

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

COUNCIL ON THE ARTS

MISSION

The primary responsibility for oversight and administration of the State's artistic and cultural resources is assigned to three existing entities — the Council on the Arts, the Empire State Plaza Performing Arts Center Corporation and the New York State Theatre Institute. The 2002-03 Executive Budget proposes the establishment of the New York Institute for Cultural Education to administer a variety of statewide cultural education programs and important cultural institutions. Working together, these agencies expand access to the performing and fine arts, preserve the State's cultural resources and promote greater public awareness of New York's rich cultural heritage.

ORGANIZATION AND STAFFING

The Council on the Arts is headed by a Chair and a Vice Chair and consists of 20 members nominated for 5-year terms by the Governor with confirmation by the Senate. The Council's staff, headed by an Executive Director, is organized into an Administrative Division and a Program Division, both located in New York City. The Council has expertise in several major artistic disciplines (including dance, theater and music) and provides advisory services and financial assistance to New York's arts community. During 2002-03, the Council on the Arts will have a workforce of 55 for the review, processing and administration of arts grants and loans to nonprofit organizations.

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

The New York State Theatre Institute (NYSTI) was established in 1974 and reconstituted in 1992 as a public benefit corporation to provide educational theater experiences for children and families across the State. The Governor appoints the Chair of the Board of Directors whose 15 members are selected by the Governor and legislative leaders. The Chief Executive Officer of the Institute is its Producing Artistic Director, who is appointed by the Board. The Institute's staff of 29 is based in Troy, where its office, production and instructional facilities are located.

To promote increased recognition and visibility of the important cultural programs administered by the State Museum, the State Library and the State Archives, a transfer of these functions from the State Education Department (SED) is recommended to establish a new entity — the New York Institute for Cultural Education (NYICE) — which will have as its sole focus the promotion of New York's cultural resources. The 2002-03 Executive Budget proposes to implement this functional transfer by July 1, 2002 and provides for the related transfer of programs, facilities and staff.

A 15-member Board will oversee this new Institute with members nominated for 5-year terms by the Governor, legislative leaders and the Board of Regents. The Chair of the Board will be designated by the Governor from among its members; and the Institute's Chief Executive Officer will be appointed by the Board. The operations of NYICE will be funded primarily by increasing an existing surcharge from \$5 to \$20 for the recording, indexing and certifying of documents by county clerks.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

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represent approximately 2 percent of 2002-03 disbursements. One Fiduciary Fund account provides funding for short-term loans to arts organizations for acquisition of expensive musical instruments and for capital improvements. A second Fiduciary Fund, established in 1999-2000, enables the Council to receive and expend funds available through donations and gifts.

Grants to not-for-profit arts organizations represent nearly 88 percent of the projected expenditures of the Council. The remainder is used for the administration of grant programs and the statewide advocacy, promotion and development of artistic and cultural programs.

The 2002-03 Executive Budget includes funding of: \$5.3 million for administration of the Council's programs; and \$44 million for arts grants which will support general arts grants, decentralization grants and the Empire State Partnership initiative.

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

The Executive Budget provides \$26 million from dedicated revenues for NYICE, representing nine months' funding for the new Institute for the period of July 1, 2002 to March 31, 2003. Separate transitional funding is provided in SED to support these cultural education programs until the date of their transfer to NYICE on July 1, 2002.

PROGRAM HIGHLIGHTS

Council on the Arts. Since April 1995, the Council has distributed approximately 16,000 grants totaling over \$240 million to more than 1,300 cultural organizations. Grant awards to nonprofit arts organizations are approved through a multi-step review process which ensures fair and equitable treatment of all applicants. Program audits are also conducted to promote accountability by monitoring program quality and contractual compliance.

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

Performing Arts Center Corporation (the "Egg"). During the 2000-01 season, the Egg presented 56 events generating a total audience of 37,570. The facility was in use over 300 days, serving an additional 31,000 individuals attending performances, meetings, arts classes and other events sponsored by a variety of civic, social, corporate and educational organizations.

New York State Theatre Institute. More than 65,000 children, teachers and parents attended NYSTI's 6 productions in 2000-01 in Troy and 31,000 children were served throughout New York State with a tour of NYSTI's production of *A Tale of Cinderella* to New York City, Syracuse, Buffalo and Staten Island. 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 the National American Alliance for Theater and Education award for artistic achievement in 1999 and an Audie Award in 2000 for its production of *Sherlock's Secret Life*.

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

- Provide effective leadership for the development of the State's cultural resources in partnership with local governments, nonprofit organizations and the private sector;
- Ensure a steady, predictable revenue stream for the operations of the State's key cultural institutions;
- 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 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	8,343,200	34,412,500	26,069,300	856,000
Aid To Localities	44,335,000	44,385,000	50,000	230,000
Capital Projects	0	0	0	0
Total	52,678,200	78,797,500	26,119,300	1,086,000

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

Full-Time Equivalent Positions (FTE)

Program	2001-02 Estimated FTEs 03/31/02	2002-03 Estimated FTEs 03/31/03	FTE Change
Administration			
General Fund	48	46	(2)
Special Revenue Funds - Federal	9	9	0
Total	57	55	(2)

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	7,473,500	7,473,500	0
Special Revenue Funds - Federal	469,700	539,000	69,300
Fiduciary Funds	400,000	26,400,000	26,000,000
Total	8,343,200	34,412,500	26,069,300

Adjustments:

Transfer(s) From	
Education Department, State	
General Fund	(380,000)
Appropriated 2001-02	<u>7,963,200</u>

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

Program	Available 2001-02	Recommended 2002-03	Change
Administration			
General Fund	5,296,000	5,296,000	0
Special Revenue Funds - Federal	469,700	539,000	69,300
Fiduciary Funds	400,000	400,000	0
Empire State Performing Arts Center Corporation			
General Fund	567,000	567,000	0
New York State Theatre Institute			
General Fund	1,610,500	1,610,500	0
New York Institute for Cultural Education			
Fiduciary Funds	0	26,000,000	26,000,000
Total	8,343,200	34,412,500	26,069,300

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,329,000	0	3,194,000	0
Total	3,329,000	0	3,194,000	0

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	127,000	0	8,000	0
Total	127,000	0	8,000	0

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,967,000	0	121,400	0
Empire State Performing Arts Center Corporation	567,000	0	0	0
New York State Theatre Institute	1,610,500	0	0	0
Total	4,144,500	0	121,400	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	251,200	0	1,503,000	0
Total	251,200	0	1,503,000	0

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	91,400	0	0	0
Empire State Performing Arts Center Corporation	0	0	567,000	0
New York State Theatre Institute	0	0	1,610,500	0
Total	91,400	0	2,177,500	0

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	939,000	69,300	353,700	12,900
New York Institute for Cultural Education	26,000,000	26,000,000	0	0
Total	26,939,000	26,069,300	353,700	12,900

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	185,300	56,400	400,000	0
New York Institute for Cultural Education	0	0	26,000,000	26,000,000
Total	185,300	56,400	26,400,000	26,000,000

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	44,000,000	44,000,000	0
Special Revenue Funds - Federal	135,000	185,000	50,000
Fiduciary Funds	200,000	200,000	0
Total	44,335,000	44,385,000	50,000

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

Program	Available 2001-02	Recommended 2002-03	Change
Administration			
General Fund	44,000,000	44,000,000	0
Special Revenue Funds - Federal	135,000	185,000	50,000
Fiduciary Funds	200,000	200,000	0
Total	44,335,000	44,385,000	50,000

COUNCIL ON CHILDREN AND FAMILIES

MISSION

The Council on Children and Families, established in 1977, ensures that services provided to children and families are coordinated across State agencies and between New York State and its political subdivisions in order to achieve the most rational and effective services system possible.

ORGANIZATION AND STAFFING

The Council consists of the commissioners and directors of the State's 13 health, education and human services agencies. Chaired by the Governor's Director of State Operations, the Council provides a neutral forum for resolving interagency issues and integrating plans and policies affecting New York's children and families.

The Agency consists of three Offices: Executive Director, Counsel, and Administrative Services; and two Bureaus: Policy Analysis and Interagency Coordination and Case Resolution. The Council will have a workforce of 21 in 2002-03. Fourteen of these positions are supported by State tax dollars from the General Fund and seven by Federal grants.

BUDGET HIGHLIGHTS

For fiscal year 2002-03, the Executive Budget provides \$1,000,000 in General Fund support for the Council. The Budget also continues Federal appropriations of \$1.1 million to support the New York State Alliance for Family Literacy project, which is intended to raise the quality and standards of family literacy statewide by expanding and strengthening services and through improved coordination of resources.

PROGRAM HIGHLIGHTS

The Council and the Commissioners and Directors of its member agencies have developed a common set of goals, objectives and indicators for improving the lives of children and families throughout the State, known as New York State Touchstones. Interagency activities undertaken by the Council are guided by Touchstones, and by the shared commitment of its member agencies to strengthen families by focusing on preventive strategies, removing barriers to effective service delivery, and coordinating efforts to facilitate outcome-based approaches at the local level. Furthering this goal, the Council annually issues the Touchstones/Kids Count data book. Publication costs are funded through private foundation grants.

The Council will continue to expand its information technology structure to facilitate communication between the Council and other State and local agencies. The Council intends to implement several web-based activities relating to its individual projects including the development of an interactive site, the Kids Well-being indicator Clearing House, to make indicator data available on the web, improvement of system security and reliability and improved collaboration capabilities between the council and its member agencies.

Other major activities of the Council for 2002-03 include the following:

- A Statewide initiative to improve policy and practice in juvenile delinquency diversion for non-violent youth;
- New York State Head Start Collaboration Project;
- Task Force on School-Community Collaboration;
- Family Support New York;

CHILDREN AND FAMILIES

- Alliance for Family Literacy;
- Hard to Place/Hard to Serve Case Resolution; and
- Coordinated Children's Services Initiative (CSI).

In addition, the Council provides guidance and direction on policy and program development through participation on numerous interagency initiatives and workgroups.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	2,913,000	2,907,000	(6,000)	1,291,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	2,913,000	2,907,000	(6,000)	1,291,000

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

Full-Time Equivalent Positions (FTE)

Program	2001-02 Estimated FTEs 03/31/02	2002-03 Estimated FTEs 03/31/03	FTE Change
Administration			
General Fund	14	14	0
Special Revenue Funds - Federal	7	7	0
Total	21	21	0

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	1,013,000	1,007,000	(6,000)
Special Revenue Funds - Federal	1,600,000	1,600,000	0
Fiduciary Funds	300,000	300,000	0
Total	2,913,000	2,907,000	(6,000)

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

Program	Available 2001-02	Recommended 2002-03	Change
Administration			
General Fund	1,013,000	1,007,000	(6,000)
Special Revenue Funds - Federal	1,600,000	1,600,000	0
Fiduciary Funds	300,000	300,000	0
Total	2,913,000	2,907,000	(6,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total Amount	Change	Personal Service Regular (Annual Salaried) Amount	Change
Administration	922,000	0	922,000	0
Total	922,000	0	922,000	0

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	85,000	(6,000)	12,200	(3,000)
Total	85,000	(6,000)	12,200	(3,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	17,000	(3,000)	50,000	0
Total	17,000	(3,000)	50,000	0

Program	Equipment	
	Amount	Change
Administration	5,800	0
Total	5,800	0

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,900,000	0	1,900,000	0
Total	1,900,000	0	1,900,000	0

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 governed by 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

New York City's fiscal crisis in the 1970's led to State assumption of full financial responsibility for CUNY's senior college operations, which was completed in 1982. 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; the State subsequently reimburses the City for CUNY's net operating expenses.

For the 2002-03 academic year, the senior college operating budget will be \$1.033 billion, which maintains funding at 2001-02 levels, as adjusted for the cost of collective bargaining agreements. State support for the net operating expenses of the senior colleges in the 2002-03 academic year will be continued at \$618 million.

For the 2002-03 fiscal year, which overlaps two academic years, State support for the net operating expenses of the senior colleges will be \$618 million. This appropriation is used to reimburse New York City for its pre-financing of senior college expenses.

CUNY will continue a financial aid pilot program, begun in 2000-01, in which students with a demonstrated record of achievement are able to attend a CUNY senior or community college on a part-time basis and be eligible for tuition assistance. This program is intended to increase the number of students who successfully obtain their college degrees by recognizing the need for certain students to adjust their courseload to accommodate work and family responsibilities.

Savings from productivity improvements should also be available to offset the cost of ongoing and new initiatives, including those encompassed in the University's Master Plan. One of the University's primary goals is to increase its proportion of full-time faculty, in order to reduce reliance on adjunct staff.

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COMMUNITY COLLEGES

CUNY community colleges have three basic funding sources: State support, New York City support and tuition revenue. The majority of State funding is for operating aid, including rental costs. Separate appropriations are provided for child care services, contract courses and College Discovery — an educational opportunity program for disadvantaged community college students.

The 2002-03 academic year budget is predicated on \$2,250 per full-time equivalent (FTE) student in base aid, using an aidable enrollment of 55,800 FTE students. Total operating aid, including rental funding, is \$126.2 million for the 2002-03 academic year. The budget also provides \$2.4 million for the Child Care and College Discovery programs and for contract and workforce development courses. The total community college appropriation for the 2002-03 fiscal year, which overlaps two academic years, is \$128.6 million.

CAPITAL PROJECTS

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

In 1998-99, CUNY received appropriations totaling \$1 billion in support of the Governor's multi-year Capital Investment Program, with language specifying that amounts to be obligated from subsequent reappropriations were to be pursuant to a plan developed by the Governor. Concomitantly, CUNY's bond cap was increased by \$660 million, for a total bonding authorization of \$3.4 billion, to cover CUNY's planned bond sales for the course of the Capital Investment Program.

CUNY's capital reappropriations for 2002-03 support the fifth year of the Governor's Capital Investment Program which provides for additional facility and infrastructure improvements at City University senior and community colleges, consistent with the University's needs and priorities. In 2002-03, additional funding will be provided for two major projects to create improved facilities at Brooklyn College and John Jay College and for critical health and safety, preservation and handicapped access projects throughout the University. A bond sale by the Dormitory Authority of the State of New York will provide \$160 million for the State's share of project costs to be obligated during 2002-03.

When the World Trade Center buildings collapsed as a result of the attacks of September 11, 2001, a nearby Borough of Manhattan Community College (BMCC) building, Fiterman Hall, suffered extensive damage. To accommodate the 250 classes which were housed in Fiterman Hall, CUNY reconfigured and reprogrammed space at other BMCC buildings and also procured trailers to use as temporary classrooms. CUNY is planning to either rehabilitate Fiterman Hall or construct a new facility to replace this classroom space.

PROGRAM HIGHLIGHTS

The City University of New York offers a wide variety of educational avenues ranging from vocational courses to doctoral degree programs. More than 198,000 full-time and part-time students — 134,000 at the senior colleges and 64,000 at the community colleges — were enrolled in degree programs for the fall 2001 semester. In addition, the University served more than 205,000 individuals through adult and continuing education courses.

