

***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 — and a newly established Office of Cultural Resources. Working together, these agencies will expand access to the performing and fine arts, preserve the State's cultural resources and promote greater public awareness of New York's rich cultural heritage.

ORGANIZATION AND STAFFING

The Council on the Arts is headed by a Chair and a Vice Chair and consists of 20 members nominated for five-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 in New York City. The latter has expertise in several major artistic disciplines (including dance, theater and music) and provides advisory services and financial assistance to the arts community of the State. During 2001-02, the Council on the Arts will have a workforce of 63 for the review, processing and administration of arts grants and loans to nonprofit organizations.

The Empire State Plaza Performing Arts Center Corporation (the "Egg") was established in 1979 as a public benefit corporation to administer a performing arts center in Albany to offer 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 12.

The New York State Theatre Institute (NYSTI) is a public benefit corporation, established in 1992, committed 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 the legislative leaders. The Chief Executive Officer of the Institute is its Producing Director, who is appointed by the Board. The Institute's staff of 29 is based in Troy, where its office, production and instructional facilities are located.

To promote increased recognition and visibility of the important cultural programs administered by the State Museum, the State Library and the State Archives, a transfer of these functions from the State Education Department (SED) is recommended to establish a new entity — the Office of Cultural Resources (OCR) — which will have as its sole focus the promotion of New York's cultural resources. The 2001-02 Executive Budget proposes to implement this functional transfer by October 1, 2001 and provides for the related transfer of funds, facilities and staff.

A nine-member Board of Trustees will oversee this new Office with members nominated for five-year terms by the Governor subject to Senate confirmation. The Chair of the Board will be designated by the Governor from among the Trustees. The Office's chief executive officer will be an Executive Director appointed by the Board. Funds for OCR's operations and grant programs will be transferred from SED's Cultural Education Program and the Office of Management Services. When the realignment is complete, OCR will have a staff of approximately 470.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Most of the Council's funding (97 percent) is provided by the State's General Fund. Federal grants from the National Endowment for the Arts are projected to represent approximately 2 percent of 2001-02 disbursements. One Fiduciary Fund account provides funding for short-term loans to arts organizations for acquisition of expensive musical instruments and for capital improvements. A second Fiduciary Fund, established in 1999-2000, enables the Council to receive and expend funds available through donations and gifts.

Grants to not-for-profit arts organizations represent nearly 90 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 2001-02 Executive Budget includes:

- Funding of \$5.5 million for administration of the Council's programs; and
- Funding of \$44.0 million, an increase of \$600,000, for arts grants which will support general arts grants, decentralization grants and the Empire State Partnership initiative.

Funding is provided in the Executive Budget for the Egg at \$567,000; and for NYSTI at \$1,580,500, which includes the cost of negotiated salary increases. Receipts from ticket sales, private donations, and sales and lease of products and facilities will supplement State funds provided to these organizations.

The Executive Budget provides \$19.8 million, including \$9.4 million from the General Fund, for OCR representing six months' funding for the operations of the new office, upon transfer of its functions from SED which is to take place by October 1. In addition, Local Assistance and Capital appropriations associated with OCR activities will be transferred from the corresponding funds and accounts in SED during 2001-02.

PROGRAM HIGHLIGHTS

Council on the Arts. Since April 1995, the Council has distributed approximately 14,000 grants totaling over \$200 million to more than 1,300 cultural organizations. According to a recent study commissioned by the Council, these grants act as a catalyst and generate additional economic benefits that total an estimated \$13 billion. Grant awards to nonprofit arts organizations are approved through an application process overseen by a special appeals panel which ensures fair and equitable treatment of all applicants. Program audits are also conducted to promote accountability by monitoring program quality and contractual compliance.

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

Office of Cultural Resources. In assuming its redefined role as the custodian of the State's cultural assets, OCR would:

- Provide overall leadership for development of cultural resources in partnership with local governments, nonprofit organizations and the private sector;
- Transform the State Museum into a more vibrant, attractive and high-tech resource to better showcase New York's cultural history and heritage; and
- Provide greater opportunity for the State Library and the State Archives to emerge as world-class information centers.

Performing Arts Center Corporation (the "Egg"). During the 1999-2000 season, the Egg presented 39 events which generated a total attendance of 34,685 — a 26 percent increase from the previous year. Season subscriptions for performances at the Egg increased 38 percent in 1999-2000, and the facility was utilized over 330 days during the season by a variety of organizations.

New York State Theatre Institute. More than 65,000 children, teachers and parents attended NYSTI's seven productions in 1999-2000. During this period, the Institute certified 90 high school units and 160 college credits to 65 high school seniors and college students who participated in its internship program. The Institute received the National American Alliance for Theatre and Education award for artistic achievement in 1999 and an Audie Award in 2000 for its production of *Sherlock's Secret Life*.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

<u>Category</u>	<u>Available 2000-01</u>	<u>Appropriations Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations Recommended 2001-02</u>
State Operations	27,882,700	28,300,400	417,700	1,716,000
Aid To Localities	47,695,000	44,335,000	(3,360,000)	95,000
Capital Projects	0	0	0	0
Total	<u>75,577,700</u>	<u>72,635,400</u>	<u>(2,942,300)</u>	<u>1,811,000</u>

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

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2000-01 Estimated FTEs 03/31/01</u>	<u>2001-02 Estimated FTEs 03/31/02</u>	<u>FTE Change</u>
Administration			
General Fund	55	54	(1)
Special Revenue Funds - Federal	9	9	0
Office of Cultural Resources			
General Fund	295	295	0
Special Revenue Funds - Federal	75	75	0
Special Revenue Funds - Other	40	40	0
Internal Service Funds	33	33	0
Expendable Trust Funds	2	2	0
Total	<u>509</u>	<u>508</u>	<u>(1)</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	16,642,000	17,053,200	411,200
Special Revenue Funds - Federal	4,491,950	4,396,700	(95,250)
Special Revenue Funds - Other	2,087,750	2,135,400	47,650
Internal Service Funds	3,912,500	3,949,100	36,600
Fiduciary Funds	<u>748,500</u>	<u>766,000</u>	<u>17,500</u>
Total	<u>27,882,700</u>	<u>28,300,400</u>	<u>417,700</u>

Adjustments:

Transfer(s) From			
Education Department, State			
General Fund	(9,193,000)		
Special Revenue Funds - Federal	(3,761,950)		
Special Revenue Funds - Other	(2,087,750)		
Internal Service Funds	(3,912,500)		
Expendable Trust Funds	(348,500)		
Special Pay Bill			
General Fund	(299,000)		
Special Revenue Funds - Federal	<u>(39,000)</u>		
Appropriated 2000-01	<u>8,241,000</u>		

