

PART I

THE BUDGET BY FUNCTIONAL AREA

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

COUNCIL ON THE ARTS

MISSION

The primary responsibility for oversight and administration of the State's artistic and cultural resources is assigned to three existing entities — the Council on the Arts, the Empire State Plaza Performing Arts Center Corporation and the New York State Theatre Institute. 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 to 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. In 2005-06, 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.

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.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Approximately 95 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 represent approximately 3 percent of 2005-06 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 2005-06 Executive Budget provides \$5.3 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.

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For 2005-06, enhanced funding will be provided to the Egg and NYSTI from existing dedicated revenue in the Cultural Education Account. Special revenue funding of \$600,000 is provided for the Egg and \$2,033,000 for NYSTI. Receipts from ticket sales, private donations and sales and lease of products and facilities will supplement State funds provided to these organizations.

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 allocation of 40 cents per person in cultural funding.

Performing Arts Center Corporation (the "Egg"). During the 2003-04 season, the Egg hosted 129 events that featured the finest dance, music and theatre companies from across the State of New York and around the world, generating a total audience of 65,077. The Center was in use for 324 days during this time period. The Center launched its "New York, New York" project, resulting in the premieres of several new performing arts presentations by New York-based artists that went on tour across the country. It added a new "Dance - The World" series to its "Dance New York" offerings, and expanded its "Project Dance" program. The Center continues to be the home of the Ellen Sinopoli Dance Company and Student Theatre Outreach Program and hosts the "Art Break" and "Star Light" performing arts camps for young people.

New York State Theatre Institute. In 2003-04, more than 65,000 children, teachers and parents attended NYSTI's six productions and participated in its educational programs in Troy. 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 Theatre 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*. In June of 2004, NYSTI received its second Audie Award for its production of *The Killings Tale*.

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 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	8,477,000	28,326,000	19,849,000	880,000
Aid To Localities	37,850,000	38,120,000	270,000	1,600,000
Capital Projects	0	0	0	0
Total	46,327,000	66,446,000	20,119,000	2,480,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	47	47	0
Special Revenue Funds - Federal	8	8	0
Special Revenue Funds - Other	0	400	400
Total	55	455	400

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	7,250,000	5,300,000	(1,950,000)
Special Revenue Funds - Federal	827,000	993,000	166,000
Special Revenue Funds - Other	400,000	22,033,000	21,633,000
Total	8,477,000	28,326,000	19,849,000

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(195,000)
Special Revenue Funds - Federal	(27,000)
Appropriated 2004-05	<u>8,255,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	5,116,000	5,300,000	184,000
Special Revenue Funds - Federal	827,000	993,000	166,000
Special Revenue Funds - Other	400,000	400,000	0
Empire State Performing Arts Center Corporation			
General Fund	556,000	0	(556,000)
Special Revenue Funds - Other	0	600,000	600,000
New York State Theatre Institute			
General Fund	1,578,000	0	(1,578,000)
Special Revenue Funds - Other	0	2,033,000	2,033,000
New York Institute for Cultural Education			
Special Revenue Funds - Other	0	19,000,000	19,000,000
Total	8,477,000	28,326,000	19,849,000

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,508,000	140,000	3,394,000	140,000
Total	<u>3,508,000</u>	<u>140,000</u>	<u>3,394,000</u>	<u>140,000</u>

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	114,000	0
Total	<u>114,000</u>	<u>0</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,792,000	44,000	112,000	600
Empire State Performing Arts Center Corporation	0	(556,000)	0	0
New York State Theatre Institute	0	(1,578,000)	0	0
Total	<u>1,792,000</u>	<u>(2,090,000)</u>	<u>112,000</u>	<u>600</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	190,000	800	1,408,000	42,000
Empire State Performing Arts Center Corporation	0	0	0	0
New York State Theatre Institute	0	0	0	0
Total	<u>190,000</u>	<u>800</u>	<u>1,408,000</u>	<u>42,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	82,000	600	0	0
Empire State Performing Arts Center Corporation	0	0	0	(556,000)
New York State Theatre Institute	0	0	0	(1,578,000)
Total	<u>82,000</u>	<u>600</u>	<u>0</u>	<u>(2,134,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	1,393,000	166,000	542,000	(19,000)
Empire State Performing Arts Center Corporation	600,000	600,000	0	0
New York State Theatre Institute	2,033,000	2,033,000	0	0
New York Institute for Cultural Education	19,000,000	19,000,000	0	0
Total	23,026,000	21,799,000	542,000	(19,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	451,000	185,000	400,000	0
Empire State Performing Arts Center Corporation	0	0	600,000	600,000
New York State Theatre Institute	0	0	2,033,000	2,033,000
New York Institute for Cultural Education	0	0	19,000,000	19,000,000
Total	451,000	185,000	22,033,000	21,633,000

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	37,400,000	37,400,000	0
Special Revenue Funds - Federal	250,000	520,000	270,000
Special Revenue Funds - Other	200,000	200,000	0
Total	37,850,000	38,120,000	270,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	37,400,000	37,400,000	0
Special Revenue Funds - Federal	250,000	520,000	270,000
Special Revenue Funds - Other	200,000	200,000	0
Total	37,850,000	38,120,000	270,000

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 2005-06, CUNY's gross operating budget, including reappropriations, will total \$1.3 billion, an increase of \$88.4 million or 7.1 percent. Within this amount, taxpayer support will total \$701.6 million, an increase of \$61.6 million or 9.6 percent. CUNY's Senior College Revenue Offset will total \$632.3 million, an increase of \$28.7 million or 4.8 percent in appropriation authority for increased tuition revenue.

Special revenue funding for CUNY will total \$145.0 million, a decrease of \$8.7 million or 5.6 percent, reflecting discontinuation of the use of HESC fund balances to support student financial aid activities.

Supplemental student financial aid provided through the Search for Education, Elevation and Knowledge (SEEK) program is recommended for elimination for 2005-06. Funding is continued for academic support services provided through SEEK, including tutoring, counseling and mentoring.

PARTNERSHIP TO ACCELERATE COMPLETION TIME (PACT)

A new Partnership to Accelerate Completion Time (PACT) will be established at all CUNY senior and community colleges. Under PACT, colleges will provide a guarantee to participating students that required courses will be available to complete their degrees in

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exchange for a commitment by the students to fulfill their coursework in a timely manner. CUNY senior colleges will receive \$0.8 million and community colleges will receive \$0.5 million for the start-up costs.

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 \$151.9 million reflects a net increase of \$3.7 million from 2004-05 attributable to: enrollment growth (\$3.2 million); “seed” funding for the new PACT program (\$0.5 million); an increase in rental aid for leased space (\$0.4 million); and elimination of the supplemental student financial aid provided through the College Discovery program (-\$0.4 million). Funding for childcare and workforce development is 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 2005-06 supplement the current \$1.1 billion Five Year Investment Program for senior colleges and the \$55 million community college capital program with: an additional \$41.5 million lump sum for critical health and safety, preservation, and handicapped access projects at senior and community colleges; \$20 million in funding for the rebuilding of Fiterman Hall at the Borough of Manhattan Community College; \$15 million in matching funds for Governors Island; \$10 million for City College’s Marshak Building; and \$2.5 million for preliminary planning for the renovation of Brooklyn College’s Roosevelt Hall. CUNY’s bond cap will be increased by \$120 million to cover CUNY’s new 2005-06 capital appropriations, for a total bonding authorization of \$4.7 billion.

CUNY’s capital program for 2005-06 provides \$362 million to support anticipated commitment levels for both senior and community colleges.

PROGRAM HIGHLIGHTS

The City University of New York offers a wide variety of educational avenues ranging from vocational courses to doctoral degree programs. Approximately 219,000 full-time and part-time students — 146,000 at the senior colleges and 73,000 at the community colleges — were enrolled in degree programs for the fall 2004 semester. In addition, the University served more than 247,000 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 on nine campuses and, since its inception in 1995, has helped more than 15,800 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 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	1,402,399,000	1,467,766,000	65,367,000	33,300,000
Aid To Localities	771,772,000	806,575,000	34,803,000	24,975,000
Capital Projects	1,115,000,000	89,000,000	(1,026,000,000)	1,690,366,000
Total	3,289,171,000	2,363,341,000	(925,830,000)	1,748,641,000

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	153,700,000	145,000,000	(8,700,000)
Fiduciary Funds	1,248,699,000	1,322,766,000	74,067,000
Total	1,402,399,000	1,467,766,000	65,367,000

Adjustments:

Prior Year Deficiency	
City University of New York	
Special Revenue Funds - Other	55,000,000
Appropriated 2004-05	1,457,399,000

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
General Fund	771,772,000	806,575,000	34,803,000
Total	771,772,000	806,575,000	34,803,000
Adjustments:			
Prior Year Deficiency			
City University of New York			
General Fund	2,258,000		
Appropriated 2004-05	774,030,000		

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

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Community College Programs			
General Fund	144,116,000	148,845,000	4,729,000
Institutional Support Services			
General Fund	622,856,000	654,230,000	31,374,000
Senior College Pension Payments			
General Fund	4,800,000	3,500,000	(1,300,000)
Total	771,772,000	806,575,000	34,803,000

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

<u>Comprehensive Construction Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>	<u>Reappropriations 2005-06</u>
Senior Colleges				
General Maintenance and Improvements				
Capital Projects Fund	20,000,000	0	(20,000,000)	50,339,000
Cap Proj Fund - CUNY (Direct Auth Bonds)	1,095,000,000	89,000,000	(1,006,000,000)	1,099,037,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	2,308,000
New Facilities				
Cap Proj Fund - CUNY (Direct Auth Bonds)	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	1,115,000,000	89,000,000	(1,026,000,000)	1,505,950,000
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	17,807,000
Cap Proj Fund - CUNY (Direct Auth Bonds)	0	0	0	166,609,000
Subtotal	0	0	0	184,416,000
Total	1,115,000,000	89,000,000	(1,026,000,000)	1,690,366,000

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 2005-06 are projected to total 1,884 positions at year's end, with 362 positions, or approximately 19 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 2005-06, total funding for programs and operations of the State Education Department will increase by \$744.5 million, or 3.2 percent. This year-to-year change is primarily due to: increases of \$568 million in support for public schools from General Fund and Lottery Fund revenues; a \$130 million increase in the STAR school tax relief program; a Federal funds increase of \$142 million; and other increases totaling \$8.5 million. These increases are partially offset by decreases in state operations and capital projects totaling \$104 million.

The taxpayer-supported General Fund provides 9 percent of SED's operating budget. Federal grants, including programs for disadvantaged pupils, account for 54 percent of the agency's resources. The remaining 37 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 to provide needed tax relief for homeowners across the State. In 2005-06, \$3.2 billion is appropriated for STAR, an increase of \$130 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 2005-06, STAR benefits will be increased to recognize the effects of inflation. As a result, local taxpayers will save \$48 million in property taxes paid to them as a credit on their 2005 income tax. The STAR credit provided for 2005-06 will be available for all homeowners in school districts that keep their spending growth within the proposed spending cap.

SCHOOL AID

The 2005-06 Executive Budget recommendations for elementary and secondary education provide the first installment of funding under the Governor's 5-year Sound Basic Education Plan.

EDUCATION

Major recommendations for 2005-06 include:

- **School Year Support:** For the 2005-06 school year, \$15.86 billion is provided in State support for public schools, a school year increase of \$526 million, or 3.4 percent. This amount is the largest increase ever proposed by a Governor;
- **Fiscal Year Support:** For the 2005-06 fiscal year, \$15.72 billion is provided in State support for public schools, a fiscal year increase of \$568 million, or 3.7 percent;
- **Flex Aid:** For the coming year, the Executive Budget recommendations would provide schools with greater flexibility to meet locally defined needs by consolidating six existing aid categories into a single program — Flex Aid. Overall, Flex Aid funding will total more than \$8.4 billion, representing an increase of \$121.5 million, or 1.5 percent. Nearly 70 percent of the Flex Aid increase is targeted to high-needs districts;
- **Sound Basic Education Aid program:** To provide needed funding to ensure all schools have the resources they require to provide every child with a quality education, a new \$325 million Sound Basic Education (SBE) Aid program is recommended for 2005-06. This program will be supported by video lottery terminal (VLT) revenues and will grow to more than \$2 billion over the next five years. Under the new SBE aid program, aid will be allocated using measures of educational and economic need, including a poverty measure and a regional cost factor. Nearly 86 percent of SBE aid will be targeted to the State's 207 high-needs school districts, with New York City receiving 60 percent of total SBE aid;
- **Video Lottery Terminals (VLTs):** For the 2005-06 school year, \$325 million in VLT revenues will be used to support a new SBE Aid program. Over the next five years, SBE Aid allocations supported by VLT revenues are expected to grow to more than \$2 billion;
- **Building Aid:** For the 2005-06 school year, \$1.42 billion is recommended in State support for the construction of school facilities, an increase of \$27 million. The Executive Budget recommends a series of reforms to ensure that State and local resources are effectively targeted to address school facility needs in New York City and across the State. These reforms include: providing all school districts an exemption from the Wicks Law; simplifying the building aid formula to provide reasonable, realistic allowances for construction costs and student-based space needs; and the creation of a State Clearinghouse for Efficient Construction Practices and Designs whereby the Dormitory Authority of the State of New York (DASNY) would provide advisory services and technical expertise to school districts. Additionally, to provide targeted assistance to New York City to address its pressing school facilities needs, the Executive Budget proposes: the creation of a State matching grant program to recognize certain legitimate construction costs that fall outside current cost allowances; providing New York City with \$2.8 billion in increased bonding authority for school construction projects; streamlining existing procurement processes to facilitate cost-effective school construction; and authorizing advisory State reviews of New York City school construction plans to promote greater conformity between actual project costs and established State cost allowances. Finally, payment reforms for new projects enacted in 2004-05 will be extended for 2005-06;
- **BOCES/Special Services Aid:** The 2005-06 Executive Budget recommends reforms that would eliminate an artificial incentive to use BOCES simply as a means of generating additional State aid — regardless of the actual cost-effectiveness of the BOCES services. Also, for 2005-06, the Executive Budget recommends limiting BOCES and Special Services Aid to the amount received by each school district in the prior year;
- **Transportation Aid:** A total of \$1.2 billion is recommended for reimbursement of the cost of transporting 2.5 million students statewide. This represents an increase of \$49.2 million, or 4.3 percent;
- **Teachers of Tomorrow:** Funding of \$20 million is continued for the Teachers of Tomorrow Program;

- **Tax Limitation Aid:** State support for Tax Limitation Aid will total \$78.5 million, a \$30.5 million increase;
- **Fund for Innovation:** A total of \$15 million is recommended for a new program targeted to the Big Five City school districts to create public-private partnerships that encourage the integration of technology in the classroom;
- **Categorical Grant Programs:** State support is maintained for various discretionary grant programs including Teacher Support Aid, Teacher Centers and the Teacher Mentor Intern program;
- **Other Programs:** The 2005-06 Executive Budget recommends funding based on existing statutory formulas for several programs, including growth aid, textbook aid, reorganization incentive aid and instructional materials aids;
- **Performance Initiatives:** A number of initiatives are proposed for the coming year to reward schools for academic performance and efficiency, including establishment of a \$500,000 Academic Achievement Awards program;
- **Accountability Reform:** A total of \$2 million is recommended for the creation of an independent Office of Educational Accountability and Efficiency (OEAE). The OEAE would monitor school performance, review and approve school improvement plans, provide enhanced financial oversight, and promote increased efficiency;
- **Voter Empowerment:** The 2005-06 Executive Budget recommends reforms to the school voting process to increase voter participation in local school district elections;
- **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 — is the most comprehensive plan in the nation to ensure the safety and well being of school children. For 2005-06, \$475,000 is continued to support the efforts of the Statewide Center for School Safety to promote "best practices" and provide technical assistance to schools, and \$475,000 is also recommended for character education curriculum development activities;
- **School Choice:** For 2005-06, \$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. The Executive Budget proposes legislation to provide charter schools with access to the Dormitory Authority for construction management and financing services; and
- **Advantage Schools:** The Advantage After-School Program provides school-age children with supervised educational and social activities during non-school hours. The Executive Budget recommends continuing the Advantage Schools program at \$20.2 million, providing vital after-school services to approximately 29,000 children throughout the State.

SPECIAL EDUCATION

School-Age Special Education

To ensure that New York State's special education programs are financed in a manner that encourages the education of children with disabilities in the least restrictive environment possible, the 2005-06 Executive Budget recommends reforms to the State aid program that supports special education in private settings. The reimbursement formulas used for this program would be conformed to those used to support special education services provided to school age children in public schools during the regular school year. Under this reform, the average State aid ratio used to calculate aid for placements in private special educational settings would be reduced from 85 percent to 49 percent - the same as that used for public placements. This change would standardize the reimbursement mechanism and eliminate the existing incentive to place children in restrictive, high-cost settings away from their non-disabled peers.

EDUCATION

Preschool Special Education

Over the past several years, fundamental reforms have been enacted in the preschool special education program. These reforms have improved the cost-effectiveness of service delivery and ensured that more than 75,000 disabled children served by this program receive services in the least restrictive setting possible.

The 2005-06 Executive Budget would reinstate the restriction on the creation or expansion of preschool programs that serve children with disabilities in non-inclusive settings. Provisions are also recommended that would authorize SED to approve new or expanded non-inclusive preschool programs when a need for such programs is demonstrated. The 2005-06 General Fund recommendation of \$552 million would support the State's 59.5 percent share of preschool special education program costs. Additionally, funds are provided for payment of claims authorized by the Legislature in Chapter 57 of the Laws of 2004.

The 2005-06 Executive Budget also recommends the use of uncommitted Federal IDEA funds for teacher certification initiatives in private schools that educate school-age and preschool pupils with disabilities.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

For categorical aid programs, the 2005-06 Executive Budget recommends a year-to-year reduction of \$9.5 million. This reduction is primarily due to the elimination of \$18.3 million in one-time funding for legislative grants. In addition, the recommendations for categorical aid programs include increases in several expenditure-based programs which include Non-Public School Aid (\$4.2 million) and Education of Native Americans (\$5 million). These increases are offset by several program reductions and consolidations of programs whose core missions are closely related. For example, the Executive Budget recommends consolidation of the AIDS Education program, the Comprehensive School Health Demonstration Program and the School Health Demonstration Program into a new \$750,000 Health Education Program. The 2005-06 Executive Budget also recommends the consolidation of several public assistance-related education and training programs. As a result, \$3 million in funding for the Education for Gainful Employment (EDGE) component of the Welfare Education Program (WEP) will no longer be provided through SED. In addition, the Executive Budget recommends ten percent reductions in funding for Apprenticeship Training, Workforce Literacy and the Consortium for Worker Education.

EDUCATION

ELEMENTARY, MIDDLE AND SECONDARY CATEGORICAL PROGRAMS 2005-06 SCHOOL YEAR

(amounts in thousands of dollars)

Program	2004-05 School Year	2005-06 School Year	Change
Adult Basic Education - SED	2,000	2,000	0
Adult Literacy Education	3,325	3,325	0
Academic Intervention Services (AIS) for Non-Public Schools	1,000	1,000	0
Apprenticeship Training	1,739	1,565	(174)
Character Education	0	475	475
Charter Schools	6,000	6,000	0
Consortium for Worker Education (CWE)	11,500	10,350	(1,150)
Extended Day/School Safety	28,690	28,690	0
Health Education Program*	0	750	750
Hurd Advances	362	310	(52)
Legislative grants	18,293	0	(18,293)
Migrant Workers	85	85	0
Native American Education	19,000	24,000	5,000
Non-Public School Aid	83,300	87,500	4,200
Primary Mental Health	542	542	0
School Health Demonstration	143	0	(143)
School Lunch/Breakfast	31,700	31,700	0
Statewide School Safety Center	475	475	0
Special Education Teacher Retention	2,000	2,000	0
Summer Food Program	3,300	3,300	0
SURR Schools	1,900	1,900	0
Targeted Pre-Kindergarten	50,200	50,200	0
Transferring Success	598	598	0
Workplace Literacy	1,307	1,177	(130)
Total	\$267,459	\$257,942	(\$9,517)

*The new Health Education Program consolidates activities previously performed under the AIDS Education, School Health Demonstration and Comprehensive School Health Demonstration programs.

OTHER RECOMMENDATIONS

Legislation accompanying this budget proposes a restructuring of the Department to sharpen its focus on its core mission - the education of our children. Certain functions that are not central to education will be transferred from SED to other State agencies as follows:

- Vocational and Educational Services for Individuals with Disabilities (VESID) will be transferred to the Department of Labor which will provide all job-related services to current VESID clients and facilitate the merger of intensive supported employment services for mentally retarded or developmentally disabled individuals within the Office of Mental Retardation and Developmental Disabilities (OMRDD). All programs relating to the education of children with disabilities will continue to be administered by SED. A total of 750 positions will be transferred to the Department of Labor effective October 1, 2005;
- Cultural Education programs - including the State Museum, State Library and State Archives - will be transferred to create a new entity, the New York Institute for Cultural Education (NYICE). NYICE will be established as a new public benefit corporation and will be headed by a 15-member board appointed by the Governor, legislative leaders and the Board of Regents. A total of 400 positions will be transferred to NYICE effective October 1, 2005.

Other recommendations on SED's operations include:

- Reassignment of the fiscal responsibility for tenured teacher hearings to local school districts resulting in General Fund savings of \$2.1 million;
- A transfer in funding for the New York State Summer School of the Arts to the existing Cultural Education Account supported by dedicated fees; and
- A reduction of \$2 million to be realized via agency-wide administrative efficiencies.

EDUCATION

As a result of these recommendations, including proposed program restructuring, SED's overall staffing will be reduced by 1,170 (from 3,054 to 1,884) and the General Fund support for SED will be reduced by \$3.8 million from \$40.9 million to \$37.1 million.

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

- \$84.4 million for Library Aid, the same as in 2004-05;
- \$10 million for Public Broadcasting Aid, a decrease of \$3.1 million;
- \$15 million for a new bonded Public Broadcasting Facilities Assistance program, to provide matching grants to public broadcasting stations for their capital facility and equipment needs;
- \$54.6 million for Case Services, an increase of \$2 million;
- \$14.8 million for Supported Employment, the same as in 2004-05;
- \$10.2 million for Independent Living Centers, the same as in 2004-05;
- \$42.0 million for Unrestricted Aid for Independent Colleges and Universities, the same as in 2004-05;
- \$10.5 million for the Higher Education Opportunity Program, a reduction of \$10.5 million;
- \$10.9 million for the Liberty Partnerships Program, the same as in 2004-05;
- \$9.5 million for the Science and Technology Entry Program (STEP) and its collegiate counterpart (CSTEP), same as in 2004-05; and
- \$712,500 for the Teacher Opportunity program, the same as in 2004-05.

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 2005-06 Executive Budget would provide \$15.86 billion for the 2005-06 school year. As a result of the combination of school aid and property tax relief through STAR, New York State now supports more than 45 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, six aid categories are consolidated into a single funding stream that provides support to school districts for their general operating costs and represents more than 53 percent of State aid to local school districts. The Executive Budget recommends an increase of nearly \$122 million for a total Flex Aid amount of \$8.43 billion;
- **Sound Basic Education Aid:** This new aid program provides first year funding of \$325 million pursuant to the 5-year Sound Basic Education Plan to ensure that all students have the opportunity to receive a sound basic education. Funds would be allocated through a formula that is sensitive to concentrations of students in poverty, district wealth and varying regional costs with New York City public schools receiving 60 percent of the total funding;
- **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 more than \$2.6 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 2005-06 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 \$3.2 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 2005-06, more than 650,000 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 \$64,650 or less.
- In 2005-06, the school property tax exemption will provide nearly 2.7 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 relating to this basic STAR exemption will average \$710; and
- The exemptions provided to all homeowners living in counties where median home sale prices exceed the statewide median will be adjusted upward from the minimums stated above to account for regional variations in property values.

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 \$595 million in 2005-06, reducing the New York City personal income tax by nearly 10 percent.

New State STAR Credit

For 2005-06, STAR benefits will be increased to recognize the effects of inflation. As a result, projected STAR benefits under current law will be adjusted by the increase in the Consumer Price Index. This enhancement in benefits will be provided as a STAR credit which will be available to all homeowners in school districts that keep their spending growth 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:

EDUCATION

- **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. The 2005-06 recommendations would expand the property tax report card to include information displaying the three-year change in school tax levy compared to this 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 in districts where budgets are subject to voter approval 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.

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.

Reforming the School Voting Process

The 2005-06 Executive Budget recommends significant reforms to the school voting process. The reforms are intended to increase voter participation in school elections and would:

- **Expand Access:** Expand the number of polling places for school elections in order to make participation more convenient for the voters;
- **Set a Single Revote Day:** Establish a single day for all budget revotes, thus ensuring that voters are aware of the budget revote;
- **Require a Single Voting Day for Bond Resolutions:** Require that all votes on bond resolutions occur on the single statewide voting day for school budgets;
- **Extend Voting Hours:** Conform the voting hours for school district elections to those for general elections; and
- **Improve Supervision:** Remove conflicts of interest in election supervision by involving county boards of elections in the supervision process and limiting the role of school district employees, board members and candidates in election supervision.

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 73 blind and multiply disabled students, including 18 developmentally disabled students at its Intermediate Care Facility. The New York State School for the Deaf in Rome serves 78 deaf and multiply disabled school aged 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:** Federal support for the provision of free meals for low-income students participating in summer recreation programs is supplemented by \$3.3 million in additional State funds. 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.

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School Aid School Year Payments (millions)

Program	Estimated 2004-05	Recommended 2005-06	Change Amount	Change Percent
I. Formula-Based Aids:				
Comprehensive Operating Aid	\$6,964.80	\$0.00	\$0.00	0.00
Extraordinary Needs Aid	1,090.87	0.00	0.00	0.00
ERSSA	72.27	0.00	0.00	0.00
Limited English Proficiency	104.14	0.00	0.00	0.00
Summer School	30.34	0.00	0.00	0.00
Minor Maintenance	49.98	0.00	0.00	0.00
Flex Aid	\$8,312.41	\$8,433.91	\$121.50	1.46
Excess Cost - Public	2,266.20	2,346.19	79.99	3.53
Excess Cost - Private	210.76	114.32	(96.44)	(45.76)
Tax Limitation Aid	47.99	78.45	30.46	63.47
BOCES	507.24	487.24	(20.00)	(3.94)
Special Services (Career Ed./Computer Admin.)	135.40	134.60	(0.80)	(0.59)
Textbooks (Incl. Lottery)	188.34	188.67	0.33	0.18
Computer Software	46.64	46.41	(0.23)	(0.49)
Computer Hardware	28.58	28.84	0.26	0.91
Library Materials	19.27	19.54	0.27	1.40
Transportation (Including Summer)	1,151.52	1,200.75	49.23	4.28
Prekindergarten	201.77	201.77	0.00	0.00
Class Size Reduction	138.12	138.12	0.00	0.00
Building	1,396.41	1,423.45	27.04	1.94
Teacher Support Aid	67.48	67.48	0.00	0.00
Fund for Innovation	0.00	15.00	15.00	NA
Formula-Based Aids Total	\$14,718.13	\$14,924.76	\$206.63	1.40
II. Grant Programs and Other Aid Categories:				
Growth Aid	22.09	9.97	(12.12)	(54.87)
Reorganization Incentive (Operating+ Building)	32.03	30.30	(1.73)	(5.40)
Full-Day K	4.52	3.34	(1.18)	(26.11)
Academic Achievement Awards	0.00	0.50	0.50	NA
Teachers of Tomorrow	20.00	20.00	0.00	0.00
Teacher Centers	31.00	31.00	0.00	0.00
Teacher-Mentor Intern	6.00	6.00	0.00	0.00
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	136.10	136.10	0.00	0.00
Aid to Small City School Districts	81.88	81.88	0.00	0.00
Fort Drum	2.63	2.63	0.00	0.00
Urban-Suburban Transfer	1.13	1.13	0.00	0.00
Employment Preparation Education	90.00	90.00	0.00	0.00
Homeless Pupils	5.90	6.48	0.58	9.83
Incarcerated Youth	14.50	16.50	2.00	13.79
Bilingual	11.20	11.20	0.00	0.00
School Audits	0.25	2.90	2.65	1,060.00
Education of OMH/OMR Pupils	26.00	30.00	4.00	15.38
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	2.91	2.91	0.00	0.00
Add'l Class Size Reduction	1.85	1.85	0.00	0.00
Subtotal	619.16	613.86	(5.30)	(0.86)
SCHOOL YEAR TOTAL	\$15,337.29	\$15,538.62	\$201.33	1.31
Sound Basic Education (SBE) Aid	0.00	324.87	324.87	NA
TOTAL Including SBE	\$15,337.29	\$15,863.49	\$526.20	3.43

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	450,022,900	416,977,000	(33,045,900)	504,921,700
Aid To Localities	22,995,557,500	23,844,444,400	848,886,900	4,884,810,400
Capital Projects	90,300,000	19,000,000	(71,300,000)	108,977,000
Total	23,535,880,400	24,280,421,400	744,541,000	5,498,709,100

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Office of Management Services Program			
General Fund	146	146	0
Special Revenue Funds - Other	180	180	0
Internal Service Funds	101	101	0
Elementary, Middle and Secondary Education			
General Fund	185	185	0
Special Revenue Funds - Federal	300	300	0
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	54	51	(3)
Special Revenue Funds - Federal	12	12	0
Special Revenue Funds - Other	437	440	3
Cultural Education			
General Fund	17	0	(17)
Special Revenue Funds - Federal	68	0	(68)
Special Revenue Funds - Other	292	0	(292)
Internal Service Funds	23	0	(23)
Vocational and Educational Services for Individuals with Disabilities			
Special Revenue Funds - Federal	995	245	(750)
Management Efficiencies Program			
General Fund	0	(20)	(20)
Total	3,054	1,884	(1,170)

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	40,952,600	37,124,000	(3,828,600)
Special Revenue Funds - Federal	260,159,500	225,467,800	(34,691,700)
Special Revenue Funds - Other	127,657,800	131,438,200	3,780,400
Internal Service Funds	21,253,000	22,947,000	1,694,000
Total	<u>450,022,900</u>	<u>416,977,000</u>	<u>(33,045,900)</u>
Adjustments:			
Prior Year Deficiency			
Education Department, State Special Revenue Funds - Other	1,400,000		
Recommended Deficiency			
Education Department, State General Fund	(2,300,000)		
Transfer(s) From			
Education Department, State General Fund	(2,500)		
Special Revenue Funds - Other	(715,000)		
Special Pay Bill			
General Fund	(1,032,000)		
Special Revenue Funds - Federal	(4,230,000)		
Special Revenue Funds - Other	(3,402,700)		
Internal Service Funds	(420,000)		
Transfer(s) To			
Education - School for the Blind General Fund	2,500		
Special Revenue Funds - Other	412,000		
Education - School for the Deaf Special Revenue Funds - Other	303,000		
Appropriated 2004-05	<u>440,038,200</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Office of Management Services Program			
General Fund	15,953,500	16,415,000	461,500
Special Revenue Funds - Other	22,128,000	23,500,000	1,372,000
Internal Service Funds	12,981,000	14,371,000	1,390,000
Elementary, Middle and Secondary Education			
General Fund	19,131,000	18,766,000	(365,000)
Special Revenue Funds - Federal	108,951,000	118,233,000	9,282,000
Special Revenue Funds - Other	978,900	2,079,400	1,100,500
School for the Blind			
Special Revenue Funds - Other	8,815,000	9,308,000	493,000
Batavia ICF/DD			
General Fund	128,600	133,000	4,400
Special Revenue Funds - Other	3,019,000	3,282,000	263,000
School for the Deaf			
Special Revenue Funds - Other	8,470,000	8,956,000	486,000
Higher Education and the Professions, Office of			
General Fund	5,739,500	3,810,000	(1,929,500)
Special Revenue Funds - Federal	2,900,000	2,952,000	52,000
Special Revenue Funds - Other	50,545,300	57,912,000	7,366,700
Cultural Education			
Special Revenue Funds - Federal	8,887,000	9,080,000	193,000
Special Revenue Funds - Other	32,789,600	25,944,800	(6,844,800)
Internal Service Funds	8,272,000	8,576,000	304,000
Vocational and Educational Services for Individuals with Disabilities			
Special Revenue Funds - Federal	139,421,500	95,202,800	(44,218,700)
Special Revenue Funds - Other	912,000	456,000	(456,000)
Management Efficiencies Program			
General Fund	0	(2,000,000)	(2,000,000)
Total	<u>450,022,900</u>	<u>416,977,000</u>	<u>(33,045,900)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Office of Management Services Program	9,571,000	323,400	9,571,000	323,400
Elementary, Middle and Secondary Education	11,530,000	390,000	11,530,000	390,000
Higher Education and the Professions, Office of	2,424,000	106,000	2,424,000	106,000
Total	<u>23,525,000</u>	<u>819,400</u>	<u>23,525,000</u>	<u>819,400</u>

EDUCATION

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	6,844,000	138,100	400,000	0
Education	7,236,000	(755,000)	282,000	(300)
Batavia ICF/DD	133,000	4,400	0	0
Higher Education and the Professions, Office of	1,386,000	(2,035,500)	0	0
Management Efficiencies Program	(2,000,000)	(2,000,000)	0	0
Total	<u>13,599,000</u>	<u>(4,648,000)</u>	<u>682,000</u>	<u>(300)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	350,000	0	4,654,000	138,100
Education	698,000	500	5,981,000	(755,200)
Batavia ICF/DD	0	0	0	0
Higher Education and the Professions, Office of	0	0	386,000	64,500
Management Efficiencies Program	0	0	0	0
Total	<u>1,048,000</u>	<u>500</u>	<u>11,021,000</u>	<u>(552,600)</u>

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	250,000	0	1,190,000	0
Education	0	0	0	0
Batavia ICF/DD	0	0	0	0
Higher Education and the Professions, Office of	0	0	0	0
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 Elementary, Middle and Secondary	0	0
Education	275,000	0
Batavia ICF/DD	133,000	4,400
Higher Education and the Professions, Office of	1,000,000	(2,100,000)
Management Efficiencies Program	(2,000,000)	(2,000,000)
Total	<u>(592,000)</u>	<u>(4,095,600)</u>

EDUCATION

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Office of Management Services Program	37,871,000	2,762,000	14,849,000	502,000
Elementary, Middle and Secondary Education	120,312,400	10,382,500	51,097,000	100,000
School for the Blind	9,308,000	493,000	5,710,000	195,000
Batavia ICF/DD	3,282,000	263,000	1,975,000	113,000
School for the Deaf	8,956,000	486,000	5,550,000	190,000
Higher Education and the Professions, Office of	60,864,000	7,418,700	5,033,000	143,000
Cultural Education	43,600,800	(6,347,800)	8,463,600	142,000
Vocational and Educational Services for Individuals with Disabilities	95,658,800	(44,674,700)	37,253,600	(21,351,500)
Total	379,853,000	(29,217,300)	129,931,200	(19,966,500)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Office of Management Services Program	17,305,000	2,453,000	5,717,000	(193,000)
Elementary, Middle and Secondary Education	67,136,000	9,182,000	2,079,400	1,100,500
School for the Blind	3,598,000	298,000	0	0
Batavia ICF/DD	1,307,000	150,000	0	0
School for the Deaf	3,406,000	296,000	0	0
Higher Education and the Professions, Office of	5,597,000	474,000	50,234,000	6,801,700
Cultural Education	14,011,400	582,200	21,125,800	(7,072,000)
Vocational and Educational Services for Individuals with Disabilities	57,949,200	(22,867,200)	456,000	(456,000)
Total	170,309,600	(9,432,000)	79,612,200	181,200

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	14,153,692,400	14,628,541,400	474,849,000
Special Revenue Funds - Federal	3,520,357,100	3,662,753,000	142,395,900
Special Revenue Funds - Other	5,321,508,000	5,553,150,000	231,642,000
Total	22,995,557,500	23,844,444,400	848,886,900

Adjustments:			
Prior Year Deficiency			
Education Department, State			
General Fund	16,000,000		
Special Revenue Funds - Other	40,000,000		
Recommended Deficiency			
Education Department, State			
Special Revenue Funds - Other	(72,000,000)		
Transfer(s) From			
Special Pay Bill			
Special Revenue Funds - Federal			
(State Operations)	(285,100)		
Appropriated 2004-05	<u>22,979,272,400</u>		

EDUCATION

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

Program	Available 2004-05	Recommended 2005-06	Change
School Tax Relief			
Special Revenue Funds - Other	3,072,000,000	3,202,000,000	130,000,000
Elementary, Middle and Secondary Education			
General Fund	13,890,338,400	14,376,775,400	486,437,000
Special Revenue Funds - Federal	2,770,125,100	2,855,021,000	84,895,900
Special Revenue Funds - Other	2,239,358,000	2,341,000,000	101,642,000
Higher Education and the Professions, Office of			
General Fund	84,710,000	74,260,000	(10,450,000)
Cultural Education			
General Fund	100,110,000	96,972,000	(3,138,000)
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	78,534,000	80,534,000	2,000,000
Special Revenue Funds - Federal	745,572,000	803,072,000	57,500,000
Total	<u>22,995,557,500</u>	<u>23,844,444,400</u>	<u>848,886,900</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Education Building				
Capital Projects Fund	0	0	0	1,724,000
Capital Projects Fund - Advances	0	0	0	100,000
School for the Blind				
Capital Projects Fund	0	3,000,000	3,000,000	468,000
Capital Projects Fund - Advances	0	0	0	1,010,000
School for the Deaf				
Capital Projects Fund	2,500,000	0	(2,500,000)	2,769,000
Capital Projects Fund - Advances	0	0	0	150,000
Schools For Native American Reservations				
Capital Projects Fund	5,800,000	0	(5,800,000)	7,059,000
Cultural Education Center				
Capital Projects Fund	1,000,000	0	(1,000,000)	6,064,000
Capital Projects Fund - Advances	0	0	0	5,485,000
Administration				
Capital Projects Fund	1,000,000	1,000,000	0	4,048,000
Public Broadcasting Facilities				
Capital Projects Fund - Authority Bonds	0	15,000,000	15,000,000	0
Capital Transition Grants				
Cap Proj Fund - Transition Grants (Auth Bonds)	80,000,000	0	(80,000,000)	80,000,000
Washington Avenue Armory				
Capital Projects Fund - Advances	0	0	0	100,000
Total	<u>90,300,000</u>	<u>19,000,000</u>	<u>(71,300,000)</u>	<u>108,977,000</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 eight day-placement facilities statewide serving nearly 2,000 youth. The workforce for fiscal year 2005-06 is estimated at 3,754 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office of Children and Family Services receives 49 percent of its \$3.2 billion budget from State tax dollars and 51 percent from Federal and other funds. The State Operations budget of \$423 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 2005-06 OCFS State Operations General Fund budget reflects the net impact of cost savings measures that include reducing vacant beds at juvenile justice facilities and maximizing the use of Federal and other funds, and negotiated salary and fixed cost increases.

The Local Assistance budget of \$2.76 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 \$23.9 million support the maintenance of State-operated juvenile justice facilities in order to provide a safe living environment, appropriate education, recreation and vocational program space; and an appropriate level of security for youth while they are in residential care.

CHILDREN AND FAMILY SERVICES

The Executive Budget provides more than \$1.4 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 \$4.5 million in 2005-06, from \$347.3 million to \$351.8 million, to support this child welfare funding source.
- **Investments in Child Welfare Quality Enhancement:** OCFS will distribute \$1.9 million in State funding to counties and not-for-profit groups in 2005-06 to promote the development of innovative child welfare service delivery models.
- **Improve Access to Mental Health Services:** The Executive Budget includes \$2.34 million in new State 65 percent reimbursement to expand the Office of Mental Health's home and community based waiver by 245 slots to meet the mental health needs of children in foster care or at risk of institutional placement.

CHILDREN AND FAMILY SERVICES

- **Flexible Fund for Family Services:** As part of an overall effort to increase the effectiveness of Federal Temporary Assistance to Needy Families (TANF) funding provided to local government for a range of services to support Federal and State Welfare reform, recommendations restructure the distribution of \$1 billion in TANF funds into a new Flexible Fund for Family Services. This fund provides significant local flexibility that can be used to support child welfare and child care services and to continue contracts, at local option, such as the Adolescent Pregnancy Prevention Services Program.
- **Adoption Subsidies:** The Executive Budget includes \$184 million for the State's share of subsidies provided to families who adopt children with special needs. These funds will support approximately 46,000 children in adoptive homes.
- **A Foster Care Block Grant:** The Executive Budget continues funding for a \$373.5 million Foster Care Block Grant that provides counties with a clear incentive to reduce the number of children in foster care. Under the Block Grant, savings resulting from reduced use of foster care can be reinvested in locally-designed child welfare initiatives that strengthen preventive services or better serve high-needs children.

CHILD CARE

The Executive Budget allows districts the flexibility to transfer funds from the \$1 billion TANF-funded Flexible Fund for Family Services to the State Child Care Block Grant. Using the TANF transfer funding and a combination of Federal, State, and local funding, the Child Care 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 public assistance. The State also provides subsidized child care to families at risk of becoming dependent on Family Assistance. The State Child Care Block Grant and funds transferred from the TANF-funded Flexible Fund for Family Services will enable districts to tailor expenditures to meet local needs and to comply with mandated work participation requirements for public assistance.

The Budget maintains funding for Advantage After-School programs at \$20.2 million. This program offers educational and recreational after-school activities for approximately 29,000 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 of after-school programming. In 2005-06, Advantage Schools will be fully supported by the General Fund.

YOUTH FACILITIES

The Youth Facilities Program includes the Office's 37 residential facilities and eight 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 vocational training designed to promote positive youth development and foster a youth's return to the community as a law-abiding, productive citizen.

The 2005-06 Executive Budget reduces facility capacity by 115 beds reflecting a continued population decline and the operation of Evidence-based Community Initiative (EbCI) programs that divert some youth from facility placement and reduce the length of time other youth spend in facilities. EbCI uses local non-profit agencies to provide services ranging from family-based counseling to specialized after-school programs. In 2005-06, OCFS will invest \$7.3 million in EbCI programs.

CHILDREN AND FAMILY SERVICES

SYSTEMS

The Executive Budget includes approximately \$54 million in State and Federal funding to operate and continue development of CONNECTIONS, the State's child welfare information system. Once completed, CONNECTIONS will enhance case and fiscal management of child welfare services while providing greater access to preventive and protective services for children and families.

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 2005-06 Budget continues nearly \$38 million for these programs including more than \$36 million in General Fund support and \$1.5 million in Federal Workforce Investment Act (WIA) dollars.

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. 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.

OCFS and local governments share equally in the cost of local detention facilities that care for youth while their cases are pending in Family Court. Legislation accompanying the 2005-06 Executive Budget seeks to reduce the placement of persons-in-need of supervision (PINS) in detention facilities and provide comprehensive services to these youth through community-based programs. This legislation would generate projected State and local government savings of \$3 million each in 2005-06. In support of this proposal, the Executive Budget provides \$5.2 million, including the reinvestment of \$1 million in State share savings, for community-based programs to serve PINS. Counties and New York City could also reinvest local share savings from this legislation into community-based programs.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	429,319,500	423,046,000	(6,273,500)	272,172,600
Aid To Localities	2,728,706,000	2,760,488,000	31,782,000	2,765,793,400
Capital Projects	20,025,000	23,927,000	3,902,000	79,680,000
Total	<u>3,178,050,500</u>	<u>3,207,461,000</u>	<u>29,410,500</u>	<u>3,117,646,000</u>

CHILDREN AND FAMILY SERVICES

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Central Administration			
General Fund	357	346	(11)
Special Revenue Funds - Federal	6	6	0
Special Revenue Funds - Other	79	79	0
Capital Projects Funds - Other	0	7	7
Child Care			
Special Revenue Funds - Federal	235	234	(1)
Commission for the Blind and Visually Handicapped			
General Fund	11	11	0
Special Revenue Funds - Federal	163	167	4
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	408	(2)
Special Revenue Funds - Federal	79	79	0
Special Revenue Funds - Other	0	2	2
National and Community Service, Office of			
General Fund	4	3	(1)
Special Revenue Funds - Federal	5	6	1
Systems Support			
General Fund	142	142	0
Training and Development			
Special Revenue Funds - Other	52	52	0
Youth Facilities			
General Fund	2,298	2,200	(98)
Total	<u>3,853</u>	<u>3,754</u>	<u>(99)</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	217,477,500	221,947,000	4,469,500
Special Revenue Funds - Federal	78,182,000	81,478,000	3,296,000
Special Revenue Funds - Other	133,060,000	119,021,000	(14,039,000)
Enterprise Funds	500,000	500,000	0
Internal Service Funds	100,000	100,000	0
Total	<u>429,319,500</u>	<u>423,046,000</u>	<u>(6,273,500)</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(7,360,000)
Special Revenue Funds - Federal	(1,422,000)
Special Revenue Funds - Other	(429,000)
Temporary and Disability Assistance, Office of	
General Fund (Aid To Localities)	(12,950,000)
Appropriated 2004-05	<u>407,158,500</u>

CHILDREN AND FAMILY SERVICES

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

Program	Available 2004-05	Recommended 2005-06	Change
Central Administration			
General Fund	32,494,800	32,448,000	(46,800)
Special Revenue Funds - Federal	528,000	528,000	0
Special Revenue Funds - Other	18,126,000	18,126,000	0
Internal Service Funds	100,000	100,000	0
Commission for the Blind and Visually Handicapped			
General Fund	8,339,500	8,114,000	(225,500)
Special Revenue Funds - Federal	26,707,000	30,003,000	3,296,000
Special Revenue Funds - Other	1,905,000	1,905,000	0
Departmental Administrative Reimbursement			
General Fund	(29,043,000)	(29,043,000)	0
Special Revenue Funds - Other	47,543,000	35,543,000	(12,000,000)
Family and Children Services			
General Fund	30,573,600	30,691,000	117,400
Special Revenue Funds - Federal	20,354,000	20,354,000	0
Special Revenue Funds - Other	1,546,000	2,207,000	661,000
Systems Support			
General Fund	27,559,100	32,032,000	4,472,900
Special Revenue Funds - Federal	30,593,000	30,593,000	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	53,940,000	51,240,000	(2,700,000)
Enterprise Funds	200,000	200,000	0
Youth Facilities			
General Fund	140,039,500	140,191,000	151,500
Enterprise Funds	300,000	300,000	0
Total	<u>429,319,500</u>	<u>423,046,000</u>	<u>(6,273,500)</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	21,113,000	(326,500)	19,743,000	(403,500)
Family and Children Services	21,914,000	103,100	20,976,300	53,700
Systems Support	7,575,000	1,128,100	7,445,000	1,119,100
Youth Facilities	109,868,000	(1,885,500)	99,125,000	(982,500)
Total	<u>160,470,000</u>	<u>(980,800)</u>	<u>147,289,300</u>	<u>(213,200)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	1,131,000	64,000	239,000	13,000
Family and Children Services	0	0	937,700	49,400
Systems Support	0	0	130,000	9,000
Youth Facilities	5,314,000	(425,000)	5,429,000	(478,000)
Total	<u>6,445,000</u>	<u>(361,000)</u>	<u>6,735,700</u>	<u>(406,600)</u>

CHILDREN AND FAMILY SERVICES

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Central Administration	11,335,000	279,700	209,000	6,100
Commission for the Blind and Visually Handicapped	8,114,000	(225,500)	0	0
Departmental Administrative Reimbursement	12,000,000	0	0	0
Family and Children Services	8,777,000	14,300	838,600	56,300
Systems Support	24,457,000	3,344,800	233,000	0
Training and Development	7,514,000	0	0	0
Youth Facilities	30,323,000	2,037,000	9,889,000	20,000
Total	102,520,000	5,450,300	11,169,600	82,400

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Central Administration	807,000	26,300	8,754,000	228,500
Commission for the Blind and Visually Handicapped	0	0	0	0
Departmental Administrative Reimbursement	0	0	0	0
Family and Children Services	389,800	26,200	7,517,300	(70,300)
Systems Support	52,000	0	10,242,000	47,800
Training and Development	0	0	0	0
Youth Facilities	878,000	29,000	12,323,000	(121,000)
Total	2,126,800	81,500	38,836,300	85,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	138,000	5,300	1,427,000	13,500
Commission for the Blind and Visually Handicapped	0	0	8,114,000	(225,500)
Departmental Administrative Reimbursement	0	0	12,000,000	0
Family and Children Services	31,300	2,100	0	0
Systems Support	233,000	0	13,697,000	3,297,000
Training and Development	0	0	7,514,000	0
Youth Facilities	1,118,000	30,000	6,115,000	2,079,000
Total	1,520,300	37,400	48,867,000	5,164,000

CHILDREN AND FAMILY SERVICES

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Central Administration	18,754,000	0	0	0
Commission for the Blind and Visually Handicapped	31,908,000	3,296,000	0	0
Family and Children Services	22,561,000	661,000	0	0
Systems Support	40,593,000	0	0	0
Training and Development	51,440,000	(2,700,000)	1,954,000	0
Youth Facilities	300,000	0	0	0
Total	165,556,000	1,257,000	1,954,000	0

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	1,925,000	0	16,829,000	0
Commission for the Blind and Visually Handicapped	0	0	31,908,000	3,296,000
Family and Children Services	7,753,000	0	14,808,000	661,000
Systems Support	0	0	40,593,000	0
Training and Development	3,357,000	0	46,129,000	(2,700,000)
Youth Facilities	300,000	0	0	0
Total	13,335,000	0	150,267,000	1,257,000

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	1,305,588,000	1,346,589,000	41,001,000
Special Revenue Funds - Federal	1,407,338,000	1,398,119,000	(9,219,000)
Special Revenue Funds - Other	15,780,000	15,780,000	0
Total	2,728,706,000	2,760,488,000	31,782,000

Adjustments:

Transfer(s) From	
Temporary and Disability Assistance, Office of General Fund	(74,329,000)
Transfer(s) To	
Temporary and Disability Assistance, Office of Special Revenue Funds - Federal	537,199,000
Appropriated 2004-05	<u>3,191,576,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Child Care			
General Fund	136,066,000	136,066,000	0
Special Revenue Funds - Federal	360,000,000	360,000,000	0
Special Revenue Funds - Other	350,000	350,000	0
Family and Children Services			
General Fund	1,164,522,000	1,205,523,000	41,001,000
Special Revenue Funds - Federal	1,018,900,000	1,018,900,000	0
Special Revenue Funds - Other	15,430,000	15,430,000	0
Training and Development			
General Fund	5,000,000	5,000,000	0
Special Revenue Funds - Federal	28,438,000	19,219,000	(9,219,000)
Total	2,728,706,000	2,760,488,000	31,782,000

CHILDREN AND FAMILY SERVICES

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Youth Facilities Improvement Fund	5,000,000	5,000,000	0	5,772,000
Child Care Facilities Development Program				
Capital Projects Fund - Authority Bonds	0	0	0	8,724,000
Maintenance and Improvement of Facilities				
Capital Projects Fund	1,325,000	1,325,000	0	7,923,000
Youth Facilities Improvement Fund	13,700,000	15,602,000	1,902,000	42,464,000
Executive Direction and Administrative Services				
Capital Projects Fund	0	0	0	261,000
Misc. Capital Projects	0	0	0	2,822,000
Program Improvement or Program Change				
Youth Facilities Improvement Fund	0	2,000,000	2,000,000	6,215,000
Youth Center				
Capital Projects Fund	0	0	0	5,499,000
Total	<u>20,025,000</u>	<u>23,927,000</u>	<u>3,902,000</u>	<u>79,680,000</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, Office of Children and Family Services and other agencies, 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 at 2,532 positions for 2005-06. Approximately 463 of these positions are paid by State tax dollars from the General Fund with partial Federal reimbursement and 1,634 are funded directly by Federal grants. The remaining 17 percent are supported by various revenues.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A total of \$5.3 billion is recommended from all funding sources in 2005-06 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 \$4.8 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. Approximately \$547 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.

For State Operations, an appropriation of approximately \$431 million is recommended from all funding sources. These funds will support a workforce of approximately 2,532, including 1,285 federally funded positions in the Division of Disability Determinations.

The recommended \$50.8 million General Fund State Operations 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.

State funding of \$15 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.

Specific priorities for the Office of Temporary and Disability Assistance for 2005-06 are as follows:

TEMPORARY AND DISABILITY ASSISTANCE

- In partnership with local social services districts, operate programs that enable recipients to transition to work and self-sufficiency and at-risk households to 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.

This approach has resulted in a dramatic decline in welfare caseloads. Since 1995, over 1,013,359 recipients have left the welfare rolls, a 62 percent decline. In addition to generating significant State and local government savings, this significant 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 programs that provide transportation, drug and alcohol services, domestic violence screening and child care services.

OTDA programs also emphasize prevention of welfare dependency by providing work supports and services to at-risk households. Legislation will be introduced to create a Strengthening Families through Stronger Fathers initiative to encourage employment and related activities for young, low-income non-custodial parents. Legislation will also be proposed to transfer welfare employment from the Department of Labor to the Office of Temporary and Disability Assistance. These activities help families address life events, while at the same time significantly expand the resources and services available to low-income New Yorkers.

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 within a five-year period.

TEMPORARY AND DISABILITY ASSISTANCE

The Governor's welfare reform program also fosters individual responsibility to help break the cycle of long-term dependency. All applicants and recipients are required to participate in screening and assessment to determine if the need for welfare results from use of illegal drugs or excessive consumption of alcoholic beverages. If a participant is unable to work because of such circumstances, he or she is referred to an appropriate treatment program. 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 2005-06.

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 \$1.44 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, continue the "Celebrating Fatherhood" media campaign and implement a 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 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.

TEMPORARY AND DISABILITY ASSISTANCE

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

SUPPLEMENTAL SECURITY INCOME

Federal Supplemental Security Income (SSI) provides cash assistance to the aged, visually handicapped and disabled. The State's SSI benefit currently is among the highest nationally. The 2005-06 recommendation of \$632 million funds the State cost of SSI benefits for a projected 627,800 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 \$2.1 billion per year in Federal Food Stamp benefits, with an average monthly benefit of \$200 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 2005-06 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, 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.

COST CONTAINMENT AND PERFORMANCE BONUS

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 2005-06 welfare budget recommendations:

- Incorporate all TANF funding not needed for benefit payments, State Operations or the EITC into a Flexible Fund for Family Services allocation to local districts. Counties would be able to use their block grant allocations for any federally-allowable TANF purpose, but would be solely responsible for determining the distribution of their allocation for all non-benefit programs, including child welfare, child care and local district administration;
- 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;

TEMPORARY AND DISABILITY ASSISTANCE

- Increase the amount of earnings disregarded for purpose of determining welfare eligibility to 50 percent for recipients on welfare less than five years; and reduce the disregard percentage to 25 percent for recipients on welfare more than five years;
- Hold accountable those counties that fail to meet at least a 50 percent work participation rate for their TANF Families and Safety Net Singles populations; and
- Establish a performance-based bonus for those counties that increase their use of Food Stamps for their low-income, working population.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	430,203,000	430,710,000	507,000	301,000,000
Aid To Localities	4,814,854,900	4,847,994,000	33,139,100	4,122,469,000
Capital Projects	30,000,000	30,000,000	0	136,789,000
Total	<u>5,275,057,900</u>	<u>5,308,704,000</u>	<u>33,646,100</u>	<u>4,560,258,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	149	149	0
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
Employment Services			
Special Revenue Funds - Federal	0	185	185
Executive Direction			
General Fund	16	16	0
Legal Affairs			
General Fund	151	151	0
System Support and Information Services			
General Fund	91	91	0
Special Revenue Funds - Federal	16	16	0
Special Revenue Funds - Other	59	59	0
Temporary and Disability Assistance Programs			
General Fund	35	35	0
Special Revenue Funds - Federal	21	21	0
Special Revenue Funds - Other	148	148	0
Transitional Supports and Policy, Division of			
General Fund	21	21	0
Special Revenue Funds - Federal	29	29	0
Special Revenue Funds - Other	15	15	0
Total	<u>2,347</u>	<u>2,532</u>	<u>185</u>

TEMPORARY AND DISABILITY ASSISTANCE

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	48,984,000	50,753,000	1,769,000
Special Revenue Funds - Federal	230,084,000	222,000,000	(8,084,000)
Special Revenue Funds - Other	149,935,000	156,757,000	6,822,000
Internal Service Funds	1,200,000	1,200,000	0
Total	<u>430,203,000</u>	<u>430,710,000</u>	<u>507,000</u>

Adjustments:

Transfer(s) From			
Special Pay Bill			
General Fund	(2,328,000)		
Special Revenue Funds - Federal	(4,342,000)		
Special Revenue Funds - Other	(378,000)		
Transfer(s) To			
Temporary and Disability Assistance, Office of			
Special Revenue Funds - Federal (Aid To Localities)	1,644,000		
Appropriated 2004-05	<u>424,799,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	24,361,000	24,689,000	328,000
Special Revenue Funds - Federal	7,000,000	7,000,000	0
Special Revenue Funds - Other	19,750,000	19,850,000	100,000
Internal Service Funds	1,200,000	1,200,000	0
Child Support Enforcement			
Special Revenue Funds - Federal	3,100,000	3,500,000	400,000
Special Revenue Funds - Other	27,000,000	30,000,000	3,000,000
Departmental Administrative Reimbursement			
General Fund	(71,963,000)	(75,463,000)	(3,500,000)
Special Revenue Funds - Other	75,532,000	79,032,000	3,500,000
Disability Determinations			
Special Revenue Funds - Federal	162,258,000	166,000,000	3,742,000
Special Revenue Funds - Other	8,900,000	9,500,000	600,000
Executive Direction			
General Fund	1,846,000	1,818,000	(28,000)
Legal Affairs			
General Fund	12,063,000	13,390,000	1,327,000
System Support and Information Services			
General Fund	77,334,000	80,032,000	2,698,000
Special Revenue Funds - Federal	48,500,000	40,000,000	(8,500,000)
Special Revenue Funds - Other	13,100,000	13,100,000	0
Temporary and Disability Assistance Programs			
General Fund	3,659,000	4,262,000	603,000
Special Revenue Funds - Federal	5,084,000	5,000,000	(84,000)
Special Revenue Funds - Other	4,000,000	4,000,000	0
Transitional Supports and Policy, Division of			
General Fund	1,684,000	2,025,000	341,000
Special Revenue Funds - Federal	4,142,000	500,000	(3,642,000)
Special Revenue Funds - Other	1,653,000	1,275,000	(378,000)
Total	<u>430,203,000</u>	<u>430,710,000</u>	<u>507,000</u>

TEMPORARY AND DISABILITY ASSISTANCE

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	11,134,000	241,000	11,004,700	241,000
Executive Direction	1,518,000	(28,000)	1,434,000	(28,300)
Legal Affairs	10,768,000	1,327,000	10,481,954	1,265,954
System Support and Information Services	7,388,000	1,074,000	7,366,000	1,074,000
Temporary and Disability Assistance Programs	3,337,000	553,000	2,857,019	516,119
Transitional Supports and Policy, Division of	1,793,000	341,000	1,748,548	312,648
Total	<u>35,938,000</u>	<u>3,508,000</u>	<u>34,892,221</u>	<u>3,381,421</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	94,800	0	34,500	0
Executive Direction	84,000	1,500	0	(1,200)
Legal Affairs	14,286	14,286	271,760	46,760
System Support and Information Services	0	0	22,000	0
Temporary and Disability Assistance Programs	445,144	24,244	34,837	12,637
Transitional Supports and Policy, Division of	0	0	44,452	28,352
Total	<u>638,230</u>	<u>40,030</u>	<u>407,549</u>	<u>86,549</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	14,055,000	87,000	154,300	(400)
Executive Direction	300,000	0	31,900	0
Legal Affairs	2,622,000	0	137,500	0
System Support and Information Services	72,644,000	1,624,000	37,900	0
Temporary and Disability Assistance Programs	925,000	50,000	36,000	18,000
Transitional Supports and Policy, Division of	232,000	0	45,000	28,000
Total	<u>90,778,000</u>	<u>1,761,000</u>	<u>442,600</u>	<u>45,600</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	236,700	0	7,680,300	400
Executive Direction	45,500	(12,600)	210,600	12,600
Legal Affairs	115,700	0	2,302,800	0
System Support and Information Services	33,700	0	10,630,400	226,000
Temporary and Disability Assistance Programs	58,500	(22,000)	779,000	29,500
Transitional Supports and Policy, Division of	77,000	15,500	104,000	(4,600)
Total	<u>567,100</u>	<u>(19,100)</u>	<u>21,707,100</u>	<u>263,900</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	371,700	0	5,612,000	87,000
Executive Direction	12,000	0	0	0
Legal Affairs	66,000	0	0	0
System Support and Information Services	70,000	0	61,872,000	1,398,000
Temporary and Disability Assistance Programs	51,500	24,500	0	0
Transitional Supports and Policy, Division of	6,000	(38,900)	0	0
Total	<u>577,200</u>	<u>(14,400)</u>	<u>67,484,000</u>	<u>1,485,000</u>

TEMPORARY AND DISABILITY ASSISTANCE

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	27,550,000	100,000	0	(600,000)
Child Support Enforcement	33,500,000	3,400,000	0	0
Disability Determinations	175,500,000	4,342,000	75,000,000	4,073,000
System Support and Information Services	53,100,000	(8,500,000)	0	0
Temporary and Disability Assistance Programs	9,000,000	(84,000)	58,000	0
Transitional Supports and Policy, Division of	1,775,000	(4,020,000)	824,000	(306,000)
Total	300,425,000	(4,762,000)	75,882,000	3,167,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	(250,000)	27,550,000	950,000
Child Support Enforcement	0	0	33,500,000	3,400,000
Disability Determinations	91,000,000	(331,000)	9,500,000	600,000
System Support and Information Services	0	0	53,100,000	(8,500,000)
Temporary and Disability Assistance Programs	26,000	0	8,916,000	(84,000)
Transitional Supports and Policy, Division of	451,000	(72,000)	500,000	(3,642,000)
Total	91,477,000	(653,000)	133,066,000	(7,276,000)

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	1,355,209,300	1,530,748,000	175,538,700
Special Revenue Funds - Federal	3,434,545,600	3,270,885,000	(163,660,600)
Special Revenue Funds - Other	15,100,000	26,361,000	11,261,000
Fiduciary Funds	10,000,000	20,000,000	10,000,000
Total	4,814,854,900	4,847,994,000	33,139,100

Adjustments:

Transfer(s) From	
Children and Family Services Office of	
Special Revenue Funds - Federal	(537,199,000)
Labor, Department of	
Special Revenue Funds - Federal	(51,553,000)
Temporary and Disability Assistance,	
Office of	
Special Revenue Funds - Federal	
(State Operations)	(1,644,000)
Transfer(s) To	
Children and Family Services Office of	
General Fund (State Operations)	12,950,000
General Fund	74,329,000
Health, Department of	
General Fund	20,225,000
Appropriated 2004-05	4,331,962,900

TEMPORARY AND DISABILITY ASSISTANCE

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

Program	Available 2004-05	Recommended 2005-06	Change
Child Support Enforcement			
General Fund	30,936,000	37,000,000	6,064,000
Special Revenue Funds - Federal	120,000,000	120,000,000	0
Food Assistance Program			
General Fund	100,000	100,000	0
Special Revenue Funds - Other	100,000	100,000	0
Food Stamp Administration Program			
Special Revenue Funds - Federal	296,170,600	294,530,000	(1,640,600)
Special Revenue Funds - Other	5,000,000	6,261,000	1,261,000
Temporary and Disability Assistance Administration			
General Fund	311,597,300	337,950,000	26,352,700
Temporary and Disability Assistance Programs			
General Fund	889,786,000	1,032,908,000	143,122,000
Special Revenue Funds - Federal	2,964,950,000	2,802,930,000	(162,020,000)
Special Revenue Funds - Other	0	10,000,000	10,000,000
Fiduciary Funds	10,000,000	20,000,000	10,000,000
Transitional Supports and Policy, Division of			
General Fund	122,790,000	122,790,000	0
Special Revenue Funds - Federal	53,425,000	53,425,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Total	<u>4,814,854,900</u>	<u>4,847,994,000</u>	<u>33,139,100</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Supported Housing Program				
Housing Program Fund	30,000,000	30,000,000	0	136,789,000
Total	<u>30,000,000</u>	<u>30,000,000</u>	<u>0</u>	<u>136,789,000</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 725 employees in 2005-06. Virtually all employees are paid through funds received for the administration of Federal student loans. General administrative operations are located in Albany, while data processing operations are located in Troy.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends over \$907 million in support of agency operations and programs. Of this amount, approximately \$108 million will be available to support administration of State and Federal student aid programs and \$799 million will be awarded in financial aid to students or colleges to promote access to postsecondary educational opportunities.

Of the \$799 million invested in financial aid and institutional grants, General Fund support accounts for nearly \$778 million. Support for the remaining expenditures is provided from Federal funds.

STATE OPERATIONS

The Corporation will continue to improve its operational efficiency in 2005-06 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 2005-06 recommended appropriation for the Tuition Assistance Program (TAP) is \$738.5 million. This level of funding reflects a series of reforms that would strengthen academic standards and eligibility criteria, and restructure the program to emphasize degree completion by creating a financial incentive for students to stay in college and graduate.

The proposed restructuring of TAP will generate \$167.1 million in TAP savings, offset by an increase of \$6 million for a new TAP loan program. Major components of the restructured TAP program are as follows:

- TAP awards for first-time TAP recipients in 2005-06 and thereafter will be provided in two components — a “base” award equivalent to one-half of the current TAP award and a “performance” award equivalent to the remaining one-half 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.

Other proposed TAP reforms produce savings of \$26 million by:

- Requiring students to be in full-time attendance at the time that institutions certify them as eligible for TAP awards (\$6 million);
- Conforming TAP eligibility for all students in default on federal student loans regardless of the loan guarantor (\$5 million); and
- Enhancing academic progress and good academic standing criteria required for continued TAP eligibility (\$15 million).

Additional TAP savings of \$4.4 million result from an increase in the Federal Special Leveraging Educational Assistance Partnership program.

The 2005-06 Executive Budget provides \$29.1 million for various scholarship and fellowship programs, reflecting an increase of \$5.4 million from 2004-05. Of the \$5.4 million, \$5 million reflects funding for the World Trade Center Memorial Scholarships that were formerly funded from a statewide appropriation for State costs related to the World Trade Center attacks. The remaining \$0.4 million reflects funding for a new memorial scholarship program for the spouses, children and financial dependents of the victims of American Airlines Flight 587 that crashed in Rockaway, Queens on November 12, 2001.

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 reached an agreement with the Federal Department of Education to allow New York State residents to apply for Federal and State financial aid through the Internet.

In 2005-06, the Corporation will continue to coordinate the State’s participation in the Federal GEAR-UP program. In 1999, the Corporation was awarded a six-year Federal GEAR-UP grant to provide early college preparation and guidance services to low-income individuals. In 2005-06, HESC will coordinate the State’s application for a new six-year GEAR-UP grant.

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 \$17.6 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:

- \$5.0 billion in new guaranteed loans in 2003-04;
- Processing of student loans for over 621,800 borrowers; and
- Defaulted loan collections of \$287 million and defaulted loan purchases of \$269 million in 2003-04.

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: \$738.5 million in aid will be provided to recipients in all sectors of higher education;
- Tuition Assistance Loan Program: \$6 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 nearly 22,000 part-time students in all sectors of higher education; and
- Scholarships and Fellowships: \$29.1 million will be provided for various scholarships and fellowships, including \$0.4 million for a new memorial scholarship for spouses, children and financial dependents of the victims of the American Airlines Flight 587 air disaster. Over 25,000 recipients are projected to receive aid under the twelve State and Federal scholarship programs administered by HESC.

COLLEGE CHOICE TUITION SAVINGS PROGRAM

Enacted 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 318,000 accounts have been opened, with contributions exceeding \$2.8 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 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	107,821,000	108,307,000	486,000	5,254,000
Aid To Localities	954,121,000	799,245,000	(154,876,000)	5,216,000
Capital Projects	0	0	0	0
Total	1,061,942,000	907,552,000	(154,390,000)	10,470,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
Special Revenue Funds - Other	332	332	0
Guaranteed Loan Programs			
Special Revenue Funds - Other	393	393	0
Total	725	725	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	7,210,000	5,000,000	(2,210,000)
Special Revenue Funds - Other	100,611,000	103,307,000	2,696,000
Total	107,821,000	108,307,000	486,000

Adjustments:			
Transfer(s) From			
Special Pay Bill			
Special Revenue Funds - Federal	(7,000)		
Special Revenue Funds - Other	(2,117,000)		
Appropriated 2004-05	105,697,000		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	49,506,000	50,676,000	1,170,000
Guaranteed Loan Programs			
Special Revenue Funds - Federal	7,203,000	5,000,000	(2,203,000)
Special Revenue Funds - Other	51,105,000	52,631,000	1,526,000
State Grant Programs			
Special Revenue Funds - Federal	7,000	0	(7,000)
Total	107,821,000	108,307,000	486,000

HIGHER EDUCATION SERVICES

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	50,676,000	1,170,000	15,304,000	(337,000)
Guaranteed Loan Programs	57,631,000	(677,000)	20,876,000	1,526,000
State Grant Programs	0	(7,000)	0	(5,000)
Total	<u>108,307,000</u>	<u>486,000</u>	<u>36,180,000</u>	<u>1,184,000</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	34,872,000	1,507,000	500,000	0
Guaranteed Loan Programs	31,755,000	0	5,000,000	(2,203,000)
State Grant Programs	0	(2,000)	0	0
Total	<u>66,627,000</u>	<u>1,505,000</u>	<u>5,500,000</u>	<u>(2,203,000)</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	944,905,000	773,615,000	(171,290,000)
Special Revenue Funds - Federal	5,216,000	7,000,000	1,784,000
Special Revenue Funds - Other	4,000,000	18,630,000	14,630,000
Total	<u>954,121,000</u>	<u>799,245,000</u>	<u>(154,876,000)</u>

Adjustments:

Prior Year Deficiency	
Higher Education Services Corporation, New York State General Fund	33,900,000
Transfer(s) From	
Special Pay Bill General Fund (State Operations)	(7,000)
Appropriated 2004-05	<u>988,014,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	7,000	0	(7,000)
Scholarships and Fellowships			
General Fund	23,668,000	29,068,000	5,400,000
Special Revenue Funds - Other	4,000,000	4,000,000	0
State Grant Programs			
General Fund	906,600,000	744,547,000	(162,053,000)
Special Revenue Funds - Federal	5,216,000	7,000,000	1,784,000
Tuition Awards for Part-Time Students			
General Fund	14,630,000	0	(14,630,000)
Special Revenue Funds - Other	0	14,630,000	14,630,000
Total	<u>954,121,000</u>	<u>799,245,000</u>	<u>(154,876,000)</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 2005-06: 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 nine years, the Division has made progress in reducing the number of open cases. Open cases totaled 5,695 as of November 2004, down from 16,880 in January 1995; a reduction of 66 percent. The agency continues to work vigorously to reduce the caseload and meet reasonable standards for timely case processing. In addition, to help further shorten its case processing time, the Division has implemented a new Case Management System.

In 2005-06, the Office of Temporary and Disability Assistance will continue to assume partial responsibility for basic administrative functions of the Division such as personnel and finance. This "host agency" concept is designed to produce savings through increased administrative efficiencies.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	18,314,000	18,954,000	640,000	14,300,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	18,314,000	18,954,000	640,000	14,300,000

HUMAN RIGHTS

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	166	166	0
Special Revenue Funds - Federal	37	37	0
Total	<u>203</u>	<u>203</u>	<u>0</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	13,495,000	14,110,000	615,000
Special Revenue Funds - Federal	4,704,000	4,704,000	0
Special Revenue Funds - Other	115,000	140,000	25,000
Total	<u>18,314,000</u>	<u>18,954,000</u>	<u>640,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(441,000)
Special Revenue Funds - Federal	(4,000)
Appropriated 2004-05	<u>17,869,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	13,495,000	14,110,000	615,000
Special Revenue Funds - Federal	4,704,000	4,704,000	0
Special Revenue Funds - Other	115,000	140,000	25,000
Total	<u>18,314,000</u>	<u>18,954,000</u>	<u>640,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	11,227,000	985,000	11,000,000	985,000
Total	<u>11,227,000</u>	<u>985,000</u>	<u>11,000,000</u>	<u>985,000</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
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	3,533,000	0	27,000	(44,000)
Total	<u>3,533,000</u>	<u>0</u>	<u>27,000</u>	<u>(44,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	88,000	31,000	3,320,000	35,000
Total	<u>88,000</u>	<u>31,000</u>	<u>3,320,000</u>	<u>35,000</u>

Program	Equipment	
	Amount	Change
Administration	98,000	(22,000)
Total	<u>98,000</u>	<u>(22,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	4,844,000	25,000	3,000	0
Total	<u>4,844,000</u>	<u>25,000</u>	<u>3,000</u>	<u>0</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,000	0	4,840,000	25,000
Total	<u>1,000</u>	<u>0</u>	<u>4,840,000</u>	<u>25,000</u>

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 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 6,236 in SFY 2005-06. Approximately 66 percent of these positions are financed by Federal grants and 34 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.