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

- The Language Immersion Program is designed to strengthen the language skills of first year students prior to their entry into collegiate coursework. This intensive, full-time program has successfully taken a holistic approach to language development. The program operates at eight sites and, in its brief history, has helped more than 9,000 students to prepare for full collegiate matriculation;

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

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

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

The City University will continue implementing its Master Plan, which was approved by the Board of Regents in 2000. The plan’s objectives include: establishing a more rigorous and selective University system; improving CUNY’s teacher education programs; expanding collaborative and outreach programs with the New York City Board of Education; and facilitating economic development. In 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 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	1,113,468,000	1,113,468,000	0	0
Aid To Localities	756,908,000	760,783,000	3,875,000	0
Capital Projects	0	0	0	1,053,946,000
Total	1,870,376,000	1,874,251,000	3,875,000	1,053,946,000

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
Special Revenue Funds - Other	80,000,000	80,000,000	0
Fiduciary Funds	1,033,468,000	1,033,468,000	0
Total	1,113,468,000	1,113,468,000	0

Adjustments:

Recommended Deficiency			
City University of New York			
Agency Trust Funds	(20,000,000)		
Appropriated 2001-02	1,093,468,000		

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	756,908,000	760,783,000	3,875,000
Total	756,908,000	760,783,000	3,875,000

Adjustments:

Recommended Deficiency			
City University of New York			
General Fund	(15,000,000)		
Appropriated 2001-02	741,908,000		

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

Program	Available 2001-02	Recommended 2002-03	Change
Community College Programs			
General Fund	128,615,000	128,615,000	0
Institutional Support Services			
General Fund	614,093,000	617,968,000	3,875,000
Senior College Pension Payments			
General Fund	14,200,000	14,200,000	0
Total	756,908,000	760,783,000	3,875,000

CITY UNIVERSITY

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

Comprehensive Construction Program	Available 2001-02	Recommended 2002-03	Change	Reappropriations 2002-03
Senior Universities				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	47,654,000
Capital Projects Fund - Advances	0	0	0	516,637,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	3,481,000
Capital Projects Fund - Advances	0	0	0	0
Preservation of Facilities				
Capital Projects Fund	0	0	0	0
New Facilities				
Capital Projects Fund	0	0	0	0
Capital Projects Fund - Advances	0	0	0	352,300,000
City University of New York Capital Projects Fund				
City University of New York Capital Projects Fund	0	0	0	2,362,000
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>922,434,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	13,697,000
Capital Projects Fund - Advances	0	0	0	116,609,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	1,047,000
Capital Projects Fund - Advances	0	0	0	0
New Facilities				
Capital Projects Fund	0	0	0	159,000
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>131,512,000</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1,053,946,000</u></u>

STATE EDUCATION DEPARTMENT

MISSION

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

ORGANIZATION AND STAFFING

Oversight of the Department is provided by the Board of Regents, which was originally established by the Legislature in 1784 and subsequently continued in the State Constitution. The Board of Regents is comprised of 16 members — one for each of the State's 12 judicial districts and 4 statewide members — who are elected by a joint session of the Legislature for staggered 5-year terms. The Board elects its chair, who holds the title Chancellor, and appoints the Commissioner of Education as the chief administrative officer of the Department.

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

Recommended staffing levels for 2002-03 are projected to total 2,793 positions at year's end, of which approximately 15 percent will be supported by the General Fund. Various dedicated fees, chargebacks and Federal grants will support the remaining staff.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2002-03, total funding for the State Education Department will increase by \$969 million or 4.7 percent. This year-to-year change is largely due to an increase of \$54 million for the STAR program, \$304 million in increased fiscal year support for school aid and \$605 million in additional Federal funding for such programs such as those included in the landmark Elementary and Secondary Education Act (ESEA) reauthorization as well as Federal funding for the Reading for Results program and school renovation grants.

The taxpayer-supported General Fund provides about 13 percent of SED's operating budget. Federal grants, including programs for individuals with disabilities and disadvantaged pupils, account for 55 percent of Agency resources. The remaining 32 percent is derived from fees, chargebacks and other miscellaneous receipts.

The 2002-03 Executive Budget recommends \$14.2 billion in support for public schools, reflecting a State fiscal year increase of \$304 million in school aid, and recommends \$2.7 billion for school property tax relief through STAR, reflecting a fiscal year increase of \$54 million. School aid represents the single largest expenditure item in the State's 2002-03 General Fund budget.

SCHOOL TAX RELIEF (STAR)

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

School Property Tax Relief And New York City School Tax Reduction

In 2002-03, STAR funding appropriated for local taxpayer savings will reach \$2.7 billion, including funds for continuing the enhanced exemption for eligible senior citizens and the fully phased-in basic STAR exemption for other homeowners. School districts and cities with dependent school districts, including New York City, will be fully reimbursed by the State of New York for foregone local revenues. A portion of the State personal income tax will be dedicated to the School Tax Relief Fund from which the State reimbursement payments will be made. The school tax relief provisions include:

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- **Basic Homestead Exemption:** In 2002-03, the basic school property tax homestead exemption continues at \$30,000 (on a “full value” basis) for owner-occupied primary residences that are not eligible for the enhanced senior citizen exemption;
- **Senior Citizen Homestead Exemption:** The school property tax exemption of at least \$50,000 is continued for eligible senior citizens; and
- **New York City Tax Reduction:** The multi-year STAR program provides local personal income tax relief for taxpayers in New York City, where a combination of non-property taxes and property taxes is used to support the City’s public schools. In 2002-03, \$540 million will be provided in local personal income tax savings for New York City taxpayers. This represents both a tax credit and a rate reduction for all New York City resident personal income tax filers. The City of New York will be fully reimbursed by the State for these foregone local revenues.

Cost of Living Adjustment for Senior Income Eligibility

Governor Pataki is proposing legislation with the 2002-03 Budget to increase the STAR income ceiling for seniors in proportion to increases in the Consumer Price Index. A cost of living adjustment (COLA) will ensure that modest increases in Social Security or other retirement income will not make seniors currently receiving enhanced STAR benefits ineligible in future years. Under the Governor’s proposal, the current \$60,000 income limit will be raised in proportion to increases in the Consumer Price Index for STAR applications filed in 2003 and thereafter.

SCHOOL AID

Governor Pataki’s 2002-03 Executive Budget protects the State’s investment in its public school system by providing continued funding for our schools at the highest level in the State’s history — \$14.2 billion. Since 1994-95, the State has provided an additional \$4.4 billion in State aid to public schools to enhance educational quality for students across New York. Through the combination of school aid and school tax relief through STAR, New York now supports over 46 percent of local spending on education statewide.

Major recommendations for the 2002-03 school year include:

- **School Year Support:** The 2002-03 Executive Budget will increase General Support for Public Schools by \$6 million to a school year total of nearly \$14.2 billion;
- **Fiscal Year Support:** The \$14.2 billion in State fiscal year support for public schools represents a 2002-03 fiscal year increase of \$304 million, and supports a 2002-03 school year increase of \$6 million. State support for education includes \$349 million in additional lottery revenue. These additional lottery revenues will supplement taxpayer funds to provide support for schools and school facilities;
- **Increased Federal Support:** As part of the landmark Elementary and Secondary Education Act (ESEA) Reauthorization, a record level of additional Federal support will be provided to schools across New York for educational programs serving disadvantaged children. The overall increase in Federal funding provided to schools in New York for the 2002-03 school year will total nearly \$400 million. The single largest component of this Federal increase will be provided through Title I-A Local Educational Agency Grants, which will increase by nearly \$188 million (22 percent). This additional Title I-A grant funding includes estimated increases of \$142 million for New York City schools and \$19 million for the State’s Big Four City school districts. Other significant Federal ESEA increases include \$55 million (24 percent) in State Grants to Improve Teacher Quality, and \$79 million (17 percent) in special education funds provided through the Individuals with Disabilities Education Act (IDEA);
- **Federal Funding Offset:** For 2002-03, the Executive Budget reflects the availability of \$61.3 million in Federal Temporary Assistance for Needy Families (TANF) funding that will be used to support a portion of the costs of selected programs;

- **Flex Aid:** For the 2002-03 school year, 13 separate categories of school aid will be consolidated into a new \$10.4 billion flexible operating aid program — Flex Aid. This reform will protect school districts from aid losses by maintaining stable funding. When resources permit, Flex Aid increases will be provided based on measures of educational and economic need. This approach will achieve equity without pitting one school district against another. Under this flexible funding structure, school districts will be empowered to target State resources to meet locally identified educational needs and priorities. School districts with identified performance deficiencies will be required to set aside funds within their Flex Aid allocation to address such deficiencies. This mandatory set-aside would be phased-out as performance improves;
- **Transportation Aid:** In 2002-03, total funding of over \$1.03 billion will be provided for transportation aid. This amount reflects an expenditure-driven increase of nearly \$93 million;
- **Building Aid:** For the 2002-03 school year, total funding of \$1.42 billion is recommended for building aid and reorganization incentive building aid. This amount reflects recently enacted reforms in the financing of the State share of school construction costs to amortize the financing of the State share consistent with the useful life of projects. The 2002-03 Executive Budget proposes to conform the payment of building aid for hard dollar projects with recent reforms for bonded projects. In addition, State building aid will be calculated based upon the current fiscal capacity of school districts for all projects approved by local voters on or after July 1, 2002;
- **Early Childhood Education Initiatives:** The Budget continues State support for Universal Pre-Kindergarten at \$205 million in 2002-03, the amount provided in the 2001-02 enacted budget. In addition, State funding of \$50.2 million is provided for experimental pre-kindergarten programs. A total of \$128 million in State funding is continued for class size reduction efforts in grades K-3, reflecting the phase-out of one-year start-up grant funds first provided in 2001-02. This State support will be supplemented by Federal funding;
- **Reading for Results:** New York State has been awarded a three-year Federal grant of more than \$81 million to support a new Reading for Results initiative. The Reading for Results program will target assistance to schools that serve concentrations of disadvantaged children, with the objective of ensuring all children are able to read by the end of the third grade.
- **Teachers of Tomorrow:** For the coming year, funding for the Governor's Teachers of Tomorrow program will be continued at \$25 million. The Teachers of Tomorrow program supports a variety of teacher recruitment and retention activities, including tuition reimbursement scholarships to attract new teachers to shortage areas and tuition assistance for teachers in shortage areas who are seeking permanent certification;
- **Educational Technology:** The \$15 million Fund for Innovation programs will be continued to support innovative applications of educational technology in the Big 5 City school districts;
- **Summer School:** A total of \$37 million is continued for summer programs in the coming year;
- **Schoolwide Performance Incentive:** New funding is provided for the \$7.5 million Schoolwide Performance Incentive program to recognize and reward educational improvement in the Big 5 Cities through schoolwide, performance-based awards;
- **Other Aids:** Reductions totaling \$76 million are recommended for various categorical aid programs including Teacher Support Aid and Teacher Centers;
- **School Safety:** The Governor's Safe Schools Against Violence in Education Act of 2000 — based upon the recommendations of the Task Force on School Violence chaired by Lieutenant Governor Mary Donohue — represents the most comprehensive plan in the nation to ensure the safety and well-being of school children. Specific components of the legislation are now being implemented

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throughout the State including integration of character education in the K-12 curriculum, fingerprinting of all prospective school employees and candidates seeking educational certification, establishment of codes of conduct in school districts and development of school safety plans for crisis response and management. For 2002-03, \$500,000 is provided to support the efforts of the Statewide Center for School Safety in promoting “best practices” and providing technical assistance to schools, and \$500,000 is provided for character education curriculum development activities;

- **School Choice:** In September 1999, the opening of New York’s first three charter schools marked the beginning of one of the most significant education reforms in State history. For 2002-03, the State will provide \$6 million in support for the Charter School Stimulus Fund to help meet facility needs and other start-up costs in connection with the creation and expansion of charter schools.
- **Advantage Schools:** The Advantage After-School Program currently operates at 165 sites across the State, providing nearly 20,000 students with structured and supervised educational and social activities that complement instructional programs offered during regular school hours. The \$25 million funding level recommended for 2002-03 reflects a \$5 million or 25 percent increase above the total 2001-02 funding level; and
- **Mandate Relief:** Paperwork requirements for school districts will be reduced by directing the Commissioner of Education to review existing reporting requirements, identifying unnecessary and/or redundant reports for elimination and recommend opportunities to reduce reporting requirements for high-performing school districts. Additionally, legislation accompanying the Budget will provide school districts with an exemption from Wicks Law requirements that mandate the use of multiple contractors for school construction projects. This initiative will reduce the cost of school construction by more than 10 percent.

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School-Age Special Education

Due to a possible loss of Federal funding, changes to the State’s special education financing system were enacted in 1999 to encourage school districts to serve greater numbers of disabled children in regular classroom settings. While this legislation represented a needed first step in improving our special education financing system, more fundamental reforms are necessary to remove existing financial disincentives that keep New York’s special education referral rate well above the national average. Effective for the 2002-03 school year, a comprehensive reform of special education is proposed that will consolidate special education funding into the new comprehensive Flex Aid program. Under this new flexible funding formula, school districts will be provided with future funding increases based on overall growth in the number of students rather than the number of children placed in special education.

Preschool Special Education

Over the past several years, fundamental reforms have been enacted in the preschool special education program to better meet the needs of more than 60,000 disabled children, while also providing needed cost-containment.

The existing statutory restriction on the creation of new or expanded preschool programs that include only children with disabilities will be continued, as will current provisions that allow SED to approve new or expanded non-inclusive preschool programs if there is a demonstrated need for such programs in the community.

The 2002-03 recommended level of \$552 million will support the State’s 59.5 percent share of preschool special education program costs.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

The State currently supports a variety of categorical education programs intended to address various special needs of schools and communities across the State. In the coming year, the following 18 categorical programs will continue at 2001-02 funding levels:

**ELEMENTARY, MIDDLE AND SECONDARY CATEGORICAL PROGRAMS
2002-03 STATE FISCAL YEAR
(thousands of dollars)**

Program	2002-03 Appropriation
Adult Basic Education	\$5,000
Adult Literacy Education	3,325
AIDS Education	990
Apprenticeship Training	1,830
Comprehensive School Health	525
Consortium for Workers Education	10,000
Education of Children of Migrant Workers	90
Extended Day/School Violence Prevention	30,200
Missing Children Prevention Education	900
Parenting Education	506
Primary Mental Health Project	570
School Health Demonstration	150
Schools as Community Sites	6,000
Schools Under Registration Review	2,000
Transferring Success	630
Workplace Literacy	1,376
Total	\$64,092

OTHER RECOMMENDATIONS

To sharpen the focus of the Board of Regents on matters directly related to education and to streamline agency operations, the 2002-03 Executive Budget recommends the following organizational changes for the State Education Department:

- Programs related to cultural development and promotion — the State Library, the State Museum and the State Archives — will be reassigned to the New York Institute for Cultural Education (NYICE). The 2002-03 Executive Budget reflects the implementation of this functional transfer by July 1, 2002 and provides for the establishment of NYICE, the creation of a dedicated revenue stream and the transfer of staff and facilities;
- The Higher Education Program and the Office of the Professions will be consolidated into an Office of Higher Education and the Professions. Additionally, General Fund support for academic reviews of college and university programs will be discontinued, with accreditation to be provided through national or regional accreditation services or SED's self-supporting Teacher Education Accreditation activities. These actions will eliminate duplication of efforts, provide regulatory relief for higher education institutions and generate \$1.2 million in General Fund savings.

