

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

COUNCIL ON THE ARTS

MISSION

The primary responsibility for oversight and administration of the State's artistic and cultural resources is assigned to three existing entities — the Council on the Arts, the Empire State Plaza Performing Arts Center Corporation and the New York State Theatre Institute. Working together, these agencies expand access to the performing and fine arts, preserve the State's cultural resources and promote greater public awareness of New York's rich cultural heritage.

ORGANIZATION AND STAFFING

The Council on the Arts is headed by a Chair and a Vice Chair and consists of 20 members nominated to 5-year terms by the Governor with confirmation by the Senate. The Council's staff, headed by an Executive Director, is organized into an Administrative Division and a Program Division, both located in New York City. The Council has expertise in several major artistic disciplines (including dance, theater and music) and provides advisory services and financial assistance to New York's arts community. In 2005-06, the Council on the Arts will have a workforce of 55 for the review, processing and administration of arts grants and loans to non-profit organizations.

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

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Approximately 95 percent of the funding for the Council on the Arts is provided by the State's General Fund. Federal grants from the National Endowment for the Arts are projected to represent approximately 3 percent of 2005-06 disbursements. One Fiduciary Fund account provides funding for short-term loans to arts organizations for acquisition of expensive musical instruments and for capital improvements. A second Fiduciary Fund, established in 1999-00, enables the Council to receive and expend funds available through donations and gifts.

Grants to not-for-profit arts organizations represent nearly 83 percent of the projected expenditures of the Council. The remainder is used for the administration of grant programs and the statewide advocacy, promotion and development of artistic and cultural programs. The 2005-06 Executive Budget provides \$5.3 million for administration of the Council's programs. In addition, \$37.4 million in continuing support is provided for general arts grants, decentralization grants and the Empire State Partnership initiative.

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

PROGRAM HIGHLIGHTS

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

The Council receives approximately 3,000 requests for funding each year from organizations throughout the State including symphony orchestras, museums, dance companies, theaters and libraries. To recognize program excellence and promote regional diversity, the Council devotes half of its State grant funding to organizations that have recognized standing in the field, and guarantees that each county receives a minimum base allocation of 40 cents per person in cultural funding.

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

New York State Theatre Institute. In 2003-04, more than 65,000 children, teachers and parents attended NYSTI's six productions and participated in its educational programs in Troy. The Institute certified 90 high school units and 160 college credits to 65 high school seniors and college students who participated in its internship program. The Institute received an Emmy in 1984, the Silver Award from Worldfest for *A Tale of Cinderella* in 1996, the National American Alliance for Theatre and Education award for artistic achievement in 1999, an Audie Award in 2000 for its production of *Sherlock's Secret Life*, a Benjamin Franklin Award for *The Snow Queen* in 2002 and a Classic Telly Award in 2003 for *A Tale of Cinderella*. In June of 2004, NYSTI received its second Audie Award for its production of *The Killings Tale*.

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

- Provide effective leadership for the development of the State's cultural resources in partnership with local governments, non-profit organizations and the private sector;
- Transform the State Museum into a more vibrant and attractive resource to showcase New York's heritage using state-of-the-art technology; and
- Increase the opportunities for the State Library and the State Archives to emerge as world-class cultural information centers.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

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

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

Full-Time Equivalent Positions (FTE)

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

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

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

Adjustments:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY UNIVERSITY OF NEW YORK

MISSION

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

ORGANIZATION AND STAFFING

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

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

SENIOR COLLEGES

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

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

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

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

PARTNERSHIP TO ACCELERATE COMPLETION TIME (PACT)

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

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

COMMUNITY COLLEGES

CUNY community colleges have three basic funding sources: State support, local support from New York City and tuition revenue. Recommended State funding for community colleges of \$151.9 million reflects a net increase of \$3.7 million from 2004-05 attributable to: enrollment growth (\$3.2 million); “seed” funding for the new PACT program (\$0.5 million); an increase in rental aid for leased space (\$0.4 million); and elimination of the supplemental student financial aid provided through the College Discovery program (-\$0.4 million). Funding for childcare and workforce development is continued at \$0.9 million and \$1 million, respectively.

CAPITAL DEVELOPMENT PROJECTS

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

Capital recommendations for 2005-06 supplement the current \$1.1 billion Five Year Investment Program for senior colleges and the \$55 million community college capital program with: an additional \$41.5 million lump sum for critical health and safety, preservation, and handicapped access projects at senior and community colleges; \$20 million in funding for the rebuilding of Fiterman Hall at the Borough of Manhattan Community College; \$15 million in matching funds for Governors Island; \$10 million for City College’s Marshak Building; and \$2.5 million for preliminary planning for the renovation of Brooklyn College’s Roosevelt Hall. CUNY’s bond cap will be increased by \$120 million to cover CUNY’s new 2005-06 capital appropriations, for a total bonding authorization of \$4.7 billion.

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

PROGRAM HIGHLIGHTS

The City University of New York offers a wide variety of educational avenues ranging from vocational courses to doctoral degree programs. Approximately 219,000 full-time and part-time students — 146,000 at the senior colleges and 73,000 at the community colleges — were enrolled in degree programs for the fall 2004 semester. In addition, the University served more than 247,000 individuals through adult and continuing education courses. CUNY’s academic offerings and programs include the following important programs:

- The Language Immersion Program is designed to strengthen the language skills of first year students prior to their entry into collegiate coursework. This intensive, full-time program has successfully taken a holistic approach to language development. The program operates on nine campuses and, since its inception in 1995, has helped more than 15,800 students to prepare for full collegiate matriculation;
- The College Preparatory Initiative is a system-wide collaboration between the City University and the New York City public schools to improve the academic preparation of high school students. The cooperative effort has enabled CUNY to strengthen its academic prerequisites for admission to the University;
- The New York City Alliance for Minority Participation is a consortium of 16 CUNY campuses that have joined with the National Science Foundation in a cooperative venture to increase the number of under-represented students successfully completing science, mathematics, engineering and technology baccalaureate programs; and

- Approximately 80 research institutes and centers are located throughout the University. Notable examples include the Structural Biology Center — a consortium of public and private research institutions located on the City College campus, the Levich Institute for Physico-Chemical Hydrodynamics at City College and the Institute for Biomolecular Structure and Function at Hunter College. University-wide research activities have been enhanced by the Applied Science Coordinating Institute.

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

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

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	1,402,399,000	1,467,766,000	65,367,000	33,300,000
Aid To Localities	771,772,000	806,575,000	34,803,000	24,975,000
Capital Projects	1,115,000,000	89,000,000	(1,026,000,000)	1,690,366,000
Total	3,289,171,000	2,363,341,000	(925,830,000)	1,748,641,000

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

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

Adjustments:

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

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

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

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

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

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

<u>Comprehensive Construction Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>	<u>Reappropriations 2005-06</u>
Senior Colleges				
General Maintenance and Improvements				
Capital Projects Fund	20,000,000	0	(20,000,000)	50,339,000
Cap Proj Fund - CUNY (Direct Auth Bonds)	1,095,000,000	89,000,000	(1,006,000,000)	1,099,037,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	2,308,000
New Facilities				
Cap Proj Fund - CUNY (Direct Auth Bonds)	0	0	0	352,300,000
City University of New York Capital Projects Fund				
City University of New York Capital Projects Fund	0	0	0	1,966,000
Subtotal	1,115,000,000	89,000,000	(1,026,000,000)	1,505,950,000
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	17,807,000
Cap Proj Fund - CUNY (Direct Auth Bonds)	0	0	0	166,609,000
Subtotal	0	0	0	184,416,000
Total	1,115,000,000	89,000,000	(1,026,000,000)	1,690,366,000

STATE EDUCATION DEPARTMENT

MISSION

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

ORGANIZATION AND STAFFING

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

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

Recommended staffing levels for 2005-06 are projected to total 1,884 positions at year's end, with 362 positions, or approximately 19 percent, supported by the General Fund. Various dedicated fees, charge-backs and Federal grants will support the remaining staff.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

The taxpayer-supported General Fund provides 9 percent of SED's operating budget. Federal grants, including programs for disadvantaged pupils, account for 54 percent of the agency's resources. The remaining 37 percent is derived from fees, charge-backs and other miscellaneous receipts.