Federal funds support specific programs and activities that include Workforce Investment Act (WIA) job training services and re-employment services for persons who may be affected adversely by international trade agreements. Federal appropriations also include funding to assist individuals and families that are the victims of disasters.

Fee revenues support funding for 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 \$3.8 billion is funded from Unemployment Insurance (UI) taxes paid by employers.

UI penalty revenue of \$3.5 million is appropriated in 2005-06 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.

PROGRAM HIGHLIGHTS

JOB SERVICES

Consistent with the Workforce Investment Act (WIA) requirements, the Department of Labor and local governments have worked together to open 78 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.

LABOR

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 \$304 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 20,754 amusement park devices, 951 ski lifts, 6,164 places of public assembly (e.g., bleachers at concerts) and 29,231 commercial boilers. It also reviewed applications for 766 radioactive materials licenses and 54,366 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 \$17 million in back wages, unpaid fringe benefits and minimum wage underpayments for approximately 31,159 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 continued projected deficit in the Unemployment Insurance Trust Fund, which originally resulted from the September 11th terrorist attacks and the downturn in the national economy, will require the State to continue to borrow funding from the Federal government in 2005 thereby incurring Federal interest costs. The Budget includes an interest assessment on employer taxes to pay these interest costs.

WORKERS COMPENSATION BOARD

In SFY 2005-06, legislation will be introduced that transfers the Workers' Compensation Board (WCB) to DOL. This transfer will permit WCB to continue to carry out its current functions while combining with DOL to improve its efficiency.

Through its 11 district offices and 30 satellite service centers located across New York State, the WCB reviews workers' claims for benefits, reports of injury filed by employers and medical reports from physicians and other health care providers. The WCB also monitors employers to ensure that they properly provide coverage for their employees and imposes penalties on those employers who fail to do so.

VOCATIONAL REHABILITATION

In SFY 2005-06 legislation will be introduced that transfers Vocational Rehabilitation (VR) services for persons with disabilities to DOL to improve the overall effectiveness of these programs.

The Vocational and Educational Services for Individuals with Disabilities Program's (VESID) VR component will be transferred from the Education Department to provide job training, counseling and placement services for disabled persons throughout New York. The programs relating to the education of children with disabilities will remain with the State Education Department.

Using its network of 15 district offices across the State, VESID provides vocational rehabilitation services to disabled clients tailored to their individual goals, capabilities and needs. This program arranges for job placements for more than 15,000 individuals annually from an active caseload of over 54,000. VESID also administers 36 Independent Living Centers across New York State.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	5,639,299,100	4,646,559,500	(992,739,600)	706,897,000
Aid To Localities	272,268,000	304,457,000	32,189,000	665,344,000
Capital Projects	0	0	0	0
Total	5,911,567,100	4,951,016,500	(960,550,600)	1,372,241,000

LABOR

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	18	18	0
Special Revenue Funds - Federal	3,524	3,339	(185)
Disability Benefits			
Special Revenue Funds - Other	0	51	51
Employment Relations Board			
General Fund	16	0	(16)
Employment and Training			
Special Revenue Funds - Other	89	89	0
Labor Standards			
Special Revenue Funds - Other	242	242	0
Occupational Safety and Health			
Special Revenue Funds - Other	249	259	10
Systems Modernization			
Special Revenue Funds - Other	0	81	81
Vocational and Educational Services for Individuals with Disabilities			
Special Revenue Funds - Federal	0	750	750
Workers Compensation			
Special Revenue Funds - Other	0	1,407	1,407
Total	<u>4,138</u>	<u>6,236</u>	<u>2,098</u>

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	3,429,000	1,417,000	(2,012,000)
Special Revenue Funds - Federal	532,751,500	532,074,500	(677,000)
Special Revenue Funds - Other	303,118,600	313,068,000	9,949,400
Enterprise Funds	4,800,000,000	3,800,000,000	(1,000,000,000)
Total	<u>5,639,299,100</u>	<u>4,646,559,500</u>	<u>(992,739,600)</u>
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(28,000)		
Special Revenue Funds - Federal	(12,436,500)		
Special Revenue Funds - Other	(1,232,600)		
Workers Compensation Board			
Special Revenue Funds - Federal	(12,000)		
Special Revenue Funds - Other	(174,924,000)		
Appropriated 2004-05	<u>5,450,666,000</u>		

LABOR

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	306,000	(149,000)	34,000	0
Employment Relations Board	0	(469,000)	0	(19,000)
Employment and Training	0	(322,000)	0	0
Total	306,000	(940,000)	34,000	(19,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	20,000	0	222,000	51,000
Employment Relations Board	0	(65,000)	0	(383,000)
Employment and Training	0	0	0	0
Total	20,000	(65,000)	222,000	(332,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	30,000	0	0	(200,000)
Employment Relations Board	0	(2,000)	0	0
Employment and Training	0	0	0	(322,000)
Total	30,000	(2,000)	0	(522,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	420,344,000	(44,895,500)	8,549,200	0
Disability Benefits	7,516,000	434,000	3,856,000	212,000
Employment and Training	7,817,000	(1,694,800)	0	(962,100)
Labor Standards	20,991,000	766,072	12,507,000	157,300
Occupational Safety and Health	34,608,000	1,150,128	16,409,000	747,200
Systems Modernization	36,798,000	838,000	4,646,000	254,000
Unemployment Insurance Benefit Fund	3,932,500,000	(1,000,000,000)	0	0
Vocational and Educational Services for Individuals with Disabilities	44,230,500	44,230,500	21,351,500	21,351,500
Workers Compensation	139,882,000	7,988,000	72,558,000	3,736,000
Total	4,644,686,500	(991,183,600)	139,876,700	25,495,900

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	3,887,300	0	407,907,500	(44,895,500)
Disability Benefits	3,660,000	222,000	0	0
Employment and Training	0	(503,700)	7,817,000	(229,000)
Labor Standards	8,484,000	608,772	0	0
Occupational Safety and Health	18,199,000	402,928	0	0
Systems Modernization	32,152,000	584,000	0	0
Unemployment Insurance Benefit Fund	0	0	3,932,500,000	(1,000,000,000)
Vocational and Educational Services for Individuals with Disabilities	22,879,000	22,879,000	0	0
Workers Compensation	66,621,000	4,165,000	703,000	87,000
Total	155,882,300	28,358,000	4,348,927,500	(1,045,037,500)

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	271,838,000	304,457,000	32,619,000
Special Revenue Funds - Other	430,000	0	(430,000)
Total	<u>272,268,000</u>	<u>304,457,000</u>	<u>32,189,000</u>

Adjustments:

Transfer(s) To			
Temporary and Disability Assistance, Office of			
Special Revenue Funds - Federal	51,553,000		
Appropriated 2004-05	<u>323,821,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Employment and Training			
Special Revenue Funds - Federal	271,838,000	304,457,000	32,619,000
Occupational Safety and Health			
Special Revenue Funds - Other	430,000	0	(430,000)
Total	<u>272,268,000</u>	<u>304,457,000</u>	<u>32,189,000</u>

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 2005-06 Executive Budget will support a staffing level of 401 positions for the Office of Real Property Services through three revenue accounts: the Improvement of Real Property Tax Administration Account; the Industrial and Utility Services Account; and the Local Services Account. These accounts are funded from the State's share of the real property transfer recording fee, chargebacks for assessments made on industrial, utility and railroad property and charges for miscellaneous consulting and computing services.

Budget recommendations for the Office of Real Property Services for 2005-06 include:

- State aid of \$4.5 million for local administration of the School Tax Relief (STAR) program;
- State Aid of \$13.7 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 \$3.0 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 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

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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 2004, the assessment ratios supplied by 81 percent of local assessors were adopted without change as State equalization rates and that rate of adoption is expected to increase again in 2005;
- 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;
- As a result of the acceleration of the preparation of equalization rates, localities and the State can now analyze market data on the same cycle, creating opportunities for efficiencies in intergovernmental collaboration;
- 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 3 percent in 2004, 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, including annual revisions of assessments and comprehensive re-inventory and revaluation at least once every six years;
- 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;

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- 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 New York. 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, 105 towns in 23 counties have come together to form 45 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 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	41,367,200	44,750,700	3,383,500	0
Aid To Localities	23,044,000	21,197,000	(1,847,000)	0
Capital Projects	0	0	0	0
Total	<u>64,411,200</u>	<u>65,947,700</u>	<u>1,536,500</u>	<u>0</u>

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Policy and Organizational Support Services			
Special Revenue Funds - Other	106	401	295
Regional Operations			
Special Revenue Funds - Other	295	0	(295)
Total	<u>401</u>	<u>401</u>	<u>0</u>

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
General Fund	2,672,000	0	(2,672,000)
Special Revenue Funds - Other	38,695,200	44,750,700	6,055,500
Total	41,367,200	44,750,700	3,383,500

Adjustments:

Transfer(s) From			
Special Pay Bill			
General Fund	(102,000)		
Special Revenue Funds - Other	(1,177,000)		
Appropriated 2004-05	40,088,200		

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

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Policy and Organizational Support Services			
General Fund	2,672,000	0	(2,672,000)
Special Revenue Funds - Other	15,380,700	44,750,700	29,370,000
Regional Operations			
Special Revenue Funds - Other	23,314,500	0	(23,314,500)
Total	41,367,200	44,750,700	3,383,500

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Policy and Organizational Support Services	0	(972,000)	0	(972,000)
Total	0	(972,000)	0	(972,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Policy and Organizational Support Services	0	(1,700,000)	0	(1,700,000)
Total	0	(1,700,000)	0	(1,700,000)

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STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	44,750,700	29,370,000	24,119,000	14,796,700
Regional Operations	0	(23,314,500)	0	(11,309,000)
Total	<u>44,750,700</u>	<u>6,055,500</u>	<u>24,119,000</u>	<u>3,487,700</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	18,931,700	12,873,300	1,700,000	1,700,000
Regional Operations	0	(12,005,500)	0	0
Total	<u>18,931,700</u>	<u>867,800</u>	<u>1,700,000</u>	<u>1,700,000</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	23,044,000	21,197,000	(1,847,000)
Total	<u>23,044,000</u>	<u>21,197,000</u>	<u>(1,847,000)</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Policy and Organizational Support Services			
General Fund	23,044,000	21,197,000	(1,847,000)
Total	<u>23,044,000</u>	<u>21,197,000</u>	<u>(1,847,000)</u>

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 38,100 full-time equivalent positions consisting of 22,600 positions that are supported through a combination of State tax dollars and tuition revenues and 15,500 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 2005-06 Executive Budget recommends over \$5.7 billion to support the operations of the State University's campuses, central administration and University-wide programs. In addition to \$1.8 billion in support from the General Fund, the University's budget includes \$3.9 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.

SUNY's 2005-06 gross operating budget, including reappropriations, will total \$2.9 billion, an increase of over \$183 million or 6.7 percent. Within this amount, taxpayer support will total \$1.8 billion, an increase of \$86 million or 5.0 percent. SUNY's General Revenue Offset

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Account will total \$1.1 billion, an increase of \$97.6 million or 9.7 percent, reflecting additional appropriation authority for increased tuition revenue and other revenue increases attributable to interest earnings and fringe benefit recoveries from SUNY's other special revenue accounts.

The 2005-06 Executive Budget recognizes the authority of the Board of Trustees to establish the tuition levels that are charged at SUNY campuses. Legislation accompanying this Budget authorizes the Trustees to:

- adopt a tuition policy that permits annual incremental adjustments to tuition, based on an annual inflation index;
- freeze tuition for a four-year period for entering resident undergraduate students, provided those students maintain full-time enrollment and complete their degree programs within four years;
- adjust tuition levels beyond those driven by the annual inflation index and lift the tuition guarantee in the event that State taxpayer support for SUNY State-operated campuses is reduced from the prior year level or is not sufficient to fully fund collectively bargained salary increases or other mandatory costs;
- eliminate various existing restrictions that prohibit the Trustees from establishing differential tuition rates among SUNY campuses; and
- adopt a tuition increase prior to the enactment of the State budget.

SUNY's special revenue funding, exclusive of the General Revenue Offset Account, will total \$2.6 billion, an increase of \$110.2 million, including:

- an increase of \$154.6 million for the SUNY hospitals reflecting collectively bargained salary increases and support for their revenue-generating strategic and operational initiatives;
- an increase of \$29.6 million for the General Income Fund Reimbursable (IFR) account reflecting inflation;
- an increase of \$4.1 million for the Dormitory IFR account reflecting inflation; and
- a reduction of \$80 million for the Stabilization account, reflecting that a new two-year appropriation was provided for this account in 2004-05.

For 2005-06, Federal appropriations totaling \$200.5 million will support the Pell grant program and various other student financial aid programs. Supplemental student financial aid provided through the Educational Opportunity Program is recommended for elimination for 2005-06, but funding is continued for academic support services that include tutoring, counseling and mentoring.

PARTNERSHIP TO ACCELERATE COMPLETION TIME (PACT)

A new Partnership to Accelerate Completion Time (PACT) will be established at all SUNY and CUNY State-operated and community colleges. Under PACT, colleges will provide a guarantee to participating students that required courses will be available to complete their degrees in exchange for a commitment by the students to fulfill their coursework in a timely manner. SUNY State-operated colleges will receive \$1.5 million and SUNY community colleges will receive \$1.9 million for the start-up costs of PACT.

SUNY HOSPITALS

The 2005-06 Budget continues the appropriation structure enacted in 2001-02 for the SUNY hospitals. All hospital spending is 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 increased by \$36.8 million to a total of \$129.4 million to reflect collectively bargained salary increases and costs attributable to employee fringe benefits. The State will also make a payment of \$6.5 million for its share of a multi-year effort to address the accumulated deficit of the hospitals. To address the capital needs and

priorities of SUNY's hospitals, \$350 million has been provided as part of the existing Multi-Year Capital Investment Program enacted in the 2003-04 Budget. These capital projects, which are either in the design or construction phase, include the vertical expansion at Syracuse which will provide 135 adult medical, surgical, and intensive care beds as well as a 70 bed pediatric unit; the construction of a new ambulatory care pavilion at Stony Brook which will enable the development of a multi-disciplinary comprehensive cancer center; and a variety of upgrades for specialized services at Brooklyn. 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 \$369.5 million reflects a net increase of \$2.7 million from 2004-05 attributable to \$0.7 million for enrollment growth and nearly \$2.0 million for PACT start-up funding. 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 2005-06 Executive Budget recommendations include additional capital projects totaling \$234.4 million to supplement the \$1.8 billion Five-Year Capital Investment Program enacted in 2004-05. The additional \$234.4 million consists of a \$50 million lump sum for critical health and safety, preservation and other priority projects and \$184.4 million for specific priority projects including: \$75 million for the Albany (ASML) High Tech Center; \$27 million for the Buffalo University School of Pharmacy; \$20 million for construction at Empire State College; \$18 million in State matching funds for the Monroe Community College/Rochester City Center Renaissance Square project; \$15 million in State matching funds for the Orange County Community College Newburgh Campus project; \$14 million for a new heating system at Fredonia; \$9 million to supplement the Cornell Martha Van Rensselaer project; and \$5 million for a new power substation at SUNY Albany's Center for Environmental Sciences and Technology Management (CESTM).

In 2004-05, the University received authorization for a new Five-Year Capital Investment Program providing nearly \$1.8 billion over a five year period to allow the program to respond to the needs and priorities of SUNY State-operated campuses. This \$1.8 billion program, combined with the \$234.4 million recommended in 2005-06 and the \$895 million enacted as part of the 2003-04 capital budget, provides over \$2.9 billion for SUNY over a multi-year period. Re-appropriations allow this continuing investment to: support the ongoing revitalization of SUNY facilities; ensure the ability of campuses to successfully meet the needs of students, faculty and researchers; and enable the University to maintain its competitive edge.

SUNY's bond cap for educational facilities will be increased by \$235 million, for a total bonding authorization of \$5.395 billion, to cover SUNY's planned bond sales for the multi-year period of the Capital Investment Program.

PROGRAM HIGHLIGHTS

The State University of New York is the nation's largest comprehensive public university, offering 5,600 degree programs at the research universities, community colleges, medical schools and colleges of technology that comprise its 64 campuses. The State University enrolls over 40 percent of college-bound students graduating from New York State high schools. More than 413,000 full-time and part-time SUNY students —204,000 at State-operated campuses and 209,000 in community colleges — are pursuing studies ranging from one-year certificate programs to doctorates.

The academic profile of incoming students continues to grow stronger at SUNY campuses. More than half of all students that enrolled at SUNY University Centers in fall 2003 had SAT scores above 1200 and grade point averages above 90, comparable to admission profiles found at top public flagship institutions in California, Michigan, Texas and North Carolina.

The State University is also working to expand the volume of 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 \$862 million in 2004, a growth of 12 percent from 2003. SUNY grants now underwrite over 9,000 projects, which directly support more than 21,000 full and part-time jobs across New York State. In addition, the State University, for the second year in a row, surpassed other top-ranked universities in the amount of income received from patent royalties coming from faculty research and joined IBM, Corning, and GE among the top recipients of patents in New York State.

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 2003-04 academic year, the SUNY Learning Network enrolled over 65,000 students in 3,600 online courses. The 40 SUNY campuses participating in the SUNY Learning Network offer complete online degree and certificate programs.

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

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

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

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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 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	5,503,207,900	5,737,864,000	234,656,100	252,413,000
Aid To Localities	370,400,000	373,066,000	2,666,000	0
Capital Projects	1,787,002,000	234,400,000	(1,552,602,000)	3,896,690,000
Total	<u>7,660,609,900</u>	<u>6,345,330,000</u>	<u>(1,315,279,900)</u>	<u>4,149,103,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
All State University Colleges and Schools			
General Fund	22,600	22,600	0
Special Revenue Funds - Federal	4	4	0
Special Revenue Funds - Other	15,496	15,496	0
Total	<u>38,100</u>	<u>38,100</u>	<u>0</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	1,768,215,000	1,794,180,000	25,965,000
Special Revenue Funds - Federal	200,550,000	200,500,000	(50,000)
Special Revenue Funds - Other	3,523,442,900	3,731,184,000	207,741,100
Internal Service Funds	11,000,000	12,000,000	1,000,000
Total	<u>5,503,207,900</u>	<u>5,737,864,000</u>	<u>234,656,100</u>

Adjustments:

Prior Year Deficiency			
State University of New York			
Special Revenue Funds - Other	6,000,000		
Transfer(s) From			
General State Charges			
General Fund	(64,495,000)		
Special Pay Bill			
General Fund	(77,236,000)		
Special Revenue Funds - Other	(58,131,900)		
Transfer(s) To			
State University of New York			
General Fund (Aid To Localities)	8,000,000		
Appropriated 2004-05	<u>5,317,345,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
All State University Colleges and Schools			
General Fund	1,010,946,000	926,047,000	(84,899,000)
Special Revenue Funds - Federal	200,550,000	200,500,000	(50,000)
Special Revenue Funds - Other	3,523,442,900	3,731,184,000	207,741,100
Internal Service Funds	11,000,000	12,000,000	1,000,000
Employee Fringe Benefits			
General Fund	757,269,000	868,133,000	110,864,000
Total	5,503,207,900	5,737,864,000	234,656,100

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
All State University Colleges and Schools	1,530,573,450	9,505,500	1,530,544,250	9,505,500
Total	1,530,573,450	9,505,500	1,530,544,250	9,505,500

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
All State University Colleges and Schools	1,500	0	27,700	0
Total	1,500	0	27,700	0

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
All State University Colleges and Schools	494,607,550	3,168,500	106,500	0
Employee Fringe Benefits	868,133,000	110,864,000	0	0
Total	1,362,740,550	114,032,500	106,500	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
All State University Colleges and Schools	12,000	0	494,481,550	3,168,500
Employee Fringe Benefits	0	0	0	0
Total	12,000	0	494,481,550	3,168,500

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
All State University Colleges and Schools	7,500	0	0	0
Employee Fringe Benefits	0	0	868,133,000	110,864,000
Total	7,500	0	868,133,000	110,864,000

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**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
All State University Colleges and Schools	2,928,550,000	111,118,100	665,638,900	17,000,000
Total	2,928,550,000	111,118,100	665,638,900	17,000,000

Program	Maintenance Undistributed	
	Amount	Change
All State University Colleges and Schools	67,868,600	(1,131,400)
All State University Colleges and Schools	67,868,600	(1,131,400)
Total	67,868,600	(1,131,400)

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	370,400,000	373,066,000	2,666,000
Total	370,400,000	373,066,000	2,666,000

Adjustments:

Prior Year Deficiency			
State University of New York			
General Fund	2,900,000		
Transfer(s) From			
State University of New York			
General Fund (State Operations)	(8,000,000)		
Appropriated 2004-05	365,300,000		

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

Program	Available 2004-05	Recommended 2005-06	Change
Community Colleges			
General Fund	366,730,000	369,396,000	2,666,000
County Cooperative Extension Program - Cornell University			
General Fund	3,670,000	3,670,000	0
Total	370,400,000	373,066,000	2,666,000

STATE UNIVERSITY

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Senior Universities				
General Maintenance and Improvements				
Capital Projects Fund	25,002,000	0	(25,002,000)	52,093,000
Capital Projects Fund - Advances	1,612,000,000	234,400,000	(1,377,600,000)	2,457,900,000
State University Capital Projects Fund				
State University Capital Projects Fund	150,000,000	0	(150,000,000)	255,993,000
State University Residence Hall Rehabilitation Fund				
State University Residence Hall Rehabilitation Fund	0	0	0	164,024,000
SUNY Dorms (Direct Auth Bonds)	0	0	0	490,000,000
Subtotal	<u>1,787,002,000</u>	<u>234,400,000</u>	<u>(1,552,602,000)</u>	<u>3,420,010,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	45,118,000
Capital Projects Fund - Advances	0	0	0	61,896,000
Cap Proj Fund - SUNY CC (Direct Auth Bonds)	0	0	0	350,000,000
New Facilities				
Capital Projects Fund - Advances	0	0	0	19,666,000
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>476,680,000</u>
Total	<u>1,787,002,000</u>	<u>234,400,000</u>	<u>(1,552,602,000)</u>	<u>3,896,690,000</u>

STATE UNIVERSITY CONSTRUCTION FUND

MISSION

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

ORGANIZATION AND STAFFING

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

The agency's workforce for 2005-06 is maintained at 125 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 2005-06 Executive Budget recommendation of over \$14.5 million from proceeds of State University Educational Facilities Revenue bonds will enable the Fund to oversee existing SUNY facility projects and to administer SUNY's \$1.8 billion Multi-Year Capital Investment Program enacted in 2004-05 as well as an additional \$234.4 million recommended for high priority projects in 2005-06.

PROGRAM HIGHLIGHTS

The 2005-06 Executive Budget recommendations include additional capital projects totaling \$234.4 million to supplement the \$1.8 billion five-year Capital Investment Program enacted in 2004-05. The \$1.8 billion program, combined with \$234.4 million recommended in 2005-06 and the \$895 million enacted as part of the 2003-04 capital budget, provides over \$2.9 billion for SUNY over a multi-year period. As of March 31, 2004, the Fund has completed more than 4,842 academic, dormitory and dining hall capital projects with a replacement value exceeding \$15 billion. During the 2003-04 fiscal year, the Fund initiated the design of 39 projects having a total value of \$29.2 million and began construction of 18 projects having an estimated cost of \$100.6 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 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	12,707,000	14,533,000	1,826,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	12,707,000	14,533,000	1,826,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
Special Revenue Funds - Other	125	125	0
Total	125	125	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	12,707,000	14,533,000	1,826,000
Total	12,707,000	14,533,000	1,826,000

Adjustments:

Transfer(s) From Special Pay Bill	
Special Revenue Funds - Other	(482,000)
Appropriated 2004-05	12,225,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	12,707,000	14,533,000	1,826,000
Total	12,707,000	14,533,000	1,826,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	14,533,000	1,826,000	8,774,000	893,000
Total	14,533,000	1,826,000	8,774,000	893,000
Nonpersonal Service				
Program	Amount	Change		
Administration	5,759,000	933,000		
Total	5,759,000	933,000		

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, or government employees 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, a General Counsel, staff attorneys, 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 2005-06, which is consistent with 2004-05 staffing levels.

BUDGET HIGHLIGHTS

The 2005-06 General Fund support for the Office of Welfare Inspector General is \$730,000. 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	Appropriations	Change	Reappropriations
	2004-05	Recommended 2005-06		Recommended 2005-06
State Operations	1,106,000	1,130,000	24,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	1,106,000	1,130,000	24,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
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	Recommended	Change
	2004-05	2005-06	
General Fund	736,000	730,000	(6,000)
Special Revenue Funds - Other	370,000	400,000	30,000
Total	1,106,000	1,130,000	24,000

Adjustments:
Transfer(s) From
Special Pay Bill
General Fund
Appropriated 2004-05

	(23,000)		
	1,083,000		

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

Program	Available	Recommended	Change
	2004-05	2005-06	
Welfare Inspector General, Office of the General Fund	736,000	730,000	(6,000)
Special Revenue Funds - Other	370,000	400,000	30,000
Total	1,106,000	1,130,000	24,000

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the Total	755,000	0	755,000	0

WELFARE INSPECTOR GENERAL

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	375,000	24,000	31,900	900
Total	375,000	24,000	31,900	900

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	14,400	400	312,500	8,500
Total	14,400	400	312,500	8,500

Program	Equipment	
	Amount	Change
Welfare Inspector General, Office of the	16,200	14,200
Total	16,200	14,200

***HEALTH AND
MENTAL HYGIENE***

STATE OFFICE FOR THE AGING

MISSION

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

ORGANIZATION AND STAFFING

The State Office for the Aging is headed by a Director and is composed of three divisions: Executive, Finance and Administration and Local Program Operations. The Office will have a workforce of 135 positions during 2005-06, 129 funded within the agency, and an additional six funded by other State agencies. Approximately 39 percent of Office operations are funded by the General Fund and 61 percent are financed by Federal grants and other revenue sources.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends almost \$199 million in State and Federal funds for the operations of the Office and support for community-based services for the elderly. The Budget includes additional funding for the Expanded In-home Services for the Elderly Program (EISEP) and the Community Services for the Elderly (CSE) Program, while achieving cost efficiencies by initiating a host agency relationship with the Division of the Budget for the administration of training activities. Within the aging system, State support is used to match the Older Americans Act and other Federal funding and establish a service-delivery network that attracts a variety of other public and private contributions. When combined, this results in total network spending of over \$388 million, excluding the value of volunteer labor, which has been estimated at upwards of \$35 million.

PROGRAM HIGHLIGHTS

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

COMMUNITY BASED LONG TERM CARE SERVICES

The 2005-06 Executive Recommendation expands the CSE Program by \$250,000 to \$16.6 million. CSE currently serves over 81,000 elderly statewide and supports a locally coordinated continuum of support services designed to assist the elderly, their families and informal caregivers. The goal of the program is to maximize independence and reduce unnecessary reliance on institutional care. Services available to seniors under this program include case management, nutrition/meals, housekeeping/chore services, personal care, home health aide services, adult day services, transportation, minor renovations or the purchase of equipment for congregate facilities and other individualized support services. CSE affords Area Agencies on Aging maximum flexibility in selecting which services to offer and/or expand. Strongly linked to local planning efforts, CSE provides a comprehensive array of services that will allow the State to continue to meet the changing needs of our growing elderly population.

AGING

The 2005-06 Budget will double financing for EISEP, over the next two years. EISEP provides non-medical in-home services, case management, respite and ancillary services to the frail elderly, most of whom are low income but not eligible for Medicaid. Recipients are required to cost-share, based on their annual income level, for received EISEP program services. EISEP is expected to serve almost 36,000 persons in 2005-06, growing to approximately 51,000 persons in 2006-07.

NUTRITION SERVICES

Through a combination of State tax dollars and Federal grants, the State annually provides over 23.7 million congregate and home-delivered meals as well as other nutritional services to non-institutionalized frail elderly clients. These seniors are at risk of malnutrition because they are no longer able to obtain an adequate diet without assistance. The Office receives \$41 million from Federal grants in support of congregate and home-delivered meals and another \$16 million to support the purchase of food. The State counterpart to these Federal programs, the Supplemental Nutrition Assistance Program (SNAP), provides another \$17 million.

ASSISTANCE TO CAREGIVERS

Family members and other informal caregivers provide an estimated 80 percent of long-term care for older New Yorkers; sustaining this cost-effective, individualized support system for seniors is a key objective of the aging service system. The State Office for the Aging's 17 Caregiver Resource Centers assist caregivers through training programs, support groups, counseling and linkages to other community services. The \$12 million Federal Caregivers Program provides respite, training and counseling for caregivers, as well as other services that support an elderly person's ability to maximize their independence.

VOLUNTEER ADVOCACY

The Long-Term Care Ombudsman Program (LTCOP) supports the statewide advocacy of more than 1,000 trained volunteers on the behalf of the approximately 166,000 residents of New York State's nursing homes and adult care facilities. Under this program, the State Office for the Aging and community agencies receive, investigate and resolve a wide range of concerns and complaints regarding conditions and treatment in long-term care facilities, with the goal of ensuring the quality of life for residents.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	13,282,000	12,939,000	(343,000)	7,114,000
Aid To Localities	173,974,300	185,724,300	11,750,000	100,246,300
Capital Projects	0	0	0	0
Total	187,256,300	198,663,300	11,407,000	107,360,300

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration and Grants Management			
General Fund	29	28	(1)
Special Revenue Funds - Federal	106	106	0
Special Revenue Funds - Other	1	1	0
Total	<u>136</u>	<u>135</u>	<u>(1)</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	2,320,000	2,289,000	(31,000)
Special Revenue Funds - Federal	10,562,000	10,250,000	(312,000)
Special Revenue Funds - Other	300,000	300,000	0
Enterprise Funds	100,000	100,000	0
Total	<u>13,282,000</u>	<u>12,939,000</u>	<u>(343,000)</u>

Adjustments:

Recommended Deficiency	
Aging, Office for the	
Special Revenue Funds - Other	(50,000)
Transfer(s) From	
Special Pay Bill	
General Fund	(79,000)
Special Revenue Funds - Federal	(312,000)
Appropriated 2004-05	<u>12,841,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration and Grants Management			
General Fund	2,320,000	2,289,000	(31,000)
Special Revenue Funds - Federal	10,562,000	10,250,000	(312,000)
Special Revenue Funds - Other	300,000	300,000	0
Enterprise Funds	100,000	100,000	0
Total	<u>13,282,000</u>	<u>12,939,000</u>	<u>(343,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Grants Management	1,983,000	(19,000)	1,969,500	(19,000)
Total	<u>1,983,000</u>	<u>(19,000)</u>	<u>1,969,500</u>	<u>(19,000)</u>

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Administration and Grants Management	13,500	0
Total	<u>13,500</u>	<u>0</u>

AGING

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Grants Management	306,000	(12,000)	33,000	0
Total	<u>306,000</u>	<u>(12,000)</u>	<u>33,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Grants Management	56,000	(4,000)	210,000	(8,000)
Total	<u>56,000</u>	<u>(4,000)</u>	<u>210,000</u>	<u>(8,000)</u>

Program	Equipment	
	Amount	Change
Administration and Grants Management	7,000	0
Total	<u>7,000</u>	<u>0</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Grants Management	10,650,000	(312,000)	7,600,000	(314,000)
Total	<u>10,650,000</u>	<u>(312,000)</u>	<u>7,600,000</u>	<u>(314,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Grants Management	2,650,000	2,000	400,000	0
Total	<u>2,650,000</u>	<u>2,000</u>	<u>400,000</u>	<u>0</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	63,874,300	74,124,300	10,250,000
Special Revenue Funds - Federal	106,100,000	107,600,000	1,500,000
Special Revenue Funds - Other	4,000,000	4,000,000	0
Total	<u>173,974,300</u>	<u>185,724,300</u>	<u>11,750,000</u>

Adjustments:

Recommended Deficiency	
Aging, Office for the	
Special Revenue Funds - Other	(3,000,000)
Appropriated 2004-05	<u>170,974,300</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Community Services			
General Fund	63,874,300	74,124,300	10,250,000
Special Revenue Funds - Federal	106,100,000	107,600,000	1,500,000
Special Revenue Funds - Other	4,000,000	4,000,000	0
Total	<u>173,974,300</u>	<u>185,724,300</u>	<u>11,750,000</u>

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

MISSION

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

ORGANIZATION AND STAFFING

Located in Albany, the Council comprises 32 members who have been appointed by the Governor to three-year staggered terms. Federal law requires that at least 60 percent of the Council's membership be persons with developmental disabilities, parents or guardians of children with developmental disabilities and immediate relatives or guardians of adults with mentally impairing developmental disabilities who cannot advocate for themselves. Other required members represent State agencies, educational and training providers and local, public and private services agencies.

The Governor appoints the Chairperson of the Council from among the Council's members. In addition, a full-time staff of 18, under the leadership of an Executive Director, assists the Council in carrying out its mission.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

The 2005-06 recommendation of \$4.6 million in Federal funds represents a slight decrease from 2004-05 and is based on the level of anticipated Federal Funding. The decrease is the result of technical adjustments made to 2004-05 appropriations to reflect collective bargaining agreements. This funding is sufficient to support the Council's role in coordinating information about persons with developmental disabilities and the services available to them, and in overseeing grant funds.

PROGRAM HIGHLIGHTS

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

DEVELOPMENTAL DISABILITIES PLANNING

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	4,617,000	4,560,000	(57,000)	5,713,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>4,617,000</u>	<u>4,560,000</u>	<u>(57,000)</u>	<u>5,713,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Developmental Disabilities Planning			
Special Revenue Funds - Federal	18	18	0
Total	<u>18</u>	<u>18</u>	<u>0</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	4,607,000	4,550,000	(57,000)
Enterprise Funds	10,000	10,000	0
Total	<u>4,617,000</u>	<u>4,560,000</u>	<u>(57,000)</u>
Adjustments:			
Transfer(s) From			
Special Pay Bill			
Special Revenue Funds - Federal	(57,000)		
Appropriated 2004-05	<u>4,560,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Developmental Disabilities Planning			
Special Revenue Funds - Federal	4,607,000	4,550,000	(57,000)
Enterprise Funds	10,000	10,000	0
Total	<u>4,617,000</u>	<u>4,560,000</u>	<u>(57,000)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Developmental Disabilities Planning	4,560,000	(57,000)	1,040,000	11,000
Total	<u>4,560,000</u>	<u>(57,000)</u>	<u>1,040,000</u>	<u>11,000</u>
Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Developmental Disabilities Planning	940,000	62,000	2,580,000	(130,000)
Total	<u>940,000</u>	<u>62,000</u>	<u>2,580,000</u>	<u>(130,000)</u>

DEPARTMENT OF HEALTH

MISSION

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

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

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

ORGANIZATION AND STAFFING

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

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

In 2005-06, the Department of Health will have a workforce of nearly 6,000 positions, with 22 percent of those positions employed in the Department's health care facilities.

- Approximately 16 percent of these positions are paid exclusively by the General Fund;
- 13 percent are directly supported by fees;
- 56 percent are supported by third party, private patient care and Federal reimbursement; and
- The remaining 15 percent are directly funded by Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

MEDICAID

Without any new cost controlling measures, total Medicaid spending in New York would grow to approximately \$47 billion in 2005-06. The 2005-06 Medicaid Budget reflects a

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

Medicaid costs, which have been controlled in recent years, are now increasing at a rate that places an unaffordable burden on State and local governments. Accordingly, the 2005-06 Executive Budget provides significant fiscal relief to local governments by capping their share of Medicaid costs up to the amount they will have spent in 2005, as modified by a cost of living adjustment. This will lead to a full State takeover of local Medicaid costs effective January 1, 2008. To partially offset the cost of the State takeover local governments will have the option of remitting to the State sales tax revenues or the capped contribution. Additionally, the Budget recommends a series of actions to control Medicaid cost increases to keep the program affordable for State taxpayers while ensuring continued access to needed health care services for recipients. Taken together, these actions will begin to relieve the Medicaid burden upon local property taxpayers.

Pharmacy

Absent efforts to control growth, State Medicaid spending on pharmacy services will reach nearly \$1.2 billion in 2005-06. The 2005-06 Executive Budget recommends several measures to control these costs. These include: establishing a preferred drug program; authorizing prior approval of certain high risk / high cost drugs and increasing Medicaid co-payments for generics (\$0.50 to \$1.00) and brand name drugs (\$2.00 to \$3.00) for both fee for service Medicaid and individuals in Medicaid managed care.

Acute Care

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

The 2005-06 Executive Budget recommends that the Health Care Reform Act, currently set to expire on June 30, 2005, be reauthorized for an additional two years. The recommendations for HCRA maximize available revenues; reduce costs where feasible; continue to provide hospitals and clinics with adequate funding; and ensure that high quality health care services are accessible and affordable for all New Yorkers.

State Medicaid spending for hospitals and clinics is expected to be approximately \$1.9 billion in 2005-06, which reflects a number of Budget recommendations to limit the growth in hospital and clinic costs. These include reconciling Graduate Medical Education (GME) payments and eliminating annual inflationary increases. In addition, the 2005-06 Executive Budget recommends re-establishing a 0.7 percent assessment on hospital revenues.

Long Term Care

State spending on nursing home and community-based care comprises more than half the General Fund Medicaid Budget — or an estimated \$4.5 billion in 2005-06. The 2005-06 Executive Budget recommends several initiatives that affect nursing homes including implementing a new regional reimbursement methodology; eliminating a rate enhancement for providers serving Medicare patients which is no longer necessary due to changes in Federal reimbursement policy; requiring providers to offset inflationary cost increases; increasing the reimbursable assessment to 6 percent; and other actions.

While progress continues to be made in implementing the provisions of the Long Term Care Integration and Finance Act of 1997, new actions are necessary to meet the future needs of the elderly and disabled. These include: additional funding for the Office for the Aging's Expanded In-home Services for the Elderly Program; creating the "Access to Home" program which would offer financial assistance to homeowners who undertake adaptation and accessibility work on dwellings occupied by low and moderate income persons with

disabilities; and enhancing certain home care rates to encourage care for the medically needy in community based settings. Also, the Budget recommends closing existing eligibility loopholes that allow individuals to not contribute to the cost of their care; holding Managed Long Term Care premiums at the current levels; and implementing measures to limit administrative costs in the Home Care and Long Term Home Health Care programs.

Managed Care

The 2005-06 Executive Budget reflects the continued mandatory enrollment of Medicaid recipients in managed care. Federal approval of New York's 1115 Managed Care waiver in July 1997 set the stage for mandatory enrollment to commence in October 1997. To date, New York City and 23 upstate counties — Albany, Broome, Cattaraugus, Chautauqua, Columbia, Erie, Genesee, Greene, Herkimer, Livingston, Monroe, Nassau, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Rensselaer, Rockland, Saratoga, Suffolk and Westchester — are operating mandatory managed care programs. The remainder of the State will continue to phase in managed care, subject to Federal approval, during 2005-06.

Managed care enrollment is projected to reach approximately 2 million by the end of 2004-05 and 2.2 million in 2005-06. When fully implemented, over three-quarters of all Medicaid recipients eligible for managed care are expected to be enrolled. The managed care program has facilitated an increased use of primary care, lower emergency room use, and fewer inpatient days for the Medicaid population.

The State's Medicaid managed care program — currently authorized through March 2006 — ensures that the neediest people receive high quality, accessible health care. Special Needs Plans, which began operation in May 2003, provide comprehensive services to individuals infected with HIV/AIDS. Medicaid managed care also incorporates a comprehensive set of consumer protections to ensure that all recipients obtain enrollment assistance and quality care, and understand their rights and responsibilities under managed care plans. The 2005-06 Executive Budget proposes to freeze Medicaid Managed Care premiums at the 2004-05 levels and to extend the Medicaid Managed Care program permanently.

Medicaid Administration

The Department of Health is responsible for overall management of the Medicaid program, including the State's interaction with Federal and local governments, health care providers and Medicaid recipients. Counties will continue their role in making Medicaid eligibility determinations and contracting with providers of Medicaid services. Payments to health care providers also continue to be made through the State's computerized Medicaid Management Information System (MMIS) that is operated by a private agency with oversight by State personnel. The Department has obtained management and development services for a Replacement Medicaid System (eMEDNY) that will replace both MMIS and the Electronic Medicaid Eligibility Verification System (EMEVS) with an integrated claims processing system. eMEDNY, which will begin full operation in March 2005, will provide updated technologies and bring New York State into compliance with new Federal reporting requirements. In addition, the new system will substantially enhance front-end detection of Medicaid fraud.

CHILD HEALTH PLUS

New York's Child Health Plus (CHP) program continues to set a national standard for children's health insurance coverage for children up to age 19. CHP was significantly expanded with passage of legislation under Governor Pataki's leadership in both 1996 and 1998, resulting in a dramatic increase in enrollment to over 450,000 children. Under Governor Pataki, the program has expanded to include comprehensive health benefits and increased

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eligibility to 250 percent of the Federal Poverty Level (FPL). When eligible Federal funds are combined with State HCRA moneys, CHP will provide comprehensive coverage to virtually all eligible children in the State. The 2005-06 Executive Budget proposes to freeze CHP premiums at 2004-05 levels and reauthorizes the program for two years through June 2007.

FAMILY HEALTH PLUS

As authorized by HCRA 2000, the Family Health Plus program offers access to comprehensive health coverage for eligible low-income adults who do not have insurance through their employers, yet have incomes that do not qualify them for other publicly financed health programs. Under Family Health Plus, health coverage was expanded on October 1, 2001 to include families with incomes up to 133 percent of the gross FPL and on October 1, 2002 up to 150 percent of the FPL. For individuals without children, coverage is offered to those at 100 percent of the FPL. The Executive Budget recommends modifying the asset/resource test; requiring a 12-month waiting period for those who had group health coverage previously; prohibiting coverage for individuals employed by a large business or governmental entity; making the benefit package consistent with that offered through Healthy New York; capping marketing and enrollment funding; and eliminating facilitated enrollment funding.

OTHER PUBLIC HEALTH PROGRAMS

Excluding Medicaid and HCRA program costs, General Fund appropriations finance 22 percent of the Department of Health's budget in 2005-06. Other revenue sources, including: 1) reimbursement for patient care provided at the Department's health care facilities; 2) regulatory fees and audit recoveries; 3) management fees for hospital and nursing home construction projects financed through bond proceeds; and 4) registration, testing and certification fees for various public health services, support 47 percent of the Department of Health's budget, including the Professional Medical Conduct Program, clinical and environmental laboratory certification activities, and health care facilities' operating costs. The remaining 31 percent is provided by Federal grants and Enterprise funds.

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

This overall recommendation ensures that public health priorities are preserved. As such, the 2005-06 Executive Budget:

- Recommends \$250 million in new capital appropriations, or a total of \$1 billion over the next four years, for a Health Care System Improvement and Community Health Center Capital Grant Program. This program will support healthcare projects to upgrade information and healthcare technology, enhance the efficiency of facility operations and support facility improvement, reconfiguration and consolidation. Three quarters of this funding, or \$750 million, would be financed with bonds issued by the Dormitory Authority, with debt service supported by HCRA;
- Provides \$841 million for the Elderly Pharmaceutical Insurance Coverage program (EPIC) to ensure that more than 358,000 senior citizens receive crucial prescription insurance. The Executive Budget provides a series of measures that will reduce the cost of the EPIC program by \$40 million annually as a result of coordinating with the new Medicare Prescription Drug Program. EPIC fees will be waived for those individuals — reducing their costs and producing savings for EPIC. New York will continue to assist in covering prescription drug costs for more seniors than any other state in the nation;
- Provides \$260 million for the State share of Early Intervention (EI) costs and dramatically restructures this program serving infants and toddlers under the age of three who have developmental delays. The budget advances measures to improve insurance reimbursement for EI medical services provided to insured children and

- require parents earning above 250 percent of the Federal Poverty Level to pay monthly fees ranging from \$25 to \$215. Several additional measures are proposed to promote cost effectiveness, including modifying the home visit rate structure and providing counties with the authority to set rates;
- Includes \$231.5 million for the General Public Health Works program to reimburse counties and New York City for providing public health services such as childhood immunizations, primary health care, and control of communicable diseases such as tuberculosis and sexually transmitted diseases in 2005. Legislation accompanying the budget will create a grant program that will increase county flexibility as well as assist counties in managing their cash flow. The Budget includes a \$10 million reserve appropriation to address any public health emergencies at the discretion of the Commissioner of Health;
 - Sustains the State's commitment to fighting the AIDS epidemic by providing statewide spending of more than \$3.2 billion, a year-to-year increase of \$171.1 million, including \$104.3 million for the AIDS Institute. Emphasis will continue to be placed on prevention and specialized services which target resources to populations with the greatest risk of infection;
 - Includes \$78 million for the Roswell Park Cancer Institute Corporation;
 - Includes \$41 million, funded largely from HCRA, for an anti-smoking program, including counter advertising, community and school-based education programs, cancer mapping and strict enforcement of laws regulating the sale and use of tobacco products;
 - Supports the optional State supplementation of the Federal nutrition assistance program for women, infants and children (WIC) with \$45.7 million. New York continues to be one of only 13 states to augment Federal nutrition funds; and
 - Includes \$4.75 million to continue the State's ongoing commitment to improve the lives of adult home residents in New York. The Department, working with the Office of Mental Health, the Commission on Quality of Care for the Mentally Disabled and the State Office for the Aging, has undertaken a statewide effort to further expand the various initiatives already underway in adult homes, including: vocational and educational training, recreational activities, independent living skills, as well as the general maintenance and upkeep of the homes, which is critical to ensuring the health and safety of residents. Additionally, \$5.25 million is available in the Office of Mental Health for enhanced care coordination and more than 3,500 additional case management slots for mentally ill residents of adult homes.

PROGRAM HIGHLIGHTS

MEDICAID

Originally established in 1965 by the Federal government as a health insurance program for the poor, New York's Medicaid program costs are projected to total \$44.5 billion in 2004-05, and provide coverage to nearly 4 million New Yorkers. Cost containment and revenue maximization initiatives have resulted in the State's 2004-05 General Fund Medicaid spending being held to average annual increases of only 1.5 percent since 1994-95. In addition to the federally mandated services — inpatient and outpatient hospital care, nursing facility care, physician services, home health care, family planning, and laboratory and x-ray services — New York also provides almost all federally permissible optional services.

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ACCESS TO HIGH QUALITY HEALTH CARE

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

- The landmark Health Care Reform Act (HCRA) of 1996 deregulated inpatient hospital reimbursement and introduced a market-based system which allows commercial insurers, managed care entities and self-insured plans to establish rates of payment directly through negotiations with hospitals and without State intervention. HCRA 2000, enacted in 1999, re-affirmed the State's commitment to ensuring that the hospital system adapts to the changing health care environment. In addition, HCRA 2000 provided the necessary resources to expand the Child Health Plus program and initiated comprehensive new programs to expand access to health care for the uninsured, including Family Health Plus and Healthy New York;
- HCRA 2002 provided the necessary resources for a multi-year investment to attract, train and retain a high quality health care workforce in New York State and expanded Medicaid eligibility to working disabled individuals and to cover the cost of treatment for low income women diagnosed with breast or cervical cancer through the Center for Disease Control's National Screening Program;
- In 2003, HCRA was extended for two years, through June 2005. In addition, revenues were enhanced, through increases in health care surcharges and the dedication of additional Empire Conversion proceeds and Federal World Trade Center Funds, to maintain the financial stability of HCRA through the extension period;
- Pioneering consumer managed care legislation enacted in 1996 — the Managed Care Bill of Rights — ensured that consumers are appropriately informed about managed care choices and benefits, and guaranteed that providers can discuss all appropriate health care options; and
- Enhanced consumer protections were added in External Review legislation enacted in 1998, which provide health plan enrollees the opportunity to request an external appeal when coverage of health care services is denied on the grounds that the service is not medically necessary or that it is experimental or investigational.

The 2005-06 Executive Budget extends HCRA for two years until June 2007. In the context of this renewal a number of additional revenue sources are being designated to support increased program costs. Included are increases in health care surcharges and assessments and dedication of proceeds from any not-for-profit insurer to for profit status to HCRA. Furthermore, the Budget also proposes to reduce costs where feasible and eliminate certain HCRA programs which, when combined with the additional revenues, will ensure financing of HCRA programs through the June 2007 extension.

PUBLIC HEALTH

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

The Wadsworth Center for Laboratories and Research assists the Department in accomplishing its public health mission. Screening programs conducted by the Center annually report nearly three million test results to providers. These programs encompass such public health concerns as HIV, tuberculosis, environmental contamination and genetic disorders in newborns. In 2005-06, free newborn screenings will be expanded to include a total of 44 disorders, making New York State a national leader. Ongoing research, largely

funded by external grants, is carried out for public health problems such as AIDS, Lyme disease, cancer and the toxic effects of chemical substances and radiation. The Wadsworth Center regulates more than 700 environmental laboratories and more than 1,800 clinical laboratories and patient service centers to ensure testing quality, and the public's health and safety. In addition, the Wadsworth Center and DOH's Center for Community Health continue to play key roles in managing the State's preparation for response to bio-terrorism.

A COMMITMENT TO AIDS RESEARCH AND PREVENTION

The Department develops and funds HIV prevention and health care programs, educates the public and health care providers, formulates policy and directs regional and statewide HIV/AIDS planning. New York remains a leader in combating this complex epidemic by responding to changes in incidence with even greater attention to population-based programming, long-term care and policies designed to reduce discrimination and guarantee basic medical care and treatment for the uninsured. New York State will spend \$3.2 billion to combat HIV/AIDS next year.

HEALTH SYSTEMS MANAGEMENT

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

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	4,667,485,900	4,717,351,000	49,865,100	11,735,203,900
Aid To Localities	37,356,266,600	41,877,478,600	4,521,212,000	28,326,594,600
Capital Projects	97,600,000	326,600,000	229,000,000	224,091,000
Total	<u>42,121,352,500</u>	<u>46,921,429,600</u>	<u>4,800,077,100</u>	<u>40,285,889,500</u>

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration and Executive Direction			
General Fund	88	88	0
Special Revenue Funds - Federal	58	58	0
Special Revenue Funds - Other	249	249	0
AIDS Institute			
General Fund	164	164	0
Child Health Insurance			
Special Revenue Funds - Other	37	37	0
Community Health			
Special Revenue Funds - Federal	566	626	60
Special Revenue Funds - Other	78	78	0
Elderly Pharmaceutical Insurance Coverage			
Special Revenue Funds - Other	22	22	0
Environmental Health			
General Fund	99	99	0
Special Revenue Funds - Federal	113	113	0
Special Revenue Funds - Other	71	71	0
Capital Projects Funds - Other	70	70	0
Health Care Financing			
General Fund	56	56	0
Special Revenue Funds - Other	57	57	0
Health Care Standards and Surveillance			
General Fund	547	547	0
Special Revenue Funds - Other	248	263	15
Health Services			
Enterprise Funds	14	14	0
Institution Management			
Special Revenue Funds - Other	1,672	1,672	0
Laboratories and Research			
General Fund	374	374	0
Special Revenue Funds - Federal	81	81	0
Special Revenue Funds - Other	176	176	0
Managed Care			
General Fund	152	152	0
Medicaid Audit and Fraud Prevention			
General Fund	233	233	0
Special Revenue Funds - Federal	246	246	0
Special Revenue Funds - Other	32	32	0
Office of Medicaid Management			
General Fund	345	360	15
Special Revenue Funds - Federal	22	22	0
Special Revenue Funds - Other	2	2	0
Total	5,872	5,962	90

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	178,082,000	184,565,000	6,483,000
Special Revenue Funds - Federal	4,053,289,700	4,054,898,000	1,608,300
Special Revenue Funds - Other	436,104,200	477,878,000	41,773,800
Enterprise Funds	10,000	10,000	0
Total	<u>4,667,485,900</u>	<u>4,717,351,000</u>	<u>49,865,100</u>
Adjustments:			
Transfer(s) From			
Health, Department of			
Special Revenue Funds - Other	(4,782,130)		
Special Pay Bill			
General Fund	(5,363,000)		
Special Revenue Funds - Federal	(3,717,700)		
Special Revenue Funds - Other	(7,538,200)		
Transfer(s) To			
Helen Hayes Hospital			
Special Revenue Funds - Other	1,800,370		
Montrose State Veterans Home			
Special Revenue Funds - Other	753,880		
New York City Veterans Home			
Special Revenue Funds - Other	831,050		
New York State Home for Veterans and Their Dependents			
Special Revenue Funds - Other	928,890		
Western New York Veterans Home			
Special Revenue Funds - Other	467,940		
Appropriated 2004-05	<u>4,650,867,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration and Executive Direction			
General Fund	24,591,310	21,063,000	(3,528,310)
Special Revenue Funds - Federal	10,370,000	9,824,000	(546,000)
Special Revenue Funds - Other	33,116,450	32,901,000	(215,450)
AIDS Institute			
General Fund	15,653,180	16,238,000	584,820
Child Health Insurance			
Special Revenue Funds - Federal	53,000,000	58,300,000	5,300,000
Special Revenue Funds - Other	11,219,900	11,408,000	188,100
Community Health			
Special Revenue Funds - Federal	120,271,800	117,128,000	(3,143,800)
Special Revenue Funds - Other	6,910,200	7,064,000	153,800
Elderly Pharmaceutical Insurance Coverage			
Special Revenue Funds - Federal	0	34,000,000	34,000,000
Special Revenue Funds - Other	13,567,770	14,292,000	724,230
Environmental Health			
General Fund	8,902,760	9,287,000	384,240
Special Revenue Funds - Federal	27,777,000	15,678,000	(12,099,000)
Special Revenue Funds - Other	16,318,850	17,208,000	889,150
Health Care Financing			
General Fund	4,537,000	4,807,000	270,000
Special Revenue Funds - Other	7,484,000	9,084,000	1,600,000
Health Care Standards and Surveillance			
General Fund	51,376,660	53,806,000	2,429,340
Special Revenue Funds - Federal	0	300,000	300,000
Special Revenue Funds - Other	57,217,400	64,821,000	7,603,600
Institution Management			
Special Revenue Funds - Other	136,914,020	150,899,000	13,984,980
Enterprise Funds	10,000	10,000	0
Laboratories and Research			
General Fund	32,081,500	32,726,000	644,500
Special Revenue Funds - Federal	11,448,000	11,448,000	0
Special Revenue Funds - Other	32,333,610	44,179,000	11,845,390
Maintenance Undistributed			
General Fund	(112,162,000)	(108,962,000)	3,200,000
Special Revenue Funds - Other	108,962,000	108,962,000	0
Managed Care			
General Fund	14,272,000	14,841,000	569,000
Special Revenue Funds - Other	60,000	60,000	0
Medicaid Audit and Fraud Prevention			
General Fund	19,633,000	20,365,000	732,000
Special Revenue Funds - Federal	61,304,900	65,800,000	4,495,100
Special Revenue Funds - Other	4,500,000	4,500,000	0
Office of Medicaid Management			
General Fund	45,161,590	46,359,000	1,197,410
Special Revenue Funds - Federal	3,673,395,000	3,646,697,000	(26,698,000)
Special Revenue Funds - Other	7,500,000	12,500,000	5,000,000
Medicaid Management Information System			
General Fund	74,035,000	74,035,000	0
Special Revenue Funds - Federal	95,723,000	95,723,000	0
Total	<u>4,667,485,900</u>	<u>4,717,351,000</u>	<u>49,865,100</u>

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Executive Direction	7,463,000	(228,310)	7,038,000	(425,310)
AIDS Institute	10,357,000	584,820	10,357,000	584,820
Environmental Health	7,350,000	384,240	7,151,000	384,240
Health Care Financing	3,996,000	241,000	3,961,000	241,000
Health Care Standards and Surveillance	37,699,000	1,929,340	37,329,000	1,929,340
Laboratories and Research	23,000,000	569,500	22,679,000	569,500
Managed Care	10,510,000	569,000	10,510,000	569,000
Medicaid Audit and Fraud Prevention	15,529,000	732,000	15,529,000	732,000
Office of Medicaid Management	22,305,000	1,197,410	22,305,000	1,197,410
Total	138,209,000	5,979,000	136,859,000	5,782,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Executive Direction	225,000	100,000	200,000	97,000
AIDS Institute	0	0	0	0
Environmental Health	187,000	0	12,000	0
Health Care Financing	0	0	35,000	0
Health Care Standards and Surveillance	120,000	0	250,000	0
Laboratories and Research	64,000	0	257,000	0
Managed Care	0	0	0	0
Medicaid Audit and Fraud Prevention	0	0	0	0
Office of Medicaid Management	0	0	0	0
Total	596,000	100,000	754,000	97,000

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**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Executive Direction	13,600,000	(3,300,000)	740,000	0
AIDS Institute	5,881,000	0	1,333,881	0
Environmental Health	1,937,000	0	159,000	0
Health Care Financing	811,000	29,000	12,000	0
Health Care Standards and Surveillance	16,107,000	500,000	279,500	0
Laboratories and Research	9,726,000	75,000	3,285,000	75,000
Managed Care	4,331,000	0	34,000	0
Medicaid Audit and Fraud Prevention	4,836,000	0	0	0
Office of Medicaid Management	24,054,000	0	0	0
Medicaid Management Information System	74,035,000	0	0	0
Total	155,318,000	(2,696,000)	5,843,381	75,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Executive Direction	262,000	0	12,547,000	(3,146,000)
AIDS Institute	311,700	0	3,556,900	0
Environmental Health	415,000	0	1,223,000	0
Health Care Financing	38,300	0	722,000	0
Health Care Standards and Surveillance	1,247,300	0	13,887,700	6,600,000
Laboratories and Research	76,000	0	6,060,000	0
Managed Care	0	0	4,297,000	0
Medicaid Audit and Fraud Prevention	0	0	3,687,000	0
Office of Medicaid Management	0	0	4,000,000	0
Medicaid Management Information System	0	0	74,035,000	0
Total	2,350,300	0	124,015,600	3,454,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Executive Direction	51,000	(154,000)	0	0
AIDS Institute	228,519	0	450,000	0
Environmental Health	140,000	0	0	0
Health Care Financing	38,700	29,000	0	0
Health Care Standards and Surveillance	192,500	0	500,000	(6,100,000)
Laboratories and Research	305,000	0	0	0
Managed Care	0	0	0	0
Medicaid Audit and Fraud Prevention	0	0	1,149,000	0
Office of Medicaid Management	0	0	20,054,000	0
Medicaid Management Information System	0	0	0	0
Total	955,719	(125,000)	22,153,000	(6,100,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Executive Direction	42,725,000	(761,450)	16,818,000	(387,060)
Child Health Insurance	69,708,000	5,488,100	2,428,000	78,450
Community Health	124,192,000	(2,990,000)	0	(1,566,900)
Elderly Pharmaceutical Insurance Coverage	48,292,000	34,724,230	1,400,000	66,220
Environmental Health	32,886,000	(11,209,850)	5,064,000	(4,150)
Health Care Financing	9,084,000	1,600,000	4,467,000	194,000
Health Care Standards and Surveillance	65,121,000	7,903,600	15,280,000	(1,188,290)
Institution Management	125,573,000	9,908,980	0	(3,091,790)
Laboratories and Research	55,627,000	11,845,390	9,420,000	255,420
Managed Care	60,000	0	0	0
Medicaid Audit and Fraud Prevention	70,300,000	4,495,100	0	(977,800)
Office of Medicaid Management	3,659,197,000	(21,698,000)	0	0
Medicaid Management Information System	95,723,000	0	0	0
Total	4,398,488,000	39,306,100	54,877,000	(6,621,900)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Executive Direction	14,892,000	1,824,610	11,015,000	(2,199,000)
Child Health Insurance	8,980,000	109,650	58,300,000	5,300,000
Community Health	0	(712,100)	124,192,000	(711,000)
Elderly Pharmaceutical Insurance Coverage	12,724,000	2,115,010	34,168,000	32,543,000
Environmental Health	10,744,000	745,300	17,078,000	(11,951,000)
Health Care Financing	4,617,000	1,406,000	0	0
Health Care Standards and Surveillance	24,096,000	1,441,890	25,745,000	7,650,000
Institution Management	0	(1,396,230)	125,573,000	14,397,000
Laboratories and Research	13,459,000	1,389,970	32,748,000	10,200,000
Managed Care	0	0	60,000	0
Medicaid Audit and Fraud Prevention	0	(444,100)	70,300,000	5,917,000
Office of Medicaid Management	0	0	3,659,197,000	(21,698,000)
Medicaid Management Information System	0	0	95,723,000	0
Total	89,512,000	6,480,000	4,254,099,000	39,448,000

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	7,517,604,600	8,023,096,600	505,492,000
Special Revenue Funds - Federal	24,231,498,000	24,923,568,000	692,070,000
Special Revenue Funds - Other	4,131,164,000	7,159,614,000	3,028,450,000
Fiduciary Funds	1,476,000,000	1,771,200,000	295,200,000
Total	37,356,266,600	41,877,478,600	4,521,212,000

Adjustments:	
Prior Year Deficiency	
Health, Department of	
Special Revenue Funds - Other	40,000,000
Recommended Deficiency	
Health, Department of	
Special Revenue Funds - Other	(27,000,000)
Transfer(s) From	
Temporary and Disability Assistance,	
Office of	
General Fund	(20,225,000)
Appropriated 2004-05	<u>37,349,041,600</u>

HEALTH

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration and Executive Direction			
General Fund	602,000	602,000	0
AIDS Institute			
General Fund	787,600	787,600	0
Special Revenue Funds - Other	88,253,000	88,253,000	0
Child Health Insurance			
Special Revenue Funds - Federal	1,000,000,000	435,000,000	(565,000,000)
Special Revenue Funds - Other	435,000,000	435,000,000	0
Community Health			
General Fund	613,724,000	573,324,000	(40,400,000)
Special Revenue Funds - Federal	641,639,000	694,035,000	52,396,000
Special Revenue Funds - Other	59,823,000	70,373,000	10,550,000
Elderly Pharmaceutical Insurance Coverage			
Special Revenue Funds - Other	735,900,000	841,000,000	105,100,000
Environmental Health			
General Fund	6,000,000	6,000,000	0
Special Revenue Funds - Federal	3,206,000	3,206,000	0
Special Revenue Funds - Other	200,000	200,000	0
Health Care Reform Act			
Special Revenue Funds - Other	0	1,749,350,000	1,749,350,000
Health Care Standards and Surveillance			
General Fund	10,731,000	11,731,000	1,000,000
Special Revenue Funds - Federal	650,000	0	(650,000)
Special Revenue Funds - Other	6,000,000	2,750,000	(3,250,000)
Laboratories and Research			
General Fund	931,000	931,000	0
Special Revenue Funds - Federal	3,201,000	3,201,000	0
Maintenance Undistributed			
General Fund	(7,288,000)	(7,288,000)	0
Special Revenue Funds - Other	7,288,000	7,288,000	0
Office of Medicaid Management			
General Fund	8,458,000	8,458,000	0
Medical Assistance			
General Fund	6,767,809,000	7,306,201,000	538,392,000
Special Revenue Funds - Federal	22,101,002,000	23,306,326,000	1,205,324,000
Special Revenue Funds - Other	2,798,700,000	3,965,400,000	1,166,700,000
Fiduciary Funds	1,476,000,000	1,771,200,000	295,200,000
Medical Assistance Administration			
General Fund	115,850,000	122,350,000	6,500,000
Special Revenue Funds - Federal	481,800,000	481,800,000	0
Total	<u>37,356,266,600</u>	<u>41,877,478,600</u>	<u>4,521,212,000</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Capital Projects Fund	0	0	0	452,000
Health Care System Improvements				
Capital Projects Fund	0	65,000,000	65,000,000	0
Capital Projects Fund - Advances	0	185,000,000	185,000,000	0
Rehabilitation and Improvements				
Capital Projects Fund	0	0	0	465,000
Laboratories and Research				
Capital Projects Fund	4,000,000	4,000,000	0	12,688,000
Maintenance and Improvements of Existing Institutions				
Capital Projects Fund	7,600,000	7,600,000	0	31,693,000
New Institution Construction				
Capital Projects Fund - Advances	21,000,000	0	(21,000,000)	41,000,000
Water Resources				
Federal Capital Projects Fund	65,000,000	65,000,000	0	137,793,000
Total	<u>97,600,000</u>	<u>326,600,000</u>	<u>229,000,000</u>	<u>224,091,000</u>

DEPARTMENT OF MENTAL HYGIENE

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

This appropriation from the Patient Income Account may be distributed to any of the three agencies in order to access additional revenues made available through a decreased set-aside for debt service resulting from planned debt management actions.

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	(200,000,000)	(150,000,000)	50,000,000
Special Revenue Funds - Other	200,000,000	150,000,000	(50,000,000)
Total	<u>0</u>	<u>0</u>	<u>0</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Mental Hygiene			
General Fund	(200,000,000)	(150,000,000)	50,000,000
Special Revenue Funds - Other	200,000,000	150,000,000	(50,000,000)
Total	<u>0</u>	<u>0</u>	<u>0</u>

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

MISSION

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

ORGANIZATION AND STAFFING

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

In 2005-06, OASAS will have a workforce of 956, of which nearly 60 percent provide an array of clinical treatment services through the ATCs.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends \$524.5 million in State and other resources for OASAS to continue agency and community operations. This funding is supplemented by Federal and State resources budgeted in other State agencies, and by the contributions of local governments, voluntary agencies and other sources. Overall, the recommended budget is sufficient to ensure the full operation of the 13 State-operated ATCs, as well as the maintenance of health and safety standards in voluntary facilities.

The 2005-06 Executive Budget includes \$8.5 million in new funding to improve existing residential chemical dependence services. These funds will be used by OASAS to provide targeted funding enhancements for not-for-profit providers in an effort to improve the recruitment and retention of qualified direct care treatment staff, address demonstrated and significant increases in employee health insurance and general liability insurance costs, as well as maintain treatment opportunities for the working poor.

OASAS will continue to review and manage prevention services funding to ensure that actual program spending supports, to the maximum extent possible, the provision of evidence-based direct programming efforts and activities. Ongoing efforts in this area have identified an ability to reduce OASAS contract funding for school-based prevention services provided by the New York City Department of Education by \$3.1 million during 2005-06 without impacting the provision of evidence-based direct prevention services to children in the City's public schools.

Furthermore, OASAS will achieve administrative and other operational efficiencies by reducing funding to local chemical dependency prevention and treatment services providers whose performance is not meeting established standards, as determined through OASAS' annual performance measurement, review and evaluation processes. In addition, efficiencies will be achieved by reducing funding to those provider agencies that deliver less critical and less cost effective services, or whose agency administration and overhead costs are higher than system-wide and regional averages. Overall, these actions will generate \$4.5 million in State savings during 2005-06.

ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

In addition, as part of the 2005-06 Budget Recommendations, OASAS will continue to:

- Implement the recently approved community-based detoxification and intensive case management initiatives, which will improve patient care and outcomes while reducing costs;
- Develop a new residential treatment model for adolescents;
- Further strengthen the State's Compulsive Gambling Education and Treatment Program with an additional \$1.0 million in funding;
- Maximize non-General Fund revenue sources to minimize State taxpayer support; and
- Apply structural and procedural changes to maximize the use of existing resources.

PROGRAM HIGHLIGHTS

Heading the largest chemical dependence service system in the nation, OASAS administers a comprehensive array of prevention and treatment services for New Yorkers. This is accomplished through a highly qualified network of State, local government and voluntary agencies and school districts. In accordance with Federal and State statute, OASAS licenses and regulates program providers, ensures that fiscal resources are appropriately spent, and assists local programs in providing the highest quality services.

Approximately 267,000 patients are served annually in New York State's licensed chemical dependence treatment and rehabilitation system, which consists of approximately 1,200 community-based agencies. OASAS also provides funding to approximately 300 prevention providers who utilize science-based, outcome-oriented programs focusing on such risk factors as family conflict, permissive attitudes towards alcohol and substance abuse, and lack of commitment to school, which research shows are predictive of adolescent problem behaviors like alcohol and substance abuse, delinquency, teen pregnancy, school drop-out and violence. While reducing these risk factors, prevention programs also focus on nurturing healthy beliefs and clear standards within community and family, since combining both activities is crucial to reducing the prevalence of problem behaviors like alcohol and substance abuse.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	78,769,000	77,734,000	(1,035,000)	4,233,000
Aid To Localities	397,951,000	408,151,000	10,200,000	143,318,000
Capital Projects	36,930,000	38,650,000	1,720,000	147,069,000
Total	<u>513,650,000</u>	<u>524,535,000</u>	<u>10,885,000</u>	<u>294,620,000</u>

ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Executive Direction			
General Fund	322	319	(3)
Special Revenue Funds - Federal	69	70	1
Special Revenue Funds - Other	12	12	0
Capital-Administration			
Capital Projects Funds - Other	8	8	0
Institutional Services			
General Fund	531	531	0
Special Revenue Funds - Federal	16	16	0
Total	<u>958</u>	<u>956</u>	<u>(2)</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	48,706,000	46,681,000	(2,025,000)
Special Revenue Funds - Federal	6,599,000	6,221,000	(378,000)
Special Revenue Funds - Other	23,464,000	24,832,000	1,368,000
Total	<u>78,769,000</u>	<u>77,734,000</u>	<u>(1,035,000)</u>

Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(1,923,000)		
Special Revenue Funds - Federal	(232,000)		
Special Revenue Funds - Other	(32,000)		
Appropriated 2004-05	<u>76,582,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Executive Direction			
General Fund	22,563,000	22,056,000	(507,000)
Special Revenue Funds - Federal	5,399,000	5,021,000	(378,000)
Special Revenue Funds - Other	9,864,000	9,232,000	(632,000)
Institutional Services			
General Fund	26,143,000	24,625,000	(1,518,000)
Special Revenue Funds - Federal	1,200,000	1,200,000	0
Special Revenue Funds - Other	13,600,000	15,600,000	2,000,000
Total	<u>78,769,000</u>	<u>77,734,000</u>	<u>(1,035,000)</u>

ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Executive Direction	22,114,000	509,000	21,934,000	509,000
Institutional Services	30,648,000	(22,000)	29,787,000	(22,000)
Total	52,762,000	487,000	51,721,000	487,000

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

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Executive Direction	7,842,000	(1,616,000)	502,000	(50,000)
Institutional Services	9,577,000	504,000	3,288,000	150,000
Total	17,419,000	(1,112,000)	3,790,000	100,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Executive Direction	590,000	(66,000)	6,725,000	(1,500,000)
Institutional Services	259,000	2,000	5,668,000	350,000
Total	849,000	(64,000)	12,393,000	(1,150,000)

Program	Equipment	
	Amount	Change
Executive Direction	25,000	0
Institutional Services	362,000	2,000
Total	387,000	2,000

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Executive Direction	6,353,000	(410,000)	3,365,000	385,000
Institutional Services	1,200,000	0	865,000	0
Total	7,553,000	(410,000)	4,230,000	385,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Executive Direction	1,261,000	(803,000)	1,727,000	8,000
Institutional Services	335,000	0	0	0
Total	1,596,000	(803,000)	1,727,000	8,000

ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	244,200,000	256,300,000	12,100,000
Special Revenue Funds - Federal	147,211,000	145,311,000	(1,900,000)
Special Revenue Funds - Other	6,540,000	6,540,000	0
Total	<u>397,951,000</u>	<u>408,151,000</u>	<u>10,200,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Community Treatment Services Program			
General Fund	196,800,000	209,800,000	13,000,000
Special Revenue Funds - Federal	102,750,000	102,185,000	(565,000)
Prevention and Program Support			
General Fund	47,400,000	46,500,000	(900,000)
Special Revenue Funds - Federal	44,461,000	43,126,000	(1,335,000)
Special Revenue Funds - Other	6,540,000	6,540,000	0
Total	<u>397,951,000</u>	<u>408,151,000</u>	<u>10,200,000</u>

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Capital Projects Fund	1,500,000	1,500,000	0	1,500,000
MH Capital Improvements - Authority Bonds	500,000	500,000	0	0
Administration				
Capital Projects Fund	1,120,000	1,140,000	20,000	0
Community Alcoholism and Substance Abuse Facilities				
Capital Projects Fund	5,310,000	5,310,000	0	18,753,000
MH Capital Improvements - Authority Bonds	26,250,000	26,250,000	0	111,186,000
Institutional Services Program				
Capital Projects Fund	500,000	500,000	0	2,460,000
MH Capital Improvements - Authority Bonds	1,000,000	2,700,000	1,700,000	13,170,000
Non-Bondable				
Capital Projects Fund	750,000	750,000	0	0
Total	<u>36,930,000</u>	<u>38,650,000</u>	<u>1,720,000</u>	<u>147,069,000</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

OFFICE OF MENTAL HEALTH

MISSION

The Office of Mental Health's (OMH) mission is to promote hope and recovery for people with psychiatric disabilities. It is responsible for planning and operating an integrated system of mental health care that serves adults with serious and persistent mental illness and children with serious emotional disturbances.