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 2002-03 Executive Budget will increase General Support for Public Schools by \$6 million, to a total of nearly \$14.2 billion for the 2002-03 school year. Through the combination

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of school aid and property tax relief through STAR, New York now supports over 46 percent of local spending on education. State support for public schools now accounts for more than 37 percent of the State's General Fund budget — up from 27 percent when the Governor first took office.

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

- **Flex Aid**, which replaces 13 separate formula-based aids and provides school districts with flexible support for general school operating costs, accounts for over 70 percent of overall school aid;
- **Transportation Aid and Building Aid**, which provide support to school districts for student transportation and the construction and preservation of school facilities. These two aid categories account for more than 17 percent of overall school aid; and
- **Specialized aid and grant programs** that address specific educational needs, ranging from textbooks to adult education programs. Notable program recommendations for 2002-03 include continuation of \$135.7 million in grants for magnet school programs in 19 cities throughout the State and \$96.2 million to support literacy services for 150,000 adults enrolled in the Employment Preparation Education program.

SCHOOL TAX RELIEF (STAR)

STAR will be entering its second year of full implementation in 2002-03, providing New York's taxpayers with tax savings totaling \$2.7 billion in school property tax relief and New York City personal income tax reductions. School districts and cities with dependent school districts, including the City of New York, will be fully reimbursed by the State for their foregone local revenues. The State's reimbursement payments will be made from the School Tax Relief Fund to which a portion of the personal income tax is dedicated.

School Property Tax Relief

- In 2002-03, 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 more than \$900. To be eligible for the enhanced benefit, senior citizen residential property owners must be at least 65 years of age and have annual incomes of \$60,000 or less (combined incomes of the owners and their spouses who reside on the premises).
- In 2002-03, the school property tax exemption will provide 2.3 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. Average statewide tax savings for non-senior owner occupied residences will exceed \$600.
- The exemptions provided to homeowners (both seniors and non-seniors) living in a county whose median home sale price exceeds the statewide median will be adjusted upward to account for the variation in property values for similar homes in different regions of the State.

New York City Tax Reduction

Under the STAR program, in 2002-03, all of New York City's more than 3 million resident personal income taxpayers will receive a flat refundable credit and a rate reduction. Total local taxpayer savings will be \$540 million. The personal income tax credit and changes in the tax rates were fully implemented in 2001-02 and have reduced the New York City personal income tax by nearly 10 percent.

Property Taxpayer's Bill of Rights

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

Local Voter Empowerment

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

- **Property Tax Report Card:** Schools are now required to report proposed property tax increases, spending growth and estimated enrollment changes to the State Education Department prior to the statewide school budget voting day. A property tax report card is then compiled and released to the public before school budget votes are held;
- **Special Informational Mailings:** School districts are now required to mail notices to voters prior to budget votes, disclosing:
 - 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;
 - How STAR savings were affected by school tax increases for a typical homeowner in the current year and the estimated effects of proposed tax changes on estimated STAR savings under the budget proposed for the coming year.

PROGRAMS FOR STUDENTS WITH SPECIAL NEEDS

New York provides a full spectrum of special educational services for more than 430,000 students from ages 3 to 21. These services range from in-home speech therapy for preschool children to placement in full time residential schools for school-age children with the most severe disabling conditions. The costs of the preschool special education program are split between the State and county governments. 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 14,900 students who require particularly intensive programs are served by 140 private schools, 14 Special Act School Districts and 11 State-supported schools for blind and deaf students.

Two State-operated schools provide specialized services for blind and deaf students with multiple disabilities. The New York State School for the Blind in Batavia serves approximately 55 blind and multiply-disabled students, including 15 developmentally disabled students served in an Intermediate Care Facility operated by the school. The New York State School for the Deaf in Rome serves approximately 85 deaf and multiply-disabled students.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

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

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- **School Lunch and Breakfast Program:** State funds supplement Federal support to provide free and reduced-price meals for low-income students. Approximately 1 million lunches and 350,000 breakfasts are served daily under this program;
- **Summer Food Program:** State funds supplement Federal support to provide free meals for low-income students participating in summer recreation programs. There are more than 300 sponsors of summer programs serving almost 260,000 students; and
- **Nonpublic School Aid:** The State reimburses 1,400 nonpublic schools for costs incurred in administering State mandated tests and other data collection efforts.

REGULATION OF THE PROFESSIONS

New York State regulates professionals to protect the public by ensuring the quality and integrity of services provided to consumers. The reorganized Office of Higher Education and the Professions will license and provide oversight for members of the 38 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 will also be 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 Specialist Assistants) whose professional conduct is within the purview of the Department of Health. Professional licensure, oversight and enforcement functions have been self-supporting, through the collection of fines and fees, since 1987.

VOCATIONAL REHABILITATION

The Vocational and Educational Services for Individuals with Disabilities (VESID) program provides job training, counseling and placement services for disabled persons throughout New York. Using its network of 15 district offices across the State, VESID provides vocational rehabilitation services to disabled clients tailored to their individual goals, capabilities and needs. This program arranges job placements for more than 16,600 individuals annually from an active caseload of 54,066.

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Program	School Aid (millions)			
	School Year Payments			
	Estimated 2001-02	Recommended 2002-03	Change Amount	Change Percent
<i>I. Computerized Aids:</i>				
Operating Aid *				
Tax Effort *				
Tax Equalization *				
Extraordinary Needs Aid *				
Operating Standards Aid *				
Gifted & Talented *				
ERSSA *				
Limited English Proficiency *				
Minor Maintenance *				
Excess Cost – Public *				
Excess Cost – Private *				
BOCES *				
Special Services (Career Ed/Computer Admin.) *				
General Support/Flex Aid	10,415.24(a)	10,415.24	0.00	0.00
Subtotal	10,415.24	10,415.24	0.00	0.00
Textbooks (Incl. Lottery)	185.95(b)	190.58	4.63	2.49
Computer Software	44.94(b)	45.44	0.50	1.11
Computer Hardware	27.63(b)	27.63	0.00	0.00
Library Materials	18.99(b)	19.36	0.37	1.95
Summer School	37.42(b)	37.42	0.00	0.00
Transportation (Incl. Summer)	938.64(b)	1,031.53	92.89	9.90
Reorganization Incentive (Operating)	21.31(b)	19.34	(1.97)	-9.24
Fund for Innovation for Big 5	15.00(b)	15.00	0.00	0.00
Prekindergarten	204.67(b)	204.67	0.00	0.00
Class Size Reduction	139.97(b)	128.12	(11.85)	-8.47
Tax Limitation Aid	25.00(b)	25.00	0.00	0.00
Full-Day K	4.88(b)	0.00	(4.88)	-100.00
Subtotal Computerized Aids	12,079.64	12,159.32	79.68	0.66
<i>II. Grant Programs and Other Aids Categories:</i>				
Building including Reorganization Incentive	1,420.94	1,420.94	0.00	0.00
Teachers of Tomorrow	25.00	25.00	0.00	0.00
Teacher Centers	30.00(c)	10.00	(20.00)	-66.67
Teacher-Mentor Intern	5.00	1.67	(3.33)	-66.60
Teacher Support Aid	67.48	15.00	(44.99)	-77.77
Schoolwide Performance Incentive	0.00	7.49	7.49	NA
Growth Aid	11.81(b)	11.81	0.00	0.00
Categorical Reading	63.95	63.95	0.00	0.00
IPP	66.35	66.35	0.00	0.00
Magnet Schools	135.65	135.65	0.00	0.00
Aid to Small City School Dists.	81.88	81.88	0.00	0.00
Urban-Suburban Transfer	1.13	1.13	0.00	0.00
Employment Preparation Education	96.18	96.18	0.00	0.00
Homeless Pupils	4.00	4.00	0.00	0.00
Incarcerated Youth	13.00	13.00	0.00	0.00
Bilingual	11.20	11.20	0.00	0.00
Fort Drum	2.63	2.63	0.00	0.00
Comptroller Audits	0.25	0.25	0.00	0.00
Education of OMH/OMR Pupils	15.00	15.00	0.00	0.00
Special School Districts	2.20	2.20	0.00	0.00
Chargebacks	(18.00)	(18.00)	0.00	0.00
Tuition Adjustment	1.18	1.18	0.00	0.00
CVEEB	0.92	0.92	0.00	0.00
BOCES Aid for Special Act Districts	0.68	0.68	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	7.40	2.00	(5.40)	-72.97
Bus Driver Safety	0.40	0.40	0.00	0.00
Prior Year Claims	57.00	57.00	0.00	0.00
Subtotal	2,106.72	2,033.00	(73.72)	-3.50
SCHOOL YEAR TOTAL	14,186.36	14,192.32	5.96	0.04

* Aid programs proposed to be consolidated within Flex Aid

(a) Sum of 2001-02 Executive Budget Flex Aid plus BOCES and Special Services

(b) 2001-02 Executive Budget amount

(c) Includes \$10 million (SY) initially appropriated outside of school aid

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ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	333,593,500	357,612,700	24,019,200	226,049,400
Aid To Localities	20,269,731,300	21,207,361,600	937,630,300	2,812,062,760
Capital Projects	2,500,000	9,765,000	7,265,000	164,134,000
Total	20,605,824,800	21,574,739,300	968,914,500	3,202,246,160

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

Full-Time Equivalent Positions (FTE)

Program	2001-02 Estimated FTEs 03/31/02	2002-03 Estimated FTEs 03/31/03	FTE Change
Office of Management Services Program			
General Fund	176	163	(13)
Special Revenue Funds - Other	179	179	0
Internal Service Funds	113	113	0
Elementary, Middle and Secondary Education			
General Fund	230	225	(5)
Special Revenue Funds - Federal	299	299	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			
General Fund	41	0	(41)
Special Revenue Funds - Federal	13	0	(13)
Special Revenue Funds - Other	93	0	(93)
Higher Education and the Professions, Office of			
General Fund	0	21	21
Special Revenue Funds - Federal	0	13	13
Special Revenue Funds - Other	0	463	463
Office of the Professions			
Special Revenue Funds - Other	361	0	(361)
Cultural Education			
General Fund	295	0	(295)
Special Revenue Funds - Federal	75	0	(75)
Special Revenue Funds - Other	40	0	(40)
Internal Service Funds	33	0	(33)
Fiduciary Funds	3	0	(3)
Vocational and Educational Services for Individuals with Disabilities			
General Fund	11	11	0
Special Revenue Funds - Federal	1,062	1,062	0
Total	3,268	2,793	(475)

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	65,284,000	45,620,600	(19,663,400)
Special Revenue Funds - Federal	164,319,400	195,700,000	31,380,600
Special Revenue Funds - Other	83,149,900	94,320,900	11,171,000
Internal Service Funds	19,448,200	20,570,800	1,122,600
Fiduciary Funds	1,392,000	1,400,400	8,400
Total	333,593,500	357,612,700	24,019,200
Adjustments:			
Transfer(s) To			
Arts, Council on the			
General Fund	380,000		
Appropriated 2001-02	<u>380,000</u>		
	<u><u>333,973,500</u></u>		

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

Program	Available 2001-02	Recommended 2002-03	Change
Office of Management Services Program			
General Fund	17,472,500	17,472,500	0
Special Revenue Funds - Other	16,874,000	18,874,000	2,000,000
Internal Service Funds	11,550,000	12,550,000	1,000,000
Fiduciary Funds	600,000	600,000	0
Elementary, Middle and Secondary Education			
General Fund	24,228,000	24,628,000	400,000
Special Revenue Funds - Federal	49,201,800	59,910,000	10,708,200
Special Revenue Funds - Other	978,900	978,900	0
School for the Blind			
Special Revenue Funds - Other	7,537,900	7,537,900	0
Fiduciary Funds	40,000	40,000	0
Batavia ICF/DD			
General Fund	126,100	126,100	0
Special Revenue Funds - Other	2,650,000	2,650,000	0
School for the Deaf			
Special Revenue Funds - Other	7,426,000	7,426,000	0
Fiduciary Funds	20,000	20,000	0
Higher Education and the Professions, Office of			
General Fund	3,808,000	2,608,000	(1,200,000)
Special Revenue Funds - Federal	2,522,600	2,684,000	161,400
Special Revenue Funds - Other	42,751,000	45,510,000	2,759,000
Cultural Education			
General Fund	18,863,400	0	(18,863,400)
Special Revenue Funds - Federal	7,854,000	7,854,000	0
Special Revenue Funds - Other	4,270,800	10,682,800	6,412,000
Internal Service Funds	7,898,200	8,020,800	122,600
Fiduciary Funds	732,000	740,400	8,400
Vocational and Educational Services for Individuals with Disabilities			
General Fund	786,000	786,000	0
Special Revenue Funds - Federal	104,741,000	125,252,000	20,511,000
Special Revenue Funds - Other	661,300	661,300	0
Total	333,593,500	357,612,700	24,019,200

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	9,633,600	0	9,633,600	0
Education	13,214,900	0	13,214,900	0
Cultural Education	0	(13,032,200)	0	(13,032,200)
Vocational and Educational Services for Individuals with Disabilities	733,200	0	733,200	0
Total	23,581,700	(13,032,200)	23,581,700	(13,032,200)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	7,838,900	0	400,000	0
Education	11,413,100	400,000	282,300	0
Batavia ICF/DD	126,100	0	0	0
Higher Education and the Professions, Office of	2,608,000	(1,200,000)	0	0
Cultural Education	0	(5,831,200)	0	(3,025,400)
Vocational and Educational Services for Individuals with Disabilities	52,800	0	9,200	0
Total	22,038,900	(6,631,200)	691,500	(3,025,400)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary	350,000	0	5,648,900	0
Education	697,500	0	4,658,300	0
Cultural Education	0	(145,800)	0	(2,517,200)
Vocational and Educational Services for Individuals with Disabilities	13,500	0	21,300	0
Total	1,061,000	(145,800)	10,328,500	(2,517,200)

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Office of Management Services Program	250,000	0	1,190,000	0
Cultural Education	0	(142,800)	0	0
Vocational and Educational Services for Individuals with Disabilities	8,800	0	0	0
Total	258,800	(142,800)	1,190,000	0