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Administration			
General Fund	5,210,000	5,474,000	264,000
Special Revenue Funds - Federal	730,000	469,700	(260,300)
Fiduciary Funds	400,000	400,000	0
Office of Cultural Resources			
General Fund	9,193,000	9,431,700	238,700
Special Revenue Funds - Federal	3,761,950	3,927,000	165,050
Special Revenue Funds - Other	2,087,750	2,135,400	47,650
Internal Service Funds	3,912,500	3,949,100	36,600
Fiduciary Funds	348,500	366,000	17,500
Empire State Performing Arts Center Corporation			
General Fund	550,000	567,000	17,000
New York State Theatre Institute			
General Fund	1,489,000	1,580,500	91,500
Community Projects			
General Fund	<u>200,000</u>	<u>0</u>	<u>(200,000)</u>
Total	<u>27,882,700</u>	<u>28,300,400</u>	<u>417,700</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total Personal Service		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,359,000	(264,000)	3,224,000	(264,000)
Total	<u>3,359,000</u>	<u>(264,000)</u>	<u>3,224,000</u>	<u>(264,000)</u>

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

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total Nonpersonal Service		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	2,115,000	528,000	121,400	0
Office of Cultural Resources	9,431,700	238,700	0	0
Empire State Performing Arts Center Corporation	567,000	17,000	0	0
New York State Theatre Institute	1,580,500	91,500	0	0
Community Projects	0	(200,000)	0	0
Total	<u>13,694,200</u>	<u>675,200</u>	<u>121,400</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	251,200	0	1,501,000	378,000
Total	<u>251,200</u>	<u>0</u>	<u>1,501,000</u>	<u>378,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	91,400	0	150,000	150,000
Office of Cultural Resources	0	0	9,431,700	238,700
Empire State Performing Arts Center Corporation	0	0	567,000	17,000
New York State Theatre Institute	0	0	1,580,500	91,500
Community Projects	0	0	0	(200,000)
Total	<u>91,400</u>	<u>0</u>	<u>11,729,200</u>	<u>297,200</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	869,700	(260,300)	340,800	(149,600)
Office of Cultural Resources	10,377,500	266,800	0	0
Total	<u>11,247,200</u>	<u>6,500</u>	<u>340,800</u>	<u>(149,600)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	128,900	(110,700)	400,000	0
Office of Cultural Resources	0	0	10,377,500	266,800
Total	<u>128,900</u>	<u>(110,700)</u>	<u>10,777,500</u>	<u>266,800</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	47,400,000	44,000,000	(3,400,000)
Special Revenue Funds - Federal	95,000	135,000	40,000
Fiduciary Funds	200,000	200,000	0
Total	<u>47,695,000</u>	<u>44,335,000</u>	<u>(3,360,000)</u>

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Administration			
General Fund	47,400,000	44,000,000	(3,400,000)
Special Revenue Funds - Federal	95,000	135,000	40,000
Expendable Trust Funds	200,000	200,000	0
Total	<u>47,695,000</u>	<u>44,335,000</u>	<u>(3,360,000)</u>

COUNCIL ON CHILDREN AND FAMILIES

MISSION

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

ORGANIZATION AND STAFFING

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

The agency consists of three Offices: Executive Director, Counsel, and Administrative Services; and two Bureaus: Policy Analysis and Interagency Coordination and Case Resolution. The Council will have a workforce of 20 in 2001-02. Fourteen of these positions are supported by State tax dollars from the General Fund and six by Federal grants.

BUDGET HIGHLIGHTS

For fiscal year 2001-02, the Executive Budget provides \$1,013,000 in General Fund support for the Council, an increase of \$85,000 attributable primarily to negotiated salary adjustments. The Budget also continues Federal appropriations of \$1.1 million to support the second year of the New York State Alliance for Family Literacy project, which is intended to raise the quality and standards of family literacy statewide by expanding and strengthening services and through improved coordination of resources.

PROGRAM HIGHLIGHTS

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

To improve timeliness and enable the sharing of data collected at the State and local level that measure children's well-being, the Council partnered with several organizations to develop an electronic, publicly-accessible information resource. In SFY 2001-02, the Council will upgrade its information technology structure by expanding this Web Site to provide up-to-date information and other linkages that help users gather and analyze various indicators, assess needs, and design and improve programs.

The Council's major activities for 2001-02 include the following:

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

CHILDREN AND FAMILIES

The Council provides guidance and direction on policy and program development through participation on the following interagency initiatives and workgroups: Coordinated Children's Services Initiative; Mental Health/Juvenile Justice Project; Adolescent Project Team; New York State Task Force on HIV/AIDS Prevention; Governor's State Incentive Task Force/OASAS Cooperative Agreement; and America's Promise -The Alliance for Youth.

ALL FUNDS APPROPRIATIONS (dollars)

<u>Category</u>	<u>Available 2000-01</u>	<u>Appropriations Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations Recommended 2001-02</u>
State Operations	2,965,000	2,913,000	(52,000)	1,062,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>2,965,000</u>	<u>2,913,000</u>	<u>(52,000)</u>	<u>1,062,000</u>

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

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2000-01 Estimated FTEs 03/31/01</u>	<u>2001-02 Estimated FTEs 03/31/02</u>	<u>FTE Change</u>
Administration			
General Fund	13	14	1
Special Revenue Funds - Federal	6	7	1
Total	<u>19</u>	<u>21</u>	<u>2</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	1,006,000	1,013,000	7,000
Special Revenue Funds - Federal	1,659,000	1,600,000	(59,000)
Fiduciary Funds	300,000	300,000	0
Total	<u>2,965,000</u>	<u>2,913,000</u>	<u>(52,000)</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(78,000)
Special Revenue Funds - Federal	(9,000)
Appropriated 2000-01	<u>2,878,000</u>

CHILDREN AND FAMILIES

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Administration			
General Fund	1,006,000	1,013,000	7,000
Special Revenue Funds - Federal	1,659,000	1,600,000	(59,000)
Expendable Trust Funds	300,000	300,000	0
Total	<u>2,965,000</u>	<u>2,913,000</u>	<u>(52,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

<u>Program</u>	<u>Total Personal Service</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	922,000	7,000	922,000	7,000
Total	<u>922,000</u>	<u>7,000</u>	<u>922,000</u>	<u>7,000</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

<u>Program</u>	<u>Total Nonpersonal Service</u>		<u>Supplies and Materials</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	91,000	0	15,200	0
Total	<u>91,000</u>	<u>0</u>	<u>15,200</u>	<u>0</u>

<u>Program</u>	<u>Travel</u>		<u>Contractual Services</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	20,000	0	50,000	0
Total	<u>20,000</u>	<u>0</u>	<u>50,000</u>	<u>0</u>

<u>Program</u>	<u>Equipment</u>	
	<u>Amount</u>	<u>Change</u>
Administration	5,800	0
Total	<u>5,800</u>	<u>0</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	1,900,000	(59,000)	1,900,000	(59,000)
Total	<u>1,900,000</u>	<u>(59,000)</u>	<u>1,900,000</u>	<u>(59,000)</u>

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 six community colleges. The University is governed by a 17-member Board of Trustees comprised of: ten members appointed by the Governor, five members appointed by the Mayor, and two ex-officio members — the chairs of the Student Senate and the Faculty Senate.

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

University operations are governed by fewer of the State government controls that are imposed on other State agencies, reflecting executive and legislative interest in providing enhanced administrative and managerial flexibility to both the City University and the State University.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

New York City's fiscal crisis in the 1970's led to State assumption of full financial responsibility for CUNY's senior college operations, begun on a phased basis in 1979 and completed in 1982. In conjunction with the City of New York, the State also supports CUNY's community colleges.