ORGANIZATION AND STAFFING

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

OMH currently operates 28 facilities across the State, including 17 Adult Psychiatric Centers and six Children's Psychiatric Centers. In addition, OMH operates three Forensic Psychiatric Centers that serve individuals with histories in the criminal justice system and two Research Institutes. OMH will have a workforce of 16,735 for 2005-06, most of whom work directly with patients. The remainder comprises supervisors of direct care and clinical workers, administrative support and management personnel.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget provides funds totaling \$2.36 billion for the Office of Mental Health from General Fund, Federal and third-party resources, an increase of \$195 million or 9 percent compared to 2004-05.

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

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

The recommended Budget for 2005-06 will continue this focus on community care by closing unnecessary institutional capacity and providing full funding for a number of multi-year initiatives to expand community-based services. These include the Enhanced Community Services Program; Kendra's Law, with its assisted outpatient treatment and psychiatric medication grant programs; and the New York/New York II agreement and other housing development.

The Budget also continues \$7 million in appropriations to significantly expand mental health treatment capacity and clinical staffing for prisoners with serious and persistent mental illness. This funding supports a range of new and expanded treatment services based upon a statewide review of the forensic program. The Office of Mental Health is working with the

MENTAL HEALTH

Department of Correctional Services to establish a new Behavioral Health Unit program model; almost triple the number of beds for the Special Treatment Program; expand bed capacity for the Intermediate Care Program; and improve access to clinical staff for mental health services.

In addition, the Office of Mental Health is collaborating with the Office of Children and Family Services (OCFS) to expand home and community based waiver opportunities for children in foster care or at risk of institutional placement. The 2005-06 Executive Budget for OCFS includes \$2.3 million in new State funding for open-ended 65 percent child welfare prevention reimbursement to be combined with local resources to support a demonstration project creating 245 new waiver slots.

Since 1994-95, the Office of Mental Health has also aggressively streamlined its administrative functions at all levels of the organization — Central Office, Field Offices, facility cabinets, clinical management and outpatient services. This effort has enabled it to eliminate over 700 administrative positions with a recurring annual savings of more than \$38 million. OMH has also redesigned local programs for greater efficiency, maximization of Federal Medicaid reimbursement and more effective service delivery. To achieve necessary savings in 2005-06, OMH will:

- Reduce spending on unnecessary inpatient capacity;
- Institute tighter controls on staffing by eliminating funded vacancies that are no longer essential;
- Limit non-personal services expenses through contract reviews and renewals and strict controls on travel, equipment and other purchases, and shifting costs to external grants;
- Achieve local funding efficiencies through the elimination of unnecessary spending and reimbursement mechanisms, including specialty rates for certain hospital-based mental health outpatient programs; and
- Continue to implement initiatives to maximize Federal Medicaid reimbursement.

Furthermore, OMH will achieve \$3.9 million in full annual savings by reducing or eliminating funding to local mental health providers that are underperforming, delivering less cost effective services, or whose agency administration and overhead costs are higher than system-wide averages. While the severe fiscal constraints facing New York require efficiencies in all areas of government, the 2005-06 recommendations also recognizes the need for targeted investments to strengthen the voluntary operated community mental health system. The Governor's Budget includes \$6.5 million in State funding to increase the stipends for Supported Housing beds and another \$6 million for freestanding Article 31 mental health clinic programs to provide for workforce enhancements and improve the quality of care for children and adults. These enhancements complement the \$9.1 million provided in 2004-05 to strengthen the Community Residence model.

COMMUNITY REINVESTMENT

The Executive Budget for 2005-06 recommends that the Middletown Psychiatric Center be closed on April 1, 2006 and that necessary inpatient capacity be consolidated at the Rockland Psychiatric Center. This measure will achieve significant operating efficiencies and capital construction savings while focusing on continued investment in community-based mental health services. All of the facility closure savings achieved through elimination of unnecessary administrative, support and overhead costs will be reinvested to expand State-operated community services in Middletown's catchment area. Furthermore, reemployment opportunities for affected employees will also be pursued at 17 other State-agency run facilities located in and around the Middletown area.

The 2005-06 Budget continues support for adult and children's community-based services that have been initiated under the Community Mental Health Reinvestment Act and incorporates this funding into the adult and children's programs. Community Reinvestment was designed in the early 1990's as a way to redirect resources from State-operated facilities

into community-based services. These resources support community mental health services that are determined through a local planning process and encompass a wide variety of new and expanded programs for children and adults, including outpatient clinics, community support programs and residential beds.

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

The Governor's Budget fully annualizes the \$9.6 million in reinvestment funding advanced in 2004-05 for adults and children under the Community Mental Health Support and Workforce Reinvestment program. Part of this funding is being used to support the opening of 600 supported housing beds for priority populations such as individuals leaving State facilities and adult homes, and for the homeless mentally ill. In addition, the Budget reaffirms the Governor's commitment to provide services to children in appropriate settings. Accordingly, all of the savings associated with children's inpatient bed closures are reinvested into an array of evidence-based services for children. As a result, as many as four times the number of children previously served in institutional settings will be served while living at home with their families.

ASSISTED OUTPATIENT TREATMENT

The 2005-06 Budget includes appropriations of \$32 million for the Assisted Outpatient Treatment program ("Kendra's Law") enacted in 1999-2000. The program provides court ordered assisted outpatient treatment for certain people with mental illness who, based on their treatment history and present circumstances, are unlikely to manage safely in the community without supervision. The appropriations support case management and other services aimed at keeping clients in a treatment program and on any required psychiatric medication. The appropriations also cover psychiatric medication to individuals being discharged from State psychiatric centers, community hospitals, prisons and jails while their Medicaid eligibility is being determined.

ENHANCED COMMUNITY SERVICES

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

In addition, the Enhanced Community Services Program includes new HCRA appropriations to implement the eating disorders legislation enacted by the Governor in 2004 and funding to support the ongoing expansion of case management for 3,500 adult home residents. These enhancements are part of the Governor's initiatives to improve the quality of life and safety for adult home residents in New York.

COMMUNITY HOUSING

The 2005-06 Budget provides operational and capital funding for local programs to maintain the existing residential system and continue the development of community beds previously authorized through New York/New York II and other housing initiatives. The Governor's Budget continues the development of 2,000 additional community residential

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beds with a new \$75 million capital appropriation to support the State's contribution towards the second phase of 1,000 beds. When fully operational, these 2,000 beds will require approximately \$50 million in additional ongoing support. Including this commitment to expand residential capacity, the Budget supports 27,000 beds currently operating and 1,600 new community beds from prior-year initiatives that are expected to open by the end of 2005-06, as well as another 2,500 in other stages of planning and development.

The Governor's Budget also redirects savings from Local Assistance efficiencies and maximizing Federal Medicaid reimbursement to provide \$6.5 million in State funding on a full annual basis to increase the stipends paid to community providers for the operation of Supported Housing beds. These resources will strengthen the program for about 10,100 beds currently operating and enable community residential programs to address the support needs of priority populations.

CAPITAL PROJECTS

OMH's Capital Budget includes new appropriations of \$263.8 million for preservation and maintenance of inpatient and community facilities and development of new community beds. Capital spending from new appropriations and re-appropriations will support facility projects that will increase health and safety, preserve and maintain the physical plant consistent with the Office of Mental Health's facility maintenance program and comply with accreditation standards. Capital spending is also provided for local programs to maintain the existing residential system and to continue development of community beds previously authorized.

PROGRAM HIGHLIGHTS

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

- State-operated facilities provide inpatient, outpatient and community support programs throughout the State that serve adults, children and forensic populations. State-operated psychiatric centers provide inpatient services to approximately 11,000 adults and children annually, while almost 45,000 individuals are served through various outpatient and support programs.
- While inpatients vary greatly in age, level of disability and length of hospitalization, a range of treatment and rehabilitative services is offered as patients progress from admission to discharge. In addition, OMH provides specialized services for physically disabled, aggressive and assaultive, and multi-diagnosed patients, as well as patients who have criminal histories.
- The Office operates an array of community-based programs located throughout the State. These programs, staffed with State employees, provide supportive services to enable individuals with mental illness to avoid long-term inpatient stays. State-operated community-based services currently include community residential facilities and residential care centers for adults and children, outpatient programs, intensive case management positions and a variety of supportive employment, work-for-pay, crisis and other community support programs.
- OMH operates two research units supported by State tax dollars and Federal and other grants, which include the OMH New York Psychiatric Institute in Manhattan and the OMH Nathan S. Kline Institute, located on the grounds of Rockland Psychiatric Center. These facilities conduct research in children and adult clinical treatment, basic biomedical and neurological sciences and health services for the mentally ill.
- OMH also funds a wide range of community services provided by local governments and private organizations. These include emergency services such as Comprehensive Psychiatric Emergency Programs; outpatient services such as mental health clinics, day treatment programs, personalized recovery oriented services and community support programs such as Intensive and Supportive Case Management, residential programs and consumer-run self-help and self-operated

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programs. Overall, State Aid and Medicaid (budgeted largely in the Department of Health) will provide about \$2 billion for not-for-profit and county-operated community mental health programs through a network of approximately 2,500 programs serving over 600,000 persons a year.

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

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	1,164,576,300	1,203,536,000	38,959,700	1,272,000
Aid To Localities	863,125,000	894,793,000	31,668,000	36,546,000
Capital Projects	138,795,000	263,814,000	125,019,000	534,003,000
Total	<u>2,166,496,300</u>	<u>2,362,143,000</u>	<u>195,646,700</u>	<u>571,821,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration and Finance			
General Fund	534	542	8
Special Revenue Funds - Federal	14	14	0
Enterprise Funds	20	20	0
Internal Service Funds	24	24	0
Adult Services			
General Fund	11,275	11,275	0
Capital Planning			
Capital Projects Funds - Other	41	41	0
Children and Youth Services			
General Fund	1,965	1,985	20
Forensic Services			
General Fund	1,943	1,943	0
Maintenance Undistributed			
Special Revenue Funds - Other	397	397	0
Research			
General Fund	467	467	0
Special Revenue Funds - Other	27	27	0
Total	<u>16,707</u>	<u>16,735</u>	<u>28</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	640,146,000	587,210,000	(52,936,000)
Special Revenue Funds - Federal	1,272,000	1,272,000	0
Special Revenue Funds - Other	512,325,000	604,196,000	91,871,000
Enterprise Funds	8,367,000	8,349,000	(18,000)
Internal Service Funds	2,466,300	2,509,000	42,700
Total	<u>1,164,576,300</u>	<u>1,203,536,000</u>	<u>38,959,700</u>

Adjustments:

Transfer(s) From			
Special Pay Bill			
General Fund	(36,231,000)		
Enterprise Funds	(18,000)		
Internal Service Funds	(51,300)		
Appropriated 2004-05	<u>1,128,276,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration and Finance			
General Fund	55,421,000	58,382,000	2,961,000
Special Revenue Funds - Federal	1,272,000	1,272,000	0
Special Revenue Funds - Other	1,870,000	1,870,000	0
Enterprise Funds	8,367,000	8,349,000	(18,000)
Internal Service Funds	2,466,300	2,509,000	42,700
Adult Services			
General Fund	778,009,000	805,378,000	27,369,000
Children and Youth Services			
General Fund	123,759,000	127,165,000	3,406,000
Enhanced Community Services			
General Fund	19,600,000	19,600,000	0
Forensic Services			
General Fund	126,152,000	129,975,000	3,823,000
Maintenance Undistributed			
General Fund	(504,330,000)	(595,201,000)	(90,871,000)
Special Revenue Funds - Other	504,330,000	595,201,000	90,871,000
Research			
General Fund	41,535,000	41,911,000	376,000
Special Revenue Funds - Other	6,125,000	7,125,000	1,000,000
Total	<u>1,164,576,300</u>	<u>1,203,536,000</u>	<u>38,959,700</u>

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**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Finance	39,189,000	2,180,000	37,776,000	2,139,000
Adult Services	654,409,000	16,994,000	604,910,000	11,537,000
Children and Youth Services	113,870,000	2,952,000	105,401,000	2,693,000
Forensic Services	119,132,000	3,433,000	109,694,000	2,434,000
Research	37,568,000	1,176,000	36,971,000	1,158,000
Total	964,168,000	26,735,000	894,752,000	19,961,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Finance	1,080,000	29,000	333,000	12,000
Adult Services	15,823,000	316,000	33,676,000	5,141,000
Children and Youth Services	3,529,000	95,000	4,940,000	164,000
Forensic Services	3,380,000	89,000	6,058,000	910,000
Research	55,000	1,000	542,000	17,000
Total	23,867,000	530,000	45,549,000	6,244,000

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Finance	19,193,000	781,000	989,000	167,000
Adult Services	150,969,000	10,375,000	74,552,000	5,550,000
Children and Youth Services	13,295,000	454,000	6,693,000	428,000
Enhanced Community Services	19,600,000	0	0	0
Forensic Services	10,843,000	390,000	6,754,000	390,000
Research	4,343,000	(800,000)	2,342,000	(570,000)
Total	218,243,000	11,200,000	91,330,000	5,965,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Finance	1,289,000	0	15,115,000	614,000
Adult Services	2,775,000	0	68,050,000	4,825,000
Children and Youth Services	509,000	0	5,552,000	26,000
Enhanced Community Services	0	0	0	0
Forensic Services	622,000	0	3,268,000	0
Research	65,000	(10,000)	1,881,000	(210,000)
Total	5,260,000	(10,000)	93,866,000	5,255,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Finance	1,800,000	0	0	0
Adult Services	2,427,000	0	3,165,000	0
Children and Youth Services	541,000	0	0	0
Enhanced Community Services	0	0	19,600,000	0
Forensic Services	199,000	0	0	0
Research	55,000	(10,000)	0	0
Total	5,022,000	(10,000)	22,765,000	0

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**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Finance	14,000,000	24,700	4,379,000	(12,300)
Research	7,125,000	1,000,000	1,915,000	0
Total	21,125,000	1,024,700	6,294,000	(12,300)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Finance	8,321,000	37,000	1,300,000	0
Research	5,210,000	1,000,000	0	0
Total	13,531,000	1,037,000	1,300,000	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	746,961,000	773,924,000	26,963,000
Special Revenue Funds - Federal	41,129,000	40,584,000	(545,000)
Special Revenue Funds - Other	75,035,000	80,285,000	5,250,000
Total	863,125,000	894,793,000	31,668,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Adult Services			
General Fund	590,021,000	609,468,000	19,447,000
Special Revenue Funds - Federal	33,294,000	32,749,000	(545,000)
Special Revenue Funds - Other	7,735,000	7,735,000	0
Children and Youth Services			
General Fund	152,140,000	154,856,000	2,716,000
Special Revenue Funds - Federal	7,835,000	7,835,000	0
Enhanced Community Services			
Special Revenue Funds - Other	67,300,000	72,550,000	5,250,000
Community Support and Workforce Reinvestment			
General Fund	4,800,000	9,600,000	4,800,000
Total	863,125,000	894,793,000	31,668,000

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Capital Projects Fund	2,000,000	2,000,000	0	2,000,000
MH Capital Improvements - Authority Bonds	8,000,000	8,000,000	0	8,300,000
Executive Direction				
Capital Projects Fund	0	0	0	3,325,000
MH Capital Improvements - Authority Bonds	3,591,000	3,591,000	0	5,046,000
Community Mental Health Facilities				
Capital Projects Fund	6,000,000	6,000,000	0	30,506,000
MH Capital Improvements - Authority Bonds	5,494,000	80,513,000	75,019,000	146,045,000
Maintenance and Improvements of Existing Facilities				
Capital Projects Fund	34,010,000	34,010,000	0	44,406,000
MH Capital Improvements - Authority Bonds	78,700,000	128,700,000	50,000,000	286,375,000
Non-Bondable				
Capital Projects Fund	1,000,000	1,000,000	0	8,000,000
Total	<u>138,795,000</u>	<u>263,814,000</u>	<u>125,019,000</u>	<u>534,003,000</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

OFFICE OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

MISSION

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

ORGANIZATION AND STAFFING

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

OMRDD will have a workforce of 22,841 for 2005-06, most of whom work directly with consumers of services. The remainder comprises supervisors of direct care workers, clinicians, administrative support and management personnel.

By the end of 2005-06, OMRDD will operate some 500 developmental center beds, along with 1,194 special unit beds. From 1995 to the end of the 2005-06 fiscal year, the State will have moved nearly 3,700 people from institutional care into more appropriate community settings.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Total funding of more than \$3.1 billion supports a comprehensive system of care serving more than 135,000 persons with disabilities and their families, reflecting the Governor's ongoing commitment to serving the needs of persons with developmental disabilities. The Executive Budget recommendations for 2005-06 preserve essential direct care and maintain the quality of services for consumers in both non-profit and OMRDD-operated programs, despite the need to implement cost-savings measures in the face of the State's fiscal difficulties. Under these recommendations:

- OMRDD's Central Coordination and Support Program will receive \$67.9 million to provide policy direction and technical support to the entire service system;
- OMRDD's Community Services Program will receive more than \$2.4 billion to fund hundreds of State-operated residential and day programs and such ancillary services as clinics and transportation networks, as well as to support local governments and a network of more than 600 non-profit agencies;
- OMRDD's Institutional Services Program will receive total funding of \$451.8 million to support residential care and habilitative services for people in developmental centers and special treatment units;
- OMRDD's Research in Mental Retardation Program will receive \$16.4 million in State funds to conduct basic and clinical research into the causes, treatment and prevention of mental retardation and related developmental disabilities; and
- OMRDD's new capital appropriations will total approximately \$136.3 million for the maintenance of existing institutional settings, community residential and day program sites, as well as the development and renovation of residential and day programming sites and other expanded bed capacity.

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

The 2005-06 Executive Budget fully funds the Governor's nationally acclaimed initiative known as New York State-Creating Alternatives in Residential Environments and Services (NYS-CARES), thereby maintaining his commitment to serve those developmentally disabled New Yorkers on waiting lists for residential services. Over 9,100 persons have already left the waiting list for homes in the community, far exceeding the original NYS-CARES goal established in 1998. During this time, OMRDD has continually worked with families to review the waiting list and verify their needs. OMRDD has also instituted a survey designed by consumers, families and other stakeholders, which is used to evaluate consumer satisfaction and the success of residential placements under NYS-CARES, and to identify areas in need of improvement. As a result of this collaboration and the success of the original initiative, the Governor introduced NYS-CARES II in 2003-04 designed to develop additional services to meet families' articulated needs, including: an additional 1,900 new out-of-home residential opportunities beyond the almost 4,900 new beds committed to in 1998; another 600 new opportunities for in-home services; 370 new opportunities for day services; and additional funding for family support services to help individuals stay with their families as long as possible. Under the NYS-CARES II initiative, nearly 1,500 consumers from the waiting list will have received an out-of-home placement by March 31, 2005. By the end of the decade, OMRDD will have developed a total of 6,800 new residential beds under NYS-CARES which, when coupled with the more than 37,000 funded community beds already in the system, will provide ample placement opportunities to individuals on the residential waiting list.

The 2005-06 Executive Budget also supports the Governor's New York State – Options for People Through Services (NYS-OPTS) initiative. NYS-OPTS represents a system of services that will afford individuals with developmental disabilities with the greatest flexibility and array of choices about their own care in a manner that maximizes available funds and efficiently manages operations. Predicated upon an organized health care delivery system model, the NYS-OPTS program is focused on system and fiscal reform of the primarily Medicaid-funded system. NYS-OPTS and its guiding principles of partnership, inclusion, flexibility of services and customer satisfaction have been developed by major system stakeholders including: people currently receiving services, family members, advocates, providers, State staff and local government representatives.

In addition, the 2005-06 Executive Budget supports access to existing, out-of-home, site-based respite and recreation services for eligible at-risk children who live in certain foster family boarding homes and kinship foster homes.

The effort to place individuals residing in institutional settings into more appropriate community settings will also continue in 2005-06. An additional 106 individuals will leave institutions for care in their own communities, and new admissions will be limited to emergency situations involving persons with special needs and those entering special treatment units. Projections are that by the end of 2005-06, there will be approximately 500 people statewide living in developmental centers. OMRDD remains committed to deinstitutionalization for individuals with developmental disabilities who can be appropriately cared for in community settings.

The 2005-06 Executive Budget supports additional residential capacity through the development of 30 new State-operated community beds to accommodate individuals with severe behavioral issues, affording them the opportunity to move from an institutional setting to the most integrated and least restrictive setting possible. To provide more integrated services for individuals with developmental disabilities living in secure and other units with intensive behavioral services, this budget provides 61 new direct support positions for DDSOs with intensive behavioral services on campus.

OMRDD continues to improve the efficiency and cost-effectiveness of its operations and the network of non-profit providers it supports. In 2005-06, the Agency will achieve efficiencies by:

- Emphasizing use of less costly services, when appropriate;
- Aggressively pursuing non-General Fund financial support for all programs;
- Maximizing use of existing service capacity;
- Utilizing internal controls on billing procedures;

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

- Diligently reviewing eligibility for services;
- Streamlining and updating, as appropriate, non-profit provider funding to realize efficiencies, while at the same time providing resources to stabilize the non-profit workforce;
- Maintaining strict controls on hiring in administrative positions in both the DDSOs and Central Office;
- Providing more efficient employee and provider training, including working in partnership with voluntary providers to identify unmet staff training needs in the service system and to engage in collaborative training efforts;
- Limiting non-personal service expenditures, especially non-essential categories such as travel and new equipment purchases; and
- Further reducing overtime expenditures.

Another key OMRDD activity in 2005-06 will be to implement the recommendations of the Governor's Task Force on the Institute for Basic Research (IBR), including, but not limited to, the establishment of a Research Advisory Board comprising nationally renowned research scientists to improve oversight of research activities, a review of billing practices and procedures to improve collection rates for the clinical services provided at IBR, and exploration of other options to maximize non-State revenues for IBR.

Recommendations elsewhere in this Budget support the transfer of the State's Vocational and Educational Services to Individuals with Disabilities (VESID) Program from the State Education Department (SED) to the Department of Labor (DOL). Under this reconfiguration, OMRDD will assume responsibility for the intensive phase of supported employment services to individuals with developmental disabilities. The transfer will streamline access to services, reduce administrative costs and simplify programmatic and fiscal reporting requirements.

Infrastructure throughout the State and not-for-profit systems will be maintained through new capital appropriations of \$136.3 million and reappropriations of \$226.8 million. Capital appropriations for institutional projects will focus on the need to reinvest resources into preserving and maintaining long-term facilities, mostly for a core population of consumers who have severe behavioral treatment needs and/or have been involved with the criminal justice system.

Capital projects in the community reflect a continued investment to maintain both State and voluntary not-for-profit community-based sites, and to develop State-operated residential placements for individuals in institutional settings and on the NYS-CARES waiting list. While minimal bonded appropriations are required to address funding needs for small providers that cannot obtain alternative financing, the vast majority of voluntary not-for-profit capital development needs for NYS-CARES and other program expansion initiatives will continue to be met primarily through the use of non-State revenue such as Federal Housing and Urban Development (HUD) grants and private financing.

In total, these recommendations — through the combination of both new and existing services — will support an estimated 6,500 new placements in the community during 2005-06. This reflects nearly 1,400 people newly-placed in residential settings and 5,100 new service opportunities in non-residential programs. Community placements will be targeted for people in developmental centers and for mandated populations, as well as people on community waiting lists. Services to individuals and families have also been preserved within family support services.

PROGRAM HIGHLIGHTS

OMRDD serves more than 135,000 New Yorkers with developmental disabilities, which include primarily mental retardation, epilepsy, cerebral palsy, neurological impairments and autism. In recent years, New York has made great strides in improving its methods of delivering services to this vulnerable population, moving more people from institutions to the community than any other state in the nation. In addition, New York continues to place greater emphasis on consumer choice and satisfaction.

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

Under a 1991 Federal Medicaid waiver, individuals with developmental disabilities have the opportunity to receive individualized services in less restrictive settings. With the aid of trained service coordinators, consumers choose the services they need and receive them in appropriate settings. New York commits more resources to its Home and Community Based Services (HCBS) Waiver program than any state in the nation, investing almost three times as much as the next highest state offering services under a waiver. The HCBS Waiver also promotes smaller, more natural home environments. Home size has continued to decrease, thereby supporting individualized, quality services. In 1994-95, 49 percent of the homes in the community were six beds or less. Today, 63 percent of the homes in the community are six beds or less; nearly two-thirds of these are four beds or less.

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

- Provides approximately 37,000 persons with certified residential services;
- Provides almost 63,000 persons with community day services; and
- Assists in the care of approximately 61,000 persons with developmental disabilities who are living in their own homes.

An overview of these services is provided below.

RESIDENTIAL SERVICES

Residential services are offered through a continuum of programs in both community and institutional settings. The alternative that provides the most intensive services in a community setting is the Intermediate Care Facility for the Developmentally Disabled (ICF/DD). These facilities — some 7,200 beds operated statewide by both State and not-for-profit providers — are appropriate for individuals requiring 24-hour care. A typical community ICF/DD has 10 to 12 beds.

The most common residential placement for persons under the waiver is in Individual Residential Alternatives (IRAs) — homes, typically for four to eight consumers, operated by either the State or not-for-profit providers in the community. This budget supports nearly 23,000 IRA beds and accompanying service coordination. Other community living arrangements include Community Residences and Family Care homes, which serve almost 5,000 people.

In addition to these community-based programs, OMRDD operates 10 campuses across the State. Some 1,700 people will be served in these settings by the end of 2005-06, of which 70 percent will be receiving specialized services. OMRDD remains committed to providing community residential opportunities for all those in State institutions who can receive appropriate care in the community. Currently, New York serves more persons in community residential settings than any other state, with the exception of California.

DAY SERVICES

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

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

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

SUPPORT FOR CONSUMERS LIVING IN THEIR OWN HOMES

OMRDD services also support families and individuals in their own homes. The Family Support Services program assists families in caring for approximately 50,000 persons with developmental disabilities, enabling these individuals to remain at home. Services offered include respite, crisis intervention, case management, recreation, information and referral and home care.

The Individualized Support Services program provides services to nearly 1,500 disabled individuals who live independently. In addition, more than 9,200 individuals living in their own homes receive residential habilitation under the Federal Medicaid waiver.

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

ALL FUNDS APPROPRIATIONS (dollars)

<u>Category</u>	<u>Available 2004-05</u>	<u>Appropriations Recommended 2005-06</u>	<u>Change</u>	<u>Reappropriations Recommended 2005-06</u>
State Operations	1,304,621,700	1,356,624,000	52,002,300	230,000
Aid To Localities	1,546,841,000	1,622,384,000	75,543,000	45,000
Capital Projects	89,136,000	136,280,000	47,144,000	226,799,000
Total	<u>2,940,598,700</u>	<u>3,115,288,000</u>	<u>174,689,300</u>	<u>227,074,000</u>

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

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2004-05 Estimated FTEs 03/31/05</u>	<u>2005-06 Estimated FTEs 03/31/06</u>	<u>FTE Change</u>
Central Coordination and Support			
General Fund	824	824	0
Community Services			
General Fund	16,165	16,165	0
Institutional Services			
General Fund	5,611	5,672	61
Research in Mental Retardation			
General Fund	180	180	0
Total	<u>22,780</u>	<u>22,841</u>	<u>61</u>

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	175,026,000	507,221,000	332,195,000
Special Revenue Funds - Federal	230,000	230,000	0
Special Revenue Funds - Other	1,126,854,000	846,649,000	(280,205,000)
Enterprise Funds	2,361,700	2,374,000	12,300
Internal Service Funds	150,000	150,000	0
Total	<u>1,304,621,700</u>	<u>1,356,624,000</u>	<u>52,002,300</u>
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(41,014,000)		
Enterprise Funds	(11,700)		
Appropriated 2004-05	<u>1,263,596,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Central Coordination and Support			
General Fund	60,605,000	67,502,000	6,897,000
Special Revenue Funds - Federal	230,000	230,000	0
Internal Service Funds	150,000	150,000	0
Community Services			
General Fund	801,364,000	820,589,000	19,225,000
Institutional Services			
General Fund	423,166,000	448,918,000	25,752,000
Special Revenue Funds - Other	504,000	504,000	0
Enterprise Funds	2,361,700	2,374,000	12,300
Maintenance Undistributed			
General Fund	(1,126,300,000)	(846,095,000)	280,205,000
Special Revenue Funds - Other	1,126,300,000	846,095,000	(280,205,000)
Research in Mental Retardation			
General Fund	16,191,000	16,307,000	116,000
Special Revenue Funds - Other	50,000	50,000	0
Total	<u>1,304,621,700</u>	<u>1,356,624,000</u>	<u>52,002,300</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Central Coordination and Support	48,732,000	3,397,000	46,429,000	3,377,000
Community Services	702,401,000	12,420,000	684,437,000	12,102,000
Institutional Services	263,114,000	4,295,000	253,020,000	4,130,000
Research in Mental Retardation	14,391,000	116,000	13,958,000	113,000
Total	<u>1,028,638,000</u>	<u>20,228,000</u>	<u>997,844,000</u>	<u>19,722,000</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Central Coordination and Support	2,048,000	18,000	255,000	2,000
Community Services	5,270,000	93,000	12,694,000	225,000
Institutional Services	1,966,000	32,000	8,128,000	133,000
Research in Mental Retardation	262,000	2,000	171,000	1,000
Total	<u>9,546,000</u>	<u>145,000</u>	<u>21,248,000</u>	<u>361,000</u>

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Central Coordination and Support	18,770,000	3,500,000	525,000	98,000
Community Services	118,188,000	6,805,000	42,849,000	2,374,000
Institutional Services	185,804,000	21,457,000	30,100,000	4,784,000
Research in Mental Retardation	1,916,000	0	719,000	0
Total	<u>324,678,000</u>	<u>31,762,000</u>	<u>74,193,000</u>	<u>7,256,000</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Central Coordination and Support	1,181,000	220,000	15,516,000	2,893,000
Community Services	7,053,000	391,000	53,750,000	2,979,000
Institutional Services	2,049,000	326,000	35,333,000	5,614,000
Research in Mental Retardation	57,000	0	871,000	0
Total	<u>10,340,000</u>	<u>937,000</u>	<u>105,470,000</u>	<u>11,486,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Coordination and Support	1,548,000	289,000	0	0
Community Services	6,232,000	345,000	8,304,000	716,000
Institutional Services	3,580,000	569,000	114,742,000	10,164,000
Research in Mental Retardation	269,000	0	0	0
Total	<u>11,629,000</u>	<u>1,203,000</u>	<u>123,046,000</u>	<u>10,880,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Central Coordination and Support	380,000	0	0	0
Institutional Services	2,878,000	12,300	282,000	0
Research in Mental Retardation	50,000	0	0	0
Total	<u>3,308,000</u>	<u>12,300</u>	<u>282,000</u>	<u>0</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Coordination and Support	0	0	380,000	0
Institutional Services	2,596,000	12,300	0	0
Research in Mental Retardation	50,000	0	0	0
Total	<u>2,646,000</u>	<u>12,300</u>	<u>380,000</u>	<u>0</u>

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	709,146,000	409,689,000	(299,457,000)
Special Revenue Funds - Other	837,695,000	1,212,695,000	375,000,000
Total	<u>1,546,841,000</u>	<u>1,622,384,000</u>	<u>75,543,000</u>

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

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

Program	Available 2004-05	Recommended 2005-06	Change
Community Services			
General Fund	709,146,000	409,689,000	(299,457,000)
Special Revenue Funds - Other	837,695,000	1,212,695,000	375,000,000
Total	<u>1,546,841,000</u>	<u>1,622,384,000</u>	<u>75,543,000</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Capital Projects Fund	2,000,000	2,000,000	0	0
MH Capital Improvements - Authority Bonds	3,000,000	3,000,000	0	0
Voluntary-Operated Community Facilities				
Capital Projects Fund	15,083,000	20,800,000	5,717,000	3,478,000
MH Capital Improvements - Authority Bonds	5,002,000	5,152,000	150,000	17,422,000
State-Operated Community Services Program				
Capital Projects Fund	13,973,000	16,438,000	2,465,000	10,760,000
MH Capital Improvements - Authority Bonds	5,000,000	5,000,000	0	18,690,000
Institutional Services Program				
Capital Projects Fund	17,808,000	16,019,000	(1,789,000)	49,009,000
MH Capital Improvements - Authority Bonds	26,270,000	66,871,000	40,601,000	126,440,000
Non-Bondable				
Capital Projects Fund	1,000,000	1,000,000	0	1,000,000
Total	<u>89,136,000</u>	<u>136,280,000</u>	<u>47,144,000</u>	<u>226,799,000</u>

COMMISSION ON QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

MISSION

The Commission on Quality of Care and Advocacy for Persons with Disabilities (CQCAPD) reflects the proposed merger of the former Office of Advocate for Persons with Disabilities (APD) and the former Commission on Quality of Care for the Mentally Disabled (CQC). The new entity recognizes that both APD's and CQC's missions focused, in large part, on outreach, information and referral and advocacy services, and that a combined agency would unify and enhance the qualities and purposes of both, thereby strengthening advocacy for all persons with disabilities.

The new Commission builds on the success of last year's "host agency" initiative which consolidated certain aspects of APD's administrative and support functions under CQC, including human resources, procurement services and grants management. The new agency will more efficiently and effectively serve New Yorkers with disabilities. Importantly, as a result of this merger, the recommended Budget for 2005-06 incorporates new Federal revenues to support advocacy for individuals with disabilities as some of APD's 100 percent taxpayer-funded activities will be eligible for Federal reimbursement in the new Commission.

The mission of the Commission on Quality of Care and Advocacy for Persons with Disabilities essentially reflects the former responsibilities of the stand-alone agencies, namely:

- To promote the inclusion of persons with disabilities in all aspects of community life. Accordingly, the new entity will ensure that persons with disabilities are afforded the opportunity to exercise the full range of rights and responsibilities accorded to all residents of New York State.
- To play an active role in developing innovative opportunities and supports that respond to the needs of New Yorkers with disabilities.
- To provide oversight of the Department of Mental Hygiene that collectively spends more than \$5 billion annually.

With respect to Department of Mental Hygiene oversight, the new entity will continue to:

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

ORGANIZATION AND STAFFING

The Commission on Quality of Care and Advocacy for Persons with Disabilities will be comprised of a full-time chairman and two unsalaried members, each appointed by the Governor and confirmed by the Senate to serve staggered five-year terms. During 2005-06, the combined agency will continue to have a workforce of 105 positions funded by the General Fund, Federal grants and other Federal revenues related to oversight of Medicaid programs.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The new Commission's State Operations appropriation is supported by the General Fund (27 percent), Federal grants (46 percent) and other funding, primarily receipts from the Medicaid program related to program oversight activities (27 percent). The State operations recommendation expands the new Commission's ability to disseminate comprehensive information on services and programs available to persons with disabilities and to collaborate

QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

with other agencies, businesses and organizations to increase the effectiveness of public and private sector services. In order to increase employment opportunities for individuals with disabilities, the Commission will utilize \$2.6 million in Federal funds advanced in 2004-05 to create a revolving loan fund to assist individuals with disabilities to purchase equipment that will enable them to telework from home or other remote locations.

The Aid to Localities appropriations support:

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

The Executive Budget recommendation of \$15.9 million fully supports existing program and service levels that were funded under the separate agencies prior to merger. In addition, the new Commission results in a more fully aligned and strengthened agency that can more effectively serve persons with disabilities through its eligibility on a full annual basis for approximately \$320,000 in new Federal reimbursement for certain functions formerly performed by APD at 100 percent taxpayer cost. A major focus in 2005-06 will center on streamlining administrative efforts, including consolidating such activities as hotlines and other clearing-house type activities.

PROGRAM HIGHLIGHTS

TECHNOLOGY SERVICES TO PERSONS WITH DISABILITIES

The new Commission will continue to operate a statewide clearinghouse through which individuals can access information and obtain referrals to a variety of disability-related services. Key components of the system are a statewide telephone hotline (800-522-4369) and a website (www.advoc4disabled.state.ny.us). It is anticipated that more than 116,000 individuals will utilize these services in 2005-06.

The new Commission's federally funded Technology-Related Assistance for Individuals with Disabilities (TRAID) Project supports a statewide system that helps New Yorkers with disabilities access technology devices and services to strengthen their ability to participate in the mainstream workplace and community. This program is coordinated through an Interagency Partnership on Assistive Technology and 12 Regional TRAIID Centers at 15 sites. During 2004, the Regional TRAIID Centers provided awareness training, device demonstrations, information, education and referrals to over 24,800 persons with disabilities. TRAIID activities will be complemented by the Commission's \$2.6 million Federal grant to assist consumers with disabilities to purchase technology that will enable them to work from home.

The Commission's Disability and Business Technical Assistance Center grant funding will continue to be used to provide comprehensive education, public awareness, and technical assistance programs which promote increased voluntary compliance with the Americans with Disabilities Act (ADA). Training activities for 2005-06 will continue to focus on accessibility requirements for local code enforcement personnel, architects, and engineers, in addition to customizing technical assistance for individuals, employers, and State agencies.

OVERSIGHT OF SERVICE DELIVERY IN THE MENTAL HYGIENE AREA

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

QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

PROTECTION AND ADVOCACY

Using State staff and contracts with non-profit agencies, Federal funding provides statewide protection and advocacy services for individuals with disabilities through the following programs: Protection and Advocacy for the Developmentally Disabled; Client Assistance; Protection and Advocacy for Individuals with Mental Illness; Protection and Advocacy of Individual Rights; Protection and Advocacy for Beneficiaries of Social Security; Protection and Advocacy for Assistive Technology; Protection and Advocacy for Traumatic Brain Injury; and Protection and Advocacy Help America Vote Act. These programs assist the Commission in strengthening the non-profit contract network by providing individuals with severe disabilities with protection and advocacy services under Federal law.

ADULT HOMES

The new Commission will continue to contract with local non-profit organizations to provide advocacy services to residents of adult homes who have received services through the mental hygiene system. These services focus on protecting and promoting residents' rights. The Commission's dedicated team will continue to work collaboratively with the Department of Health and the Office of Mental Health to conduct programmatic and fiscal investigations into the quality of care provided to individuals living in adult homes. The Commission's efforts have been expanded to assist in the implementation of the new State initiatives already underway to improve the quality of life and safety of adult home residents. This includes the reallocation of existing Commission to create an Adult Homes Death Investigations Team.

SURROGATE DECISION MAKING COMMITTEE

The Surrogate Decision Making Committee (SDMC) program reviews recommendations for medical services on behalf of individuals receiving mental hygiene residential services who have neither a legal guardian nor the ability to make decisions for themselves. Volunteer teams comprised of medical, legal and health care professionals and advocates work via local dispute resolution centers located throughout the State to represent these individuals. The 2005-06 Executive Budget provides \$123,000 in new funding to support continued growth in the SDMC caseload.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	18,679,000	15,157,000	(3,522,000)	13,937,000
Aid To Localities	588,000	711,000	123,000	0
Capital Projects	0	0	0	0
Total	<u>19,267,000</u>	<u>15,868,000</u>	<u>(3,399,000)</u>	<u>13,937,000</u>

QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	34	46	12
Special Revenue Funds - Federal	0	2	2
Special Revenue Funds - Other	30	31	1
Client Assistance			
Special Revenue Funds - Federal	2	2	0
Protection and Advocacy for Beneficiaries of Social Security			
Special Revenue Funds - Federal	1	1	0
Protection and Advocacy for the Developmentally Disabled			
Special Revenue Funds - Federal	9	9	0
Protection and Advocacy for Individual Rights			
Special Revenue Funds - Federal	3	3	0
Protection and Advocacy for the Mentally Ill			
Special Revenue Funds - Federal	11	11	0
Total	<u>90</u>	<u>105</u>	<u>15</u>

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	3,751,000	4,012,000	261,000
Special Revenue Funds - Federal	11,400,000	7,249,000	(4,151,000)
Special Revenue Funds - Other	3,483,000	3,851,000	368,000
Enterprise Funds	45,000	45,000	0
Total	<u>18,679,000</u>	<u>15,157,000</u>	<u>(3,522,000)</u>

Adjustments:

Transfer(s) From

Advocate for Persons with Disabilities, Office of	
General Fund	(860,000)
Special Revenue Funds - Federal	(3,066,000)
Special Revenue Funds - Other	(364,000)
Enterprise Funds	(25,000)
Special Pay Bill	
General Fund	(81,000)
Special Revenue Funds - Federal	(75,000)
Special Revenue Funds - Other	(98,000)
Appropriated 2004-05	<u>14,110,000</u>

QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	3,751,000	4,012,000	261,000
Special Revenue Funds - Federal	3,366,000	760,000	(2,606,000)
Special Revenue Funds - Other	3,483,000	3,851,000	368,000
Enterprise Funds	45,000	45,000	0
Client Assistance			
Special Revenue Funds - Federal	1,017,000	745,000	(272,000)
Protection and Advocacy for Beneficiaries of Social Security			
Special Revenue Funds - Federal	406,000	326,000	(80,000)
Protection and Advocacy for the Developmentally Disabled			
Special Revenue Funds - Federal	2,646,000	2,149,000	(497,000)
Protection and Advocacy Help America Vote Act			
Special Revenue Funds - Federal	37,000	200,000	163,000
Protection and Advocacy for Individual Rights			
Special Revenue Funds - Federal	1,480,000	1,025,000	(455,000)
Protection and Advocacy for the Mentally Ill			
Special Revenue Funds - Federal	2,104,000	1,702,000	(402,000)
Protection and Advocacy for Persons with Traumatic Brain Injury			
Special Revenue Funds - Federal	85,000	90,000	5,000
Technology Related Protection and Advocacy			
Special Revenue Funds - Federal	259,000	252,000	(7,000)
Total	<u>18,679,000</u>	<u>15,157,000</u>	<u>(3,522,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,066,000	111,000	3,066,000	111,000
Total	<u>3,066,000</u>	<u>111,000</u>	<u>3,066,000</u>	<u>111,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	946,000	150,000	205,000	150,000
Total	<u>946,000</u>	<u>150,000</u>	<u>205,000</u>	<u>150,000</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	157,000	0	557,000	0
Total	<u>157,000</u>	<u>0</u>	<u>557,000</u>	<u>0</u>

Program	Equipment	
	Amount	Change
Administration	27,000	0
Total	<u>27,000</u>	<u>0</u>

QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	4,656,000	(2,238,000)	2,077,000	196,000
Client Assistance	745,000	(272,000)	130,000	(1,000)
Protection and Advocacy for Beneficiaries of Social Security	326,000	(80,000)	60,000	2,000
Protection and Advocacy for the Developmentally Disabled	2,149,000	(497,000)	416,000	(4,000)
Protection and Advocacy Help America Vote Act	200,000	163,000	0	0
Protection and Advocacy for Individual Rights	1,025,000	(455,000)	150,000	(4,000)
Protection and Advocacy for the Mentally Ill	1,702,000	(402,000)	606,000	15,000
Protection and Advocacy for Persons with Traumatic Brain Injury	90,000	5,000	0	0
Technology Related Protection and Advocacy	252,000	(7,000)	0	0
Total	11,145,000	(3,783,000)	3,439,000	204,000

Program	Nonpersonal Service		Maintenance	Undistributed
	Amount	Change	Amount	Change
Administration	1,408,000	(2,459,000)	1,171,000	25,000
Client Assistance	615,000	(271,000)	0	0
Protection and Advocacy for Beneficiaries of Social Security	266,000	(82,000)	0	0
Protection and Advocacy for the Developmentally Disabled	1,733,000	(493,000)	0	0
Protection and Advocacy Help America Vote Act	200,000	163,000	0	0
Protection and Advocacy for Individual Rights	875,000	(451,000)	0	0
Protection and Advocacy for the Mentally Ill	1,096,000	(417,000)	0	0
Protection and Advocacy for Persons with Traumatic Brain Injury	90,000	5,000	0	0
Technology Related Protection and Advocacy	0	0	252,000	(7,000)
Total	6,283,000	(4,005,000)	1,423,000	18,000

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	170,000	293,000	123,000
Special Revenue Funds - Other	418,000	418,000	0
Total	588,000	711,000	123,000

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

Program	Available	Recommended	Change
	2004-05	2005-06	
Adult Homes			
General Fund	170,000	170,000	0
Surrogate Decision Making			
General Fund	0	123,000	123,000
Special Revenue Funds - Other	418,000	418,000	0
Total	588,000	711,000	123,000

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

ADIRONDACK PARK AGENCY

MISSION

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

ORGANIZATION AND STAFFING

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

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

The Adirondack Park Agency’s responsibilities are carried out by the following divisions: Planning, which handles local and regional land use policy issues; Counsel’s Office, which provides legal advice to all Agency functions and oversees jurisdictional determinations and enforcement functions; Regulatory, which performs the Agency’s permitting function; Interpretive, which operates the Visitor Centers; Resource Analysis, which conducts scientific research of the ecology of the Adirondacks; Economic Services, which assists project sponsors in the review process; and Local Government Services, which provides technical expertise and assistance to communities. For 2005-06, the Adirondack Park Agency will have a workforce of 59 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Agency’s 2005-06 operating costs will be funded with State tax dollars and Federal grant moneys. The Executive Budget recommends funding of \$4.5 million in General Fund support for the Agency’s operations. This overall recommendation will support the Agency’s core regulatory functions and the operation of the Visitor Interpretive Centers at Newcomb and Paul Smith’s.

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

PROGRAM HIGHLIGHTS

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

ADIRONDACK PARK

by local governments, providing local governments with technical expertise and training, working toward completing Unit Management Plans for the State lands of the Adirondack Park and improving resource data base information to better protect the resources of the Adirondack Park.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	4,318,000	4,518,000	200,000	1,376,000
Aid To Localities	50,000	50,000	0	0
Capital Projects	0	0	0	0
Total	4,368,000	4,568,000	200,000	1,376,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	59	59	0
Total	59	59	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	4,318,000	4,318,000	0
Special Revenue Funds - Federal	0	200,000	200,000
Total	4,318,000	4,518,000	200,000

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(141,000)
Appropriated 2004-05	4,177,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	4,318,000	4,318,000	0
Special Revenue Funds - Federal	0	200,000	200,000
Total	4,318,000	4,518,000	200,000

ADIRONDACK PARK

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,816,000	0	3,672,800	0
Total	<u>3,816,000</u>	<u>0</u>	<u>3,672,800</u>	<u>0</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	139,500	0	3,700	0
Total	<u>139,500</u>	<u>0</u>	<u>3,700</u>	<u>0</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	502,000	0	110,000	0
Total	<u>502,000</u>	<u>0</u>	<u>110,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	60,000	0	292,000	0
Total	<u>60,000</u>	<u>0</u>	<u>292,000</u>	<u>0</u>

Program	Equipment	
	Amount	Change
Administration	40,000	0
Total	<u>40,000</u>	<u>0</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
Administration	200,000	200,000	200,000	200,000
Total	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	50,000	50,000	0
Total	<u>50,000</u>	<u>50,000</u>	<u>0</u>

ADIRONDACK PARK

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	50,000	50,000	0
Total	<u>50,000</u>	<u>50,000</u>	<u>0</u>

DEPARTMENT OF AGRICULTURE AND MARKETS

MISSION

The Department of Agriculture and Markets is charged with fostering a competitive and safe New York food and agricultural industry for the benefit of producers and consumers. Over the next year, the Department will continue to carry out its major responsibilities for encouraging the growth and economic health of the State's agricultural and food industry and conducting various inspections and testing programs to enforce laws on food safety, animal and plant health, and accuracy of labeling. The Department will also continue to act to preserve agricultural resources, improve soil and water quality and operate the annual State Fair in concert with the Industrial Exhibit Authority.

ORGANIZATION AND STAFFING

The Department will have a workforce of 531 positions for fiscal year 2005-06. The Agency is headquartered in Albany and maintains four regional offices located in Buffalo, Syracuse, Rochester and Brooklyn. Approximately 23 percent of the Department of Agriculture and Markets' operating programs are funded by tax dollars in the General Fund and the remaining 77 percent are financed by fees and Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends funding of \$150 million for the Department of Agriculture and Markets in 2005-06. The cost of operating the Department will be supported from a combination of funding sources:

- Tax dollars from the General Fund will provide \$26.4 million in 2005-06, or 23 percent of the Department's operating expenses;
- Fee revenues will produce \$60.4 million and support 53 percent of the Department's operating costs. These revenues include fees from activities such as licensing food processing operators, certifying weighing and measuring devices and operation of the State Fair; and
- Federal funding of \$27.2 million finances the remaining 24 percent of the Department's operations.

Continued funding of \$2.5 million will support the Department's efforts in the New York City region to locate and eradicate the Asian Longhorned Beetle, a pest which is deadly to hardwood trees. Recommendations also continue approximately \$4 million for 14 migrant child care centers. In addition, the Department will receive a suballocation from the Office of Children and Family Services' Federal funding to continue these child care activities.

Recommendations include \$1 million for capital projects to maintain, repair and rehabilitate the State Fair's 20 major buildings and other structures. The Executive Budget also recommends \$2 million for a capital special revenue fund to continue support for development of private partnerships at the State Fair. Funding from the Environmental Protection Fund is also provided for Soil and Water Conservation Districts, non-point source pollution control and farmland protection programs.

The Executive Budget recommends \$9.8 million from the General Fund for local assistance to continue programs which provide valuable services to the State's agricultural community. Included in these funds is \$1.2 million in continued resources to support agricultural economic development and farmland viability program activities. In addition, new funding of \$3.5 million will be used to promote and strengthen the New York wine industry. Continued Federal appropriation authority will allow the Department to apply for Federal grants to fund Federal nutrition programs for senior citizens, animal health initiatives and food safety programs, including essential funding for the State Food Laboratory.

AGRICULTURE AND MARKETS

PROGRAM HIGHLIGHTS

The Agricultural Business Services program promotes the agricultural economy of the State and fosters the responsible use of resources to preserve agricultural land and the environment. These purposes are carried out through six divisions which:

- Inspect and test livestock, poultry and plants to control and eradicate diseases which can both cause severe economic losses for farmers and present a public health hazard;
- Oversee the activities of county soil and water conservation districts, direct the agricultural non-point source pollution control and farmland preservation grant programs, establish agricultural districts, administer agricultural product market orders and the Federal Farmers Market Nutrition Program for low-income families and collect and disseminate statistical agricultural information; and
- Exercise a variety of statutorily required activities involving the pricing and marketing of milk and milk products, and the licensing and bonding of milk and farm products dealers.

The Consumer Food Services program ensures that wholesome food products are sold to the consumer and that the industry and the public are protected from fraud, adulteration or malpractice in the production, processing, transportation and retailing of food and gasoline, and in the use of measuring devices. In carrying out these purposes, the program:

- Licenses and inspects over 28,000 businesses that produce, process, manufacture, or distribute food products, registers food represented as kosher and grades farm products;
- Inspects and tests dairy products to enforce laws pertaining to milk and milk product sanitation and guards against harmful or misrepresented food; and
- Certifies and calibrates weighing and measuring devices and oversees the testing of motor fuels under the Motor Fuel Quality and Clean Air programs.

STATE FAIR

The Department and the Industrial Exhibit Authority together direct the New York State Fair and Fairgrounds, located in Syracuse. The Fairgrounds, a 365-acre complex, has 20 major exhibit buildings and 108 other structures. It is used for the annual 12-day State Fair, and its facilities are rented year-round for various shows and activities. The operating costs of the Fair and Fairgrounds are fully funded from admission, rental and concession fees. General Fund capital funding of \$1 million is included in the Budget to support costs of maintaining the Fair's facilities. In addition, a capital special revenue fund appropriation of \$2 million is recommended to allow the Fair to expand private partnerships and make capital improvements at the Fairgrounds.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	111,836,700	114,053,000	2,216,300	79,876,000
Aid To Localities	32,162,000	33,309,000	1,147,000	91,223,000
Capital Projects	3,000,000	3,000,000	0	4,339,000
Total	146,998,700	150,362,000	3,363,300	175,438,000

AGRICULTURE AND MARKETS

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs	2005-06 Estimated FTEs	FTE Change
	03/31/05	03/31/06	
Administration			
General Fund	34	34	0
Agricultural Business Services			
General Fund	183	177	(6)
Special Revenue Funds - Federal	3	10	7
Special Revenue Funds - Other	48	48	0
Fiduciary Funds	7	7	0
Consumer Food Services			
General Fund	164	143	(21)
Special Revenue Funds - Federal	22	22	0
Special Revenue Funds - Other	90	90	0
Total	551	531	(20)

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	27,608,000	26,394,000	(1,214,000)
Special Revenue Funds - Federal	24,994,000	27,194,000	2,200,000
Special Revenue Funds - Other	37,383,000	38,429,000	1,046,000
Enterprise Funds	20,137,100	20,343,000	205,900
Fiduciary Funds	1,714,600	1,693,000	(21,600)
Total	111,836,700	114,053,000	2,216,300

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(798,000)
Special Revenue Funds - Federal	(62,000)
Special Revenue Funds - Other	(313,000)
Enterprise Funds	(32,100)
Private Purpose Trust Funds	(17,600)
Appropriated 2004-05	110,614,000

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

Program	Available	Recommended	Change
	2004-05	2005-06	
Administration			
General Fund	4,534,548	4,559,000	24,452
Agricultural Business Services			
General Fund	13,604,362	13,549,000	(55,362)
Special Revenue Funds - Federal	18,816,500	20,819,000	2,002,500
Special Revenue Funds - Other	23,371,000	24,170,000	799,000
Fiduciary Funds	1,714,600	1,693,000	(21,600)
Consumer Food Services			
General Fund	9,469,090	8,286,000	(1,183,090)
Special Revenue Funds - Federal	6,177,500	6,375,000	197,500
Special Revenue Funds - Other	14,012,000	14,259,000	247,000
State Fair			
Enterprise Funds	20,137,100	20,343,000	205,900
Total	111,836,700	114,053,000	2,216,300

AGRICULTURE AND MARKETS

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,276,000	(156,548)	2,276,000	(156,548)
Agricultural Business Services	9,306,000	(93,362)	9,027,000	(74,362)
Consumer Food Services	7,650,000	(1,053,090)	7,313,000	(1,011,090)
Total	19,232,000	(1,303,000)	18,616,000	(1,242,000)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	0	0
Agricultural Business Services	167,000	(6,000)	112,000	(13,000)
Consumer Food Services	107,000	(8,000)	230,000	(34,000)
Total	274,000	(14,000)	342,000	(47,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	2,283,000	181,000	0	0
Agricultural Business Services	4,243,000	38,000	297,000	11,000
Consumer Food Services	636,000	(130,000)	92,000	(19,000)
Total	7,162,000	89,000	389,000	(8,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	0	0	2,283,000	181,000
Agricultural Business Services	577,000	2,000	2,843,000	20,000
Consumer Food Services	146,000	(32,000)	162,000	(34,000)
Total	723,000	(30,000)	5,288,000	167,000

Program	Equipment	
	Amount	Change
Administration	0	0
Agricultural Business Services	526,000	5,000
Consumer Food Services	236,000	(45,000)
Total	762,000	(40,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Agricultural Business Services	46,682,000	2,779,900	3,890,000	116,000
Consumer Food Services	20,634,000	444,500	6,816,000	74,000
State Fair	20,343,000	205,900	5,598,000	19,000
Total	87,659,000	3,430,300	16,304,000	209,000

Program	Nonpersonal Service	
	Amount	Change
Agricultural Business Services	42,792,000	2,663,900
Consumer Food Services	13,818,000	370,500
State Fair	14,745,000	186,900
Total	71,355,000	3,221,300

AGRICULTURE AND MARKETS

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	12,162,000	9,809,000	(2,353,000)
Special Revenue Funds - Federal	20,000,000	20,000,000	0
Special Revenue Funds - Other	0	3,500,000	3,500,000
Total	<u>32,162,000</u>	<u>33,309,000</u>	<u>1,147,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Agricultural Business Services			
General Fund	12,162,000	9,809,000	(2,353,000)
Special Revenue Funds - Federal	20,000,000	20,000,000	0
Special Revenue Funds - Other	0	3,500,000	3,500,000
Total	<u>32,162,000</u>	<u>33,309,000</u>	<u>1,147,000</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
State Fair				
Capital Projects Fund	1,000,000	1,000,000	0	339,000
Misc. Capital Projects	2,000,000	2,000,000	0	4,000,000
Total	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>	<u>4,339,000</u>

BANKING DEPARTMENT

MISSION

The Banking Department is charged with protecting the public interest and promoting a desirable business climate by regulating and supervising approximately 3,600 State-chartered banking institutions and licensees with total assets of approximately \$1.3 trillion. In carrying out this responsibility, the Department approves acquisitions, branch expansions, mergers and other forms of consolidation. It also levies fines, orders cessation of unsound financial practices and replaces management as needed. In addition, the Department is authorized to take possession of failing institutions and to operate or liquidate them for the benefit of depositors and creditors. In exercising this oversight, the Banking Department maintains the highest standards to assure the continued safety and soundness of, and the full public confidence in, the institutions supervised. By dealing decisively with institutions that are not in compliance with banking laws and regulations, or cases of malfeasance, the Department promotes a desirable business climate for all financial institutions operating in New York State.

ORGANIZATION AND STAFFING

The Superintendent of Banks, appointed by the Governor, directs the Department. The Superintendent is also the Chair of the 17-member Banking Board, a quasi-legislative body which regulates the conduct of banking in the State. Members of the Board are appointed by the Governor with the consent of the Senate. They receive travel reimbursement but are not otherwise compensated. The Department maintains offices in Albany, New York City, Syracuse, and London. The Banking Department will have a workforce of 587 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Banking Department is entirely supported by assessments charged to regulated financial institutions and organizations. The Executive Budget recommends \$97.5 million to support the Department in 2005-06.

PROGRAM HIGHLIGHTS

To ensure the safety and soundness of banking institutions, the Department monitors these institutions to identify problems and works with management to promptly solve them. This responsibility is carried out through annual on-site examinations of most State-chartered institutions, the regular review of institutional financial reports and periodic site visits.

To ensure that State-chartered banking institutions are complying with State laws and regulations and that no individuals are unfairly denied credit, Department employees conduct consumer compliance examinations and resolve consumer complaints. Other staff monitor whether institutions are helping to meet the credit and banking needs of local communities as required by various State laws.

Additionally, the Department's investigation and prosecution of criminal banking activities protects the public and provides support to institutions that do abide by applicable laws and regulations. Lastly, the Department continues to review its internal programs, policies and procedures in order to respond to the changing financial services environment and to promote a strong and healthy financial services industry.

The Holocaust Claims Processing Office, established in 1997, assists Holocaust survivors and their heirs in their search for assets that are held by banks, insurance companies and other institutions.

BANKING

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	84,640,000	97,452,000	12,812,000	4,500,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	84,640,000	97,452,000	12,812,000	4,500,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
Special Revenue Funds - Other	63	63	0
Analysis and Compliance			
Special Revenue Funds - Other	35	35	0
Regulation			
Special Revenue Funds - Other	489	489	0
Total	587	587	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	84,640,000	97,452,000	12,812,000
Total	84,640,000	97,452,000	12,812,000

Adjustments:

Transfer(s) From Special Pay Bill Special Revenue Funds - Other	(2,393,000)
Appropriated 2004-05	82,247,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	11,731,000	23,187,000	11,456,000
Analysis and Compliance			
Special Revenue Funds - Other	3,964,000	4,054,000	90,000
Regulation			
Special Revenue Funds - Other	68,945,000	70,211,000	1,266,000
Total	84,640,000	97,452,000	12,812,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	23,187,000	11,456,000	4,440,000	0
Analysis and Compliance	4,054,000	90,000	2,583,000	0
Regulation	70,211,000	1,266,000	36,500,000	0
Total	<u>97,452,000</u>	<u>12,812,000</u>	<u>43,523,000</u>	<u>0</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	16,747,000	11,456,000	2,000,000	0
Analysis and Compliance	1,471,000	90,000	0	0
Regulation	32,546,000	1,279,000	1,165,000	(13,000)
Total	<u>50,764,000</u>	<u>12,825,000</u>	<u>3,165,000</u>	<u>(13,000)</u>

DEPARTMENT OF ECONOMIC DEVELOPMENT

MISSION

Together with the Empire State Development Corporation, the New York State Department of Economic Development:

- Advises the Governor and Legislature on all major economic development issues and decisions;
- Develops State economic development strategies;
- Provides technical and financial assistance to businesses through a network of regional offices; and
- Coordinates the efforts of other State agencies, authorities and organizations, as well as local governments, on actions which affect the State's economy.

ORGANIZATION AND STAFFING

State economic development programs are administered by the Department of Economic Development working in conjunction with the Empire State Development Corporation. The Department and Corporation are distinct entities, but both are headed by the Commissioner of Economic Development and share senior managers. In addition, the Department and Corporation work closely with the New York State Office of Science, Technology and Academic Research (NYSTAR), which was established in 1999 to foster technology-related job creation.

The Department of Economic Development will have a workforce of 215 in 2005-06. The Department's central office is in Albany, with ten regional offices located in Troy, Buffalo, Rochester, Syracuse, Utica, Binghamton, New Windsor, Plattsburgh, Hauppauge and New York City, and satellite offices in Watertown and Elmira.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

State tax dollars from the General Fund will finance 84.6 percent, or \$35.3 million, of the Department of Economic Development's \$41.7 million Budget in 2005-06. The balance of the Department's Executive Budget will be supported by revenues raised through licensing of the "I ♥ NY" logo, sale of advertising in the "I ♥ NY" Travel Guide and through seminars and programs run by the Department which directly offset the costs of these programs. Also included are Federal dollars used to help defense-dependent industries diversify into new markets, support recycling market development and to help small businesses comply with Clean Air Act mandates.

The 2005-06 Budget provides:

- \$11 million for "I ♥ NY" tourism advertising;
- \$4.8 million for local tourism matching grants;
- \$1 million to attract international trade to New York State, and increase export sales to foreign countries;
- \$600,000 for economic development projects in the Catskill watershed; and
- \$400,000 to support visitor welcome centers in Beekmantown and Binghamton.

ECONOMIC DEVELOPMENT

PROGRAM HIGHLIGHTS

MARKETING AND ADVERTISING

This program promotes New York State as a premier tourist destination and business location. Major activities include the “I ♥ NY” advertising campaign and local tourism matching grants administered through locally based tourism promotion agencies representing the State’s 62 counties. The Department of Economic Development also manages tourist information services at the Beekmantown and Binghamton Gateway Centers, develops the State’s tourism master plan, targets information to consumers and the travel trade, participates in national and international trade shows, provides technical assistance to tour directors and creates publications for use by the Department and the other economic development agencies.

INTERNATIONAL

The International Trade program promotes exports from, and attracts foreign investment to, New York State. Based in New York City, this program manages the Department’s international offices in Montreal, Toronto, London and Tokyo, and contractual presences in several other countries. The program also coordinates State participation in trade shows and missions, compiles and disseminates trade leads and administers grants and seminars designed to encourage increased exporting.

EMPIRE ZONES

The Empire Zones program benefits distressed areas suffering from high unemployment. Businesses located in a designated Zone may qualify for tax incentives and other economic development benefits designed to encourage business expansion and job creation. Fifty-two Empire Zones statewide were selected on a competitive basis prior to 2001. Zones are located in the following communities: Albany, Amsterdam, Auburn, Binghamton, Brookhaven, Brooklyn Navy Yard, Buffalo, Dunkirk, East New York, East Harlem, Elmira, Friendship, Fulton, Geneva, Gloversville, Griffiss Air Force Base, Hancock Air Force Base, Hunts Point, Islip, Jamestown, Kingston, Kirkwood, Lackawanna, Lowville/Martinsburg, Moriah/Port Henry, Niagara Falls, North Shore/Staten Island, Norwich, Ogdensburg, Olean/Allegany, Oswego, Plattsburgh, Plattsburgh Air Force Base, Port Morris, Potsdam, Poughkeepsie, Riverhead, Rochester, Rockaway, Rome, Schenectady, South Jamaica, Seneca Army Depot, Stewart Air Force Base, Sunset Park/Red Hook/Southwest Brooklyn, Syracuse, Tioga County, Troy, Utica, Watertown, Watervliet Arsenal and Yonkers. In addition, nine zones were designated in 2001 located in the Town of Tonawanda, Monroe County, Columbia County, Staten Island/West Shore, Sullivan County, Cortland County, the City of Hornell, Warren County and Saratoga County. An additional 11 zones were designated in 2002 in the City of Buffalo, Schuyler County, Mt. Vernon, Franklin County, Otsego County, Madison County, Washington County, Wayne County, Orleans County, Genesee County and Rensselaer County.

BUSINESS ASSISTANCE PROGRAMS

To improve the competitiveness of New York State companies, the Department of Economic Development provides assistance to businesses for productivity assessments, business-specific skills training for new and existing workers and third-party technical assistance to develop strategies for expanding export markets.

SMALL BUSINESS ASSISTANCE

The Division for Small Business serves as an ombudsman for small business and also offers these enterprises training and technical assistance. In addition, the Department provides State and Federal procurement assistance to small business. The Division also operates the Clean Air Act Ombudsman Unit, which helps small business comply with these environmental regulations.

LINKED DEPOSIT PROGRAM

This joint public/private program enables companies to obtain loans from commercial banks at an interest rate that is 2 percent to 3 percent lower than the prevailing rate. The banks are compensated by deposits of State funds earning interest at comparably reduced rates. For 2005-06, up to \$350 million is available for this program.

RECYCLING MARKET DEVELOPMENT PROGRAM

The Department of Economic Development is the lead agency in developing New York's recycling industries and creating programs to help municipalities and businesses develop uses for secondary materials.

MINORITY AND WOMEN'S BUSINESS DEVELOPMENT

The Division of Minority and Women's Business Development was established to increase the participation of minority- and women-owned businesses in State procurement opportunities. The Division identifies and certifies minority- and women-owned business enterprises; publishes a directory of certified firms to market small businesses to public and private sector organizations; and provides technical assistance to minority- and women-owned businesses.

POLICY AND RESEARCH DIVISION

This Division develops the annual State strategic plan for economic development; collects and disseminates economic and demographic information; performs policy analysis and economic research; monitors and intervenes in State regulatory activities affecting energy supply, telecommunications, transportation, environmental facilities and commercial/industrial site and facility development; and coordinates the development and review of State economic development programs.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	35,854,900	35,901,900	47,000	7,796,000
Aid To Localities	8,077,000	5,777,000	(2,300,000)	14,327,000
Capital Projects	0	0	0	0
Total	43,931,900	41,678,900	(2,253,000)	22,123,000

ECONOMIC DEVELOPMENT

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	43	42	(1)
Special Revenue Funds - Other	8	8	0
Clean Air			
Special Revenue Funds - Other	5	5	0
Economic Development			
General Fund	127	125	(2)
Marketing and Advertising Program			
General Fund	35	34	(1)
Special Revenue Funds - Other	1	1	0
Total	<u>219</u>	<u>215</u>	<u>(4)</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	29,416,000	29,487,000	71,000
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	5,438,900	5,414,900	(24,000)
Total	<u>35,854,900</u>	<u>35,901,900</u>	<u>47,000</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(726,000)
Special Revenue Funds - Other	(29,000)
Appropriated 2004-05	<u>35,099,900</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	3,069,000	3,080,000	11,000
Special Revenue Funds - Other	1,739,900	1,739,900	0
Clean Air			
Special Revenue Funds - Other	500,000	500,000	0
Economic Development			
General Fund	12,736,000	12,792,000	56,000
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	1,170,000	1,170,000	0
Marketing and Advertising Program			
General Fund	13,611,000	13,615,000	4,000
Special Revenue Funds - Other	2,029,000	2,005,000	(24,000)
Total	<u>35,854,900</u>	<u>35,901,900</u>	<u>47,000</u>

ECONOMIC DEVELOPMENT

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,273,000	11,000	2,246,774	11,000
Economic Development	8,486,000	56,000	8,457,530	56,000
Marketing and Advertising Program	1,897,000	4,000	1,883,682	4,000
Total	12,656,000	71,000	12,587,986	71,000

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Administration	26,226	0
Economic Development	28,470	0
Marketing and Advertising Program	13,318	0
Total	68,014	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	807,000	0	68,388	0
Economic Development	4,306,000	0	79,963	0
Marketing and Advertising Program	11,718,000	0	33,895	0
Total	16,831,000	0	182,246	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	32,962	0	692,282	0
Economic Development	222,239	0	2,911,646	0
Marketing and Advertising Program	52,959	0	615,420	0
Total	308,160	0	4,219,348	0

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	13,368	0	0	0
Economic Development	92,152	0	1,000,000	0
Marketing and Advertising Program	726	0	11,015,000	0
Total	106,246	0	12,015,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	1,739,900	0	487,100	0
Clean Air	500,000	0	195,000	0
Economic Development	2,170,000	0	0	0
Marketing and Advertising Program	2,005,000	(24,000)	74,000	(16,000)
Total	6,414,900	(24,000)	756,100	(16,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,252,800	0	0	0
Clean Air	305,000	0	0	0
Economic Development	1,000,000	0	1,170,000	0
Marketing and Advertising Program	1,931,000	(8,000)	0	0
Total	4,488,800	(8,000)	1,170,000	0

ECONOMIC DEVELOPMENT

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	8,077,000	5,777,000	(2,300,000)
Total	<u>8,077,000</u>	<u>5,777,000</u>	<u>(2,300,000)</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Economic Development			
General Fund	2,900,000	600,000	(2,300,000)
Marketing and Advertising Program			
General Fund	5,177,000	5,177,000	0
Total	<u>8,077,000</u>	<u>5,777,000</u>	<u>(2,300,000)</u>

EMPIRE STATE DEVELOPMENT CORPORATION

MISSION

The Empire State Development Corporation (ESDC) — formerly the Urban Development Corporation (UDC) — is a New York State public benefit corporation. It engages in four principal activities: economic and real estate development; State facility financing; housing portfolio maintenance; and privatization initiatives.

ECONOMIC AND REAL ESTATE DEVELOPMENT

The Corporation provides financial and technical assistance to businesses, local governments, and community-based not-for-profit corporations for economic development and large-scale real estate projects that create and/or retain jobs in New York and reinvigorate distressed areas.

STATE FACILITY FINANCING

The Empire State Development Corporation issues bonds to finance the construction and modernization of correctional facilities and other special projects for the State. Debt service on these bonds is paid from appropriations by the State.

HOUSING PORTFOLIO MAINTENANCE

In the early 1970s, the Urban Development Corporation built 113 large-scale housing developments for low- to middle-income persons. The Corporation also built non-residential civic and industrial properties, including the Niagara Falls Convention Center, the Wards Island Fire Training Center, the Monroe County Fairgrounds, the Ten Eyck Plaza in Albany, and public school facilities in Buffalo, Manhattan, the Bronx, and Brooklyn. Since the mid-1970s, activity in this area has been limited to the monitoring and loan servicing of projects.

PRIVATIZATION INITIATIVES

The Corporation is charged with facilitating efforts by State agencies and authorities to privatize State functions and assets.

ORGANIZATION AND STAFFING

State economic development programs are administered by the Empire State Development Corporation working in conjunction with the Department of Economic Development. The Corporation and Department are distinct entities, but both are headed by the Commissioner of Economic Development and share senior managers. In addition, the Corporation and Department work closely with the New York State Office of Science, Technology and Academic Research (NYSTAR), which was established in 1999 to foster technology-related job creation. The Corporation will have a workforce of 260 in 2005-06. From the Corporation's central office in New York City, a Chief Operating Officer is responsible for day-to-day operations. The Corporation and Department of Economic Development share 10 regional offices and 2 satellite offices.

EMPIRE STATE DEVELOPMENT

OVERSIGHT

The Corporation is governed by a 9 member Board of Directors comprising 2 ex-officio members and 7 members appointed by the Governor with the consent of the Senate. The Chair of the Empire State Development Corporation Board is selected by the Governor and also serves as the Commissioner of Economic Development. Board members serve without compensation.

SUBSIDIARIES

The Corporation's Board of Directors is authorized to create subsidiaries to manage specific projects or economic development activities. Subsidiaries have been established to: (1) oversee revitalization of Lower Manhattan in the wake of September 11; (2) formulate policies and initiatives to promote economic growth in Harlem; (3) redevelop Times Square, including the condemnation and acquisition of blighted properties and recruitment of prospective tenants; (4) plan and oversee a mixed-use development on 74.5 acres on the East River in Queens County; (5) redevelop the U.S. Postal Service facility, known as the Farley Building, in connection with the New York City Amtrak Train Station Redevelopment project; (6) promote economic development and tourism, and leverage private investment in Niagara Falls; and (7) oversee conversion of the 300 - acre Harriman State Office Building Campus in Albany into a world-class research and development park.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

- In 2005-06, the Empire State Development Corporation's activities will be funded through a combination of State General Fund appropriations and corporate revenues generated by Corporation-owned residential and non-residential properties and by its financing programs. The Corporation's operating budget will be entirely supported by corporate funds;
- The Executive Budget will provide \$88.4 million in support for economic development initiatives, including: Operation SPUR, which will create high technology jobs and business opportunities in Upstate New York; the JOBS NOW program for large-scale projects which will create new jobs; the Empire State Economic Development Fund for projects that create or retain jobs; the Urban and Community Development and Minority - and Women-Owned Business Development and Lending programs; the retention of professional football in Western New York; and military base retention and redevelopment initiatives;
- The Executive Budget will also include \$340 million for priority high-technology and economic development capital initiatives, including Operation SPUR and the New York State Technology and Development Program;
- Billions of dollars in development assistance, as well as substantial tax incentives remain available from the Federal government for redevelopment of Lower Manhattan and New York City in the wake of September 11;
- In conjunction with the Dormitory Authority, the Corporation will continue to finance and administer the \$1.45 billion Centers of Excellence/Empire Opportunity Fund/Gen*NY*sis/RESTORE Program; and
- \$10 million in Port Authority of New York and New Jersey Regional Development funds will be available to support projects in the Upper Manhattan/South Bronx Empowerment Zone.