Program	Maintenance Undistributed	
	Amount	Change
Elementary, Middle and Secondary		
Education	5,775,000	400,000
Batavia ICF/DD	126,100	0
Higher Education and the Professions, Office of	2,608,000	(1,200,000)
Total	8,509,100	(800,000)

EDUCATION

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Office of Management Services Program	32,024,000	3,000,000	13,822,000	0
Elementary, Middle and Secondary Education	60,888,900	10,708,200	32,381,000	5,102,300
School for the Blind	7,577,900	0	5,190,000	0
Batavia ICF/DD	2,650,000	0	1,682,000	0
School for the Deaf	7,446,000	0	4,874,000	0
Higher Education and the Professions, Office of	48,194,000	2,920,400	4,640,000	213,800
Cultural Education	27,298,000	6,543,000	7,882,700	(12,500)
Vocational and Educational Services for Individuals with Disabilities	125,913,300	20,511,000	55,595,300	4,455,200
Total	311,992,100	43,682,600	126,067,000	9,758,800

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Office of Management Services Program	14,602,000	0	3,600,000	3,000,000
Elementary, Middle and Secondary Education	27,529,000	5,605,900	978,900	0
School for the Blind	2,387,900	0	0	0
Batavia ICF/DD	968,000	0	0	0
School for the Deaf	2,572,000	0	0	0
Higher Education and the Professions, Office of	4,664,000	506,600	38,890,000	2,200,000
Cultural Education	12,289,000	(570,800)	7,126,300	7,126,300
Vocational and Educational Services for Individuals with Disabilities	69,656,700	16,055,800	661,300	0
Total	134,668,600	21,597,500	51,256,500	12,326,300

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	13,605,713,300	13,472,010,600	(133,702,700)
Special Revenue Funds - Federal	2,446,368,000	3,094,795,000	648,427,000
Special Revenue Funds - Other	4,217,650,000	4,640,556,000	422,906,000
Total	20,269,731,300	21,207,361,600	937,630,300

Adjustments:

Recommended Deficiency	
Education Department, State	
General Fund	30,200,000
Special Revenue Funds - Other	(36,200,000)
Appropriated 2001-02	<u>20,263,731,300</u>

EDUCATION

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

Program	Available 2001-02	Recommended 2002-03	Change
School Tax Relief			
Special Revenue Funds - Other	2,646,000,000	2,700,000,000	54,000,000
Elementary, Middle and Secondary Education			
General Fund	13,348,107,700	13,214,405,000	(133,702,700)
Special Revenue Funds - Federal	1,945,724,000	2,519,151,000	573,427,000
Special Revenue Funds - Other	1,561,500,000	1,930,406,000	368,906,000
Higher Education and the Professions, Office of			
General Fund	81,035,000	81,035,000	0
Cultural Education			
General Fund	105,700,000	105,700,000	0
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	70,870,600	70,870,600	0
Special Revenue Funds - Federal	495,984,000	570,984,000	75,000,000
Total	<u>20,269,731,300</u>	<u>21,207,361,600</u>	<u>937,630,300</u>

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

Comprehensive Construction Program	Available 2001-02	Recommended 2002-03	Change	Reappropriations 2002-03
Education Building				
Capital Projects Fund	0	1,695,000	1,695,000	1,465,000
Capital Projects Fund - Advances	0	0	0	2,000,000
School for the Blind				
Capital Projects Fund	0	1,700,000	1,700,000	700,000
Capital Projects Fund - Advances	0	0	0	1,510,000
School for the Deaf				
Capital Projects Fund	0	175,000	175,000	550,000
Capital Projects Fund - Advances	0	0	0	1,130,000
Cultural Education Center				
Capital Projects Fund	0	5,295,000	5,295,000	1,500,000
Capital Projects Fund - Advances	0	0	0	18,550,000
Administration				
Capital Projects Fund	2,500,000	900,000	(1,600,000)	3,425,000
Rebuild Schools to Uphold Education Program				
Capital Projects Fund	0	0	0	129,304,000
Washington Avenue Armory				
Capital Projects Fund - Advances	0	0	0	4,000,000
Total	<u>2,500,000</u>	<u>9,765,000</u>	<u>7,265,000</u>	<u>164,134,000</u>

OFFICE OF CHILDREN AND FAMILY SERVICES

MISSION

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

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 48 residential and day placement facilities statewide serving over 2,200 youth. The workforce for fiscal year 2002-03 is estimated at 4,389 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office of Children and Family Services receives 40 percent of its \$3.5 billion budget from State tax dollars and 60 percent from Federal and other funds. The State Operations Budget of \$468.1 million supports oversight of child welfare, child care, adult protection and domestic violence programs, among others. In addition, the State Operations Budget supports the continued operation of the Agency's network of juvenile justice facilities.

The Local Assistance Budget of \$2.9 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 \$87.2 million primarily support the maintenance and construction of the State-operated juvenile justice facilities in order to provide a safe living environment, provide appropriate education, recreation and vocational program space, and maintain an appropriate level of security for youth while they are in residential care.

CHILDREN AND FAMILY SERVICES

The Executive Budget provides more than \$1.5 billion in State and Federal funding to support a comprehensive reform in the financing of child welfare services designed to encourage local governments to invest in the preventive services necessary to reduce out-of-home placement of children. Specific elements of this reform initiative include:

- **Open-ended Funding for Prevention and Other Key Services:** Under Governor Pataki's Child Welfare Reform proposal, preventive services provided by counties will be removed from any block grant limitations and reimbursed, without limit, at a 65 percent rate. Child Protective Services, aftercare services, independent living activities, and local adoption services and administration costs related to adoptions will also receive 65 percent State aid. This enhanced funding source will be especially valuable in providing an expanded PINS population ages 16 to 18 with community-based services that will help avert out-of-home placements. The Budget includes \$324.4 million for this new funding category in 2002-03 — an amount that is expected to grow as counties increase their investment in services necessary to prevent foster care placement.
- **Investments in Child Welfare Quality Enhancement:** OCFS will distribute \$3 million in additional Temporary Assistance for Needy Families (TANF) funding to counties and not-for-profit groups in 2002-03 to promote the creation of innovative child welfare service delivery models.

CHILDREN AND FAMILY SERVICES

- **A Flexible Foster Care Block Grant:** The Governor's Child Welfare Reform proposal will provide counties with a \$364.5 million Foster Care Block Grant that creates an even greater incentive to reduce the number of children in foster care. Under the new Block Grant, counties will be able to reinvest savings resulting from reduced use of foster care in locally designed child welfare initiatives that strengthen preventive services or better serve high-needs children.

Within the TANF Block Grant, \$286 million in TANF funds are set-aside for children and their families facing emergency situations. This recommendation reflects an increase of \$70 million in TANF funding to reimburse local governments for these emergency services, including Juvenile Delinquent/Persons in Need of Supervision (JD/PINS) Foster Care and other local foster care expenditures. The Executive Budget also includes a new \$4.6 million in TANF to assist local governments in providing community-based services to an expanded PINS population ages 16 to 18. In addition, the 2002-03 recommendation maintains the transfer of Federal TANF funds to the Federal Title XX Social Services Block Grant at \$244 million to support locally provided services to children and families.

The Executive Budget supports a continued emphasis on prevention and early identification of child abuse and neglect by including additional funds to expand OCFS' capability to investigate reports of institutional abuse in residential care facilities.

The Budget includes \$144 million for the State's share of subsidies provided to families who adopt special needs children. These funds will support approximately 47,700 children in adoptive homes, including 4,700 children adopted last year; it is anticipated that a similar number will be adopted in 2002-03.

The \$2.1 million appropriation for the Community Facilities Project Guarantee Fund has been discontinued because the Fund's guarantee obligations have been fully met.

CHILD CARE

The Executive Budget increases funding for the State Child Care Block Grant to \$877 million, using a combination of Federal, State and local funding. The Block Grant supports child care subsidies for public assistance and low-income families. Subsidized child care is guaranteed for public assistance recipients with children up to age 13, when such care is required for the parent/guardian to engage in work activities. Families transitioning from welfare to work are guaranteed subsidized child care for up to 12 months after leaving Family Assistance. The State also provides subsidized child care to families at risk of becoming dependent on Family Assistance. Each social services district receives a single grant that enables it to tailor its expenditures to meet local needs and to comply with mandated work participation requirements for Family Assistance.

Under the Child Care Block Grant, districts' ability to plan for and meet district-specific child care needs has increased. To foster even greater local flexibility, a \$200 million Child Care Reserve Fund was established in 1999-2000; accessible to local social services districts over a three-year period as their child care demands changed. The Executive Budget anticipates that approximately \$78 million will be allocated from the Reserve Fund in 2002-2003.

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

The Executive Budget also provides a \$5 million increase for Advantage After-Schools, a program that offers educational and recreational after-school activities for elementary, middle-and high school students. This initiative funds community-based organizations demonstrating the ability to work collaboratively with schools, child care providers and other community providers for after-school programming. Total funding for Advantage schools will be \$25 million in 2002-2003 and will be fully supported through Federal TANF funds.

YOUTH FACILITIES

The Youth Facilities Program includes the Office's 48 residential facilities and day placement centers serving youth placed by the Family Courts or directed by the Criminal Courts. Through a broad array of programs, the Office provides rehabilitative services that include counseling, education and training designed to promote positive youth development and foster a youth's return to the community as a law-abiding and productive citizen.

The Executive Budget recommendations include \$73 million in bond-financed funding to construct a new secure center to replace the Harlem Valley Secure Center. The proposed center will be a state-of-the-art facility for supervising youth offenders and providing rehabilitative services.

SYSTEMS

The Executive Budget includes approximately \$60 million in State and Federal funding to operate and continue development of CONNECTIONS, the State's child welfare information system.

CONNECTIONS provides for the electronic transmission of reports of child abuse or neglect from the State's Child Abuse Hotline to local governments. This enables local caseworkers to intervene quickly with as much information as possible, affording greater protections for children and enhanced case management.

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 significant funding to counties and municipalities, and community-based not-for-profit agencies for the provision of youth development and delinquency prevention programs.

The State Child Abuse Hotline receives more than 315,000 calls each year reporting alleged child maltreatment or abuse through a toll-free 800 telephone number. As a result, the State initiates investigations of these allegations, which are conducted by county protective services staff and/or local law enforcement agencies. The Register maintains a master database of those found culpable of child abuse so that employers, such as day care centers, can screen out potential employees with a history of familial child abuse.

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

Through the Commission for the Blind and Visually Handicapped, the Office provides, directly or through contract, services to help visually handicapped people live independently and achieve self-sufficiency through employment. The Commission also assists over 4,000 children and elderly individuals with services such as orientation and mobility, social casework, adaptive equipment, interpreter services, low-vision examinations, diagnostic examinations and intensive adaptive skills training.

CHILDREN AND FAMILY SERVICES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	445,699,000	468,119,600	22,420,600	241,686,000
Aid To Localities	2,841,127,000	2,950,201,000	109,074,000	2,099,739,300
Capital Projects	17,650,000	87,210,000	69,560,000	90,382,000
Total	3,304,476,000	3,505,530,600	201,054,600	2,431,807,300

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

Full-Time Equivalent Positions (FTE)

Program	2001-02 Estimated FTEs 03/31/02	2002-03 Estimated FTEs 03/31/03	FTE Change
Central Administration			
General Fund	387	387	0
Special Revenue Funds - Other	78	78	0
Child Care			
General Fund	34	34	0
Special Revenue Funds - Federal	201	201	0
Commission for the Blind and Visually Handicapped			
General Fund	14	14	0
Special Revenue Funds - Federal	161	161	0
Fiduciary Funds	3	3	0
Employment and Disability Assistance Account			
Special Revenue Funds - Federal	11	11	0
Family and Children Services			
General Fund	437	437	0
Special Revenue Funds - Federal	73	73	0
National and Community Service, Office of			
Special Revenue Funds - Federal	9	9	0
Systems Support			
General Fund	171	171	0
Training and Development			
Special Revenue Funds - Other	50	50	0
Youth Facilities			
General Fund	2,812	2,760	(52)
Total	4,441	4,389	(52)

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	254,600,000	251,919,600	(2,680,400)
Special Revenue Funds - Federal	69,748,000	88,144,000	18,396,000
Special Revenue Funds - Other	117,526,000	124,231,000	6,705,000
Enterprise Funds	500,000	500,000	0
Internal Service Funds	100,000	100,000	0
Fiduciary Funds	3,225,000	3,225,000	0
Total	445,699,000	468,119,600	22,420,600

Adjustments:

Recommended Deficiency	
Children and Family Services Office of	
General Fund	(5,999,700)
Appropriated 2001-02	439,699,300

CHILDREN AND FAMILY SERVICES

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

Program	Available 2001-02	Recommended 2002-03	Change
Central Administration			
General Fund	34,258,700	34,286,400	27,700
Special Revenue Funds - Other	9,100,000	16,000,000	6,900,000
Internal Service Funds	100,000	100,000	0
Fiduciary Funds	1,825,000	1,825,000	0
Child Care			
General Fund	2,693,600	2,805,900	112,300
Special Revenue Funds - Federal	14,800,000	14,800,000	0
Childrens Services			
Special Revenue Funds - Federal	0	0	0
Commission for the Blind and Visually Handicapped			
General Fund	8,428,000	8,455,000	27,000
Special Revenue Funds - Federal	24,648,000	25,544,000	896,000
Special Revenue Funds - Other	500,000	500,000	0
Fiduciary Funds	1,400,000	1,400,000	0
Departmental Administrative Reimbursement			
General Fund	(30,093,000)	(32,843,000)	(2,750,000)
Special Revenue Funds - Other	36,593,000	39,343,000	2,750,000
Family and Children Services			
General Fund	30,970,100	30,453,300	(516,800)
Special Revenue Funds - Federal	17,800,000	17,800,000	0
Special Revenue Funds - Other	1,046,000	1,046,000	0
Systems Support			
General Fund	47,752,000	48,252,000	500,000
Special Revenue Funds - Federal	12,500,000	30,000,000	17,500,000
Special Revenue Funds - Other	10,000,000	10,000,000	0
Training and Development			
General Fund	10,000,000	9,420,000	(580,000)
Special Revenue Funds - Other	60,287,000	57,342,000	(2,945,000)
Enterprise Funds	200,000	200,000	0
Youth Facilities			
General Fund	150,590,600	151,090,000	499,400
Enterprise Funds	300,000	300,000	0
Total	<u>445,699,000</u>	<u>468,119,600</u>	<u>22,420,600</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	21,423,900	922,900	20,053,900	724,900
Child Care	1,854,300	112,300	1,854,300	112,300
Family and Children Services	21,271,200	1,243,200	20,344,300	1,179,300
Systems Support	7,601,000	589,000	7,491,000	589,000
Youth Facilities	123,939,000	636,000	112,271,000	1,018,000
Total	<u>176,089,400</u>	<u>3,503,400</u>	<u>162,014,500</u>	<u>3,623,500</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	1,026,000	1,000	344,000	197,000
Child Care	0	0	0	0
Family and Children Services	6,000	0	920,900	63,900
Systems Support	0	0	110,000	0
Youth Facilities	5,763,000	(382,000)	5,905,000	0
Total	<u>6,795,000</u>	<u>(381,000)</u>	<u>7,279,900</u>	<u>260,900</u>