SCHOOL TAX RELIEF (STAR)

The School Tax Relief (STAR) program was enacted in 1997 to provide needed tax relief for homeowners across the State. In 2005-06, \$3.2 billion is appropriated for STAR, an increase of \$130 million. This amount includes funds for the enhanced exemption for eligible senior citizens, the basic STAR exemption for other homeowners and the New York City Personal Income Tax reduction. The Governor will also call for a cap that would limit school spending increases to the lesser of 4 percent or 120 percent of the increase in the Consumer Price Index.

For 2005-06, STAR benefits will be increased to recognize the effects of inflation. As a result, local taxpayers will save \$48 million in property taxes paid to them as a credit on their 2005 income tax. The STAR credit provided for 2005-06 will be available for all homeowners in school districts that keep their spending growth within the proposed spending cap.

SCHOOL AID

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

EDUCATION

Major recommendations for 2005-06 include:

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

- **Tax Limitation Aid:** State support for Tax Limitation Aid will total \$78.5 million, a \$30.5 million increase;
- **Fund for Innovation:** A total of \$15 million is recommended for a new program targeted to the Big Five City school districts to create public-private partnerships that encourage the integration of technology in the classroom;
- **Categorical Grant Programs:** State support is maintained for various discretionary grant programs including Teacher Support Aid, Teacher Centers and the Teacher Mentor Intern program;
- **Other Programs:** The 2005-06 Executive Budget recommends funding based on existing statutory formulas for several programs, including growth aid, textbook aid, reorganization incentive aid and instructional materials aids;
- **Performance Initiatives:** A number of initiatives are proposed for the coming year to reward schools for academic performance and efficiency, including establishment of a \$500,000 Academic Achievement Awards program;
- **Accountability Reform:** A total of \$2 million is recommended for the creation of an independent Office of Educational Accountability and Efficiency (OEAE). The OEAE would monitor school performance, review and approve school improvement plans, provide enhanced financial oversight, and promote increased efficiency;
- **Voter Empowerment:** The 2005-06 Executive Budget recommends reforms to the school voting process to increase voter participation in local school district elections;
- **School Safety:** The Governor's Safe Schools Against Violence in Education Act of 2000 — based upon the recommendations of the Task Force on School Violence, chaired by Lieutenant Governor Mary Donohue — is the most comprehensive plan in the nation to ensure the safety and well being of school children. For 2005-06, \$475,000 is continued to support the efforts of the Statewide Center for School Safety to promote "best practices" and provide technical assistance to schools, and \$475,000 is also recommended for character education curriculum development activities;
- **School Choice:** For 2005-06, \$6 million is provided for the Charter School Stimulus Fund to assist with facility needs and other costs connected to the development and expansion of charter schools. The Executive Budget proposes legislation to provide charter schools with access to the Dormitory Authority for construction management and financing services; and
- **Advantage Schools:** The Advantage After-School Program provides school-age children with supervised educational and social activities during non-school hours. The Executive Budget recommends continuing the Advantage Schools program at \$20.2 million, providing vital after-school services to approximately 29,000 children throughout the State.

SPECIAL EDUCATION

School-Age Special Education

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

EDUCATION

Preschool Special Education

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

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

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

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

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

EDUCATION

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

(amounts in thousands of dollars)

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

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

OTHER RECOMMENDATIONS

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

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

Other recommendations on SED's operations include:

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

EDUCATION

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

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

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

PROGRAM HIGHLIGHTS

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

SCHOOL AID

The 2005-06 Executive Budget would provide \$15.86 billion for the 2005-06 school year. As a result of the combination of school aid and property tax relief through STAR, New York State now supports more than 45 percent of local school districts' spending on education. State support for public schools, combined with STAR and lottery payments, now accounts for more than 37 percent of the State's General Fund — up from 27 percent when the Governor first took office.

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

- **Flex Aid:** In this aid program, six aid categories are consolidated into a single funding stream that provides support to school districts for their general operating costs and represents more than 53 percent of State aid to local school districts. The Executive Budget recommends an increase of nearly \$122 million for a total Flex Aid amount of \$8.43 billion;
- **Sound Basic Education Aid:** This new aid program provides first year funding of \$325 million pursuant to the 5-year Sound Basic Education Plan to ensure that all students have the opportunity to receive a sound basic education. Funds would be allocated through a formula that is sensitive to concentrations of students in poverty, district wealth and varying regional costs with New York City public schools receiving 60 percent of the total funding;
- **Transportation Aid and Building Aid** provides support to school districts for student transportation and the construction and preservation of school facilities. With a combined total of more than \$2.6 billion, these two aid categories account for nearly 17 percent of overall school aid; and

- **Specialized aid and grant programs** address specific educational needs, ranging from textbooks to adult education programs. Notable program recommendations for 2005-06 include continuation of \$136.1 million in grants for magnet school programs in 19 cities throughout the State and \$81.9 million in aid to small city school districts.

SCHOOL TAX RELIEF (STAR)

STAR provides New York's taxpayers with savings totaling \$3.2 billion in appropriations for school property tax relief and New York City personal income tax reductions. For the coming year, a new State STAR credit will be created under the personal income tax to protect the STAR benefit from the effects of inflation.

School Property Tax Relief

- In 2005-06, more than 650,000 senior homeowners will be eligible to receive an enhanced exemption of at least \$50,000 (on a "full value" basis) with a statewide benefit averaging \$1,080. To be eligible for the enhanced benefit, residential property owners must be at least 65 years of age and have annual incomes of \$64,650 or less.
- In 2005-06, the school property tax exemption will provide nearly 2.7 million other homeowners who are not eligible for the senior citizen enhanced exemption with a full value equivalent homestead exemption of at least \$30,000. Statewide tax savings relating to this basic STAR exemption will average \$710; and
- The exemptions provided to all homeowners living in counties where median home sale prices exceed the statewide median will be adjusted upward from the minimums stated above to account for regional variations in property values.

New York City Tax Reduction

Under the STAR program, New York City's more than 3 million resident personal income taxpayers will receive a flat refundable credit and a rate reduction. Total local taxpayer savings will be \$595 million in 2005-06, reducing the New York City personal income tax by nearly 10 percent.

New State STAR Credit

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

Property Taxpayer's Bill of Rights

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

Local Voter Empowerment

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

EDUCATION

- **Property Tax Report Card:** Schools are now required to report proposed property tax increases, spending growth and estimated enrollment changes to the State Education Department prior to the statewide school budget voting day. A property tax report card is then compiled and released to the public before school budget votes are held. The 2005-06 recommendations would expand the property tax report card to include information displaying the three-year change in school tax levy compared to this change in the CPI, thereby helping local taxpayers review school spending trends.
- **Special Informational Mailings:** School districts are now required to mail notices to voters prior to budget votes, disclosing:
 - How proposed school spending increases compare with increases in consumer prices;
 - How a proposed budget would compare to the contingency budget that would be authorized by statute if the voters were to defeat the proposed budget on two successive votes; and
 - How STAR savings were affected by school tax increases for a typical homeowner in the current year and the estimated effects of proposed tax changes on estimated STAR savings under the budget proposed for the coming year.