PROGRAM HIGHLIGHTS

The Empire State Development Corporation administers economic development programs which:

- Provide low-cost loans and grants to businesses to help cover the cost of machinery and equipment purchases, factory improvements, training and business incubator development;
- Provide financial assistance for projects ranging from development of or improvements to commercial or retail facilities, tourism destinations, child care facilities, and commercial centers;
- Assist minority- and women-owned businesses, including programs administered in cooperation with local development organizations and community-based financial institutions;
- Provide funding for the economic development initiatives in distressed urban communities; and
- Provide funding for military base retention and redevelopment efforts.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	78,362,100	88,362,100	10,000,000	244,090,200
Capital Projects	0	340,000,000	340,000,000	484,000,000
Total	78,362,100	428,362,100	350,000,000	728,090,200

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	78,362,100	88,362,100	10,000,000
Total	78,362,100	88,362,100	10,000,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Economic Development			
General Fund	78,358,000	88,358,000	10,000,000
Payments to Municipalities			
General Fund	4,100	4,100	0
Total	78,362,100	88,362,100	10,000,000

EMPIRE STATE DEVELOPMENT

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Regional Development				
Cap Proj Fund - High Tech Hudson Valley (Auth Bonds)	0	250,000,000	250,000,000	0
Cap Proj Fund - CEFAP (Direct Auth Bonds)	0	0	0	425,000,000
SPUR				
Capital Projects Fund - Authority Bonds	0	90,000,000	90,000,000	0
Economic Development				
Cap Proj Fund - Stadium (Auth Bonds)	0	0	0	15,000,000
Cap Proj Fund - Downtown Buffalo (Auth Bonds)	0	0	0	44,000,000
Total	<u>0</u>	<u>340,000,000</u>	<u>340,000,000</u>	<u>484,000,000</u>

ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

MISSION

The New York State Energy Research and Development Authority (NYSERDA) was established in 1975 to develop and implement new energy technologies, focusing on renewable energy sources and energy conservation.

As part of its central mission, the Authority manages energy research, development and demonstration programs, which are funded by assessments on gas and electric utilities. The Authority's programs strengthen New York's economic base by nurturing the growth of new products and industries and helping businesses reduce their costs. Projects are selected on a competitive basis to promote applied research on State energy problems. The Authority administers Federal grant programs which help businesses, schools and hospitals implement energy efficiency measures. It also issues tax-exempt bonds on behalf of investor-owned utilities for capital improvements. The Authority also administers the System Benefits Charge, which supports energy programs for low-income consumers, energy efficiency, energy research and development, and environmental protection.

The Authority also manages the former nuclear fuel reprocessing plant at West Valley in Cattaraugus County and the Saratoga Technology + Energy Park (STEP) in Saratoga County. Currently, NYSERDA has several clean-energy technology companies located at STEP, and is continuing to work toward bringing in other clean-energy technology companies.

ORGANIZATION AND STAFFING

The Energy Research and Development Authority is headed by a 13-member board, consisting of 9 members nominated by the Governor with the consent of the Senate and 4 ex-officio members, which include the commissioners of the departments of Transportation and Environmental Conservation, and the chairs of the Public Service Commission and the Power Authority of the State of New York. All board members serve without compensation.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Energy Research and Development Authority is partially funded by assessments on State public utility gross intrastate operating receipts. The 2005-06 Budget recommends approximately \$14.7 million in appropriations for the Authority's energy, research and development programs and \$11.35 million for ongoing work at West Valley.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	14,656,000	14,656,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	11,467,000	11,350,000	(117,000)	0
Total	26,123,000	26,006,000	(117,000)	0

ENERGY RESEARCH AND DEVELOPMENT

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Special Revenue Funds - Other	14,656,000	14,656,000	0
Total	<u>14,656,000</u>	<u>14,656,000</u>	<u>0</u>

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

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Research, Development and Demonstration			
Special Revenue Funds - Other	14,656,000	14,656,000	0
Total	<u>14,656,000</u>	<u>14,656,000</u>	<u>0</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Research, Development and Demonstration	14,656,000	0	14,656,000	0
Total	<u>14,656,000</u>	<u>0</u>	<u>14,656,000</u>	<u>0</u>

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

<u>Comprehensive Construction Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>	<u>Reappropriations 2005-06</u>
Western New York Nuclear Service Center Program				
Capital Projects Fund - Authority Bonds	11,350,000	11,350,000	0	0
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	117,000	0	(117,000)	0
Total	<u>11,467,000</u>	<u>11,350,000</u>	<u>(117,000)</u>	<u>0</u>

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

MISSION

The Department of Environmental Conservation is responsible for conserving, improving and protecting the State's natural resources and environment. The Department also works to control water, land and air pollution in order to enhance the health, safety and welfare of all New Yorkers. In addition, the Department plays a major role in implementing the Environmental Protection Fund, the State's dedicated environmental fund.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner appointed by the Governor. The Department's Central Office is in Albany, with regional offices in Avon, Buffalo, Long Island City, New Paltz, Ray Brook, Schenectady, Stony Brook, Syracuse, and Watertown. These regional offices are the operational arms of the Department. Staff in the regional offices review and issue environmental permits for activities regulated by the Department such as the operation of landfills and sewage treatment plants. In addition, these offices ensure compliance with State and Federal environmental statutes, consistent with policy and management direction from program divisions in the Central Office.

The Department will have a workforce of 3,352 positions in fiscal year 2005-06. Approximately 34.1 percent of these positions are paid by State tax dollars; 46.3 percent are supported by State fees, capital and other revenues, and the remaining 19.6 percent are financed by Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends funding of more than \$958 million for the Department of Environmental Conservation, including \$97.3 million in General Fund support. This recommendation will support the Department's core mission and ensure funding for ongoing priority projects.

General Fund appropriations will finance 23.4 percent of the Department of Environmental Conservation's operations in 2005-06. Fees and license revenues will support 56.7 percent, including the major permitting functions, the hazardous substances bulk storage and oil spill programs, and the hazardous waste remedial and enforcement programs. Federal funds will support the remaining 19.9 percent of the Department's Budget.

The Environmental Protection Fund (EPF) will provide new appropriations of \$150 million to support environmental programs, including open space protection, farmland preservation, recycling programs, non-point source pollution control projects, municipal park and waterfront revitalization projects and the restoration and preservation of historic barns. The Fund is supported primarily by revenues from the real estate transfer tax as well as by the sale/lease of State property and by Fund interest earnings.

The voter-approved Clean Water/Clean Air Bond Act authorizes \$1.75 billion for critical environmental programs in the following categories: Safe Drinking Water Program (\$355 million); Clean Water Program (\$790 million); Solid Waste Projects (\$175 million); Air Quality Projects (\$230 million); and Environmental Restoration Projects (\$200 million).

The Clean Air Fund will continue to provide the resources needed to meet the State's obligations under the Federal Clean Air Act to control stationary and mobile sources of air pollution. The Fund is supported by vehicle emission inspection fees and fees on regulated pollutants emitted by factories, power plants and other stationary source facilities.

ENVIRONMENTAL CONSERVATION

General Fund appropriations will support the preservation and maintenance of the State's dams, bridges, regional facilities, campgrounds and the 20 percent match required for Federal grants provided through the Clean Water State Revolving Fund. Since 1992-93, the cost of the State match has been reimbursed by proceeds from the sale of bonds issued by the Environmental Facilities Corporation. Principal and interest on the bonds are paid from State taxes.

The Budget also includes an increase to \$45 for registration fees for all terrain vehicles (ATVs) to provide funding for trail development and related maintenance and law enforcement activities.

The 2005-06 Executive Budget provides more than \$958 million to support the Department's critical environmental, resource management and recreation programs, including:

- \$135 million to support the refinanced Superfund program to continue the clean up of inactive hazardous waste sites and to address hazardous substance sites. Recommendations also include \$185.1 million in reappropriated funds from the 1986 Environmental Quality Bond Act to continue work already underway for existing Superfund sites;
- \$150 million in new funding from the EPF to provide resources to address such high priority programs as open space preservation, continued implementation of the Hudson River Estuary Management Plan, stewardship and capital infrastructure projects at State parks and lands, development of the Hudson River Park and the restoration and preservation of historic barns. Other projects funded by the EPF in 2005-06 will include: local solid waste reduction/recycling and marketing of recycled materials; landfill closure/gas management projects; local parks and historic preservation grants; local waterfront revitalization projects; environmental justice initiatives; non-point source water pollution control projects; farmland protection; the operation of the Pesticide Sales and Use Database as well as breast cancer/environmental risks studies at Cornell University; the Albany Pine Bush Commission; biodiversity stewardship; Long Island Pine Barrens/South Shore Estuary Reserve planning; the Finger Lakes - Lake Ontario Watershed Protection Alliance; DEC Environmental infrastructure projects; funding for Zoos, Botanical Gardens and Aquaria; support for sustainable agriculture; quality communities grants; and urban forestry projects;
- The total 1996 Clean Water/Clean Air Bond Act authorization of \$1.75 billion has been appropriated. However, the Executive Budget includes \$122 million in continued Bond Act disbursements in 2005-06 for Critical Water Quality, Air, Solid Waste, Brownfield and Safe Drinking Water Projects;
- \$18 million in new appropriations to support the abatement of illegal waste tire piles and the development of new markets for waste tires under the Waste Tire Management and Recycling Act of 2003;
- \$5.2 million from taxpayer monies to implement the New York City Watershed Agreement. These funds will support State enforcement and monitoring efforts in the Watershed and the provision of technical assistance to participating Watershed communities;
- \$175.9 million in new State and Federal funds for the Clean Water State Revolving Fund low-interest loan program to build and rehabilitate municipal sewage treatment facilities;
- \$10 million for the remediation of Onondaga Lake;
- \$54.8 million to support the programs of the Conservation Fund;
- \$14.8 million in new and redirected funds from the 1965 Pure Waters Bond Act and the 1972 Environmental Quality Bond Act to support the Long Island Sound Comprehensive Conservation Management Plan, New York Harbor, and Hudson River projects and upstate community wastewater treatment projects;

ENVIRONMENTAL CONSERVATION

- \$30.6 million in new funding for basic capital infrastructure projects to ensure health, safety and compliance with State and Federal laws and environmental requirements, including \$8 million for remediation of state owned facilities and projects to bring DEC facilities into compliance with State and Federal laws and regulation;
- \$32.9 million in non-General Fund support for the State's Clean Air programs. New programs were begun in 1997-98 to control pollution from automobiles and to establish new consolidated permits for major stationary sources of air pollution and in 1999-00, to control air pollution from heavy-duty vehicles; and
- \$427.5 million to support the operations of the Department, including a workforce of 3,352 positions.

PROGRAM HIGHLIGHTS

Under both State and Federal law, the Department carries out a wide range of environmental, regulatory, remedial, resource management, outdoor recreation and education programs. These include the protection and management of the State's air, water, mineral and energy resources, as well as the management of both solid and hazardous waste. In this regard, the Department has undertaken expanded responsibilities as part of the State's Homeland Security effort including air and water toxic assessments, hazardous materials monitoring, water infrastructure monitoring and security and other activities to protect public health and safety.

Since 1995-96, the Department has restructured its operations to eliminate redundant management layers and refocused its attention on the core mission of the Department. Additionally, the regulatory process for issuing environmental permits has been streamlined to simplify requirements while still ensuring that environmental standards are maintained and the State's natural resources are protected.

The Department's functions can be divided into the following categories: Natural Resources, Environmental Quality/Remediation and Environmental Enforcement and Regulation.

NATURAL RESOURCES

In addition to its responsibility to protect the State's fish, wildlife and marine resources and habitats, the Fish, Wildlife and Marine program also manages 200,000 acres of Wildlife Management Area Lands, the operation of 12 fish hatcheries, one game farm and 332 boat launching and fishing access sites. The primary source of funding for this program is sporting license fees (over \$38 million annually) deposited to the Conservation Fund.

The Lands and Forests program manages the more than 4 million acres of State land under the Department's jurisdiction, including nearly 3 million acres of State-owned land within the Adirondack and Catskill parks and over 290,000 acres of conservation easements. Revenues from the sale of forest products from State lands help offset program costs. The State Forest Ranger force is charged with firefighting, search and rescue and enforcing rules, regulations and laws on State land.

The Mineral Resources program regulates more than 12,000 active oil and gas wells and oversees the mined land reclamation program. This program is focused on returning land used for mining to a productive use and also performs technical and environmental reviews of new and existing mined lands.

The Water program protects and conserves the State's water resources which include 52,337 miles of rivers, 7,849 lakes, 2.4 million acres of fresh water wetlands and 25,000 acres of tidal wetlands.

The Department also operates 52 campgrounds and 25 day-use areas within the Adirondack and Catskill parks, as well as the Belleayre Mountain Ski Center. These recreational facilities serve approximately 2 million visits annually, generating over \$10 million in revenue and greatly increasing tourist trade to their host communities. Camping and skiing user fees are intended to fully support facility operations.

ENVIRONMENTAL CONSERVATION

ENVIRONMENTAL QUALITY/REMEDATION

The 1988 Solid Waste Management Act established the State's policies for the management of solid waste, identifying reduction and recycling as the preferred options. The Act required municipalities to implement source separation programs and to prepare Local Solid Waste Management Plans. Also in 1988, the Department of Environmental Conservation established requirements for the construction and operation of solid waste management facilities, such as landfills. Local governments must meet those requirements before the Department will grant an operating permit.

The 1990 amendments to the Federal Clean Air Act imposed new mandates on the State designed to improve air quality. While the cost of complying with the Act is significant, the cost of non-compliance would be equally severe. If the Federal Environmental Protection Agency determines that there is a deficiency in New York's clean air programs, then it must apply sanctions if the deficiency is not corrected within 18 months. Sanctions include the withholding of Federal highway funds and the requirement of a 2-for-1 air pollution emissions offset for new or modified sources of emissions in areas that do not meet Federal air quality standards. The sanction would result in a virtual ban on industrial expansion and would place New York at a severe economic disadvantage with other states.

New York has taken steps to implement a comprehensive stationary source air permit program, a small business assistance program and programs to reduce vehicular emissions and inspect vehicle emission systems. In 1997-98, the State began implementing a decentralized vehicle emission testing system mandated by the Federal Clean Air Act. New York's system is more convenient and less costly to motorists than other federally-approved testing systems, while still reducing air pollution. This decentralized and simpler testing program allows motorists to visit their local automotive service stations to have emissions inspections performed. In addition, the Heavy Duty Inspection and Maintenance Program, which is supported by registration fees, inspects on-road heavy duty diesel vehicles for conformance with emission requirements.

DEC has also established regulations implementing the most aggressive Acid Rain controls on emissions of sulfur dioxide and nitrogen oxide in the country.

In addition, DEC will initiate or complete other actions to address serious air pollution problems. New York will continue to keep pace with California and adopt additional regulations to further control vehicle emissions as a result of changes in the low emission vehicle program. Equipment used in the reconstruction of lower Manhattan will use low sulfur diesel fuel and will be equipped with emission controls. The retrofit of all MTA buses with diesel emission controls will also be completed by the end of 2005. In 2005, DEC will begin the process of drafting State Implementation Plans for those areas of the State that have been designated as non-attainment areas for the new 8-hour ozone and PM_{2.5} standards established by the Federal Environmental Protection Agency.

The 1986 Environmental Quality Bond Act — commonly known as the State Superfund — made \$1.1 billion available for inactive hazardous waste cleanups, allowing the Department to embark on one of the most ambitious remedial programs in the nation. In response to New York's actions, responsible parties have committed more than \$3.4 billion for the investigation and remediation of identified inactive hazardous waste sites. This is in addition to the \$1.1 billion in Bond Act funds committed to investigate and remediate 985 hazardous waste sites.

Under Governor Pataki's leadership, comprehensive Superfund refinance and reform legislation was enacted in 2003. This legislation refinances and reforms the State's Superfund Program and creates a new State Brownfields Cleanup Program to encourage private investment and job creation through liability reform, tax incentives, and a predictable process for cleaning up and redeveloping brownfields. The legislation also improves the municipal Environmental Restoration Program funded through the 1996 Clean Water/Clean Air Bond Act to encourage even more municipal participation, while providing liability reform

ENVIRONMENTAL CONSERVATION

for the State Superfund Program and Oil Spill Program. In addition, the legislation establishes a Brownfield Opportunity Area Grant Program to assist municipalities and community-based organizations in strategically planning the redevelopment of brownfields within targeted urban areas.

ENVIRONMENTAL ENFORCEMENT AND REGULATION

An additional responsibility the Department of Environmental Conservation undertakes is to enforce and regulate a myriad of activities undertaken by businesses, local governments and individuals that can have an impact on the environment and the State's natural resources.

The Department carries out this responsibility through a variety of regulatory and permitting processes and through ongoing communication with those subject to environmental laws and regulations to ensure that such requirements are understood. In addition, the Department's Environmental Conservation Officers work closely with other staff to ensure that environmental laws and regulations are enforced.

The Department has enhanced and improved its overall regulatory and enforcement capabilities, including the coordination of enforcement and inspection programs at each of its regional offices. The Department will continue to review its regulatory practices to streamline procedures and eliminate unnecessary requirements, while still ensuring that strict environmental standards are maintained.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	434,532,000	425,061,000	(9,471,000)	356,214,300
Aid To Localities	1,620,800	2,499,300	878,500	4,072,700
Capital Projects	534,231,000	531,045,000	(3,186,000)	3,219,451,000
Total	<u>970,383,800</u>	<u>958,605,300</u>	<u>(11,778,500)</u>	<u>3,579,738,000</u>

ENVIRONMENTAL CONSERVATION

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

Full-Time Equivalent Positions (FTE)			
Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	113	113	0
Special Revenue Funds - Federal	147	147	0
Special Revenue Funds - Other	20	20	0
Air and Water Quality Management			
General Fund	103	127	24
Special Revenue Funds - Federal	205	205	0
Special Revenue Funds - Other	390	390	0
Clean Water/Clean Air Administration Program			
Capital Projects Funds - Other	24	0	(24)
Environmental Enforcement			
General Fund	213	213	0
Special Revenue Funds - Other	308	308	0
Fish, Wildlife and Marine Resources			
General Fund	59	59	0
Special Revenue Funds - Federal	72	72	0
Special Revenue Funds - Other	258	265	7
Forest and Land Resources			
General Fund	212	212	0
Special Revenue Funds - Federal	11	11	0
Special Revenue Funds - Other	133	133	0
Hazardous Waste Cleanup			
Capital Projects Funds - Other	305	305	0
Operations			
General Fund	304	304	0
Special Revenue Funds - Other	66	66	0
Rehabilitation and Improvement			
Capital Projects Funds - Other	48	48	0
Solid and Hazardous Waste Management			
General Fund	116	116	0
Special Revenue Funds - Federal	60	60	0
Special Revenue Funds - Other	156	156	0
Capital Projects Funds - Federal	22	22	0
Total	3,345	3,352	7

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	108,589,900	97,317,000	(11,272,900)
Special Revenue Funds - Federal	84,692,000	85,211,000	519,000
Special Revenue Funds - Other	241,205,100	242,488,000	1,282,900
Internal Service Funds	45,000	45,000	0
Total	434,532,000	425,061,000	(9,471,000)

Adjustments:

Recommended Deficiency	
Environmental Conservation,	
Department of	
General Fund	(6,359,000)
Transfer(s) From	
Special Pay Bill	
General Fund	(2,577,000)
Special Revenue Funds - Federal	(1,674,000)
Special Revenue Funds - Other	(3,922,100)
Appropriated 2004-05	419,999,900

ENVIRONMENTAL CONSERVATION

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	10,289,300	9,615,000	(674,300)
Special Revenue Funds - Federal	11,128,000	12,255,000	1,127,000
Special Revenue Funds - Other	2,784,500	2,978,000	193,500
Internal Service Funds	45,000	45,000	0
Air and Water Quality Management			
General Fund	9,359,200	8,945,000	(414,200)
Special Revenue Funds - Federal	26,296,000	25,156,000	(1,140,000)
Special Revenue Funds - Other	77,843,200	78,125,000	281,800
Air Resources			
Special Revenue Funds - Federal	8,000,000	8,000,000	0
Construction Management			
Special Revenue Funds - Federal	4,468,000	4,000,000	(468,000)
Environmental Enforcement			
General Fund	23,967,200	20,015,000	(3,952,200)
Special Revenue Funds - Other	36,626,900	35,060,000	(1,566,900)
Fish, Wildlife and Marine Resources			
General Fund	7,882,300	4,954,000	(2,928,300)
Special Revenue Funds - Federal	23,000,000	24,000,000	1,000,000
Special Revenue Funds - Other	33,975,300	35,337,000	1,361,700
Forest and Land Resources			
General Fund	18,248,500	15,740,000	(2,508,500)
Special Revenue Funds - Federal	5,000,000	5,000,000	0
Special Revenue Funds - Other	23,307,000	23,828,000	521,000
Operations			
General Fund	28,886,100	29,065,000	178,900
Special Revenue Funds - Other	14,735,700	15,030,000	294,300
Solid and Hazardous Waste Management			
General Fund	9,957,300	8,983,000	(974,300)
Special Revenue Funds - Federal	6,800,000	6,800,000	0
Special Revenue Funds - Other	51,932,500	52,130,000	197,500
Total	<u>434,532,000</u>	<u>425,061,000</u>	<u>(9,471,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	7,979,000	(680,300)	7,339,400	(690,600)
Air and Water Quality Management	7,828,000	(452,200)	7,705,100	(455,200)
Environmental Enforcement	13,730,000	(5,968,600)	11,128,000	(5,994,400)
Fish, Wildlife and Marine Resources	3,245,000	(1,775,300)	2,959,000	(1,782,100)
Forest and Land Resources	14,300,000	(2,372,500)	12,913,200	(2,375,800)
Operations	15,865,000	(800,100)	14,605,400	(864,700)
Solid and Hazardous Waste Management	8,709,000	(979,300)	8,483,500	(985,800)
Total	<u>71,656,000</u>	<u>(13,028,300)</u>	<u>65,133,600</u>	<u>(13,148,600)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	600,800	8,900	38,800	1,400
Air and Water Quality Management	83,200	1,600	39,700	1,400
Environmental Enforcement	0	0	2,602,000	25,800
Fish, Wildlife and Marine Resources	253,800	5,600	32,200	1,200
Forest and Land Resources	375,200	(7,100)	1,011,600	10,400
Operations	1,158,500	58,500	101,100	6,100
Solid and Hazardous Waste Management	115,900	2,500	109,600	4,000
Total	<u>2,587,400</u>	<u>70,000</u>	<u>3,935,000</u>	<u>50,300</u>

ENVIRONMENTAL CONSERVATION

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,636,000	6,000	343,000	6,000
Air and Water Quality Management	1,117,000	38,000	418,000	38,000
Environmental Enforcement	6,285,000	2,016,400	676,000	17,000
Fish, Wildlife and Marine Resources	1,709,000	(1,153,000)	792,000	41,000
Forest and Land Resources	1,440,000	(136,000)	1,097,000	114,000
Operations	13,200,000	979,000	2,150,000	342,000
Solid and Hazardous Waste Management	274,000	5,000	54,000	5,000
Total	25,661,000	1,755,400	5,530,000	563,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	37,000	0	1,238,000	0
Air and Water Quality Management	84,000	0	456,000	0
Environmental Enforcement	37,000	0	345,000	0
Fish, Wildlife and Marine Resources	16,000	0	859,000	(1,194,000)
Forest and Land Resources	71,000	0	170,000	(250,000)
Operations	1,912,000	(74,000)	8,469,000	711,000
Solid and Hazardous Waste Management	20,000	0	198,000	0
Total	2,177,000	(74,000)	11,735,000	(733,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	18,000	0	0	0
Air and Water Quality Management	159,000	0	0	0
Environmental Enforcement	30,000	0	5,197,000	1,999,400
Fish, Wildlife and Marine Resources	42,000	0	0	0
Forest and Land Resources	102,000	0	0	0
Operations	669,000	0	0	0
Solid and Hazardous Waste Management	2,000	0	0	0
Total	1,022,000	0	5,197,000	1,999,400

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	15,278,000	1,320,500	8,646,000	731,000
Air and Water Quality Management	103,281,000	(858,200)	34,478,500	(1,101,900)
Air Resources	8,000,000	0	3,990,000	340,000
Construction Management	4,000,000	(468,000)	1,684,000	(716,000)
Environmental Enforcement	35,060,000	(1,566,900)	18,992,000	(1,661,200)
Fish, Wildlife and Marine Resources	59,337,000	2,361,700	22,915,000	(803,900)
Forest and Land Resources	28,828,000	521,000	15,134,000	84,000
Operations	15,030,000	294,300	3,104,000	21,000
Solid and Hazardous Waste Management	58,930,000	197,500	9,153,000	(102,500)
Total	327,744,000	1,801,900	118,096,500	(3,209,500)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	6,632,000	589,500	0	0
Air and Water Quality Management	42,817,000	968,200	25,985,500	(724,500)
Air Resources	4,010,000	(340,000)	0	0
Construction Management	2,316,000	248,000	0	0
Environmental Enforcement	15,568,000	94,300	500,000	0
Fish, Wildlife and Marine Resources	32,233,000	2,077,600	4,189,000	1,088,000
Forest and Land Resources	12,394,000	437,000	1,300,000	0
Operations	11,762,000	273,300	164,000	0
Solid and Hazardous Waste Management	10,194,000	300,000	39,583,000	0
Total	137,926,000	4,647,900	71,721,500	363,500

ENVIRONMENTAL CONSERVATION

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	1,620,800	2,499,300	878,500
Total	<u>1,620,800</u>	<u>2,499,300</u>	<u>878,500</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	13,800	27,300	13,500
Air and Water Quality Management			
General Fund	1,157,000	1,172,000	15,000
Forest and Land Resources			
General Fund	0	850,000	850,000
Solid and Hazardous Waste Management			
General Fund	450,000	450,000	0
Total	<u>1,620,800</u>	<u>2,499,300</u>	<u>878,500</u>

ENVIRONMENTAL CONSERVATION

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Capital Projects Fund	0	0	0	14,000
Marine Resources				
Capital Projects Fund	0	0	0	124,000
Federal Capital Projects Fund	3,750,000	0	(3,750,000)	15,906,000
Air Resources - EQBA				
Capital Projects Fund - EQBA (Bondable)	0	0	0	10,299,000
Environmental Quality Bond Act Fund				
Environmental Quality Bond Act Fund - 1986	0	0	0	226,764,000
State Air Quality Projects				
Capital Projects Fund - EQBA (Bondable)	0	0	0	1,103,000
Water Resources - PWBA				
Capital Projects Fund - PWBA (Bondable)	0	14,467,000	14,467,000	17,046,000
Solid Waste Management				
Capital Projects Fund	845,000	845,000	0	2,651,000
Capital Projects Fund - Advances	0	0	0	1,304,000
Federal Capital Projects Fund	10,000,000	0	(10,000,000)	43,507,000
Environmental Protection and Enhancements				
Environmental Protection Fund	0	0	0	69,598,000
Environment and Recreation				
Environmental Protection Fund	125,000,000	150,000,000	25,000,000	408,366,000
Fish and Wildlife				
Capital Projects Fund	1,300,000	300,000	(1,000,000)	3,461,000
Federal Capital Projects Fund	600,000	600,000	0	7,961,000
Hudson River Habitat Restor. Fund	0	0	0	351,000
Lands and Forests				
Capital Projects Fund	1,350,000	1,300,000	(50,000)	18,445,000
Federal Capital Projects Fund	1,300,000	2,000,000	700,000	3,800,000
Forest Preserve Expansion Fund	0	0	0	115,000
Water Resources - EQBA				
Capital Projects Fund - EQBA (Bondable)	0	327,000	327,000	9,575,000
Air Resources				
Capital Projects Fund	0	0	0	552,000
Clean Air Fund	0	0	0	11,000,000
Administration				
Capital Projects Fund	4,025,000	3,100,000	(925,000)	5,894,000
Federal Capital Projects Fund	0	0	0	175,000
Enterprise Fund	0	0	0	175,000
Lands and Forests - EQBA				
Capital Projects Fund - EQBA (Bondable)	0	0	0	640,000
Environmental Quality Protection Bond Fund				
Environmental Quality Protection Bond Fund	0	0	0	41,836,000
Clean Water/Clean Air Bond Fund				
Clean Water - Clean Air Bond Fund	0	0	0	648,650,000
Pure Waters Bond Fund				
Pure Waters Bond Fund	0	0	0	33,752,000
Recreation				
Capital Projects Fund	2,500,000	1,000,000	(1,500,000)	4,437,000
Solid Waste Management - EQBA				
Capital Projects Fund - EQBA (Bondable)	0	0	0	16,425,000
Operations				
Capital Projects Fund	14,880,000	21,390,000	6,510,000	39,530,000
Cap Proj Fund - DEC Regular (Auth Bonds)	10,729,000	11,000,000	271,000	21,729,000
Natural Resource Damages Fund	0	0	0	9,555,000
Financial Security Fund	0	0	0	1,702,000
Water Resources				
Capital Projects Fund	3,334,000	2,634,000	(700,000)	43,412,000
Capital Projects Fund - Advances	0	150,000	150,000	17,043,000
Cap Proj Fund - State Revolving Fund (Auth Bonds)	28,893,000	29,602,000	709,000	61,103,000
Cap Proj Fund - Onondaga Lake (Auth Bonds)	10,000,000	10,000,000	0	20,000,000
Federal Capital Projects Fund	144,464,000	146,280,000	1,816,000	307,242,000
Air Quality - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	0	0	0	56,318,000
Clean Water - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	0	0	0	324,263,000
Solid Waste - Clean Water/Clean Air 96				

ENVIRONMENTAL CONSERVATION

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Capital Projects Fund - 1996 CWA (Bondable)	0	0	0	38,358,000
Environmental Restoration - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	0	0	0	176,720,000
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	2,527,000	1,050,000	(1,477,000)	8,761,000
Solid and Hazardous Waste Management - EQBA 86				
Capital Projects Fund - EQBA 86 (Bondable)	0	0	0	185,095,000
Lands and Forests - EQBA 86				
Capital Projects Fund - EQBA 86 (Bondable)	0	0	0	6,000
Solid and Hazardous Waste Management				
Capital Projects Fund	2,501,000	0	(2,501,000)	3,275,000
Capital Projects Fund - Advances	30,000,000	0	(30,000,000)	70,281,000
Hazardous Waste Remedial Fund - Oversight & Assessment	15,000,000	15,000,000	0	30,000,000
Hazardous Waste Remedial Fund - Cleanup	121,233,000	120,000,000	(1,233,000)	201,132,000
Total	<u>534,231,000</u>	<u>531,045,000</u>	<u>(3,186,000)</u>	<u>3,219,451,000</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

ENVIRONMENTAL FACILITIES CORPORATION

MISSION

The Environmental Facilities Corporation is a public benefit corporation established to help local governments, State agencies, and private industry comply with State and Federal environmental laws and regulations. The Corporation works with these entities to design, construct, operate, and finance air pollution control, drinking water and wastewater treatment, and solid and hazardous waste disposal facilities. The Environmental Facilities Corporation's largest program is the Clean Water State Revolving Fund. This program, administered jointly with the Department of Environmental Conservation, provides reduced-interest rate financings to municipalities to construct water pollution control facilities. The Corporation, in conjunction with the New York State Department of Health, jointly administers the Drinking Water State Revolving Fund, which provides reduced-interest rate financings to community and private water systems for safe drinking water projects. Funding for these programs is provided by a Federal grant and a corresponding State match. The State match for the Drinking Water Revolving Fund is provided from the Clean Water/Clean Air Bond Act. Administration of these programs is also supported by fees and interest generated through program operations.

ORGANIZATION AND STAFFING

The Environmental Facilities Corporation is governed by a seven-member Board of Directors who serve without compensation: the Commissioner of Environmental Conservation serves as the chairman, the Commissioner of Health, the Secretary of State, and four members nominated to six-year terms by the Governor with Senate confirmation.

The Corporation is operated by a President appointed by the Board of Directors and will have a 2005-06 workforce of 99, including 7 staff of the Department of Environmental Conservation who are assigned administratively to the Corporation.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The operations of the Environmental Facilities Corporation are funded by:

- Financing fees and annual fees charged to municipalities that receive Revolving Fund loans and a portion of State and Federal grants made for the Clean Water and Drinking Water programs; and
- User fees paid by businesses, municipalities, and industrial clients for the Corporation's technical and financial services.

For fiscal year 2005-06, a total of \$11.9 million is recommended for operations of the Corporation. In addition, State funds are included in the Department of Environmental Conservation and Department of Health's capital budgets for the required match to Federal funding for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs.

PROGRAM HIGHLIGHTS

The Environmental Facilities Corporation currently administers six major programs: the two State Revolving Funds, the Industrial Finance Program, Technical Advisory Services, the Clean Water/Clean Air Bond Act's business environmental compliance assistance programs and the Pipeline for Jobs Program.

ENVIRONMENTAL FACILITIES

CLEAN WATER STATE REVOLVING FUND PROGRAM

This program was established in 1989 to help municipalities comply with the Federal Clean Water Act by providing low-interest rate financings to build or upgrade water pollution control facilities. Since 1989, the program has received Federal and State appropriations totaling \$2.6 billion and \$522 million, respectively. The State Revolving Fund has made loans totaling \$10.2 billion to 442 recipients across the State. Interest rates range from as low as zero percent to no more than two-thirds of the market rate. These low-interest rate financings substantially reduce the cost of water pollution control projects for borrowers, making environmental compliance and protection more attainable.

DRINKING WATER STATE REVOLVING FUND PROGRAM

In 1996, Congress enacted Federal legislation authorizing the Drinking Water State Revolving Fund program. This program, modeled after the Clean Water State Revolving Fund program, provides reduced interest rate financings to community and private water systems to finance safe drinking water projects. In cases of financial hardship, funds are also available from the Clean Water/Clean Air Bond Act to make grants for the construction of drinking water facilities. The Drinking Water Program has made loans totaling \$1.2 billion and grants totaling \$159.9 million to 257 recipients across the State. Federal funding provided for the Drinking Water State Revolving Fund requires a 20 percent State match. Since 1996, the program has been supported by \$504.7 million in Federal awards, requiring a State match of \$100.9 million. The State's share of the Drinking Water State Revolving Fund is provided from the Clean Water/Clean Air Bond Act.

INDUSTRIAL FINANCE PROGRAM

Since 1976, the Industrial Finance Program has provided more than \$1.38 billion in low-interest rate loans and \$217.3 million in loan refinancing to businesses and State agencies for environmental improvement projects. Projects eligible for loans include solid waste management facilities, hazardous waste management facilities, and water supply and wastewater management facilities. Loans under the program are financed from the proceeds of special obligation revenue bonds issued by the Corporation.

TECHNICAL ADVISORY SERVICES

The Technical Advisory Services Program advises businesses, industrial clients, State agencies, and municipalities on pollution prevention, waste management, and compliance with environmental laws and regulations. The Corporation also provides fund management and loan and grant servicing to its clients. The Environmental Facilities Corporation addresses such issues as air pollution control and compliance, multi-media waste management, inactive hazardous waste site remediation, water and wastewater management, and solid waste management and landfill closure. This program is funded by fees paid by Corporation clients who contract for these services.

FINANCIAL ASSISTANCE TO BUSINESS

The 1996 Clean Water/Clean Air Bond Act provides \$60 million to assist businesses in achieving compliance with environmental laws and regulations pertaining to air and water quality. The air and water quality programs are funded at \$30 million each and are used to assist businesses in targeted sectors to procure new capital equipment necessary to achieve environmental compliance. The Environmental Facilities Corporation will work with village, town, and city governments to identify businesses in need of assistance.

ENVIRONMENTAL FACILITIES

PIPELINE FOR JOBS

The Pipeline For Jobs Program was created in 1999 to provide low-cost loans and financial assistance to municipalities, public utilities, public benefit corporations, and businesses. The purpose of the program is to encourage and support water supply and cold water supply improvement projects which provide an economic development benefit to the State. The recommendation for this program includes \$1.2 million in reappropriations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	10,279,500	11,570,500	1,291,000	0
Aid To Localities	0	0	0	0
Capital Projects	292,000	292,000	0	1,447,000
Total	<u>10,571,500</u>	<u>11,862,500</u>	<u>1,291,000</u>	<u>1,447,000</u>

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
	Administration		
Special Revenue Funds - Other	88	88	0
Clean Water/Clean Air Administration Program			
Capital Projects Funds - Other	4	4	0
Total	<u>92</u>	<u>92</u>	<u>0</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	10,279,500	11,570,500	1,291,000
Total	<u>10,279,500</u>	<u>11,570,500</u>	<u>1,291,000</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
Special Revenue Funds - Other	(337,500)
Appropriated 2004-05	<u>9,942,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	10,279,500	11,570,500	1,291,000
Total	<u>10,279,500</u>	<u>11,570,500</u>	<u>1,291,000</u>

ENVIRONMENTAL FACILITIES

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	11,570,500	1,291,000	7,068,000	659,600
Total	<u>11,570,500</u>	<u>1,291,000</u>	<u>7,068,000</u>	<u>659,600</u>

Program	Nonpersonal Service	
	Amount	Change
Administration	4,502,500	631,400
Total	<u>4,502,500</u>	<u>631,400</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Pipeline for Jobs Program				
Capital Projects Fund - Authority Bonds	0	0	0	1,155,000
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	292,000	292,000	0	292,000
Total	<u>292,000</u>	<u>292,000</u>	<u>0</u>	<u>1,447,000</u>

DIVISION OF HOUSING AND COMMUNITY RENEWAL

MISSION

The Division of Housing and Community Renewal is responsible for the supervision, maintenance and development of affordable low- and moderate-income housing in New York State. The Division currently performs a number of activities in fulfillment of this mission, including:

- Oversight and regulation of the State's public and publicly assisted rental housing;
- Administration of the State's rent regulations; and
- Administration of housing development and community preservation programs, including State and Federal grants and loans to housing developers to finance construction or renovation of affordable housing.

ORGANIZATION AND STAFFING

Headed by a Commissioner, the Division of Housing and Community Renewal maintains three main offices and nine regional offices. Main offices in Albany and Manhattan are responsible for agency-wide administrative functions and the development and execution of the Division of Housing and Community Renewal's policies for its Community Development and Housing programs. The Division of Housing and Community Renewal's Rent Administration program is administered through the main office in Queens and local offices in rent regulated communities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Division of Housing and Community Renewal's fee revenues come from the following sources: 1) mortgage servicing fees; 2) application and monitoring fees collected from developers of housing projects that are partially financed by Federal low-income tax credits; 3) payments by New York City to finance a portion of the Division's rent regulation activities; and 4) fees collected from the U.S. Department of Housing and Urban Development in connection with State administration of the Federal Section 8 rental subsidy program.

The Division of Housing and Community Renewal is the lead State agency for the development, construction and oversight of State-assisted housing. The majority of the State's housing construction and rehabilitation programs are supported by appropriations administered by three public benefit corporations: the Housing Finance Agency; the Affordable Housing Corporation; and the Housing Trust Fund Corporation. The Division of Housing and Community Renewal provides administrative support to the Housing Trust Fund Corporation.

Executive Budget recommendations for the Division of Housing and Community Renewal total more than \$313 million. The 2005-06 Budget will:

- Provide \$2 million in support of the Governor's Low-Income Housing Tax Credit Program, resulting in nearly \$20 million in new funding for affordable housing over the next ten years;
- Provide over \$74 million in housing capital funds, including \$7 million for the nationally recognized Homes for Working Families Program;
- Provide \$8.3 million to administer the development of low-income housing and over \$17.4 million to supervise the operation of publicly assisted housing, including the State-financed Mitchell-Lama portfolio;
- Provide \$7.8 million in administrative funding for the Neighborhood and Rural Preservation Programs; and

HOUSING AND COMMUNITY RENEWAL

- Continue the Division's administration of the federally funded Weatherization Assistance Program, providing grants to local not-for-profit groups and governments to assist low-income households in reducing their energy consumption and lowering their fuel bills.

PROGRAM HIGHLIGHTS

COMMUNITY DEVELOPMENT

Community Development staff provide support to the Housing Trust Fund Corporation, a public benefit corporation that provides State-funded loans and grants to for-profit and not-for-profit entities to develop housing for low-income families, tenants with special needs and the low-income elderly.

Community Development staff also administer the allocation of low-income housing tax credits across the State. These tax credits promote the production of low-income rental housing projects by reducing the tax liability of investors who finance the acquisition and construction of these projects.

SMALL CITIES

The Governor's Office for Small Cities, operated within the New York State Housing Trust Fund, administers approximately \$58 million in annual block grant funds from the U.S. Department of Housing and Urban Development. The Small Cities program supports projects in communities with populations of less than 50,000 or non-urban counties with populations of less than 200,000 for housing rehabilitation, job creation or retention, infrastructure repair or replacement, micro-enterprise programs and homeownership assistance.

HOUSING OVERSIGHT

The Housing Program oversees the management of State-assisted housing projects. On a project-by-project basis, Housing Program staff periodically review the financial and physical condition of:

- 220 housing developments constructed between 1957 and 1974 under the State's Mitchell-Lama housing laws and financed with State-guaranteed debt. These projects provide more than 92,000 dwelling units to low- and moderate-income families;
- 74 public housing projects constructed between 1941 and 1973 and financed with State General Obligation bonds that provide more than 20,000 apartments for low-income families; and
- Approximately 1,000 low-income apartment projects partially financed by State or Federal capital funds.

In addition to its regulatory functions, the Housing Program is responsible for the administration of over 31,000 HUD Housing Choice vouchers in New York State. These vouchers provide rental assistance to low-income families in 50 local program areas in New York State.

RENT ADMINISTRATION

The Omnibus Housing Act of 1983 mandated the consolidation of all rent regulation under the Division of Housing and Community Renewal in order to ensure that the State's rent laws are administered in a manner that recognizes the concerns of both landlords and tenants. The Office of Rent Administration has been recognized for its outstanding efforts to make the

HOUSING AND COMMUNITY RENEWAL

program more responsive to its customers. Since 1995, over 90 percent of the backlog of rent regulated cases subject to adjudication have been eliminated. By streamlining the administrative process, the amount of time necessary to close a rent overcharge case has been reduced significantly.

HOUSING CAPITAL PROGRAMS

There are two primary low- and moderate-income housing construction programs supported by State appropriations: the Housing Trust Fund Program and the Affordable Housing Corporation Program. This Budget includes a \$29 million appropriation and \$106.2 million in reappropriations for the Housing Trust Fund Program, which provides grants to finance construction or rehabilitation of low-income apartment buildings. The Affordable Housing Corporation will receive \$25 million in new funds and \$86.9 million in reappropriations to stimulate local economic growth and stabilize distressed communities across the State by providing grants of up to \$25,000 to first-time low- and moderate-income home buyers.

To support municipal housing authorities, this Budget also recommends that \$12.8 million in new funding and \$66.8 million in reappropriations be provided to continue repairs and renovations to the State's existing public housing stock. Finally, the Budget recommends the reauthorization of on-going funding from prior years for a number of programs, including: the Permanent Housing for Homeless Families Program, the Housing Project Repair Program and the Federal National Affordable Housing Act Program.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	89,353,000	93,580,000	4,227,000	58,385,000
Aid To Localities	147,654,000	146,094,000	(1,560,000)	164,401,000
Capital Projects	74,200,000	74,200,000	0	353,831,000
Total	<u>311,207,000</u>	<u>313,874,000</u>	<u>2,667,000</u>	<u>576,617,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	74	74	0
Community Development			
General Fund	57	50	(7)
Special Revenue Funds - Federal	43	43	0
Special Revenue Funds - Other	5	12	7
Housing			
General Fund	52	44	(8)
Special Revenue Funds - Federal	36	36	0
Special Revenue Funds - Other	79	87	8
Housing Information Systems			
General Fund	71	71	0
New Facilities			
Capital Projects Funds - Federal	42	42	0
Rent Administration			
General Fund	81	81	0
Special Revenue Funds - Other	395	395	0
Total	<u>935</u>	<u>935</u>	<u>0</u>

HOUSING AND COMMUNITY RENEWAL

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	28,801,000	29,671,000	870,000
Special Revenue Funds - Federal	8,912,000	8,995,000	83,000
Special Revenue Funds - Other	51,640,000	54,914,000	3,274,000
Total	<u>89,353,000</u>	<u>93,580,000</u>	<u>4,227,000</u>

Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(824,000)		
Special Revenue Funds - Federal	(212,000)		
Special Revenue Funds - Other	(297,000)		
Appropriated 2004-05	<u>88,020,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	12,028,000	12,523,000	495,000
Special Revenue Funds - Other	2,911,000	2,911,000	0
Community Development			
General Fund	3,442,000	3,484,000	42,000
Special Revenue Funds - Federal	3,243,000	3,254,000	11,000
Special Revenue Funds - Other	1,517,000	1,627,000	110,000
Housing			
General Fund	2,868,000	2,895,000	27,000
Special Revenue Funds - Federal	5,669,000	5,741,000	72,000
Special Revenue Funds - Other	8,397,000	8,765,000	368,000
Housing Information Systems			
General Fund	7,223,000	7,453,000	230,000
Rent Administration			
General Fund	3,240,000	3,316,000	76,000
Special Revenue Funds - Other	38,815,000	41,611,000	2,796,000
Total	<u>89,353,000</u>	<u>93,580,000</u>	<u>4,227,000</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,662,000	52,000	4,662,000	52,000
Community Development	3,315,000	42,000	3,315,000	42,000
Housing	2,778,000	27,000	2,778,000	27,000
Housing Information Systems	4,342,000	155,000	4,342,000	155,000
Rent Administration	2,766,000	(24,372,000)	2,766,000	(24,372,000)
Total	<u>17,863,000</u>	<u>(24,096,000)</u>	<u>17,863,000</u>	<u>(24,096,000)</u>

HOUSING AND COMMUNITY RENEWAL

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	7,861,000	443,000	206,000	0
Community Development	169,000	0	30,000	0
Housing	117,000	0	8,300	0
Housing Information Systems	3,111,000	75,000	219,900	0
Rent Administration	550,000	(14,223,000)	0	0
Total	11,808,000	(13,705,000)	464,200	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	110,000	0	7,535,000	443,000
Community Development	105,000	0	34,000	0
Housing	41,000	0	67,700	0
Housing Information Systems	26,000	0	2,641,100	75,000
Rent Administration	0	0	0	0
Total	282,000	0	10,277,800	518,000

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Administration	10,000	0	0	0
Community Development	0	0	0	0
Housing	0	0	0	0
Housing Information Systems	224,000	0	0	0
Rent Administration	0	0	0	(10,317,000)
Total	234,000	0	0	(10,317,000)

Program	Maintenance Undistributed	
	Amount	Change
Administration	0	0
Community Development	0	0
Housing	0	0
Housing Information Systems	0	0
Rent Administration	550,000	(3,906,000)
Total	550,000	(3,906,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	2,911,000	0	0	0
Community Development	4,881,000	121,000	2,581,000	58,000
Housing	14,506,000	440,000	8,083,000	200,000
Rent Administration	41,611,000	2,796,000	25,396,000	804,000
Total	63,909,000	3,357,000	36,060,000	1,062,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	2,911,000	0
Community Development	1,300,000	63,000	1,000,000	0
Housing	4,923,000	240,000	1,500,000	0
Rent Administration	16,215,000	1,992,000	0	0
Total	22,438,000	2,295,000	5,411,000	0

HOUSING AND COMMUNITY RENEWAL

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	45,204,000	43,644,000	(1,560,000)
Special Revenue Funds - Federal	92,450,000	92,450,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Total	<u>147,654,000</u>	<u>146,094,000</u>	<u>(1,560,000)</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Housing Development Fund Program			
Special Revenue Funds - Other	10,000,000	10,000,000	0
HUD Section 8 New Construction			
Special Revenue Funds - Federal	13,100,000	13,100,000	0
Low Income Weatherization			
Special Revenue Funds - Federal	21,350,000	21,350,000	0
Neighborhood Preservation			
General Fund	5,465,000	5,465,000	0
Periodic Subsidies - Local Areas			
General Fund	17,780,000	16,220,000	(1,560,000)
Rural Preservation			
General Fund	2,355,000	2,355,000	0
Rural Rental Assistance			
General Fund	19,604,000	19,604,000	0
Small Cities Community Development Block Grant			
Special Revenue Funds - Federal	58,000,000	58,000,000	0
Total	<u>147,654,000</u>	<u>146,094,000</u>	<u>(1,560,000)</u>

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Affordable Housing Corporation				
Housing Program Fund	25,000,000	25,000,000	0	86,950,000
Housing Assistance Fund				
Housing Assistance Fund	0	0	0	11,333,000
Low Income Housing Trust Fund				
Housing Program Fund	29,000,000	29,000,000	0	106,288,000
Maintenance and Improvements of Existing Facilities				
Housing Program Fund	0	0	0	7,452,000
Housing Opportunity Program For Elderly				
Housing Program Fund	400,000	400,000	0	400,000
Housing Program Capital Improvement				
Capital Projects Fund	0	0	0	19,720,000
State Housing Bond Fund				
State Housing Bond Fund	0	0	0	7,344,000
New Facilities				
Capital Projects Fund	0	0	0	1,225,000
Federal Capital Projects Fund	0	0	0	31,031,000
Public Housing Modernization Program				
Housing Program Fund	12,800,000	12,800,000	0	66,838,000
Homes for Working Families Program				
Housing Program Fund	7,000,000	7,000,000	0	15,250,000
Total	<u>74,200,000</u>	<u>74,200,000</u>	<u>0</u>	<u>353,831,000</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

HOUSING FINANCE AGENCY

MISSION

The New York State Housing Finance Agency is a public benefit corporation created in 1960 to finance low- and moderate-income rental housing. The Agency issues taxable and tax-exempt bonds to provide mortgage loans to developers of mixed-income and affordable rental projects.

The Housing Finance Agency also plays a role in administering several housing programs supported by State and Federal appropriations. In 1990, the Agency's mission was expanded to include the issuance of bonds to reimburse the State for appropriated expenditures under the State's housing programs.

ORGANIZATION AND STAFFING

The Housing Finance Agency is governed by a Board of Directors consisting of seven members: the Commissioner of Housing and Community Renewal, the Director of the Budget, the Commissioner of Taxation and Finance and four members nominated by the Governor with the consent of the Senate. The Governor designates a Chairperson.

The Agency headquarters is located in New York City and is managed by a President/Chief Executive Officer, who is appointed by the Board of Directors. Staff is organized into five departments: the President's Office, Multi-Family Finance, Debt Issuance, Finance and Operations and Legal Services.

The Housing Finance Agency is operated and administered jointly with the State of New York Mortgage Agency, but the two agencies are governed by separate Boards of Directors.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Agency receives no direct operating support from the State. Its operating budget is funded with fees and revenues the Agency generates through its financing activities.

From 1995 through 2004, the Housing Finance Agency has provided \$3.8 billion in loans for multi-family rental housing.

PROGRAM HIGHLIGHTS

Since its inception in 1960, the Agency has provided financing of more than \$6 billion for more than 99,000 units of multi-family housing. Between January 1, 1995 and the close of the Agency's fiscal year on October 31, 2004, the Agency provided \$3.8 billion in mortgage loans that created rental housing for more than 20,000 families. During the Agency's 2003-04 fiscal year, more than 3,100 units were financed with mortgage loans totaling more than \$667 million.

STATE OF NEW YORK MORTGAGE AGENCY

MISSION

The State of New York Mortgage Agency is a public benefit corporation created in 1970 to increase the affordability of homeownership for low- to moderate-income residents of New York State. This is accomplished by the Agency's issuance of taxable and tax-exempt bonds and the use of proceeds to purchase low-interest rate mortgage loans. In 1978, the Agency's mission was expanded to include the issuance of mortgage insurance to promote the stabilization of neighborhoods throughout the State.

ORGANIZATION AND STAFFING

The Agency is overseen by an eight-member Board of Directors comprised of the State Comptroller, the Director of the Budget, the Commissioner of Housing and Community Renewal and appointees of the Governor, the Temporary President of the Senate and the Speaker of the Assembly. Responsibility for operation of the Agency rests with the President/Chief Executive Officer, who also serves in this capacity for the Housing Finance Agency — the State's other major housing finance entity. The Agency is operated jointly with the Housing Finance Agency out of its central headquarters in New York City and from regional offices in Albany, Buffalo and Long Island.

The State of New York Mortgage Agency has two program divisions. Its Single Family Mortgage Finance Division provides low-interest rate mortgages to low- and moderate-income first-time homebuyers (and for other eligible homebuyers in designated target areas) through the issuance of mortgage revenue bonds. The Agency uses a network of banking institutions to originate mortgages on its behalf. The Mortgage Insurance Division provides insurance on mortgage loans for residential, mixed residential, commercial and community service-related properties throughout the State. In addition, in December 2004, the Mortgage Insurance Fund was authorized to enter into agreements to provide credit support for bonds and ancillary bond facilities issued by the Convention Center Development Corporation, a subsidiary of the New York State Urban Development Corporation. This insurance is supported by the Mortgage Insurance Fund, which is funded by a surcharge on the Mortgage Recording Tax.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Agency receives no direct operating support from the State. Statute requires the State to guarantee certain obligations of the Agency. The Executive Budget recommends more than \$366 million in appropriations in 2005-06 to satisfy this requirement, although no cash disbursements are projected to be made from this appropriation. All State of New York Mortgage Agency programs and operations are supported by Agency funds, consisting of mortgage income, application fees, insurance premiums and investment proceeds.

PROGRAM HIGHLIGHTS

Since its inception in 1970, the Agency's Single Family Division has provided more than \$9 billion of affordable financing for over 135,800 homes in New York. Between January 1, 1995 and the close of the Agency's fiscal year on October 31, 2004, the Agency purchased \$3.6 billion in single-family mortgages — helping more than 45,000 New Yorkers buy their first homes. During the Agency's 2003-04 fiscal year, 4,453 loans were financed in the amount of \$440 million.

MORTGAGE AGENCY

The Mortgage Insurance Fund's portfolio of insured mortgages exceeds \$3 billion. In 2003-04, mortgage insurance provided by the Agency totaled more than \$127 million.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	76,800,000	76,800,000	0	0
Aid To Localities	212,694,000	289,229,000	76,535,000	0
Capital Projects	0	0	0	0
Total	289,494,000	366,029,000	76,535,000	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	76,800,000	76,800,000	0
Total	76,800,000	76,800,000	0

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

Program	Available 2004-05	Recommended 2005-06	Change
Infrastructure Trust Fund Guarantee - SONYMA Homeowners Mortgage Revenues General Fund	61,800,000	61,800,000	0
SONYMA Mortgage Insurance Fund Restoration General Fund	15,000,000	15,000,000	0
Total	76,800,000	76,800,000	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Infrastructure Trust Fund Guarantee - SONYMA Homeowners Mortgage Revenues	61,800,000	0	61,800,000	0
SONYMA Mortgage Insurance Fund Restoration	15,000,000	0	15,000,000	0
Total	76,800,000	0	76,800,000	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	212,694,000	289,229,000	76,535,000
Total	212,694,000	289,229,000	76,535,000

MORTGAGE AGENCY

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

Program	Available 2004-05	Recommended 2005-06	Change
SONYMA Mortgage Insurance Fund			
Restoration			
General Fund	212,694,000	289,229,000	76,535,000
Total	212,694,000	289,229,000	76,535,000

HUDSON RIVER PARK TRUST

MISSION

The Hudson River Park Trust (the Trust) is a public benefit corporation established in 1998 to design, develop, and maintain the 550-acre Hudson River Park in Manhattan, which will extend five miles along the Hudson River waterfront from Battery Park to 59th Street. The Trust is governed by a 13-member board: 5 members appointed by the Governor, 5 by the Mayor of New York City, and 3 by the Manhattan Borough President.

ORGANIZATION AND STAFFING

The Trust is headed by a President and Chief Executive Officer who is appointed by the Board.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A recommended overall resource level of \$10 million in new appropriations, in concert with \$55.6 million in reappropriations, will fund all Trust capital costs in 2005-06 associated with the planning, design and construction of Park projects. Specifically, 2005-06 Budget recommendations provide \$5 million for Park development from the Environmental Protection Fund within the budget for the Department of Environmental Conservation, and a capital advance appropriation of \$5 million, which will be repaid by New York City. All Trust administrative activities, including operating costs, are paid directly from a portion of the commercial lease payments and other revenues generated by businesses and activities conducted on the Park property. These receipts are deposited directly to the Trust.

PROGRAM HIGHLIGHTS

During 2005-06, the Trust will continue the design and construction of the remaining segments of the Park, develop detailed cost estimates, explore alternative sources of funding and continue to oversee capital projects to build the Park.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	5,000,000	5,000,000	55,643,000
Total	0	5,000,000	5,000,000	55,643,000

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Regional Development				
Capital Projects Fund - Advances	0	5,000,000	5,000,000	55,643,000
Total	0	5,000,000	5,000,000	55,643,000

INSURANCE DEPARTMENT

MISSION

The Insurance Department, which was established in 1860, is charged with regulating the insurance industry and with balancing the interests of insurance consumers, companies and producers. Specific statutory responsibilities include: approving the formation, consolidation or merger of insurance organizations and all new insurance products, monitoring the financial stability of insurers, overseeing the testing and licensing of agents, adjusters, consultants and insurance intermediaries and disciplining licensees who violate the Insurance Law or regulations.

ORGANIZATION AND STAFFING

The Insurance Department is headed by a Superintendent who is appointed by the Governor. The Department maintains offices in Albany and New York City and local offices in Mineola, Rochester, Syracuse, Oneonta and Buffalo. The Department's activities are carried out through three programs: Administration, Regulation and Consumer Services, with a 2005-06 workforce of 918 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

The Executive Budget recommends \$179.8 million in assessment revenue to fund the Department's current activities including the Insurance Disaster Preparedness Unit to help New York and the insurance industry respond to potential natural, financial and terrorist disasters. The industry assessments will provide \$21 million to the Department of State for costs associated with fire prevention efforts and enforcement of state building code regulations, \$31 million to the Department of Health for costs associated with the Center for Community Health and the implementation of the new "forge-proof" prescription program, and \$5 million to the Law Department for implementation of Executive Order 109 that appointed the Attorney General as a Special Prosecutor to combat no-fault auto insurance fraud.

The Executive Budget also includes \$4 million for the expansion of the Traffic and Criminal Software (TraCS) project which uses computer technology in State Police patrol cars to produce electronic tickets and accident reports. In addition, \$3 million for the Department of Law is recommended to support joint investigations related to broker/insurer compensation and pricing practices.

PROGRAM HIGHLIGHTS

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

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

The September 11 attacks on the World Trade Center demonstrated the important role New York's insurance industry has in maintaining economic stability during times of tragedy. To ensure that the industry's ability to perform that role is strengthened, the Department

INSURANCE

established an Insurance Disaster Preparedness Unit to coordinate industry efforts to prevent and respond to natural, financial and terrorist disasters. Through this unit, the Department works with industry representatives to develop disaster preparedness and business continuity plans, fight money laundering activities and enhance fraud detection capabilities.

Reflecting the dynamic and changing environment confronting the insurance industry, the Department has streamlined its regulatory and licensing process. In fact, since 1994 the Department has reformed or rescinded over half its regulations and eased the process by which companies are licensed and new insurance products approved. The Department continues to work closely with the Banking Department to assist Holocaust victims and their families to identify and recover assets from foreign financial institutions.

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

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	165,266,500	179,819,000	14,552,500	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	165,266,500	179,819,000	14,552,500	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
Special Revenue Funds - Other	127	124	(3)
Consumer Services			
Special Revenue Funds - Other	161	159	(2)
Regulation			
Special Revenue Funds - Other	620	635	15
Total	908	918	10

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	165,266,500	179,819,000	14,552,500
Total	165,266,500	179,819,000	14,552,500

Adjustments:	
Transfer(s) From	
Special Pay Bill	
Special Revenue Funds - Other	(4,444,000)
Appropriated 2004-05	<u>160,822,500</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	12,789,700	13,139,000	349,300
Consumer Services			
Special Revenue Funds - Other	11,710,300	12,212,000	501,700
Regulation			
Special Revenue Funds - Other	140,766,500	154,468,000	13,701,500
Total	<u>165,266,500</u>	<u>179,819,000</u>	<u>14,552,500</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	13,139,000	349,300	8,084,000	(63,600)
Consumer Services	12,212,000	501,700	7,839,000	163,400
Regulation	154,468,000	13,701,500	46,286,000	938,000
Total	<u>179,819,000</u>	<u>14,552,500</u>	<u>62,209,000</u>	<u>1,037,800</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	5,055,000	412,900	0	0
Consumer Services	4,373,000	338,300	0	0
Regulation	43,390,000	4,954,300	64,792,000	7,809,200
Total	<u>52,818,000</u>	<u>5,705,500</u>	<u>64,792,000</u>	<u>7,809,200</u>

DIVISION OF THE LOTTERY

MISSION

In 1966, New Yorkers approved a constitutional amendment to authorize a State Lottery in support of education. The Division of the Lottery raises revenue through the sale and marketing of Lottery games.

ORGANIZATION AND STAFFING

The Division of the Lottery is an independent unit of the Department of Taxation and Finance, whose Commissioner appoints the Director of the Lottery. The Division maintains a central office in Schenectady, regional offices in Buffalo, Syracuse, New York City and Long Island, a satellite office in Fishkill to serve the Hudson Valley, and a claims center in Rochester. Marketing sales representatives are assigned to the regional offices around the State, and recruit and support point-of-sale retailers, which include convenience stores, newsstands, supermarkets, restaurants and bowling centers. The Division of the Lottery will have a workforce of 341 staff in the 2005-06 fiscal year.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Lottery games have raised in excess of \$26 billion in revenues for education since the Lottery's inception in 1967. In 2005-06, approximately \$2 billion will be available for education. The Division's costs are supported entirely with Lottery revenues. The 2005-06 Executive Budget recommends \$124 million to support Lottery operations. By law, no more than 15 percent of gross traditional Lottery sales and ten percent of Video Lottery net machine income may be used for administration. Historically, the Lottery Division's total administrative costs have been below the statutory limit.

PROGRAM HIGHLIGHTS

Lottery games sold on the Division's on-line computer system include: Mega Millions, Lotto, Pick 10, New York Numbers, Win 4 and Take Five. These games can be played from approximately 16,000 locations across the State and offer players the opportunity to match their "picks" to televised drawings that take place twice daily, daily, or twice weekly, depending on the game. Winning tickets up to \$600 can be validated and redeemed by customers at any location selling Lottery products.

The Lottery Division's Instant games have contributed significantly to the growth of Lottery revenues. The Division will market more than 40 new Instant games during 2005-06, with ticket prices starting at \$1.

Quick Draw, first introduced in 1995, is an electronic version of Pick 10, with winning numbers drawn by computer every five minutes. Quick Draw is displayed at approximately 3,100 authorized establishments statewide, such as restaurants and bowling centers.

In 2001, legislation was enacted to broaden the Lottery gaming opportunities in New York State, authorizing New York's involvement in a multi-state Lottery game and permitting the installation of Video Lottery Terminals (VLTs) at horse racing facilities across the State. Pursuant to this legislation, the Division of the Lottery entered into an agreement with nine other states to create a new multi-state Lottery game, "Mega Millions". Currently, 11 states including New York participate. Mega Millions' first drawing occurred on May 17, 2002.

The 2005-06 Executive Budget provides funds necessary to market and operate Mega Millions for the coming fiscal year. In addition, Lottery has continued efforts to implement the VLT program at various horse racing facilities across the State with four VLT gaming facilities currently operational. The 2005-06 Executive Budget also provides the necessary funding for the video lottery program's continued operation and implementation.

LOTTERY

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	124,400,800	124,235,000	(165,800)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	124,400,800	124,235,000	(165,800)	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration of the Lottery			
Special Revenue Funds - Other	337	341	4
Total	337	341	4

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	124,400,800	124,235,000	(165,800)
Total	124,400,800	124,235,000	(165,800)
Adjustments:			
Transfer(s) From Special Pay Bill			
Special Revenue Funds - Other	(1,095,800)		
Appropriated 2004-05	123,305,000		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration of the Lottery			
Special Revenue Funds - Other	124,400,800	124,235,000	(165,800)
Total	124,400,800	124,235,000	(165,800)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration of the Lottery	124,235,000	(165,800)	25,060,000	8,925,700
Total	124,235,000	(165,800)	25,060,000	8,925,700
	Nonpersonal Service			
Program	Amount	Change		
Administration of the Lottery	99,175,000	(9,091,500)		
Total	99,175,000	(9,091,500)		

METROPOLITAN TRANSPORTATION AUTHORITY

MISSION

The Metropolitan Transportation Authority (MTA) is responsible for operating, maintaining and improving public transportation in the Metropolitan Commuter Transportation District consisting of New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties.

The Authority oversees the operations of the bus and subway systems in New York City, commuter railroads in the region, and seven bridges and two tunnels in New York City. This oversight includes general policy direction and development of operating and capital programs.

The Authority is comprised of three independent entities: The Metropolitan Transportation Authority, MTA New York City Transit and MTA Bridges and Tunnels. The Metropolitan Transportation Authority has five subsidiaries: MTA Staten Island Rapid Transit, MTA Long Island Rail Road, MTA Long Island Bus, MTA Metro North Railroad and MTA Capital Construction. MTA New York City Transit, which operates the New York City subway and bus systems, has one subsidiary, MTA Manhattan and Bronx Surface Transit.

ORGANIZATION AND STAFFING

Each of the three independent entities mentioned above is governed by its own Board, although by law membership on each Board is identical. There are 19 board members, 17 voting and 2 non-voting, each nominated by the Governor and confirmed by the Senate. Four members are nominated from a list provided by the Mayor of the City of New York and one each from lists prepared by the seven county executives in the Metropolitan Commuter Transportation District. The remaining six voting members are appointed directly by the Governor, with one serving as Board Chair.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget proposes a restructuring initiative to merge the MTA operating agencies into five distinct companies — MTA Rail Road, MTA Subway, MTA Bus, MTA Capital, and MTA Bridges and Tunnels. This restructuring would streamline the MTA by reducing redundant administrative functions; provide specific transportation missions for each of its subsidiaries; and produce significant operating savings.

The appropriations mentioned in this narrative represent only a portion of the \$1.67 billion subsidy provided by the State to the Metropolitan Transportation Authority, with the additional aid appropriated in the Department of Transportation's Aid to Localities budget.

PROGRAM HIGHLIGHTS

MTA NEW YORK CITY TRANSIT AND MTA COMMUTER RAILROADS

The Metropolitan Transportation Authority provides 24 hour-a-day transit and commuter services in the New York City metropolitan region. Its subway system is the largest in the nation and one of the largest in the world. MTA New York City Transit operates approximately 230 local and express bus routes throughout New York City. Complementing this service are additional bus routes in Nassau County provided by MTA Long Island Bus. MTA Long Island Rail Road and MTA Metro North Railroad, the two largest commuter rail

METROPOLITAN TRANSPORTATION

systems in the nation, provide transportation for travelers entering New York City from outlying suburban areas in New York State and Connecticut. Over 2 billion passengers ride the subways, buses and commuter rail systems each year.

MTA BRIDGES AND TUNNELS

MTA Bridges and Tunnels, the largest toll system in the nation, operates nine intra-city bridges and tunnels in New York City: Triborough Bridge, Bronx-Whitestone Bridge, Henry Hudson Bridge, Marine Parkway-Gil Hodges Bridge, Cross Bay Veterans' Memorial Bridge, Throgs Neck Bridge, Verrazano-Narrows Bridge, Queens-Midtown Tunnel and Brooklyn Battery Tunnel. It also provides financing for MTA New York City Transit's and the commuter railroads' capital programs. In addition, MTA Bridges and Tunnels is required by law to transfer surplus revenues to MTA New York City Transit and the commuter railroads to support their operations.

OTHER SUBSIDIARIES

In July 2003, the MTA created MTA Capital Construction Company, which has the ability to manage, design and effectuate the system expansion projects of all the MTA agencies. The other subsidiaries — MTA Staten Island Rapid Transit, MTA Long Island Bus, and MTA Manhattan and Bronx Surface Transit — provide regional transportation services. MTA Staten Island Rapid Transit operates transit services on Staten Island. MTA Manhattan and Bronx Surface Transit, in conjunction with MTA New York City Transit, provides bus service within New York City, primarily to passengers traveling within a particular borough or as feeder service to the subway. In September 2004, the MTA Board created the MTA Bus Company. Pursuant to an agreement with the City, the MTA will assume operation of bus service in the areas previously serviced by the franchised private bus lines. Specifically, the MTA will be responsible for all aspects of service delivery; the City of New York will pay to the MTA the difference between the actual cost of operations and all revenues. The MTA commenced operation of service in the area formerly operated by Liberty Lines Express Inc. in early January 2005, with the balance of the service expected to be conveyed as agreements are reached between the City and the operators.

MTA Long Island Bus provides bus service to Nassau County, western Suffolk County and eastern Queens County, connecting these areas to MTA New York City Transit's subway stations. The Metropolitan Transportation Authority is responsible for the operation and general oversight of MTA Long Island Bus. Nassau County is financially responsible for MTA Long Island Bus' operating costs that are over and above those supported by fares and by Federal and State assistance.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	540,100,000	672,300,000	132,200,000	0
Capital Projects	0	0	0	36,000,000
Total	540,100,000	672,300,000	132,200,000	36,000,000

METROPOLITAN TRANSPORTATION

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	540,100,000	672,300,000	132,200,000
Total	<u>540,100,000</u>	<u>672,300,000</u>	<u>132,200,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Dedicated Tax			
Special Revenue Funds - Other	540,100,000	672,300,000	132,200,000
Total	<u>540,100,000</u>	<u>672,300,000</u>	<u>132,200,000</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Mass Transportation and Rail Freight				
Metropolitan Transportation Authority				
Capital Projects Fund - Advances	0	0	0	36,000,000
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,000,000</u>

DEPARTMENT OF MOTOR VEHICLES

MISSION

The New York State Department of Motor Vehicles (DMV) promotes traffic safety, provides consumer protection and information services and assists other government agencies achieve their missions. DMV collects fees and generates non-tax revenues to support these objectives.

ORGANIZATION AND STAFFING

Under the direction of the Commissioner, the Department operates from its main office in Albany (Empire State Plaza) and from three regional headquarters in Albany, Long Island and New York City. The Department also operates 30 district and branch offices which issue licenses and registrations. In addition, County Clerk offices act as DMV agents at 98 locations throughout the State.

Approximately 99 percent of the Department's positions are supported by dedicated funds and fees, including a portion of traffic violation fines in certain localities. The remaining one percent are funded with Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Dedicated Highway and Bridge Trust Fund, supported primarily by revenues from motor vehicle fees, highway use and motor fuel taxes, will fund \$189 million, or 62 percent of DMV's budget. The balance is financed by Federal funds and special revenue funds supported by various fees and fines.

Appropriations for the Department of Motor Vehicles will increase by \$52 million, or 21 percent, the result of negotiated collective bargaining agreements; fully funded DMV fringe benefits costs; and increases in Federal Highway Safety grants.

The five-year capital plans for transit and highways expire in January and March 2005, respectively. This budget increases a number of DMV fees, including motor vehicle title, registration and photo document fees, to provide one of the funding sources for the new five-year transportation capital plans. These revenues will support necessary investments in the State's highway, bridge and transit infrastructure.

PROGRAM HIGHLIGHTS

CUSTOMER SERVICE

DMV issues driver's licenses and vehicle registrations, collects more than \$1 billion in revenue for the State and localities, monitors driver training and enforces the directives of local magistrates and departmental referees. State offices are also responsible for conducting road tests and maintaining enforcement sections that issue conditional and restricted use licenses and handle other suspension and revocation activities. The Department of Motor Vehicles served more than 20 million customers last year.

The Department also adjudicates traffic violations at 11 locations in New York City, and several other jurisdictions across the State. This allows local judges and criminal courts to dedicate their activities to criminal matters. This program is funded entirely by fines collected from violators. After State operating expenses are deducted, remaining funds are returned to the jurisdictions where the violations occurred.

The Department continues to enhance its Internet website to provide customers an alternative means for transacting Department business. Through the convenience of personal computers, more than one million transactions per year are processed via the DMV website. Through the Internet, customers can renew registrations and drivers licenses; order personalized and custom plates; order duplicate titles, registrations and licenses; and if

MOTOR VEHICLES

requested, post insurance proof. Customers can also check the status of their plate or title orders, schedule their road tests, pay certain fines, and obtain information and instructions from DMV's Right Now Web knowledge base. Businesses can order supplies of inspection stickers and post lien information.