SENIOR COLLEGES

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

For the 2001-02 academic year, the senior college operating budget will be \$1.027 billion — increase of \$9.1 million from the 2000-01 amount. State support for the net operating expenses of the senior colleges in the 2001-02 academic year will be \$612 million.

For the 2001-02 fiscal year, which overlaps two academic years, State support for the net operating expenses of the senior colleges will be \$609.6 million. This appropriation is used to reimburse New York City for its pre-financing of senior college expenses.

Additional State funding of \$20.0 million is provided as a lump sum for cost increases in personal service and non-personal service; operation of a new Baruch College facility scheduled to open early in the 2001-02 academic year; full-time faculty and other priorities of the Trustees.

With an additional \$1 million in State support, children with English proficiency deficiencies will have expanded opportunities to enhance their language skills in summer immersion programs provided through a collaboration between the City University and the New York City Board of Education.

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

Savings from productivity improvements should also be available to offset the cost of ongoing and new initiatives, including those encompassed in the University's recently approved Master Plan. One of the University's primary goals is to increase the number of full-time faculty, in order to reduce reliance on adjunct staff. It is anticipated that the Board of Trustees will continue its policy of allocating new faculty positions to individual colleges based on performance measures, such as graduation and retention rates, administrative efficiency, student satisfaction and the level of sponsored research.

COMMUNITY COLLEGES

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

Consistent with their important role in ensuring access to public higher education, CUNY's community colleges will be funded at the enriched levels established for the 2000-01 academic year. The 2001-02 academic year budget is predicated on \$2,250 per full-time equivalent (FTE) student in base aid and an aidable enrollment of 55,800 FTE students. Total operating aid, including rental funding, is \$126.2 million for the 2001-02 academic year. The budget also provides \$1.4 million for the Child Care and College Discovery programs and \$1 million for contract and workforce development courses. The total community college appropriation for the 2001-02 fiscal year, which overlaps two academic years, is \$128.6 million.

CAPITAL PROJECTS

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

In 1998-99, CUNY received appropriations totaling \$1.0 billion in support of the Governor's multi-year Capital Investment Program, with language specifying that amounts to be obligated from subsequent reappropriations were to be pursuant to a plan developed by the Governor. Concomitantly, CUNY's bond cap was increased by \$660 million, for a total bonding authorization of \$3.4 billion, to cover CUNY's planned bond sales for the course of the Capital Investment Program.

CUNY's capital reappropriations for 2001-02 support the fourth year of the Governor's multi-year Capital Investment Program which provides for additional facility and infrastructure improvements at City University senior and community colleges, consistent with the University's needs and priorities. In 2001-02, additional funding will be provided for two major projects to create improved facilities at Brooklyn and John Jay colleges and for critical health and safety, preservation and handicapped access projects throughout the University. A bond sale by the Dormitory Authority of the State of New York will provide \$160 million for the State's share of project costs to be obligated during 2001-02.

PROGRAM HIGHLIGHTS

The City University of New York offers a wide variety of educational avenues ranging from vocational courses to doctoral degree programs. More than 195,000 full-time and part-time students — 131,000 at the senior colleges and 64,000 at the community colleges — were enrolled in degree programs for the fall 2000 semester.

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

- The Language Immersion Program is designed to strengthen the language skills of first year students prior to their entry into collegiate coursework. This intensive, full-time program has successfully taken a holistic approach to language development. The program operates at eight sites and, in its brief history, has helped more than 8,000 students to prepare for full collegiate matriculation.
- The College Preparatory Initiative is a system-wide collaboration between the City University and the New York City public schools to improve the academic preparation of high school students. The cooperative effort has enabled CUNY to strengthen its academic prerequisites for admission to the University.
- The Workforce Development Initiative is a University-wide program designed to help meet New York City's current and future labor force needs. The University has been successful in garnering support from the private sector to supplement its State funding for this program.
- The New York City Alliance for Minority Participation is a consortium of 16 CUNY campuses that have joined with the National Science Foundation in a cooperative venture to increase the number of under-represented students successfully completing science, mathematics, engineering and technology baccalaureate programs.
- Approximately 80 research institutes and centers are located throughout the University. Notable examples include 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.

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

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

The City University recently received approval of its Master Plan by the Board of Regents. 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. The University intends to implement several initiatives to achieve these objectives. For example, the Honors College initiative will provide access to programs and expertise throughout the University and is expected to attract exceptional students to CUNY colleges, thus fostering a more academically challenging environment. CUNY plans to admit its first Honors College students in Fall 2001.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

<u>Category</u>	<u>Available 2000-01</u>	<u>Appropriations Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations Recommended 2001-02</u>
State Operations	1,108,368,000	1,117,468,000	9,100,000	0
Aid To Localities	738,257,000	752,408,000	14,151,000	0
Capital Projects	0	0	0	1,065,539,000
Total	<u>1,846,625,000</u>	<u>1,869,876,000</u>	<u>23,251,000</u>	<u>1,065,539,000</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Special Revenue Funds - Other	90,000,000	90,000,000	0
Fiduciary Funds	<u>1,018,368,000</u>	<u>1,027,468,000</u>	<u>9,100,000</u>
Total	<u>1,108,368,000</u>	<u>1,117,468,000</u>	<u>9,100,000</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	<u>738,257,000</u>	<u>752,408,000</u>	<u>14,151,000</u>
Total	<u>738,257,000</u>	<u>752,408,000</u>	<u>14,151,000</u>

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Community College Programs			
General Fund	129,724,000	128,615,000	(1,109,000)
Institutional Support Services			
General Fund	594,176,000	609,593,000	15,417,000
Senior College Pension Payments			
General Fund	14,200,000	14,200,000	0
Community Projects			
General Fund	<u>157,000</u>	<u>0</u>	<u>(157,000)</u>
Total	<u>738,257,000</u>	<u>752,408,000</u>	<u>14,151,000</u>

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

<u>Comprehensive Construction Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations 2001-02</u>
Senior Universities				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	56,150,000
Capital Projects Fund - Advances	0	0	0	516,637,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	5,000,000
Capital Projects Fund - Advances	0	0	0	0
Preservation of Facilities				
Capital Projects Fund	0	0	0	285,000
New Facilities				
Capital Projects Fund	0	0	0	0
Capital Projects Fund - Advances	0	0	0	352,300,000
City University of New York Capital Projects Fund				
City University of New York Capital Projects Fund	0	0	0	2,735,000
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>933,107,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	14,070,000
Capital Projects Fund - Advances	0	0	0	116,609,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	1,594,000
Capital Projects Fund - Advances	0	0	0	0
New Facilities				
Capital Projects Fund	0	0	0	159,000
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,432,000</u>
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,065,539,000</u>

STATE EDUCATION DEPARTMENT

MISSION

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

ORGANIZATION AND STAFFING

Oversight of the Department is provided by the Board of Regents, which was originally established by the Legislature in 1784 and subsequently continued in the State Constitution. The Board of Regents is comprised of 16 members — one for each of the State's 12 judicial districts and four statewide members — who are elected by a joint session of the Legislature for staggered five-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 2001-02 are projected to total 2,787 positions at year's end, of which approximately 17 percent will be supported by the General Fund. Various dedicated fees, chargebacks and Federal grants will support the remaining staff.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2001-02, total funding for the State Education Department will increase by \$1.5 billion or 7.9 percent. This year-to-year change is largely due to an increase of \$536 million for the STAR program, \$799 million in increased fiscal year support for school aid and \$323 million in new Federal funding for such activities as class-size reduction, school construction activity and services for persons with disabilities, which are partially offset by reductions in other areas such as funding for new capital projects.