Limiting School Property Tax Increases

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

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

Reforming the School Voting Process

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

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

PROGRAMS FOR STUDENTS WITH SPECIAL NEEDS

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

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

Two State-operated schools provide specialized services for blind and deaf students with multiple disabilities. The New York State School for the Blind in Batavia serves 73 blind and multiply disabled students, including 18 developmentally disabled students at its Intermediate Care Facility. The New York State School for the Deaf in Rome serves 78 deaf and multiply disabled school aged students.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

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

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

HIGHER EDUCATION AND REGULATION OF THE PROFESSIONS

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

- Assists the Regents in making higher education policies and plans, administers aid programs for colleges, universities and students and reviews and registers academic programs of degree-granting institutions. This office also oversees the regulation of proprietary schools that offer a range of vocational education programs, as well as teacher certification and discipline and background checks of prospective school personnel.
- Licenses and provides oversight for members of the 44 professions regulated pursuant to Title VIII of the Education Law, including: Nursing, Optometry, Dentistry, Pharmacy, Veterinary Medicine, Social Work, Architecture, Civil Engineering and Public Accountancy. The Office is also responsible for enforcing standards of practice, codes of conduct and professional discipline for the licensees, except members of the medical professions (Physicians, Physician Assistants and Special Assistants) whose professional conduct is within the purview of the Department of Health. Professional licensure, oversight and enforcement functions have been self-supporting, through the collection of fines and fees, since 1987.

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School Aid School Year Payments (millions)

Program	Estimated 2004-05	Recommended 2005-06	Change Amount	Change Percent
I. Formula-Based Aids:				
Comprehensive Operating Aid	\$6,964.80	\$0.00	\$0.00	0.00
Extraordinary Needs Aid	1,090.87	0.00	0.00	0.00
ERSSA	72.27	0.00	0.00	0.00
Limited English Proficiency	104.14	0.00	0.00	0.00
Summer School	30.34	0.00	0.00	0.00
Minor Maintenance	49.98	0.00	0.00	0.00
Flex Aid	\$8,312.41	\$8,433.91	\$121.50	1.46
Excess Cost - Public	2,266.20	2,346.19	79.99	3.53
Excess Cost - Private	210.76	114.32	(96.44)	(45.76)
Tax Limitation Aid	47.99	78.45	30.46	63.47
BOCES	507.24	487.24	(20.00)	(3.94)
Special Services (Career Ed./Computer Admin.)	135.40	134.60	(0.80)	(0.59)
Textbooks (Incl. Lottery)	188.34	188.67	0.33	0.18
Computer Software	46.64	46.41	(0.23)	(0.49)
Computer Hardware	28.58	28.84	0.26	0.91
Library Materials	19.27	19.54	0.27	1.40
Transportation (Including Summer)	1,151.52	1,200.75	49.23	4.28
Prekindergarten	201.77	201.77	0.00	0.00
Class Size Reduction	138.12	138.12	0.00	0.00
Building	1,396.41	1,423.45	27.04	1.94
Teacher Support Aid	67.48	67.48	0.00	0.00
Fund for Innovation	0.00	15.00	15.00	NA
Formula-Based Aids Total	\$14,718.13	\$14,924.76	\$206.63	1.40
II. Grant Programs and Other Aid Categories:				
Growth Aid	22.09	9.97	(12.12)	(54.87)
Reorganization Incentive (Operating+ Building)	32.03	30.30	(1.73)	(5.40)
Full-Day K	4.52	3.34	(1.18)	(26.11)
Academic Achievement Awards	0.00	0.50	0.50	NA
Teachers of Tomorrow	20.00	20.00	0.00	0.00
Teacher Centers	31.00	31.00	0.00	0.00
Teacher-Mentor Intern	6.00	6.00	0.00	0.00
Roosevelt	6.00	6.00	0.00	0.00
Categorical Reading	63.95	63.95	0.00	0.00
Improving Pupil Performance	66.35	66.35	0.00	0.00
Magnet Schools	136.10	136.10	0.00	0.00
Aid to Small City School Districts	81.88	81.88	0.00	0.00
Fort Drum	2.63	2.63	0.00	0.00
Urban-Suburban Transfer	1.13	1.13	0.00	0.00
Employment Preparation Education	90.00	90.00	0.00	0.00
Homeless Pupils	5.90	6.48	0.58	9.83
Incarcerated Youth	14.50	16.50	2.00	13.79
Bilingual	11.20	11.20	0.00	0.00
School Audits	0.25	2.90	2.65	1,060.00
Education of OMH/OMR Pupils	26.00	30.00	4.00	15.38
Special School Districts	2.20	2.20	0.00	0.00
Chargebacks	(18.00)	(18.00)	0.00	0.00
Tuition Adjustment	1.18	1.18	0.00	0.00
CVEEB	0.92	0.92	0.00	0.00
BOCES Aid for Special Act Districts	0.68	0.68	0.00	0.00
Learning Technology Grants	3.29	3.29	0.00	0.00
Shared Services Incentive	0.20	0.20	0.00	0.00
Native American Building	2.00	2.00	0.00	0.00
Bus Driver Safety	0.40	0.40	0.00	0.00
Add'l Prekindergarten	2.91	2.91	0.00	0.00
Add'l Class Size Reduction	1.85	1.85	0.00	0.00
Subtotal	619.16	613.86	(5.30)	(0.86)
SCHOOL YEAR TOTAL	\$15,337.29	\$15,538.62	\$201.33	1.31
Sound Basic Education (SBE) Aid	0.00	324.87	324.87	NA
TOTAL Including SBE	\$15,337.29	\$15,863.49	\$526.20	3.43

**ALL FUNDS
APPROPRIATIONS
(dollars)**

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

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Office of Management Services Program			
General Fund	146	146	0
Special Revenue Funds - Other	180	180	0
Internal Service Funds	101	101	0
Elementary, Middle and Secondary Education			
General Fund	185	185	0
Special Revenue Funds - Federal	300	300	0
School for the Blind			
Special Revenue Funds - Other	104	104	0
Batavia ICF/DD			
Special Revenue Funds - Other	37	37	0
School for the Deaf			
Special Revenue Funds - Other	103	103	0
Higher Education and the Professions, Office of			
General Fund	54	51	(3)
Special Revenue Funds - Federal	12	12	0
Special Revenue Funds - Other	437	440	3
Cultural Education			
General Fund	17	0	(17)
Special Revenue Funds - Federal	68	0	(68)
Special Revenue Funds - Other	292	0	(292)
Internal Service Funds	23	0	(23)
Vocational and Educational Services for Individuals with Disabilities			
Special Revenue Funds - Federal	995	245	(750)
Management Efficiencies Program			
General Fund	0	(20)	(20)
Total	3,054	1,884	(1,170)