CHILDREN AND FAMILY SERVICES

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Central Administration	12,862,500	(895,200)	214,000	0
Child Care	951,600	0	74,300	(300)
Commission for the Blind and Visually Handicapped	8,455,000	27,000	0	0
Family and Children Services	9,182,100	(1,760,000)	589,000	0
Systems Support	40,651,000	(89,000)	347,000	0
Training and Development	9,420,000	(580,000)	0	0
Youth Facilities	27,151,000	(136,600)	11,075,000	0
Total	108,673,200	(3,433,800)	12,299,300	(300)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Central Administration	917,000	0	9,624,500	(895,200)
Child Care	185,400	2,000	662,100	(2,400)
Family and Children Services	387,000	0	7,837,100	0
Systems Support	104,000	0	9,660,000	(89,000)
Youth Facilities	951,000	0	13,902,000	(136,600)
Total	2,544,400	2,000	41,685,700	(1,123,200)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	694,000	0	1,413,000	0
Child Care	29,800	700	0	0
Commission for the Blind and Visually Handicapped	0	0	8,455,000	27,000
Family and Children Services	29,000	0	340,000	(1,760,000)
Systems Support	140,000	0	30,400,000	0
Training and Development	0	0	9,420,000	(580,000)
Youth Facilities	1,223,000	0	0	0
Total	2,115,800	700	50,028,000	(2,313,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Central Administration	17,925,000	6,900,000	0	0
Child Care	14,800,000	0	0	0
Commission for the Blind and Visually Handicapped	27,444,000	896,000	0	0
Family and Children Services	18,846,000	0	0	0
Systems Support	40,000,000	17,500,000	0	0
Training and Development	57,542,000	(2,945,000)	1,662,000	0
Youth Facilities	300,000	0	0	0
Total	176,857,000	22,351,000	1,662,000	0

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	1,925,000	0	16,000,000	6,900,000
Child Care	0	0	14,800,000	0
Commission for the Blind and Visually Handicapped	0	0	27,444,000	896,000
Family and Children Services	5,000,000	0	13,846,000	0
Systems Support	0	0	40,000,000	17,500,000
Training and Development	2,451,000	(195,000)	53,429,000	(2,750,000)
Youth Facilities	300,000	0	0	0
Total	9,676,000	(195,000)	165,519,000	22,546,000

CHILDREN AND FAMILY SERVICES

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	1,127,859,000	1,164,763,000	36,904,000
Special Revenue Funds - Federal	1,694,738,000	1,766,908,000	72,170,000
Special Revenue Funds - Other	15,000,000	15,000,000	0
Fiduciary Funds	3,530,000	3,530,000	0
Total	<u>2,841,127,000</u>	<u>2,950,201,000</u>	<u>109,074,000</u>

Adjustments:

Recommended Deficiency Children and Family Services Office of General Fund	(93,440,000)
Appropriated 2001-02	<u>2,747,687,000</u>

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

Program	Available 2001-02	Recommended 2002-03	Change
Child Care			
General Fund	96,066,000	96,066,000	0
Special Revenue Funds - Federal	624,000,000	624,000,000	0
Family and Children Services			
General Fund	1,026,793,000	1,063,697,000	36,904,000
Special Revenue Funds - Federal	1,042,300,000	1,114,470,000	72,170,000
Special Revenue Funds - Other	15,000,000	15,000,000	0
Fiduciary Funds	3,530,000	3,530,000	0
Training and Development			
General Fund	5,000,000	5,000,000	0
Special Revenue Funds - Federal	28,438,000	28,438,000	0
Total	<u>2,841,127,000</u>	<u>2,950,201,000</u>	<u>109,074,000</u>

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

Comprehensive Construction Program	Available 2001-02	Recommended 2002-03	Change	Reappropriations 2002-03
Design and Construction Supervision				
Youth Facilities Improvement Fund	0	3,000,000	3,000,000	2,000,000
Child Care Facilities Development Program				
Capital Projects Fund	0	0	0	22,000,000
Maintenance and Improvement of Facilities				
Capital Projects Fund	1,800,000	1,935,000	135,000	7,852,000
Youth Facilities Improvement Fund	6,650,000	9,475,000	2,825,000	20,768,000
Executive Direction and Administrative Services				
Capital Projects Fund	0	0	0	498,000
Misc. Capital Projects	0	0	0	7,000,000
Youth Facilities Improvement Fund	0	0	0	458,000
New Construction				
Youth Facilities Improvement Fund	9,200,000	72,800,000	63,600,000	9,200,000
Program Improvement or Program Change				
Youth Facilities Improvement Fund	0	0	0	12,011,000
Youth Center				
Capital Projects Fund	0	0	0	8,317,000
Rehabilitative Services				
Youth Facilities Improvement Fund	0	0	0	278,000
Total	<u>17,650,000</u>	<u>87,210,000</u>	<u>69,560,000</u>	<u>90,382,000</u>

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

MISSION

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

ORGANIZATION AND STAFFING

Core responsibilities of the Office include providing policy and technical support to social services districts responsible for implementing welfare reform and administering programs that serve the homeless and refugees. Through its Division of Disability Determinations, the Agency also evaluates the medical eligibility of disability claimants for Supplemental Security Income and Social Security Disability Insurance.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A total of \$4.2 billion is recommended from all funding sources in 2002-03 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 \$3.7 billion in Federal funds, General Fund dollars, and other revenue. Within this amount are economy-driven increases for direct welfare programs — Safety Net and Supplemental Security Income (SSI) for the aged and disabled.

For State Operations, an appropriation of approximately \$459 million is recommended from all funding sources. These funds will support a workforce of approximately 2,510, including 1,360 federally funded positions in the Division of Disability Determinations.

The recommended \$77 million General Fund appropriation includes: funding for staff and other costs related to the oversight of social services district administration of public assistance and child support enforcement programs; administrative hearings for public assistance, Food Stamp, and Medicaid applicants and recipients; and operation of the major computer systems supporting public assistance programs. Approximately \$500 million in Federal funds and other revenues are recommended for the administration of the Division of Disability Determinations, the Home Energy Assistance program (HEAP), and the Bureau of Refugee and Immigration Affairs.

State funding of \$36.5 million is appropriated for the cost of redesigning the Welfare Management System's (WMS) continued development of the Welfare-to-Work Caseload Management System, and related human services systems initiatives including CONNECTIONS case and fiscal management.

Specific priorities for the Office of Temporary and Disability Assistance for 2002-03 are as follows:

- In partnership with local social services districts, the Department of Labor and the Office of Children and Family Services, operate programs enacted through the State Welfare Reform Act of 1997 so that recipients can transition to work and self-sufficiency and at-risk households can avoid welfare dependency;
- Build upon the substantial accomplishments of recent years by further strengthening child support enforcement to increase parental financial support for children;

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- 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 securing alternative non-welfare means of income support such as employment, child support, or temporary assistance.

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

These new emphases have resulted in a dramatic decline in welfare caseloads. By August 2001, the decline in New York's welfare caseloads since 1995 was 59.2 percent. Over 973,000 recipients had left the rolls, which were at their lowest point in 36 years. Prior to the September 11 World Trade Center disaster, additional caseload reductions were expected in 2002-03. However, because of the difficulties resulting from the September 11 attacks and the subsequent declining national economy, a 1.9 percent increase is now projected in the welfare caseload during 2002-03.

FAMILY ASSISTANCE

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

With certain statutorily prescribed exceptions, those who receive benefits must participate in work activities to remain eligible. Cash benefits for Family Assistance participants are limited to a cumulative period of five years. If the head of a Family Assistance household is unable to become employed during this period, the family is limited to non-cash benefits through the Safety Net program (discussed below) while the head of household continues to search for a job. Family Assistance cases began to reach their five-year limit on assistance on December 1, 2001.

All Family Assistance participants must undergo an assessment of their employability skills and training needs and, unless disabled, must participate in assigned work activities. Participants are covered by a larger and greatly strengthened earned income disregard than was historically the case and may retain a higher level of savings and other resources to help the transition from welfare. These measures help the new welfare system to foster recipient self-sufficiency.

Local social services districts are required to meet Federal work activity participation targets. Reflecting scheduled increases in work participation requirements in Federal law, for FFY 2002, 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 places the focus of participant employment plans directly on work or work-like activities such as job training, community service, or workfare. This approach will position the State to continue to meet or exceed required employment targets.

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

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drugs or excessive consumption of alcoholic beverages. If a participant is unable to work because of such circumstances, he or she is referred to an appropriate treatment program and welfare benefits are restricted to non-cash assistance. Teen parents must attend high school or other approved education programs to receive welfare benefits.

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

Homeless families in the State's transitional and emergency shelter system also are expected to strive for self-sufficiency. These facilities can help homeless families achieve this goal by strengthening their independent living skills and helping them to acquire permanent housing. To this end, the Governor is proposing establishment of a new targeted housing subsidy program in SFY02-03. This initiative should not only broaden access to permanent housing, through the provision of an additional rent subsidy for longer-term homeless families, but should curtail unnecessary use of more expensive emergency hotels and homeless shelters.

The Governor's welfare reform program has also strengthened child support enforcement. Improvements include automated updating of child support awards to reflect inflation; interstate reciprocity in child support proceedings; a strengthened role for child support staff in welfare case processing; and administrative authority for social services districts to order genetic tests, subpoena information, and collect relevant data from Federal, State and local agencies. These measures have helped to increase total child support collections to their current level of over \$1.3 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, and expand the "Celebrating Fatherhood" media campaign. OTDA also has embarked on new State-local partnerships to support Joint Enforcement Teams (JET) to increase criminal prosecutions for parents who refuse to pay child support. These initiatives will further strengthen the child support enforcement system, thus helping to ensure that parents provide for the income support of their children.

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

SAFETY NET 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 program for persons who are not eligible for Family Assistance or Supplemental Security Income.

Safety Net participants, primarily single adults and childless couples, can receive cash allowances for a two-year period after which benefits can be provided on a non-cash basis. Other groups that may receive non-cash benefits include families that have 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 is a work program which provides such services as job search, work training, and workfare. Unless prevented from doing so by a physical or mental disability, Safety Net participants must engage in assigned work activities to receive assistance.

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SUPPLEMENTAL SECURITY INCOME

Federal Supplemental Security Income (SSI) provides cash assistance to the aged, visually handicapped, and disabled. New York's SSI benefit is \$632 per month for an individual living alone in the community, including a January 2002 cost-of-living adjustment in the Federal portion of the grant. The State's SSI benefit currently is one of the highest nationally. The 2002-03 recommendation of \$633 million funds the State cost of SSI benefits for a projected 628,900 recipients. SSI and Social Security Disability Insurance (SSDI) eligibility for disability claimants is evaluated by OTDA's Division of Disability Determinations (DDD).

STATE FOOD ASSISTANCE PROGRAM

New York's Food Assistance Program (FAP) purchases food stamps on behalf of immigrants age 60 through 67. Under provisions of Federal law, this vulnerable population no longer is eligible for federally funded food stamp benefits. Legislation enacted in 2001 expanded FAP eligibility to also include domestic violence victims.

The 2002-03 Aid to Localities recommendation will provide \$2.2 million in combined State and local funds for benefits to an estimated 5,000 immigrant seniors and domestic violence victims.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	421,494,000	458,755,400	37,261,400	381,784,000
Aid To Localities	3,997,300,000	3,744,653,000	(252,647,000)	5,881,980,000
Capital Projects	30,000,000	30,000,000	0	136,643,000
Total	<u>4,448,794,000</u>	<u>4,233,408,400</u>	<u>(215,385,600)</u>	<u>6,400,407,000</u>

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

Program	Full-Time Equivalent Positions (FTE)		
	2001-02	2002-03	FTE Change
	Estimated FTEs 03/31/02	Estimated FTEs 03/31/03	
Administration			
General Fund	174	172	(2)
Special Revenue Funds - Federal	98	98	0
Special Revenue Funds - Other	63	63	0
Child Support Enforcement			
Special Revenue Funds - Other	61	70	9
Disability Determinations			
Special Revenue Funds - Federal	1,360	1,360	0
Special Revenue Funds - Other	111	111	0
Executive Direction			
General Fund	19	18	(1)
Legal Affairs			
General Fund	160	158	(2)
System Support and Information Services			
General Fund	117	115	(2)
Special Revenue Funds - Federal	16	16	0
Special Revenue Funds - Other	55	55	0
Temporary and Disability Assistance Programs			
General Fund	46	44	(2)
Special Revenue Funds - Federal	21	21	0
Special Revenue Funds - Other	148	148	0
Transitional Supports and Policy, Division of			
General Fund	18	17	(1)
Special Revenue Funds - Federal	29	29	0
Special Revenue Funds - Other	15	15	0
Total	<u>2,511</u>	<u>2,510</u>	<u>(1)</u>

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	34,330,000	74,209,400	39,879,400
Special Revenue Funds - Federal	257,170,000	245,242,000	(11,928,000)
Special Revenue Funds - Other	128,994,000	138,304,000	9,310,000
Internal Service Funds	1,000,000	1,000,000	0
Total	<u>421,494,000</u>	<u>458,755,400</u>	<u>37,261,400</u>

Adjustments:	
Recommended Deficiency	
Temporary and Disability Assistance, Office of	
Special Revenue Funds - Other	(1,088,000)
Appropriated 2001-02	<u>420,406,000</u>