The taxpayer-supported General Fund provides about 17 percent of SED's operational budget. Federal grants, including programs for individuals with disabilities and disadvantaged pupils, account for 48 percent of agency resources. The remaining 35 percent is derived from fees, chargebacks and other miscellaneous receipts.

The 2001-02 Executive Budget recommends \$13.92 billion in support for public schools, reflecting a State fiscal year increase of \$799 million in school aid, and recommends \$2.6 billion for school property tax relief through STAR, reflecting an appropriation increase of \$536 million. School aid represents the single largest expenditure item in the State's 2001-02 General Fund budget.

SCHOOL TAX RELIEF (STAR)

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

School Property Tax Relief And New York City School Tax Reduction

In 2001-02, STAR funding appropriated for local taxpayer savings will exceed \$2.6 billion, including funds for continuing the full exemption for eligible senior citizens and implementing the final year phase-in of STAR exemptions for other homeowners. School

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districts and cities with dependent school districts, including New York City, will be fully reimbursed by the State of New York for foregone local revenues. A portion of the State personal income tax will be dedicated to the School Tax Relief Fund from which the State reimbursement payments will be made. The school tax relief provisions include:

- **Basic Homestead Exemption:** In 2001-02, the basic school property tax homestead exemption will increase from \$20,000 to \$30,000 (on a "full value" basis) for residential owner-occupied primary residences that are not eligible for the enhanced senior citizen exemption.
- **Senior Citizen Homestead Exemption:** The school property tax exemption of at least \$50,000 is continued for eligible senior citizens.
- **New York City Tax Reduction:** The multi-year STAR program provides local personal income tax relief for taxpayers in New York City, where a combination of non-property taxes and property taxes is used to support the City's public schools. In 2001-02 — the final year of the STAR phase-in — \$560 million will be provided in local personal income tax savings for New York City taxpayers. This represents both a tax credit and a rate reduction for all New York City resident personal income tax filers. The City of New York will be fully reimbursed by the State for these foregone local revenues.

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. School districts would be subject to an annual cap on spending increases of 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.

The same exceptions that are 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, court orders, judgments and tax certiorari proceedings would be excluded from the cap.

Cost of Living Adjustment for Senior Income Eligibility

Governor Pataki is proposing legislation with the 2001-02 budget to increase the STAR income ceiling for seniors proportionately with increases in the Consumer Price Index. A cost of living adjustment (COLA) will ensure that modest increases in Social Security or other retirement income will not make seniors currently receiving enhanced STAR benefits ineligible in future years. Under the Governor's proposal, the current \$60,000 income limit will be raised proportionately with increases in the Consumer Price Index for STAR applications filed in 2002 and thereafter.

School Aid

Governor Pataki's education agenda for the coming year will build a new foundation for the future of our children by providing a record level of State support to public schools accompanied by fundamental reforms to provide greater flexibility and accountability in the use of these funds.

- **Flex Aid:** For the 2001-02 school year, 11 separate categories of school aid will be consolidated into a new \$9.8 billion Flexible operating aid program — **Flex Aid**. Under **Flex Aid**, the amount of operating aid provided to schools across the State will be dramatically expanded to allow schools to direct new resources, as well as existing State funds, to meet educational needs and priorities identified

- at the local level. This new formula will account for nearly 70 percent of overall school aid and will provide an equitable distribution of operating aid increases to the State's high-needs school districts. The **Flex Aid** formula also incorporates various reforms advanced by the Regents, including a poverty measure and a regional cost factor. An increase of \$250 million is provided for **Flex Aid**, with all school districts receiving an increase of at least 1.0 percent, and with no artificial limit on the maximum increase a school district can receive.
- **Performance Funding:** Although the State has provided record levels of funding to local schools, this investment has not resulted in a commensurate improvement in student performance on statewide achievement tests. A series of initiatives are proposed to encourage improved educational performance, with a particular focus on the State's Big 5 Cities. Under the new Flex Aid program, all school districts will be provided additional aid to implement the State's higher learning standards. Certain school districts with identified performance deficiencies would be required to target or "set aside" funds to address these deficiencies. This mandatory set-aside would be phased out as performance improves. In addition, increased aid would be provided prospectively to schools for improved performance on statewide achievement tests and graduation rates. Additionally, the proposed Executive Budget includes a new \$7.5 million Schoolwide Performance Incentive to reward educational improvement in the Big 5 Cities through schoolwide, performance-based awards.
 - **Teachers of Tomorrow:** For the coming year, funding for the Governor's Teachers of Tomorrow program will be doubled from \$25 million to \$50 million. The Teachers of Tomorrow program supports a variety of teacher recruitment and retention activities, including tuition reimbursement scholarships to attract new teachers to shortage areas, as well as tuition assistance for teachers in shortage areas who are seeking permanent certification. New activities for the coming year will include: training grants for alternative certification candidates; career ladder grants for paraprofessionals seeking to become certified teachers; pension modifications for retired public employees desiring to become teachers in teacher shortage areas and for existing teachers to continue teaching in hard-to-staff schools; professional support for new teachers in low-performing schools; and incentives for improving the quality of math and science teaching.
 - **Advantage Schools:** The Advantage After-School Program currently operates at 133 sites across the State, and provides more than 20,000 students with structured, supervised educational and social activities that complement instructional programs offered during regular school hours. Through the expansion of public-private partnerships (such as those with the After-School Corporation funded by George Soros) and increased State support to \$30 million this year, all school districts will be provided the opportunity to offer after-school programming over five years.
 - **School Choice:** In September 1999, the opening of New York's first three charter schools marked the beginning of one of the most significant education reforms in State history. For 2001-02, the State will continue to provide \$6 million in support for the Charter School Stimulus Fund to help meet facility needs and other start-up costs of charter schools. Other initiatives to promote greater educational opportunities will include allowing children in failing schools to transfer to another school within the same district, and providing summer immersion programs to enhance the language skills of children with English proficiency deficiencies.
 - **Big Five City Governance Reform:** Legislation will be advanced to provide the mayors and city governing boards of our largest cities with greater oversight responsibility for their schools. These school governance changes for our urban schools will be accompanied by a new Maintenance of Effort provision to ensure

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- that Big Five City schools realize the full benefit of State and Federal funding increases, and to protect them from disproportionate reductions in local support.
- **School Safety:** The Governor's Safe Schools Against Violence in Education Act of 2000 — based upon the recommendations of the Task Force on School Violence chaired by Lieutenant Governor Mary Donohue — represents the most comprehensive plan in the nation to ensure the safety and well-being of school children. During the 2001-02 school year, school districts across the State will implement a range of school safety initiatives, including the development of school safety plans. As part of this effort to promote safe, secure classrooms, funding will be continued for the development and integration of character, civility and citizenship education throughout the K-12 curriculum. Additionally, \$500,000 is provided to support the efforts of the Statewide Center for School Safety in promoting "best practices" and providing technical assistance to schools.
 - **Mandate Relief:** School districts will be provided an exemption from Wicks Law requirements that mandate the use of multiple contractors for school construction projects. This initiative will reduce the cost of school construction by more than 10 percent.