VEHICLE AND DRIVER SAFETY

Governor Pataki's highway safety policies have resulted in reductions in fatalities and serious injuries on our roads. Contributing to this success have been new enforcement and educational efforts by State, local and non-profit agencies, including: a statewide crackdown to stop those who drink and drive or engage in aggressive driving; initiatives to promote proper child safety seat usage; and the statewide Click It or Ticket enforcement campaign, which has increased seatbelt usage to over 85 percent. These efforts have resulted in New York State's roadways being some of the safest in the nation.

DMV vehicle safety activities include: licensing and monitoring safety and emissions inspection stations; registering auto repair shops, dealers, transporters and dismantlers; and certifying vehicle inspectors, junk and salvage businesses and automotive body damage estimators.

Driver safety initiatives include implementation and oversight of educational or rehabilitative programs for motorists convicted of alcohol or drug-related driving offenses, the point insurance reduction program and pre-licensing courses. DMV also licenses and monitors driving schools and instructors.

In 2005-06, DMV will continue the "Driver Responsibility Program" that established increased monetary penalties on those drivers convicted of Driving While Intoxicated (DWI) or Driving While Under the Influence (DUI) of alcohol or substances and those who refuse to take a chemical test. The Driver Responsibility Program imposes monetary penalties upon drivers that are found to be repeatedly in violation of the State's vehicle and traffic laws and those who put responsible New York drivers at risk of injury and death.

FIELD INVESTIGATION AND AUDIT

One of the Department's major functions is to issue credentials which establish the identity and license status of drivers, the ownership of vehicles and boats, and the authenticity of auto-related businesses. External investigation activities concern stolen automobiles, odometer fraud, fraudulent identity and motor vehicle documents and complaints regarding unlicensed and suspended drivers.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	94,930,800	100,525,000	5,594,200	26,680,000
Aid To Localities	13,400,000	14,000,000	600,000	15,600,000
Capital Projects	143,429,000	189,451,000	46,022,000	0
Total	251,759,800	303,976,000	52,216,200	42,280,000

MOTOR VEHICLES

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs	2005-06 Estimated FTEs	FTE Change
	03/31/05	03/31/06	
Administrative Adjudication			
Special Revenue Funds - Other	442	442	0
Clean Air			
Special Revenue Funds - Other	177	177	0
Compulsory Insurance			
Special Revenue Funds - Other	212	212	0
Governors Traffic Safety Committee			
Special Revenue Funds - Federal	27	27	0
Transportation Safety			
General Fund	31	0	(31)
Special Revenue Funds - Other	1	1	0
Transportation Support			
Capital Projects Funds - Other	1,874	1,903	29
Total	<u>2,764</u>	<u>2,762</u>	<u>(2)</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	4,712,300	0	(4,712,300)
Special Revenue Funds - Federal	13,038,000	14,000,000	962,000
Special Revenue Funds - Other	72,180,500	78,025,000	5,844,500
Internal Service Funds	5,000,000	8,500,000	3,500,000
Total	<u>94,930,800</u>	<u>100,525,000</u>	<u>5,594,200</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(3,612,000)
Special Revenue Funds - Federal	(38,000)
Special Revenue Funds - Other	(2,548,000)
Appropriated 2004-05	<u>88,732,800</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	775,000	2,000,000	1,225,000
Internal Service Funds	5,000,000	8,500,000	3,500,000
Administrative Adjudication			
Special Revenue Funds - Other	37,029,200	41,166,000	4,136,800
Clean Air			
Special Revenue Funds - Other	15,175,400	15,719,000	543,600
Compulsory Insurance			
Special Revenue Funds - Other	17,707,000	17,598,000	(109,000)
Governors Traffic Safety Committee			
Special Revenue Funds - Federal	13,038,000	14,000,000	962,000
Transportation Safety			
General Fund	4,712,300	0	(4,712,300)
Special Revenue Funds - Other	1,493,900	1,542,000	48,100
Total	<u>94,930,800</u>	<u>100,525,000</u>	<u>5,594,200</u>

MOTOR VEHICLES

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Transportation Safety	0	(3,891,682)	0	(3,891,682)
Total	0	(3,891,682)	0	(3,891,682)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Transportation Safety	0	(820,618)	0	(37,712)
Total	0	(820,618)	0	(37,712)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Transportation Safety	0	(10,284)	0	(61,711)
Total	0	(10,284)	0	(61,711)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Transportation Safety	0	(61,711)	0	(649,200)
Total	0	(61,711)	0	(649,200)

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	10,500,000	4,725,000	0	0
Administrative Adjudication	41,166,000	4,136,800	20,539,000	2,004,000
Clean Air	15,719,000	543,600	8,785,000	81,800
Compulsory Insurance	17,598,000	(109,000)	8,626,000	(343,700)
Governors Traffic Safety Committee	14,000,000	962,000	466,000	(26,000)
Transportation Safety	1,542,000	48,100	112,000	10,200
Total	100,525,000	10,306,500	38,528,000	1,726,300

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	2,000,000	1,225,000	8,500,000	3,500,000
Administrative Adjudication	20,627,000	2,132,800	0	0
Clean Air	6,934,000	461,800	0	0
Compulsory Insurance	8,972,000	234,700	0	0
Governors Traffic Safety Committee	278,000	8,000	13,256,000	980,000
Transportation Safety	1,430,000	37,900	0	0
Total	40,241,000	4,100,200	21,756,000	4,480,000

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
Special Revenue Funds - Federal	13,400,000	14,000,000	600,000
Total	13,400,000	14,000,000	600,000

MOTOR VEHICLES

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

Program	Available 2004-05	Recommended 2005-06	Change
Governors Traffic Safety Committee			
Special Revenue Funds - Federal	13,400,000	14,000,000	600,000
Total	<u>13,400,000</u>	<u>14,000,000</u>	<u>600,000</u>

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Transportation Support				
Dedicated Highway and Bridge Trust Fund	143,429,000	189,451,000	46,022,000	0
Total	<u>143,429,000</u>	<u>189,451,000</u>	<u>46,022,000</u>	<u>0</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

MISSION

In 1980, Lake Placid and the surrounding areas were host to the Winter Olympic Games. The following year, the Olympic Regional Development Authority was established to create and administer a post-Olympic program for the Lake Placid facilities. These facilities include: the Olympic Ice Center; the Olympic Speedskating Oval; the Whiteface Mountain Ski Area and Veterans' Memorial Highway; the Mt. Van Hoevenberg Complex that includes bobsled and luge runs, cross-country ski trails and a biathlon range; the Olympic Ski Jumping Complex; and the U.S. Olympic Training Center. In 1984, the Olympic Regional Development Authority's responsibility expanded to include the management of the Gore Mountain Ski Center in North Creek, Warren County.

ORGANIZATION AND STAFFING

The Authority is governed by a ten-member Board of Directors, consisting of the commissioners of Economic Development, Environmental Conservation, Parks, and seven other members appointed by the Governor and confirmed by the Senate. The Governor selects one member as Chair. The Commissioner of Economic Development currently chairs the Authority. Board members serve without compensation.

The Authority has a workforce of 180 and employs up to 1,000 full- and part-time hourly workers, depending on the season.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2005-06, State tax dollars from the General Fund will finance 27 percent, or \$7.35 million, of the Authority's \$27.3 million operating budget. State funding supplements \$18.3 million in revenue generated from venue marketing, fees and ticket sales to athletic and other special events; \$778,600 from the Town of North Elba; \$420,000 from the United States Olympic Committee to cover the costs associated with use of Authority facilities; \$200,000 from the Winter Sports Education Trust Fund; and \$200,000 from the Olympic Training Center Account.

PROGRAM HIGHLIGHTS

OLYMPIC FACILITIES

The Olympic Regional Development Authority manages one of three primary sites (the others being in California and Colorado) for year-round training of America's Olympic athletes. In 2003-04, the Olympic facilities at Lake Placid received more than 570,000 visitors. The Authority hosts numerous national and international athletic and entertainment events. In 2003-04 major events included: the 1980 Lake Placid Hockey celebration and private screening of the movie, "Miracle"; the Lake Placid Synchronized Skating Classic; the International Skating Institute Figure Skating Competition; Sesame Street Live; the Harlem Globetrotters; World Cup Skeleton and Women's World Cup Bobsled; Junior National Figure Skating Championships; Synchronized Skating Championships; World Cup Freestyle Skiing; Disney on Ice; Bobsled World Championships; World Cup Biathlon; Empire State Winter Games; and several festivals and shows. In addition, the Authority has been the home of the Stars on Ice figure skating rehearsal and preview show since 1992.

OLYMPIC REGIONAL DEVELOPMENT

SKI FACILITIES

The Authority also manages the Gore and Whiteface Mountain ski centers, two major downhill ski facilities that received more than 395,000 visitors in the 2003-04 ski season; and over 210,000 visitors for off-season activities such as mountain biking and sightseeing tours.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	7,750,000	7,750,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	7,750,000	7,750,000	0	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	7,350,000	7,350,000	0
Special Revenue Funds - Other	400,000	400,000	0
Total	7,750,000	7,750,000	0

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

Program	Available 2004-05	Recommended 2005-06	Change
Operations			
General Fund	7,350,000	7,350,000	0
Special Revenue Funds - Other	400,000	400,000	0
Total	7,750,000	7,750,000	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Operations	7,350,000	0	7,350,000	0
Total	7,350,000	0	7,350,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
Operations	400,000	0	200,000	0
Total	400,000	0	200,000	0

Program	Maintenance Undistributed	
	Amount	Change
Operations	200,000	0
Total	200,000	0

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

MISSION

The Office of Parks, Recreation and Historic Preservation's mission is to provide safe and enjoyable recreational and interpretive opportunities for all New York State residents and visitors, and to be responsible stewards of our valuable natural, historic, and cultural resources. The Office operates and maintains 169 parks and 35 historic sites, hosts a multitude of cultural and educational programs, and offers diverse recreational opportunities, ranging from secluded campsites to the internationally renowned Niagara Falls State Park. Approximately 60 million people visit the State's parks and historic sites annually.

New York's park system and its unparalleled recreational opportunities are an important factor in the State's tourism industry and economy. Services open to the public at State parks include beaches, golf courses, performing arts centers, swimming pools, marinas, cabins, campgrounds and many significant bird conservation, wildlife habitat, historic properties and natural areas.

ORGANIZATION AND STAFFING

The Office is headed by a Commissioner appointed by the Governor. Operations are administered through a network of 11 regional offices: Allegany, Central, Finger Lakes, Genesee, Long Island, New York City, Niagara, Palisades, Saratoga/Capital District, Taconic and Thousand Islands. The central office, which includes executive staff and other administrative support functions, is located in Albany.

For fiscal year 2005-06, the Office will have a workforce of 1,566. More than 5,000 temporary and seasonal employees supplement the permanent staff in the peak summer season.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends more than \$268 million for the Office's programs, including \$110.7 million in General Fund moneys and more than \$88 million in fee revenues. These funds will support the operation of all existing park facilities and the development of parklands acquired with funding from the Environmental Protection Fund (EPF) and 1996 Clean Water/Clean Air Bond Act.

These recommendations continue funding for the Empire State Games and Art Park at the 2004-05 level. In addition, \$4.95 million in funding for the Zoos, Botanical Gardens and Aquaria program will be provided from the EPF.

The General Fund continues to be the Office's primary source of support for its operating and local assistance budgets by providing 55.7 percent of its funding. The remaining 44.3 percent is provided by a variety of sources, including:

- User fees at the parks (37.3 percent);
- Federal grants for activities related to the use of recreational vehicles and land and water conservation (5.7 percent); and
- Fiduciary and Enterprise funds, including moneys earmarked for historic sites, arboretums and the Empire State Games (1.3 percent).

The primary focus of the Office's capital program is the health and safety of park visitors and the maintenance and rehabilitation of existing facilities. Park facilities include more than 5,000 buildings, 27 golf courses, 53 swimming pools, 76 beaches, 27 marinas, 40 boat launching sites, 18 nature centers, 817 cabins and 8,355 campsites. The Office also maintains hundreds of miles of roads and over 1,350 miles of trails, expansive utility systems, 106 dams and 604 bridges.

PARKS, RECREATION AND HISTORIC PRESERVATION

For 2005-06, appropriations of \$38.7 million are recommended for capital projects from the State Park Infrastructure Fund, a dedicated fund consisting of revenues generated from day use and camping fees at the parks, as well as concession revenues and other miscellaneous revenues. Budget recommendations also include \$4 million in Federal appropriations for Federal Land and Water Conservation funding and \$25 million in fiduciary appropriations for other potential gifts to improve various parks.

Funding from the State Park Infrastructure Fund will be supplemented with resources for State parks capital projects from the Federal Land and Water Conservation Fund and the EPF. In 2005-06 the EPF will provide over \$7 million for infrastructure and stewardship projects at State parks and lands operated by the Office and the Department of Environmental Conservation.

PROGRAM HIGHLIGHTS

Since 1995-96, the Office has reorganized functions and consolidated management operations to more effectively provide safe and enjoyable recreational services to the public. These efforts will continue in 2005-06 as the Office achieves efficiencies through the continued streamlining of administrative oversight, redeployment of staff, and consolidation of functions. The Office has also fostered public-private partnerships to enhance park facilities and events, including corporate sponsorships for fireworks displays, playground construction and the Empire State Games. With private sector support and expertise, the Black Course at Bethpage State Park was the first public course ever to host the U.S. Open national golf championship tournament in the summer of 2002, and has been selected to host the tournament again in 2009.

In his 2004 State of the State address, the Governor committed to opening 5 new State Parks in the next 2 years and opening or expanding 20 State Parks in the next 5 years. The recent acquisition of the Sonnenberg Mansion and Gardens and the opening of Robert Wehle State Park on Lake Ontario continue this historic expansion of the State Park system.

The responsibilities of the Office are carried out through five major programs:

- Administration: provides executive direction, fiscal, personnel and audit services, public communications, and management of the Office's capital program;
- Park Operations: operates the State's 169 parks. Seasonal and full-time personnel are assigned to specific facilities in one of the Office's 11 regions. Staff includes a statewide police force, security and field operations staff, as well as skilled and semi-skilled maintenance personnel. Day use, golf course, and other user fees directly offset the cost of facility operations;
- Empire State Games: plans and implements the Games for the Physically Challenged, Senior Games, Summer Games, and Winter Games;
- Historic Preservation: oversees preservation activities at 35 historic sites, develops a statewide Comprehensive Historic Preservation Plan, and maintains the State Register of Historic Places; and
- Natural Heritage Trust: receives and administers funds, including private gifts and bequests, to advance conservation, outdoor recreation, and historic preservation purposes. Created under the Public Authorities Law in 1968, the Natural Heritage Trust is a public benefit corporation.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	169,415,000	182,744,900	13,329,900	10,855,000
Aid To Localities	20,142,000	15,870,000	(4,272,000)	44,098,000
Capital Projects	39,644,000	69,450,000	29,806,000	104,258,000
Total	<u>229,201,000</u>	<u>268,064,900</u>	<u>38,863,900</u>	<u>159,211,000</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs	2005-06 Estimated FTEs	FTE Change
	03/31/05	03/31/06	
Administration			
General Fund	81	81	0
Historic Preservation			
General Fund	137	137	0
Special Revenue Funds - Federal	12	12	0
Special Revenue Funds - Other	1	1	0
Park Operations			
General Fund	1,045	1,054	9
Special Revenue Funds - Federal	9	9	0
Special Revenue Funds - Other	142	142	0
Capital Projects Funds - Other	120	120	0
Recreation Services			
General Fund	10	10	0
Total	<u>1,557</u>	<u>1,566</u>	<u>9</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	97,391,100	107,218,100	9,827,000
Special Revenue Funds - Federal	3,778,000	4,700,900	922,900
Special Revenue Funds - Other	65,745,900	68,325,900	2,580,000
Enterprise Funds	2,500,000	2,500,000	0
Total	<u>169,415,000</u>	<u>182,744,900</u>	<u>13,329,900</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(3,348,000)
Special Revenue Funds - Federal	(61,000)
Special Revenue Funds - Other	(1,110,000)
Appropriated 2004-05	<u>164,896,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	6,212,900	6,622,900	410,000
Special Revenue Funds - Federal	500,000	500,000	0
Historic Preservation			
General Fund	9,149,100	10,091,100	942,000
Special Revenue Funds - Federal	1,508,000	1,200,900	(307,100)
Special Revenue Funds - Other	112,000	124,000	12,000
Park Operations			
General Fund	79,712,500	88,112,500	8,400,000
Special Revenue Funds - Federal	1,770,000	3,000,000	1,230,000
Special Revenue Funds - Other	65,633,900	68,201,900	2,568,000
Recreation Services			
General Fund	2,316,600	2,391,600	75,000
Enterprise Funds	2,500,000	2,500,000	0
Total	<u>169,415,000</u>	<u>182,744,900</u>	<u>13,329,900</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,982,800	410,000	4,920,900	410,000
Historic Preservation	8,621,500	475,000	6,696,275	369,075
Park Operations	79,922,200	3,862,000	53,001,106	2,560,506
Recreation Services	682,100	75,000	567,175	62,475
Total	<u>94,208,600</u>	<u>4,822,000</u>	<u>65,185,456</u>	<u>3,402,056</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	23,100	0	38,800	0
Historic Preservation	1,843,950	101,650	81,275	4,275
Park Operations	24,778,920	1,197,220	2,142,174	104,274
Recreation Services	90,800	9,900	24,125	2,625
Total	<u>26,736,770</u>	<u>1,308,770</u>	<u>2,286,374</u>	<u>111,174</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,640,100	0	121,800	0
Historic Preservation	1,469,600	467,000	313,320	4,620
Park Operations	8,190,300	4,538,000	1,243,076	689,776
Recreation Services	1,709,500	0	250,800	0
Total	<u>13,009,500</u>	<u>5,005,000</u>	<u>1,928,996</u>	<u>694,396</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	95,700	0	1,422,600	0
Historic Preservation	51,665	765	524,840	7,740
Park Operations	1,122,806	621,706	4,710,550	2,609,350
Recreation Services	121,800	0	1,322,300	0
Total	<u>1,391,971</u>	<u>622,471</u>	<u>7,980,290</u>	<u>2,617,090</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	0	0
Historic Preservation	127,775	1,875	452,000	452,000
Park Operations	1,113,868	617,168	0	0
Recreation Services	14,600	0	0	0
Total	<u>1,256,243</u>	<u>619,043</u>	<u>452,000</u>	<u>452,000</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	500,000	0	150,000	0
Historic Preservation	1,324,900	(295,100)	722,000	(165,400)
Park Operations	71,201,900	3,798,000	27,093,600	2,004,000
Recreation Services	2,500,000	0	0	0
Total	<u>75,526,800</u>	<u>3,502,900</u>	<u>27,965,600</u>	<u>1,838,600</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	350,000	0	0	0
Historic Preservation	602,900	(129,700)	0	0
Park Operations	42,207,300	1,694,000	1,901,000	100,000
Recreation Services	2,500,000	0	0	0
Total	<u>45,660,200</u>	<u>1,564,300</u>	<u>1,901,000</u>	<u>100,000</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	7,752,000	3,500,000	(4,252,000)
Special Revenue Funds - Federal	6,640,000	6,620,000	(20,000)
Special Revenue Funds - Other	5,750,000	5,750,000	0
Total	<u>20,142,000</u>	<u>15,870,000</u>	<u>(4,272,000)</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	2,800,000	3,500,000	700,000
Historic Preservation			
Special Revenue Funds - Federal	140,000	120,000	(20,000)
Natural Heritage Trust			
General Fund	4,952,000	0	(4,952,000)
Park Operations			
Special Revenue Funds - Federal	4,000,000	4,000,000	0
Special Revenue Funds - Other	5,750,000	5,750,000	0
Recreation Services			
Special Revenue Funds - Federal	2,500,000	2,500,000	0
Total	<u>20,142,000</u>	<u>15,870,000</u>	<u>(4,272,000)</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Parks EQBA 86				
Capital Projects Fund - EQBA 86 (Bondable)	0	0	0	6,236,000
Natural Heritage Trust				
Capital Projects Fund	0	0	0	300,000
Federal Capital Projects Fund				
Federal Capital Projects Fund	4,000,000	4,000,000	0	12,617,000
Maintenance and Improvements of Existing Facilities				
Capital Projects Fund	0	0	0	655,000
Fiduciary Funds - Misc. Combined Expendable Trust Fund	5,000,000	25,000,000	20,000,000	17,680,000
State Parks Infrastructure Fund	29,394,000	38,700,000	9,306,000	61,962,000
Misc. Capital Projects	1,250,000	1,750,000	500,000	3,795,000
Outdoor Recreation Development Bond Fund				
Outdoor Recreation Development Bond Fund	0	0	0	230,000
Parks and Recreation Land Acquisition Bond Fund				
Parks and Recreation Land Acquisition Bond Fund	0	0	0	783,000
Total	<u>39,644,000</u>	<u>69,450,000</u>	<u>29,806,000</u>	<u>104,258,000</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

NEW YORK STATE PUBLIC AUTHORITIES

Established as public benefit corporations rather than departments of the State, the authorities are governed by boards of directors whose members can be appointed by the Governor, on the recommendation of the Legislature or local officials and by other involved municipalities.

In an effort to further enhance the operational effectiveness and public responsiveness of the State's public authorities, beyond the existing annual reports, independent financial audits and budget reports, the 2005-06 Executive Budget provides funding for The Commission on Public Authority Reform. The Governor recently established this Commission to study, review and evaluate the operations and practices of public authorities and to advise and assist authority boards of directors in developing and adopting model governance principles. Additionally, the Commission will provide training to board members in meeting their fiduciary, financial and ethical responsibilities.

Detailed information on a number of public authorities reflected in Tables 1 through 4 can be found elsewhere in this Executive Budget. These authorities include:

BRIDGE, TUNNEL AND HIGHWAY

Thruway Authority

ECONOMIC DEVELOPMENT

Development Authority of the North Country
Empire State Development Corporation
Job Development Authority

ENERGY AND ENVIRONMENT

Energy Research and Development Authority
Environmental Facilities Corporation

HOUSING, AND FINANCE

Housing Finance Agency
Local Government Assistance Corporation
State of New York Mortgage Agency

REGIONAL TRANSPORTATION

Metropolitan Transportation Authority

Public authorities which are not included elsewhere in the Executive Budget are discussed below:

BRIDGE, TUNNEL AND HIGHWAY AUTHORITIES

Buffalo and Fort Erie Public Bridge Authority

The Buffalo and Fort Erie Public Bridge Authority owns and operates the international "Peace Bridge," crossing the Niagara River between Buffalo and Fort Erie, Ontario. All capital improvements and operating expenses are funded by tolls and rentals of property and buildings. No State funds are used to support the Authority.

PUBLIC AUTHORITIES

New York State Bridge Authority

The New York State Bridge Authority is responsible for the Bear Mountain, Kingston-Rhinecliff, Mid-Hudson, Newburgh-Beacon and Rip Van Winkle toll bridges that span the Hudson River. Various bridge tolls cover Authority costs; no State funds are used to support the Authority.

Thousand Islands Bridge Authority

The Thousand Islands Bridge Authority operates two bridges connecting U.S. Interstate 81 in Jefferson County with Highway 401 in Ontario, Canada. The Authority also operates a sewage treatment facility and recreational and tourist facilities. Tolls from the bridge and other service fees cover operating costs; no State funds are used to support the Authority.

ECONOMIC DEVELOPMENT AUTHORITIES

Battery Park City Authority

The Battery Park City Authority (BPCA) is a public benefit corporation charged with the management and development of Battery Park City, a 92-acre mixed-use community located on the southwest end of Manhattan, immediately adjacent to the World Trade Center site. The Authority generates revenues by leasing individual plots of land to private developers through a public bid process. It collects rents and real estate tax equivalency payments to support its operations.

The Authority's adoption of environmental building guidelines in early 2000, resulted in the nation's first sustainable residential highrise being located in Battery Park City. In all, nine "green" buildings, (eight residential and one commercial) will be located there.

United Nations Development Corporation

The United Nations Development Corporation develops and manages commercial and residential facilities for United Nations-related activities in New York City including One, Two and Three United Nations Plaza. The Corporation does not rely on any State support to pay debt service or for its own operations.

ENERGY AND ENVIRONMENTAL AUTHORITIES

New York Power Authority

The New York Power Authority finances, builds and operates electric generation and transmission facilities. It currently owns and operates five major generating facilities, five small hydroelectric facilities, 11 small natural gas powered generating plants and more than 1,400 circuit miles of transmission lines. The Authority supplies economical electric power to New York State's municipal electric systems and rural electric cooperatives, private sector businesses and not-for-profit institutions throughout the State, municipalities and public corporations in the New York City metropolitan area and investor-owned utilities for resale to their customers. The Authority receives no State subsidy. It generally finances construction projects through sales of bonds and notes and pays the related debt service with revenues from the generation and transmission of electricity.

Long Island Power Authority

The Long Island Power Authority (LIPA) has the broad authority to ensure adequate, dependable and affordable electric service within its service area, including Nassau and Suffolk counties and the Rockaway Peninsula in Queens. LIPA serves approximately 1.1 million residential and commercial electricity customers. No State tax dollars are used to fund the Authority.

HOUSING AND FINANCE AUTHORITIES

Dormitory Authority

The Dormitory Authority provides financing, construction management, planning and design and purchasing services for higher and secondary education, not-for-profit health care, judicial and other not-for-profit institutions. The Authority funds its operations from its own client-generated revenues.

Municipal Assistance Corporation (MAC) for the City of New York

The Municipal Assistance Corporation (MAC) for the City of New York was created in 1975 to provide access to the credit markets for the City during a period of fiscal crisis and to help oversee its financial affairs. As of November 2004, the Sales Tax Asset Receivable Corporation (STAR-C), a local development corporation organized by the City of New York, has issued bonds and funded an escrow account in order to “economically defease” MAC’s remaining bondholder obligations. MAC, however, will continue to remain in existence until July 1, 2008 to monitor the escrow and perform other corporate duties as required by its enabling legislation.

Municipal Assistance Corporation for the City of Troy

The Municipal Assistance Corporation for the City of Troy was created in 1995 to provide the City with access to credit markets and to oversee Troy’s fiscal affairs. The Authority is subject to a debt cap of \$75 million. The State is authorized, subject to legislative review and appropriation, to provide moneys as necessary to ensure a 1.5:1 debt service coverage ratio on Authority debt. No State moneys are used to finance the Corporation, and failure of the State to appropriate State aid to the City does not constitute an event of default for Corporation obligations.

Nassau County Interim Finance Authority

The Nassau County Interim Finance Authority was established in 2000 to restore fiscal stability to Nassau County by overseeing its finances and issuing debt on its behalf. Authority debt service and operating expenses are funded with county sales tax revenues, on which the Authority has first lien.

Buffalo Fiscal Stability Authority

The Buffalo Fiscal Stability Authority was established in 2003 to restore fiscal health to the City of Buffalo by overseeing its finances and issuing debt on its behalf. Authority debt service and operating expenses are funded with city sales tax revenues and aid to municipalities on which the Authority has first lien.

PUBLIC AUTHORITIES

Municipal Bond Bank Agency

The Municipal Bond Bank Agency was established in 1972 to provide low-cost capital financing to towns, villages, cities and counties. In addition, the Agency is authorized to issue special program bonds and tax lien collateralized securities. The Agency is staffed by the Housing Finance Agency. No State tax dollars are used to fund the Agency.

Tobacco Settlement Financing Corporation

The Tobacco Settlement Financing Corporation (TSFC) is a subsidiary of the Municipal Bond Bank Agency, established by statute in June 2003 to securitize amounts to be received by the State of New York under the Master Settlement Agreement (MSA) entered into in 1998 by the State, the other "settling jurisdictions" and certain participating cigarette manufacturers. In June 2003, TSFC issued \$2.3 billion of bonds backed by 50 percent of the anticipated MSA funds. In December 2003, TSFC issued an additional \$2.2 billion of bonds backed by the remaining 50 percent of the anticipated MSA funds.

Project Finance Agency

The Project Finance Agency was created in 1975 to provide long-term financing for low-and middle-income residential housing projects originally financed by the Urban Development Corporation. During the mid-1970s, the Urban Development Corporation faced a potential default on bonds issued to construct these projects, preventing the issuance of long-term debt to complete projects under way. The Project Finance Agency was created as the financing vehicle to complete these projects. No State tax dollars are used to fund the Agency.

PORT DEVELOPMENT AUTHORITIES

Albany Port District Commission

The Albany Port District Commission develops and operates port facilities in the cities of Albany and Rensselaer. Lease revenues account for the majority of the Port's annual revenue, with maritime traffic making up the remainder. No State tax dollars are used to fund the Commission.

Ogdensburg Bridge and Port Authority

The Ogdensburg Bridge and Port Authority operates an international bridge between Ogdensburg, New York and Prescott, Ontario, Canada, as well as a marine port, an airport, an industrial park and a short-line railroad. The Authority has become increasingly involved in developing port and industrial park properties in the North Country region. The Authority's industrial park currently has 14 buildings, which house companies providing 1,000 jobs. Its marine terminal provides the North Country's mining industries with economically priced transportation.

Port Authority of New York and New Jersey

The Port Authority of New York and New Jersey was created in 1921 to improve port and transportation facilities in the New York metropolitan area. This bi-state authority is responsible for the management and daily operation of more than 30 facilities, including airports, marine terminal facilities, bus terminals, interstate bridges and tunnels, an interstate commuter railroad and industrial parks. No New York State funds are used to support the Port Authority.

The Port Authority is continuing to work with the Lower Manhattan Development Corporation, the Federal government and other agencies on the redevelopment of the World Trade Center site and the adjacent portion of lower Manhattan.

Port of Oswego Authority

The Port of Oswego Authority operates port facilities in the Oswego Port District, which includes the City of Oswego, the Town of Scriba, and all waters of the Oswego River and Lake Ontario within its boundaries. The Authority operates a port terminal and storage facilities and supports a marine museum and maritime foundation.

REGIONAL TRANSPORTATION AUTHORITIES

Capital District Transportation Authority

The Capital District Transportation Authority provides public transportation service within Albany, Rensselaer, Saratoga and Schenectady counties. State funding for the Capital District Transportation Authority is provided through appropriations to the New York State Department of Transportation.

Central New York Regional Transportation Authority

The Central New York Regional Transportation Authority provides public transportation service within Central New York through three subsidiary corporations: CNY Centro (Onondaga County), Centro of Oswego (Oswego County) and Centro of Cayuga (Cayuga County). State funding for the Central New York Regional Transportation Authority is provided through appropriations to the New York State Department of Transportation.

Niagara Frontier Transportation Authority

The Niagara Frontier Transportation Authority oversees the operations of a public transportation system providing bus, rail and paratransit services in Niagara and Erie counties. The Authority also operates the Buffalo Niagara International Airport, a primary commercial airport and the Niagara Falls International Airport, a joint-use military/ general aviation airport that serves as a reliever airport. Additionally, the NFTA operates a small boat harbor and two metro transit centers which are primary terminals for private inter-city bus service for Niagara and Erie counties. State funding for the Niagara Frontier Transportation Authority is provided through appropriations to the New York State Department of Transportation.

Rochester-Genesee Regional Transportation Authority

The Rochester-Genesee Regional Transportation Authority provides public transportation service in the counties of Genesee, Livingston, Monroe, Orleans, Seneca, Wayne and Wyoming. The Authority operates the Regional Transit Service (Rochester area), Wayne Area Transportation System, Livingston Area Transportation Service, Orleans Transit Service Inc., Seneca Transit Service Inc., Wyoming Transportation Service and Batavia Bus Service. State funding for the Rochester-Genesee Regional Transportation Authority is provided through appropriations to the New York State Department of Transportation.

PUBLIC AUTHORITIES

TABLE 1
FINANCIAL OPERATIONS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005
(thousands of dollars)

Authorities by Function	Fiscal Year Begins	2004				2005			
		Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}	Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}
BRIDGE, TUNNEL AND HIGHWAY									
Buffalo and Fort Erie Public Bridge Authority	Jan. 1	31,346	14,103	4,294	12,949	38,515	14,255	4,341	19,919
New York State Bridge Authority	Jan. 1	40,596	22,857	8,191	9,548	41,623	23,600	8,187	9,836
Thousand Islands Bridge Authority	Mar. 1	9,228	6,032	744	2,452	9,313	6,480	740	2,093
Thruway Authority ^{d/}	Jan. 1	501,298	343,764	92,513	65,021	594,107	360,341	109,339	124,427
ECONOMIC DEVELOPMENT									
Battery Park City Authority	Nov. 1	173,174	31,746	4,933	136,495	175,146	33,478	4,933	136,735
Development Authority of the North Country	April 1	9,423	5,726	3,084	613	11,060	5,764	4,652	644
Empire State Development Corporation	April 1	653,484	114,962	535,608	2,914	650,665	111,107	566,938	(27,380)
Job Development Authority	April 1	13,960	11,007	16,443	(13,490)	11,368	10,754	10,762	(10,148)
United Nations Development Corporation	Jan. 1	32,041	25,317	6,724	0	32,310	25,676	6,634	0
ENERGY AND ENVIRONMENT									
Energy Research and Development Authority	April 1	216,715	201,755	14,960	0	208,930	200,223	8,707	0
Environmental Facilities Corporation	April 1	594,566	15,477	573,209	5,880	621,619	18,850	597,121	5,648
Long Island Power Authority	Jan. 1	2,857,721	2,333,165	504,556	20,000	3,028,136	2,515,652	492,484	20,000
Power Authority ^{d/}	Jan. 1	2,211,800	1,840,700	331,400	39,700	2,284,100	1,954,600	357,500	(28,000)
HOUSING, HEALTH AND FINANCE									
Dormitory Authority	April 1	2,821,706	91,849	2,729,857	0	3,190,279	94,531	3,095,748	0
Housing Finance Agency	Nov. 1	470,319	21,595	445,925	2,799	581,114	24,280	555,923	911
Local Government Assistance Corporation	April 1	323,000	8,000	315,000	0	348,000	18,000	330,000	0
Mortgage Agency	Nov. 1	873,020	326,501	734,312	(187,793)	679,882	94,402	585,480	0
Municipal Assistance Corporation for the City of New York ^{e/}	July 1	126,160	10,523	0	115,637	10,000	9,903	0	97
Municipal Assistance Corporation for the City of Troy	Jan. 1	5,279	27	5,252	0	5,615	25	5,590	0
Nassau County Interim Finance Authority ^{f/}	Jan. 1	78,936	1,364	77,572	0	124,753	1,413	123,340	0
Municipal Bond Bank Agency	Nov. 1	24,404	410	23,994	0	38,487	468	38,019	0
Tobacco Settlement Financing Corporation	Nov. 1	228,234	1,570	215,118	11,546	414,031	1,720	412,311	0
Project Finance Agency	Nov. 1	58,109	356	57,753	0	51,888	236	51,652	0
Buffalo Fiscal Stability Authority	July 1	142,658	986	0	141,672	208,542	1,200	54,264	153,078

PUBLIC AUTHORITIES

TABLE 1
FINANCIAL OPERATIONS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005
(thousands of dollars)

Authorities by Function	Fiscal Year Begins	2004				2005			
		Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}	Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}
PORT DEVELOPMENT									
Albany Port District Commission	Jan. 1	3,296	2,449	140	707	3,323	2,442	140	741
Ogdensburg Bridge and Port Authority	April 1	3,470	3,412	149	(91)	4,237	3,788	146	303
Port Authority of New York and New Jersey ^{g/}	Jan. 1	3,061,740	2,089,011	682,000	290,729	3,163,404	2,183,052	609,485	370,867
Port of Oswego Authority	April 1	1,075	919	75	81	1,225	1,010	75	140
REGIONAL TRANSPORTATION									
Capital District Transportation Authority	April 1	50,225	50,638	0	(413)	47,923	53,051	0	(5,128)
Central New York Regional Transportation Authority	April 1	36,402	37,466	20	(1,084)	36,412	38,694	21	(2,303)
Metropolitan Transportation Authority ^{h/}	Jan. 1	8,765,400	7,271,400	855,600	638,400	8,664,600	7,572,900	1,208,100	(116,400)
Niagara Frontier Transportation Authority	April 1	137,242	128,168	8,570	504	138,650	135,385	8,135	(4,870)
Rochester-Genesee Regional Transportation Authority	April 1	55,044	58,557	0	(3,513)	51,361	60,036	0	(8,675)
GRAND TOTAL		24,611,071	15,071,812	8,247,996	1,291,263	25,470,618	15,577,316	9,250,767	642,535

^{a/} This table is based on authority estimates and may not reflect approval by the Board of Directors. This table covers the Authority fiscal year which includes September 30. Data vary as to cash or accrual accounting.

^{b/} The operating surplus may be committed to reserve requirements, repayment of State advances or funding of capital programs or programs operated by other authorities. Deficits are to be financed from existing resources and/or by management actions.

^{c/} Excludes debt service for bonds sold to finance State transportation programs.

^{d/} Deficits are to be financed from existing resources.

^{e/} As of November 2004, the Sales Tax Asset Receivable Corporation, a local development corporation organized by the City of New York, has issued bonds and funded an escrow account in order to "economically defease" the Municipal Assistance Corporation for the City of New York's remaining bondholder obligations. Surplus revenues are traditionally transferred to the City of New York.

^{f/} Surplus funds of the Authority are remitted immediately to Nassau County as required under the NIFA Act.

^{g/} All estimates are preliminary and are subject to change.

^{h/} Data represents consolidated reporting for the Metropolitan Transportation Authority and the Triborough Bridge and Tunnel Authority and does not reflect Executive Director's recommendation for closing budgetary gaps as outlined in the Authority's November 2004 financial plan.

PUBLIC AUTHORITIES

TABLE 2
CAPITAL PROGRAMS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005
(thousands of dollars)

Authorities by Function	2004			2005		
	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}
BRIDGE, TUNNEL AND HIGHWAY						
Buffalo and Fort Erie Public Bridge Authority	19,191	32,771	0	23,006	33,499	0
New York State Bridge Authority	10,453	48,129	0	30,926	47,301	0
Thousand Islands Bridge Authority	2,398	2,398	0	4,167	4,167	0
Thruway Authority	313,036	313,036	0	283,144	259,925	23,219
ECONOMIC DEVELOPMENT						
Battery Park City Authority	11,000	90,000	0	39,322	90,000	150,000
Development Authority of the North Country	18,000	8,600	9,400	2,500	2,500	0
Empire State Development Corporation	178,000	0	608,515	427,000	0	0
Job Development Authority	10,000	(13,490)	57,410	10,000	(10,148)	15,000
United Nations Development Corporation	751,000	6,970	0	4,486	5,984	0
ENERGY AND ENVIRONMENT						
Energy Research and Development Authority	11,350	0	11,350	11,350	0	11,350
Environmental Facilities Corporation	1,452,271	0	1,452,271	1,086,839	0	1,086,839
Long Island Power Authority	225,000	25,000	200,000	273,000	233,000	40,000
Power Authority	428,900	392,000	36,900	316,200	216,500	99,700
HOUSING, HEALTH AND FINANCE						
Dormitory Authority	1,762,616	3,342,024	2,297,887	2,376,290	3,877,295	2,899,421
Housing Finance Agency	660,927	356,071	718,358	1,326,010	413,548	1,200,000
Local Government Assistance Corporation	0	0	0	0	0	0
Mortgage Agency	436,390	60,484	251,550	440,000	40,072	450,000
Municipal Assistance Corporation for the City of New York	0	0	0	0	0	0
Municipal Assistance Corporation for the City of Troy	0	0	0	0	0	0
Nassau County Interim Finance Authority ^{c/}	0	0	0	0	0	0
Municipal Bond Bank Agency	0	0	0	0	0	0
Tobacco Settlement Financing Corporation	0	0	0	0	0	0
Project Finance Agency	0	0	0	0	0	0
Buffalo Fiscal Stability Authority	0	0	25,745	0	0	0

**TABLE 2
CAPITAL PROGRAMS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005
(thousands of dollars)**

Authorities by Function	2004			2005		
	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}
PORT DEVELOPMENT						
Albany Port District Commission	686	686	0	660	660	0
Ogdensburg Bridge and Port Authority	3,288	1,773	1,350	515	380	135
Port Authority of New York and New Jersey ^{d/}	1,337,669	925,285	823,505	1,702,639	1,081,234	0
Port of Oswego Authority	115	115	0	300	300	0
REGIONAL TRANSPORTATION						
Capital District Transportation Authority	11,125	11,125	0	15,485	15,485	0
Central New York Regional Transportation Authority	10,550	10,550	0	3,897	3,897	0
Metropolitan Transportation Authority ^{e/}	2,934,200	2,132,300	801,900	4,535,300	1,266,400	2,866,400
Niagara Frontier Transportation Authority	72,754	72,754	0	68,873	68,873	0
Rochester-Genesee Regional Transportation Authority	13,505	13,505	0	36,226	36,226	0
GRAND TOTAL	10,674,424	7,832,086	7,296,141	13,018,135	7,687,098	8,842,064

^{a/} This table is based on authority estimates and may not reflect approval by the Board of Directors. The table covers the Authority fiscal year which includes September 30. "Available resources" may include anticipated and/or requested State and Federal funds.

^{b/} Includes proceeds available for capital program only.

^{c/} All capital borrowings are made by the Authority on behalf of Nassau County and all capital bond proceeds are disbursed to Nassau County. The Authority issues debt only at the request of Nassau County. The County's debt plan for 2005 is still in development. The amount of new debt does not include refunding bonds.

^{d/} All estimates are preliminary and are subject to change.

^{e/} Data represents consolidated reporting for the Metropolitan Transportation Authority and the Triborough Bridge and Tunnel Authority.

PUBLIC AUTHORITIES

**TABLE 3
DEBT STRUCTURE OF NEW YORK STATE PUBLIC AUTHORITIES
AS OF SEPTEMBER 30, 2004
(thousands of dollars)**

Authorities by Function	All Bonds and Notes				Moral Obligation Bonds		
	Statutory Authorization	Bonds Issued	Bonds Outstanding	Notes Outstanding	Authorized Limit	Bonds Issued	Bonds Outstanding
BRIDGE, TUNNEL AND HIGHWAY							
Buffalo and Fort Erie Public Bridge Authority	165,000	53,370	45,080	1,102	0	0	0
New York State Bridge Authority	100,000	83,522	77,920	0	0	0	0
Thousand Islands Bridge Authority	Unlimited	5,745	3,775	0	0	0	0
Thruway Authority	Unlimited	15,377,387	9,503,399	675,000	0	0	0
ECONOMIC DEVELOPMENT							
Battery Park City Authority ^{a/}	1,210,000	1,179,266	1,162,141	0	0	0	0
Development Authority of the North Country	Unlimited	49,424	32,916	0	0	0	0
Empire State Development Corporation	Unlimited	7,548,842	6,072,533	13,108	1,295,000	1,145,358	0
Job Development Authority	750,000	726,080	77,525	0	0	0	0
United Nations Development Corporation	Unlimited	260,728	128,258	0	75,000	55,200	0
ENERGY AND ENVIRONMENT							
Energy Research and Development Authority	Unlimited	7,767,395	3,688,185	0	0	0	0
Environmental Facilities Corporation	Unlimited	8,990,980	6,475,622	0	0	0	0
Long Island Power Authority	Unlimited	10,892,468	7,166,430	159,000	0	0	0
Power Authority	Unlimited	7,130,690	1,566,160	814,570	0	0	0
HOUSING, HEALTH AND FINANCE							
Dormitory Authority	Unlimited	67,537,099	31,097,944	122,595	926,015	698,660	31,640
Housing Finance Agency ^{b/}	17,611,000	13,038,221	6,198,702	0	4,584,801	6,524,379	320,787
Local Government Assistance Corporation	4,700,000	6,920,825	4,448,795	0	0	0	0
Mortgage Agency	7,470,000	12,403,854	2,764,200	0	0	0	0
Municipal Assistance Corporation for the City of New York ^{c/}	11,500,000	9,445,000	1,758,000	0	0	0	0
Municipal Assistance Corporation for the City of Troy	75,000	69,583	68,381	0	0	0	0
Nassau County Interim Finance Authority	Unlimited	2,116,960	1,774,685	0	0	0	0
Municipal Bond Bank Agency	1,000,000	620,550	572,210	0	0	0	0
Tobacco Settlement Financing Corporation	4,200,000	4,551,120	4,494,975	0	0	0	0
Project Finance Agency	305,000	305,000	39,680	0	0	0	0
Buffalo Fiscal Stability Authority	Unlimited	25,745	25,745	35,000	0	0	0

PUBLIC AUTHORITIES

TABLE 3
DEBT STRUCTURE OF NEW YORK STATE PUBLIC AUTHORITIES
AS OF SEPTEMBER 30, 2004
 (thousands of dollars)

Authorities by Function	All Bonds and Notes				Moral Obligation Bonds		
	Statutory Authorization	Bonds Issued	Bonds Outstanding	Notes Outstanding	Authorized Limit	Bonds Issued	Bonds Outstanding
PORT DEVELOPMENT							
Albany Port District Commission	Unlimited	0	0	798	0	0	0
Ogdensburg Bridge and Port Authority	Unlimited	0	0	684	0	0	0
Port Authority of New York and New Jersey	Unlimited	15,068,969	9,824,620	776,900	0	0	0
Port of Oswego Authority	Unlimited	0	0	280	0	0	0
REGIONAL TRANSPORTATION							
Capital District Transportation Authority	Unlimited	0	0	0	0	0	0
Central New York Regional Transportation Authority	Unlimited	0	0	0	0	0	0
Metropolitan Transportation Authority ^{a/}	16,500,000	12,571,390	12,450,815	421,000	0	0	0
Niagara Frontier Transportation Authority	Unlimited	199,334	195,275	1,828	0	0	0
Rochester-Genesee Regional Transportation Authority	Unlimited	0	0	0	0	0	0
GRAND TOTAL		204,939,547	111,713,971	3,021,865	6,880,816	8,423,597	352,427

^{a/} \$400 million in bonding authority related to the Housing New York Program sunsetted on June 30, 1995.

^{b/} HFA moral obligation bond limit is reduced as bonds outstanding after April 1, 1976 are repaid.

^{c/} As of November 2004, the Sales Tax Asset Receivable Corporation, a local development corporation organized by the City of New York, has issued bonds and funded an escrow account in order to "economically defease" the Municipal Assistance Corporation for the City of New York's remaining bondholder obligations.

^{d/} Data represents consolidated reporting for the Metropolitan Transportation Authority and the Triborough Bridge and Tunnel Authority. Bond cap is applicable only to projects set forth in transit and commuter capital programs approved by the MTA Capital Program Review Board.

PUBLIC AUTHORITIES

TABLE 4
STATE INVOLVEMENT IN FINANCING OF PROJECTS AND OPERATIONS
OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005-06
 (thousands of dollars)

Authorities by Function	Authority Bonds Outstanding, 2004 ^{a/}			Outstanding Reimbursable State Appropriations, 2004	State Appropriations Requested in Support of Authority Programs, 2005-06 ^{b/}		
	Revenue and Nonrecourse	State Guaranteed	Moral Obligation		New Appropriations	Reappropriations	Total
BRIDGE, TUNNEL AND HIGHWAY							
Buffalo and Fort Erie Public Bridge Authority	45,080	0	0	0	0	0	0
New York State Bridge Authority	77,920	0	0	0	0	0	0
Thousand Islands Bridge Authority	3,775	0	0	0	0	0	0
Thruway Authority	9,503,399	0	0	0	4,000	4,007	8,007
ECONOMIC DEVELOPMENT							
Battery Park City Authority	1,162,141	0	0	0	0	0	0
Development Authority of the North Country	32,916	0	0	0	0	0	0
Empire State Development Corporation	6,072,533	0	0	0	428,362	296,473	724,835
Job Development Authority	0	77,525	0	0	0	0	0
United Nations Development Corporation	128,258	0	0	0	0	0	0
ENERGY AND ENVIRONMENT							
Energy Research and Development Authority	3,688,185	0	0	0	26,156	0	26,156
Environmental Facilities Corporation	6,475,622	0	0	9,942	11,863	4,355	16,218
Long Island Power Authority	7,166,430	0	0	0	0	0	0
Power Authority	1,566,160	0	0	0	0	0	0
HOUSING, HEALTH AND FINANCE							
Dormitory Authority	31,066,304	0	31,640	0	0	0	0
Housing Finance Agency	5,877,915	0	320,787	7,867	0	0	0
Local Government Assistance Corporation	4,448,795	0	0	0	348,000	0	348,000
Mortgage Agency	2,764,200	0	0	0	0	0	0
Municipal Assistance Corporation for the City of New York	1,758,000	0	0	0	0	0	0
Municipal Assistance Corporation for the City of Troy	68,381	0	0	0	0	0	0
Nassau County Interim Finance Authority	1,774,685	0	0	0	0	0	0
Municipal Bond Bank Agency	572,210	0	0	0	0	0	0
Tobacco Settlement Financing Corporation	4,494,975	0	0	0	356,538	0	356,538
Project Finance Agency	39,680	0	0	0	0	0	0
Buffalo Fiscal Stability Authority	25,745	0	0	0	0	0	0

PUBLIC AUTHORITIES

TABLE 4
STATE INVOLVEMENT IN FINANCING OF PROJECTS AND OPERATIONS
OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005-06
(thousands of dollars)

Authorities by Function	Authority Bonds Outstanding, 2004 ^{a/}			Outstanding Reimbursable State Appropriations, 2004	State Appropriations Requested in Support of Authority Programs, 2005-06 ^{b/}		
	Revenue and Nonrecourse	State Guaranteed	Moral Obligation		New Appropriations	Reappropriations	Total
PORT DEVELOPMENT							
Albany Port District Commission	0	0	0	0	0	0	0
Ogdensburg Bridge and Port Authority	0	0	0	19,230	0	0	0
Port Authority of New York and New Jersey	9,824,620	0	0	0	0	0	0
Port of Oswego Authority	0	0	0	4,130	0	0	0
REGIONAL TRANSPORTATION							
Capital District Transportation Authority	0	0	0	0	23,055	0	23,055
Central New York Regional Transportation Authority	0	0	0	0	20,656	0	20,656
Metropolitan Transportation Authority ^{c/}	12,450,815	0	0	0	1,665,815	36,000	1,701,815
Niagara Frontier Transportation Authority	195,275	0	0	0	30,119	0	30,119
Rochester-Genesee Regional Transportation Authority	0	0	0	0	18,408	0	18,408
GRAND TOTAL	111,284,019	77,525	352,427	41,169	2,932,972	340,835	3,273,807

^{a/} This table covers bonds outstanding as of September 30.

^{b/} Appropriations are included in the Executive Budget for State Fiscal Year 2005-06 from the State's General Fund, dedicated tax funds, Capital Projects Fund or bond funds. Some of these funds may be appropriated to an intermediary which, in turn, makes payment to the named authority.

^{c/} Data represents consolidated reporting for the Metropolitan Transportation Authority and the Triborough Bridge and Tunnel Authority. Outstanding bonds do not include Convention Center Project Bonds, that are not covered by the Authority's bond cap, and are solely supported by rental income.

DEPARTMENT OF PUBLIC SERVICE

MISSION

The Department of Public Service has a broad mandate to ensure that all New Yorkers have access to competitively priced high quality utility services provided safely, cleanly and with maximum customer choice. The Department is the staff arm of the Public Service Commission, which regulates the rates and services of the State's public utilities, including electric, gas, steam, telephone and water. The Commission also oversees the siting of major electric and gas transmission lines and facilities. In addition, it ensures the safety of natural gas and liquid petroleum pipelines and is responsible for oversight and regulation of the cable television industry in New York State. As the transition is made from a regulated utility industry to a more competitive market, the Department will use its oversight responsibilities to foster competitive market forces which will produce lower rates for consumers, enable customers to choose from a variety of suppliers and continue reliable service.

ORGANIZATION AND STAFFING

The Public Service Commission consists of five members who are nominated by the Governor and confirmed by the Senate. The Chairman serves as the chief executive officer of the Department which operates offices in Albany, New York City, Buffalo and Syracuse.

The Department's budget has two programs: the Administration Program, which supports the Public Service Commission and Department activities; and the Regulation Program, which undertakes activities to ensure fair and reasonable rates, foster proper competition, educate NYS consumers about the changing marketplace, monitor service standards, address consumer complaints, promote efficient operation and ensure that industry construction programs meet safety and environmental requirements.

The Department will have a workforce of 545 for 2005-06. The Department is funded almost entirely from utility and cable assessments.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 budget recommendations for the Department of Public Service reflect the changing mission of the agency as the utility industry moves from a regulated environment to a competitive market. As the electric industry undergoes restructuring, the Department is overseeing this process to ensure that policies are implemented to encourage competition for retail and wholesale business, and to maintain a level playing field in this new competitive market.

The Department's 2005-06 operating budget includes funding of \$71 million from utility and cable assessments. Public utility assessments are based on a utility's gross intrastate operating revenues above \$25,000. Cable television assessments are based on revenues from those companies with 1,000 or more subscribers.

In addition, the local assistance budget provides a total of \$400,000 from fees paid by entities proposing the siting of electric generation facilities. These funds can be accessed by local governments and community groups to fund intervention activities related to the siting review process.

The Department also receives Federal grants to perform pipeline safety activities.

PROGRAM HIGHLIGHTS

The Department's highest priorities for the coming year will be:

- Implementing a comprehensive plan to strengthen the safety of regulated electric utility systems in the State;

PUBLIC SERVICE

- Implementing a renewable energy policy designed to increase to at least 25 percent by 2013 the proportion of electricity sold to consumers in New York State that is generated from renewable resources;
- Implementing the recommendations resulting from the Commission's formal inquiry into the causes and impacts of the August 14, 2003 electricity blackout in the northeast;
- Increasing the security of critical utility infrastructures and cyber facilities and systems;
- Ensuring that adequate supplies of electricity and energy efficiency services and programs will be available until significant new baseload generation can be built; and
- Continuing the State's efforts to support the move toward competitive markets in the electric, telecommunications and gas industries.

The transition toward competition in the electric, telecommunications and gas industries will be effectively managed to ensure that competition benefits both the State's economic interests and utility ratepayers. During this transition to competitive markets, the Department will develop the infrastructure needed for competitive alternatives, maintain the high standards of reliability and service quality that New Yorkers expect, ensure fair competition and, where necessary, provide ratepayers effective protection. Department staff will continue to play a significant role in siting new and expanded electric generation facilities.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	71,468,000	72,773,000	1,305,000	300,000
Aid To Localities	400,000	400,000	0	4,571,000
Capital Projects	0	0	0	0
Total	71,868,000	73,173,000	1,305,000	4,871,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
Special Revenue Funds - Other	98	98	0
Regulation of Utilities			
Special Revenue Funds - Federal	12	12	0
Special Revenue Funds - Other	435	435	0
Total	545	545	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	1,646,000	1,691,000	45,000
Special Revenue Funds - Other	69,822,000	71,082,000	1,260,000
Total	71,468,000	72,773,000	1,305,000

Adjustments:

Prior Year Deficiency			
Public Service Department			
Special Revenue Funds - Federal	300,000		
Transfer(s) From			
Special Pay Bill			
Special Revenue Funds - Federal	(35,000)		
Special Revenue Funds - Other	(2,115,000)		
Appropriated 2004-05	69,618,000		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	11,217,000	11,654,000	437,000
Regulation of Utilities			
Special Revenue Funds - Federal	1,646,000	1,691,000	45,000
Special Revenue Funds - Other	58,605,000	59,428,000	823,000
Total	71,468,000	72,773,000	1,305,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	11,654,000	437,000	5,995,000	197,000
Regulation of Utilities	61,119,000	868,000	33,740,000	85,000
Total	72,773,000	1,305,000	39,735,000	282,000

Program	Nonpersonal Service	
	Amount	Change
Administration	5,659,000	240,000
Regulation of Utilities	27,379,000	783,000
Total	33,038,000	1,023,000

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	400,000	400,000	0
Total	400,000	400,000	0

PUBLIC SERVICE

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

Program	Available 2004-05	Recommended 2005-06	Change
Regulation of Utilities	400,000	400,000	0
Special Revenue Funds - Other	400,000	400,000	0
Total	<u>400,000</u>	<u>400,000</u>	<u>0</u>

STATE RACING AND WAGERING BOARD

MISSION

The Racing and Wagering Board regulates all legalized gambling activities in New York except those regulated by the State Lottery. Horse racing, off-track betting (OTB) and Indian casino gaming are directly regulated by the Board. The responsibility for oversight of bingo and other permitted games of chance conducted by religious and not-for-profit organizations is shared with municipalities, which collect license fees and ensure that the Board's rules and regulations are followed.

ORGANIZATION AND STAFFING

A three-member Board oversees agency activities. The Governor appoints each member to a six-year term with the consent of the Senate.

The Chair and central office staff are stationed in Albany with additional staff operating from the New York City regional office. The Board employs on-site inspectors at the Oneida Indians' Turning Stone Casino in Verona, Oneida County, the Mohawk Indians' Akwesasne Mohawk Casino in Hogansburg, Franklin County, the Seneca Nation's Seneca Niagara Casino in Niagara Falls and Seneca Alleghany Casino in Salamanca. Temporary and full-time employees oversee horse racing at New York's four thoroughbred race tracks — Aqueduct, Belmont, Saratoga and Finger Lakes — and seven harness tracks — Buffalo, Monticello, Saratoga, Syracuse, Vernon Downs, Batavia Downs and Yonkers. The Racing and Wagering Board will have a workforce of 135 full time and 165 per diem staff in the 2005-06 fiscal year. Staff will be supported by revenues generated by the racing industry, Indian casinos and charitable gaming activities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends \$13.6 million to support staff and related costs associated with the processing of racing licenses; the review of financial statements submitted by regional OTBs; legal hearings to suspend or fine violators of racing regulations; seasonal employees at the thoroughbred and harness tracks; and the testing of race horses for prohibited drugs. Pursuant to legislation enacted in 2003, all expenses are supported by the racing industry.

In addition, \$2.4 million in existing fees collected by the State from charitable gaming proceeds is recommended to support the regulation of these games. This funding will support oversight of "bell jar" games, which are games of chance in which players remove "pull tabs" from randomly drawn tickets to reveal potential winning combinations of three or more matching items. The Budget also authorizes \$8.1 million in revenues from fees charged to Indian casinos to pay for on-site monitoring and investigation of these casinos.

PROGRAM HIGHLIGHTS

REGULATION OF GAMES OF CHANCE

The Racing and Wagering Board promulgates rules and regulations governing bingo and other games of chance operated by more than 15,000 charitable and not-for-profit organizations throughout the State. The Board establishes standards for issuing licenses to suppliers and manufacturers of gaming equipment; reviews financial statements of charitable

RACING AND WAGERING BOARD

gaming operations; and, in conjunction with local law enforcement officials, investigates illegal gaming activities. In accordance with legislation enacted in 1996, the Board will continue its oversight of "bell jar" games in order to decrease illegal activity.

INDIAN GAMING

The State has negotiated compacts or protocols with the Oneida Nation, the St. Regis Mohawk Tribe and the Seneca Nation to conduct gaming activities. Under these compacts, the Racing and Wagering Board is responsible for the regulation and oversight of gaming activities operating on these Indian lands. To oversee these activities, the Board maintains 13 employees at the Oneida Nation's Turning Stone Casino, 13 employees at the St. Regis Mohawk Tribe's Akwesasne Casino, 13 employees at the Seneca Nation's Seneca Niagara Casino, and 13 employees at the Seneca Nation's Seneca Alleghany Casino. Should additional Indian casinos become operational this year, the 2005-06 Executive Budget provides funding necessary to support Board oversight at the new facilities.

REGULATION OF RACING

The Board's permanent staff oversee 165 temporary employees who ensure that horse races at the State's racetracks are conducted legally. To help oversee racing activities, the Board has a contract with Cornell University to conduct research and to carry out post-race testing of blood and urine samples taken from race horses.

As part of its regulatory responsibilities, the Racing and Wagering Board worked cooperatively with Federal, State and local authorities on recent investigations of the New York Racing Association and Mid-State Raceway at Vernon Downs. The Board will continue all such efforts in the future to ensure quality racing in the State.

STATE GAMING COMMISSION

Legislation submitted with the Executive Budget would establish a State Gaming Commission that would be responsible for licensing, investigation, regulatory oversight and law enforcement related to Video Lottery Gaming, horse racing, charitable gaming and tribal state compacts.

Upon enactment of this legislation all of the Racing and Wagering Board's program activities would be transferred to the newly established Commission.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	22,109,000	24,135,000	2,026,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	22,109,000	24,135,000	2,026,000	0

RACING AND WAGERING BOARD

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Regulation of Racing			
Special Revenue Funds - Other	39	39	0
Regulation of Wagering			
Special Revenue Funds - Other	94	96	2
Total	<u>133</u>	<u>135</u>	<u>2</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	22,109,000	24,135,000	2,026,000
Total	<u>22,109,000</u>	<u>24,135,000</u>	<u>2,026,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
Special Revenue Funds - Other	(392,000)
Appropriated 2004-05	<u>21,717,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Regulation of Racing			
Special Revenue Funds - Other	12,392,000	13,598,000	1,206,000
Regulation of Wagering			
Special Revenue Funds - Other	9,717,000	10,537,000	820,000
Total	<u>22,109,000</u>	<u>24,135,000</u>	<u>2,026,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Regulation of Racing	13,598,000	1,206,000	6,322,000	(2,520,000)
Regulation of Wagering	10,537,000	820,000	5,741,000	361,000
Total	<u>24,135,000</u>	<u>2,026,000</u>	<u>12,063,000</u>	<u>(2,159,000)</u>

Program	Nonpersonal Service	
	Amount	Change
Regulation of Racing	7,276,000	3,726,000
Regulation of Wagering	4,796,000	459,000
Total	<u>12,072,000</u>	<u>4,185,000</u>

GOVERNOR'S OFFICE OF REGULATORY REFORM

MISSION

The Governor's Office of Regulatory Reform was created in 1995 and charged with the promotion of private sector job growth in New York through the review and reform of State regulations. The Office creates a positive climate for job growth by reviewing and streamlining regulations, expediting permit approvals for new and expanding businesses, and encouraging better understanding between regulators and affected parties. Since 1995, the Office has substantively reviewed and/or eliminated more than 2,700 rules which, together with other regulatory, statutory and permitting reforms, has saved State businesses and localities more than \$3 billion in operating and other expenses.

ORGANIZATION AND STAFFING

Led by a Director appointed by the Governor, the Office is located in Albany. Agency objectives are achieved through its Business Permits Assistance and Regulatory Review programs. The Office will have a workforce of 36 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends nearly \$3.6 million in State tax dollars to support the Office. Recommended funding will support enhancements to the Online Permit and Licensing System (OPAL) that allows businesses to apply for permits and licenses in one consolidated transaction and improves New York's business climate.

PROGRAM HIGHLIGHTS

REGULATORY REVIEW

The Office reviews the need for proposed new and revised regulations and their economic impact. Staff will continue to review all existing State agency regulations to identify those hampering the growth of business and jobs in New York State. The Office requires regulating agencies to analyze the costs and benefits of any proposed new or amended rule and to consider its effect on job creation and retention, public health, safety and welfare. Recommendations are also made to agencies to help them simplify their regulatory processes. The Office has also played a key role in the innovative SEMI-NY, BUILDNOW-NY, and REBUILDNOW-NY programs to facilitate economic development.

BUSINESS PERMITS ASSISTANCE

The Business Permits Assistance program provides comprehensive information about permits required to operate businesses in New York State, and consults with local governments to better coordinate local permit applications. Program staff also assist agencies in streamlining and simplifying permit procedures required for business and local government undertakings. Since 1995, this program has provided assistance to almost 550,000 individuals or firms interested in starting or growing a business in New York. This effort was facilitated by the development of a master application form for complex business ventures, a comprehensive permit reform program and development of a web site, www.nys-permits.org, which provides businesses with permit information.

REGULATORY REFORM

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,462,000	3,554,000	92,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,462,000	3,554,000	92,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	36	36	0
Total	36	36	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	3,462,000	3,554,000	92,000
Total	3,462,000	3,554,000	92,000

Adjustments:

Transfer(s) From Special Pay Bill General Fund	(97,000)		
Appropriated 2004-05	3,365,000		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	3,462,000	3,554,000	92,000
Total	3,462,000	3,554,000	92,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,674,000	224,000	2,669,000	224,000
Total	2,674,000	224,000	2,669,000	224,000

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

REGULATORY REFORM

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	880,000	(132,000)	50,000	(3,000)
Total	880,000	(132,000)	50,000	(3,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	7,000	(45,000)	700,000	(20,000)
Total	7,000	(45,000)	700,000	(20,000)

Program	Equipment	
	Amount	Change
Administration	123,000	(64,000)
Total	123,000	(64,000)

OFFICE OF SCIENCE, TECHNOLOGY, AND ACADEMIC RESEARCH

MISSION

Established in November 1999, the New York State Office of Science, Technology, and Academic Research (NYSTAR) is an Executive agency which replaced the New York State Science and Technology Foundation and assumed responsibility for directing the State's university-based high-technology economic development programs.

ORGANIZATION AND STAFFING

The Office of Science, Technology, and Academic Research is headed by an Executive Director who is appointed by the Governor and confirmed by the Senate. Agency oversight is augmented by an 11-member advisory council. The Office of Science, Technology, and Academic Research will have a workforce of 30 positions in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office of Science, Technology, and Academic Research's activities are supported primarily with State tax dollars from the General Fund. The Executive Budget recommends \$3.3 million to support the Agency's operating budget and \$50 million for its high-technology programs.

PROGRAM HIGHLIGHTS

The Office of Science, Technology, and Academic Research is responsible for the following major programs:

- **Capital Facility Program:** This program supports the construction and reconstruction of research and development facilities at designated Centers for Advanced Technology and State University of New York University Centers;
- **Faculty Development Program:** This program provides grants to assist colleges and universities in attracting and retaining research faculty; and
- **Technology Transfer Incentive Program:** This program provides grants to colleges and universities for technology transfer activities, such as patent applications, the creation of business plans, venture capital conferences and other uses related to the commercialization of high-technology innovations. It also provides funding for the Science and Technology Law Center which assists start-up companies in bringing new technologies to the marketplace, and is a resource for State agencies and institutions of higher education on technology-related legal issues.

In addition, the Office of Science, Technology, and Academic Research will continue to administer programs of the former Science and Technology Foundation, including: Centers for Advanced Technology; Industrial Technology Extension Service; Manufacturing Extension Partnership Program; Technology Development Organizations; the Sensing, Analyzing, Interpreting and Deciding Center at Syracuse University; and the Focus Center-New York semiconductor research center. Other programs administered by NYSTAR include: the High-Technology Matching Grants Program, including the Security Through Advanced Research and Technology (START) initiative; College Applied Research Centers; the James D. Watson Investigator Program; the Cornell University Materials Research Science and Engineering Center; the Cornell University Nanoscale Science and Engineering Center; the Cornell University National Nanotechnology Infrastructure Network; the Columbia University Nanoscale Science and Engineering Center; the Columbia University Materials Research

SCIENCE, TECHNOLOGY AND ACADEMIC RESEARCH

Science and Engineering Center; the Rensselaer Polytechnic Institute Nanoscale Science and Engineering Center; the Rensselaer Polytechnic Institute Semiconductor Research Corporation Center for Advanced Interconnect Systems Technologies; the Rensselaer Polytechnic Institute Engineering Research Center; and the City University of New York Optical Sensing and Imaging Center.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,400,000	3,325,000	(75,000)	0
Aid To Localities	65,765,000	50,015,000	(15,750,000)	144,203,200
Capital Projects	0	0	0	32,254,000
Total	<u>69,165,000</u>	<u>53,340,000</u>	<u>(15,825,000)</u>	<u>176,457,200</u>

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration Program			
General Fund	30	30	0
Total	<u>30</u>	<u>30</u>	<u>0</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	2,900,000	2,825,000	(75,000)
Special Revenue Funds - Other	500,000	500,000	0
Total	<u>3,400,000</u>	<u>3,325,000</u>	<u>(75,000)</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(75,000)
Appropriated 2004-05	<u>3,325,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration Program			
General Fund	2,900,000	2,825,000	(75,000)
Special Revenue Funds - Other	500,000	500,000	0
Total	<u>3,400,000</u>	<u>3,325,000</u>	<u>(75,000)</u>

SCIENCE, TECHNOLOGY AND ACADEMIC RESEARCH

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration Program	0	(75,000)	0	(75,000)
Total	<u>0</u>	<u>(75,000)</u>	<u>0</u>	<u>(75,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration Program	2,825,000	0	2,825,000	0
Total	<u>2,825,000</u>	<u>0</u>	<u>2,825,000</u>	<u>0</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration Program	500,000	0	500,000	0
Total	<u>500,000</u>	<u>0</u>	<u>500,000</u>	<u>0</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	59,265,000	43,515,000	(15,750,000)
Special Revenue Funds - Federal	6,500,000	6,500,000	0
Total	<u>65,765,000</u>	<u>50,015,000</u>	<u>(15,750,000)</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
High Technology			
General Fund	33,265,000	32,665,000	(600,000)
Training and Business Assistance Program			
General Fund	1,500,000	1,500,000	0
Special Revenue Funds - Federal	6,500,000	6,500,000	0
Research Development Program			
General Fund	24,500,000	9,350,000	(15,150,000)
Total	<u>65,765,000</u>	<u>50,015,000</u>	<u>(15,750,000)</u>

SCIENCE, TECHNOLOGY AND ACADEMIC RESEARCH

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Research Facilities				
Capital Projects Fund - Authority Bonds	0	0	0	32,254,000
Total	0	0	0	32,254,000

DEPARTMENT OF STATE

MISSION

Established in 1788, the Department of State (DOS) is the State's oldest agency. Historically serving as the State's general recording officer and custodian of the State's "Great Seal", the Department's mission has grown to include a broad range of activities that coordinate programs with, and provide services to, local governments and businesses. The Department protects public safety by managing arson investigation, fire prevention, building and energy code programs; administers programs for community development and local government service activities; and supports businesses through various licensing and registration activities.

ORGANIZATION AND STAFFING

The Department is headed by the Secretary of State, who is appointed by the Governor and confirmed by the Senate. The Department's central office is located in Albany. It also has 19 regional offices across the State and operates the Academy of Fire Science in Montour Falls, Schuyler County. The Department of State will have a workforce of 853 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Approximately 37 percent of the Department's operations and local aid programs are funded from fees and other income, 52 percent from Federal grants, and 11 percent from State tax dollars from the General Fund. The Executive Budget recommends funding of over \$144 million for the Department of State: \$128.3 million in Federal funding and fee revenues, and \$15.7 million in General Fund support. The Department has achieved savings for SFY 2005-06 through personnel controls and implementation of various management efficiencies.

The Department will continue recent technology improvements to provide enhanced internet access and online applications to better serve the State's business customers and ease the filing of documents. Pursuant to a local assistance appropriation contained in the SFY 2005-06 Executive Budget, the Department of State will administer grants to assist municipalities in achieving local government efficiencies and improvements through the provision of Shared Municipal Services Incentive (SMSI) grants. Additionally, the SFY 2005-06 Executive Budget provides \$5 million in Environmental Protection Fund moneys to finance Quality Communities (QC) program grants, resulting in a \$4 million increase in QC funding over SFY 2004-05.

PROGRAM HIGHLIGHTS

The responsibilities of the Department of State are carried out through three programs:

- The Local Government and Community Services Program consists of several functions, including the Office of Fire Prevention and Control (OFPC), which works with both paid and volunteer firefighters by providing training, technical support and assistance with arson investigations, and conducts fire safety inspections of colleges and state-owned buildings. OFPC trains and equips an urban search and rescue team based in the Capital Region. OFPC also provides low interest loans to fire and ambulance companies through the Emergency Services Revolving Loan Program. The Division of Code Enforcement and Administration manages New York's building and energy codes. In addition to these activities, Local Government and Community Services program staff provide services to citizens; offer planning and management services to local governments through the Division of Local Government; support land use planning activities in the New York City/Catskill watershed; coordinate New York's coastal resources and waterfront revitalization activities; and administer the

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Department's Federal grant programs, including the Appalachian Regional Commission and the State Rural Development Council. The federally funded Division of Community Services provides a means for achieving economic self-sufficiency through programs designed to improve opportunities for its low-income participants.

- The Business and Licensing Services Program provides information on credit and debt for individuals, businesses and corporations; tracks all certificates of incorporation; administers qualifying examinations and licensing of 26 occupations; and prepares the State Register and other publications. This unit also oversees the operation of almost 1,900 not-for-profit cemeteries.
- The Administration Program provides the basic executive direction, fiscal, personnel, legal and electronic data processing activities that support the Department's operations.