TEMPORARY AND DISABILITY ASSISTANCE

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

Program	Available 2001-02	Recommended 2002-03	Change
Administration			
General Fund	19,340,000	20,123,000	783,000
Special Revenue Funds - Federal	7,000,000	7,000,000	0
Special Revenue Funds - Other	11,350,000	16,795,000	5,445,000
Internal Service Funds	1,000,000	1,000,000	0
Child Support Enforcement			
Special Revenue Funds - Federal	3,100,000	3,100,000	0
Special Revenue Funds - Other	25,930,000	26,908,000	978,000
Departmental Administrative			
Reimbursement			
General Fund	(67,357,000)	(70,557,000)	(3,200,000)
Special Revenue Funds - Other	70,926,000	74,126,000	3,200,000
Disability Determinations			
Special Revenue Funds - Federal	163,300,000	150,000,000	(13,300,000)
Special Revenue Funds - Other	10,400,000	8,900,000	(1,500,000)
Executive Direction			
General Fund	1,802,000	1,760,000	(42,000)
Legal Affairs			
General Fund	12,811,000	12,147,000	(664,000)
System Support and Information Services			
General Fund	61,414,000	105,163,000	43,749,000
Special Revenue Funds - Federal	75,000,000	75,000,000	0
Special Revenue Funds - Other	6,800,000	6,800,000	0
Temporary and Disability Assistance			
Programs			
General Fund	4,569,000	4,191,000	(378,000)
Special Revenue Funds - Federal	6,000,000	6,000,000	0
Special Revenue Funds - Other	2,500,000	3,500,000	1,000,000
Transitional Supports and Policy, Division of			
General Fund	1,751,000	1,382,400	(368,600)
Special Revenue Funds - Federal	2,770,000	4,142,000	1,372,000
Special Revenue Funds - Other	1,088,000	1,275,000	187,000
Total	<u>421,494,000</u>	<u>458,755,400</u>	<u>37,261,400</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	9,593,000	(517,000)	9,464,651	(531,349)
Executive Direction	1,427,000	(41,000)	1,337,380	(46,120)
Legal Affairs	9,240,000	(642,000)	8,932,804	(659,196)
System Support and Information Services	8,050,000	1,642,000	7,736,400	1,669,000
Temporary and Disability Assistance				
Programs	3,198,000	(376,000)	2,709,800	(404,200)
Transitional Supports and Policy, Division of	1,113,000	(336,000)	1,098,000	(336,000)
Total	<u>32,621,000</u>	<u>(270,000)</u>	<u>31,279,035</u>	<u>(307,865)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	94,090	10,490	34,259	3,859
Executive Direction	88,054	5,054	1,566	66
Legal Affairs	0	0	307,196	17,196
System Support and Information Services	0	0	313,600	(27,000)
Temporary and Disability Assistance				
Programs	467,000	27,000	21,200	1,200
Transitional Supports and Policy, Division of	0	0	15,000	0
Total	<u>649,144</u>	<u>42,544</u>	<u>692,821</u>	<u>(4,679)</u>

TEMPORARY AND DISABILITY ASSISTANCE

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	11,030,000	1,300,000	150,300	0
Executive Direction	333,000	(1,000)	22,200	0
Legal Affairs	2,907,000	(22,000)	137,500	0
System Support and Information Services	97,113,000	42,107,000	414,100	0
Temporary and Disability Assistance Programs	993,000	(2,000)	18,000	0
Transitional Supports and Policy, Division of	269,400	(32,600)	17,400	0
Total	<u>112,645,400</u>	<u>43,349,400</u>	<u>759,500</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	183,300	0	5,586,900	56,000
Executive Direction	51,100	0	234,000	(1,000)
Legal Affairs	86,100	0	2,617,400	(22,000)
System Support and Information Services	154,100	0	10,361,400	7,000
Temporary and Disability Assistance Programs	104,000	0	820,000	(2,000)
Transitional Supports and Policy, Division of	81,500	0	126,200	(32,600)
Total	<u>660,100</u>	<u>0</u>	<u>19,745,900</u>	<u>5,400</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,220,500	0	3,889,000	1,244,000
Executive Direction	25,700	0	0	0
Legal Affairs	66,000	0	0	0
System Support and Information Services	209,400	0	85,974,000	42,100,000
Temporary and Disability Assistance Programs	51,000	0	0	0
Transitional Supports and Policy, Division of	44,300	0	0	0
Total	<u>1,616,900</u>	<u>0</u>	<u>89,863,000</u>	<u>43,344,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	24,295,000	5,445,000	600,000	0
Child Support Enforcement	30,008,000	978,000	0	0
Disability Determinations	158,900,000	(14,800,000)	67,900,000	(4,500,000)
System Support and Information Services	81,800,000	0	0	0
Temporary and Disability Assistance Programs	9,500,000	1,000,000	0	0
Transitional Supports and Policy, Division of	5,417,000	1,559,000	870,000	122,000
Total	<u>309,920,000</u>	<u>(5,818,000)</u>	<u>69,370,000</u>	<u>(4,378,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	250,000	0	23,445,000	5,445,000
Child Support Enforcement	0	0	30,008,000	978,000
Disability Determinations	82,100,000	(8,800,000)	8,900,000	(1,500,000)
System Support and Information Services	0	0	81,800,000	0
Temporary and Disability Assistance Programs	0	0	9,500,000	1,000,000
Transitional Supports and Policy, Division of	405,000	65,000	4,142,000	1,372,000
Total	<u>82,755,000</u>	<u>(8,735,000)</u>	<u>157,795,000</u>	<u>7,295,000</u>

TEMPORARY AND DISABILITY ASSISTANCE

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	1,422,700,000	1,055,403,000	(367,297,000)
Special Revenue Funds - Federal	2,478,200,000	2,629,500,000	151,300,000
Special Revenue Funds - Other	86,400,000	49,750,000	(36,650,000)
Fiduciary Funds	10,000,000	10,000,000	0
Total	<u>3,997,300,000</u>	<u>3,744,653,000</u>	<u>(252,647,000)</u>

Adjustments:

Recommended Deficiency	
Temporary and Disability Assistance,	
Office of	
General Fund	(10,000,000)
Appropriated 2001-02	<u>3,987,300,000</u>

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

Program	Available 2001-02	Recommended 2002-03	Change
Administration			
Special Revenue Funds - Other	65,000,000	30,000,000	(35,000,000)
Child Support Enforcement			
General Fund	27,010,000	27,700,000	690,000
Special Revenue Funds - Federal	84,000,000	100,000,000	16,000,000
Special Revenue Funds - Other	300,000	150,000	(150,000)
Employment Services			
General Fund	47,278,000	67,040,000	19,762,000
Food Assistance Program			
General Fund	4,100,000	1,100,000	(3,000,000)
Special Revenue Funds - Other	4,100,000	1,100,000	(3,000,000)
Food Stamp Administration Program			
General Fund	113,911,000	106,681,000	(7,230,000)
Special Revenue Funds - Federal	219,000,000	246,000,000	27,000,000
Special Revenue Funds - Other	6,000,000	7,500,000	1,500,000
Temporary and Disability Assistance			
Administration			
General Fund	194,598,000	186,823,000	(7,775,000)
Temporary and Disability Assistance			
Programs			
General Fund	909,653,000	540,309,000	(369,344,000)
Special Revenue Funds - Federal	2,121,700,000	2,230,000,000	108,300,000
Special Revenue Funds - Other	1,000,000	1,000,000	0
Fiduciary Funds	10,000,000	10,000,000	0
Transitional Supports and Policy, Division of			
General Fund	126,150,000	125,750,000	(400,000)
Special Revenue Funds - Federal	53,500,000	53,500,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Total	<u>3,997,300,000</u>	<u>3,744,653,000</u>	<u>(252,647,000)</u>

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

Comprehensive Construction Program	Available 2001-02	Recommended 2002-03	Change	Reappropriations 2002-03
Information Management Technology Program				
Capital Projects Fund	0	0	0	361,000
Supported Housing Program				
Capital Projects Fund	0	0	0	3,250,000
Housing Program Fund	30,000,000	30,000,000	0	133,032,000
Total	<u>30,000,000</u>	<u>30,000,000</u>	<u>0</u>	<u>136,643,000</u>

HIGHER EDUCATION SERVICES CORPORATION

MISSION

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

ORGANIZATION AND STAFFING

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

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

The Agency will have a workforce of 825 employees in 2002-03. Of this total, 688 positions (83 percent) are paid through funds received for the administration of Federal student loans and 137 positions (17 percent) are paid from State funds for administration of State student financial aid programs. General administrative operations are located in Albany and Menands, while data processing operations are located in Troy.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends over \$656 million in support of agency operations and programs. Of this amount, nearly \$117 million will be available to support administration of State and Federal student aid programs and \$540 million will be awarded in financial aid to students or colleges to provide access to postsecondary opportunities and help maintain New York's leadership in higher education.

General Fund support of \$11.3 million is recommended for administration of State grants and scholarships. Over \$105 million of the operating budget represents Federal loan-related functions, which are supported from non-General Fund sources and include funding for administration of the Federal GEAR-UP program. Costs for shared data-processing, personnel, finance and other administrative activities are allocated proportionately according to time expended for State or Federal activities.

Of the \$540 million invested in financial aid and institutional grants, General Fund dollars account for over \$527 million. Support for the remaining expenditures is provided from Federal funds and non-General Fund revenues.

STATE OPERATIONS

The Corporation will continue to improve its administrative operations in 2002-03 through investments in enhanced employee skills, modern technological infrastructure, and streamlined administrative practices. In addition to a renewed emphasis on providing

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comprehensive services to its clientele, the Corporation continues to develop partnerships with other student loan guaranty agencies to streamline costs, improve services, and increase responsiveness through shared development efforts.

FINANCIAL AID PROGRAMS

The 2002-03 recommended appropriation for the Tuition Assistance Program (TAP) is \$481.4 million. This level of funding continues enhancements made to the TAP program in 2000-01, but reflects a restructuring of the program to emphasize degree completion by creating a financial incentive for students to stay in college and graduate.

Significant TAP enhancements enacted in 2000-01 scheduled for implementation in 2002-03 include:

- Providing the higher TAP maximum award level of \$5,000 to another group of first-time TAP recipients; and
- Increasing the minimum award to \$500 for all students eligible to receive a minimum award.

Restructuring TAP will result in a decrease of \$155 million in TAP expenditures for 2002-03, accompanied by an increase of \$10 million to support the cost of the new TAP loan program. Major components of the restructured TAP program are as follows:

- TAP awards will be provided in two components — a “base” award equivalent to two-thirds of the current TAP award and a “performance” award equivalent to the remaining one-third of the award;
- Students will be expected to finance the performance award through federally guaranteed loans including Federal subsidized, unsubsidized and parent PLUS loans. Students who have exhausted their Federal loan eligibility will be eligible to receive their performance awards as TAP loans provided by HESC;
- 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.

Support for the Scholarships for Academic Excellence program is continued at \$14 million. Under this program, 2,000 of New York’s top scholars will be eligible for annual awards of \$1,500 and \$6,000 academically distinguished high school students will be eligible for annual awards of \$500 for four years of undergraduate study. By recognizing high school achievement, this program encourages our most academically talented students to pursue their postsecondary education in New York State.

PROGRAM HIGHLIGHTS

STATE OPERATIONS

The Corporation is continuing to implement several e-Commerce/e-Government initiatives, including moving more of its services to the World Wide Web, enhancing the public’s ability to get information and process transactions through an integrated Web Site and strengthening its service to schools, lenders, students and families.

In 2002-03, the Corporation will continue to coordinate the State’s participation in the Federal GEAR-UP program. In 1999, the Corporation was awarded a five-year Federal GEAR-UP grant to provide early college preparation and guidance services to low-income communities.

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 \$12.1 billion in outstanding loans made by banks to students. When banks are unable

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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:

- \$3.8 billion in new guaranteed loans in 2000-01;
- Processing of student loans for more than 485,000 individual borrowers; and
- Defaulted loan collections of \$190 million and defaulted loan purchases of \$181 million in 2000-01.

FINANCIAL AID PROGRAMS

The Corporation's State-funded responsibilities include processing student applications for State student financial aid programs, 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: \$481.4 million in aid will be provided to recipients in the public and private sectors. Of this amount, \$345 million will be offset using funds from the Federal Temporary Assistance for Needy Families (TANF) program;
- Tuition Assistance Loan Program: \$10 million will be made available for those students who have exhausted their Federal loan eligibility and can demonstrate that additional assistance is needed to initially finance their TAP performance award;
- Aid for Part Time Study: \$14.6 million will be available to nearly 23,000 part-time students in all sectors of higher education; and
- Scholarships and Fellowships: nearly 3,300 recipients are projected to receive aid for special employment preparation or targeted needs under 14 State and Federal programs; 32,000 Scholarships for Academic Excellence will be available in 2002-03 to students pursuing their college education in New York State.

COLLEGE CHOICE TUITION SAVINGS PROGRAM

Signed into law in 1997, the College Choice Tuition Savings Program presents a major commitment by the State 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 education at accredited public and private colleges in New York or anywhere in the country 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 172,600 accounts have been opened, with contributions exceeding \$800 million. New York's program has already received national recognition as one of the top college savings plans in the nation.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	98,262,000	116,805,000	18,543,000	5,000,000
Aid To Localities	682,348,000	540,164,000	(142,184,000)	0
Capital Projects	0	0	0	0
Total	<u>780,610,000</u>	<u>656,969,000</u>	<u>(123,641,000)</u>	<u>5,000,000</u>

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

Program	Full-Time Equivalent Positions (FTE)		
	2001-02	2002-03	FTE Change
	Estimated FTEs 03/31/02	Estimated FTEs 03/31/03	
Administration			
General Fund	44	44	0
Special Revenue Funds - Other	246	246	0
Guaranteed Loan Programs			
Special Revenue Funds - Other	442	442	0
Grants and Scholarships			
General Fund	93	93	0
Total	825	825	0

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

Fund Type	Available	Recommended	Change
	2001-02	2002-03	
General Fund	9,593,000	11,309,000	1,716,000
Special Revenue Funds - Federal	5,000,000	5,532,000	532,000
Special Revenue Funds - Other	83,669,000	99,964,000	16,295,000
Total	98,262,000	116,805,000	18,543,000

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

Program	Available	Recommended	Change
	2001-02	2002-03	
Administration			
General Fund	5,006,000	6,471,000	1,465,000
Special Revenue Funds - Other	34,422,000	49,958,000	15,536,000
Guaranteed Loan Programs			
Special Revenue Funds - Federal	5,000,000	5,532,000	532,000
Special Revenue Funds - Other	49,247,000	50,006,000	759,000
Grants and Scholarships			
General Fund	4,587,000	4,838,000	251,000
Total	98,262,000	116,805,000	18,543,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,522,000	139,000	2,492,000	139,000
Grants and Scholarships	3,867,000	151,000	3,832,000	151,000
Total	6,389,000	290,000	6,324,000	290,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	30,000	0
Grants and Scholarships	35,000	0	0	0
Total	35,000	0	30,000	0

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STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	3,949,000	1,326,000	162,000	0
Grants and Scholarships	971,000	100,000	25,000	0
Total	4,920,000	1,426,000	187,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	40,000	0	3,714,000	1,326,000
Grants and Scholarships	18,000	0	903,000	100,000
Total	58,000	0	4,617,000	1,426,000

Program	Equipment	
	Amount	Change
Administration	33,000	0
Grants and Scholarships	25,000	0
Total	58,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	49,958,000	15,536,000	10,410,000	662,000
Guaranteed Loan Programs	55,538,000	1,291,000	19,206,000	759,000
Total	105,496,000	16,827,000	29,616,000	1,421,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	29,048,000	4,874,000	10,500,000	10,000,000
Guaranteed Loan Programs	30,800,000	0	5,532,000	532,000
Total	59,848,000	4,874,000	16,032,000	10,532,000

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

Fund Type	Available	Recommended	Change
	2001-02	2002-03	
General Fund	672,948,000	527,948,000	(145,000,000)
Special Revenue Funds - Federal	2,400,000	5,216,000	2,816,000
Special Revenue Funds - Other	7,000,000	7,000,000	0
Total	682,348,000	540,164,000	(142,184,000)

HIGHER EDUCATION SERVICES

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

Program	Available 2001-02	Recommended 2002-03	Change
Scholarships and Fellowships			
General Fund	21,918,000	21,918,000	0
Special Revenue Funds - Other	7,000,000	7,000,000	0
State Grant Programs			
General Fund	636,400,000	491,400,000	(145,000,000)
Special Revenue Funds - Federal	2,400,000	5,216,000	2,816,000
Tuition Awards for Part-Time Students			
General Fund	14,630,000	14,630,000	0
Total	<u>682,348,000</u>	<u>540,164,000</u>	<u>(142,184,000)</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 Welfare-to-Work programs. The Department also oversees State worker protection programs, including enforcement of safety and health regulations in the public sector, State labor laws and Federal statutes related to working conditions, wages and hours, and laws related to public work. The Department of Labor serves as the State's principal source for labor market information and offers a variety of services designed to help businesses find workers and people find jobs.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner with a central office located in Albany. This office oversees the work of 8 employment service regional offices and 71 Employment Service Centers located throughout the State. In addition, through nine worker protection district offices, the Department enforces child labor laws, fosters workplace health and safety, and ensures that employees are paid in accordance with provisions of the Labor Law. Offices are staffed based upon the workload in each geographic area.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department of Labor will have a workforce of 4,352 employees in SFY 2002-03. Approximately 85 percent of these positions are financed by Federal grants, 12 percent are supported by fees and assessments; and the remaining 3 percent are paid by State tax dollars from the General Fund.