SCHOOL AID

State support for public schools in the 2001-02 State fiscal year will total \$13.92 billion. This represents a 2001-02 fiscal year increase of \$799 million, and supports a 2001-02 school year increase of \$382 million. Since 1996-97, the State will have provided an additional \$3.8 billion in State aid to public schools to enhance educational quality for students across New York. Through the combination of school aid and school tax relief through STAR, New York now supports an estimated 47 percent of local spending on education statewide. The \$13.92 billion in State fiscal year support for public schools includes \$125 million in additional lottery revenue from participation in a multi-state game similar to Powerball. These additional revenues will supplement taxpayer funds to support increased investments in schools and school facilities.

Major recommendations for the 2001-02 school year include:

- **Flex Aid:** For the 2001-02 school year, 11 separate categories of school aid will be consolidated into a new \$9.8 billion flexible operating program — **Flex Aid**. An increase of \$250 million is provided for **Flex Aid**, with all school districts receiving an increase of at least 1.0 percent, and with no limit on the maximum increase a district can receive.
- **Building aid:** For the 2001-02 school year, an increase of \$170 million is recommended in State support for school facilities, raising total State support for building aid to \$1.35 billion. This additional funding is accompanied by fundamental reforms in the financing of school construction. Most notable of these reforms is the creation of a priority-based funding program for all school construction projects approved by the State Education Department after January 15, 2001. In addition, the payment of State aid for new and existing capital projects will be based upon the useful life of projects (i.e., "assumed amortization"). Determining State building aid payments for existing projects using assumed amortization is anticipated to produce \$200 million in building aid savings for the 2001-02 school year.
- **Teachers of Tomorrow:** For the coming year, funding for the Governor's Teachers of Tomorrow program will be doubled from \$25 million to \$50 million. Current activities supported by this program will also be expanded to increase the numbers of qualified teachers statewide.
- **Educational Technology:** A new \$15 million Fund for Innovation program will be created to support innovative applications of educational technology in the Big

- 5 City school districts. This program replaces the current \$57 million educational technology program which directs relatively little support to the Big 5 Cities and other high-needs districts. Also, State funding for computer software will be increased by 10 percent, or \$4 million, and computer hardware aid will increase by \$500,000.
- **Early Childhood Education Initiatives:** This budget continues State support for Universal Pre-Kindergarten at \$225 million in 2001-02, the amount provided in the 2000-01 enacted budget. Since school districts only spent \$173 million against this appropriation in 2000-01, the funding level proposed for 2001-02 will permit school districts to begin or expand pre-kindergarten programs. In addition, State funding of \$50.2 million is continued for experimental pre-kindergarten programs. A total of \$140 million in State funding is continued for class size reduction efforts in grades K-3. This State support will be supplemented by over \$141 million in Federal class size funding — an increase of \$28 million from 2000-01 support levels.
 - **BOCES Aid:** In 2001-02, BOCES aid will be maintained at the same level provided in 2000-01.
 - **Summer School:** Over \$37 million is recommended for summer programs for the coming year.
 - **Other Aids:** New funding is provided for the \$7.5 million Schoolwide Performance Incentive program to recognize and reward educational improvement in the Big 5 Cities through schoolwide, performance-based awards. Reductions are recommended for various other categorical aid programs, including non-recurring legislative adds that total over \$78 million.

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School-Age Special Education

Faced with a possible loss of Federal funding, changes to the State's special education financing system were enacted in 1999 to encourage school districts to serve more disabled children in regular classroom settings. While this legislation represented a needed first step in improving our special education financing system, more fundamental reforms are necessary to remove existing financial disincentives that keep New York's special education referral rate well above the national average. Effective for the 2001-02 school year, a comprehensive reform of special education is proposed that will consolidate special education funding into the new comprehensive **Flex Aid** program. Under this new flexible funding formula, school districts will be provided with future funding increases based on overall enrollment growth rather than the number of children placed in special education.

Funding to address excessive teacher turnover in private and not-for-profit special education programs is continued at \$2 million for 2001-02. These funds are distributed to schools that demonstrate excessive teacher turnover and have teacher salaries significantly below the comparable regional average public school salaries.

Preschool Special Education

Over the past several years, fundamental reforms have been enacted in the preschool special education program to better meet the needs of over 60,000 disabled children, while also providing needed cost-containment. Building on these reforms, the 2001-02 Budget includes a new initiative to strengthen fiscal accountability by partially reimbursing counties for the costs of their audits of preschool programs. Counties will be eligible for State funding of 59.5 percent of their approved audit costs, up to \$15,000 per audit.

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

The 2001-02 recommended level of \$552 million will support the State's 59.5 percent share of preschool special education program costs.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

The State currently supports a variety of categorical education programs intended to address various special needs of schools and communities across the State. In the coming year, the following 19 categorical programs will be continued at 2000-01 funding levels.

ELEMENTARY, MIDDLE AND SECONDARY CATEGORICAL PROGRAMS 2001-02 STATE FISCAL YEAR (thousands of dollars)

<u>Program</u>	<u>2001-02 Appropriation</u>
Adult Basic Education	5,000
Adult Literacy Education	3,325
AIDS Education	990
Apprenticeship Training	1,830
Civility, Citizenship and Character Education	500
Comprehensive School Health	525
Consortium for Workers Education	8,500
Education of Children of Migrant Workers	90
Effective Schools	1,889
Extended Day/School Violence Prevention	30,200
Missing Children Prevention Education	900
New York State Center for School Safety	500
Parenting Education	506
Primary Mental Health Project	570
School Health Demonstration	150
Schools as Community Sites	6,000
Schools Under Registration Review	2,000
Transferring Success	630
Workplace Literacy	<u>1,376</u>
Total	65,481

A new \$5 million categorical aid program is recommended for 2001-02 to support academic intervention services at non-public schools, and funding for various other categorical programs is eliminated.

OTHER RECOMMENDATIONS

To sharpen the focus of the Board of Regents on matters directly related to education and to streamline agency operations, the 2001-02 Executive Budget recommends that programs related to cultural development and promotion — the State Library, the State Museum and the State Archives — be reassigned to a new Office of Cultural Resources (OCR) and budgeted within the Council on the Arts. The 2001-02 Executive Budget reflects the implementation of this functional transfer by October 1, 2001 and provides for the related transfer of funds, facilities and staff.

The Executive Budget also includes:

- \$1.0 million for services and expenses associated with criminal background checks of school district personnel. Legislation accompanying this budget will conform SED's responsibilities for conducting these criminal background checks with those of the Office of Children and Family Services in relation to persons seeking employment with childcare providers.
- \$300,000 to support additional workload associated with implementation of the new priority-based school construction aid program.
- \$15 million in existing special revenues to support a one-time rebate in license renewal fees for licensed professionals. The proposed rebate would reduce the cost of professional license renewal by approximately 30 percent for nearly 568,000 license-holders for whom SED has professional discipline responsibilities.
- \$500,000 in existing special revenues to provide additional funding for the Documentary Heritage program which provides grants to non-profit organizations for the preservation of, and expanded access to, historic documents.
- \$1 million in new State funding to assist public television stations in their conversion to state-of-the-art digital technology.
- \$6.6 million in continued support of legislative adds for the Case Services and Supported Employment programs for individuals with disabilities to ensure continued compliance with Federal maintenance of effort requirements.

