headed by the Welfare Inspector General who is appointed for a five-year term by the Governor with the advice and consent of the Senate. In addition to the Inspector General, personnel include a Deputy Inspector General, a Chief Investigator, staff attorney, fraud investigators and administrative support staff. The Welfare Inspector General's statewide operations are administered from New York City, and a field office in Albany.

The Office will have 10 full-time equivalent positions for 2004-05, which is consistent with 2003-04 staffing levels.

BUDGET HIGHLIGHTS

The 2004-05 General Fund support for the Office of Welfare Inspector General is \$713,000. Approximately 65 percent of the Office's operations are supported by the General Fund and the remaining 35 percent are supported by funds the Agency receives from the Federal government for fraud investigations related to welfare, Food Stamps and Medicaid.

PROGRAM HIGHLIGHTS

The Office of Welfare Inspector General is pursuing an aggressive anti-fraud campaign supported, in part, by provisions of the State Welfare Reform Act of 1997 which provided more effective tools to combat welfare fraud.

The Office annually receives hundreds of complaints about alleged welfare fraud originating from citizens, government agencies, or the Office's own related investigations. Fraud investigations generate savings for the State, local and Federal governments by uncovering unreported income or inappropriate claiming practices by those who provide day care, employment, health care or other services to welfare recipients. The Office of Welfare Inspector General completes hundreds of new investigations each year which substantiate allegations of some form of fraudulent activity by a member of a household receiving welfare.

In addition to these investigations of individual welfare recipients, the Office completes investigations to uncover patterns of abuse within the welfare system including investigations of internal corruption within social services districts and welfare contractors. The Office works with the Department of Law to strengthen welfare fraud prosecution and also acts directly through its prosecutions unit. In addition to fraud investigations, the Office's activities include making recommendations to the Department of Family Assistance and county and New York City social services offices so that welfare programs and services are more effectively administered throughout the State.

WELFARE INSPECTOR GENERAL

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	1,083,000	1,083,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	1,083,000	1,083,000	0	0

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

Full-Time Equivalent Positions (FTE)

Program	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Welfare Inspector General, Office of the General Fund	10	10	0
Total	10	10	0

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	713,000	713,000	0
Special Revenue Funds - Other	370,000	370,000	0
Total	1,083,000	1,083,000	0

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

Program	Available 2003-04	Recommended 2004-05	Change
Welfare Inspector General, Office of the General Fund	713,000	713,000	0
Special Revenue Funds - Other	370,000	370,000	0
Total	1,083,000	1,083,000	0

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2004-05 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the Total	732,000	(38,000)	732,000	(38,000)
	732,000	(38,000)	732,000	(38,000)

WELFARE INSPECTOR GENERAL

STATE OPERATIONS - GENERAL AND OFFSET FUNDS
 SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
 APPROPRIATIONS AND CHANGES
 2004-05 RECOMMENDED
 (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	351,000	38,000	31,000	0
Total	<u>351,000</u>	<u>38,000</u>	<u>31,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	14,000	0	304,000	38,000
Total	<u>14,000</u>	<u>0</u>	<u>304,000</u>	<u>38,000</u>

Program	Equipment	
	Amount	Change
Welfare Inspector General, Office of the	2,000	0
Total	<u>2,000</u>	<u>0</u>