General Fund appropriations will provide partial support for Agency administration, job training, welfare employment services, and enforcement activities as well as funding for the Employment Relations Board (ERB). ERB helps to mediate disputes between private sector employers and employees to avoid and settle strikes. The increase in State operations appropriations primarily reflects additional authority for the payment of Unemployment Insurance benefits. Aid to localities appropriations reflect additional authority for potential Federal grants.

General Fund and Federal Temporary Assistance for Needy Families (TANF) Block grant appropriations totaling \$9 million will support the Youth Education, Employment and Training program (YEETP) contracts that serve economically disadvantaged youth. In addition, General Fund and TANF appropriations totaling \$2.3 million will continue support for Green Teams program contracts that provide vocational training and work experience for approximately 400 youth and 50 adults.

Excluding the \$4.8 billion appropriation for the Unemployment Insurance Benefit Fund, Federal funds support approximately 93 percent of the Department's remaining budget. Specific programs and activities include re-employment services for persons who may be affected adversely by international trade agreements and Workforce Investment Act (WIA) job training services. Federally funded local assistance appropriation authority includes \$349 million for WIA services.

Under the State Welfare Reform Act of 1997, the Department is responsible for supervising social services district operation of welfare employment programs. The programs are supported by the General Fund, TANF block grant dollars, and Federal Food Stamp Employment and Training money. In SFY 2002-03, new TANF funding, totaling \$129 million, will be made available in the form of a block grant to social services districts and State agencies to support work activities and transitional services through Department of Labor and the Office of Temporary and Disability Assistance (OTDA). This new funding will complement prior-year set-asides for initiatives, such as the New York Works Block Grant, which will

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remain available for expenditure in the forthcoming fiscal year. The new funding, as well as these existing programs, is structured so that services can be provided to eligible individuals and families with incomes that do not exceed 200 percent of the Federal poverty level, thus providing an important focus on avoiding welfare dependency through work. Funding of \$15 million is also provided for the 2002 summer youth employment program and reflects the continued phase-out of temporary support to localities as they implement WIA year-round youth program requirements.

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

Fee revenues support approximately 1 percent of the Department of Labor's overall budget, funding worker protection and compensation enforcement activities and job training programs. These accounts are financed by fees for health and safety inspections, revenue from Workers' Compensation Board assessments, and interest on overdue Unemployment Insurance taxes owed by employers. The Unemployment Insurance benefit appropriation of \$4.8 billion comprises 83 percent of the Department of Labor's overall budget. These benefits are funded from Unemployment Insurance taxes paid by employers.

PROGRAM HIGHLIGHTS

JOB SERVICES

Consistent with requirements under the WIA, the Department of Labor and local governments have worked together to open 62 local One-Stop Centers across the State that offer access to a variety of employment services including job referral and placement, education and training, resume preparation, employer services, human resources consultation, and support services such as child care and transportation. The Centers benefit employers by providing them with access to worker resumes and information on tax credits, workplace safety issues and apprenticeship services. Department of Labor employment services also help move individuals from welfare to work and help prevent public assistance dependency by focusing on disadvantaged youth, displaced homemakers, and persons who may lose their jobs because of plant closings or relocations.

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

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

WORKFORCE INVESTMENT ACT (WIA)

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

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

WORKER PROTECTION

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

The Occupational Safety and Health program is responsible for health and safety inspections and granting licenses to qualified persons to operate or handle dangerous equipment or substances. Statistics for recent years show that the Division inspected 23,140 amusement park devices, 868 ski lifts, 7,160 places of public assembly (e.g., bleachers at concerts), and 33,975 commercial boilers. It also reviewed applications for 852 radioactive materials licenses and 54,987 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 892 businesses for compliance with child labor laws and collected nearly \$15 million in back wages, unpaid fringe benefits, and minimum wage underpayments for approximately 24,452 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, available for up to 26 weeks, help workers and their families pay bills and buy basic household items while looking for work.

To help unemployed workers find work as quickly as possible, the Department of Labor operates a Self-Employment program to help workers establish businesses and become self-employed. Workers whom the Department identifies as least likely to find another job without such assistance are referred to this program. The program serves an average of nearly 1,400 workers a year. In addition, the Department also operates a re-employment services program to further strengthen efforts to move individuals back to work.

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

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	3,865,984,900	5,408,996,000	1,543,011,100	1,109,499,300
Aid To Localities	317,295,900	358,244,000	40,948,100	1,179,358,600
Capital Projects	0	0	0	0
Total	4,183,280,800	5,767,240,000	1,583,959,200	2,288,857,900

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

Full-Time Equivalent Positions (FTE)

Program	2001-02 Estimated FTEs 03/31/02	2002-03 Estimated FTEs 03/31/03	FTE Change
Administration			
General Fund	72	72	0
Special Revenue Funds - Federal	3,700	3,700	0
Employment Relations Board			
General Fund	16	16	0
Employment and Training			
General Fund	43	43	0
Special Revenue Funds - Other	74	74	0
Labor Standards			
General Fund	21	0	(21)
Special Revenue Funds - Other	211	232	21
Occupational Safety and Health			
Special Revenue Funds - Other	215	215	0
Total	<u>4,352</u>	<u>4,352</u>	<u>0</u>

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	10,862,500	10,583,000	(279,500)
Special Revenue Funds - Federal	554,430,900	546,046,000	(8,384,900)
Special Revenue Funds - Other	50,691,500	52,367,000	1,675,500
Fiduciary Funds	3,250,000,000	4,800,000,000	1,550,000,000
Total	<u>3,865,984,900</u>	<u>5,408,996,000</u>	<u>1,543,011,100</u>

Adjustments:

Transfer(s) From	
Labor, Department of General Fund	(1,069,800)
Transfer(s) To	
Labor, Department of Special Revenue Funds - Other	1,069,800
Appropriated 2001-02	<u>3,865,984,900</u>

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

Program	Available 2001-02	Recommended 2002-03	Change
Administration			
General Fund	5,509,600	5,534,000	24,400
Special Revenue Funds - Federal	518,830,900	508,086,000	(10,744,900)
Employment Relations Board			
General Fund	2,156,500	2,220,000	63,500
Employment and Training			
General Fund	3,196,400	2,829,000	(367,400)
Special Revenue Funds - Federal	0	860,000	860,000
Special Revenue Funds - Other	12,284,000	11,075,000	(1,209,000)
Labor Standards			
Special Revenue Funds - Other	14,170,500	16,122,000	1,951,500
Occupational Safety and Health			
Special Revenue Funds - Other	24,237,000	25,170,000	933,000
Unemployment Insurance Benefit Fund			
Special Revenue Funds - Federal	35,600,000	37,100,000	1,500,000
Fiduciary Funds	3,250,000,000	4,800,000,000	1,550,000,000
Total	<u>3,865,984,900</u>	<u>5,408,996,000</u>	<u>1,543,011,100</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,037,000	164,200	4,037,000	164,200
Employment Relations Board	1,251,000	67,100	1,234,000	66,800
Employment and Training	954,000	38,800	954,000	38,800
Total	6,242,000	270,100	6,225,000	269,800

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	0	0
Employment Relations Board	17,000	300
Employment and Training	0	0
Total	17,000	300

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,497,000	(139,800)	118,000	1,700
Employment Relations Board	969,000	(3,600)	19,000	(200)
Employment and Training	1,875,000	(406,200)	35,000	1,000
Total	4,341,000	(549,600)	172,000	2,500

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	74,000	600	1,000,000	15,500
Employment Relations Board	65,000	(900)	383,000	(2,400)
Employment and Training	26,000	500	17,000	900
Total	165,000	200	1,400,000	14,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	105,000	1,400	200,000	(159,000)
Employment Relations Board	2,000	(100)	500,000	0
Employment and Training	26,000	800	1,771,000	(409,400)
Total	133,000	2,100	2,471,000	(568,400)

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**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2002-03 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	508,086,000	(10,744,900)	0	0
Employment and Training	11,935,000	(349,000)	0	0
Labor Standards	16,122,000	1,951,500	11,593,000	1,022,000
Occupational Safety and Health	25,170,000	933,000	12,149,000	494,900
Unemployment Insurance Benefit Fund	4,837,100,000	1,551,500,000	0	0
Total	5,398,413,000	1,543,290,600	23,742,000	1,516,900

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	508,086,000	(10,744,900)
Employment and Training	0	0	11,935,000	(349,000)
Labor Standards	4,529,000	929,500	0	0
Occupational Safety and Health	13,021,000	438,100	0	0
Unemployment Insurance Benefit Fund	0	0	4,837,100,000	1,551,500,000
Total	17,550,000	1,367,600	5,357,121,000	1,540,406,100

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	4,690,700	4,691,000	300
Special Revenue Funds - Federal	312,360,200	353,308,000	40,947,800
Special Revenue Funds - Other	245,000	245,000	0
Total	317,295,900	358,244,000	40,948,100

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

Program	Available 2001-02	Recommended 2002-03	Change
Employment and Training			
General Fund	4,690,700	4,691,000	300
Special Revenue Funds - Federal	312,360,200	353,308,000	40,947,800
Occupational Safety and Health			
Special Revenue Funds - Other	245,000	245,000	0
Total	317,295,900	358,244,000	40,948,100

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 2002-03 Executive Budget will support a staffing level of 441 positions for the Office of Real Property Services. State tax dollars from the General Fund will support 71 percent of these positions, with the remaining 29 percent supported by various fees.

General Fund appropriations of \$20.3 million will finance 55 percent of the Office's \$37.1 million operating budget in 2002-03. The remaining agency operations are supported by the following three revenue accounts: the Improvement of Real Property Tax Administration Account; the Industrial and Utility Services Account; and the Local Services Account. These accounts are funded from the State's share of the real property transfer recording fee, chargebacks for assessments made on industrial, utility and railroad property and charges for miscellaneous consulting and computing services.

Budget recommendations for the Office of Real Property Services for 2002-03 include:

- State aid of \$7.4 million for local administration of the School Tax Relief (STAR) program, and \$1.7 million for the State's administrative responsibilities; and
- State Aid of \$7.6 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.

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

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the assessment roll and tax bills. Using audit procedures and statistical tests on sample data, the Office of Real Property Services verifies the accuracy of the assessment ratio stated annually by each of the approximately 1,000 assessing units (i.e., cities, towns and the counties of Nassau and Tompkins). If the assessment ratio provided by a local assessor is determined to be accurate, it is established as the State equalization rate for that assessing unit; otherwise, the Office prepares an independent estimate of the local assessment ratio which will be established as the equalization rate.

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

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

- In 2001, the assessment ratios supplied by 35 percent of local assessors were adopted without change as State equalization rates and that rate of adoption is expected to increase to more than 60 percent in 2002;
- Preparation of equalization rates has been accelerated so that more than 90 percent of the school districts can now use current equalization rates for school tax levy, instead of using modified rates from prior years. By 2003, current rates will be available to all school districts in the State;
- The number of complaints on preliminary equalization rates by local officials has dropped, resulting in reduced cost for hearing rate complaints and better State-local relations. Fewer than 50 local governments filed complaints in 2001, compared to 350 a decade ago;
- The Office now relies solely on residential sales data for equalization in nearly half of the assessing units, thus reducing the need for costly appraisals by State employees; and
- Cost of the equalization program has been reduced from more than \$17 million in 1994-95 to \$14 million in 2001-02.

ASSISTANCE AND SERVICES TO LOCAL GOVERNMENTS

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

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

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

REAL PROPERTY SERVICES

- Software support which includes the development, maintenance, training and consulting relating to a state-of-the-art software program to facilitate cost-efficient administration of local property taxes; and
- Advisory appraisals for certain complex properties — such as utilities and large manufacturing plants — which require highly specialized resources that are not available to most local assessors.