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 2001-02 Executive Budget will increase General Support for Public Schools by \$382 million, to a total of nearly \$14.1 billion for the 2001-02 school year. Through the combination of school aid and property tax relief through STAR, New York now supports over 47 percent of local spending on education. As a percentage of State General Fund spending, support for education has grown from 27 percent in 1994-95 to more than 35 percent in 2001-02.

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

- **Flex Aid**, which replaces 11 separate formula-based aids and provides school districts with flexible support for general school operating costs, accounts for approximately 70 percent of overall school aid;

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- Transportation Aid and Building Aid, which provide support to school districts for student transportation and the construction and preservation of school facilities. These two aid categories account for approximately 16 percent of overall school aid; and
- Specialized aid and grant programs that address specific educational needs, ranging from textbooks to adult education programs. Notable program recommendations for 2001-02 include \$135.7 million in grants for magnet school programs in 19 cities throughout the State and \$96.2 million to support literacy services for 150,000 adults enrolled in the Employment Preparation Education program.

SCHOOL TAX RELIEF (STAR)

STAR will be fully implemented in 2001-02, providing New York's taxpayers with tax savings totaling \$2.6 billion in school property tax relief and the New York City personal income tax reduction. School districts and cities with dependent school districts, including the City of New York, will be fully reimbursed by the State for their foregone local revenues. The State's reimbursement payments will be made from the School Tax Relief Fund to which a portion of the personal income tax is dedicated.

School Property Tax Relief

- In 2001-02, more than 700,000 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 nearly \$900. To be eligible for the enhanced benefit, senior citizen residential property owners must be at least 65 years of age and have incomes of \$60,000 or less (combined incomes of the owners and their spouses who reside on the premises).
- In 2001-02, the school property tax exemption will increase by \$10,000 for owner-occupied primary residences that are not eligible for the senior citizen enhanced exemption. Nearly 3 million homeowners will be eligible to receive a full value equivalent homestead exemption of at least \$30,000, with an average statewide tax savings of approximately \$600.
- The exemptions provided to homeowners (both seniors and non-seniors) living in a county whose median home sale price exceeds the statewide median will be adjusted upward to account for the variation in property values for similar homes in different regions of the State.

New York City Tax Reduction

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

Property Taxpayers Bill of Rights

Enacted in 1997, the Property Taxpayer 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. In 2000-01, additional reforms were enacted to increase local accountability by ensuring that taxpayers are fully informed prior to school budget votes. Recent reforms include:

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

PROGRAMS FOR STUDENTS WITH SPECIAL NEEDS

New York provides a full spectrum of special educational services for more than 400,000 students from ages 3 to 21. These services range from in-home speech therapy for preschool children to placement in full-time residential schools for school-age children with the most severe disabling conditions. The costs of the preschool special education program are split between the State and county governments. The network of service providers includes school districts, Boards of Cooperative Educational Services (BOCES), private not-for-profit schools and State-operated facilities.

School districts and BOCES serve approximately 390,000 school-age children in classroom settings. An additional 14,500 students who require particularly intensive programs are served by 140 private schools, 14 Special Act School Districts and 11 State-supported schools for blind and deaf students.

Two State-operated schools provide specialized services for blind and deaf students with multiple disabilities. The New York State School for the Blind in Batavia serves approximately 65 blind and multiply-disabled students, including 15 developmentally disabled students served in an Intermediate Care Facility operated by the school. The New York State School for the Deaf in Rome serves approximately 100 deaf and multiply-disabled students.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

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

- **School Lunch and Breakfast Program:** State funds supplement Federal support to provide free and reduced-price meals for low-income students. Approximately 1.4 million lunches and 400,000 breakfasts are served daily under this program;

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- **Summer Food Program:** State funds supplement Federal support to provide free meals for low-income students participating in summer recreation programs. There are over 300 sponsors of summer programs serving almost 295,000 students;
- **Nonpublic School Aid:** The State reimburses 1,400 nonpublic schools for costs incurred in administering State mandated tests and other data collection efforts.

HIGHER EDUCATION

The Office of Higher Education has the responsibility to ensure quality and availability of post-secondary education programs in the State. The 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. Regulation of proprietary schools that offer a range of vocational education programs also falls within the purview of this Office.

REGULATION OF THE PROFESSIONS

New York State regulates professionals to protect the public by ensuring the quality and integrity of services provided to consumers. The Office of the Professions licenses and provides oversight for members of the 38 professions regulated pursuant to Title VIII of the Education Law, including: Nursing, Optometry, Dentistry, Pharmacy, Veterinary Medicine, Social Work, Architecture, Civil Engineering and Public Accountancy. The Office 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 Specialist Assistants) whose professional conduct is within the purview of the Department of Health. Professional licensure, oversight and enforcement functions have been self-supporting, through the collection of fines and fees, since 1987.

VOCATIONAL REHABILITATION

The Vocational and Educational Services for Individuals with Disabilities (VESID) program provides job training, counseling and placement services for disabled persons throughout New York. Using its network of 15 district offices across the State, VESID provides vocational rehabilitation services to disabled clients tailored to their individual goals, capabilities and needs. This program arranges job placements for over 16,300 individuals annually from an active caseload of 54,469.