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

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

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

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

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

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

EDUCATION

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

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

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

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

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

EDUCATION

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

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

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

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

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

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

EDUCATION

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

Program	Available 2004-05	Recommended 2005-06	Change
School Tax Relief			
Special Revenue Funds - Other	3,072,000,000	3,202,000,000	130,000,000
Elementary, Middle and Secondary Education			
General Fund	13,890,338,400	14,376,775,400	486,437,000
Special Revenue Funds - Federal	2,770,125,100	2,855,021,000	84,895,900
Special Revenue Funds - Other	2,239,358,000	2,341,000,000	101,642,000
Higher Education and the Professions, Office of			
General Fund	84,710,000	74,260,000	(10,450,000)
Cultural Education			
General Fund	100,110,000	96,972,000	(3,138,000)
Special Revenue Funds - Federal	4,660,000	4,660,000	0
Special Revenue Funds - Other	10,150,000	10,150,000	0
Vocational and Educational Services for Individuals with Disabilities			
General Fund	78,534,000	80,534,000	2,000,000
Special Revenue Funds - Federal	745,572,000	803,072,000	57,500,000
Total	<u>22,995,557,500</u>	<u>23,844,444,400</u>	<u>848,886,900</u>

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

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

OFFICE OF CHILDREN AND FAMILY SERVICES

MISSION

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

ORGANIZATION AND STAFFING

The Office of Children and Family Services is headquartered in Rensselaer with regional offices throughout the State. These offices provide operational support and policy direction to local social services districts and youth bureaus. The Office is also responsible for the operation of 37 residential and eight day-placement facilities statewide serving nearly 2,000 youth. The workforce for fiscal year 2005-06 is estimated at 3,754 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

The Local Assistance budget of \$2.76 billion provides payments to local governments and not-for-profit providers for programs such as foster care, adoption, child protective services, delinquency prevention and child care.

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

CHILDREN AND FAMILY SERVICES

The Executive Budget provides more than \$1.4 billion in State and Federal funding to support New York's child welfare programs. These programs are structured to encourage local governments to invest in preventive services necessary to reduce out-of-home placement of children. Specific program elements include:

- **Open-ended Funding for Child Welfare Services:** The centerpiece of the child welfare financing system is the provision of 65 percent State reimbursement for community-based preventive services that avert the placement of children in foster care or juvenile justice facilities. State funding at a 65 percent level is also available for child protective services, aftercare services, independent living activities, and local administration costs related to adoptions. The Budget includes an increase of \$4.5 million in 2005-06, from \$347.3 million to \$351.8 million, to support this child welfare funding source.
- **Investments in Child Welfare Quality Enhancement:** OCFS will distribute \$1.9 million in State funding to counties and not-for-profit groups in 2005-06 to promote the development of innovative child welfare service delivery models.
- **Improve Access to Mental Health Services:** The Executive Budget includes \$2.34 million in new State 65 percent reimbursement to expand the Office of Mental Health's home and community based waiver by 245 slots to meet the mental health needs of children in foster care or at risk of institutional placement.

CHILDREN AND FAMILY SERVICES

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

CHILD CARE

The Executive Budget allows districts the flexibility to transfer funds from the \$1 billion TANF-funded Flexible Fund for Family Services to the State Child Care Block Grant. Using the TANF transfer funding and a combination of Federal, State, and local funding, the Child Care Block Grant supports child care subsidies for public assistance and low-income families. Subsidized child care is guaranteed for public assistance recipients with children up to age 13, when such care is required for the parent/guardian to engage in work activities. Families transitioning from welfare to work are guaranteed subsidized child care for up to 12 months after leaving public assistance. The State also provides subsidized child care to families at risk of becoming dependent on Family Assistance. The State Child Care Block Grant and funds transferred from the TANF-funded Flexible Fund for Family Services will enable districts to tailor expenditures to meet local needs and to comply with mandated work participation requirements for public assistance.

The Budget maintains funding for Advantage After-School programs at \$20.2 million. This program offers educational and recreational after-school activities for approximately 29,000 elementary, middle and high school students and funds community-based organizations demonstrating the ability to work collaboratively with schools, child care providers and other community providers of after-school programming. In 2005-06, Advantage Schools will be fully supported by the General Fund.

YOUTH FACILITIES

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

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

CHILDREN AND FAMILY SERVICES

SYSTEMS

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

PROGRAM HIGHLIGHTS

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

The Office also provides funding to counties and municipalities, and community-based not-for-profit agencies for the provision of youth development and delinquency prevention programs. The 2005-06 Budget continues nearly \$38 million for these programs including more than \$36 million in General Fund support and \$1.5 million in Federal Workforce Investment Act (WIA) dollars.

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

OCFS also oversees a variety of programs serving the State's most needy and vulnerable adult residents. Programs include oversight of locally administered adult protective services and programs providing services to victims of domestic violence, including emergency shelters and community-based crisis intervention.

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

ALL FUNDS APPROPRIATIONS (dollars)

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

CHILDREN AND FAMILY SERVICES

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

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Central Administration			
General Fund	357	346	(11)
Special Revenue Funds - Federal	6	6	0
Special Revenue Funds - Other	79	79	0
Capital Projects Funds - Other	0	7	7
Child Care			
Special Revenue Funds - Federal	235	234	(1)
Commission for the Blind and Visually Handicapped			
General Fund	11	11	0
Special Revenue Funds - Federal	163	167	4
Special Revenue Funds - Other	1	1	0
Employment and Disability Assistance Account			
Special Revenue Funds - Federal	11	11	0
Family and Children Services			
General Fund	410	408	(2)
Special Revenue Funds - Federal	79	79	0
Special Revenue Funds - Other	0	2	2
National and Community Service, Office of			
General Fund	4	3	(1)
Special Revenue Funds - Federal	5	6	1
Systems Support			
General Fund	142	142	0
Training and Development			
Special Revenue Funds - Other	52	52	0
Youth Facilities			
General Fund	2,298	2,200	(98)
Total	3,853	3,754	(99)

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

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

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

CHILDREN AND FAMILY SERVICES

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

Program	Available 2004-05	Recommended 2005-06	Change
Central Administration			
General Fund	32,494,800	32,448,000	(46,800)
Special Revenue Funds - Federal	528,000	528,000	0
Special Revenue Funds - Other	18,126,000	18,126,000	0
Internal Service Funds	100,000	100,000	0
Commission for the Blind and Visually Handicapped			
General Fund	8,339,500	8,114,000	(225,500)
Special Revenue Funds - Federal	26,707,000	30,003,000	3,296,000
Special Revenue Funds - Other	1,905,000	1,905,000	0
Departmental Administrative Reimbursement			
General Fund	(29,043,000)	(29,043,000)	0
Special Revenue Funds - Other	47,543,000	35,543,000	(12,000,000)
Family and Children Services			
General Fund	30,573,600	30,691,000	117,400
Special Revenue Funds - Federal	20,354,000	20,354,000	0
Special Revenue Funds - Other	1,546,000	2,207,000	661,000
Systems Support			
General Fund	27,559,100	32,032,000	4,472,900
Special Revenue Funds - Federal	30,593,000	30,593,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Training and Development			
General Fund	7,514,000	7,514,000	0
Special Revenue Funds - Other	53,940,000	51,240,000	(2,700,000)
Enterprise Funds	200,000	200,000	0
Youth Facilities			
General Fund	140,039,500	140,191,000	151,500
Enterprise Funds	300,000	300,000	0
Total	<u>429,319,500</u>	<u>423,046,000</u>	<u>(6,273,500)</u>

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

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

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

CHILDREN AND FAMILY SERVICES

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

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

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

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

CHILDREN AND FAMILY SERVICES

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

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

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

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

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

Adjustments:

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

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

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

CHILDREN AND FAMILY SERVICES

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Youth Facilities Improvement Fund	5,000,000	5,000,000	0	5,772,000
Child Care Facilities Development Program				
Capital Projects Fund - Authority Bonds	0	0	0	8,724,000
Maintenance and Improvement of Facilities				
Capital Projects Fund	1,325,000	1,325,000	0	7,923,000
Youth Facilities Improvement Fund	13,700,000	15,602,000	1,902,000	42,464,000
Executive Direction and Administrative Services				
Capital Projects Fund	0	0	0	261,000
Misc. Capital Projects	0	0	0	2,822,000
Program Improvement or Program Change				
Youth Facilities Improvement Fund	0	2,000,000	2,000,000	6,215,000
Youth Center				
Capital Projects Fund	0	0	0	5,499,000
Total	<u>20,025,000</u>	<u>23,927,000</u>	<u>3,902,000</u>	<u>79,680,000</u>

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

MISSION

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

ORGANIZATION AND STAFFING

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

Office staff also provide legal, audit and computer systems support. Through its Division of Disability Determinations, the Office also evaluates the medical eligibility of disability claimants for Supplemental Security Income and Social Security Disability Insurance. The office is authorized at 2,532 positions for 2005-06. Approximately 463 of these positions are paid by State tax dollars from the General Fund with partial Federal reimbursement and 1,634 are funded directly by Federal grants. The remaining 17 percent are supported by various revenues.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A total of \$5.3 billion is recommended from all funding sources in 2005-06 to support State Operations and Aid to Localities programs including Family Assistance, Safety Net, Supplemental Security Income (SSI), Food Assistance (FAP), Home Energy Assistance (HEAP), child support enforcement and Food Stamp administration.

Aid to Localities is funded by \$4.8 billion in Federal funds, General Fund dollars and other revenue, and includes modest increases in certain programs — Family Assistance, Safety Net Assistance and Supplemental Security Income (SSI) for the aged and disabled — related to economic factors. Approximately \$547 million in Federal funds and other revenues are recommended for the operation of the Division of Disability Determinations, the Home Energy Assistance program (HEAP) and the Bureau of Refugee and Immigration Affairs.

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

The recommended \$50.8 million General Fund State Operations appropriation includes: funding for staff and other costs related to the oversight of social services district administration of public assistance and child support enforcement programs; administrative hearings for public assistance, Food Stamp, and Medicaid applicants and recipients; and operation of the major computer systems supporting public assistance programs.

State funding of \$15 million is appropriated for the cost of redesigning the Welfare Management System (WMS), continued development of the Welfare-to-Work Caseload Management System and related systems initiatives including the Human Services Enterprise Network.

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

TEMPORARY AND DISABILITY ASSISTANCE

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

PROGRAM HIGHLIGHTS

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

This approach has resulted in a dramatic decline in welfare caseloads. Since 1995, over 1,013,359 recipients have left the welfare rolls, a 62 percent decline. In addition to generating significant State and local government savings, this significant caseload decrease has allowed the State to use TANF Block Grant funding to encourage employment. The programs funded include the Earned Income Tax Credit (EITC) and programs that provide transportation, drug and alcohol services, domestic violence screening and child care services.

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

FAMILY ASSISTANCE

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

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

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

TEMPORARY AND DISABILITY ASSISTANCE

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

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

Homeless families in the State's transitional and emergency shelter system also are expected to strive for self-sufficiency. These facilities help homeless families achieve this goal by strengthening their independent living skills and helping them to acquire permanent housing. To this end, the Governor is continuing funding for family shelters, housing subsidy and homeless support services programs in SFY 2005-06.

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

The Governor's welfare reform program has also strengthened child support enforcement. Improvements include automated updating of child support awards to reflect inflation; improved customer services through website access of account information and interstate reciprocity in child support proceedings; a strengthened role for child support staff in welfare case processing; and administrative authority for social services districts to order genetic tests, subpoena information and collect relevant data from Federal, State and local agencies. These measures have helped to increase total child support collections to their current level of \$1.44 billion.

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

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

SAFETY NET ASSISTANCE PROGRAM

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

TEMPORARY AND DISABILITY ASSISTANCE

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

SUPPLEMENTAL SECURITY INCOME

Federal Supplemental Security Income (SSI) provides cash assistance to the aged, visually handicapped and disabled. The State's SSI benefit currently is among the highest nationally. The 2005-06 recommendation of \$632 million funds the State cost of SSI benefits for a projected 627,800 recipients. SSI and Social Security Disability Insurance (SSDI) eligibility for disability claimants is evaluated by OTDA's Division of Disability Determinations (DDD).

NUTRITION ASSISTANCE

The Federal Food Stamp Program provides low-income households with coupons or electronic benefits that can be used as cash at grocery stores to purchase food. New York receives \$2.1 billion per year in Federal Food Stamp benefits, with an average monthly benefit of \$200 to support needy households and those making the transition from welfare to work.

New York's Nutrition Outreach and Education Program increases public awareness of the benefits of participating in the Federal Food Stamp, Summer Food Service and School Breakfast programs and assists individuals and families with the Food Stamp application process. The SFY 2005-06 Budget continues funding to expand enrollment in the federally-funded Food Stamp program for eligible individuals and to expand related nutrition education and outreach.

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

COST CONTAINMENT AND PERFORMANCE BONUS

While welfare reform continues to be an unprecedented success, cost containment measures continue to be necessary to not only preserve basic income support for eligible children and adults, but to also foster individual self-sufficiency and employment. In order to accomplish this, the 2005-06 welfare budget recommendations:

- Incorporate all TANF funding not needed for benefit payments, State Operations or the EITC into a Flexible Fund for Family Services allocation to local districts. Counties would be able to use their block grant allocations for any federally-allowable TANF purpose, but would be solely responsible for determining the distribution of their allocation for all non-benefit programs, including child welfare, child care and local district administration;
- Encourage adult participation in mandatory work requirements by imposing a full welfare benefit reduction if the head of the household is out of compliance with work requirements. Currently, only a portion of the household's welfare benefit is reduced when the head of the household does not meet mandatory employment requirements;

TEMPORARY AND DISABILITY ASSISTANCE

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

ALL FUNDS APPROPRIATIONS (dollars)

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

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	149	149	0
Special Revenue Funds - Federal	98	98	0
Special Revenue Funds - Other	56	56	0
Child Support Enforcement			
Special Revenue Funds - Other	56	56	0
Disability Determinations			
Special Revenue Funds - Federal	1,285	1,285	0
Special Revenue Funds - Other	101	101	0
Employment Services			
Special Revenue Funds - Federal	0	185	185
Executive Direction			
General Fund	16	16	0
Legal Affairs			
General Fund	151	151	0
System Support and Information Services			
General Fund	91	91	0
Special Revenue Funds - Federal	16	16	0
Special Revenue Funds - Other	59	59	0
Temporary and Disability Assistance Programs			
General Fund	35	35	0
Special Revenue Funds - Federal	21	21	0
Special Revenue Funds - Other	148	148	0
Transitional Supports and Policy, Division of			
General Fund	21	21	0
Special Revenue Funds - Federal	29	29	0
Special Revenue Funds - Other	15	15	0
Total	<u>2,347</u>	<u>2,532</u>	<u>185</u>

TEMPORARY AND DISABILITY ASSISTANCE

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

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

Adjustments:

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

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

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

TEMPORARY AND DISABILITY ASSISTANCE

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

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

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

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

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

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

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

TEMPORARY AND DISABILITY ASSISTANCE

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

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

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

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

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

Adjustments:

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

TEMPORARY AND DISABILITY ASSISTANCE

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

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

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

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Supported Housing Program				
Housing Program Fund	30,000,000	30,000,000	0	136,789,000
Total	<u>30,000,000</u>	<u>30,000,000</u>	<u>0</u>	<u>136,789,000</u>

HIGHER EDUCATION SERVICES CORPORATION

MISSION

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

ORGANIZATION AND STAFFING

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

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

The Agency will have a workforce of 725 employees in 2005-06. Virtually all employees are paid through funds received for the administration of Federal student loans. General administrative operations are located in Albany, while data processing operations are located in Troy.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

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

STATE OPERATIONS

The Corporation will continue to improve its operational efficiency in 2005-06 through increased reliance on technology and streamlined administrative practices. In addition to a renewed emphasis on providing comprehensive services to its clientele, the Corporation continues to develop partnerships with other student loan guaranty agencies and the Federal government to streamline costs, improve services, and increase responsiveness through shared development efforts.