These State aid programs have been a catalyst for enhancing the equity and cost-efficiency of local property tax administration throughout the State. According to recent data, nearly two-thirds of the State's assessing units prepare assessment rolls that are reasonably equitable and current. Additionally, since the introduction of consolidation aid in 1994, 85 towns in 21 counties have come together to form 37 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 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	38,501,000	37,093,400	(1,407,600)	0
Aid To Localities	18,600,000	15,300,000	(3,300,000)	0
Capital Projects	0	0	0	0
Total	57,101,000	52,393,400	(4,707,600)	0

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

Full-Time Equivalent Positions (FTE)

Program	2001-02 Estimated FTEs 03/31/02	2002-03 Estimated FTEs 03/31/03	FTE Change
Policy and Organizational Support Services			
General Fund	198	192	(6)
Special Revenue Funds - Other	47	46	(1)
Regional Operations			
General Fund	120	120	0
Special Revenue Funds - Other	81	80	(1)
School District Income Verification			
General Fund	5	3	(2)
Total	451	441	(10)

REAL PROPERTY SERVICES

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

<u>Fund Type</u>	<u>Available 2001-02</u>	<u>Recommended 2002-03</u>	<u>Change</u>
General Fund	22,091,000	20,291,000	(1,800,000)
Special Revenue Funds - Other	16,410,000	16,802,400	392,400
Total	<u>38,501,000</u>	<u>37,093,400</u>	<u>(1,407,600)</u>

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

<u>Program</u>	<u>Available 2001-02</u>	<u>Recommended 2002-03</u>	<u>Change</u>
Policy and Organizational Support Services			
General Fund	15,414,000	13,614,000	(1,800,000)
Special Revenue Funds - Other	4,482,000	4,788,100	306,100
Regional Operations			
General Fund	6,431,000	6,431,000	0
Special Revenue Funds - Other	11,928,000	12,014,300	86,300
School District Income Verification			
General Fund	246,000	246,000	0
Total	<u>38,501,000</u>	<u>37,093,400</u>	<u>(1,407,600)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2002-03 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	9,363,000	0	9,363,000	0
Regional Operations	6,342,300	0	6,342,300	0
School District Income Verification	195,000	0	195,000	0
Total	<u>15,900,300</u>	<u>0</u>	<u>15,900,300</u>	<u>0</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2002-03 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>
Policy and Organizational Support Services	4,251,000	(1,800,000)	253,100	0
Regional Operations	88,700	0	70,160	0
School District Income Verification	51,000	0	0	0
Total	<u>4,390,700</u>	<u>(1,800,000)</u>	<u>323,260</u>	<u>0</u>

<u>Program</u>	<u>Travel</u>		<u>Contractual Services</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Policy and Organizational Support Services	368,200	0	1,234,600	0
Regional Operations	18,540	0	0	0
Total	<u>386,740</u>	<u>0</u>	<u>1,234,600</u>	<u>0</u>

<u>Program</u>	<u>Equipment</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Policy and Organizational Support Services	695,100	0	1,700,000	(1,800,000)
School District Income Verification	51,000	0	0	0
Total	<u>746,100</u>	<u>0</u>	<u>1,700,000</u>	<u>(1,800,000)</u>

REAL PROPERTY SERVICES

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	4,788,100	306,100	2,903,500	0
Regional Operations	12,014,300	86,300	4,474,000	0
Total	16,802,400	392,400	7,377,500	0

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	1,884,600	306,100	0	0
Regional Operations	6,540,300	86,300	1,000,000	0
Total	8,424,900	392,400	1,000,000	0

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	18,600,000	15,300,000	(3,300,000)
Total	18,600,000	15,300,000	(3,300,000)

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

Program	Available 2001-02	Recommended 2002-03	Change
Policy and Organizational Support Services	18,600,000	15,300,000	(3,300,000)
General Fund	18,600,000	15,300,000	(3,300,000)
Total	18,600,000	15,300,000	(3,300,000)

STATE UNIVERSITY OF NEW YORK

MISSION

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

ORGANIZATION AND STAFFING

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

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

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

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

The State University's operating budget supports an estimated 35,600 full-time equivalent positions consisting of 22,000 positions that are supported through a combination of State tax dollars and tuition revenues and 13,600 positions supported by other funds. Community college staff are not included in these totals as they are not employees of the State.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

STATE-OPERATED COLLEGES

The 2002-03 Executive Budget recommends nearly \$4.2 billion to support the operations of the State University's campuses, central administration and University-wide programs. In addition to over \$1.2 billion in support from the General Fund (\$1.1 billion for operations and \$122 million for certain fringe benefit costs), the University's budget includes nearly \$3 billion in activities funded by other revenues. Revenue-generating entities and programs include: three teaching hospitals at Brooklyn, Stony Brook and Syracuse; the Long Island Veterans' Home administered by the Stony Brook Health Science Center; dormitory operations; food services; and tuition-supported activities, including summer session and overseas academic studies.

STATE UNIVERSITY

The State University's general operating budget for the 2002-03 academic year is \$1.769 billion, reflecting essentially the same level of funding as in 2001-02. The Budget ensures sufficient resources are available to maintain essential academic programs and services and anticipates that the University will continue to improve its overall cost-efficiency. The campuses also have the ability to supplement their operating budget funds from tuition revenues generated by student enrollment growth. For the seventh year in a row, the Budget anticipates no increase in existing undergraduate resident tuition rates.

For 2002-03, Federal appropriations totaling nearly \$163 million will support the Pell grant program and various other student financial aid programs, while fiduciary fund appropriations totaling \$58 million support low-interest loans to needy students and the expenditure of earnings on SUNY endowment funds.

SUNY HOSPITALS

The SUNY hospitals, like other teaching hospitals across the nation, have experienced financial pressures caused, in large part, by reductions in Medicare payments and the growth of managed care. The fiscal challenges facing the SUNY hospitals have been further exacerbated by their inability to respond quickly to changing marketplace demands due to their State agency status.

Although the SUNY hospitals were given additional tools in 1998 to improve their competitiveness and enhance their revenues, even greater flexibility is needed to ensure that the SUNY hospitals are able to achieve self-sufficiency. Accordingly, legislation accompanying this budget again proposes specific flexibility measures to promote improved hospital cost-efficiency.

The 2002-03 Budget continues the appropriation structure enacted last year for the SUNY hospitals. All hospitals' spending is now appropriated in one account with the hospitals being responsible for direct payment of their fringe benefit and debt service costs. Under this appropriation structure, the SUNY hospitals will continue to be directly accountable for operating within their available revenues, including a fixed State subsidy amount.

The State subsidy for the SUNY hospitals — which recognizes costs attributable to their State agency status — is maintained at \$92 million for 2002-03. The State will also make a second payment of \$13 million as its share of a multi-year effort by the SUNY hospitals and the State to address the accumulated hospital deficit.

COMMUNITY COLLEGES

SUNY community colleges have three primary funding sources — State aid, support from local sponsors and tuition revenue. Recommended State operating aid of \$321.8 million includes a net increase of \$3.8 million which reflects increased funding for community college enrollment growth.

The overall year-to-year funding for community colleges is a net increase of \$1.3 million when also factoring in the elimination of remaining payments for the Fashion Institute of Technology (FIT) chargeback reimbursement program (\$3.1 million), and a modest increase for rental aid. Components of State aid include: basic operating aid (\$321.8 million), rental aid (\$5.6 million), child care (\$1.0 million) and workforce training (\$1.0 million).

CORNELL COOPERATIVE EXTENSION

County cooperative extension associations — funded by State, county and Federal contributions — provide specialized information and assistance in community development, agricultural technology, 4-H youth development, and consumer and family education. The Executive Budget recommends nearly \$3.9 million in continued State support for this program.

CAPITAL

The 2002-03 Budget recommendations represent the fifth year of the Governor's Multi-Year Capital Investment Program that provides over \$2 billion for facility and infrastructure improvements at SUNY State-operated and community college campuses, consistent with needs and priorities established by the University. The Budget also includes \$135 million in new appropriation authority for the second year of a multi-year, self-funded capital improvement program for SUNY's residence halls. The new \$20 million appropriation authority for the SUNY Capital Projects Fund program will enable SUNY to spend dollars received from non-State sources — such as grants or donations — for capital improvement.

For 2002-03, the capital recommendations for State-operated and community colleges total nearly \$494 million, including nearly \$409 million in bonded projects and \$85 million in hard dollar capital funding for academic and other facilities. Within overall bonded funding, \$374 million is provided for State-operated campuses, consisting of \$239 million for educational facilities and SUNY hospitals and \$135 million for residence hall projects. Recommended capital spending will address critical health, safety and preservation needs, as well as the construction and renovation of facilities necessary to meet the educational mission of the University.

Community college capital projects are funded through State aid and direct sponsor support. Recommendations for 2002-03 total \$40 million, including \$35 million in high priority bonded projects for which financial commitments have already been obtained from local sponsors. The remaining \$5 million will fund hard dollar projects addressing critical health, safety and preservation issues.

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 382,000 full-time and part-time SUNY students — 197,400 at State-operated campuses and 185,200 in community colleges — are pursuing studies ranging from one-year certificate programs to a doctorate.

More than ever before, the University is focusing its attention on the pursuit of educational excellence and academic achievement. SUNY has completed a comprehensive review of the academic missions and goals of each of its 64 institutions, from community colleges to university centers. This effort has established individual goals for campuses in terms of enrollment, student mix, retention and graduation rates, research, and other key indicators of institutional vitality and success. The University implemented a new general education curriculum in the Fall of 2000, and is continuing its efforts to facilitate student transfer from SUNY community colleges to baccalaureate level institutions.

The State University is also working to raise the profile and volume of the scholarly research conducted by its faculty, and is more aggressively seeking Federal and other external support for research. As a result, the University's sponsored research grew 6.5 percent in 2000-01.

The University's initiatives in the area of technology have placed it at the forefront of higher educational institutions across the nation with 15 of SUNY campuses recognized as being among the "most wired" campuses in the nation. Also receiving recognition as a national leader in online learning, the SUNY Learning Network has received the "2001 EDUCAUSE Award for Systemic Progress in Teaching and Learning." This award recognizes programs supporting "learner-centered teaching" in sustainable and replicable ways. Created in 1995, the SUNY Learning Network enrolls more than 25,000 students who can choose from 1,500 courses and more than 40 online degree programs. Additionally,

STATE UNIVERSITY

SUNY Connect is an innovative project which will electronically tie together all the University's library resources, creating a single University-wide "virtual library" that can be accessed anytime, anywhere, at the touch of a computer key pad.

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

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

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	3,854,780,200	4,198,835,000	344,054,800	23,000,000
Aid To Localities	331,985,000	333,318,000	1,333,000	0
Capital Projects	185,000,000	155,000,000	(30,000,000)	1,908,565,000
Total	4,371,765,200	4,687,153,000	315,387,800	1,931,565,000

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	1,215,915,200	1,223,279,000	7,363,800
Special Revenue Funds - Federal	148,650,000	162,975,000	14,325,000
Special Revenue Funds - Other	2,426,415,000	2,747,281,000	320,866,000
Internal Service Funds	6,000,000	7,500,000	1,500,000
Fiduciary Funds	57,800,000	57,800,000	0
Total	3,854,780,200	4,198,835,000	344,054,800

Adjustments:

Prior Year Deficiency	
State University of New York	
Special Revenue Funds - Other	96,800,000
Recommended Deficiency	
State University of New York	
General Fund	(4,800,000)
Special Revenue Funds - Federal	(10,000,000)
Transfer(s) From	
Special Pay Bill	
General Fund	(4,854,000)
Transfer(s) To	
General State Charges	
General Fund	5,460,000
Appropriated 2001-02	3,937,386,200

STATE UNIVERSITY

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	331,985,000	333,318,000	1,333,000
Total	331,985,000	333,318,000	1,333,000

Adjustments:	
Recommended Deficiency	
State University of New York	
General Fund	(3,500,000)
Appropriated 2001-02	328,485,000

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

Comprehensive Construction Program	Available 2001-02	Recommended 2002-03	Change	Reappropriations 2002-03
Senior Universities				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	98,938,000
Capital Projects Fund - Advances	0	0	0	1,152,301,000
Program Changes - Expansion and Improvements				
Capital Projects Fund - Advances	0	0	0	0
State University Capital Projects Fund				
State University Capital Projects Fund	0	20,000,000	20,000,000	114,626,000
State University Residence Hall Rehabilitation Fund				
State University Residence Hall Rehabilitation Fund	185,000,000	135,000,000	(50,000,000)	247,794,000
Subtotal	185,000,000	155,000,000	(30,000,000)	1,613,659,000
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	23,907,000
Capital Projects Fund - Advances	0	0	0	251,333,000
State University Residence Hall Rehabilitation Fund				
Capital Projects Fund - Advances	0	0	0	0
New Facilities				
Capital Projects Fund - Advances	0	0	0	19,666,000
Subtotal	0	0	0	294,906,000
Total	185,000,000	155,000,000	(30,000,000)	1,908,565,000

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 2002-03 is maintained at 113 positions. The Fund's positions are supported entirely from proceeds of revenue bonds issued to finance the construction and reconstruction of academic facilities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2002-03 Executive Budget recommendation of \$10.8 million from proceeds of State University Educational Facilities Revenue bonds will enable the Fund to continue the implementation of SUNY's Capital Investment Program.

PROGRAM HIGHLIGHTS

The 1998-99 Budget authorized a \$2 billion investment in the infrastructure and facilities of the State University of New York system. This strategic infrastructure investment will enable the State University to remain competitive well into the 21st century. The recommended appropriation levels and bonding authority are sufficient to allow the University to continue the comprehensive multi-year construction program that addresses both the current and future capital needs of the University.

As of March 31, 2001, the Fund has completed more than 4,300 academic, dormitory and dining hall capital projects with a replacement value exceeding \$12.7 billion. During the 2000-01 fiscal year, the Fund initiated the design of 109 projects for a total value of \$188 million and began construction of 36 projects at an estimated cost of \$100 million.

In addition to design and construction of new and rehabilitated academic facilities, other key agency functions 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 energy conservation and telecommunications programs.
- 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.
- Management and administration of University-wide programs including minor rehabilitation and other programs.

STATE UNIVERSITY CONSTRUCTION

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	10,837,000	10,837,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	10,837,000	10,837,000	0	0

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
Special Revenue Funds - Other	10,837,000	10,837,000	0
Total	10,837,000	10,837,000	0

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

Program	Available 2001-02	Recommended 2002-03	Change
Administration			
Special Revenue Funds - Other	10,837,000	10,837,000	0
Total	10,837,000	10,837,000	0

OFFICE OF WELFARE INSPECTOR GENERAL

MISSION

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

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

ORGANIZATION AND STAFFING

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

The Office will have 11 full-time equivalent positions for 2002-03, which is consistent with 2001-02 staffing levels.

BUDGET HIGHLIGHTS

The 2002-03 General Fund support for the Office of Welfare Inspector General is \$713,000. Approximately 65 percent of the Office's operations are supported by the General Fund and the remaining 35 percent are supported by funds the Agency receives from the Federal government for fraud investigations related to welfare, Food Stamps and Medicaid.

PROGRAM HIGHLIGHTS

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

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

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

WELFARE INSPECTOR GENERAL

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	992,000	1,083,000	91,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	992,000	1,083,000	91,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2001-02 Estimated FTEs 03/31/02	2002-03 Estimated FTEs 03/31/03	FTE Change
Welfare Inspector General, Office of the General Fund	11	11	0
Total	11	11	0

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	622,000	713,000	91,000
Special Revenue Funds - Other	370,000	370,000	0
Total	992,000	1,083,000	91,000

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

Program	Available 2001-02	Recommended 2002-03	Change
Welfare Inspector General, Office of the General Fund	622,000	713,000	91,000
Special Revenue Funds - Other	370,000	370,000	0
Total	992,000	1,083,000	91,000

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2002-03 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the Total	770,000	(18,000)	770,000	(18,000)
	770,000	(18,000)	770,000	(18,000)

WELFARE INSPECTOR GENERAL

STATE OPERATIONS - GENERAL AND OFFSET FUNDS
 SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
 APPROPRIATIONS AND CHANGES
 2002-03 RECOMMENDED
 (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	313,000	109,000	31,000	0
Total	313,000	109,000	31,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	14,000	0	266,000	109,000
Total	14,000	0	266,000	109,000

Program	Equipment	
	Amount	Change
Welfare Inspector General, Office of the	2,000	0
Total	2,000	0