Program	School Aid (millions of dollars)			
	School Year Payments			
	Estimated 2000-01	Recommended 2001-02	Change Amount	Change Percent
Formula-based Aids:				
Flex Aid	0.00	9,828.45	9,828.45	NA
Operating Aid	6,070.49	0.00	(6,070.49)	(100.00)
Tax Effort	173.11	0.00	(173.11)	(100.00)
Tax Equalization	724.73	0.00	(724.73)	(100.00)
Transition Adjustment	(407.93)	0.00	407.93	(100.00)
Gifted & Talented	14.43	0.00	(14.43)	(100.00)
Minor Maintenance	49.98	0.00	(49.98)	(100.00)
Excess Cost - Public	1,853.05	0.00	(1,853.05)	(100.00)
Excess Cost - Private	145.84	0.00	(145.84)	(100.00)
ERSSA	69.57	0.00	(69.57)	(100.00)
Extraordinary Needs	676.77	0.00	(676.77)	(100.00)
Operating Standards	137.82	0.00	(137.82)	(100.00)
Limited English Proficiency	70.57	0.00	(70.57)	(100.00)
Subtotal	9,578.44	9,828.45	250.01	2.61
Transportation	875.19	938.64	63.45	7.25
BOCES	455.27	455.27	0.00	0.00
Special Services: Career Ed./Computer Admin.	131.07	131.51	0.44	0.34
Computer Hardware	27.12	27.63	0.51	1.88
Textbooks	185.95	185.95	0.00	0.00
Computer Software	40.90	44.94	4.04	9.88
Library Materials	18.99	18.99	0.00	0.00
Full-Day K	6.13	4.88	(1.25)	(20.39)
Prekindergarten	201.86	201.86	0.00	0.00
Class Size Reduction	139.97	139.97	0.00	0.00
Summer School	32.62	37.42	4.80	14.71
Tax Limitation	30.14	25.00	(5.14)	(17.05)
Reorganization Incentive (Operating)	24.58	21.31	(3.27)	(13.30)
Fund for Innovation for Big 5	0.00	15.00	15.00	NA
Shared Services for Big 5	15.00	0.00	(15.00)	(100.00)
Subtotal Formula-based Aids	11,763.23	12,076.82	313.59	2.67
Other Aids:				
Building	1,175.55	1,345.22	169.67	14.43
Reorganization Incentive (Building)	17.99	24.46	6.47	35.96
Teachers of Tomorrow	25.00	50.00	25.00	100.00
Teacher Support Aid	67.48	15.00	(52.48)	(77.77)
Schoolwide Performance Incentive	0.00	7.49	7.49	NA
Prekindergarten Expansion	0.00	23.14	23.14	NA
Education Technology Incentive	32.86	0.00	(32.86)	(100.00)
Add'l Education Technology Incentive	24.14	0.00	(24.14)	(100.00)
Growth Aid	38.45	11.81	(26.64)	(69.28)
Categorical Reading	63.95	63.95	0.00	0.00
Improving Pupil Performance	66.35	66.35	0.00	0.00
Magnet Schools	135.44	135.65	0.21	0.16
Aid to Small City School Districts	81.88	69.31	(12.57)	(15.35)
Urban-Suburban Transfer	1.13	1.13	0.00	0.00
Employment Preparation Education (EPE)	96.18	96.18	0.00	0.00
Homeless Pupils	4.00	4.00	0.00	0.00
Incarcerated Youth	13.00	13.00	0.00	0.00
Bilingual	11.20	0.00	(11.20)	(100.00)
Fort Drum	2.63	2.63	0.00	0.00
Comptroller's Audits	0.25	0.25	0.00	0.00
Education of OMH/OMR Pupils	20.00	20.00	0.00	0.00
CIMS	2.50	0.00	(2.50)	(100.00)
AI/DP Grants	0.95	0.00	(0.95)	(100.00)
Special School Districts	1.70	1.70	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
Prior Year Claims	57.00	57.00	0.00	0.00
Grand Total	13,693.52	14,075.76	382.24	2.79

EDUCATION

ALL FUNDS APPROPRIATIONS (dollars)

<u>Category</u>	<u>Available 2000-01</u>	<u>Appropriations Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations Recommended 2001-02</u>
State Operations	313,931,800	331,464,300	17,532,500	176,742,400
Aid To Localities	18,738,919,485	20,291,155,800	1,552,236,315	2,535,169,560
Capital Projects	55,065,000	4,000,000	(51,065,000)	174,826,000
Total	<u>19,107,916,285</u>	<u>20,626,620,100</u>	<u>1,518,703,815</u>	<u>2,886,737,960</u>

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

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2000-01 Estimated FTEs 03/31/01</u>	<u>2001-02 Estimated FTEs 03/31/02</u>	<u>FTE Change</u>
Office of Management Services Program			
General Fund	198	179	(19)
Special Revenue Funds - Other	153	165	12
Internal Service Funds	111	111	0
Elementary, Middle and Secondary Education			
General Fund	227	242	15
Special Revenue Funds - Federal	299	299	0
School for the Blind			
Special Revenue Funds - Other	94	94	0
Batavia ICF/DD			
Special Revenue Funds - Other	29	29	0
School for the Deaf			
Special Revenue Funds - Other	96	96	0
Higher Education			
General Fund	44	44	0
Special Revenue Funds - Federal	21	21	0
Special Revenue Funds - Other	78	78	0
Office of the Professions			
Special Revenue Funds - Other	363	363	0
Vocational and Educational Services for Individuals with Disabilities			
General Fund	11	11	0
Special Revenue Funds - Federal	<u>1,055</u>	<u>1,055</u>	<u>0</u>
Total	<u>2,779</u>	<u>2,787</u>	<u>8</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	56,535,600	56,532,300	(3,300)
Special Revenue Funds - Federal	162,309,950	160,392,400	(1,917,550)
Special Revenue Funds - Other	79,719,450	98,014,500	18,295,050
Internal Service Funds	14,378,300	15,499,100	1,120,800
Fiduciary Funds	<u>988,500</u>	<u>1,026,000</u>	<u>37,500</u>
Total	313,931,800	<u><u>331,464,300</u></u>	<u><u>17,532,500</u></u>
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(3,349,000)		
Special Revenue Funds - Federal	(7,781,000)		
Special Revenue Funds - Other	(4,212,000)		
Internal Service Funds	(639,000)		
Expendable Trust Funds	(5,000)		
Transfer(s) To			
Arts, Council on the			
General Fund	9,193,000		
Special Revenue Funds - Federal	3,761,950		
Special Revenue Funds - Other	2,087,750		
Internal Service Funds	3,912,500		
Expendable Trust Funds	<u>348,500</u>		
Appropriated 2000-01	<u><u>317,249,500</u></u>		

EDUCATION

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Office of Management Services Program			
General Fund	19,597,800	17,852,500	(1,745,300)
Special Revenue Funds - Other	16,553,173	18,874,000	2,320,827
Internal Service Funds	10,465,800	11,550,000	1,084,200
Fiduciary Funds	600,000	600,000	0
Elementary, Middle and Secondary Education			
General Fund	23,057,100	24,528,000	1,470,900
Special Revenue Funds - Federal	52,376,000	49,201,800	(3,174,200)
Special Revenue Funds - Other	978,900	978,900	0
School for the Blind			
Special Revenue Funds - Other	7,537,900	7,537,900	0
Fiduciary Funds	20,000	40,000	20,000
Batavia ICF/DD			
General Fund	126,100	126,100	0
Special Revenue Funds - Other	2,650,000	2,650,000	0
School for the Deaf			
Special Revenue Funds - Other	7,426,000	7,426,000	0
Fiduciary Funds	20,000	20,000	0
Higher Education			
General Fund	3,775,500	3,808,000	32,500
Special Revenue Funds - Federal	1,938,000	2,522,600	584,600
Special Revenue Funds - Other	7,769,427	8,161,000	391,573
Office of the Professions			
Special Revenue Funds - Other	34,590,000	49,590,000	15,000,000
Cultural Education			
General Fund	9,193,000	9,431,700	238,700
Special Revenue Funds - Federal	3,761,950	3,927,000	165,050
Special Revenue Funds - Other	2,087,750	2,135,400	47,650
Internal Service Funds	3,912,500	3,949,100	36,600
Fiduciary Funds	348,500	366,000	17,500
Vocational and Educational Services for Individuals with Disabilities			
General Fund	786,100	786,000	(100)
Special Revenue Funds - Federal	104,234,000	104,741,000	507,000
Special Revenue Funds - Other	<u>126,300</u>	<u>661,300</u>	<u>535,000</u>
Total	<u>313,931,800</u>	<u>331,464,300</u>	<u>17,532,500</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