Additionally, the Department's appropriations contain funds for the Lake George Park Commission, the State Ethics Commission, the State Athletic Commission, the Committee on Open Government, and the Tug Hill Commission.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	60,797,100	64,068,000	3,270,900	23,005,000
Aid To Localities	79,275,000	78,350,000	(925,000)	92,680,000
Capital Projects	0	1,600,000	1,600,000	100,000,000
Total	140,072,100	144,018,000	3,945,900	215,685,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	60	60	0
Lake George Park Commission			
Special Revenue Funds - Other	9	9	0
Licensing Services			
Special Revenue Funds - Other	396	396	0
Local Government and Community Services			
General Fund	98	103	5
Special Revenue Funds - Federal	58	58	0
Special Revenue Funds - Other	189	189	0
State Ethics Commission			
General Fund	20	20	0
Tug Hill Commission			
General Fund	17	18	1
Total	847	853	6

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
General Fund	14,413,000	14,078,000	(335,000)
Special Revenue Funds - Federal	11,163,000	11,436,000	273,000
Special Revenue Funds - Other	35,221,100	38,554,000	3,332,900
Total	<u>60,797,100</u>	<u>64,068,000</u>	<u>3,270,900</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(410,000)
Special Revenue Funds - Federal	(183,000)
Special Revenue Funds - Other	(990,100)
Appropriated 2004-05	<u>59,214,000</u>

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

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Administration			
General Fund	5,353,000	5,627,000	274,000
Lake George Park Commission			
Special Revenue Funds - Other	1,496,100	1,593,000	96,900
Licensing Services			
Special Revenue Funds - Other	31,353,000	34,593,000	3,240,000
Local Government and Community Services			
General Fund	6,358,000	5,684,000	(674,000)
Special Revenue Funds - Federal	11,163,000	11,436,000	273,000
Special Revenue Funds - Other	2,319,000	2,315,000	(4,000)
State Ethics Commission			
General Fund	1,736,000	1,741,000	5,000
Tug Hill Commission			
General Fund	966,000	1,026,000	60,000
Special Revenue Funds - Other	53,000	53,000	0
Total	<u>60,797,100</u>	<u>64,068,000</u>	<u>3,270,900</u>

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	3,664,000	228,000	3,603,000	228,000
Local Government and Community Services	4,385,000	(444,000)	4,273,000	(444,000)
State Ethics Commission	1,290,000	80,000	1,290,000	80,000
Tug Hill Commission	922,000	57,000	914,000	57,000
Total	<u>10,261,000</u>	<u>(79,000)</u>	<u>10,080,000</u>	<u>(79,000)</u>

<u>Program</u>	<u>Temporary Service (Nonannual Salaried)</u>		<u>Holiday/Overtime Pay (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	60,000	0	1,000	0
Local Government and Community Services	112,000	0	0	0
State Ethics Commission	0	0	0	0
Tug Hill Commission	8,000	0	0	0
Total	<u>180,000</u>	<u>0</u>	<u>1,000</u>	<u>0</u>

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**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,963,000	46,000	403,000	11,000
Local Government and Community Services	1,299,000	(230,000)	61,000	(11,000)
State Ethics Commission	451,000	(75,000)	40,000	0
Tug Hill Commission	104,000	3,000	13,000	1,000
Total	3,817,000	(256,000)	517,000	1,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	60,000	0	1,393,000	32,000
Local Government and Community Services	67,000	(12,000)	244,000	(44,000)
State Ethics Commission	20,000	0	380,000	(75,000)
Tug Hill Commission	8,000	1,000	81,000	1,000
Total	155,000	(11,000)	2,098,000	(86,000)

Program	Equipment	
	Amount	Change
Administration	107,000	3,000
Local Government and Community Services	927,000	(163,000)
State Ethics Commission	11,000	0
Tug Hill Commission	2,000	0
Total	1,047,000	(160,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Lake George Park Commission	1,593,000	96,900	639,000	39,700
Licensing Services	34,593,000	3,240,000	16,803,000	498,000
Local Government and Community Services	13,751,000	269,000	4,605,000	(118,000)
Tug Hill Commission	53,000	0	0	0
Total	49,990,000	3,605,900	22,047,000	419,700

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Lake George Park Commission	954,000	57,200	0	0
Licensing Services	17,515,000	2,742,000	275,000	0
Local Government and Community Services	7,596,000	394,000	1,550,000	(7,000)
Tug Hill Commission	53,000	0	0	0
Total	26,118,000	3,193,200	1,825,000	(7,000)

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	1,000,000	0	(1,000,000)
Special Revenue Funds - Federal	63,700,000	63,700,000	0
Special Revenue Funds - Other	14,575,000	14,650,000	75,000
Total	79,275,000	78,350,000	(925,000)

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

Program	Available 2004-05	Recommended 2005-06	Change
Licensing Services			
Special Revenue Funds - Other	475,000	550,000	75,000
Local Government and Community Services			
General Fund	1,000,000	0	(1,000,000)
Special Revenue Funds - Federal	63,700,000	63,700,000	0
Special Revenue Funds - Other	14,100,000	14,100,000	0
Total	<u>79,275,000</u>	<u>78,350,000</u>	<u>(925,000)</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Local Government and Community Services				
Capital Projects Fund - Authority Bonds	0	0	0	100,000,000
Office of Fire Prevention				
Capital Projects Fund	0	1,600,000	1,600,000	0
Total	<u>0</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>100,000,000</u>

DEPARTMENT OF TAXATION AND FINANCE

MISSION

The Department of Taxation and Finance administers the State's taxes and related local taxes and manages the State Treasury. In fulfilling its responsibilities under the State's Tax Laws, the Department collects approximately \$41.3 billion in State revenue and approximately \$27.5 billion in local taxes, including New York City and the City of Yonkers income taxes, on behalf of municipalities.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner who is appointed by the Governor and confirmed by the Senate. It fulfills its mission through 11 programs: Administration, Revenue Support, Office of the Counsel, Tax Policy and Analysis, Tax Enforcement, Tax Compliance, Treasury Management, Audit, Revenue and Information Management, Taxpayer Services and the Office of Conciliation and Mediation. The Department of Taxation and Finance will have a workforce of 4,766 positions in 2005-06, of which 4,342 will be funded by State tax dollars in the General Fund.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2005-06, the Department will be financed primarily with State tax dollars from the General Fund, which support its revenue generation, collection and administration programs. The Executive Budget recommends \$418.2 million to support the Department's operating budget. This amount includes \$312.6 million in General Fund support, which will finance 75 percent of the Department's operations, and will be supplemented by fee income of \$44.6 million and Federal funding of \$500,000. Fee income will support costs associated with the collection of personal income and other taxes for New York City, financial and investment services for certain State agencies and public benefit corporations and with delinquent tax collection efforts. The Budget further recommends \$60.5 million for the Banking Services Fund. The Fund pays banking institutions for certain services related to processing personal income and other taxes.

Recommended funding levels will support continuation of the e*MPIRE program, which will upgrade the Department's tax processing system, to ensure the State's ability to accurately and effectively collect revenues.

PROGRAM HIGHLIGHTS

Taxation and Finance Department employees are responsible for providing equitable and efficient service to taxpayers. The Department is organized along functional lines to support a high-level of taxpayer service, including:

- **Administration:** This program includes the Department's central policy direction and oversight functions. Activities include fiscal management, human resources/payroll, internal audit, management services and public information;
- **Revenue Support:** This program provides essential support services for the Department, including managing office and warehouse space, developing and printing tax forms and instructions and mailing tax liability notices, refunds and other tax forms;

TAXATION AND FINANCE

- **Office of the Counsel:** This office prepares regulations, interprets statutes, manages litigation and drafts and reviews proposed legislation. The Office is involved in resolving taxpayer protests and litigation, and maintains coordination between the Department, the Department of Law and the Division of Tax Appeals;
- **Tax Policy and Analysis:** This program estimates the revenues expected to be produced by each tax, assesses the impact of different tax structures and tax proposals on the State's economy, reviews tax policies and legislation and prepares descriptive and analytical studies;
- **Tax Enforcement:** This program identifies and investigates alleged evasion of the State tax code. Staff assigned to this program work with Federal, State and local law enforcement officials in the prosecution of tax fraud and tax evasion cases;
- **Tax Compliance:** This is the State's largest accounts receivable program, collecting delinquent State and local taxes. Computer-generated billings and an automated telephone collection system are used in collection activities;
- **Audit:** The Audit Division ensures that voluntarily remitted taxes are accurate and complete. The Division plans, conducts and evaluates desk and field audits, increasingly with the aid of technology;
- **Revenue and Information Management:** This program contains the Department's information management, tax processing and tax accounting functions. It supports the collection of an estimated \$68.8 billion in State and local tax collections;
- **Taxpayer Services:** This program assists taxpayers in fulfilling their tax obligations by developing and distributing tax information, advice and instructions; and
- **Office of Conciliation and Mediation:** This program offers taxpayers the option of informally resolving disputes with the Department.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	417,700,000	418,202,000	502,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>417,700,000</u>	<u>418,202,000</u>	<u>502,000</u>	<u>0</u>

TAXATION AND FINANCE

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

Full-Time Equivalent Positions (FTE)			
Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	79	79	0
Audit			
General Fund	1,670	1,670	0
Office of Conciliation and Mediation			
General Fund	30	30	0
Counsel			
General Fund	66	66	0
Tax Policy and Analysis			
General Fund	30	30	0
Revenue and Information Management			
General Fund	1,423	1,423	0
Special Revenue Funds - Other	381	381	0
Revenue Support Services			
General Fund	61	61	0
Tax Compliance			
General Fund	704	704	0
Tax Enforcement			
General Fund	165	165	0
Special Revenue Funds - Federal	8	8	0
Taxpayer Services			
General Fund	114	114	0
Treasury Management			
Special Revenue Funds - Other	35	35	0
Total	4,766	4,766	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	311,799,000	312,584,000	785,000
Special Revenue Funds - Federal	582,000	500,000	(82,000)
Special Revenue Funds - Other	43,176,000	44,591,000	1,415,000
Internal Service Funds	62,143,000	60,527,000	(1,616,000)
Total	417,700,000	418,202,000	502,000
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(10,116,000)		
Special Revenue Funds - Other	(92,000)		
Appropriated 2004-05	407,492,000		

TAXATION AND FINANCE

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	5,397,000	5,400,000	3,000
Audit			
General Fund	105,324,000	105,371,000	47,000
Banking Services			
Internal Service Funds	62,143,000	60,527,000	(1,616,000)
Office of Conciliation and Mediation			
General Fund	2,237,000	2,239,000	2,000
Counsel			
General Fund	4,987,000	4,989,000	2,000
Tax Policy and Analysis			
General Fund	2,144,000	2,145,000	1,000
Revenue and Information Management			
General Fund	103,046,000	104,079,000	1,033,000
Special Revenue Funds - Other	37,647,000	37,889,000	242,000
Revenue Support Services			
General Fund	33,109,000	32,852,000	(257,000)
Tax Compliance			
General Fund	31,755,000	31,770,000	15,000
Special Revenue Funds - Other	2,900,000	4,000,000	1,100,000
Tax Enforcement			
General Fund	14,320,000	14,325,000	5,000
Special Revenue Funds - Federal	582,000	500,000	(82,000)
Taxpayer Services			
General Fund	9,480,000	9,414,000	(66,000)
Treasury Management			
Special Revenue Funds - Other	2,629,000	2,702,000	73,000
Total	417,700,000	418,202,000	502,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	5,004,000	3,000	4,962,000	3,000
Audit	89,362,000	47,000	88,313,000	47,000
Office of Conciliation and Mediation	2,147,000	2,000	2,129,000	2,000
Counsel	4,865,000	2,000	4,623,000	2,000
Tax Policy and Analysis	2,123,000	1,000	2,031,000	1,000
Revenue and Information Management	62,287,000	33,000	60,335,000	33,000
Revenue Support Services	4,282,000	2,000	3,733,000	2,000
Tax Compliance	30,156,000	15,000	30,103,000	15,000
Tax Enforcement	10,642,000	5,000	10,605,000	5,000
Taxpayer Services	7,219,000	4,000	6,153,000	4,000
Total	218,087,000	114,000	212,987,000	114,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	42,000	0
Audit	919,000	0	130,000	0
Office of Conciliation and Mediation	0	0	18,000	0
Counsel	236,000	0	6,000	0
Tax Policy and Analysis	89,000	0	3,000	0
Revenue and Information Management	1,298,000	0	654,000	0
Revenue Support Services	546,000	0	3,000	0
Tax Compliance	0	0	53,000	0
Tax Enforcement	25,000	0	12,000	0
Taxpayer Services	1,061,000	0	5,000	0
Total	4,174,000	0	926,000	0

TAXATION AND FINANCE

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	396,000	0	281,749	0
Audit	16,009,000	0	30,994	0
Office of Conciliation and Mediation	92,000	0	3,873	0
Counsel	124,000	0	7,750	0
Tax Policy and Analysis	22,000	0	4,783	0
Revenue and Information Management	41,792,000	1,000,000	1,519,388	0
Revenue Support Services	28,570,000	(259,000)	153,995	0
Tax Compliance	1,614,000	0	270,293	0
Tax Enforcement	3,683,000	0	417,101	0
Taxpayer Services	2,195,000	(70,000)	71,659	0
Total	94,497,000	671,000	2,761,585	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	4,844	0	71,647	0
Audit	4,115,327	0	10,724,645	0
Office of Conciliation and Mediation	67,790	0	20,337	0
Counsel	29,063	0	85,250	0
Tax Policy and Analysis	5,739	0	9,565	0
Revenue and Information Management	99,182	0	37,308,065	500,000
Revenue Support Services	5,811	0	28,410,194	(259,000)
Tax Compliance	585,147	0	136,599	0
Tax Enforcement	1,056,047	0	1,597,465	0
Taxpayer Services	10,652	0	2,109,785	(70,000)
Total	5,979,602	0	80,473,552	171,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	37,760	0	0	0
Audit	1,138,034	0	0	0
Office of Conciliation and Mediation	0	0	0	0
Counsel	1,937	0	0	0
Tax Policy and Analysis	1,913	0	0	0
Revenue and Information Management	1,913,365	500,000	952,000	0
Revenue Support Services	0	0	0	0
Tax Compliance	621,961	0	0	0
Tax Enforcement	612,387	0	0	0
Taxpayer Services	2,904	0	0	0
Total	4,330,261	500,000	952,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Banking Services	60,527,000	(1,616,000)	0	0
Revenue and Information Management	37,889,000	242,000	15,920,000	826,000
Tax Compliance	4,000,000	1,100,000	0	0
Tax Enforcement	500,000	(82,000)	0	0
Treasury Management	2,702,000	73,000	1,673,000	14,000
Total	105,618,000	(283,000)	17,593,000	840,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Banking Services	0	0	60,527,000	(1,616,000)
Revenue and Information Management	21,969,000	(584,000)	0	0
Tax Compliance	4,000,000	1,100,000	0	0
Tax Enforcement	0	0	500,000	(82,000)
Treasury Management	1,029,000	59,000	0	0
Total	26,998,000	575,000	61,027,000	(1,698,000)

DIVISION OF TAX APPEALS

MISSION

The Division of Tax Appeals provides taxpayers with a system of due process for resolving disputes with the Department of Taxation and Finance. The separation of tax administration from tax adjudication promotes the impartial and timely hearing of taxpayer disputes.

ORGANIZATION AND STAFFING

The Division of Tax Appeals is headed by the Tax Appeals Tribunal, which is comprised of three commissioners appointed by the Governor and confirmed by the Senate. Under the direction of the Tax Tribunal, dispute adjudication is provided through small claims hearings, formal hearings and the Tribunal appeals process. The Division holds formal hearings in Troy, New York City and Rochester, while Tax Tribunal oral arguments are held in New York City, Buffalo and Troy. Small claims hearings are conducted throughout the State. The Division will have a workforce of 31 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Division's activities are supported entirely with State tax dollars, which finance the Tribunal's staff and other expenses such as rent and supplies.

The Executive Budget recommends \$3.3 million in annual General Fund support for the Division. This recommendation will enable the Tribunal to continue to provide for the timely resolution of taxpayer disputes with the Department of Taxation and Finance.

PROGRAM HIGHLIGHTS

The Division's hearing process has been substantially improved in recent years to benefit taxpayers. These improvements have allowed taxpayers more flexibility in scheduling hearings, thus minimizing delays caused by sudden cancellations.

The Division also conducts formal hearings in New York City and Rochester to provide easier access for taxpayers in these metropolitan areas. At these locations, the Division utilizes existing State office space, thus providing improved service at nominal additional cost.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,179,000	3,330,000	151,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,179,000	3,330,000	151,000	0

TAX APPEALS

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	30	31	1
Total	30	31	1

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	3,179,000	3,330,000	151,000
Total	3,179,000	3,330,000	151,000

Adjustments:

Transfer(s) From Special Pay Bill General Fund	(94,000)
Appropriated 2004-05	3,085,000

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

Program	Available	Recommended	Change
	2004-05	2005-06	
Administration			
General Fund	3,179,000	3,330,000	151,000
Total	3,179,000	3,330,000	151,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,950,000	151,000	2,778,000	151,000
Total	2,950,000	151,000	2,778,000	151,000

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	172,000	0
Total	172,000	0

TAX APPEALS

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	380,000	0	30,000	0
Total	380,000	0	30,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	25,000	0	300,000	0
Total	25,000	0	300,000	0

Program	Equipment	
	Amount	Change
Administration	25,000	0
Total	25,000	0

THRUWAY AUTHORITY

In addition to operating a 641-mile toll-highway system, the Thruway Authority has jurisdiction over the New York State Canal System. Through its subsidiary, the New York State Canal Corporation, the Thruway maintains, operates, develops and makes capital improvements to the 524-mile navigable waterway which includes 57 locks, 16 lift bridges, numerous dams, reservoirs and water control structures.

Revenues from canal tolls and other user fees are deposited into the Canal System Development Fund and, in accordance with the State Constitution, are used exclusively for the canals. The Executive Budget recommends a new appropriation of \$4 million and reappropriations of \$4 million from the Canal System Development Fund for a portion of the maintenance, construction, reconstruction, development and promotion of the canals.

Canal System and Thruway Authority programs are primarily supported by Authority funds, which are not reflected in the Executive Budget. The Thruway Authority has recently proposed a new, \$2 billion multi-year Capital Plan to address critical infrastructure needs, traffic demands, and improved customer service through 2010. To finance this proposal, the Authority would raise tolls, for the first time since 1988, by less than half the rate of inflation since that time.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	0	0	0	0
Capital Projects	4,000,000	4,000,000	0	4,007,000
Total	4,000,000	4,000,000	0	4,007,000

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Canal Development Program				
New York State Canal System Development Fund	4,000,000	4,000,000	0	4,007,000
Total	4,000,000	4,000,000	0	4,007,000

DEPARTMENT OF TRANSPORTATION

MISSION

The Department of Transportation (DOT) directly maintains and improves the State's more than 40,000 highway lane miles and 7,500 bridges. In addition, the Department partially funds locally operated transit systems, local government highway and bridge construction, and rail and airport programs.

The DOT of the 21st Century is capitalizing on evolving world trade patterns, using "intelligent" transportation technology to manage increases in traffic and balancing arising security concerns with the need to move people and products safely and efficiently. The Department closely coordinates with other State transportation agencies and authorities, with a goal of creating a seamless statewide transportation system that addresses environmental and community concerns and more efficiently moves people and goods throughout the State's transportation system.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner appointed by the Governor. The Department's main office is in Albany, with 11 regional offices in Schenectady, Utica, Syracuse, Rochester, Buffalo, Hornell, Watertown, Poughkeepsie, Binghamton, Hauppauge and New York City. The Department also maintains highway maintenance and equipment repair facilities across the State.

Employees of the Department perform such activities as highway maintenance, snow and ice removal, highway and bridge design and construction inspection. In addition, the Department's staff inspects school and charter buses, regulates commercial transportation, oversees public transportation systems and State-owned airports and provides administrative support for the Department. The Department's full-time workforce will total approximately 9,475 employees by the end of 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department is responsible for the implementation of transportation programs related to highways and bridges, transit, aviation, ports, rail and other modes. It is supported primarily by revenues from the Petroleum Business Tax, highway use and motor fuel taxes and motor vehicle fees. Substantial Federal aid is also used to support the programs.

The Executive Budget proposes a new five-year transportation capital plan that provides over \$36.6 billion for the State's transportation systems during the period. The plan includes \$17.4 billion for DOT capital programs and \$19.2 billion for the Metropolitan Transportation Authority program. In order to finance the plan, existing transportation resources will be supplemented with increases in motor vehicle title, registration and transaction fees, a restructuring of the Dedicated Highway and Bridge Trust Fund debt, and an increase in mortgage recording taxes levied in the MTA transportation district.

The Department's operations are devoted primarily to highway maintenance, particularly snow and ice removal. The 2005-06 Executive Budget provides a total of \$447.3 million for snow and ice control and State forces preventive maintenance and combines these two traditionally separate appropriations into a single appropriation. This level represents a total increase of approximately \$36 million, primarily due to increased salary costs. Funding for preventive maintenance performed by private firms is continued at \$210 million as part of the highway and bridge contract level.

Recommendations also include the elimination of the DOT Print Shop appropriation, reflecting the transfer of consolidated printing service responsibilities to the Office of General Services to enable the Department to better focus its efforts on core transportation-related activities.

TRANSPORTATION

The Department's regulatory programs and other operations are primarily funded by fees, miscellaneous revenues and Federal aid. Approximately \$22.2 million is derived from fees, including those imposed on trucks registered to transport products throughout the State; landing fees and rents levied at Republic Airport; and revenues generated by the sale and rental of Department property, such as commercial leasing of land for parking or storage. These funds support a number of agency activities, including administrative support services, highway safety and aviation programs.

Federal aid of \$10.2 million and dedicated mass transit funds totaling \$6.1 million help finance the Department's remaining operating responsibilities for mass transportation, aviation and motor-carrier safety programs.

Capital appropriations provide funding for construction and reconstruction projects on State highways, bridges, railways and airports, as well as financing the engineering staff and private-sector consultants who work on these projects. The highway and bridge construction contract level will total \$1.65 billion in 2005-06, initiating the first year of a new five-year transportation plan that commits \$17.4 billion for the Department's capital programs.

The centerpiece of the State's Highway and Bridge Program is the Dedicated Highway and Bridge Trust Fund, established in 1993. The Trust Fund derives its revenues from highway user fees, portions of the petroleum business tax, motor fuel tax, motor vehicle fees, auto rental tax, transportation/transmission tax, and miscellaneous transportation-related revenues. These funds are used both on a pay-as-you-go basis and to pay debt service on bonds issued by the Thruway Authority to finance portions of the State and local highway programs. The Executive Budget includes the refinancing of a substantial portion of current Trust Fund debt. This refinancing will more closely align the term of Trust Fund debt with the useful lives of the financed projects and provide additional financial resources to support the new five-year transportation plan. The Executive Budget also includes legislation to increase certain motor vehicle fees to support the plan.

A significant portion of the State and local highway capital program is supported by Federal aid, authorized in accordance with multi-year Federal transportation acts. The most recent Federal Transportation Act, known as TEA-21, expired on September 30, 2003. While Congress has passed a series of temporary extensions, a permanent successor act has not yet been passed. To the extent that Federal aid under the future Act or under further program extensions varies from the assumptions in the Executive Budget, the State's programs will need to be adjusted accordingly. The Federal capital aid appropriation in 2005-06 is available for up to \$1.7 billion of Federal funding, including provisions for State and local highways, engineering, rail and community enhancements programs.

The Executive Budget contains legislation that provides innovative approaches to building and financing major highway and bridge projects. This includes authorization of design-build contracts to improve the cost efficiency and delivery time of projects and a public-private partnership initiative that would leverage private sector financial resources to expand and enhance the State's transportation infrastructure.

Local highway and bridge capital programs include the Consolidated Highway Improvement Program (CHIPS) and the Municipal Streets and Highways Program ("Marchiselli" Program). These programs are funded by bonds issued by the Thruway Authority with debt service paid from the State's Dedicated Highway and Bridge Trust Fund. The CHIPS capital program will be funded at \$276.7 million, and the Marchiselli program will provide \$39.7 million in 2005-06. The funding levels for both programs are unchanged from the 2004-05 enacted budget.

A \$20 million appropriation for rail freight and passenger projects will continue an enhanced rail program that will expand shipping opportunities for New York businesses, reduce costs for consumers and improve passenger transportation. In addition, \$9 million will be provided for the Industrial Access Program to promote job creation and retention by encouraging business expansion with highway, rail and port projects.

The Aid to Localities budget is comprised primarily of appropriations supported by State taxes dedicated to public transportation through the Mass Transportation Operating Assistance (MTOA) Fund and the Dedicated Mass Transportation Trust Fund. Mass Transportation Operating Assistance Fund revenues are derived from a 1/4 percent sales tax;

a business tax surcharge levied in the New York City metropolitan region; and a portion of statewide taxes on transmission, transportation and petroleum-related businesses. Dedicated Mass Transportation Trust Fund revenues are derived from a share of the revenues deposited in the Transportation Dedicated Funds Pool, which includes portions of the Petroleum Business Tax, the Motor Fuel Tax and motor vehicle fees. New appropriations to transit systems will total approximately \$2 billion.

More than \$1.6 billion of new operating aid appropriations are recommended for the Metropolitan Transportation Authority (MTA) in 2005-06. This includes \$593 million from the Dedicated Mass Transportation Trust Fund in support of the MTA capital program. The operating assistance also includes \$45 million in General Fund support for the MTA as the State's contribution to reduced fares for New York City school children. The City will match this contribution.

Transit operators other than the MTA will receive a total of \$306.4 million in new appropriations in 2005-06. Of this amount, \$119 million is targeted for upstate transit systems. Capital funding of \$33 million is recommended for transit systems other than the MTA from the Dedicated Mass Transportation Trust Fund. This capital program funds a variety of transit-related needs, primarily bus purchases and a portion of the required match to Federal transit capital aid.

PROGRAM HIGHLIGHTS

HIGHWAYS AND BRIDGES

Improving the State's vital transportation infrastructure remains the agency's highest priority. By the end of this year, the Department will have successfully completed the 2000-05 capital program, delivering significant improvements in our highway infrastructure. During 2003-04, a total of 142 State bridges were replaced or rehabilitated and 5,889 preventive bridge treatments were completed to slow deterioration. Over 6,550 lane miles of State highway were resurfaced, rehabilitated or given preventive maintenance treatment. The new 2005-10 program will continue our level of investment, emphasizing strategic investments in critical infrastructure needs. As in previous years, preventive maintenance performed by State forces and private sector contractors will be an area of significant concentration. Appropriations for the preventive maintenance program will total \$404 million in 2005-06.

State staff and private-sector consultants perform the planning, property acquisition, design engineering, environmental reviews, surveying, materials and soils testing and construction inspection associated with the Department's capital program. Construction of virtually all highway and bridge projects is performed by private firms.

The State makes a significant investment in helping localities maintain safe roads and bridges through its CHIPS and Marchiselli capital programs. These programs fund local construction projects, with the majority performed by private firms.

Through its safety inspections of school and charter buses and its regulation of commercial transport, the Department also focuses its resources on passenger safety and environmental issues.

PUBLIC TRANSPORTATION

The Department provides oversight and funding for more than 70 locally operated public transportation systems, including the Metropolitan Transportation Authority, the four upstate regional transportation authorities and other (usually county-sponsored) transit systems. These systems provide bus, subway, light rail and commuter rail services, as well as "paratransit" services designed to meet the needs of disabled people, as required by the Federal Americans with Disabilities Act.

TRANSPORTATION

State financial assistance to transit systems is supported by the Mass Transportation Operating Assistance Fund, the Dedicated Mass Transportation Trust Fund and the General Fund. In addition, State law authorizes the imposition of an additional mortgage recording tax in regions covered by the Metropolitan Transportation Authority and the four upstate transit authorities. These moneys are collected by the affected counties and transmitted directly to the transit systems.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	40,601,500	38,501,000	(2,100,500)	26,293,000
Aid To Localities	1,795,671,000	1,984,819,000	189,148,000	120,990,700
Capital Projects	3,409,667,000	3,608,765,000	199,098,000	9,466,330,000
Total	5,245,939,500	5,632,085,000	386,145,500	9,613,613,700

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Design and Construction			
Capital Projects Funds - Other	3,590	3,587	(3)
New York Metropolitan Transportation Council			
Special Revenue Funds - Other	68	68	0
Operations			
Special Revenue Funds - Other	8	10	2
Passenger and Freight Transportation			
Special Revenue Funds - Federal	79	79	0
Special Revenue Funds - Other	133	133	0
Capital Projects Funds - Other	98	98	0
Planning and Program Management			
Capital Projects Funds - Other	527	527	0
Preventive Maintenance			
Capital Projects Funds - Other	4,802	4,793	(9)
Real Estate			
Capital Projects Funds - Other	180	180	0
Total	9,485	9,475	(10)

TRANSPORTATION

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	10,032,000	10,167,000	135,000
Special Revenue Funds - Other	26,455,500	28,334,000	1,878,500
Internal Service Funds	4,114,000	0	(4,114,000)
Total	<u>40,601,500</u>	<u>38,501,000</u>	<u>(2,100,500)</u>

Adjustments:

Transfer(s) From			
Special Pay Bill			
Special Revenue Funds - Federal	(201,000)		
Special Revenue Funds - Other	(636,300)		
Internal Service Funds	(74,000)		
Transfer(s) To			
Transportation, Department of			
Special Revenue Funds - Other			
(Capital Projects)	237,800		
Appropriated 2004-05	<u>39,928,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Operations			
Special Revenue Funds - Federal	400,000	400,000	0
Special Revenue Funds - Other	9,283,700	10,993,000	1,709,300
Internal Service Funds	4,114,000	0	(4,114,000)
Passenger and Freight Transportation			
Special Revenue Funds - Federal	9,632,000	9,767,000	135,000
Special Revenue Funds - Other	17,171,800	17,341,000	169,200
Total	<u>40,601,500</u>	<u>38,501,000</u>	<u>(2,100,500)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Operations	11,393,000	(2,404,700)	465,000	(1,141,600)
Passenger and Freight Transportation	27,108,000	304,200	11,894,000	252,300
Total	<u>38,501,000</u>	<u>(2,100,500)</u>	<u>12,359,000</u>	<u>(889,300)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Operations	227,000	(2,914,100)	10,701,000	1,651,000
Passenger and Freight Transportation	11,380,000	93,900	3,834,000	(42,000)
Total	<u>11,607,000</u>	<u>(2,820,200)</u>	<u>14,535,000</u>	<u>1,609,000</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	111,616,000	103,016,000	(8,600,000)
Special Revenue Funds - Federal	35,414,000	35,414,000	0
Special Revenue Funds - Other	1,648,641,000	1,846,389,000	197,748,000
Total	<u>1,795,671,000</u>	<u>1,984,819,000</u>	<u>189,148,000</u>

TRANSPORTATION

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

Program	Available 2004-05	Recommended 2005-06	Change
Additional Mass Transportation Assistance Program			
General Fund	22,152,000	21,447,000	(705,000)
Special Revenue Funds - Other	0	39,400,000	39,400,000
Dedicated Mass Transportation Trust Program			
Special Revenue Funds - Other	536,000,000	593,300,000	57,300,000
Federal Highway Administration Local Planning			
Special Revenue Funds - Federal	10,566,000	10,566,000	0
Urban Mass Transportation Administration Local Planning			
Special Revenue Funds - Federal	4,400,000	4,400,000	0
Mass Transportation Assistance General Fund	45,000,000	45,000,000	0
Passenger and Freight Transportation General Fund	44,464,000	36,569,000	(7,895,000)
Special Revenue Funds - Federal	20,448,000	20,448,000	0
Special Revenue Funds - Other	879,353,000	961,747,000	82,394,000
Section 18-B Program			
Special Revenue Funds - Other	179,541,000	187,436,000	7,895,000
Special Transit Aid			
Special Revenue Funds - Other	53,747,000	64,506,000	10,759,000
Total	<u>1,795,671,000</u>	<u>1,984,819,000</u>	<u>189,148,000</u>

TRANSPORTATION

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Aviation				
Airport or Aviation Program				
Capital Projects Fund - Aviation (Bondable)	0	0	0	2,087,000
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	818,000
Airport or Aviation Program -- Bondable				
Capital Projects Fund - Aviation (Bondable)	0	0	0	886,000
Airport or Aviation State Program				
Dedicated Highway and Bridge Trust Fund	8,000,000	8,000,000	0	34,820,000
Regional Aviation Fund	0	0	0	16,516,000
Aviation				
Transportation Capital Facilities Bond Fund	0	0	0	7,749,000
Federal Airport or Aviation				
Federal Capital Projects Fund	6,000,000	6,000,000	0	24,886,000
Canals and Waterways				
Canals and Waterways - Bondable				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	485,000
Economic Development				
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	9,000,000	9,000,000	0	55,227,000
Health and Safety				
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	4,550,000	6,976,000	2,426,000	2,830,000
Highway Facilities				
Accelerated Capacity and Transportation Improvements Fund				
Accelerated Capacity and Transportation Improvements Fund	0	0	0	58,775,000
Airport or Aviation State Program				
Dedicated Highway and Bridge Trust Fund	0	0	0	1,337,000
Engineering Services				
Engineering Services Fund	0	0	0	284,665,000
NY Metro Transportation Council Account	10,180,000	10,202,000	22,000	27,619,000
Federal Aid Highways - Bondable Purpose				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	8,453,000
Federal Aid Highways - Federal Purpose				
Federal Capital Projects Fund	1,700,000,000	1,700,000,000	0	5,736,016,000
Highway Facilities				
Dedicated Highway and Bridge Trust Fund	0	0	0	17,381,000
Infrastructure Bond Act Projects				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	7,767,000
Multi-Modal				
Dedicated Highway and Bridge Trust Fund	0	0	0	80,767,000
Municipal Highway - Railroad Crossing Alterations				
Capital Projects Fund - Advances	0	0	0	331,000
Dedicated Highway and Bridge Trust Fund	0	0	0	1,568,000
New York State Agency Fund				
Miscellaneous New York State Agency Fund	50,000,000	50,000,000	0	235,544,000
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	1,519,822,000	1,240,502,000	(279,320,000)	2,447,833,000
Other Highway Aid				
Dedicated Highway and Bridge Trust Fund	0	0	0	4,868,000
Other Transportation Aid				
Dedicated Highway and Bridge Trust Fund	0	0	0	293,000
Priority Bond Act Projects				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	10,924,000
Road and Bridge Improvements - Bondable				
Capital Projects Fund - A.C. and T.I. Fund (Bondable)	0	0	0	50,938,000

TRANSPORTATION

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Small and Minority and Women-Owned Small Business Assistance				3,500,000
Dedicated Highway and Bridge Trust Fund	0	0	0	
Transportation Infrastructure Renewal Bond Fund				39,725,000
Transportation Infrastructure Renewal Bond Fund	0	0	0	
Maintenance Facilities				
Maintenance Facilities				
Dedicated Highway and Bridge Trust Fund	31,000,000	31,000,000	0	46,783,000
Mass Transportation and Rail Freight				
Marine Projects				
Dedicated Mass Transportation Fund	0	0	0	909,000
Mass Transportation				
Dedicated Mass Transportation Fund	15,815,000	41,000,000	25,185,000	58,672,000
Mass Transportation and Rail Freight				
Capital Projects Fund - Energy Conservation (Bondable)	0	0	0	1,023,000
Dedicated Highway and Bridge Trust Fund	20,000,000	20,000,000	0	63,640,000
Dedicated Mass Transportation Fund	35,300,000	38,800,000	3,500,000	66,858,000
Federal Capital Projects Fund	0	0	0	19,817,000
Mass Transportation and Rail Freight Bondable				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	7,067,000
Rail Freight				
Capital Projects Fund - Advances	0	0	0	21,350,000
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	1,908,000
Dedicated Mass Transportation Fund	0	0	0	1,785,000
Rail Preservation and Development Fund				
Energy Conservation Improved Transportation Bond Fund	0	0	0	1,038,000
Small and Minority and Women-Owned Small Business Assistance				
Dedicated Mass Transportation Fund	0	0	0	5,000,000
Special Rail and Aviation Program				
Dedicated Mass Transportation Fund	0	0	0	5,815,000
Port Development				
Port Development Bondable				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	57,000
Preservation of Facilities				
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	0	447,285,000	447,285,000	0
Total	3,409,667,000	3,608,765,000	199,098,000	9,466,330,000

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

***PUBLIC PROTECTION
AND GENERAL
GOVERNMENT***

DIVISION OF ALCOHOLIC BEVERAGE CONTROL

MISSION

The Division of Alcoholic Beverage Control regulates and controls the manufacture, sale and distribution of alcoholic beverages within the State. The Division issues and renews licenses and permits to manufacturers, distributors, wholesalers and retailers; works with local law enforcement agencies and localities across the State to ensure compliance with the Alcoholic Beverage Control Law; and regulates trade and credit practices for the sale and distribution of alcoholic beverages by such actions as registering brand labels and controlling wholesale and retail prices.

ORGANIZATION AND STAFFING

The Division will have a workforce of 156 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendations for fiscal year 2005-06 provide approximately \$14.9 million in special revenue funding derived from license and permit fees.

PROGRAM HIGHLIGHTS

Staff assigned to the Licensing Program are responsible for the timely processing of permits and licenses. Computer and imaging improvements implemented by the Division continue to reduce processing time, contain operating costs and accelerate revenue collections.

In cooperation with local law enforcement agencies, staff of the Compliance Program ensures that regulated parties comply with the law. The Division investigates and holds administrative hearings on complaints against permit and license holders. Penalties, ranging from warnings to license suspension and revocation, are imposed for violations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	13,856,000	14,929,000	1,073,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	13,856,000	14,929,000	1,073,000	0

ALCOHOLIC BEVERAGE CONTROL

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
Special Revenue Funds - Other	14	14	0
Compliance			
Special Revenue Funds - Other	69	69	0
Licensing and Wholesaler Services			
Special Revenue Funds - Other	73	73	0
Total	<u>156</u>	<u>156</u>	<u>0</u>

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
Special Revenue Funds - Other	13,856,000	14,929,000	1,073,000
Total	<u>13,856,000</u>	<u>14,929,000</u>	<u>1,073,000</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
Special Revenue Funds - Other	(453,000)
Appropriated 2004-05	<u>13,403,000</u>

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

Program	Available	Recommended	Change
	2004-05	2005-06	
Administration			
Special Revenue Funds - Other	3,646,000	4,028,000	382,000
Compliance			
Special Revenue Funds - Other	5,708,000	5,966,000	258,000
Licensing and Wholesaler Services			
Special Revenue Funds - Other	4,502,000	4,935,000	433,000
Total	<u>13,856,000</u>	<u>14,929,000</u>	<u>1,073,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	4,028,000	382,000	965,000	99,000
Compliance	5,966,000	258,000	3,562,000	69,000
Licensing and Wholesaler Services	4,935,000	433,000	2,957,000	210,000
Total	<u>14,929,000</u>	<u>1,073,000</u>	<u>7,484,000</u>	<u>378,000</u>

Program	Nonpersonal Service	
	Amount	Change
Administration	3,063,000	283,000
Compliance	2,404,000	189,000
Licensing and Wholesaler Services	1,978,000	223,000
Total	<u>7,445,000</u>	<u>695,000</u>

DEPARTMENT OF AUDIT AND CONTROL

MISSION

The Department of Audit and Control was created in 1926 and is headed by the State Comptroller, who is elected by the people. The Department is responsible for paying the State's bills and payrolls; verifying all financial transactions of the State; reviewing the financial and management practices of State agencies; supervising the fiscal affairs of local governments; investing State funds and issuing bonds and notes; and administering the retirement program for State and most local government employees.

ORGANIZATION AND STAFFING

The operations of the Department of Audit and Control are organized into ten programs, with its main office in Albany and regional offices in New York City, Buffalo, Rochester, Syracuse, Binghamton, Glens Falls, Newburgh and Hauppauge. These regional offices function primarily as decentralized audit centers, providing financial review of the accounting of revenues collected and expenses incurred by counties, cities, towns and villages, school and fire districts and quasi-governmental entities. The Department will have a workforce of 2,325 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The operating expenses of the Department are funded primarily with State tax dollars from the General Fund and with revenues from the Employee Retirement Systems. The Executive Budget recommends \$219 million for the Department's State Operations budget, including \$127 million, or 58 percent, in General Fund support.

Another 38 percent of the Department's State Operations budget will be supported in 2005-06 with the recommended \$83 million in funding from the Retirement Systems. The remaining 4 percent of this budget will be funded with:

- \$5.8 million in payments made by the City of New York and certain businesses, which support the Department's costs associated with overseeing City finances and with administering an account related to oil spill cleanups;
- \$1.6 million in charges to the Retirement Systems for the Department's staff and other costs related to administering an internal auditing program; and
- \$1.8 million from investment earnings, which will finance checking and direct deposit costs of State government.

The Executive Budget Recommendation includes \$37.3 million in Aid to Localities for special accidental death benefits for the survivors of police and paid firefighters and \$32 million for increased costs for indigent legal services.

PROGRAM HIGHLIGHTS

- The Executive Direction, Legal Services and Administrative and Data Processing Services programs are responsible for the public information, internal audit, fiscal research, data processing, financial administration, legal, office services, management analysis and human resource functions of the Department.
- The Payroll and Revenue Services program conducts pre-audits of the State payroll and manages two statewide revenue programs. Staff assigned to this program administer the Abandoned Property Law, which requires the timely transfer of abandoned property to the State from holders of the property, notification of the legal owners of the property and payment of all valid claims.

AUDIT AND CONTROL

- The State Services program audits all State agency, State public authority and New York City government programs to evaluate their effectiveness and efficiency. Staff assigned to this program also conduct a pre-audit of all non-payroll State expenditures. In this capacity, the Department acts as the State's bookkeeper, recording all collected revenues in the appropriate accounts, and posting all payments. The Higher Education Services Corporation and the departments of Labor and Civil Service fund on-site auditors who monitor selected activities of those agencies.
- The Local Government Services and Economic Development program examines and standardizes fiscal reports and accounts of all governmental and quasi-governmental entities within the State, and monitors and makes recommendations on the fiscal condition of municipalities. Staff also audit school districts and boards of cooperative education, with a portion of these costs funded by the State Education Department. This program also processes revenues generated by the local courts and by the sale of licenses for bingo and games of chance. These revenues are deposited in the Justice Court Fund and are subsequently distributed to the State and localities to which the funds are owed.
- The Office of the State Deputy Comptroller for the City of New York assists the New York State Financial Control Board in carrying out and exercising the responsibilities assigned, and powers granted, to the Board by the Financial Emergency Act for the City of New York.
- The Retirement Services program administers the State Retirement Systems, consisting of the Employees' Retirement System, the Police and Fire Retirement System and the Public Employees' Group Life Insurance Plan. Currently, there are about 2,985 participating government employers, 641,721 active and vested members and approximately 328,357 pensioners and their beneficiaries.
- The Pension Investment and Public Finance program, in addition to overseeing the assets of the Retirement Systems, issues general obligation debt, invests short-term moneys for the State and local governments and selects financial institutions to provide banking services to the State.
- Under Chapter 845 of the Laws of 1977, the Comptroller administers the New York State Environmental Protection and Oil Spill Compensation Fund. Costs associated with cleaning up oil spills are paid from the fund upon certification of the Commissioner of Environmental Conservation. Moneys in this fund consist of receipts from a fee levied on each barrel of petroleum shipped into the State.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	214,905,100	219,552,000	4,646,900	0
Aid To Localities	91,824,000	69,325,000	(22,499,000)	0
Capital Projects	0	0	0	0
Total	<u>306,729,100</u>	<u>288,877,000</u>	<u>(17,852,100)</u>	<u>0</u>

AUDIT AND CONTROL

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administrative and Data Processing			
Services Program			
General Fund	290	290	0
Environmental Protection and Spill			
Compensation			
Special Revenue Funds - Other	6	6	0
Executive Direction			
General Fund	35	35	0
Internal Service Funds	13	13	0
Pension Investment and Public Finance			
Program			
General Fund	11	11	0
Fiduciary Funds	45	45	0
Legal Services			
General Fund	34	34	0
State Services Program			
General Fund	489	543	54
Special Revenue Funds - Federal	8	8	0
Internal Service Funds	11	11	0
Local Government Services and Economic			
Development Program			
General Fund	192	192	0
Payroll and Revenue Services			
General Fund	329	329	0
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	28	28	0
Retirement Services Program			
Fiduciary Funds	780	780	0
Total	2,271	2,325	54

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	127,142,000	127,142,000	0
Special Revenue Funds - Other	5,544,000	5,838,000	294,000
Internal Service Funds	3,362,900	3,487,000	124,100
Fiduciary Funds	78,856,200	83,085,000	4,228,800
Total	214,905,100	219,552,000	4,646,900
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(3,190,000)		
Special Revenue Funds - Other	(150,000)		
Internal Service Funds	(88,900)		
Pension Trust Funds	(2,542,200)		
Appropriated 2004-05	208,934,000		

AUDIT AND CONTROL

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

Program	Available 2004-05	Recommended 2005-06	Change
Administrative and Data Processing			
Services Program			
General Fund	31,284,000	31,284,000	0
Environmental Protection and Spill			
Compensation			
Special Revenue Funds - Other	960,000	1,006,000	46,000
Executive Direction			
General Fund	4,960,000	4,960,000	0
Internal Service Funds	1,522,900	1,647,000	124,100
Pension Investment and Public Finance			
Program			
General Fund	1,379,000	1,379,000	0
Internal Service Funds	1,840,000	1,840,000	0
Fiduciary Funds	6,871,600	7,248,000	376,400
Legal Services			
General Fund	3,616,000	3,616,000	0
State Services Program			
General Fund	43,350,000	43,350,000	0
Local Government Services and Economic			
Development Program			
General Fund	14,314,000	14,314,000	0
Special Revenue Funds - Other	545,000	545,000	0
Payroll and Revenue Services			
General Fund	28,239,000	28,239,000	0
Office of the Special Deputy Comptroller for			
New York City			
Special Revenue Funds - Other	4,039,000	4,287,000	248,000
Retirement Services Program			
Fiduciary Funds	71,984,600	75,837,000	3,852,400
Total	<u>214,905,100</u>	<u>219,552,000</u>	<u>4,646,900</u>

AUDIT AND CONTROL

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	18,830,000	0	18,778,200	0
Executive Direction	4,294,000	0	4,277,700	0
Pension Investment and Public Finance				
Program	890,000	0	890,000	0
Legal Services	3,366,000	0	3,353,600	0
State Services Program	31,782,000	0	31,630,000	0
Local Government Services and Economic				
Development Program	12,953,000	0	12,934,000	0
Payroll and Revenue Services	16,113,000	0	15,186,200	0
Total	<u>88,228,000</u>	<u>0</u>	<u>87,049,700</u>	<u>0</u>
Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	11,600	0	40,200	0
Executive Direction	16,300	0	0	0
Pension Investment and Public Finance				
Program	0	0	0	0
Legal Services	0	0	12,400	0
State Services Program	92,300	0	59,700	0
Local Government Services and Economic				
Development Program	0	0	19,000	0
Payroll and Revenue Services	424,400	0	502,400	0
Total	<u>544,600</u>	<u>0</u>	<u>633,700</u>	<u>0</u>

AUDIT AND CONTROL

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	12,454,000	0	663,100	0
Executive Direction	666,000	0	15,600	0
Pension Investment and Public Finance				
Program	489,000	0	6,300	0
Legal Services	250,000	0	5,000	0
State Services Program	11,568,000	0	21,000	0
Local Government Services and Economic				
Development Program	1,361,000	0	33,500	0
Payroll and Revenue Services	12,126,000	0	68,600	0
Total	<u>38,914,000</u>	<u>0</u>	<u>813,100</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	20,600	0	11,711,600	0
Executive Direction	21,900	0	571,700	0
Pension Investment and Public Finance				
Program	6,400	0	475,500	0
Legal Services	2,200	0	237,800	0
State Services Program	240,300	0	11,294,950	0
Local Government Services and Economic				
Development Program	404,800	0	918,500	0
Payroll and Revenue Services	89,400	0	11,952,250	0
Total	<u>785,600</u>	<u>0</u>	<u>37,162,300</u>	<u>0</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administrative and Data Processing				
Services Program	58,700	0	0	0
Executive Direction	2,800	0	54,000	0
Pension Investment and Public Finance				
Program	800	0	0	0
Legal Services	5,000	0	0	0
State Services Program	11,750	0	0	0
Local Government Services and Economic				
Development Program	4,200	0	0	0
Payroll and Revenue Services	15,750	0	0	0
Total	<u>99,000</u>	<u>0</u>	<u>54,000</u>	<u>0</u>

AUDIT AND CONTROL

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Environmental Protection and Spill Compensation	1,006,000	46,000	512,000	21,000
Executive Direction	1,647,000	124,100	1,038,000	62,900
Pension Investment and Public Finance Program	9,088,000	376,400	3,929,000	173,700
Local Government Services and Economic Development Program	545,000	0	0	0
Office of the Special Deputy Comptroller for New York City	4,287,000	248,000	2,702,000	111,000
Retirement Services Program	75,837,000	3,852,400	37,355,000	1,834,800
Total	92,410,000	4,646,900	45,536,000	2,203,400

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Environmental Protection and Spill Compensation	494,000	25,000	0	0
Executive Direction	609,000	61,200	0	0
Pension Investment and Public Finance Program	5,159,000	202,700	0	0
Local Government Services and Economic Development Program	0	0	545,000	0
Office of the Special Deputy Comptroller for New York City	1,585,000	137,000	0	0
Retirement Services Program	38,482,000	2,017,600	0	0
Total	46,329,000	2,443,500	545,000	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	39,824,000	37,325,000	(2,499,000)
Special Revenue Funds - Other	52,000,000	32,000,000	(20,000,000)
Total	91,824,000	69,325,000	(22,499,000)

Adjustments:

Recommended Deficiency	
Audit and Control, Department of General Fund	(400,000)
Special Revenue Funds - Other	(40,000,000)
Appropriated 2004-05	<u>51,424,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Executive Direction			
Special Revenue Funds - Other	52,000,000	32,000,000	(20,000,000)
State Services Program			
General Fund	39,824,000	37,325,000	(2,499,000)
Total	91,824,000	69,325,000	(22,499,000)

DIVISION OF THE BUDGET

MISSION

The Governor is responsible under the State Constitution for the preparation and execution of the State's expenditure and revenue plans. The Division of the Budget prepares a proposed budget under the Governor's direction and executes the budget as adopted by the Legislature. The Division also serves as the Governor's primary advisor on such fiscal matters as local government and public authority finances.

ORGANIZATION AND STAFFING

Headed by the Director of the Budget, the Division is located in Albany. The Division's workforce is supported through both the General Fund and Special Revenues.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The recommended General Fund appropriation for 2005-06 of \$33.5 million will fund the Budget Division's basic operations.

PROGRAM HIGHLIGHTS

The Division's activities include:

- Establishing budget policy and agency direction;
- Providing fiscal policy advice in revenue and expenditure forecasting, budget process management and intergovernmental relations; and
- Coordinating the development and execution of State agency programs and budgets.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	57,370,000	60,824,000	3,454,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	57,370,000	60,824,000	3,454,000	0

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Budget Division			
General Fund	309	297	(12)
Special Revenue Funds - Other	21	33	12
Total	330	330	0

BUDGET

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

Program	Available 2004-05	Recommended 2005-06	Change
Budget Division			
General Fund	29,360,000	27,970,000	(1,390,000)
Special Revenue Funds - Other	13,460,000	19,704,000	6,244,000
Internal Service Funds	1,550,000	1,650,000	100,000
Cash Management Improvement Act			
General Fund	7,000,000	5,500,000	(1,500,000)
Special Revenue Funds - Other	6,000,000	6,000,000	0
Total	<u>57,370,000</u>	<u>60,824,000</u>	<u>3,454,000</u>

CAPITAL DEFENDER OFFICE

MISSION

Established simultaneously with the 1995 restoration of the death penalty, the Capital Defender Office is authorized to defend any indigent person charged with a capital crime. Under the restored death penalty legislation, persons convicted of first-degree murder could be sentenced to death by lethal injection, life imprisonment without parole, or 20 to 25 years in prison. To be sentenced to death, a person must be found guilty of first-degree murder, which includes the killing of a police officer, killing for hire or certain other heinous murders.

The Capital Defender Office ensures that offenders who face the death penalty receive the full legal protection to which they are entitled under law. The Office is required to provide legal, investigative and expert services to indigent defendants charged with crimes eligible for the death penalty. Since not all defendants in capital cases will be represented by the Office, the law also requires the Office to set minimum standards for lawyers appointed to defend such cases, provide training and assistance to these attorneys and provide judges with lists of qualified lawyers.

ORGANIZATION AND STAFFING

A three-member Board oversees the work of the Office. The Board members are appointed, one each by the Temporary President of the Senate, the Speaker of the Assembly and the Chief Judge of the Court of Appeals. The Office will have a staff of 59 located in a central office in New York City and regional offices in Albany and Rochester.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendation provides a total of nearly \$12.3 million in State tax dollars to fund the actual cost of providing death penalty defense in 2005-06. These funds will support the Agency's staff attorneys, investigators and experts as well as legal aid societies and private attorneys appointed to represent indigent defendants in capital cases. A portion of this funding will become available upon passage of a statute which addresses the issues raised by the Court of Appeals in its June 2004 decision regarding the State's death penalty.

PROGRAM HIGHLIGHTS

Since 1995, there have been a total of 857 capital-eligible cases and 58 notices of intent to seek the death penalty filed by the State's district attorneys. Due in part to progress made in reducing violent crime, the number of capital-eligible cases has declined from 138 in 1996 to 53 in 2004. Similarly, the number of intent to seek death penalty notices filed has declined from 13 in 1996 to 8 in 2004.

On June 24, 2004 the New York Court of Appeals determined that the deadlock provision of the death penalty statute was unconstitutional. The Court also directed that first degree murder charges could not proceed as capital cases absent the statute being repaired by the Legislature. If the Legislature fails to enact a statute that addresses the issues raised by the Court, there will no longer be any reason for the continued existence of the Capital Defender Office.

CAPITAL DEFENDER

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	12,825,000	12,277,000	(548,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	12,825,000	12,277,000	(548,000)	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Capital Defense			
General Fund	59	59	0
Total	59	59	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	12,825,000	12,277,000	(548,000)
Total	12,825,000	12,277,000	(548,000)

Adjustments:
Transfer(s) From
 Special Pay Bill
 General Fund
Appropriated 2004-05

(175,000)
12,650,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Capital Defense			
General Fund	12,825,000	12,277,000	(548,000)
Total	12,825,000	12,277,000	(548,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Capital Defense	4,648,000	(15,000)	4,467,000	(15,000)
Total	4,648,000	(15,000)	4,467,000	(15,000)

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Capital Defense	181,000	0
Total	181,000	0

CAPITAL DEFENDER

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Capital Defense	7,629,000	(533,000)	187,000	5,000
Total	7,629,000	(533,000)	187,000	5,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Capital Defense	314,000	8,000	2,040,000	50,000
Total	314,000	8,000	2,040,000	50,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Capital Defense	159,000	4,000	4,929,000	(600,000)
Total	159,000	4,000	4,929,000	(600,000)

DEPARTMENT OF CIVIL SERVICE

MISSION

In accordance with the Civil Service Law, the Department of Civil Service is charged with providing human resource management services to State and local governments.

ORGANIZATION AND STAFFING

Based in Albany, the Department of Civil Service operates under the direction of a Commissioner appointed by the Governor. The Civil Service Commission, consisting of the Commissioner, who serves as its President, and two Commissioners appointed by the Governor, is an appellate body responsible for reviewing determinations of the Department and the Director of Classification and Compensation. The Department will maintain a workforce of 575 in 2005-06.

The responsibilities of the Department are carried out through eight divisions:

- The Division of Information Resource Management provides the Department's basic data, information and systems and has primary responsibility for implementation of the Department's technology projects;
- The Staffing Services Division provides State agencies with personnel recruitment and placement services. The Division coordinates the Department's response to agency personnel operations and develops and administers a variety of tests for State positions, including oral, training and experience and performance assessment tests;
- The Testing Services Division develops, administers and validates State and local written tests;
- The Division of Classification and Compensation determines appropriate job titles for agency functions and salary levels for existing and new positions;
- The Division of Personnel Services encompasses the Employee Benefits Division and the Employee Health Service. The Employee Benefits Division administers health, dental, life, vision, disability and accident benefit programs for State employees and participating local governments. Responsibilities include contracting with insurance companies and other vendors to deliver services, financial management of these programs, communicating plan provisions to subscribers, assisting enrollees in resolving disputed claims, maintaining enrollment information for over 1.2 million covered individuals and financial accounting for approximately \$4.8 billion in annual premiums through the New York Benefits Eligibility and Accounting System;
- The Municipal Service Division assists 101 local civil service agencies in classifying positions, interpreting laws and rules and, together with the Testing Division, providing selection devices and examinations;
- The Diversity Planning and Management Division approves and monitors affirmative action plans for State agencies, provides technical assistance and training in the achievement of cultural diversity in the work force and is also responsible for administering the Workers With Disabilities Program; and,
- The Division of Administration provides leadership, management direction and support for the operating divisions of the Department, and is composed of units responsible for personnel, finance, legal, internal audit, planning and training functions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department is funded, in part, with tax dollars from the General Fund that will support approximately 40 percent of the Agency's operations. The remaining 60 percent of its operations are funded with payments from other agencies and governmental entities, most of

CIVIL SERVICE

which are made by employers participating in the New York State Health Insurance Program. The premiums paid by public employers are partially used to offset the Department's cost of administering the program. Similarly, the Department is reimbursed for testing and other services provided to State agencies whose operations are funded by special industry assessments. In addition, the Department is authorized to offset some operating costs through application fees for certain State and local examinations. State examination fees are imposed on many of the tests that are open to the general public. The Executive Budget recommends funding of \$63 million for the Department, which includes \$26.4 million in General Fund support and \$36.6 million in payments from other State agencies and public entities.

PROGRAM HIGHLIGHTS

The Department's Employee Benefits Division achieved a reduction of \$129 million for Empire Plan subscribers through negotiated changes to the insurance companies requested initial 2005 premium. Terms of the final year of the Empire Plan Prescription Drug contract extension were renegotiated effective January 1, 2005 producing annual savings of approximately \$60 million.

The Department of Civil Service continues to use technology to strengthen services and increase efficiency. In recent years, the Department has initiated computer-based testing and is now working to develop an Integrated Testing System (ITS) to enhance the quality and timeliness of test scoring, list certifications and employee placements

In April, 2004, the Department re-established the Public Management Institute (PMI). The PMI program serves as an important vehicle for bringing exceptional individuals with a capacity for leadership to careers in New York State government.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	58,516,500	63,061,000	4,544,500	225,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	58,516,500	63,061,000	4,544,500	225,000

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration and Information Management			
General Fund	94	93	(1)
Internal Service Funds	22	23	1
Local Civil Service			
General Fund	14	14	0
Labor Management Programs			
General Fund	17	17	0
Personnel Benefit Services			
General Fund	32	32	0
Internal Service Funds	158	158	0
Personnel Management Services			
General Fund	188	188	0
Internal Service Funds	50	50	0
Total	575	575	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	22,995,000	26,455,000	3,460,000
Special Revenue Funds - Other	1,400,000	1,400,000	0
Internal Service Funds	34,121,500	35,206,000	1,084,500
Total	58,516,500	63,061,000	4,544,500

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(783,000)
Internal Service Funds	(880,500)
Appropriated 2004-05	<u>56,853,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration and Information			
Management			
General Fund	7,028,000	10,152,000	3,124,000
Internal Service Funds	2,408,000	2,713,000	305,000
Local Civil Service			
General Fund	934,000	992,000	58,000
Personnel Benefit Services			
General Fund	1,895,000	2,013,000	118,000
Special Revenue Funds - Other	400,000	400,000	0
Internal Service Funds	24,158,500	24,716,000	557,500
Personnel Management Services			
General Fund	13,138,000	13,298,000	160,000
Special Revenue Funds - Other	1,000,000	1,000,000	0
Internal Service Funds	7,555,000	7,777,000	222,000
Total	58,516,500	63,061,000	4,544,500

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Information				
Management	5,681,000	562,000	5,678,000	562,000
Local Civil Service	960,000	56,000	959,000	56,000
Personnel Benefit Services	1,915,000	111,000	1,885,000	111,000
Personnel Management Services	11,429,000	621,000	10,526,000	621,000
Total	19,985,000	1,350,000	19,048,000	1,350,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Information				
Management	0	0	3,000	0
Local Civil Service	0	0	1,000	0
Personnel Benefit Services	28,000	0	2,000	0
Personnel Management Services	887,000	0	16,000	0
Total	915,000	0	22,000	0

CIVIL SERVICE

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Information				
Management	4,471,000	2,562,000	45,000	0
Local Civil Service	32,000	2,000	6,000	0
Personnel Benefit Services	98,000	7,000	17,000	0
Personnel Management Services	1,869,000	(461,000)	68,000	(40,000)
Total	<u>6,470,000</u>	<u>2,110,000</u>	<u>136,000</u>	<u>(40,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Information				
Management	32,000	0	4,314,000	3,018,000
Local Civil Service	11,000	0	15,000	2,000
Personnel Benefit Services	10,000	0	56,000	7,000
Personnel Management Services	171,000	55,000	2,447,000	357,000
Total	<u>224,000</u>	<u>55,000</u>	<u>6,832,000</u>	<u>3,384,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Information				
Management	80,000	0	0	(456,000)
Local Civil Service	0	0	0	0
Personnel Benefit Services	15,000	0	0	0
Personnel Management Services	23,000	7,000	(840,000)	(840,000)
Total	<u>118,000</u>	<u>7,000</u>	<u>(840,000)</u>	<u>(1,296,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Information				
Management	2,713,000	305,000	1,193,000	182,000
Personnel Benefit Services	25,116,000	557,500	8,398,000	359,800
Personnel Management Services	8,777,000	222,000	0	0
Total	<u>36,606,000</u>	<u>1,084,500</u>	<u>9,591,000</u>	<u>541,800</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Information				
Management	1,520,000	123,000	0	0
Personnel Benefit Services	7,440,000	395,700	9,278,000	(198,000)
Personnel Management Services	0	0	8,777,000	222,000
Total	<u>8,960,000</u>	<u>518,700</u>	<u>18,055,000</u>	<u>24,000</u>

CONSUMER PROTECTION BOARD

MISSION

The Consumer Protection Board was created to protect and advance the rights of New York State's consumers. The Agency handles consumer complaints and mediates consumer disputes; promotes consumer education and fraud prevention; and represents consumers in utility rate cases. The Agency also advises the Governor on consumer issues and recommends legislative initiatives on consumer related matters.

ORGANIZATION AND STAFFING

The Consumer Protection Board consists of three units: Consumer Assistance Unit, Office of Strategic Programs and the Law and Investigations Unit. The Agency is located in Albany, with satellite offices in Rochester, Long Island and New York City. For 2005-06 the Consumer Protection Board will have a workforce of 29.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Beginning in 2005-06, the Consumer Protection Board will be financed entirely from non-taxpayer sources, primarily assessments on utilities operating within the State. The Executive Budget recommendation provides approximately \$3.8 million for the Consumer Protection Board for 2005-06.

PROGRAM HIGHLIGHTS

The Office of Strategic Programs consists of the utility intervention and outreach information units. These units represent consumers in utility rate cases and develop and deliver informational programs on consumer related issues. The Consumer Assistance Unit mediates disputes between consumers and businesses. The Office of Law and Investigations researches and investigates consumer issues including potential violations of New York State's Motor Fuel Marketing Practices Act and enforces the No Telemarketing Sales Call Law.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,506,000	3,792,000	286,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,506,000	3,792,000	286,000	0

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Consumer Protection			
General Fund	5	0	(5)
Special Revenue Funds - Other	24	29	5
Total	29	29	0

CONSUMER PROTECTION

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
General Fund	386,000	0	(386,000)
Special Revenue Funds - Other	3,120,000	3,792,000	672,000
Total	3,506,000	3,792,000	286,000

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(18,000)
Special Revenue Funds - Other	(80,000)
Appropriated 2004-05	3,408,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Consumer Protection	0	(287,000)	0	(287,000)
Total	0	(287,000)	0	(287,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Supplies and Materials</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Consumer Protection	0	(99,000)	0	(9,000)
Total	0	(99,000)	0	(9,000)

<u>Program</u>	<u>Travel</u>		<u>Contractual Services</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Consumer Protection	0	(16,000)	0	(69,000)
Total	0	(16,000)	0	(69,000)

<u>Program</u>	<u>Equipment</u>	
	<u>Amount</u>	<u>Change</u>
Consumer Protection	0	(5,000)
Total	0	(5,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Consumer Protection	3,792,000	672,000	1,942,000	398,000
Total	3,792,000	672,000	1,942,000	398,000

<u>Program</u>	<u>Nonpersonal Service</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Consumer Protection	1,839,000	274,000	11,000	0
Total	1,839,000	274,000	11,000	0

STATE COMMISSION OF CORRECTION

MISSION

The State Commission of Correction regulates and oversees the operation and management of State and local correctional facilities. The Agency's role is to promote a safe, secure and stable correctional system and to provide for the accountability of corrections officials. As a result of legislation enacted in 1996, the Commission's role includes the oversight of secure youth facilities operated by the Office of Children and Family Services.

ORGANIZATION AND STAFFING

The Commission is made up of three members appointed by the Governor, one of whom is designated Chair. The other Commissioners respectively chair the Citizens Policy and Complaint Review Council, which reviews grievances and complaints against correctional facilities, and the Medical Review Board, which investigates inmate deaths and oversees inmate health care services.

Regional teams of review specialists are responsible for visiting and inspecting local and State correctional facilities. They investigate unusual events at facilities, provide technical assistance to improve facility management and monitor facilities for compliance with standards and regulations. The agency will operate in 2005-06 with a staff of 35.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Commission of Correction will be supported by approximately \$2.5 million in State tax dollars in 2005-06.

PROGRAM HIGHLIGHTS

The Commission monitors 70 State correctional facilities, 60 county jails, 16 New York City correctional facilities, 267 locally operated police department detention facilities throughout the State and 4 juvenile detention facilities operated by the Office of Children and Family Services. The agency also participates in the multi-agency Criminal Justice Systems Analysis Team (CJSAT) — operated in conjunction with the Division of Criminal Justice Services and the Division of Probation and Correctional Alternatives — to assist localities in analyzing operational issues in local correctional facilities.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations	Change	Reappropriations
	2004-05	Recommended 2005-06		Recommended 2005-06
State Operations	2,517,000	2,577,000	60,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	2,517,000	2,577,000	60,000	0

COMMISSION OF CORRECTION

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Improvement of Correctional Facilities			
General Fund	32	32	0
Special Revenue Funds - Federal	3	3	0
Total	<u>35</u>	<u>35</u>	<u>0</u>

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	2,517,000	2,577,000	60,000
Total	<u>2,517,000</u>	<u>2,577,000</u>	<u>60,000</u>

Adjustments:

Transfer(s) From Special Pay Bill General Fund	(84,000)
Appropriated 2004-05	<u>2,433,000</u>

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

Program	Available	Recommended	Change
	2004-05	2005-06	
Improvement of Correctional Facilities			
General Fund	2,517,000	2,577,000	60,000
Total	<u>2,517,000</u>	<u>2,577,000</u>	<u>60,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Improvement of Correctional Facilities	2,119,000	34,000	2,099,000	34,000
Total	<u>2,119,000</u>	<u>34,000</u>	<u>2,099,000</u>	<u>34,000</u>

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Improvement of Correctional Facilities	20,000	0
Total	<u>20,000</u>	<u>0</u>

COMMISSION OF CORRECTION

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Improvement of Correctional Facilities	458,000	26,000	16,000	0
Total	458,000	26,000	16,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Improvement of Correctional Facilities	157,000	4,000	277,000	22,000
Total	157,000	4,000	277,000	22,000

Program	Equipment	
	Amount	Change
Improvement of Correctional Facilities	8,000	0
Total	8,000	0

DEPARTMENT OF CORRECTIONAL SERVICES

MISSION

The Department of Correctional Services (the Department) is responsible for the safe and secure confinement of convicted felons, and the preparation of these individuals for successful reintegration into the community upon release.

ORGANIZATION AND STAFFING

The Department oversees the nation's fourth largest state prison system. With a staff of approximately 31,000 employees, the Department currently operates 70 facilities, grouped within nine regional hubs. Each facility is managed by a Superintendent, reporting to the Commissioner. Nearly 68 percent of the Department's staff are security personnel, with remaining personnel primarily dedicated to the delivery of inmate programs, health services or facility operations. The Department also operates the Willard Drug Treatment Campus in Seneca County, in cooperation with the Division of Parole and the Office of Alcoholism and Substance Abuse Services.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

For 2005-06 the Department will be supported by appropriations of \$2.5 billion. Recommendations reflect the steady decline in the prison population, and continuing down-sizing of the prison system.

The Department's \$2.2 billion in operating expenses will be supported primarily by State tax dollars, which comprise 92 percent of the Department's operating budget, and 100 percent of the cost of reimbursing counties for housing inmates awaiting transfer to State prison. More than \$36 million in Federal funds offset the State cost of housing illegal alien felons, inmate education and substance abuse treatment. Another \$75 million is authorized for operations of the Correctional Industries program, an inmate vocational program which produces commodities for sale to government agencies. Finally, \$205 million will support the Department's capital program.

A \$116 million deficiency appropriation is recommended as well, to fund 2004-05 expenditures which were unanticipated at the time of budget enactment. Higher-than-anticipated fuel costs, overtime resulting from increased absences of correction officers on military leave or worker's compensation leave, and significantly higher-than-expected costs for inmate medical care are the primary causes of this deficiency.

PROGRAM HIGHLIGHTS

Over the last decade, penalties for violent crime have increased significantly in New York State. Jenna's Law, enacted in 1998, together with the Truth-in-Sentencing legislation enacted in 1995, ensure that violent offenders will serve at least 85 percent of their sentence in prison.

These and other criminal justice reforms have reduced crime rates, and resulted in a significant decline in the prison population. By the close of the 2005-06 fiscal year, the population is expected to decline to an estimated 63,100 inmates – 8,400 inmates less than the 1999 peak of 71,500.

This decline reflects alternative sentencing programs, such as the Willard Drug Treatment campus which provides the court with the option to sentence certain non-violent offenders to treatment for addiction, and programs in which non-violent offenders earn early release from prison. The success of these programs has contributed to lower rates of recidivism.

CORRECTIONAL SERVICES

Although the overall size of the prison population has declined, violent and predatory offenders are remaining in prison longer — on average, 57 percent longer. Tougher penalties for the most serious crimes and the elimination of parole for violent felony offenders have led to a prison population more heavily comprised of violent offenders. Violent offenders now constitute 57 percent of the total inmate population, up from 51 percent in 1995.

To ensure sufficient capacity to appropriately house this population, 4,950 maximum-security beds were constructed — including nine 200-bed disciplinary housing units, and two new 1,500-bed facilities. The system has also eliminated nearly 6,300 temporary beds added to house the much larger prison population of the late 1990's. Assaults on inmates and staff are down 59 percent and 41 percent, respectively — the lowest levels since the early 1980's.