HIGHER EDUCATION SERVICES

FINANCIAL AID PROGRAMS

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

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

- TAP awards for first-time TAP recipients in 2005-06 and thereafter will be provided in two components — a “base” award equivalent to one-half of the current TAP award and a “performance” award equivalent to the remaining one-half of the award;
- Students will be expected to finance the performance award through federally guaranteed loans including Federal subsidized, unsubsidized and parent PLUS loans. Students who have exhausted their Federal loan eligibility will be eligible to receive their performance awards as TAP loans provided by HESC; and
- Upon completion of their degree programs, students will receive a performance award payment from HESC equal to the amount of their deferred TAP awards plus accrued interest (if any) from any Federal or TAP loans they may have used in financing their performance award.

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

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

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

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

PROGRAM HIGHLIGHTS

STATE OPERATIONS

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

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

FEDERAL LOAN GUARANTEE PROGRAM

The largest part of the Corporation's operational responsibility is the administration of the Federal Family Education Loan program. Under this program, the Corporation guarantees over \$17.6 billion in outstanding loans made by banks to students. When banks are unable to collect student loan repayments, the Corporation intervenes to avert default. If these default aversion efforts are unsuccessful, defaulted loans are purchased from banks and steps are taken to bring such defaulted loans into repayment. The Corporation also provides customer services for lenders, schools and students, which include the distribution of loan information, as well as training and technical assistance related to loan applications and processing.

Federal loan activities administered by the Corporation include:

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

FINANCIAL AID PROGRAMS

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

- Tuition Assistance Program: \$738.5 million in aid will be provided to recipients in all sectors of higher education;
- Tuition Assistance Loan Program: \$6 million will be made available for those students who have exhausted their Federal loan eligibility and need additional assistance to finance their TAP performance award prior to graduation;
- Aid for Part Time Study: \$14.6 million will be available to nearly 22,000 part-time students in all sectors of higher education; and
- Scholarships and Fellowships: \$29.1 million will be provided for various scholarships and fellowships, including \$0.4 million for a new memorial scholarship for spouses, children and financial dependents of the victims of the American Airlines Flight 587 air disaster. Over 25,000 recipients are projected to receive aid under the twelve State and Federal scholarship programs administered by HESC.

COLLEGE CHOICE TUITION SAVINGS PROGRAM

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

Jointly administered by the Corporation and the Office of the State Comptroller, the program has been well received by the general public. Since its inception in September 1998, over 318,000 accounts have been opened, with contributions exceeding \$2.8 billion. New York's program has already received national recognition as one of the top college savings plans in the nation.

HIGHER EDUCATION SERVICES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	107,821,000	108,307,000	486,000	5,254,000
Aid To Localities	954,121,000	799,245,000	(154,876,000)	5,216,000
Capital Projects	0	0	0	0
Total	1,061,942,000	907,552,000	(154,390,000)	10,470,000

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

Full-Time Equivalent Positions (FTE)

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

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

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

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

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

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

HIGHER EDUCATION SERVICES

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

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

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

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

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

Adjustments:

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

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	7,000	0	(7,000)
Scholarships and Fellowships			
General Fund	23,668,000	29,068,000	5,400,000
Special Revenue Funds - Other	4,000,000	4,000,000	0
State Grant Programs			
General Fund	906,600,000	744,547,000	(162,053,000)
Special Revenue Funds - Federal	5,216,000	7,000,000	1,784,000
Tuition Awards for Part-Time Students			
General Fund	14,630,000	0	(14,630,000)
Special Revenue Funds - Other	0	14,630,000	14,630,000
Total	<u>954,121,000</u>	<u>799,245,000</u>	<u>(154,876,000)</u>

DIVISION OF HUMAN RIGHTS

MISSION

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

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

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

ORGANIZATION AND STAFFING

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

The Division will have a workforce of 203 employees during 2005-06: 31 for administration of the Division and 172 to investigate, determine probable cause, and hear individual cases of discrimination. Funding is also provided to support five per diem administrative law judges not reflected in the 203 salaried staff.

BUDGET AND PROGRAM HIGHLIGHTS

In the last nine years, the Division has made progress in reducing the number of open cases. Open cases totaled 5,695 as of November 2004, down from 16,880 in January 1995; a reduction of 66 percent. The agency continues to work vigorously to reduce the caseload and meet reasonable standards for timely case processing. In addition, to help further shorten its case processing time, the Division has implemented a new Case Management System.

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

ALL FUNDS APPROPRIATIONS (dollars)

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

HUMAN RIGHTS

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

Full-Time Equivalent Positions (FTE)

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

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

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

Adjustments:

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

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

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

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

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	11,227,000	985,000	11,000,000	985,000
Total	<u>11,227,000</u>	<u>985,000</u>	<u>11,000,000</u>	<u>985,000</u>

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

HUMAN RIGHTS

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

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

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

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

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

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

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

DEPARTMENT OF LABOR

MISSION

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

ORGANIZATION AND STAFFING

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department of Labor will have a workforce of 6,236 in SFY 2005-06. Approximately 66 percent of these positions are financed by Federal grants and 34 percent are supported by fees and assessments. Less than one percent of the Department's positions are supported by State tax dollars from the General Fund.

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

Fee revenues support funding for worker protection and compensation enforcement activities and job training programs. These accounts are financed by fees for health and safety inspections, revenue from Workers' Compensation Board assessments and penalties for misreporting wages for Unemployment Insurance purposes. The Unemployment Insurance benefit appropriation of \$3.8 billion is funded from Unemployment Insurance (UI) taxes paid by employers.

UI penalty revenue of \$3.5 million is appropriated in 2005-06 for upgrades to the outdated UI computer system. High maintenance costs for the UI system, which is nearly 40-years old, cannot be supported with declining Federal UI administration funding.

PROGRAM HIGHLIGHTS

JOB SERVICES

Consistent with the Workforce Investment Act (WIA) requirements, the Department of Labor and local governments have worked together to open 78 local One-Stop Centers across the State that offer access to a variety of employment services including job referral and placement, education and training, resume preparation, employer services, human resources consultation and support services such as child care and transportation. The Centers benefit employers by providing them with access to worker resumes and information on tax credits, workplace safety issues and apprenticeship services.

LABOR

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

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

WORKFORCE INVESTMENT ACT (WIA)

Federally funded local assistance appropriation authority includes \$304 million for WIA services. WIA provides job training to youth, adults and dislocated workers. WIA also upgrades the skills of those currently working, thus helping employers meet the changing needs of their business operations. Eligible participants access WIA services through a network of local One-Stop Centers for the delivery of employment and training services. WIA also improves customer choice and program effectiveness, as participants can choose training providers based on past performance through the use of individual training accounts.