The Department is comprised of seven major programs, aimed at providing a safe and secure environment that affords each inmate the opportunity for rehabilitation. These include:

- **Administration:** Administrative staff formulate policy and provide centralized operational support to correctional facilities, including directing the classification and movement of inmates, as well as coordinating labor relations, personnel and financial functions and the Department's response to legal issues.
- **Support Services:** Dedicated to facility management, this program ensures smooth operations within correctional facilities, including food service, transportation, utility management and maintenance of the physical plant.
- **Supervision of Inmates:** A total of 21,000 correction officers ensures a safe and secure environment for both employees and inmates, and protects the safety of surrounding communities.
- **Program Services:** The Department offers a wide range of successful programs designed to prepare inmates for successful reintegration into the community, including basic educational and vocational skills training, sex offender and substance abuse treatment, aggression management programs and transitional planning.
- **Health Services:** Treating a population with significant health care needs and high rates of infectious disease (e.g., AIDS, tuberculosis and hepatitis), the Department combines the use of telemedicine with access to regional medical units to achieve cost-effective health screening and care. Inmate mental health services are provided jointly with the Office of Mental Health, and a planned expansion of services is on track.
- **Correctional Industries:** This program provides commodities and services for the Department, other State agencies and local governments. Inmates are employed as staff, providing them with vocational training and real working experience.
- **Facilities Planning and Development:** The Department's capital program ensures that all aspects of each facility remain safe and secure. The advanced age of some of the system's facilities, as well as the changing needs of the inmate population, require a steady program of rehabilitation and preservation projects totaling approximately \$180 million annually.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	2,201,448,600	2,240,913,000	39,464,400	9,500,000
Aid To Localities	11,400,000	8,000,000	(3,400,000)	11,400,000
Capital Projects	205,107,000	205,000,000	(107,000)	827,160,000
Total	<u>2,417,955,600</u>	<u>2,453,913,000</u>	<u>35,957,400</u>	<u>848,060,000</u>

CORRECTIONAL SERVICES

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	235	235	0
Special Revenue Funds - Federal	725	725	0
Enterprise Funds	11	11	0
Correctional Industries			
Internal Service Funds	468	468	0
Facilities Planning and Development			
Capital Projects Funds - Other	32	32	0
Health Services			
General Fund	1,841	1,841	0
Enterprise Funds	26	26	0
Program Services			
General Fund	3,183	3,183	0
Enterprise Funds	42	42	0
Supervision of Inmates			
General Fund	20,970	20,894	(76)
Support Services			
General Fund	3,512	3,512	0
Total	<u>31,045</u>	<u>30,969</u>	<u>(76)</u>

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	2,009,939,000	2,067,345,000	57,406,000
Special Revenue Funds - Federal	37,087,600	36,600,000	(487,600)
Special Revenue Funds - Other	16,000,000	3,000,000	(13,000,000)
Enterprise Funds	65,650,700	58,957,000	(6,693,700)
Internal Service Funds	72,771,300	75,011,000	2,239,700
Total	<u>2,201,448,600</u>	<u>2,240,913,000</u>	<u>39,464,400</u>

Adjustments:	
Prior Year Deficiency	
Correctional Services, Department of	
General Fund	54,500,000
Recommended Deficiency	
Correctional Services, Department of	
General Fund	(116,000,000)
Transfer(s) From	
Special Pay Bill	
General Fund	(18,647,000)
Special Revenue Funds - Federal	(477,600)
Enterprise Funds	(224,700)
Internal Service Funds	(1,240,300)
Appropriated 2004-05	<u>2,119,359,000</u>

CORRECTIONAL SERVICES

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	22,636,000	23,434,000	798,000
Special Revenue Funds - Federal	37,087,600	36,600,000	(487,600)
Special Revenue Funds - Other	15,400,000	2,400,000	(13,000,000)
Enterprise Funds	2,082,000	2,082,000	0
Correctional Industries			
Internal Service Funds	72,771,300	75,011,000	2,239,700
Health Services			
General Fund	295,318,000	291,770,000	(3,548,000)
Enterprise Funds	16,862,000	9,694,000	(7,168,000)
Program Services			
General Fund	195,323,000	203,114,000	7,791,000
Special Revenue Funds - Other	100,000	100,000	0
Enterprise Funds	45,881,700	46,356,000	474,300
Supervision of Inmates			
General Fund	1,117,064,000	1,152,524,000	35,460,000
Support Services			
General Fund	379,598,000	396,503,000	16,905,000
Special Revenue Funds - Other	500,000	500,000	0
Enterprise Funds	825,000	825,000	0
Total	<u>2,201,448,600</u>	<u>2,240,913,000</u>	<u>39,464,400</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	15,313,000	751,000	15,240,000	740,000
Health Services	110,932,000	4,647,000	99,673,000	3,453,000
Program Services	166,696,000	7,668,000	155,495,000	7,353,000
Supervision of Inmates	1,132,465,000	31,957,000	1,059,251,000	27,492,000
Support Services	155,834,000	1,554,000	146,905,000	789,000
Total	<u>1,581,240,000</u>	<u>46,577,000</u>	<u>1,476,564,000</u>	<u>39,827,000</u>
Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	73,000	11,000
Health Services	4,320,000	(12,000)	6,939,000	1,206,000
Program Services	8,107,000	198,000	3,094,000	117,000
Supervision of Inmates	6,917,000	1,605,000	66,297,000	2,860,000
Support Services	356,000	31,000	8,573,000	734,000
Total	<u>19,700,000</u>	<u>1,822,000</u>	<u>84,976,000</u>	<u>4,928,000</u>

CORRECTIONAL SERVICES

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	8,121,000	47,000	414,000	12,000
Health Services	180,838,000	(8,195,000)	76,514,000	2,875,000
Program Services	36,418,000	123,000	9,553,000	704,000
Supervision of Inmates	20,059,000	3,503,000	11,964,000	2,795,000
Support Services	240,669,000	15,351,000	106,790,000	8,662,000
Total	486,105,000	10,829,000	205,235,000	15,048,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	328,000	10,000	6,511,000	0
Health Services	113,000	0	103,539,000	(11,374,000)
Program Services	395,000	20,000	25,804,000	(737,000)
Supervision of Inmates	2,406,000	322,000	5,232,000	353,000
Support Services	328,000	0	123,215,000	6,378,000
Total	3,570,000	352,000	264,301,000	(5,380,000)

Program	Equipment	
	Amount	Change
Administration	868,000	25,000
Health Services	672,000	304,000
Program Services	666,000	136,000
Supervision of Inmates	457,000	33,000
Support Services	10,336,000	311,000
Total	12,999,000	809,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	41,082,000	(13,487,600)	32,327,000	522,400
Correctional Industries	75,011,000	2,239,700	24,683,000	445,400
Health Services	9,694,000	(7,168,000)	1,559,000	(413,000)
Program Services	46,456,000	474,300	2,248,000	253,200
Support Services	1,325,000	0	0	0
Total	173,568,000	(17,941,600)	60,817,000	808,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,655,000	0	7,100,000	(14,010,000)
Correctional Industries	50,328,000	1,794,300	0	0
Health Services	8,135,000	(6,755,000)	0	0
Program Services	44,208,000	221,100	0	0
Support Services	1,325,000	0	0	0
Total	105,651,000	(4,739,600)	7,100,000	(14,010,000)

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	11,400,000	8,000,000	(3,400,000)
Total	11,400,000	8,000,000	(3,400,000)

CORRECTIONAL SERVICES

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

Program	Available 2004-05	Recommended 2005-06	Change
Support Services			
General Fund	11,400,000	8,000,000	(3,400,000)
Total	<u>11,400,000</u>	<u>8,000,000</u>	<u>(3,400,000)</u>

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

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Maintenance and Improvement of Existing Facilities				
Capital Projects Fund	0	0	0	23,000
Correctional Facilities Capital Improvement Fund	205,107,000	205,000,000	(107,000)	580,981,000
UDC Financed and Other New Facility Capacity Expansion				
Correctional Facilities Capital Improvement Fund	0	0	0	246,156,000
Total	<u>205,107,000</u>	<u>205,000,000</u>	<u>(107,000)</u>	<u>827,160,000</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

CRIME VICTIMS BOARD

MISSION

Since its establishment in 1966, the Crime Victims Board (CVB) has been the lead State agency in assisting persons who have been the victims of crime, particularly crimes of a violent nature.

The agency's principal mission is to provide financial assistance to victims for losses they suffer as a result of crime. The Board provides grants to local agencies, which assist witnesses and victims, and serves as the State's advocate for crime victims' rights, needs and interests.

ORGANIZATION AND STAFFING

The Board consists of five members, appointed by the Governor to seven-year terms, who work full-time to administer the agency and to make final decisions on victim compensation awards. The Governor designates one member of the Board to be the Chair. The agency has primary offices in Albany and New York City and has a satellite office in Buffalo. Each office processes victim claims and provides grant program aid and advocacy services on a regional basis in support of the Board's mission. Including the five Board members, the agency will have 103 staff in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

During 2005-06, \$6.1 million will be spent to operate the agency. Approximately \$67.6 million in Federal aid and revenue from offenders will support compensation payments to victims, local grants to programs assisting victims with treatment and other services, and, beginning in 2005, payments for forensic rape exams.

The recommendations continue the agency's cooperation with the Division of Criminal Justice Services' (DCJS) technology group giving CVB enhanced access to the expertise needed to speed automation of victims' claims processing services.

PROGRAM HIGHLIGHTS

The Crime Victims Board operates with three programs. The Payment to Victims Program compensates individual crime victims for crime-related losses. The Victim and Witness Assistance Program administers grants to local agencies. The Administration Program provides executive direction and administrative support to the agency, as well as advocacy services for crime victims.

The September 11th attacks on the World Trade Center in New York City were a catastrophic crime, which affected an unprecedented number of people in terms of deaths, injuries and loss of economic support. Although most claims have been processed, the agency will continue to assist all victims of the World Trade Center attacks to meet medical, housing, employment, and counseling expenses.

PAYMENTS TO VICTIMS

The agency annually reviews more than 18,000 cases of persons who may have suffered financial loss as the result of violent crime or, in the case of the elderly and disabled, any crime. Assistance is given with losses for which no other source of compensation is available. Categories in which payments are made include medical expenses, lost wages due to work missed because of an injury, stolen or damaged essential personal property and the costs of counseling to relieve the traumatic effects of victimization. Surviving family members of a victim also may be eligible for these services, as well as reimbursement for funeral expenses for a crime victim.

CRIME VICTIMS

Over the past several years, the agency has made a significant effort to increase public awareness about the services available to assist victims of crime. As a result, the number of people seeking help has risen.

VICTIM AND WITNESS ASSISTANCE

The Crime Victims Board currently administers approximately 200 contracts with other State agencies, local governments, and not-for-profit agencies to provide direct services to crime victims and witnesses. In a cooperative program with the New York State Police, CVB funds are used for victim advocates who link crime victims, law enforcement officials and assistance programs for an overall enhancement to criminal justice. Similarly, the agency cooperates with the Department of Correctional Services to fund advocate positions and the automated victim notification system to keep victims informed about the legal status of the offenders responsible for the crimes committed against them. Services provided by local not-for-profit agencies include crisis intervention, counseling and assistance in filing victim compensation.

ADVOCACY

The agency is responsible by law to “coordinate State programs and activities relating to crime victims” and “to advise and assist the Governor in developing policies designed to recognize the legitimate rights, needs and interests of crime victims.” To that end, the agency provides legal and technical assistance to other State agencies and to local organizations involved with crime victims. In addition, the Crime Victims Board sponsors an annual statewide conference on crime victim issues.

The State’s “Son of Sam Law” prevents convicted persons from profiting from their crimes, including the sale of publishing or film rights to their stories. Any such profits can, by law, be payable to the persons who were victims of the crimes. The agency is charged with notifying victims of a convicted person that a “Son of Sam” situation exists, and may also act on the victims’ behalf to prevent the profits from being spent or otherwise put beyond the reach of the victims while a recovery suit is pending.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	5,838,000	6,184,000	346,000	0
Aid To Localities	63,146,000	67,614,000	4,468,000	35,367,000
Capital Projects	0	0	0	0
Total	68,984,000	73,798,000	4,814,000	35,367,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	64	64	0
Special Revenue Funds - Federal	28	28	0
Special Revenue Funds - Other	5	5	0
Payment to Victims			
Special Revenue Funds - Other	6	6	0
Total	103	103	0

CRIME VICTIMS

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	3,056,000	3,332,000	276,000
Special Revenue Funds - Federal	1,925,000	1,925,000	0
Special Revenue Funds - Other	857,000	927,000	70,000
Total	<u>5,838,000</u>	<u>6,184,000</u>	<u>346,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(132,000)
Special Revenue Funds - Federal	(68,000)
Special Revenue Funds - Other	(32,000)
Transfer(s) To	
Crime Victims Board	
Special Revenue Funds - Other (Aid To Localities)	32,000
Appropriated 2004-05	<u>5,638,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,115,000	271,000	3,115,000	271,000
Total	<u>3,115,000</u>	<u>271,000</u>	<u>3,115,000</u>	<u>271,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	217,000	5,000	21,000	1,000
Total	<u>217,000</u>	<u>5,000</u>	<u>21,000</u>	<u>1,000</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	15,000	0	176,000	4,000
Total	<u>15,000</u>	<u>0</u>	<u>176,000</u>	<u>4,000</u>

Program	Equipment	
	Amount	Change
Administration	5,000	0
Total	<u>5,000</u>	<u>0</u>

CRIME VICTIMS

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	2,852,000	70,000	1,349,000	70,000
Total	2,852,000	70,000	1,349,000	70,000

Program	Nonpersonal Service	
	Amount	Change
Administration	1,503,000	0
Total	1,503,000	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	36,523,000	36,523,000	0
Special Revenue Funds - Other	26,623,000	31,091,000	4,468,000
Total	63,146,000	67,614,000	4,468,000

Adjustments:	
Transfer(s) From	
Crime Victims Board	
Special Revenue Funds - Other (State Operations)	(32,000)
Appropriated 2004-05	63,114,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Payment to Victims			
Special Revenue Funds - Federal	11,523,000	11,523,000	0
Special Revenue Funds - Other	19,532,000	24,000,000	4,468,000
Victim and Witness Assistance			
Special Revenue Funds - Federal	25,000,000	25,000,000	0
Special Revenue Funds - Other	7,091,000	7,091,000	0
Total	63,146,000	67,614,000	4,468,000

DIVISION OF CRIMINAL JUSTICE SERVICES

MISSION

The Division of Criminal Justice Services (DCJS) maintains criminal history and statistical data for Federal, State and local law enforcement agencies, identifies criminals through fingerprints, provides training and management services to local police departments, conducts criminal justice research and analysis, and administers and distributes State and Federal funding to various entities within the criminal justice system.

ORGANIZATION AND STAFFING

The Division, located in Albany, is headed by a Commissioner who is appointed by the Governor. The Commissioner also serves as the Governor's Director of Criminal Justice, overseeing policy development and operations for all State criminal justice agencies and programs. A workforce of 720 positions is recommended for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

To further centralize the development of criminal justice policy, as well as the delivery of criminal justice services, the Budget recommends that the Division of Probation and Correctional Alternatives be consolidated within the Division of Criminal Justice Services. This merger will improve coordination of local grants and strengthen the partnership between State and local criminal justice agencies.

In 2005-06, operations of the expanded Division of Criminal Justice Services will be supported by \$47 million in State tax dollars, and \$90 million in Federal funds. The Division's merged Aid to Localities program will distribute \$125 million in State tax dollars, and \$58 million in Federal funds to support various local criminal justice initiatives. An additional \$5.3 million in funding for Operation IMPACT will allow expansion of this 2004 initiative, which focuses State, local and Federal resources on crime-reduction strategies specifically tailored to local communities. Also, \$2.6 million in new funding will allow expanded use of drug treatment as an alternative to prison.

Funding is continued for the Statewide Automated Fingerprint System, which expedites digital access to information for local police departments, and ensures that State data is in compliance with Federal Bureau of Investigation standards, thereby linking New York to national databases and those of other states across the country.

Funding is also continued to support New York's DNA Databank, which helps solve crimes and exonerate innocent people. As crime scene data is analyzed and compared to the DNA of known criminals, science assists law enforcement, prosecutors and the judicial system in identifying, prosecuting and convicting our most dangerous criminal offenders.

The Budget also recommends a transfer of responsibility for administration of federally funded homeland security grants to the Office of Homeland Security, which results in a decrease in DCJS' Federal appropriations.

PROGRAM HIGHLIGHTS

As part of Operation IMPACT, the Division provides technical support and funding to each participating community in designing and implementing a comprehensive crime fighting strategy based on analysis of local crime data.

CRIMINAL JUSTICE SERVICES

IDENTIFICATION SERVICES

The Division identifies individuals through fingerprint comparison and provides criminal history records to authorized representatives of Federal, State and local criminal justice agencies and processes approximately 99 percent of New York City criminal fingerprints in under two hours. Modern technology provides speed and accuracy in fingerprint identification and allows police to solve crimes more quickly. The processing of criminal cases is tracked by computer beginning with the arrest and ending with the decision by a judge and/or jury. The Division also processes non-criminal fingerprint and name searches for certain employment, license and permit applications.

CRIMINAL JUSTICE SUPPORT

The Division provides technical support, training and funding to localities to support criminal justice functions such as law enforcement, prosecution, defense and crime laboratories. The Agency also supports the missing and exploited children clearinghouse, maintains a DNA Identification Index and conducts extensive criminal justice statistical research and policy analysis, including the production of New York's Uniform Crime Reports.

In addition, the Agency acts as the State Planning Agency for the receipt and processing of Federal Juvenile Justice and Delinquency Prevention funding. These funds support programs addressing youth who are at risk of criminal and/or delinquent behavior. The Division also administers other Federal programs including funds which support a statewide anti-drug strategy of prosecution and preventive enforcement efforts, and which focus on prosecution, law enforcement and victim services related to domestic violence.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	330,169,200	148,347,000	(181,822,200)	438,015,500
Aid To Localities	274,142,000	201,394,000	(72,748,000)	270,054,600
Capital Projects	0	0	0	0
Total	604,311,200	349,741,000	(254,570,200)	708,070,100

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	70	90	20
Funding and Program Assistance			
Special Revenue Funds - Federal	117	117	0
Special Revenue Funds - Other	4	4	0
Justice Systems			
General Fund	42	41	(1)
Operation and Systems			
General Fund	384	377	(7)
Special Revenue Funds - Federal	29	29	0
Public Safety			
General Fund	60	59	(1)
Special Revenue Funds - Other	3	3	0
Total	709	720	11

CRIMINAL JUSTICE SERVICES

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	44,046,000	47,387,000	3,341,000
Special Revenue Funds - Federal	275,465,000	90,310,000	(185,155,000)
Special Revenue Funds - Other	10,658,200	10,650,000	(8,200)
Total	<u>330,169,200</u>	<u>148,347,000</u>	<u>(181,822,200)</u>

Adjustments:

Transfer(s) From	
Probation and Correctional Alternatives,	
Division of	
General Fund	(1,954,000)
Special Pay Bill	
General Fund	(1,155,000)
Special Revenue Funds - Federal	(422,000)
Special Revenue Funds - Other	(8,200)
Appropriated 2004-05	<u>326,630,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	15,336,000	17,919,000	2,583,000
Funding and Program Assistance			
Special Revenue Funds - Federal	267,965,000	82,810,000	(185,155,000)
Special Revenue Funds - Other	508,200	500,000	(8,200)
Justice Systems			
General Fund	2,440,000	2,542,000	102,000
Operation and Systems			
General Fund	22,747,000	23,299,000	552,000
Special Revenue Funds - Federal	7,500,000	7,500,000	0
Special Revenue Funds - Other	9,200,000	9,200,000	0
Public Safety			
General Fund	3,523,000	3,627,000	104,000
Special Revenue Funds - Other	950,000	950,000	0
Total	<u>330,169,200</u>	<u>148,347,000</u>	<u>(181,822,200)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	5,421,000	(595,000)	5,382,000	(595,000)
Justice Systems	2,393,000	102,000	2,384,000	102,000
Operation and Systems	16,101,000	(31,000)	16,019,000	(31,000)
Public Safety	3,249,000	104,000	3,205,000	104,000
Total	<u>27,164,000</u>	<u>(420,000)</u>	<u>26,990,000</u>	<u>(420,000)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	5,000	0	34,000	0
Justice Systems	0	0	9,000	0
Operation and Systems	0	0	82,000	0
Public Safety	0	0	44,000	0
Total	<u>5,000</u>	<u>0</u>	<u>169,000</u>	<u>0</u>

CRIMINAL JUSTICE SERVICES

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	12,498,000	3,178,000	361,000	(3,000)
Justice Systems	149,000	0	20,000	0
Operation and Systems	7,198,000	583,000	66,000	0
Public Safety	378,000	0	87,000	0
Total	20,223,000	3,761,000	534,000	(3,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	312,000	0	5,410,000	171,000
Justice Systems	23,000	0	97,000	0
Operation and Systems	25,000	0	7,057,000	583,000
Public Safety	215,000	0	12,000	0
Total	575,000	0	12,576,000	754,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,179,000	10,000	5,236,000	3,000,000
Justice Systems	9,000	0	0	0
Operation and Systems	50,000	0	0	0
Public Safety	64,000	0	0	0
Total	1,302,000	10,000	5,236,000	3,000,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Funding and Program Assistance	83,310,000	(185,163,200)	0	(5,262,600)
Operation and Systems	16,700,000	0	0	0
Public Safety	950,000	0	0	0
Total	100,960,000	(185,163,200)	0	(5,262,600)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Funding and Program Assistance	500,000	(1,406,600)	82,810,000	(178,494,000)
Operation and Systems	0	0	16,700,000	0
Public Safety	0	0	950,000	0
Total	500,000	(1,406,600)	100,460,000	(178,494,000)

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	113,744,000	125,444,000	11,700,000
Special Revenue Funds - Federal	144,298,000	58,050,000	(86,248,000)
Special Revenue Funds - Other	16,100,000	17,900,000	1,800,000
Total	274,142,000	201,394,000	(72,748,000)

Adjustments:

Transfer(s) From	
Probation and Correctional Alternatives,	
Division of	
General Fund	(68,303,000)
Appropriated 2004-05	205,839,000

CRIMINAL JUSTICE SERVICES

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

Program	Available 2004-05	Recommended 2005-06	Change
Funding and Program Assistance			
General Fund	113,744,000	125,444,000	11,700,000
Special Revenue Funds - Federal	144,298,000	58,050,000	(86,248,000)
Special Revenue Funds - Other	16,100,000	17,900,000	1,800,000
Total	<u>274,142,000</u>	<u>201,394,000</u>	<u>(72,748,000)</u>

STATE BOARD OF ELECTIONS

MISSION

The New York State Board of Elections executes and enforces all laws relating to the elective franchise and oversees the disclosure of campaign financing and practices.

ORGANIZATION AND STAFFING

The State Board of Elections, comprised of four commissioners, two chosen by each major political party, administers provisions of the Election Law regarding campaign financial disclosure, including civil judgments levied for failure to file disclosure documents; oversees the petitioning process and certification of ballots; investigates allegations of criminal violations of the Election Law and recommends prosecution where warranted; and certifies electronic voting machines purchased by local Boards of Elections. The Board also assists County Boards of Elections by completing administrative reviews, assisting in resolving complaints and producing reports and recommendations. The Board will have a workforce of 47 in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends \$3.6 million in General Fund support for the Board of Elections and includes an appropriation of \$7.7 million to allow the State to receive additional Federal election funding. A total of \$220 million in Federal funding is expected to be received for implementation of the Help America Vote Act. This funding will permit the Board to continue to carry out its various responsibilities related to the electoral process, including meeting upcoming deadlines for implementation of the Help America Vote Act, as well as voter outreach activities and interaction with local Boards of Elections.

PROGRAM HIGHLIGHTS

Over the past 30 years, the scope of the Board's services has grown to include providing legal counsel to 62 County Boards of Election, administering registration efforts, providing technical assistance to administrators of elections, investigating violations of the Election Law and coordinating the State's responses to new Federal election requirements.

The Federal Help America Vote Act of 2002 will provide Federal funding for State and local election related initiatives including modernizing voting machines, developing a statewide voter registration database, training poll workers, providing voter education and assuring accessibility for the disabled.

A priority of the Board remains the continued use of technology to provide services and information to local election boards and the public. Financial disclosure reports and election information on the Board's web site are accessed by an estimated 10 million requestors annually.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,865,000	51,429,000	47,564,000	0
Aid To Localities	0	180,000,000	180,000,000	0
Capital Projects	0	0	0	0
Total	3,865,000	231,429,000	227,564,000	0

ELECTIONS

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Regulation of Elections			
General Fund	41	39	(2)
Special Revenue Funds - Federal	0	8	8
Total	<u>41</u>	<u>47</u>	<u>6</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	3,745,000	3,609,000	(136,000)
Special Revenue Funds - Federal	0	40,000,000	40,000,000
Special Revenue Funds - Other	120,000	7,820,000	7,700,000
Total	<u>3,865,000</u>	<u>51,429,000</u>	<u>47,564,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(95,000)
Appropriated 2004-05	<u>3,770,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Regulation of Elections			
General Fund	3,745,000	3,609,000	(136,000)
Special Revenue Funds - Federal	0	40,000,000	40,000,000
Special Revenue Funds - Other	120,000	7,820,000	7,700,000
Total	<u>3,865,000</u>	<u>51,429,000</u>	<u>47,564,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Regulation of Elections	2,336,000	(15,000)	2,336,000	(15,000)
Total	<u>2,336,000</u>	<u>(15,000)</u>	<u>2,336,000</u>	<u>(15,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Regulation of Elections	1,273,000	(121,000)	1,273,000	(121,000)
Total	<u>1,273,000</u>	<u>(121,000)</u>	<u>1,273,000</u>	<u>(121,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Regulation of Elections	47,820,000	47,700,000	47,820,000	47,700,000
Total	47,820,000	47,700,000	47,820,000	47,700,000

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	0	180,000,000	180,000,000
Total	0	180,000,000	180,000,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Regulation of Elections			
Special Revenue Funds - Federal	0	180,000,000	180,000,000
Total	0	180,000,000	180,000,000

OFFICE OF EMPLOYEE RELATIONS

MISSION

In accordance with the Public Employees' Fair Employment Act (the Taylor Law), the Office of Employee Relations (OER) represents the Governor in collective bargaining with the public employee unions and directs the State's employee relations policies so that agencies and employees provide high quality, uninterrupted State government services.

ORGANIZATION AND STAFFING

Located in Albany, OER is administered by a Director appointed by the Governor. OER will have a workforce of 72 positions for 2005-06. This staffing level will enable the agency to carry out its responsibilities for negotiating and implementing collective bargaining agreements.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A total of nearly \$6.5 million is recommended for the Office of Employee Relations, including \$3.5 million in General Fund support. This funding will provide continued support for the Office's primary mission of negotiating and administering collective bargaining agreements.

Funding from the Office's other sources includes:

- \$2.5 million in charges to the Collective Bargaining Agreements to support statewide employee training and developmental programs and the cost of administering these agreements; and
- Revenues of \$479,000 received from non-General Fund agencies to reimburse the Office for providing training programs and collective bargaining services. These revenues also include payments from the National Association of State Directors of Employee Relations to support the operations of that organization.

PROGRAM HIGHLIGHTS

The Office of Employee Relations represents the Governor in Executive Branch collective bargaining negotiations with nine public employee unions, assists State agencies in interpreting and administering the negotiated agreements and represents the State in hearings and arbitrations before the State Labor Relations Board.

The Office of Employee Relations also is the Executive Branch's in-house consulting agency for advancing sound labor management practices and improving productivity and innovation in State government's workforce. The Office is further charged with designing and administering statewide training programs, policy development and oversight of several employee benefit programs.

In its capacity as the Governor's labor relations agent, the Office continues to be instrumental in providing direction for workforce management and, through labor management partnerships, working with the unions to mitigate the impact of structural changes aimed at improving the efficiency of State government.

The Office also promotes labor-relations excellence by offering a comprehensive training program through the Employee Relations Institute and by increasing the use of technology for better communication of common issues and concerns. A major focus during 2005-06 will be administration of collective bargaining agreements and the programs that are derived from them.

EMPLOYEE RELATIONS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations	Change	Reappropriations
	2004-05	Recommended 2005-06		Recommended 2005-06
State Operations	5,916,000	6,508,000	592,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	5,916,000	6,508,000	592,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Contract Negotiation and Administration			
General Fund	35	35	0
Internal Service Funds	33	33	0
Management Confidential Affairs			
General Fund	4	4	0
Total	72	72	0

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	3,439,000	3,559,000	120,000
Special Revenue Funds - Other	479,000	479,000	0
Internal Service Funds	1,998,000	2,470,000	472,000
Total	5,916,000	6,508,000	592,000

Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(118,000)		
Internal Service Funds	(118,000)		
Appropriated 2004-05	5,680,000		

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

Program	Available	Recommended	Change
	2004-05	2005-06	
Contract Negotiation and Administration			
General Fund	3,002,000	3,111,000	109,000
Special Revenue Funds - Other	479,000	479,000	0
Internal Service Funds	1,998,000	2,470,000	472,000
Management Confidential Affairs			
General Fund	437,000	448,000	11,000
Total	5,916,000	6,508,000	592,000

EMPLOYEE RELATIONS

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	2,851,000	109,000	2,841,000	109,000
Management Confidential Affairs	288,000	11,000	287,000	11,000
Total	<u>3,139,000</u>	<u>120,000</u>	<u>3,128,000</u>	<u>120,000</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	10,000	0	0	0
Management Confidential Affairs	0	0	1,000	0
Total	<u>10,000</u>	<u>0</u>	<u>1,000</u>	<u>0</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	260,000	0	35,000	0
Management Confidential Affairs	160,000	0	3,000	0
Total	<u>420,000</u>	<u>0</u>	<u>38,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	31,000	0	194,000	0
Management Confidential Affairs	4,000	0	18,000	0
Total	<u>35,000</u>	<u>0</u>	<u>212,000</u>	<u>0</u>

Program	Maintenance Undistributed	
	Amount	Change
Contract Negotiation and Administration	0	0
Management Confidential Affairs	135,000	0
Total	<u>135,000</u>	<u>0</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	2,949,000	472,000	1,693,000	69,900
Total	<u>2,949,000</u>	<u>472,000</u>	<u>1,693,000</u>	<u>69,900</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Contract Negotiation and Administration	777,000	402,100	479,000	0
Total	<u>777,000</u>	<u>402,100</u>	<u>479,000</u>	<u>0</u>

EXECUTIVE CHAMBER

MISSION

The Executive Chamber is the Office of the Governor and includes the immediate staff that assists in managing State government.

ORGANIZATION AND STAFFING

The Office of the Governor is located in the State Capitol in Albany. This budget represents programs directly related to the Governor's Office and is supported by General Fund revenues.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends a General Fund appropriation of \$15.1 million. The recommended appropriation reflects two fiscal years of contractual increases in personal service costs. A special revenue appropriation of \$100,000 is also requested to permit the use of private grants within the Office of Community Affairs.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	14,490,000	15,216,000	726,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	14,490,000	15,216,000	726,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Executive Chamber			
General Fund	153	153	0
Total	153	153	0

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

Program	Available 2004-05	Recommended 2005-06	Change
Executive Chamber			
General Fund	14,390,000	15,116,000	726,000
Special Revenue Funds - Other	100,000	100,000	0
Total	14,490,000	15,216,000	726,000

EXECUTIVE CHAMBER

OFFICE OF THE LIEUTENANT GOVERNOR

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	494,500	508,500	14,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	494,500	508,500	14,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	5	5	0
Total	5	5	0

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	494,500	508,500	14,000
Total	494,500	508,500	14,000

OFFICE OF GENERAL SERVICES

MISSION

The Office of General Services (OGS) was established to consolidate into a single agency the cost-efficient support services required to operate a changing and increasingly complex State government. These include building design and construction, leasing, facility maintenance, purchasing of goods and services, and other basic support services, including mail, parking, printing and surplus property.

In recent years, these activities have continued and evolved to meet State government's changing needs. Many additional responsibilities have been added to make the Office the centralized service provider agency for the State. Among these more recent responsibilities are the purchasing of new technologies, participating in the statewide financing of various types of equipment, and overseeing the distribution of surplus Federal food to public and private organizations.

In 2005-06, OGS will further expand its role as centralized service provider for State agencies and localities by offering these entities the opportunity to combine requirements into bulk procurement of basic information technology equipment at prices appreciably below existing State contracts. OGS will also make more efficient use of office space; serve as the central purchasing agent for automated external defibrillators for State facilities; and directly purchase electricity in bulk for State agencies. These efforts are expected to generate General Fund savings of approximately \$10.6 million.

The Office supports the operations of State agencies by providing space planning and leasing; real property management and maintenance; centralized contracting for commodities, printing and equipment maintenance services; employee and visitor parking management; and interagency mail and courier assistance. OGS also provides a number of smaller agencies with various centralized administrative and information processing services. The Office also helps local governments reduce their operating costs by distributing federally donated foods and surplus equipment to them, and by offering them the use of its centralized commodity and service contracts.

ORGANIZATION AND STAFFING

The Office is headed by a Commissioner, who is appointed by the Governor, with a central executive staff and is structured around customer-focused business enterprises: Real Property Management and Development; Procurement Services; Design and Construction; and Support Services. The Office will have a workforce of 1,709 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends \$593 million for the Office, which includes support of \$129.1 million in State tax dollars from the General Fund. This recommendation also includes \$354.3 million in user fees charged to State agencies and other governmental entities that utilize OGS central and other support services, and \$7.7 million in Federal funding. Most of this funding supports the operation of State office buildings, rehabilitation and other projects aimed at preserving or extending the useful life of office buildings, and the provision of centralized services to State agencies.

Recommended funding of \$100.3 million for the Capital Projects Budget allows the Office to maintain its ongoing upkeep and preservation efforts at office buildings throughout the State.

GENERAL SERVICES

PROGRAM HIGHLIGHTS

EXECUTIVE DIRECTION

This program provides the day-to-day management of the agency, helps State agencies to acquire vehicle insurance, administers financing for the State equipment purchasing program and coordinates the centralized purchase of electricity from the Power Authority of the State of New York.

REAL PROPERTY MANAGEMENT AND DEVELOPMENT

This program is responsible for providing for the safe and efficient operation of approximately 57 major and 71 ancillary State-owned and operated buildings. Services provided by this program include building management, operation, maintenance, cleaning and security for facilities encompassing 17.1 million interior gross square feet with a replacement value estimated at \$5 billion. Employees assigned to this program also manage building renovation projects, administer service contracts for the maintenance and operation of certain heating, ventilation and air conditioning systems, and negotiate agreements as needed for leased space.

The Office is also making a major capital investment in office facilities in downtown Albany. This program, known as the “Albany Plan”, includes the recently completed renovation of the Department of Transportation Building, a new parking garage in downtown Albany and the modernization of the Alfred E. Smith State Office Building. These projects, combined with other reconfigurations of office space, will facilitate the redevelopment of the Harriman State Office Campus.

PROCUREMENT SERVICES

The Procurement Services Group manages the statewide procurement of commodities and services, which have an annual value exceeding \$3 billion. This group establishes standards for each purchase item by developing detailed specifications, evaluating bids, and monitoring vendor performance and quality control. Eligible local governments, schools and not-for-profit organizations may use these centralized contracts, which generally offer the best prices because of the State’s purchasing power, to reduce their own operating costs. The Procurement Services Group also includes the agency’s internal Information Resource Management Office which provides day-to-day computer data support & data management to all programs within the Agency.

DESIGN AND CONSTRUCTION

This group provides architectural, engineering, planning, and design and construction management services to State agencies operating State-owned facilities, and has projects valued at approximately \$754 million in design and \$636 million under construction.

SUPPORT SERVICES

Employees in this group provide and manage the delivery of interagency mail, employee and visitor parking and the transfer of Federal and State surplus property. These employees also warehouse federally donated food and distribute it to school districts and food pantries.

GENERAL SERVICES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	334,205,200	492,767,000	158,561,800	33,580,000
Aid To Localities	0	0	0	0
Capital Projects	43,450,000	100,250,000	56,800,000	251,299,000
Total	<u>377,655,200</u>	<u>593,017,000</u>	<u>215,361,800</u>	<u>284,879,000</u>

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Design and Construction			
Internal Service Funds	364	425	61
Executive Direction			
General Fund	106	106	0
Internal Service Funds	16	16	0
Procurement Services			
General Fund	146	146	0
Special Revenue Funds - Other	13	18	5
Internal Service Funds	73	73	0
Real Property Management and Development			
General Fund	800	810	10
Special Revenue Funds - Other	55	55	0
Enterprise Funds	12	12	0
Internal Service Funds	48	48	0
Total	<u>1,633</u>	<u>1,709</u>	<u>76</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	144,382,000	129,123,000	(15,259,000)
Special Revenue Funds - Federal	7,600,000	7,700,000	100,000
Special Revenue Funds - Other	16,238,000	18,910,000	2,672,000
Enterprise Funds	1,217,000	1,371,000	154,000
Internal Service Funds	164,518,200	335,413,000	170,894,800
Fiduciary Funds	250,000	250,000	0
Total	<u>334,205,200</u>	<u>492,767,000</u>	<u>158,561,800</u>

Adjustments:

Recommended Deficiency	
General Services, Office of General Fund	(20,500,000)
Transfer(s) From	
Special Pay Bill	
General Fund	(2,175,000)
Special Revenue Funds - Other	(211,000)
Enterprise Funds	(45,000)
Internal Service Funds	(1,826,200)
Appropriated 2004-05	<u>309,448,000</u>

GENERAL SERVICES

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

Program	Available 2004-05	Recommended 2005-06	Change
Design and Construction			
Internal Service Funds	44,197,200	47,027,000	2,829,800
Executive Direction			
General Fund	11,497,000	11,997,000	500,000
Special Revenue Funds - Other	1,069,000	1,248,000	179,000
Enterprise Funds	34,000	34,000	0
Internal Service Funds	73,679,000	189,293,000	115,614,000
Procurement Services			
General Fund	9,254,000	9,898,000	644,000
Special Revenue Funds - Federal	7,600,000	7,700,000	100,000
Special Revenue Funds - Other	4,734,000	6,534,000	1,800,000
Internal Service Funds	31,162,000	31,945,000	783,000
Real Property Management and Development			
General Fund	123,631,000	107,228,000	(16,403,000)
Special Revenue Funds - Other	10,435,000	11,128,000	693,000
Enterprise Funds	1,183,000	1,337,000	154,000
Internal Service Funds	15,480,000	67,148,000	51,668,000
Fiduciary Funds	250,000	250,000	0
Total	<u>334,205,200</u>	<u>492,767,000</u>	<u>158,561,800</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Executive Direction	5,654,000	235,000	5,444,000	235,000
Procurement Services	8,749,000	330,000	8,651,000	330,000
Real Property Management and Development	36,784,000	1,809,000	35,693,000	1,809,000
Total	<u>51,187,000</u>	<u>2,374,000</u>	<u>49,788,000</u>	<u>2,374,000</u>
Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Executive Direction	156,000	0	54,000	0
Procurement Services	0	0	98,000	0
Real Property Management and Development	0	0	1,091,000	0
Total	<u>156,000</u>	<u>0</u>	<u>1,243,000</u>	<u>0</u>

GENERAL SERVICES

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Executive Direction	6,343,000	265,000	266,000	8,000
Procurement Services	1,149,000	314,000	100,000	3,000
Real Property Management and Development	70,444,000	(18,212,000)	8,808,000	1,064,000
Total	<u>77,936,000</u>	<u>(17,633,000)</u>	<u>9,174,000</u>	<u>1,075,000</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Executive Direction	97,000	3,000	1,805,000	254,000
Procurement Services	61,000	2,000	965,000	308,000
Real Property Management and Development	213,000	6,000	60,755,000	1,198,000
Total	<u>371,000</u>	<u>11,000</u>	<u>63,525,000</u>	<u>1,760,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Executive Direction	0	0	4,175,000	0
Procurement Services	23,000	1,000	0	0
Real Property Management and Development	668,000	20,000	0	(20,500,000)
Total	<u>691,000</u>	<u>21,000</u>	<u>4,175,000</u>	<u>(20,500,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Design and Construction	47,027,000	2,829,800	24,117,000	1,186,600
Executive Direction	190,575,000	115,793,000	1,955,000	564,000
Procurement Services	46,179,000	2,683,000	4,312,000	288,000
Real Property Management and Development	79,863,000	52,515,000	5,726,000	369,000
Total	<u>363,644,000</u>	<u>173,820,800</u>	<u>36,110,000</u>	<u>2,407,600</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Design and Construction	22,910,000	1,643,200	0	0
Executive Direction	188,420,000	115,229,000	200,000	0
Procurement Services	41,867,000	2,395,000	0	0
Real Property Management and Development	28,887,000	7,146,000	45,250,000	45,000,000
Total	<u>282,084,000</u>	<u>126,413,200</u>	<u>45,450,000</u>	<u>45,000,000</u>

GENERAL SERVICES

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Capital Projects Fund	9,071,000	12,000,000	2,929,000	22,320,000
Flood Disaster Restoration Program				
Capital Projects Fund	0	0	0	3,000,000
Maintenance and Improvement of Real Property Facilities				
Capital Projects Fund	34,379,000	84,250,000	49,871,000	163,697,000
Capital Projects Fund - Advances	0	0	0	5,479,000
Cap Proj Fund - Alfred E. Smith Bldg. (Auth Bonds)	0	0	0	36,183,000
Cap Proj Fund - Elk Street Garage (Auth Bonds)	0	4,000,000	4,000,000	20,620,000
Total	<u>43,450,000</u>	<u>100,250,000</u>	<u>56,800,000</u>	<u>251,299,000</u>

OFFICE OF HOMELAND SECURITY

MISSION

The Office of Homeland Security is responsible for the development and implementation of a comprehensive statewide strategy to detect, protect against and respond to terrorist threats and events. Established as a permanent office by anti-terror legislation enacted in July 2004, the Office continues to direct and coordinate public security matters on behalf of the Governor. The Office maintains strong partnerships with relevant State and local agencies, as well as Federal security-related agencies including the Department of Homeland Security. Among its responsibilities are assessments of vulnerability of critical assets, systems and material; policy development; the allocation of Federal homeland security and related funds; cyber readiness and the prevention and detection of cyber events.

ORGANIZATION AND STAFFING

The Office of Homeland Security has its permanent office in Albany with a satellite office in New York City. The Director, appointed by the Governor, provides counsel on counter-terrorism affairs and coordinates a myriad of activities with Federal, state, and local organizations to better prepare the state to respond to threats and terrorist-related incidents. The Office has two programs, Administration and Cyber Security, and will have a workforce of 86 in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget provides \$17.5 million for the operation of the Office. In addition, Federal funds anticipated from the State Homeland Security Grant and Urban Area Security Initiative programs are now appropriated under the auspices of the Office, having been previously elsewhere within the Budget. This reflects the Office's leadership role in maximizing Federal funding and ensuring distribution of that funding in an effective manner which supports the State's comprehensive security strategy. During 2005-06, the Office expects to continue its practice of awarding grants primarily in accordance with threat-based criteria.

PROGRAM HIGHLIGHTS

Since its creation in October 2001 as the former Office of Public Security, the Office has pursued a comprehensive, coordinated strategy for domestic counter-terrorism preparedness in the State. Agencies and organizations from each jurisdictional level, and representing various disciplines, have been brought together to formulate and implement a comprehensive approach to public security for New York.

The Office has implemented a Counter-Terrorism Network, the first of its kind in the nation. The network is used to notify local law enforcement and other government agencies of terrorism and security-related alerts. The Office is also developing security assessments of critical infrastructure in New York State, including large scale reviews of security measures at energy generation and transmission plants, chemical, and general aviation facilities. In a related effort, the Office is collaborating on a Buffer Zone Protection Plan Program with public and private officials from over 70 facilities outside New York City. Under the program, site assistance visits by Office staff facilitate the development and implementation of vulnerability reduction strategies, including equipment procurement, at nuclear facilities, power plants, chemical facilities, mass transportation systems, public roadways, railways, bridges and tunnels and designated soft targets, such as large arenas and shopping malls.

The Office of Cyber Security has developed a comprehensive cyber security strategy that includes the private sector along with local and Federal jurisdictions. The Office chairs the Public/Private Sector Cyber Security Workgroup, and has been selected by the U. S. Department of Homeland Security to coordinate a Multi-State Information Sharing and

HOMELAND SECURITY

Analysis Center. This Center facilitates communication among 11 northeastern states regarding cyber readiness and response efforts, and is the primary point of contact between those states and the Federal government on cyber security issues. These efforts have been identified by the Department of Homeland Security as being exemplary.

Further, State Information Security policy is being implemented, with the Office of Cyber Security providing technical assistance and monitoring critical segments of the State's information technology infrastructure. Cyber Security is also completing a four-year project to provide digital imagery of the entire state, which will assist State and local government in emergency response, local planning, E911 and watershed and coastal management. Similarly, Cyber Security provides State agencies with access to cyber-intrusion detection services and contracts.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	15,045,000	17,508,000	2,463,000	1,000,000
Aid To Localities	0	350,000,000	350,000,000	0
Capital Projects	0	0	0	0
Total	15,045,000	367,508,000	352,463,000	1,000,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	32	42	10
Cyber Security and Critical Infrastructure Coordination Program			
Special Revenue Funds - Federal	4	4	0
Special Revenue Funds - Other	40	40	0
Total	76	86	10

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	7,315,000	8,590,000	1,275,000
Special Revenue Funds - Federal	1,000,000	0	(1,000,000)
Special Revenue Funds - Other	6,730,000	7,418,000	688,000
Internal Service Funds	0	1,500,000	1,500,000
Total	15,045,000	17,508,000	2,463,000

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(57,000)
Special Revenue Funds - Other	(112,000)
Appropriated 2004-05	14,876,000

HOMELAND SECURITY

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	3,975,000	8,590,000	4,615,000
Cyber Security and Critical Infrastructure Coordination Program			
General Fund	3,340,000	0	(3,340,000)
Special Revenue Funds - Federal	1,000,000	0	(1,000,000)
Special Revenue Funds - Other	6,730,000	7,418,000	688,000
Internal Service Funds	0	1,500,000	1,500,000
Total	<u>15,045,000</u>	<u>17,508,000</u>	<u>2,463,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,048,000	1,462,000	3,048,000	1,462,000
Cyber Security and Critical Infrastructure Coordination Program	0	(235,000)	0	(235,000)
Total	<u>3,048,000</u>	<u>1,227,000</u>	<u>3,048,000</u>	<u>1,227,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	5,542,000	3,153,000	726,000	(552,000)
Cyber Security and Critical Infrastructure Coordination Program	0	(3,105,000)	0	0
Total	<u>5,542,000</u>	<u>48,000</u>	<u>726,000</u>	<u>(552,000)</u>

Program	Contractual Services		Equipment	
	Amount	Change	Amount	Change
Administration	3,705,000	3,705,000	1,111,000	0
Cyber Security and Critical Infrastructure Coordination Program	0	0	0	(3,105,000)
Total	<u>3,705,000</u>	<u>3,705,000</u>	<u>1,111,000</u>	<u>(3,105,000)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Cyber Security and Critical Infrastructure Coordination Program	8,918,000	1,188,000	2,539,000	(12,000)
Total	<u>8,918,000</u>	<u>1,188,000</u>	<u>2,539,000</u>	<u>(12,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Cyber Security and Critical Infrastructure Coordination Program	3,879,000	(1,300,000)	2,500,000	2,500,000
Total	<u>3,879,000</u>	<u>(1,300,000)</u>	<u>2,500,000</u>	<u>2,500,000</u>

HOMELAND SECURITY

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	0	350,000,000	350,000,000
Total	<u>0</u>	<u>350,000,000</u>	<u>350,000,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Homeland Security Program			
Special Revenue Funds - Federal	0	350,000,000	350,000,000
Total	<u>0</u>	<u>350,000,000</u>	<u>350,000,000</u>

OFFICE OF THE STATE INSPECTOR GENERAL

MISSION

The Office of the State Inspector General is responsible for detecting, investigating, eliminating and deterring fraud, corruption, criminal activity, conflicts of interest and abuse in State government. Its mission is designed to ensure that State government maintains the highest standards of integrity and accountability.

ORGANIZATION AND STAFFING

The Office of the State Inspector General was fundamentally restructured pursuant to Executive Order 39 issued by the Governor in 1996. The Executive Order provided for the consolidation of most of the State's inspector general activities in a single office that replaced what were formerly separate, semi-independent deputy inspectors general based in the agencies they served. Led by the Inspector General who is appointed by the Governor, the Office is headquartered in Albany and has offices in New York City and Buffalo. The Office will have a workforce of 68 in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommendations provide \$4.6 million in State tax dollar support and \$1.9 million in funding from other governmental entities to meet the demands of increasingly sophisticated investigations of alleged fraudulent activity within State government.

PROGRAM HIGHLIGHTS

Since June 1996, the Office of the State Inspector General has acted on more than 8,000, complaints of fraud, criminal activity, waste and abuse involving State employees and resources. The Office has focused its investigative efforts on major cases involving theft, bribery, contract fraud, abuse of authority and other serious allegations of corruption. Currently, the Agency's investigators are working jointly with local, State and Federal law enforcement personnel and prosecutors on significant matters of public concern.

The Office's investigations have resulted in the arrest of more than over 400 individuals, and referrals for discipline in numerous other cases. In addition, many cases have resulted in recommendations for administrative or policy changes. The State Inspector General's cases have uncovered instances of theft, bid rigging, bribery, creation of fraudulent documents, misuse of computers, narcotics trafficking and sexual assault. Equally important, the Office's investigations have, in many instances, cleared agencies and individuals of allegations that were unfounded or unsubstantiated.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations	Change	Reappropriations
	2004-05	Recommended 2005-06		Recommended 2005-06
State Operations	6,087,000	6,540,000	453,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	6,087,000	6,540,000	453,000	0

INSPECTOR GENERAL

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Inspector General			
General Fund	50	50	0
Special Revenue Funds - Other	18	18	0
Total	68	68	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	4,308,000	4,606,000	298,000
Special Revenue Funds - Other	1,779,000	1,934,000	155,000
Total	6,087,000	6,540,000	453,000

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(161,000)
Special Revenue Funds - Other	(41,000)
Appropriated 2004-05	5,885,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Inspector General	4,216,000	281,000	4,216,000	281,000
Total	4,216,000	281,000	4,216,000	281,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Inspector General	390,000	17,000	390,000	17,000
Total	390,000	17,000	390,000	17,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Inspector General	1,934,000	155,000	1,062,000	79,000
Total	1,934,000	155,000	1,062,000	79,000

Program	Nonpersonal Service	
	Amount	Change
Inspector General	872,000	76,000
Total	872,000	76,000

INTEREST ON LAWYER ACCOUNT

MISSION

The Interest on Lawyer Account (IOLA) Fund was established in 1983 to finance civil legal services for the indigent. Revenues are derived from the interest earned on small trust accounts in which attorneys hold certain funds for their clients. Banks transfer the interest earned on these IOLA escrow accounts to the Interest on Lawyer Account to fund grants to not-for-profit, tax-exempt entities providing civil legal services to the indigent, elderly, disabled and others. Legislation enacted in 1988 made participation in IOLA mandatory for attorneys in private practice who hold nominal short-term escrow accounts for clients.

ORGANIZATION AND STAFFING

A 15-member board of trustees appointed by the Governor administers the Interest on Lawyer Account. Board members serve without compensation. Day-to-day operations are handled by a workforce of nine located in New York City.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendations enable a grant level of up to \$11 million in each of calendar years 2005 and 2006, the specific amount being dependent upon actual revenue generated. Grant funding has declined since 2002 with the decline in interest rates. The Interest on Lawyer Account and participating banks have worked successfully to lower account costs to partially offset the effect of falling interest rates.

PROGRAM HIGHLIGHTS

At least 75 percent of the grants from the Interest on Lawyer Account must be used to deliver civil legal services to the indigent. The balance must be allocated to purposes related to the improvement of the administration of justice, including the provision of civil legal services to underserved groups such as the elderly and disabled. In 2005, the board administering the Interest on Lawyer Account will award grants to an estimated 50 organizations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	1,633,000	1,661,000	28,000	0
Aid To Localities	12,000,000	11,000,000	(1,000,000)	0
Capital Projects	0	0	0	0
Total	13,633,000	12,661,000	(972,000)	0

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
New York Interest on Lawyer Account			
Special Revenue Funds - Other	9	9	0
Total	9	9	0

INTEREST ON LAWYER

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Special Revenue Funds - Other	1,633,000	1,661,000	28,000
Total	<u>1,633,000</u>	<u>1,661,000</u>	<u>28,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
New York Interest on Lawyer Account	1,661,000	28,000	598,000	30,000
Total	<u>1,661,000</u>	<u>28,000</u>	<u>598,000</u>	<u>30,000</u>

<u>Program</u>	<u>Nonpersonal Service</u>	
	<u>Amount</u>	<u>Change</u>
New York Interest on Lawyer Account	1,063,000	(2,000)
Total	<u>1,063,000</u>	<u>(2,000)</u>

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Special Revenue Funds - Other	12,000,000	11,000,000	(1,000,000)
Total	<u>12,000,000</u>	<u>11,000,000</u>	<u>(1,000,000)</u>

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

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
New York Interest on Lawyer Account			
Special Revenue Funds - Other	12,000,000	11,000,000	(1,000,000)
Total	<u>12,000,000</u>	<u>11,000,000</u>	<u>(1,000,000)</u>

TEMPORARY STATE COMMISSION OF INVESTIGATION

MISSION

The Temporary State Commission of Investigation serves as a bipartisan fact-finding agency investigating and reporting on organized crime and racketeering, the conduct of public officers and other matters affecting public peace, safety and justice.

ORGANIZATION AND STAFFING

The Commission has six salaried members, two each appointed by the Governor, the Temporary President of the Senate and the Speaker of the Assembly. In addition to the 6 commissioners, there will be 25 staff positions at the Commission, which has its main office in New York City.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendation for fiscal year 2005-06 provides nearly \$3.5 million in State tax dollars, and \$192,000 in anticipated asset forfeitures, to support the Commission.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,537,000	3,678,000	141,000	400,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,537,000	3,678,000	141,000	400,000

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Investigation			
General Fund	31	31	0
Total	31	31	0

INVESTIGATION

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
General Fund	3,351,000	3,486,000	135,000
Special Revenue Funds - Other	186,000	192,000	6,000
Total	<u>3,537,000</u>	<u>3,678,000</u>	<u>141,000</u>
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(87,000)		
Appropriated 2004-05	<u>3,450,000</u>		

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Investigation	2,586,000	108,000	2,571,000	108,000
Total	<u>2,586,000</u>	<u>108,000</u>	<u>2,571,000</u>	<u>108,000</u>

<u>Program</u>	<u>Temporary Service (Nonannual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>
Investigation	15,000	0
Total	<u>15,000</u>	<u>0</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Supplies and Materials</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Investigation	900,000	27,000	17,000	1,000
Total	<u>900,000</u>	<u>27,000</u>	<u>17,000</u>	<u>1,000</u>

<u>Program</u>	<u>Travel</u>		<u>Contractual Services</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Investigation	64,000	2,000	785,000	23,000
Total	<u>64,000</u>	<u>2,000</u>	<u>785,000</u>	<u>23,000</u>

<u>Program</u>	<u>Equipment</u>	
	<u>Amount</u>	<u>Change</u>
Investigation	34,000	1,000
Total	<u>34,000</u>	<u>1,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Nonpersonal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Investigation	192,000	6,000	192,000	6,000
Total	<u>192,000</u>	<u>6,000</u>	<u>192,000</u>	<u>6,000</u>

JUDICIAL COMMISSIONS

MISSION

New York State's three Judicial Commissions play important roles in maintaining the integrity of the court system. The Commission on Judicial Nomination and the Judicial Screening Committees screen potential nominees for high-level judicial appointments by the Governor. The Commission on Judicial Conduct investigates and acts upon allegations of judicial misconduct.

COMMISSION ON JUDICIAL CONDUCT

The State Constitution established the Commission on Judicial Conduct, which is responsible for investigating complaints of misconduct against State judges and local justices. The Commission has disciplinary powers, which include the authority to remove judges and justices from office for serious misconduct, subject to review by the Court of Appeals.

The Commission on Judicial Conduct has 11 members, 4 of whom are appointed by the Governor, 3 by the Chief Judge of the Court of Appeals and the remaining 4 by the Legislature. Commission members serve without pay and meet periodically to consider complaints, hear testimony and determine the disposition of cases. The Commission will have a staff of 28 in fiscal year 2005-06. Its main office is in New York City, with branches in Albany and Rochester. Its budget of nearly \$2.6 million is supported entirely by State tax dollars. The Commission continues to work with the Temporary State Commission of Investigation to identify opportunities for sharing resources and reducing costs.

COMMISSION ON JUDICIAL NOMINATION

The State Constitution established the Commission on Judicial Nomination to evaluate candidates and make recommendations to the Governor for appointment to the Court of Appeals, the State's highest court.

The Commission on Judicial Nomination has 12 members appointed by the Governor, the Chief Judge of the Court of Appeals and the Legislature. These members serve without pay and conduct the search for qualified candidates upon formal notification of a vacancy on the Court of Appeals. They are supported by volunteer legal staff also serving without pay.

GOVERNOR'S JUDICIAL SCREENING COMMITTEES

The Governor's Judicial Screening Committees are established by Executive Order to evaluate the qualifications of candidates and make recommendations to the Governor for appointment to judgeships other than those on the Court of Appeals. The Committees are located throughout the State. In fiscal year 2005-06, a total of \$150,000 in State tax dollars will support the Committees.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	2,619,000	2,769,000	150,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	2,619,000	2,769,000	150,000	0

JUDICIAL COMMISSIONS

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Judicial Conduct			
General Fund	28	28	0
Total	28	28	0

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	2,619,000	2,769,000	150,000
Total	2,619,000	2,769,000	150,000

Adjustments:

Transfer(s) From Special Pay Bill General Fund	(62,000)
Appropriated 2004-05	2,557,000

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

Program	Available	Recommended	Change
	2004-05	2005-06	
Judicial Conduct			
General Fund	2,459,000	2,609,000	150,000
Judicial Nomination, Commission on General Fund	10,000	10,000	0
Judicial Screening Committees General Fund	150,000	150,000	0
Total	2,619,000	2,769,000	150,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Judicial Conduct	1,991,000	101,000	1,971,000	101,000
Total	1,991,000	101,000	1,971,000	101,000

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Judicial Conduct	20,000	0
Total	20,000	0

JUDICIAL COMMISSIONS

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Judicial Conduct	618,000	49,000	34,000	0
Judicial Nomination, Commission on	10,000	0	0	0
Judicial Screening Committees	150,000	0	0	0
Total	<u>778,000</u>	<u>49,000</u>	<u>34,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Judicial Conduct	33,000	0	536,000	49,000
Judicial Nomination, Commission on	0	0	0	0
Judicial Screening Committees	0	0	0	0
Total	<u>33,000</u>	<u>0</u>	<u>536,000</u>	<u>49,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Judicial Conduct	15,000	0	0	0
Judicial Nomination, Commission on	0	0	10,000	0
Judicial Screening Committees	0	0	150,000	0
Total	<u>15,000</u>	<u>0</u>	<u>160,000</u>	<u>0</u>

DEPARTMENT OF LAW

MISSION

The Department of Law was created in 1926 and is headed by the State Attorney General, who is elected by the people. The Department is responsible for protecting the legal rights of New York State and its citizens by representing the State in litigation and in other legal affairs.

In implementing its constitutional responsibilities, the Department performs a wide range of functions. Major activities of the Department include prosecuting or defending actions and proceedings for or against the State and its departments; prosecuting certain criminal violations of the Labor, Workers' Compensation and Unemployment Insurance laws; investigating and prosecuting other criminal cases at the request of the Governor or the commissioners of State departments; investigating the activities of organized crime; bringing civil and/or criminal actions against polluters, violators of antitrust laws and those who defraud consumers or investors; mediating consumer complaints; and investigating and prosecuting cases of Medicaid fraud.

ORGANIZATION AND STAFFING

The legal functions of the Department of Law are divided into major divisions which comprise bureaus dealing with specific legal issues and cases. These are the divisions of Administration, Appeals and Opinions, Criminal Prosecutions, State Counsel, Public Advocacy and Regional Offices.

The Department's main offices are located in Albany and New York City, with regional offices in Binghamton, Poughkeepsie, Syracuse, Buffalo, Plattsburgh, Rochester, Watertown, Mineola, Hauppauge, Harlem, Utica, Brooklyn, Pearl River and White Plains. The Department will have a workforce of 1,735 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends \$214 million for the Department. This recommendation includes nearly \$116 million in tax dollars from the General Fund, which will finance 54 percent of these expenses for 2005-06. Additional support for 2005-06 will be provided by Federal funding for Medicaid fraud efforts and revenues from the collection of non-tax debt, litigation settlements and assets seized as part of criminal prosecution activities and Medicaid fraud recoveries.

PROGRAM HIGHLIGHTS

Agency divisions perform the following functions:

- The Administration Division provides budget, personnel, operations and technology services for the Agency;
- The Division of Appeals and Opinions handles appellate litigation in both State and Federal courts. The Division also prepares opinions, both formal and informal, interpreting State laws for State agencies and municipalities;
- The Criminal Division investigates and prosecutes criminal cases, including those involving Medicaid fraud, auto insurance fraud, white collar and organized crime cases involving multi-county, multi-state and even multi-national criminal activities occurring within New York State;
- The Division of State Counsel provides State agencies, the Governor, other State officials and the Legislature with counsel and representation in legal proceedings. It recoups non-tax revenue on behalf of State taxpayers and provides legal assistance to State agencies in connection with the acquisition and disposition of public land;

LAW

- The Division of Public Advocacy defends and protects the public interest in the courts. It enforces laws to prevent trade restraint, protects charitable donors and beneficiaries and enforces laws prohibiting discrimination. The Division protects consumers from fraudulent, and/or deceptive business practices, enforces environmental laws and regulates sales of investment securities. It also enforces the State's health care laws and addresses concerns about on-line criminal or fraudulent activities; and
- The Regional Offices program provides mini-satellite offices across the State to ensure that all New York agencies have cost effective representation in all local and Federal courts, and that citizens have full access to the programs and services of the Department.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	202,456,000	214,472,000	12,016,000	51,373,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	202,456,000	214,472,000	12,016,000	51,373,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	165	165	0
Appeals and Opinions			
General Fund	60	60	0
Counsel for the State			
General Fund	298	298	0
Special Revenue Funds - Other	248	248	0
Criminal Prosecutions			
General Fund	179	179	0
Special Revenue Funds - Other	74	74	0
Medicaid Fraud Control			
Special Revenue Funds - Federal	208	208	0
Special Revenue Funds - Other	75	75	0
Public Advocacy			
General Fund	276	276	0
Capital Projects Funds - Other	7	7	0
Regional Offices			
General Fund	145	145	0
Total	1,735	1,735	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	115,978,000	115,978,000	0
Special Revenue Funds - Federal	32,067,000	32,738,000	671,000
Special Revenue Funds - Other	54,411,000	65,756,000	11,345,000
Total	<u>202,456,000</u>	<u>214,472,000</u>	<u>12,016,000</u>

Adjustments:

Transfer(s) From

Special Pay Bill			
General Fund	(3,200,000)		
Special Revenue Funds - Federal	(851,000)		
Special Revenue Funds - Other	(1,114,000)		
Appropriated 2004-05	<u>197,291,000</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	22,616,000	20,894,000	(1,722,000)
Appeals and Opinions			
General Fund	5,193,000	5,435,000	242,000
Counsel for the State			
General Fund	36,002,000	34,412,000	(1,590,000)
Special Revenue Funds - Other	36,645,000	47,908,000	11,263,000
Criminal Prosecutions			
General Fund	18,312,000	19,526,000	1,214,000
Special Revenue Funds - Federal	0	22,000	22,000
Special Revenue Funds - Other	4,904,000	4,904,000	0
Medicaid Fraud Control			
Special Revenue Funds - Federal	32,067,000	32,716,000	649,000
Special Revenue Funds - Other	12,862,000	12,944,000	82,000
Public Advocacy			
General Fund	21,651,000	23,565,000	1,914,000
Regional Offices			
General Fund	12,204,000	12,146,000	(58,000)
Total	<u>202,456,000</u>	<u>214,472,000</u>	<u>12,016,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	10,226,000	(184,000)	9,936,000	(184,000)
Appeals and Opinions	4,608,000	242,000	4,463,000	242,000
Counsel for the State	24,619,000	910,000	24,086,000	910,000
Criminal Prosecutions	16,673,000	1,214,000	16,618,000	1,214,000
Public Advocacy	21,988,000	1,914,000	21,470,000	1,914,000
Regional Offices	10,442,000	(58,000)	10,116,000	(58,000)
Total	88,556,000	4,038,000	86,689,000	4,038,000

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	290,000	0
Appeals and Opinions	145,000	0
Counsel for the State	533,000	0
Criminal Prosecutions	55,000	0
Public Advocacy	518,000	0
Regional Offices	326,000	0
Total	1,867,000	0

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	10,668,000	(1,538,000)	83,000	0
Appeals and Opinions	827,000	0	317,000	0
Counsel for the State	9,793,000	(2,500,000)	46,000	0
Criminal Prosecutions	2,853,000	0	68,000	0
Public Advocacy	1,577,000	0	80,000	0
Regional Offices	1,704,000	0	19,000	0
Total	27,422,000	(4,038,000)	613,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	60,000	0	10,194,000	(1,538,000)
Appeals and Opinions	29,000	0	479,000	0
Counsel for the State	108,000	0	1,437,000	0
Criminal Prosecutions	293,000	0	1,927,000	0
Public Advocacy	78,000	0	1,280,000	0
Regional Offices	218,000	0	1,430,000	0
Total	786,000	0	16,747,000	(1,538,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	331,000	0	0	0
Appeals and Opinions	2,000	0	0	0
Counsel for the State	44,000	0	8,158,000	(2,500,000)
Criminal Prosecutions	565,000	0	0	0
Public Advocacy	139,000	0	0	0
Regional Offices	37,000	0	0	0
Total	1,118,000	0	8,158,000	(2,500,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Counsel for the State	47,908,000	11,263,000	16,505,000	495,000
Criminal Prosecutions	4,926,000	22,000	0	0
Medicaid Fraud Control	45,660,000	731,000	23,746,000	1,000
Total	<u>98,494,000</u>	<u>12,016,000</u>	<u>40,251,000</u>	<u>496,000</u>
Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Counsel for the State	31,403,000	10,768,000	0	0
Criminal Prosecutions	0	0	4,926,000	22,000
Medicaid Fraud Control	17,915,000	984,000	3,999,000	(254,000)
Total	<u>49,318,000</u>	<u>11,752,000</u>	<u>8,925,000</u>	<u>(232,000)</u>

TEMPORARY STATE COMMISSION ON LOBBYING

MISSION

The Temporary State Commission on Lobbying is responsible for monitoring, maintaining and making public the identities, activities and expenditures of lobbyists, clients and public corporations attempting to influence the legislative, regulatory and rule and rate-making actions of elected State officials, agency decision makers and local governments. The Commission is also authorized to hold hearings, impose civil penalties and make public the records of appearances before regulatory State agencies.

ORGANIZATION AND STAFFING

The Lobbying Act sets forth the administrative and enforcement responsibilities of the Commission. Under the guidance of a six-member bipartisan board appointed by the Governor, with advice from the legislative leaders, these responsibilities are carried out by a workforce of 18.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Commission will receive \$1.5 million in 2005-06, with 64 percent of its support from State tax dollars. The remaining 36 percent of its operations will be funded by civil penalty fines assessed on lobbyists for violations of the Lobbying Law.

PROGRAM HIGHLIGHTS

In 2004, the Commission's oversight responsibilities included 3,624 registered lobbyists, 2,117 clients of lobbyists and 37 public corporations that reported lobbying expenses. The Commission's monitoring responsibilities encompassed both registered and unregistered special interest groups. These groups were active on over 14,835 bills before the Legislature and 1,707 rules, regulations and rate applications involving State agencies.

In 2004, the Commission made further enhancements to its Electronic Filing Program to allow for online payment of filing fees, which will further simplify reporting, accelerate public disclosure and enhance staff efficiencies.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations	Change	Reappropriations
	2004-05	Recommended 2005-06		Recommended 2005-06
State Operations	1,340,000	1,514,000	174,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	1,340,000	1,514,000	174,000	0

LOBBYING

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Operations			
General Fund	18	15	(3)
Special Revenue Funds - Other	0	3	3
Total	<u>18</u>	<u>18</u>	<u>0</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	1,040,000	974,000	(66,000)
Special Revenue Funds - Other	300,000	540,000	240,000
Total	<u>1,340,000</u>	<u>1,514,000</u>	<u>174,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	<u>(37,000)</u>
Appropriated 2004-05	<u>1,303,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Operations	974,000	(66,000)	974,000	(66,000)
Total	<u>974,000</u>	<u>(66,000)</u>	<u>974,000</u>	<u>(66,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Operations	540,000	240,000	540,000	240,000
Total	<u>540,000</u>	<u>240,000</u>	<u>540,000</u>	<u>240,000</u>

DIVISION OF MILITARY AND NAVAL AFFAIRS

MISSION

The primary mission of the Division of Military and Naval Affairs (DMNA) is twofold. Through the State's organized militia, it maintains a well-trained military force to respond to civil emergencies and natural and man-made disasters, and with respect to federally recognized units, threats to the nation's security. Through the State Emergency Management Office (SEMO), the Division coordinates the State's response to disasters and prepares the State, local governments and residents to deal effectively with any such potential disasters.

ORGANIZATION AND STAFFING

Under the direction of the Adjutant General, who is appointed by the Governor, the Division consists of the New York Army National Guard, the New York Air National Guard, the Naval Militia, the New York Guard and SEMO. Coordinated through the main office in Albany, the Division operates 59 armories as well as 32 maintenance shops, 6 Air Guard bases and 3 Army Aviation Support facilities. In addition, the Division provides administrative support for more than 15,700 New York-based National Guard troops who are paid directly by the Federal government.

The State Emergency Management Office serves as the operational component of the Disaster Preparedness Commission (DPC), which is responsible for State disaster preparedness plans and the coordination of State disaster operations. DMNA and SEMO will have a combined workforce of 584 in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendations for fiscal year 2005-06 support the Division's core mission of using its well-trained military force to both respond to civil emergencies and to support local authorities in their efforts to guard against ongoing security threats.

The Executive Budget recommends funding of \$61.7 million for Division of Military and Naval Affairs State Operations: \$43.2 million from Federal funding and special account revenues; and \$18.5 million in General Fund support. For 2005-06, appropriations for federally supported emergency management State Operations are included in consolidated Homeland Security Program appropriations, consistent with recent changes in the Federal Homeland Security grant structure. The Division's Aid to Localities budget includes State and Federal disaster assistance reappropriations to support response efforts associated with future disasters, and \$12.8 million in anticipated Federal grants and assessments paid by nuclear power generating facilities to support emergency preparedness activities.

The 2005-06 Capital Plan recommendations of \$48.8 million in new appropriations represent an increase of \$2.8 million above the 2004-05 appropriations level of 46.0 million, and include \$36 million in State and Federal support for a multi-year Federal military construction plan to replace or expand armories and equipment maintenance facilities across the State. The balance funds the maintenance of existing facilities to support military readiness and to preserve the historic and future value of the armories.

MILITARY AND NAVAL AFFAIRS

PROGRAM HIGHLIGHTS

MILITARY READINESS

The Military Readiness programs constitute the heart of the Division's operations. These programs include the New York Army National Guard, the New York Air National Guard, the New York Guard and the New York Naval Militia. Over 3,000 members of the New York National Guard are currently fighting the war on terror, and all stand ready to serve if and when called upon to do so. Since September 11, 2001, the Readiness program has mounted a sustained activation to safeguard the State's citizenry from emerging security threats. Other responses to civilian emergencies in recent years have included the abatement and mitigation of the effects of forest fires, blizzards, floods and ice storms.

EMERGENCY MANAGEMENT

The State Emergency Management Office coordinates the State's response to natural and man made disasters, as well as other civil emergencies. Recent disasters have included the Northeast power outage in August 2003, multiple life-threatening snowstorms across the State in the winter of 2003-04, forest fires and hurricanes in the fall of 2004. The Office played a critical role in both the crisis management and disaster recovery activities that followed the World Trade Center attacks.

The Office also trains personnel to mitigate the risks of future disasters and administers the Disaster Assistance Program, which provides State and federally supported financial relief to localities and individuals affected by disasters. It is also responsible for the development, testing and revision of radiological emergency plans at the State and county levels to deal with possible radiological accidents at nuclear powered electric generating facilities.

SPECIAL SERVICES

Established in 1996, the Recruitment Incentive and Retention Program provides qualified individuals and active National Guard members with a tuition benefit for undergraduate study. The enormous success of the program has helped to stabilize the Guard's troop strength and significantly improved member morale in recent years.

Another important element of DMNA's special services is "GuardHELP," an innovative program to link federal guard resources with current community volunteer, youth activity, and environmental needs. Additionally, the Special Services program includes the activities associated with armory rentals.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	64,260,000	61,745,000	(2,515,000)	19,502,000
Aid To Localities	25,145,000	12,795,000	(12,350,000)	1,243,500,000
Capital Projects	46,000,000	48,800,000	2,800,000	74,300,000
Total	135,405,000	123,340,000	(12,065,000)	1,337,302,000

MILITARY AND NAVAL AFFAIRS

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
	Administration		
General Fund	62	62	0
Emergency Management			
General Fund	30	30	0
Special Revenue Funds - Federal	75	75	0
Special Revenue Funds - Other	18	18	0
Military Readiness			
General Fund	152	155	3
Special Revenue Funds - Federal	230	241	11
Special Service			
Special Revenue Funds - Other	3	3	0
Total	570	584	14

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
	General Fund	16,779,000	
Special Revenue Funds - Federal	35,759,000	33,127,000	(2,632,000)
Special Revenue Funds - Other	11,722,000	10,070,000	(1,652,000)
Total	64,260,000	61,745,000	(2,515,000)

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(484,000)
Special Revenue Funds - Federal	(861,000)
Special Revenue Funds - Other	(91,000)
Appropriated 2004-05	62,824,000

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

Program	Available 2004-05	Recommended 2005-06	Change
	Administration		
General Fund	3,764,000	3,757,000	(7,000)
Disaster Assistance			
Special Revenue Funds - Federal	4,254,000	4,366,000	112,000
Emergency Management			
General Fund	1,488,000	1,846,000	358,000
Special Revenue Funds - Federal	6,351,000	505,000	(5,846,000)
Special Revenue Funds - Other	2,096,000	1,724,000	(372,000)
Military Readiness			
General Fund	11,527,000	12,945,000	1,418,000
Special Revenue Funds - Federal	25,154,000	28,256,000	3,102,000
Special Service			
Special Revenue Funds - Other	9,626,000	8,346,000	(1,280,000)
Total	64,260,000	61,745,000	(2,515,000)

MILITARY AND NAVAL AFFAIRS

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,309,000	(7,000)	3,275,000	(7,000)
Emergency Management	1,205,000	0	1,177,000	0
Military Readiness	6,531,000	27,734	6,507,000	27,734
Total	11,045,000	20,734	10,959,000	20,734

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	34,000	0
Emergency Management	0	0	28,000	0
Military Readiness	23,000	0	1,000	0
Total	23,000	0	63,000	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	448,000	0	81,000	0
Emergency Management	641,000	358,000	113,300	0
Military Readiness	6,414,000	1,390,266	397,000	150,000
Total	7,503,000	1,748,266	591,300	150,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	32,000	0	194,000	0
Emergency Management	18,500	10,000	259,800	100,000
Military Readiness	49,000	17,000	5,199,000	1,651,266
Total	99,500	27,000	5,652,800	1,751,266

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	141,000	0	0	0
Emergency Management	249,400	248,000	0	0
Military Readiness	29,000	22,000	740,000	(450,000)
Total	419,400	270,000	740,000	(450,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Disaster Assistance	4,366,000	112,000	2,459,000	0
Emergency Management	2,229,000	(6,218,000)	1,233,000	(2,702,000)
Military Readiness	28,256,000	3,102,000	11,055,000	(1,200,000)
Special Service	8,346,000	(1,280,000)	641,000	(230,008)
Total	43,197,000	(4,284,000)	15,388,000	(4,132,008)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Disaster Assistance	1,907,000	112,000	0	0
Emergency Management	996,000	(3,516,000)	0	0
Military Readiness	17,201,000	4,302,000	0	0
Special Service	3,727,000	(1,049,992)	3,978,000	0
Total	23,831,000	(151,992)	3,978,000	0

MILITARY AND NAVAL AFFAIRS

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	23,495,000	11,145,000	(12,350,000)
Special Revenue Funds - Other	1,650,000	1,650,000	0
Total	<u>25,145,000</u>	<u>12,795,000</u>	<u>(12,350,000)</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Emergency Management			
Special Revenue Funds - Federal	23,495,000	11,145,000	(12,350,000)
Special Revenue Funds - Other	1,650,000	1,650,000	0
Total	<u>25,145,000</u>	<u>12,795,000</u>	<u>(12,350,000)</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Capital Projects Fund	1,400,000	1,000,000	(400,000)	5,400,000
Federal Capital Projects Fund	11,000,000	11,600,000	600,000	4,100,000
Maintenance and Improvements				
Capital Projects Fund	5,600,000	7,000,000	1,400,000	15,400,000
Federal Capital Projects Fund	28,000,000	29,200,000	1,200,000	49,400,000
Total	<u>46,000,000</u>	<u>48,800,000</u>	<u>2,800,000</u>	<u>74,300,000</u>

DIVISION OF PAROLE

MISSION

The Division of Parole, which consists of the Board of Parole and Division staff, is responsible for community supervision and reintegration of offenders released from prison by action of the Parole Board, a presumptive release decision by the Department of Correctional Services, by conditional release or when inmates with determinate sentences reach their maximum expiration date.

ORGANIZATION AND STAFFING

The 19 members of the Board of Parole are appointed by the Governor, and confirmed by the Senate, for six-year terms. One member is designated by the Governor to serve as the Board's Chair and chief executive officer of the Division. The Board members review the cases of inmates eligible for parole and determine if and when the offender should be released to parole supervision. The Board members establish the conditions the parolee must abide by in the community. These conditions outline a parolee's responsibilities while under community supervision and, when these conditions are violated, serve as justification for parole revocation.

The Division's administrative staff are located in its central office in Albany. Parole operations staff are distributed across the state in 70 correctional facilities and approximately 38 community-based supervision offices. The Division will have a workforce of 2,022 in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2005-06, approximately \$148 million in State tax dollars will enable the Division of Parole to promote public safety by preparing inmates for release, supervising offenders in the community, and arranging for treatment services for parolees.

The Budget recommendations also build on prior year initiatives designed to supervise offenders in the community by providing intensive parole officer supervision caseloads for violent felony offenders, offenders with severe mental health conditions, sex offenders and for those parolees who graduate from the shock incarceration program or who complete the drug treatment program at the Willard Drug Treatment Campus.

Approximately \$35 million in State tax dollars is recommended to support the Aid to Localities portion of the budget. This funding finances vocational development and relapse prevention programs, and provides payments to localities for housing parole violators awaiting a hearing to determine whether the individual will return to State prison. In order to reduce the impact on localities and speed the return of non-compliant parolees to State prison, the Division has developed several procedural changes that have made the parole revocation process more efficient. These management efficiencies have reduced the amount of time parole violators spend in local jails.

PROGRAM HIGHLIGHTS

In addition to closely monitoring offenders in the community, the Division helps prevent parolees from reverting to a life of crime by contracting for various rehabilitative services to support their return to society, such as substance abuse counseling, residential treatment and employment training and programming. The Division will also continue the implementation of an information technology initiative that will enhance the provision of these services, as well as improve supervision of parolees in the community.

PAROLE

PAROLE OPERATIONS

The Parole Operations program, the core of the State parole system, comprises three major areas: preparing inmates for reentry into the community, assisting the Board in making parole release determinations, and supervising parolees upon release from prison. Institutional Parole staff, assigned to correctional facilities, assist the board by assessing an inmate's readiness for release by reviewing his or her case history. The staff summarizes an inmate's rehabilitation progress, family background, and housing and employment prospects for the Board's consideration. Parole officers attempt to obtain housing, employment and other services before an inmate appears before the Board.

When offenders are released from prison, the Board imposes conditions of release and they are assigned to a parole officer. Community Parole staff supervise parolees by monitoring behavior, reviewing employment and treatment progress, administering drug tests and arranging for services to help parolees remain productive and law-abiding members of the community. Parole officers also investigate alleged violations and revoke parole when warranted.

As a result of changes to the Penal Law by the Sentencing Reform Act of 1995 and Jenna's Law, violent felony offenders are subject to determinate sentences and not eligible for early parole release. Additionally, changes to sentences for drug crimes, enacted in December 2004, will result in newly sentenced offenders receiving a determinate sentence. All offenders with determinate sentences are subject to fixed periods of post-release supervision upon their release from prison.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	149,694,000	149,626,000	(68,000)	1,921,000
Aid To Localities	43,059,000	44,439,000	1,380,000	2,712,000
Capital Projects	0	0	0	0
Total	192,753,000	194,065,000	1,312,000	4,633,000

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
	Administration		
General Fund	107	107	0
Parole Operations			
General Fund	1,982	1,915	(67)
Total	2,089	2,022	(67)

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	148,369,000	148,301,000	(68,000)
Special Revenue Funds - Federal	500,000	500,000	0
Special Revenue Funds - Other	825,000	825,000	0
Total	149,694,000	149,626,000	(68,000)

Adjustments:

Transfer(s) From Special Pay Bill General Fund	(4,752,000)
Appropriated 2004-05	144,942,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration General Fund	8,400,000	8,042,000	(358,000)
Parole Operations General Fund	139,969,000	140,259,000	290,000
Special Revenue Funds - Federal	500,000	500,000	0
Special Revenue Funds - Other	825,000	825,000	0
Total	149,694,000	149,626,000	(68,000)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	6,476,000	(361,000)	6,343,000	(361,000)
Parole Operations	111,931,000	(1,086,000)	107,701,000	(1,384,000)
Total	118,407,000	(1,447,000)	114,044,000	(1,745,000)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	133,000	0
Parole Operations	84,000	4,000	4,146,000	294,000
Total	84,000	4,000	4,279,000	294,000

PAROLE

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,566,000	3,000	21,000	1,000
Parole Operations	28,328,000	1,376,000	1,068,000	31,000
Total	29,894,000	1,379,000	1,089,000	32,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	240,000	2,000	1,291,000	0
Parole Operations	2,853,000	(76,000)	22,740,000	1,036,000
Total	3,093,000	(74,000)	24,031,000	1,036,000

Program	Equipment	
	Amount	Change
Administration	14,000	0
Parole Operations	1,667,000	385,000
Total	1,681,000	385,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Parole Operations	1,325,000	0	1,325,000	0
Total	1,325,000	0	1,325,000	0

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	35,809,000	35,189,000	(620,000)
Internal Service Funds	7,250,000	9,250,000	2,000,000
Total	43,059,000	44,439,000	1,380,000

Adjustments:

Transfer(s) From	
Probation and Correctional Alternatives,	
Division of	
General Fund	(461,000)
Appropriated 2004-05	42,598,000

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

Program	Available	Recommended	Change
	2004-05	2005-06	
Parole Operations			
General Fund	35,809,000	35,189,000	(620,000)
Internal Service Funds	7,250,000	9,250,000	2,000,000
Total	43,059,000	44,439,000	1,380,000

OFFICE FOR THE PREVENTION OF DOMESTIC VIOLENCE

MISSION

The Office for the Prevention of Domestic Violence develops statewide policies to protect victims of domestic violence and conducts domestic violence prevention training for judges, prosecutors, police, attorneys, probation and parole personnel, social services and health care providers.

ORGANIZATION AND STAFFING

The Office, headed by an Executive Director appointed by the Governor, has its central office in the Capital District and one field office in New York City. The Office will have a workforce of 33 persons in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget continues support for the Office's policy development and training programs. The All Funds appropriation for the Office will be \$2.4 million in 2005-06 to carry out domestic violence prevention activities.

PROGRAM HIGHLIGHTS

The Office works to improve the response of various State and local public agencies to families affected by domestic violence. In cooperation with other agencies, the Office develops domestic violence policies and provides training and information about domestic violence. These programs clarify professional and legal responsibility to promote the safety of victims of domestic violence and to hold offenders accountable for their actions. Each training program provides an in-depth examination of the nature and dynamics of domestic violence.

The Office also serves as a clearinghouse for information about domestic violence, receiving more than 4,000 calls a year from social service and health care agencies, police departments, domestic violence shelters, local violence prevention programs and domestic violence victims.

Over the past several years, the Office's accomplishments have included development of model county and State domestic violence prevention policies which guide the response to victims and perpetrators of domestic violence in all county and State agencies. Additionally, as a result of the 1997 Welfare Reform legislation, the Office works with the Office of Temporary and Disability Assistance and Office of Children and Family Services to improve procedures for notifying public assistance applicants and recipients about the availability of domestic violence protection and services, and to provide training to social services personnel to recognize the presence of domestic violence.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations Recommended	Change	Reappropriations Recommended
	2004-05	2005-06		2005-06
State Operations	1,605,000	1,683,000	78,000	681,000
Aid To Localities	717,000	717,000	0	0
Capital Projects	0	0	0	0
Total	2,322,000	2,400,000	78,000	681,000

PREVENTION OF DOMESTIC VIOLENCE

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	15	15	0
Special Revenue Funds - Federal	18	18	0
Total	<u>33</u>	<u>33</u>	<u>0</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	1,435,000	1,513,000	78,000
Special Revenue Funds - Federal	100,000	100,000	0
Special Revenue Funds - Other	70,000	70,000	0
Total	<u>1,605,000</u>	<u>1,683,000</u>	<u>78,000</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(74,000)
Appropriated 2004-05	<u>1,531,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	1,435,000	1,513,000	78,000
Special Revenue Funds - Federal	100,000	100,000	0
Special Revenue Funds - Other	70,000	70,000	0
Total	<u>1,605,000</u>	<u>1,683,000</u>	<u>78,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	1,076,000	67,000	1,076,000	67,000
Total	<u>1,076,000</u>	<u>67,000</u>	<u>1,076,000</u>	<u>67,000</u>

PREVENTION OF DOMESTIC VIOLENCE

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	437,000	11,000	47,000	2,000
Total	437,000	11,000	47,000	2,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	40,000	1,000	332,000	8,000
Total	40,000	1,000	332,000	8,000

Program	Equipment	
	Amount	Change
Administration	18,000	0
Total	18,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	170,000	0	170,000	0
Total	170,000	0	170,000	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
	General Fund	717,000	717,000
Total	717,000	717,000	0

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

Program	Available 2004-05	Recommended 2005-06	Change
	Administration	717,000	717,000
General Fund	717,000	717,000	0
Total	717,000	717,000	0

STATE LABOR RELATIONS BOARD

MISSION

A new State Labor Relations Board will be created by the merger of the State Employment Relations Board (SERB) with the Public Employment Relations Board (PERB). The merger will achieve General Fund savings while continuing all of the services previously provided by the predecessor agencies. The new Board will resolve labor disputes between employers and employees in both the public and private sectors. The Board will provide mediation, fact-finding and arbitration in contract disputes for approximately 4,500 public negotiating units in New York State and will provide mediation and arbitration services in the private sector pursuant to Article 20 of the Labor Law. In addition, the Board will settle questions of union representation, conduct hearings on charges of improper or unfair labor practices, designate Management/Confidential positions, and act as a clearinghouse for information on wages, benefits and employment practices.

ORGANIZATION AND STAFFING

The Board will consist of a full-time Chair and four part-time members nominated by the Governor for six-year terms. Two members will be appointed based on recommendations made by the Legislature. The Board's public sector jurisdiction includes State, county and local governments, certain special service districts, school districts and public authorities. Its private sector jurisdiction is delineated in Article 20 of the Labor Law. Central offices are in Albany, with additional staff in Buffalo and the New York City region. The Board will have a workforce of 44 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Board will receive 88 percent of its funding from the General Fund, which will support its mediation, fact-finding and arbitration services and administrative costs.

The Executive Budget recommends \$4.3 million in General Fund support for the Board, and the Board's remaining expenses of \$586,000 are financed by fees paid by public employers and unions for filings and publications.

PROGRAM HIGHLIGHTS

The Board will provide three principal services: conciliation, settlement of petitions involving representation and rulings on charges of improper practices.

CONCILIATION

PERB provided assistance in approximately 338 of the 2,320 State and local contracts negotiated in 2003-2004. The Board has followed many of these cases through the full range of impasse resolution steps: mediation, followed by either fact-finding or arbitration and conciliation. SERB provided assistance in 83 mediations in the same fiscal year.

REPRESENTATION

Through its Office of Public Employment Practices and Representation, the Board will review all petitions from public employee unions and employers requesting the creation of new negotiating units or the transfer of members between units. It also will review requests to

STATE LABOR RELATIONS

remove positions from negotiating units and may designate them management or confidential. In 2003-2004, PERB received 104 petitions raising questions about representation and conducted 10 elections for representation. SERB handled eight representation matters in the same year.

EMPLOYMENT PRACTICES

The Board will conduct hearings and render decisions on improper practice charges. PERB received petitions on 786 charges of improper employment and negotiating practices in the previous year. In 2003-2004, the agency wrote over 181 decisions and closed, either by decision or settlement, over 825 improper practice cases. Each case must be addressed in a pre-hearing conference attended by the affected parties. If a case cannot be resolved, a Board administrative law judge must rule on the charge after conducting a formal hearing. SERB disposed of 13 unfair labor practice cases in the same fiscal year.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,766,000	4,942,000	1,176,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,766,000	4,942,000	1,176,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	37	44	7
Total	37	44	7

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	3,509,000	4,356,000	847,000
Special Revenue Funds - Other	257,000	586,000	329,000
Total	3,766,000	4,942,000	1,176,000

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(109,000)
Appropriated 2004-05	3,657,000

STATE LABOR RELATIONS

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	3,509,000	4,356,000	847,000
Special Revenue Funds - Other	257,000	586,000	329,000
Total	<u>3,766,000</u>	<u>4,942,000</u>	<u>1,176,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,724,000	665,000	3,393,000	665,000
Total	<u>3,724,000</u>	<u>665,000</u>	<u>3,393,000</u>	<u>665,000</u>

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	331,000	0
Total	<u>331,000</u>	<u>0</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	632,000	182,000	144,000	72,000
Total	<u>632,000</u>	<u>182,000</u>	<u>144,000</u>	<u>72,000</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	92,000	22,000	358,000	59,000
Total	<u>92,000</u>	<u>22,000</u>	<u>358,000</u>	<u>59,000</u>

Program	Equipment	
	Amount	Change
Administration	38,000	29,000
Total	<u>38,000</u>	<u>29,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	586,000	329,000	140,000	0
Total	<u>586,000</u>	<u>329,000</u>	<u>140,000</u>	<u>0</u>

Program	Nonpersonal Service	
	Amount	Change
Administration	446,000	329,000
Total	<u>446,000</u>	<u>329,000</u>

DIVISION OF STATE POLICE

MISSION

The Division of State Police promotes highway safety and protects our citizens from crime. It is responsible for patrolling roads and highways outside major urban centers, and providing specialty and investigative police services throughout the State. The work of the State Police ranges from the traditional patrol duties to that of specially trained investigators who conduct sophisticated operations against drug traffickers and other criminals.

ORGANIZATION AND STAFFING

The Division, headed by a Superintendent who is appointed by the Governor, is organized into a Division Headquarters located in Albany and 11 Troops. Each Troop encompasses a geographic area of the State, with the exception of Troop "T" which is dedicated to providing police services on the New York State Thruway. Troop "NYC" provides specialized investigative and support services in the five boroughs of New York City. The remaining nine Troops provide patrol coverage and criminal investigation services appropriate to local conditions. Factors which affect services include population, highway mileage and availability of county and local law enforcement agencies.

The Division will have a total workforce of 5,713 in 2005-06, with 4,700 sworn police officers.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Approximately \$354 million in State tax dollars support the Division's operations budget. The balance is financed by Federal funds and various State revenue sources, including seized assets, a portion of the State's monthly surcharge on cellular telephone bills, fees for accident reports and reimbursement from the New York State Thruway Authority for services rendered on the State Thruway. The cost of Division security for the Niagara and Allegany casinos, the latter of which opened in 2004, is reimbursed by the Seneca Nation, as are costs for the Mohawk and Oneida casinos at Akwesasne and Turning Stone respectively.

Revenue raised from the annual fee on insurance policies of all registered motor vehicles will support \$60.4 million of vital State Police public safety operations, and duplicative appropriations related to this offset are eliminated. This accounting change results in an annual decrease in appropriations for some programs.

New Capital appropriations totaling \$19.2 million will enable the State Police to maintain Troop facilities, advance various projects related to health and safety, and construct a new Troop G Headquarters to serve the Capital Region.

PROGRAM HIGHLIGHTS

The Division is divided into two principal branches, the Uniform Force and the Bureau of Criminal Investigation. Each of these branches fulfills specific law enforcement assignments and cooperates with local and county law enforcement agencies. In the coming year, the Division will continue to play a significant role in Homeland Security initiatives.

UNIFORM FORCE

The Uniform Force has two primary responsibilities: protecting life and property and promoting highway safety. In many areas of the State, Uniform Troopers are the primary law enforcement agency, and respond to all types of calls including burglaries, missing children, assaults, robberies and homicides. State Troopers also provide essential support to local police departments.

STATE POLICE

BUREAU OF CRIMINAL INVESTIGATION

The Bureau of Criminal Investigation (BCI) is the plain clothes investigative branch of the Division. BCI Investigators concentrate on cases related to narcotics, child abuse, auto theft, consumer product tampering, organized crime, violent crimes and terrorism. In addition to conducting their own investigations, investigators regularly assist local and county law enforcement agencies that lack the resources or expertise needed for major crime investigations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	511,983,000	523,479,000	11,496,000	42,924,000
Aid To Localities	0	0	0	0
Capital Projects	2,800,000	19,200,000	16,400,000	5,896,000
Total	514,783,000	542,679,000	27,896,000	48,820,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	213	208	(5)
Criminal Investigation Activities			
General Fund	1,096	1,096	0
Special Revenue Funds - Federal	70	62	(8)
Special Revenue Funds - Other	111	111	0
Patrol Activities			
General Fund	2,976	3,049	73
Special Revenue Funds - Federal	106	41	(65)
Special Revenue Funds - Other	36	36	0
Patrol Activities			
Special Revenue Funds - Other	4	4	0
Policing the Thruway			
Special Revenue Funds - Other	340	340	0
Technical Police Services			
General Fund	760	760	0
Special Revenue Funds - Other	6	6	0
Total	5,718	5,713	(5)

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
General Fund	333,366,000	354,382,000	21,016,000
Special Revenue Funds - Federal	16,427,000	4,709,000	(11,718,000)
Special Revenue Funds - Other	162,190,000	164,388,000	2,198,000
Total	<u>511,983,000</u>	<u>523,479,000</u>	<u>11,496,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(1,700,000)
Special Revenue Funds - Federal	(55,000)
Special Revenue Funds - Other	(71,000)
Appropriated 2004-05	<u>510,157,000</u>

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

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Administration			
General Fund	10,765,000	14,697,000	3,932,000
Special Revenue Funds - Other	208,000	208,000	0
Criminal Investigation Activities			
General Fund	93,869,000	100,603,000	6,734,000
Special Revenue Funds - Federal	865,000	700,000	(165,000)
Special Revenue Funds - Other	15,645,000	18,140,000	2,495,000
Patrol Activities			
General Fund	166,754,000	172,417,000	5,663,000
Special Revenue Funds - Federal	15,562,000	3,867,000	(11,695,000)
Special Revenue Funds - Other	65,258,000	67,836,000	2,578,000
Policing the Thruway			
Special Revenue Funds - Other	45,268,000	41,302,000	(3,966,000)
Technical Police Services			
General Fund	61,978,000	66,665,000	4,687,000
Special Revenue Funds - Federal	0	142,000	142,000
Special Revenue Funds - Other	35,811,000	36,902,000	1,091,000
Total	<u>511,983,000</u>	<u>523,479,000</u>	<u>11,496,000</u>

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	14,123,000	3,932,000	14,123,000	3,932,000
Criminal Investigation Activities	93,109,000	5,515,000	93,109,000	5,515,000
Patrol Activities	167,760,000	(46,294,000)	167,760,000	(46,294,000)
Technical Police Services	35,745,000	(474,000)	35,745,000	(474,000)
Total	<u>310,737,000</u>	<u>(37,321,000)</u>	<u>310,737,000</u>	<u>(37,321,000)</u>

STATE POLICE

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	574,000	0	90,000	0
Criminal Investigation Activities	7,494,000	1,219,000	329,000	243,000
Patrol Activities	4,657,000	657,000	0	0
Technical Police Services	30,920,000	(3,939,000)	2,680,000	0
Total	43,645,000	(2,063,000)	3,099,000	243,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	80,000	0	396,000	0
Criminal Investigation Activities	70,000	0	491,000	0
Patrol Activities	1,977,000	657,000	626,000	0
Technical Police Services	3,761,000	0	14,345,000	(3,939,000)
Total	5,888,000	657,000	15,858,000	(3,939,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	8,000	0	0	0
Criminal Investigation Activities	6,231,000	2,000,000	373,000	(1,024,000)
Patrol Activities	1,684,000	0	370,000	0
Technical Police Services	10,134,000	0	0	0
Total	18,057,000	2,000,000	743,000	(1,024,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	208,000	0	0	0
Criminal Investigation Activities	18,840,000	2,330,000	6,847,000	42,000
Patrol Activities	71,703,000	(9,117,000)	56,666,000	(4,353,000)
Policing the Thruway	41,302,000	(3,966,000)	28,392,000	(2,726,000)
Technical Police Services	37,044,000	1,233,000	0	0
Total	169,097,000	(9,520,000)	91,905,000	(7,037,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	208,000	0	0	0
Criminal Investigation Activities	11,293,000	1,798,000	700,000	490,000
Patrol Activities	15,037,000	(4,764,000)	0	0
Policing the Thruway	12,910,000	(1,240,000)	0	0
Technical Police Services	34,744,000	1,233,000	2,300,000	0
Total	74,192,000	(2,973,000)	3,000,000	490,000

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Maintenance and Improvement of Existing Facilities				
Capital Projects Fund	2,800,000	3,500,000	700,000	5,646,000
New Facilities				
Capital Projects Fund	0	0	0	250,000
Capital Projects Fund - Authority Bonds	0	15,700,000	15,700,000	0
Total	2,800,000	19,200,000	16,400,000	5,896,000

OFFICE FOR TECHNOLOGY

MISSION

The Office for Technology (“OFT” or “the Office”) was statutorily created in 1997. The Office has evolved from an organization that plans and coordinates the State’s investments regarding information technology into an organization with significant operational responsibilities. The Office’s mission is to provide centralized technology services, shape technology policy and coordinate statewide technology related initiatives to improve efficiency for New York State government.

ORGANIZATION AND STAFFING

The Office is located in Albany, and is overseen by the Director. The Director of the Office reports to the State’s Chief Information Officer. The Office is supported with State tax dollars from the General Fund and payments from other State agencies.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 General Fund recommendation of \$21.9 million supports ongoing agency activities. Other major recommendations include:

- A \$109 million Internal Service Fund appropriation for operation of the consolidated State Data Center. This fund will support positions previously transferred from State agencies, the cost of operating the Center’s computers and providing the computing services required by agencies;
- A \$105 million Internal Service Fund appropriation for the New York Intranet (NYeNet) — a high-speed communications network system supported by fees charged to State and local users — and for the operation of the State’s telephone system;
- A \$35 million Internal Service Fund appropriation to support the Human Services Network, a statewide data communication system that connects the State’s human services agencies with local social services offices and voluntary provider organizations; and
- Working with the Office of General Services, OFT will oversee a statewide effort to coordinate acquisitions of information technology and services to ensure that State agencies receive the best value at the lowest possible price.

PROGRAM HIGHLIGHTS

The Office for Technology’s primary objective for fiscal year 2005-06 will be to improve reliability and service delivery to all agencies using their services. This includes leveraging the State’s consolidated data centers and statewide network, the NYeNet, to provide core technology infrastructure support to agency mission critical applications. An additional priority of the Office will be to proceed with the design and primary regional build-out of the Statewide Wireless Network. Finally, the Office for Technology will better manage the State’s information technology environment by implementing procedures to assure that technology investments are made in an organized, rational and secure manner.

TECHNOLOGY

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	257,436,500	270,953,000	13,516,500	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	257,436,500	270,953,000	13,516,500	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Technology			
General Fund	105	105	0
Internal Service Funds	551	594	43
Total	656	699	43

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	23,000,000	21,953,000	(1,047,000)
Internal Service Funds	234,436,500	249,000,000	14,563,500
Total	257,436,500	270,953,000	13,516,500

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(300,000)
Internal Service Funds	(2,436,500)
Appropriated 2004-05	254,700,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Technology			
General Fund	23,000,000	21,953,000	(1,047,000)
Internal Service Funds	234,436,500	249,000,000	14,563,500
Total	257,436,500	270,953,000	13,516,500

TECHNOLOGY

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Technology	7,868,000	23,000	7,658,000	(36,100)
Total	<u>7,868,000</u>	<u>23,000</u>	<u>7,658,000</u>	<u>(36,100)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Technology	200,000	200,000	10,000	(140,900)
Total	<u>200,000</u>	<u>200,000</u>	<u>10,000</u>	<u>(140,900)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Technology	14,085,000	(1,070,000)	256,000	41,000
Total	<u>14,085,000</u>	<u>(1,070,000)</u>	<u>256,000</u>	<u>41,000</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Technology	26,000	(84,000)	4,014,000	(2,452,000)
Total	<u>26,000</u>	<u>(84,000)</u>	<u>4,014,000</u>	<u>(2,452,000)</u>

Program	Equipment	
	Amount	Change
Technology	9,789,000	1,425,000
Total	<u>9,789,000</u>	<u>1,425,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Technology	249,000,000	14,563,500	249,000,000	14,563,500
Total	<u>249,000,000</u>	<u>14,563,500</u>	<u>249,000,000</u>	<u>14,563,500</u>

DIVISION OF VETERANS' AFFAIRS

MISSION

The Division of Veterans' Affairs assists veterans, members of the armed forces and their families and dependents in securing benefits earned through military service. The Division coordinates veterans' programs and services offered by other State agencies, works closely with the Federal Department of Veterans' Affairs and advocates State and Federal actions to meet veterans' needs. The Division serves nearly 1.2 million New Yorkers who are veterans, as well as their dependents and those on active duty.

ORGANIZATION AND STAFFING

The Division is headed by a Director who is appointed by the Governor. The Division's central office is in Albany, with regional offices in New York City and Buffalo. The Division staffs a network of approximately 70 community based access points in nearly all of the State's counties and New York City. The Division will have 113 employees in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends \$14.6 million for the Division of Veterans' Affairs to fund administration, veterans' services and benefits. The Office of General Services will continue to provide administrative support, permitting the Division to focus on its main mission, serving the State's veterans and their families. The Blind Veteran Annuity Assistance Program will be maintained at the \$5 million level. In addition, State aid is continued for local county and city veterans' service agencies and Federal appropriations for the Veterans' Education Program are maintained.

PROGRAM HIGHLIGHTS

The largest of the Division of Veterans' Affairs three principal programs, the Veterans' Counseling Program, provides counseling and claims services through a statewide network of State veterans' counselors. The counselors— who are all veterans — and support staff help veterans complete and file applications for benefits and services, and file for Federal, State, local and private veterans' benefits. They also help veterans access the services provided by Veterans' Affairs Medical Centers, senior centers, State Veterans' Homes, local nursing homes and public assistance offices.

The Division of Veterans' Affairs is responsible for securing a substantial portion of the more than \$1 billion annually in recurring Federal VA payments made directly to New York State veterans and their dependents. During the 2003-04 operating period, State veterans' counselors filed 8,350 benefit claims, averaging more than 150 claims per year per counselor. Claims filed by State veterans counselors produce approximately \$61 million in new and recurring Federal benefits annually. On average, each State veterans' counselor generates nearly \$1.4 million a year in new awards for veterans and their dependents. They also assist constituents in obtaining additional veterans benefits, including VA medical care, various other Federal, State and local economic assistance, tax exemptions and a variety of other benefits offered in recognition of military service. Additionally, with the enactment of the New York Patriot Plan in 2003, State veterans' counselors help to ensure that active duty military personnel and their families receive the supplemental benefits to which they are now entitled.

VETERANS' AFFAIRS

The Blind Veteran Annuity Program provides visually impaired veterans and eligible surviving spouses with monthly assistance. The Governor approved legislation in 2004 to add an annual cost of living increase to the \$1,000 benefit paid to each recipient. Beginning in January 2005, an annual increase tied to Federal increases in veterans' compensation will maintain the value of the annuity. In 2005-2006, this program will assist more than 4,200 recipients.

The Veterans' Education Program certifies post-secondary educational and vocational programs as providing quality education and training to veterans eligible for G. I. benefits. During 2003-04, more than 8,000 programs were approved for use by veterans receiving benefits.

The Division of Veterans' Affairs also continues to maintain its community outreach activities through senior citizens' seminars and similar forums for women veterans. It is also the driving force behind the Interagency Veterans' Council, a consortium of Federal, State and local agencies and non-profit organizations that meets periodically to address and resolve problems and concerns within the veteran community. The Division is also collaborating with various state agencies to better identify veterans and their dependents on public assistance, to assist them in securing Federal veterans' benefits to which they are entitled, and to advise senior citizens of veterans' benefits and services that could improve the quality of their lives.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	7,827,000	8,487,000	660,000	1,687,000
Aid To Localities	5,775,000	6,130,000	355,000	0
Capital Projects	0	0	0	0
Total	13,602,000	14,617,000	1,015,000	1,687,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	10	10	0
Higher Education			
Special Revenue Funds - Federal	12	12	0
Veteran Counseling Services Program			
General Fund	91	91	0
Total	113	113	0

VETERANS' AFFAIRS

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	5,471,000	6,212,000	741,000
Special Revenue Funds - Federal	2,356,000	2,275,000	(81,000)
Total	<u>7,827,000</u>	<u>8,487,000</u>	<u>660,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(206,000)
Special Revenue Funds - Federal	(74,000)
Appropriated 2004-05	<u>7,547,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	782,000	844,000	62,000
Higher Education			
Special Revenue Funds - Federal	1,592,000	1,775,000	183,000
Veteran Counseling Services Program			
General Fund	4,689,000	5,368,000	679,000
Special Revenue Funds - Federal	764,000	500,000	(264,000)
Total	<u>7,827,000</u>	<u>8,487,000</u>	<u>660,000</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	737,000	62,000	737,000	62,000
Veteran Counseling Services Program	4,938,000	415,000	4,938,000	415,000
Total	<u>5,675,000</u>	<u>477,000</u>	<u>5,675,000</u>	<u>477,000</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Administration	107,000	0	107,000	0
Veteran Counseling Services Program	430,000	0	380,000	0
Total	<u>537,000</u>	<u>0</u>	<u>487,000</u>	<u>0</u>

Program	Maintenance Undistributed	
	Amount	Change
Administration	0	0
Veteran Counseling Services Program	50,000	0
Total	<u>50,000</u>	<u>0</u>

VETERANS' AFFAIRS

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Higher Education	1,775,000	183,000	1,055,000	64,000
Veteran Counseling Services Program	500,000	(264,000)	0	0
Total	<u>2,275,000</u>	<u>(81,000)</u>	<u>1,055,000</u>	<u>64,000</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Higher Education	720,000	119,000	0	0
Veteran Counseling Services Program	500,000	0	0	(264,000)
Total	<u>1,220,000</u>	<u>119,000</u>	<u>0</u>	<u>(264,000)</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	5,775,000	6,130,000	355,000
Total	<u>5,775,000</u>	<u>6,130,000</u>	<u>355,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	200,000	200,000	0
Blind Veteran Annuity Assistance			
General Fund	5,000,000	5,000,000	0
Veteran Counseling Services Program			
General Fund	575,000	930,000	355,000
Total	<u>5,775,000</u>	<u>6,130,000</u>	<u>355,000</u>

MISCELLANEOUS

MISCELLANEOUS

ALL STATE DEPARTMENTS AND AGENCIES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	200,000,000	0	(200,000,000)	360,000,000
Capital Projects	0	0	0	0
Total	200,000,000	0	(200,000,000)	360,000,000

ALL STATE DEPARTMENTS AND AGENCIES SERVICES, EXPENSES OR GRANTS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	0	0	0	5,900,000
Capital Projects	0	0	0	0
Total	0	0	0	5,900,000

AUTOMATED EXTERNAL DEFIBRILLATORS

Pursuant to Chapter 510 of the Laws of 2004, public buildings and institutions must be equipped with automated external defibrillators. The Commissioner of General Services is charged with promulgating regulations providing a schedule for phasing in such installations, prescribing the appropriate number of defibrillators based on building size or occupancy, and defining the training requirements for personnel operating such equipment. The 2005-06 Executive Budget provides an appropriation of \$45 million for the acquisition and installation of such automated external defibrillators.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	45,000,000	45,000,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	0	45,000,000	45,000,000	0

MISCELLANEOUS

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
All Funds	0	45,000,000	45,000,000
Total	<u>0</u>	<u>45,000,000</u>	<u>45,000,000</u>

COLLECTIVE BARGAINING AGREEMENTS

PROGRAM HIGHLIGHTS

Negotiations for successor collective bargaining agreements began in January 2003. Settlements for most negotiating units are in place. A \$24,685,600 appropriation is recommended for those negotiating units where settlements have been reached and for certain Management/Confidential programs. A \$13,600,000 General Fund appropriation is recommended to continue certain programs for those units that have not yet settled. Additionally, a total of \$39,872,700 in reappropriations is also recommended.

A total of \$250,000 in Special Revenue-Other funding is again recommended for the administrative costs of the NYS Flex Spending Accounts. These costs are funded by those employees who participate in this program, which allows participating employees to make pre-tax payroll deductions for child and elder care expenses.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

<u>Category</u>	<u>Available 2004-05</u>	<u>Appropriations Recommended 2005-06</u>	<u>Change</u>	<u>Reappropriations Recommended 2005-06</u>
State Operations	68,720,100	38,535,600	(30,184,500)	39,872,700
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>68,720,100</u>	<u>38,535,600</u>	<u>(30,184,500)</u>	<u>39,872,700</u>

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

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2004-05 Estimated FTEs 03/31/05</u>	<u>2005-06 Estimated FTEs 03/31/06</u>	<u>FTE Change</u>
Labor Management Programs			
General Fund	53	53	0
Total	<u>53</u>	<u>53</u>	<u>0</u>

MISCELLANEOUS

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	68,470,100	38,285,600	(30,184,500)
Special Revenue Funds - Other	250,000	250,000	0
Total	68,720,100	38,535,600	(30,184,500)
Adjustments:			
Transfer(s) From Special Pay Bill General Fund	(46,970,100)		
Appropriated 2004-05	21,750,000		

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Labor Management Programs	38,285,600	(22,178,500)	38,285,600	(22,178,500)
Total	38,285,600	(22,178,500)	38,285,600	(22,178,500)

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Labor Management Programs	250,000	0	250,000	0
Total	250,000	0	250,000	0

**COMMUNITY SERVICE PROVIDER
ASSISTANCE PROGRAM**

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	0	0	0	17,000,000
Capital Projects	0	0	0	0
Total	0	0	0	17,000,000

MISCELLANEOUS

DEFERRED COMPENSATION BOARD

MISSION

The Deferred Compensation Board oversees public employee Deferred Compensation Plans, including the State Plan and locally operated plans. The mission of the State Plan is to help employees achieve their retirement savings goals by providing quality investment options, investment educational programs and related services. Local plans are overseen by local committees, but must operate in compliance with the Board's rules.

ORGANIZATION AND STAFFING

The Board consists of three members, one each appointed by the Governor, the Senate Majority Leader and the Assembly Speaker. The Board maintains as a staff four professionals who are responsible for management of the State Plan as well as for regulatory duties that relate to 250 local plans. Management of the State Plan includes oversight of administrative services delivered by contracted staff, monitoring of 26 investment managers, coordination with professional services firms and direct service delivery through the main office.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommendations for 2005-06 will provide continued support for the current operations of the Deferred Compensation Board. The recommended funding includes \$157,000 in State tax dollars from the General Fund for the costs of providing legal advice and assistance to local governments on the establishment and maintenance of deferred compensation plans. The remaining \$649,000 needed to operate the Plan is derived from a participant fee and administrative rebates that the Plan receives from the investment firms.

PROGRAM HIGHLIGHTS

The Board continues to pursue opportunities to improve service and further participants' ability to construct cost effective, well-diversified portfolios. Due in part to regulatory improvements and enhancements, the State Plan experienced a 28 percent increase in contributions and a 30 percent increase in employer participation since FY 2001-2002. Regulatory improvements authorized under the Economic Growth and Tax Relief Reconciliation Act of 2001 provided for increased contribution limits, distribution flexibility and new tax benefits beginning in 2002. The Board has increased its outreach to local plans through additional regulatory mailings and will continue to provide guidance to local governments on compliance issues related to Federal statutory changes and the State's Model Deferred Compensation Plan.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	754,000	806,000	52,000	100,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	754,000	806,000	52,000	100,000

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Operations			
Special Revenue Funds - Other	4	4	0
Total	<u>4</u>	<u>4</u>	<u>0</u>

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	153,000	157,000	4,000
Special Revenue Funds - Other	601,000	649,000	48,000
Total	<u>754,000</u>	<u>806,000</u>	<u>52,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(1,000)
Special Revenue Funds - Other	<u>(16,000)</u>
Appropriated 2004-05	<u>737,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Operations	649,000	48,000	312,000	17,000
Total	<u>649,000</u>	<u>48,000</u>	<u>312,000</u>	<u>17,000</u>

Program	Nonpersonal Service	
	Amount	Change
Operations	337,000	31,000
Total	<u>337,000</u>	<u>31,000</u>

**OFFICE OF EDUCATIONAL ACCOUNTABILITY
AND EFFICIENCY**

The 2005-06 Executive Budget provides \$2 million to support a new independent Office of Educational Accountability and Efficiency (OEAE). These funds will be supplemented by appropriations for school aid earmarked for auditing school district finances.

Legislation accompanying the Budget provides for the establishment of OEAE which will be headed by an Executive Director appointed by the Governor. OEAE will be responsible for:

- Tracking and reporting on the educational performance of our public schools in providing all children a sound basic education;
- Reviewing and approving school improvement plans and providing assistance in the closure and/or reconfiguration of schools that fail to meet State educational standards;
- Coordinating teams of educators, auditors and efficiency experts to conduct top-to-bottom reviews of education spending across the State;

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- Undertaking evaluations of the financial condition of school districts, with follow-up reviews of districts identified as being in fiscal distress or lacking proper financial controls; and
- Promoting increased efficiency by serving as a catalyst for the creation of shared service arrangements among school districts, BOCES and other local government entities.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	2,000,000	2,000,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	0	2,000,000	2,000,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Educational Accountability and Efficiency Program			
General Fund	0	20	20
Total	0	20	20

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

Program	Available 2004-05	Recommended 2005-06	Change
Educational Accountability and Efficiency Program			
General Fund	0	2,000,000	2,000,000
Total	0	2,000,000	2,000,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total Amount	Change	Maintenance Undistributed Amount	Change
Educational Accountability and Efficiency Program	2,000,000	2,000,000	2,000,000	2,000,000
Total	2,000,000	2,000,000	2,000,000	2,000,000

GENERAL STATE CHARGES

General State Charges are primarily the costs of providing fringe benefits to most State employees, which are authorized in collective bargaining agreements and various statutes. The General State Charges budget also includes miscellaneous fixed costs such as litigation settlements and taxes on State-owned lands.

BUDGET AND PROGRAM HIGHLIGHTS

Recommended appropriations for General State Charges total \$2.6 billion in 2005-06. This amount will be augmented by \$730 million initially appropriated to the State University of New York for employee fringe benefits. A program initiative assumed within these funding levels is legislation that will ensure a more comprehensive, independent review and provide opportunity for public comment concerning Retirement System actuarial funding changes.

FRINGE BENEFITS

The State provides a comprehensive fringe benefits package to its employees. These benefits are supported primarily by General Fund revenues and supplemented with revenue from fringe benefit assessments on Federal and other dedicated revenue programs.

Health Insurance: Through the New York State Health Insurance Program (NYSHIP), State employees and retirees have the option to participate in the Empire Plan, a health insurance program designed exclusively for New York's public employees, or one of 14 health maintenance organizations. Approximately 80 percent of State employees and retirees are enrolled in the Empire Plan.

The recommended 2005-06 General Fund appropriation of \$1.7 billion reflects a 9.1 percent increase in the State's cost for employee health insurance. The State will actively seek savings by improving clinically-based utilization review of employee health services to reduce waste. Increases in Medicare Part B premiums will be accommodated by ensuring that employers, employees and retirees contribute their fair share towards such coverage. The State will also receive the Medicare Part D prescription drug subsidy from the Federal government that becomes available in 2006.

Pension Benefits: Most State employees are members of the New York State and Local Retirement Systems, which consist of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. With approximately \$119 billion in combined invested assets, these systems administer retirement benefits to State and local government employees. Funding for the benefits is supported by employer contributions, bi-weekly contributions from certain employees with less than ten years of service, and pension fund investment earnings.

The Executive Budget appropriation of \$667 million reflects a 13 percent increase and assumes continuation of the actuarial funding methods and practices that have been in place for over 20 years. This funding level is \$321 million less than the amount that would be necessary to accommodate discretionary actuarial funding changes made by the Retirement System in developing 2005-06 pension contribution rates. These changes were made with no opportunity for public review. Moreover, the System implemented these changes sooner than would be expected under normal practices. The Executive Budget includes legislation that would require the Retirement System to seek independent professional review and public comment prior to making any changes in pension funding assumptions and actuarial methods. It is anticipated that if these steps are followed the State's 2005-06 pension contribution rate for normal and administrative costs would be reduced from 11 percent to 7 percent of State workforce salaries.

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Local governments and the State will realize substantial fiscal relief from this change with estimated savings in 2005-06 totaling \$321 million for the State and \$621 million for local governments and other participating employers. In addition, the State could achieve a savings of \$46 million in the Judiciary Budget.

Social Security and Medicare Taxes: In addition to employer contributions made to the retirement systems, the State makes weekly tax payments to the Federal government for the Social Security and Medicare benefit programs. The Social Security tax rate is 6.20 percent, applied on wages up to \$90,000 in 2005, and the Medicare tax rate is 1.45 percent on all wages.

The recommended General Fund appropriation for Social Security and Medicare taxes in 2005-06 is \$397 million.

Workers' Compensation: The State reimburses the State Insurance Fund for actual compensation and medical claims incurred by State employees for job-related injuries. The statutory workers' compensation benefit is two-thirds of salary up to a maximum of \$400 per week. Most State employees are paid supplemental benefits pursuant to collective bargaining agreements.

The recommended General Fund appropriation for workers' compensation benefits in 2005-06 is \$197 million. Efforts to contain costs and improve program management will continue through funding the automated Accident Reporting System and a dispute resolution program.

Dental, Vision and Other Employee Benefits: State employees receive dental insurance and vision benefits either through State administered programs or benefit funds operated by public employee unions. Premiums for the State administered programs are covered in full by the State. The employee union benefit funds are supported by quarterly contributions from the State based on per capita rates authorized in collective bargaining agreements. In addition, the State funds an assortment of other benefit programs to cover losses due to death, disability and unemployment.

A total of \$133 million in General Fund appropriations are recommended in 2005-06 to fund dental, vision and other employee benefits.

Fringe Benefits for State University Employees: A \$730 million General Fund appropriation to support fringe benefits for employees of the State University will be initially included in the State University budget. Upon enactment, this amount will be transferred to the General State Charges program to be centrally administered along with the benefit programs for all State employees.

FIXED COSTS

In addition to employee fringe benefits, the State pays for a variety of fixed costs from the General State Charges budget. These costs are supported in full by General Fund revenues and include:

Taxes and Other Property Assessments on State-Owned Lands: Real Property Tax Law authorizes local governments to tax certain parcels of State-owned land. Presently, the State provides financial support to local governments by paying local and/or school property taxes on approximately 22,000 parcels covering four million acres of land throughout the State as well as transition assessments on tax-exempt State-owned lands. Other property expenses include assessments for improvements on State-owned lands and payments in lieu of taxes on certain property in the City of Albany, Cattaraugus County and Putnam County.

A total of \$171 million in appropriations is recommended in 2005-06 for payment of taxes and various other property assessments on State lands.

Court of Claims Judgments and Other Litigation Costs: Annual appropriations are authorized to pay for expenses related to the settlement of lawsuits and court judgments against the State. Most litigation against the State is adjudicated in the Court of Claims and involves contract disputes and tort liabilities. Other appropriations in this category support: the defense and indemnification of State employees for actions that arise in the course of

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their official duties; litigation expenses related to Indian land claims; and payments to the Property Casualty Insurance Security Fund in accordance with the terms of a multi-year settlement with the insurance industry.

A total of \$124 million in appropriations is recommended in 2005-06 for these litigation expenses. As part of the State's reform agenda, legislation is recommended to change the interest rate paid by the State and other governmental jurisdictions in court judgments. The proposal would calculate interest charges using a variable market-based index instead of the fixed 9 percent rate that the courts have required under an interpretation of current law.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	2,597,623,900	2,596,310,000	(1,313,900)	14,818,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>2,597,623,900</u>	<u>2,596,310,000</u>	<u>(1,313,900)</u>	<u>14,818,000</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	2,597,623,900	2,596,310,000	(1,313,900)
Total	<u>2,597,623,900</u>	<u>2,596,310,000</u>	<u>(1,313,900)</u>
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(49,002,900)		
Transfer(s) To			
State University of New York			
General Fund	64,495,000		
Appropriated 2004-05	<u>2,613,116,000</u>		

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	607,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>607,000</u>

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GREEN THUMB PROGRAM

The Green Thumb Program provides income-eligible elderly citizens with part-time employment in State agencies through the not-for-profit organization, Green Thumb Environmental Beautification, Inc. The 2005-06 Executive Budget recommends a General Fund appropriation of \$2,394,000, the same level of funding provided in 2004-05.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available	Appropriations	Change	Reappropriations
	2004-05	Recommended 2005-06		Recommended 2005-06
State Operations	2,394,000	2,394,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	2,394,000	2,394,000	0	0

**THE GREENWAY HERITAGE CONSERVANCY OF
THE HUDSON RIVER VALLEY**

The Greenway Heritage Conservancy of the Hudson River Valley was established in the Hudson River Valley Greenway Act of 1991 to promote the preservation of natural and cultural resources in the Valley, serve as a land trust in the acquisition of lands important to the Greenway, and designate and develop the Hudson River Valley Greenway Trail. The 2005-06 Executive Budget recommends total funding of \$256,000 from the General Fund for operational support of the Conservancy.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available	Appropriations	Change	Reappropriations
	2004-05	Recommended 2005-06		Recommended 2005-06
State Operations	190,000	256,000	66,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	190,000	256,000	66,000	0

HEALTH INSURANCE CONTINGENCY RESERVE

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

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	410,184,000	474,305,000	64,121,000
Total	410,184,000	474,305,000	64,121,000

HEALTH INSURANCE RESERVE RECEIPTS FUND

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Fiduciary Funds	192,400,000	192,400,000	0
Total	192,400,000	192,400,000	0

HIGHER EDUCATION

This appropriation provides funds for the Higher Education Services Corporation and the Office of the State Comptroller to jointly administer the College Choice Tuition Savings Program. This program helps families save for their children’s education at accredited public and private colleges anywhere in the country with accompanying tax benefits on contributions made to, and interest earned on, college savings accounts.

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Special Revenue Funds - Other	723,000	734,000	11,000
Total	723,000	734,000	11,000

**HIGHER EDUCATION FACILITIES
CAPITAL MATCHING GRANTS PROGRAM**

Recommendations for 2005-06 include a new \$250 million higher education facilities capital matching grant program for both public and private colleges in New York. Under this program, \$150 million will be awarded on a competitive basis to public and private colleges and \$100 million will be awarded to private colleges based on enrollment and the colleges’ relative student financial need as measured by total awards provided through the Tuition Assistance Program. This program will require a three to one (non-State to State) match by institutions.

Grants will be awarded by a new Higher Education Capital Matching Grant Board consisting of seven members appointed by the Governor. Grants may only be used for new capital projects and will be targeted for priorities that include economic development/high technology (including wet labs), critical academic facilities, and urban renewal/historic preservation.

This program would leverage over \$750 million in external funds to match the State’s \$250 million investment, thereby providing for a combined capital program totaling \$1.0 billion. The State’s share of the program will be financed through the issuance of bonds.

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ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	250,000,000	250,000,000	0
Total	0	250,000,000	250,000,000	0

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Higher Education Capital Matching Grants				
Capital Projects Fund - Authority Bonds	0	250,000,000	250,000,000	0
Total	0	250,000,000	250,000,000	0

HOMELAND SECURITY

Since fall 2001, State agencies have deployed numerous resources to detect and protect against domestic security threats. The 2005-06 Executive Budget provides appropriations of approximately \$198.1 million to support a continuation of homeland security activities throughout New York State, including a \$75 million contingency appropriation for costs of security measures implemented during periods of heightened threat alerts. State personnel and other resources will provide increased security at potential terrorist targets and other public safety needs will continue to be addressed, including testing of potential biological and chemical agents and upgrades for communications and technology systems.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	131,943,000	148,153,000	16,210,000	40,980,000
Aid To Localities	125,000,000	50,000,000	(75,000,000)	99,289,000
Capital Projects	5,000,000	0	(5,000,000)	16,138,000
Total	261,943,000	198,153,000	(63,790,000)	156,407,000

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	3,000,000	3,000,000	0
All Funds	128,943,000	145,153,000	16,210,000
Total	131,943,000	148,153,000	16,210,000

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

Program	Available 2004-05	Recommended 2005-06	Change
Domestic Anti-Terrorism Program			
Special Revenue Funds - Other	3,000,000	3,000,000	0
All Funds	128,943,000	145,153,000	16,210,000
Total	<u>131,943,000</u>	<u>148,153,000</u>	<u>16,210,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Domestic Anti-Terrorism Program	148,153,000	16,210,000	148,153,000	16,210,000
Total	<u>148,153,000</u>	<u>16,210,000</u>	<u>148,153,000</u>	<u>16,210,000</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	125,000,000	50,000,000	(75,000,000)
Total	125,000,000	<u>50,000,000</u>	<u>(75,000,000)</u>

Adjustments:

Prior Year Deficiency	
Homeland Security - Miscellaneous	
Special Revenue Funds - Federal	100,590,000
Appropriated 2004-05	<u>225,590,000</u>

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

Program	Available 2004-05	Recommended 2005-06	Change
Domestic Anti-Terrorism Program			
Special Revenue Funds - Federal	125,000,000	50,000,000	(75,000,000)
Total	<u>125,000,000</u>	<u>50,000,000</u>	<u>(75,000,000)</u>

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Homeland Security				
Capital Projects Fund	5,000,000	0	(5,000,000)	12,448,000
Federal Capital Projects Fund	0	0	0	3,690,000
Total	<u>5,000,000</u>	<u>0</u>	<u>(5,000,000)</u>	<u>16,138,000</u>

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**HUDSON RIVER VALLEY GREENWAY
COMMUNITIES COUNCIL**

The Hudson River Valley Greenway Communities Council is a 25-member advisory board, created in 1991, which is responsible for promoting the preservation of natural and cultural resources in the Hudson River Valley.

The Council's operations are funded with State tax dollars from the General Fund. The Executive Budget recommends total funding of \$595,000 in 2005-06 to support the Council's administration, technical assistance, and local planning grants programs.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	383,000	391,000	8,000	0
Aid To Localities	204,000	204,000	0	683,000
Capital Projects	0	0	0	0
Total	587,000	595,000	8,000	683,000

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Operations			
General Fund	5	5	0
Total	5	5	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	383,000	391,000	8,000
Total	383,000	391,000	8,000

Adjustments:

Transfer(s) From Special Pay Bill General Fund	(12,000)
Appropriated 2004-05	371,000

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Operations	318,000	8,000	318,000	8,000
Total	318,000	8,000	318,000	8,000

MISCELLANEOUS

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Operations	73,000	0	73,000	0
Total	73,000	0	73,000	0

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

Program	Available 2004-05	Recommended 2005-06	Change
Operations			
General Fund	204,000	204,000	0
Total	204,000	204,000	0

**INSURANCE AND SECURITIES FUNDS
RESERVE GUARANTEE**

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	1,619,000,000	1,605,000,000	(14,000,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	1,619,000,000	1,605,000,000	(14,000,000)	0

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

Program	Available 2004-05	Recommended 2005-06	Change
Aggregate Trust Fund			
General Fund	220,000,000	220,000,000	0
Stock Workmen's Compensation Security Fund			
General Fund	14,000,000	0	(14,000,000)
Property/Casualty Insurance Security Fund General Fund	90,000,000	90,000,000	0
State Insurance Fund			
General Fund	1,295,000,000	1,295,000,000	0
Total	1,619,000,000	1,605,000,000	(14,000,000)

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LOCAL GOVERNMENT ASSISTANCE

The following appropriations provide unrestricted aid to all classes of local government. Of the total miscellaneous local government assistance, only 3.7 percent is appropriated from the General Fund. The remaining 96.3 percent is appropriated primarily as fiduciary funds with no General Fund impact.

Executive Budget recommendations for 2005-06 are as follows:

- A new Aid and Incentives for Municipalities (AIM) Program is recommended for funding to cities, towns and villages. This new program consolidates General Purpose Local Government Aid, Emergency Financial Assistance to Eligible Municipalities, Emergency Financial Aid to Certain Cities, Supplemental Municipal Aid and a portion of Small Government Assistance into a single aid program that maintains existing funding levels and provides aid increases for eligible cities, towns and villages. In addition, \$5.5 million is provided for a new Shared Municipal Services Incentive Award initiative that is designed to encourage joint cost saving efforts by municipalities. Total funding for the AIM initiative is \$1.07 billion, a \$54.6 million increase from the SFY 2004-05 funding level.
- \$2 million each is provided to Oneida and Madison Counties to satisfy land claim settlements.
- \$45 million is appropriated for the City of Yonkers in accordance with the terms of the settlement agreement that ended two decades of contentious litigation and Federal intervention in the City's public schools.
- The final \$7.5 million payment of a total \$100 million aid package to the Nassau County Interim Finance Authority is appropriated.
- The remaining Small Government Assistance totaling \$1.1 million is appropriated for counties and school districts.
- Fiduciary appropriations totaling more than \$28 billion are recommended for the Municipal Assistance State Aid Fund, the Municipal Assistance Tax Fund, and the Stock Transfer Tax Fund to ensure that New York City and the City of Troy have adequate Municipal Assistance Corporation debt service coverage.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available	Appropriations	Change	Reappropriations
	2004-05	Recommended 2005-06		Recommended 2005-06
State Operations	3,269,200	3,243,000	(26,200)	0
Aid To Localities	27,655,695,002	29,904,184,000	2,248,488,998	0
Capital Projects	0	0	0	0
Total	27,658,964,202	29,907,427,000	2,248,462,798	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Financial Control Board, New York State			
Special Revenue Funds - Other	17	17	0
Total	17	17	0

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	3,269,200	3,243,000	(26,200)
Total	<u>3,269,200</u>	<u>3,243,000</u>	<u>(26,200)</u>
Adjustments:			
Transfer(s) From			
Special Pay Bill			
Special Revenue Funds - Other	<u>(80,000)</u>		
Appropriated 2004-05	<u>3,189,200</u>		

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

Program	Available 2004-05	Recommended 2005-06	Change
Financial Control Board, New York State			
Special Revenue Funds - Other	<u>3,269,200</u>	<u>3,243,000</u>	<u>(26,200)</u>
Total	<u>3,269,200</u>	<u>3,243,000</u>	<u>(26,200)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Financial Control Board, New York State	3,243,000	(26,200)	1,789,000	(55,000)
Total	<u>3,243,000</u>	<u>(26,200)</u>	<u>1,789,000</u>	<u>(55,000)</u>

Program	Nonpersonal Service	
	Amount	Change
Financial Control Board, New York State	1,454,000	28,800
Total	<u>1,454,000</u>	<u>28,800</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	1,077,395,002	1,125,884,000	48,488,998
Fiduciary Funds	26,578,300,000	28,778,300,000	2,200,000,000
Total	<u>27,655,695,002</u>	<u>29,904,184,000</u>	<u>2,248,488,998</u>

MISCELLANEOUS

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

Program	Available 2004-05	Recommended 2005-06	Change
Aid to Municipalities			
General Fund	1,013,715,102	1,068,315,100	54,599,998
Miscellaneous Financial Assistance			
General Fund	111,000	4,000,000	3,889,000
Municipal Assistance State Aid Fund			
Fiduciary Funds	563,300,000	563,300,000	0
Municipal Assistance Tax Fund			
Fiduciary Funds	15,015,000,000	16,215,000,000	1,200,000,000
Nassau County Interim Finance Authority			
General Fund	7,500,000	7,500,000	0
Small Government Assistance			
General Fund	1,068,900	1,068,900	0
Stock Transfer Tax Fund			
Fiduciary Funds	11,000,000,000	12,000,000,000	1,000,000,000
Yonkers Settlement			
General Fund	55,000,000	45,000,000	(10,000,000)
Total	<u>27,655,695,002</u>	<u>29,904,184,000</u>	<u>2,248,488,998</u>

MISCELLANEOUS GUARANTEE APPROPRIATIONS

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	65,000,000	0	(65,000,000)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>65,000,000</u>	<u>0</u>	<u>(65,000,000)</u>	<u>0</u>

NATIONAL AND COMMUNITY SERVICE

MISSION

The Office of National and Community Service provides staff support to the New York State Commission on National and Community Service. The Commission qualifies the State for Federal community service grants for local not-for-profit agencies.

ORGANIZATION AND STAFFING

The Office of National and Community Service is housed and staffed within the Office of Children and Family Services.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends an appropriation of \$30 million in anticipation of the receipt of continued Federal funding for this program. In addition, State funding of \$332,000 is recommended to meet match requirements for the Office's administration grant.

MISCELLANEOUS

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	30,332,000	30,332,000	0	93,744,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>30,332,000</u>	<u>30,332,000</u>	<u>0</u>	<u>93,744,000</u>

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	332,000	332,000	0
Special Revenue Funds - Federal	30,000,000	30,000,000	0
Total	<u>30,332,000</u>	<u>30,332,000</u>	<u>0</u>

PAYMENT TO THE CITY OF NEW YORK

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

Program	Available 2004-05	Recommended 2005-06	Change
STARC Payment			
General Fund	170,000,000	170,000,000	0
Total	<u>170,000,000</u>	<u>170,000,000</u>	<u>0</u>

COMMISSION ON PUBLIC AUTHORITY REFORM

The Commission on Public Authority Reform has been established to study, review and evaluate the operations and practices of public authorities, to advise and assist boards of directors in developing and adopting model governance principles and to provide training to board members in meeting their fiduciary, financial and ethical responsibilities.

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	0	1,000,000	1,000,000
Total	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>

MISCELLANEOUS

RACING AND GAMING CONTRACT PROGRAM

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	108,000,000	108,000,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	0	108,000,000	108,000,000	0

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

Program	Available 2004-05	Recommended 2005-06	Change
Racing and Gaming Contract Program			
General Fund	0	108,000,000	108,000,000
Total	0	108,000,000	108,000,000

RESERVE FOR FEDERAL AUDIT DISALLOWANCES

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	50,000,000	50,000,000	0
Total	50,000,000	50,000,000	0

SPECIAL EMERGENCY APPROPRIATION

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	50,000,000	50,000,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	50,000,000	50,000,000	0	0

SPECIAL FEDERAL EMERGENCY APPROPRIATION

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	1,000,000,000	1,000,000,000	0
Total	1,000,000,000	1,000,000,000	0

SPECIAL PAY BILL

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Fiduciary Funds	3,201,600	0	(3,201,600)
Total	3,201,600	0	(3,201,600)

Adjustments:

Transfer(s) To

Adirondack Park Agency	
General Fund	141,000
Advocate for Persons with Disabilities,	
Office of	
General Fund	31,000
Special Revenue Funds - Federal	6,000
Special Revenue Funds - Other	3,000
Aging, Office for the	
General Fund	79,000
Special Revenue Funds - Federal	312,000
Agriculture and Markets, Department of	
General Fund	798,000
Special Revenue Funds - Federal	62,000
Special Revenue Funds - Other	313,000
Enterprise Funds	32,100
Private Purpose Trust Funds	17,600
Alcoholic Beverage Control, Division of	
Special Revenue Funds - Other	453,000
Alcoholism and Substance Abuse	
Services, Office of	
General Fund	1,923,000
Special Revenue Funds - Federal	232,000
Special Revenue Funds - Other	32,000
Capital Projects Funds - Other	
(Capital Projects)	26,400
Arts, Council on the	
General Fund	195,000
Special Revenue Funds - Federal	27,000
Audit and Control, Department of	
General Fund	3,190,000
Special Revenue Funds - Other	150,000
Internal Service Funds	88,900
Pension Trust Funds	2,542,200
Banking Department	
Special Revenue Funds - Other	2,393,000
Budget, Division of the	
General Fund	1,240,000
Special Revenue Funds - Other	110,000
Capital Defender Office	
General Fund	175,000

MISCELLANEOUS

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Children and Family Services Office of			
General Fund	7,360,000		
Special Revenue Funds - Federal	1,422,000		
Special Revenue Funds - Other	429,000		
Civil Service, Department of			
General Fund	783,000		
Internal Service Funds	880,500		
Consumer Protection Board, State			
General Fund	18,000		
Special Revenue Funds - Other	80,000		
Correction, Commission of			
General Fund	84,000		
Correctional Services, Department of			
General Fund	18,647,000		
Special Revenue Funds - Federal	477,600		
Enterprise Funds	224,700		
Internal Service Funds	1,240,300		
Capital Projects Funds - Other (Capital Projects)	107,000		
Crime Victims Board			
General Fund	132,000		
Special Revenue Funds - Federal	68,000		
Special Revenue Funds - Other	32,000		
Criminal Justice Services, Division of			
General Fund	1,155,000		
Special Revenue Funds - Federal	422,000		
Special Revenue Funds - Other	8,200		
Deferred Compensation Board			
General Fund	1,000		
Special Revenue Funds - Other	16,000		
Developmental Disabilities Planning Council			
Special Revenue Funds - Federal	57,000		
Economic Development, Department of			
General Fund	726,000		
Special Revenue Funds - Other	29,000		
Education Department, State			
General Fund	1,032,000		
Special Revenue Funds - Federal	4,230,000		
Special Revenue Funds - Federal (Aid To Localities)	285,100		
Special Revenue Funds - Other	3,402,700		
Internal Service Funds	420,000		
Elections, State Board of			
General Fund	95,000		
Employee Relations, Office of			
General Fund	118,000		
Internal Service Funds	118,000		
Environmental Conservation, Department of			
General Fund	2,577,000		
Special Revenue Funds - Federal	1,674,000		
Special Revenue Funds - Other	3,922,100		
Capital Projects Funds - Federal (Capital Projects)	81,900		
Capital Projects Funds - Other (Capital Projects)	1,375,600		
Environmental Facilities Corporation			
Special Revenue Funds - Other	337,500		
Executive Chamber			
General Fund	1,024,000		
General Services, Office of			
General Fund	2,175,000		
Special Revenue Funds - Other	211,000		
Enterprise Funds	45,000		
Internal Service Funds	1,826,200		

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General State Charges			
General Fund	49,002,900		
Health, Department of			
General Fund	5,363,000		
Special Revenue Funds - Federal	3,717,700		
Special Revenue Funds - Other	7,538,200		
Higher Education Services Corporation, New York State			
Special Revenue Funds - Federal	7,000		
Special Revenue Funds - Other	2,124,000		
Homeland Security, Office of			
General Fund	57,000		
Special Revenue Funds - Other	112,000		
Housing and Community Renewal, Division of			
General Fund	824,000		
Special Revenue Funds - Federal	212,000		
Special Revenue Funds - Other	297,000		
Capital Projects Funds - Federal (Capital Projects)	132,000		
Capital Projects Funds - Other (Capital Projects)	4,200		
Hudson River Valley Greenway Communities Council			
General Fund	12,000		
Human Rights, Division of			
General Fund	441,000		
Special Revenue Funds - Federal	4,000		
Inspector General, Office of the			
General Fund	161,000		
Special Revenue Funds - Other	41,000		
Insurance Department			
Special Revenue Funds - Other	4,444,000		
Investigation, Temporary State Commission of			
General Fund	87,000		
Judicial Commissions			
General Fund	62,000		
Judiciary			
General Fund	42,500,000		
Labor Management Committees			
General Fund	46,970,100		
Labor, Department of			
General Fund	28,000		
Special Revenue Funds - Federal	12,436,500		
Special Revenue Funds - Other	1,232,600		
Law, Department of			
General Fund	3,200,000		
Special Revenue Funds - Federal	851,000		
Special Revenue Funds - Other	1,114,000		
Lieutenant Governor, Office of the			
General Fund	29,000		
Lobbying, Temporary State Commission on			
General Fund	37,000		
Local Government Assistance			
Special Revenue Funds - Other	80,000		
Lottery, Division of the			
Special Revenue Funds - Other	1,095,800		
Mental Health, Office of			
General Fund	36,231,000		
Enterprise Funds	18,000		
Internal Service Funds	51,300		
Capital Projects Funds - Other (Capital Projects)	301,100		

MISCELLANEOUS

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

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Mental Retardation and Developmental Disabilities, Office of			
General Fund	41,014,000		
Enterprise Funds	11,700		
Military and Naval Affairs, Division of			
General Fund	484,000		
Special Revenue Funds - Federal	861,000		
Special Revenue Funds - Other	91,000		
Motor Vehicles, Department of			
General Fund	3,612,000		
Special Revenue Funds - Federal	38,000		
Special Revenue Funds - Other	2,548,000		
Capital Projects Funds - Other (Capital Projects)	5,244,800		
Parks, Recreation and Historic Preservation, Office of			
General Fund	3,348,000		
Special Revenue Funds - Federal	61,000		
Special Revenue Funds - Other	1,110,000		
Capital Projects Funds - Other (Capital Projects)	694,100		
Parole, Division of			
General Fund	4,752,000		
Prevention of Domestic Violence, Office for			
General Fund	74,000		
Probation and Correctional Alternatives, Division of			
General Fund	66,000		
Public Service Department			
Special Revenue Funds - Federal	35,000		
Special Revenue Funds - Other	2,115,000		
Quality of Care and Advocacy for Persons With Disabilities, Commission on			
General Fund	81,000		
Special Revenue Funds - Federal	75,000		
Special Revenue Funds - Other	98,000		
Racing and Wagering Board, State			
Special Revenue Funds - Other	392,000		
Real Property Services, Office of			
General Fund	102,000		
Special Revenue Funds - Other	1,177,000		
Regulatory Reform, Governor's Office of			
General Fund	97,000		
Science, Technology and Academic Research, Office of			
General Fund	75,000		
State Labor Relations Board			
General Fund	109,000		
State Police, Division of			
General Fund	1,700,000		
Special Revenue Funds - Federal	55,000		
Special Revenue Funds - Other	71,000		
State University Construction Fund			
Special Revenue Funds - Other	482,000		
Capital Projects Funds - Other (Capital Projects)	2,200		
State University of New York			
General Fund	77,236,000		
Special Revenue Funds - Other	58,131,900		
State, Department of			
General Fund	410,000		
Special Revenue Funds - Federal	183,000		
Special Revenue Funds - Other	990,100		

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Statewide Wireless Network			
Special Revenue Funds - Other	42,000		
Tax Appeals, Division of			
General Fund	94,000		
Taxation and Finance, Department of			
General Fund	10,116,000		
Special Revenue Funds - Other	92,000		
Technology, Office for			
General Fund	300,000		
Internal Service Funds	2,436,500		
Temporary and Disability Assistance, Office of			
General Fund	2,328,000		
Special Revenue Funds - Federal	4,342,000		
Special Revenue Funds - Other	378,000		
Transportation, Department of			
Special Revenue Funds - Federal	201,000		
Special Revenue Funds - Other	636,300		
Internal Service Funds	74,000		
Capital Projects Funds - Other (Capital Projects)	29,117,200		
Veterans Affairs, Division of			
General Fund	206,000		
Special Revenue Funds - Federal	74,000		
Welfare Inspector General, Office of			
General Fund	23,000		
Workers Compensation Board			
Special Revenue Funds - Federal	12,000		
Special Revenue Funds - Other	4,667,000		
Appropriated 2004-05	<u>560,707,400</u>		

STATEWIDE WIRELESS NETWORK

The Statewide Wireless Network Project Office was established under the Office for Technology in January 2000, to develop and implement an integrated emergency wireless radio network to modernize and unify the patchwork of deteriorating public safety communications systems across New York State. Many of the existing radio systems in New York State are antiquated, difficult to maintain and incapable of communicating with neighboring jurisdictions. The Executive Budget recommends a total of \$27.8 million for 2005-06 to support the development of the Statewide Wireless Network, which is fully funded by a monthly cellular telephone surcharge. The Network will provide the first comprehensive upgrade to communications infrastructure in more than 30 years. The State's implementation of this project will encourage partnerships with local governments to enhance communications functionality, while lowering operating costs for all participants.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	22,324,000	27,800,000	5,476,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>22,324,000</u>	<u>27,800,000</u>	<u>5,476,000</u>	<u>0</u>

MISCELLANEOUS

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Operations			
Special Revenue Funds - Other	25	45	20
Total	25	45	20

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	22,324,000	27,800,000	5,476,000
Total	22,324,000	27,800,000	5,476,000
Adjustments:			
Transfer(s) From			
Special Pay Bill			
Special Revenue Funds - Other	(42,000)		
Appropriated 2004-05	22,282,000		

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

Program	Available 2004-05	Recommended 2005-06	Change
Operations			
Special Revenue Funds - Other	22,324,000	27,800,000	5,476,000
Total	22,324,000	27,800,000	5,476,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Operations	27,800,000	5,476,000	27,800,000	5,476,000
Total	27,800,000	5,476,000	27,800,000	5,476,000

TRIBAL STATE COMPACT REVENUE

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
	State Operations	0		0
Aid To Localities	13,506,000	15,862,000	2,356,000	0
Capital Projects	0	0	0	0
Total	13,506,000	15,862,000	2,356,000	0

MISCELLANEOUS

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	13,506,000	15,862,000	2,356,000
Total	13,506,000	15,862,000	2,356,000
Adjustments:			
Recommended Deficiency			
Tribal State Compact Revenue			
Special Revenue Funds - Other	(12,756,000)		
Appropriated 2004-05	750,000		

WORKERS' COMPENSATION RESERVE

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

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	31,994,000	29,048,000	(2,946,000)
Total	31,994,000	29,048,000	(2,946,000)

**WORLD TRADE CENTER
REBUILDING AND REVITALIZATION**

The recommended reappropriations will facilitate the continuation of New York State's and New York City's efforts to revitalize the World Trade Center property and lower Manhattan. These reappropriations provide ongoing authorization for payments related to the design, engineering and construction of State capital projects in lower Manhattan; hazard mitigation; and completion of State recovery efforts.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	18,092,000
Aid To Localities	0	0	0	5,185,600,000
Capital Projects	0	0	0	294,525,000
Total	0	0	0	5,498,217,000

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
World Trade Center				
Federal Capital Projects Fund	0	0	0	294,525,000
Total	0	0	0	294,525,000