WORKER PROTECTION

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

The Occupational Safety and Health program is responsible for health and safety inspections and granting licenses to qualified persons to operate or handle dangerous equipment or substances. Statistics for recent years show that the Division inspected 20,754 amusement park devices, 951 ski lifts, 6,164 places of public assembly (e.g., bleachers at concerts) and 29,231 commercial boilers. It also reviewed applications for 766 radioactive materials licenses and 54,366 asbestos licenses and certificates.

The Labor Standards program enforces the Labor Law in such areas as minimum and prevailing wage, child labor and garment industry registration. Statistics for recent years indicate the Division inspected 694 businesses for compliance with child labor laws and collected over \$17 million in back wages, unpaid fringe benefits and minimum wage underpayments for approximately 31,159 employees.

UNEMPLOYMENT INSURANCE

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

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

A continued projected deficit in the Unemployment Insurance Trust Fund, which originally resulted from the September 11th terrorist attacks and the downturn in the national economy, will require the State to continue to borrow funding from the Federal government in 2005 thereby incurring Federal interest costs. The Budget includes an interest assessment on employer taxes to pay these interest costs.

WORKERS COMPENSATION BOARD

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

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

VOCATIONAL REHABILITATION

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

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

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

**ALL FUNDS
APPROPRIATIONS
(dollars)**

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

LABOR

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

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

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

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

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

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	1,387,000	1,417,000	30,000
Special Revenue Funds - Federal	465,239,500	420,344,000	(44,895,500)
Disability Benefits			
Special Revenue Funds - Other	7,082,000	7,516,000	434,000
Employment Relations Board			
General Fund	1,720,000	0	(1,720,000)
Employment and Training			
General Fund	322,000	0	(322,000)
Special Revenue Funds - Other	9,511,800	7,817,000	(1,694,800)
Labor Standards			
Special Revenue Funds - Other	20,224,928	20,991,000	766,072
Occupational Safety and Health			
Special Revenue Funds - Other	33,457,872	34,608,000	1,150,128
Systems Modernization			
Special Revenue Funds - Other	35,960,000	36,798,000	838,000
Unemployment Insurance Benefit Fund			
Special Revenue Funds - Federal	67,500,000	67,500,000	0
Special Revenue Funds - Other	65,000,000	65,000,000	0
Enterprise Funds	4,800,000,000	3,800,000,000	(1,000,000,000)
Vocational and Educational Services for Individuals with Disabilities			
Special Revenue Funds - Federal	0	44,230,500	44,230,500
Special Revenue Funds - Other	0	456,000	456,000
Workers Compensation			
Special Revenue Funds - Federal	12,000	0	(12,000)
Special Revenue Funds - Other	131,882,000	139,882,000	8,000,000
Total	<u>5,639,299,100</u>	<u>4,646,559,500</u>	<u>(992,739,600)</u>

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

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	1,111,000	179,000	1,111,000	179,000
Employment Relations Board	0	(1,251,000)	0	(1,234,000)
Total	<u>1,111,000</u>	<u>(1,072,000)</u>	<u>1,111,000</u>	<u>(1,055,000)</u>

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

LABOR

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

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

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

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

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

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

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

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

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

Adjustments:

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

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

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

OFFICE OF REAL PROPERTY SERVICES

MISSION

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

ORGANIZATION AND STAFFING

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

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

- State aid of \$4.5 million for local administration of the School Tax Relief (STAR) program;
- State Aid of \$13.7 million for financial incentives for local governments to improve assessment administration through various programs that include annual updates of assessment rolls pursuant to the higher standards enacted in 1999; and
- State aid of \$3.0 million to reimburse local governments for their revenue losses relating to the Rail Infrastructure Investment Act of 2002.

PROGRAM HIGHLIGHTS

The Office of Real Property Services is involved with all State-level responsibilities relating to the real property tax, which represents the largest revenue source for counties, towns, villages, school districts and other municipalities. Accordingly, the Office has programs to establish equalization rates which are used to estimate the full market value of taxable real property in each municipality, to provide policy guidance as well as technical and financial assistance to local assessing units, and to assist other State agencies with information and administrative support in areas that relate to property tax policy or administration.

EQUALIZATION OF MUNICIPAL FULL VALUE

State laws permit New York's local governments to select the percentage of full value they use in assessing properties. However, every assessing unit is required to indicate its assessment ratio — i.e., the ratio of the assessed value to the full value of properties — on the assessment roll and tax bills. Using audit procedures and statistical tests on sample data, the Office of Real Property Services verifies the accuracy of the assessment ratio stated

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annually by each of the approximately 1,000 assessing units (i.e., cities, towns and the counties of Nassau and Tompkins). If the assessment ratio provided by a local assessor is determined to be accurate, it is established as the State equalization rate for that assessing unit; otherwise, the Office prepares an independent estimate of the local assessment ratio, which will be established as the equalization rate.

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

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

- In 2004, the assessment ratios supplied by 81 percent of local assessors were adopted without change as State equalization rates and that rate of adoption is expected to increase again in 2005;
- Preparation of equalization rates has been accelerated so that all school districts across the State can now use current equalization rates for their school tax levies, instead of using modified rates from prior years;
- As a result of the acceleration of the preparation of equalization rates, localities and the State can now analyze market data on the same cycle, creating opportunities for efficiencies in intergovernmental collaboration;
- The number of complaints on preliminary equalization rates by local officials has dropped, resulting in reduced costs for rate complaint hearings and improved State-local relations. The percentage of cities and towns that filed complaints was approximately 3 percent in 2004, as compared to 36 percent a decade ago;
- The Office has integrated nationally accepted standards and techniques, such as computer assisted appraisal studies and residential sales studies within its equalization rate process, thereby reducing its reliance on costly appraisals. The percentage of localities where residential appraisals are needed has been reduced from 100 percent in 1994 to less than 10 percent in 2003; and
- Since 1994-95, the continuing base cost of the Office's equalization program has been reduced from \$17 million to \$14 million.

ASSISTANCE AND SERVICES TO LOCAL GOVERNMENTS

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

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

- Annual aid of up to \$5 per parcel for assessing units that meet State standards, including annual revisions of assessments and comprehensive re-inventory and revaluation at least once every six years;
- Consolidation aid providing a one-time financial incentive of up to \$7 per parcel to encourage cost-efficiency through the coordination of assessment functions performed by two or more assessing units;
- Assessor training aid to reimburse local assessment officials (including assessors and county directors of property tax services) for their cost of attending State-mandated training courses;
- STAR administration aid to ensure that localities are compensated for their workload associated with the administration of the State's school tax relief program;

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

These State aid programs have been a catalyst for enhancing the equity and cost-efficiency of local property tax administration throughout New York. According to recent data, nearly two-thirds of the State's assessing units prepare assessment rolls that are reasonably equitable and current. Additionally, since the introduction of consolidation aid in 1994, 105 towns in 23 counties have come together to form 45 coordinated assessment programs.

OTHER SERVICES AND RESPONSIBILITIES

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

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

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

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	41,367,200	44,750,700	3,383,500	0
Aid To Localities	23,044,000	21,197,000	(1,847,000)	0
Capital Projects	0	0	0	0
Total	<u>64,411,200</u>	<u>65,947,700</u>	<u>1,536,500</u>	<u>0</u>

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

Full-Time Equivalent Positions (FTE)

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

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

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

Adjustments:

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

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

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

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

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

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

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

REAL PROPERTY SERVICES

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

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

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

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

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

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

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

STATE UNIVERSITY OF NEW YORK

MISSION

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

ORGANIZATION AND STAFFING

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

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

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

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

The State University's operating budget supports an estimated 38,100 full-time equivalent positions consisting of 22,600 positions that are supported through a combination of State tax dollars and tuition revenues and 15,500 positions supported by other funds. Community college staff are not included in these totals as they are not employees of the State.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

STATE-OPERATED COLLEGES

The 2005-06 Executive Budget recommends over \$5.7 billion to support the operations of the State University's campuses, central administration and University-wide programs. In addition to \$1.8 billion in support from the General Fund, the University's budget includes \$3.9 billion in activities funded by other revenues. Revenue-generating entities and programs include: three teaching hospitals at Brooklyn, Stony Brook and Syracuse; the Long Island Veterans' Home administered by the Stony Brook Health Science Center; dormitory operations; food services; and tuition-supported activities, including summer session and overseas academic studies.

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

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

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

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

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

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

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

PARTNERSHIP TO ACCELERATE COMPLETION TIME (PACT)

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

SUNY HOSPITALS

The 2005-06 Budget continues the appropriation structure enacted in 2001-02 for the SUNY hospitals. All hospital spending is appropriated in one account with the hospitals being responsible for direct payment of their fringe benefit and debt service costs. Under this appropriation structure, the SUNY hospitals will continue to be directly accountable for operating within their available revenues, including a fixed State subsidy amount.

The recommended State subsidy for the SUNY hospitals, which recognizes costs attributable to their State agency status, is increased by \$36.8 million to a total of \$129.4 million to reflect collectively bargained salary increases and costs attributable to employee fringe benefits. The State will also make a payment of \$6.5 million for its share of a multi-year effort to address the accumulated deficit of the hospitals. To address the capital needs and

priorities of SUNY's hospitals, \$350 million has been provided as part of the existing Multi-Year Capital Investment Program enacted in the 2003-04 Budget. These capital projects, which are either in the design or construction phase, include the vertical expansion at Syracuse which will provide 135 adult medical, surgical, and intensive care beds as well as a 70 bed pediatric unit; the construction of a new ambulatory care pavilion at Stony Brook which will enable the development of a multi-disciplinary comprehensive cancer center; and a variety of upgrades for specialized services at Brooklyn. In addition, legislation will be advanced to restructure the SUNY hospitals as private not-for-profit corporations to better position them to compete in today's health care environment.

COMMUNITY COLLEGES

SUNY community colleges have three primary funding sources — State aid, support from local government sponsors and tuition revenue. Recommended State funding for community colleges of \$369.5 million reflects a net increase of \$2.7 million from 2004-05 attributable to \$0.7 million for enrollment growth and nearly \$2.0 million for PACT start-up funding. Funding for childcare, rental aid for leased space and contract courses for workforce development are continued at \$1.1 million, \$2.8 million and \$1 million respectively.

CORNELL COOPERATIVE EXTENSION

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

CAPITAL

The 2005-06 Executive Budget recommendations include additional capital projects totaling \$234.4 million to supplement the \$1.8 billion Five-Year Capital Investment Program enacted in 2004-05. The additional \$234.4 million consists of a \$50 million lump sum for critical health and safety, preservation and other priority projects and \$184.4 million for specific priority projects including: \$75 million for the Albany (ASML) High Tech Center; \$27 million for the Buffalo University School of Pharmacy; \$20 million for construction at Empire State College; \$18 million in State matching funds for the Monroe Community College/Rochester City Center Renaissance Square project; \$15 million in State matching funds for the Orange County Community College Newburgh Campus project; \$14 million for a new heating system at Fredonia; \$9 million to supplement the Cornell Martha Van Rensselaer project; and \$5 million for a new power substation at SUNY Albany's Center for Environmental Sciences and Technology Management (CESTM).

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

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

PROGRAM HIGHLIGHTS

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

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

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

The University's initiatives in the area of technology have placed it at the forefront of higher educational institutions across the nation and recently earned it the Award for Excellence in Institution-Wide Asynchronous Learning Networks (ALN) Programming by the Alfred P. Sloan Foundation for the promotion of anytime/anywhere learning. The Sloan Foundation recognized the SUNY Learning Network, citing its primary goal of bringing SUNY's diverse, high-quality instructional programs within the reach of learners everywhere. In the 2003-04 academic year, the SUNY Learning Network enrolled over 65,000 students in 3,600 online courses. The 40 SUNY campuses participating in the SUNY Learning Network offer complete online degree and certificate programs.

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

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

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

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

ALL FUNDS APPROPRIATIONS (dollars)

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

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

Full-Time Equivalent Positions (FTE)

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

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

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

Adjustments:

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

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

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

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

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

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

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

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

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

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

STATE UNIVERSITY

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

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

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

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

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

Adjustments:

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

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

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

STATE UNIVERSITY

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

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

STATE UNIVERSITY CONSTRUCTION FUND

MISSION

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

ORGANIZATION AND STAFFING

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

The agency's workforce for 2005-06 is maintained at 125 positions. The Fund's positions are supported entirely from proceeds of revenue bonds issued to finance the construction and reconstruction of academic facilities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

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

PROGRAM HIGHLIGHTS

The 2005-06 Executive Budget recommendations include additional capital projects totaling \$234.4 million to supplement the \$1.8 billion five-year Capital Investment Program enacted in 2004-05. The \$1.8 billion program, combined with \$234.4 million recommended in 2005-06 and the \$895 million enacted as part of the 2003-04 capital budget, provides over \$2.9 billion for SUNY over a multi-year period. As of March 31, 2004, the Fund has completed more than 4,842 academic, dormitory and dining hall capital projects with a replacement value exceeding \$15 billion. During the 2003-04 fiscal year, the Fund initiated the design of 39 projects having a total value of \$29.2 million and began construction of 18 projects having an estimated cost of \$100.6 million. These figures exclude projects administered by the individual campuses.

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

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

STATE UNIVERSITY CONSTRUCTION

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	12,707,000	14,533,000	1,826,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	12,707,000	14,533,000	1,826,000	0

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

Full-Time Equivalent Positions (FTE)

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

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

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

Adjustments:

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

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

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

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

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

OFFICE OF WELFARE INSPECTOR GENERAL

MISSION

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

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

ORGANIZATION AND STAFFING

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

The Office will have 10 full-time equivalent positions for 2005-06, which is consistent with 2004-05 staffing levels.

BUDGET HIGHLIGHTS

The 2005-06 General Fund support for the Office of Welfare Inspector General is \$730,000. Approximately 65 percent of the Office's operations are supported by the General Fund and the remaining 35 percent are supported by funds the Agency receives from the Federal government for fraud investigations related to welfare, Food Stamps and Medicaid.

PROGRAM HIGHLIGHTS

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

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

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

WELFARE INSPECTOR GENERAL

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	1,106,000	1,130,000	24,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	1,106,000	1,130,000	24,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Welfare Inspector General, Office of the General Fund	10	10	0
Total	10	10	0

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

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

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

	(23,000)		
	1,083,000		

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

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

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

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

WELFARE INSPECTOR GENERAL

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

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	375,000	24,000	31,900	900
Total	375,000	24,000	31,900	900
Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	14,400	400	312,500	8,500
Total	14,400	400	312,500	8,500
Program	Equipment			
	Amount	Change		
Welfare Inspector General, Office of the	16,200	14,200		
Total	16,200	14,200		