<u>Program</u>	<u>Total Personal Service</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Office of Management Services Program	9,633,600	(837,900)	9,633,600	(837,900)
Elementary, Middle and Secondary Education	13,214,900	170,900	13,214,900	170,900
Higher Education	2,268,100	32,500	2,268,100	32,500
Cultural Education	6,516,100	85,200	6,516,100	85,200
Vocational and Educational Services for Individuals with Disabilities	<u>733,200</u>	<u>0</u>	<u>733,200</u>	<u>0</u>
Total	<u>32,365,900</u>	<u>(549,300)</u>	<u>32,365,900</u>	<u>(549,300)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total Nonpersonal Service		Supplies and Materials	
	Amount	Change	Amount	Change
Office of Management Services Program	8,218,900	(907,400)	400,000	0
Elementary, Middle and Secondary Education	11,313,100	1,300,000	282,300	0
Batavia ICF/DD	126,100	0	0	0
Higher Education	1,539,900	0	11,700	0
Cultural Education	2,915,600	153,500	1,512,700	0
Vocational and Educational Services for Individuals with Disabilities	52,800	(100)	9,200	0
Total	24,166,400	546,000	2,215,900	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Office of Management Services Program	350,000	0	5,648,900	(907,400)
Elementary, Middle and Secondary Education	697,500	0	4,658,300	0
Higher Education	69,700	0	124,000	0
Cultural Education	72,900	0	1,258,600	153,500
Vocational and Educational Services for Individuals with Disabilities	13,500	(100)	21,300	0
Total	1,203,600	(100)	11,711,100	(753,900)

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Office of Management Services Program	250,000	0	1,570,000	0
Higher Education	34,500	0	0	0
Cultural Education	71,400	0	0	0
Vocational and Educational Services for Individuals with Disabilities	8,800	0	0	0
Total	364,700	0	1,570,000	0

Program	Maintenance Undistributed	
	Amount	Change
Elementary, Middle and Secondary Education	5,675,000	1,300,000
Batavia ICF/DD	126,100	0
Higher Education	1,300,000	0
Total	7,101,100	1,300,000

EDUCATION

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Office of Management Services Program	31,024,000	3,405,027	13,822,000	608,788
Elementary, Middle and Secondary Education	50,180,700	(3,174,200)	27,278,700	(4,412,900)
School for the Blind	7,577,900	20,000	5,190,000	0
Batavia ICF/DD	2,650,000	0	1,682,000	0
School for the Deaf	7,446,000	0	4,874,000	0
Higher Education	10,683,600	976,173	4,426,200	211,006
Office of the Professions	49,590,000	15,000,000	0	0
Cultural Education	10,377,500	266,800	3,947,600	117,600
Vocational and Educational Services for Individuals with Disabilities	105,402,300	1,042,000	51,140,100	(1,715,100)
Total	274,932,000	17,535,800	112,360,600	(5,190,606)

<u>Program</u>	<u>Nonpersonal Service</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Office of Management Services Program	14,602,000	796,239	2,600,000	2,000,000
Elementary, Middle and Secondary Education	21,923,100	1,238,700	978,900	0
School for the Blind	2,387,900	20,000	0	0
Batavia ICF/DD	968,000	0	0	0
School for the Deaf	2,572,000	0	0	0
Higher Education	4,157,400	843,167	2,100,000	(78,000)
Office of the Professions	0	0	49,590,000	15,000,000
Cultural Education	6,429,900	149,200	0	0
Vocational and Educational Services for Individuals with Disabilities	53,600,900	2,222,100	661,300	535,000
Total	106,641,200	5,269,406	55,930,200	17,457,000

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	12,969,387,485	13,527,487,800	558,100,315
Special Revenue Funds - Federal	2,236,382,000	2,561,368,000	324,986,000
Special Revenue Funds - Other	3,533,150,000	4,202,300,000	669,150,000
Total	18,738,919,485	20,291,155,800	1,552,236,315

EDUCATION

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
School Tax Relief			
Special Revenue Funds - Other	2,110,000,000	2,646,000,000	536,000,000
Elementary, Middle and Secondary Education			
General Fund	12,663,187,460	13,278,482,200	615,294,740
Special Revenue Funds - Federal	1,811,738,000	2,060,724,000	248,986,000
Special Revenue Funds - Other	1,413,000,000	1,545,300,000	132,300,000
Higher and Continuing Education			
General Fund	95,652,100	71,435,000	(24,217,100)
Cultural Education			
General Fund	110,673,000	106,700,000	(3,973,000)
Special Revenue Funds - Federal	4,660,000	4,660,000	0
Special Revenue Funds - Other	10,150,000	11,000,000	850,000
Vocational and Educational Services for Individuals with Disabilities			
General Fund	72,070,600	70,870,600	(1,200,000)
Special Revenue Funds - Federal	419,984,000	495,984,000	76,000,000
Community Projects			
General Fund	27,804,325	0	(27,804,325)
Total	<u>18,738,919,485</u>	<u>20,291,155,800</u>	<u>1,552,236,315</u>

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

<u>Comprehensive Construction Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations 2001-02</u>
Design and Construction Supervision				
Capital Projects Fund	0	0	0	180,000
Education Building				
Capital Projects Fund	1,365,000	0	(1,365,000)	1,814,000
Capital Projects Fund - Advances	0	0	0	5,360,000
School for the Blind				
Capital Projects Fund	700,000	0	(700,000)	859,000
Capital Projects Fund - Advances	0	0	0	2,170,000
School for the Deaf				
Capital Projects Fund	550,000	0	(550,000)	550,000
Capital Projects Fund - Advances	0	0	0	1,530,000
Schools For Native American Reservations				
Capital Projects Fund - Advances	0	0	0	450,000
Cultural Education Center				
Capital Projects Fund	1,500,000	1,500,000	0	1,500,000
Capital Projects Fund - Advances	0	0	0	19,450,000
Administration				
Capital Projects Fund	950,000	2,500,000	1,550,000	2,748,000
Rebuild Schools to Uphold Education Program				
Capital Projects Fund	50,000,000	0	(50,000,000)	130,000,000
Washington Avenue Armory				
Capital Projects Fund - Advances	0	0	0	8,215,000
Total	<u>55,065,000</u>	<u>4,000,000</u>	<u>(51,065,000)</u>	<u>174,826,000</u>

OFFICE OF CHILDREN AND FAMILY SERVICES

MISSION

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

ORGANIZATION AND STAFFING

The Office of Children and Family Services is headquartered in Rensselaer with regional offices throughout the State. These offices provide operational support and policy direction to local social services districts and youth bureaus. The Office is also responsible for the operation of 48 residential and day placement facilities statewide serving over 2,200 youth. The workforce for fiscal year 2001-02 is estimated at 4,534 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office of Children and Family Services receives 40 percent of its \$3.4 billion budget from State tax dollars and 60 percent from Federal and other funds. The State Operations Budget of \$464.6 million supports oversight of child welfare, child care, adult protection and domestic violence programs, among others. In addition, the State Operations Budget supports the continued operation of the agency's network of juvenile justice facilities.

The Local Assistance Budget of \$2.8 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 \$94.7 million primarily support the maintenance and construction of the State-operated juvenile justice facilities in order to provide a safe living environment, provide appropriate education, recreation and vocational program space, and maintain an appropriate level of security for youth while they are in residential care.

CHILDREN AND FAMILY SERVICES

The Executive Budget provides more than \$1.3 billion in State and Federal funding to support a comprehensive reform in the financing of child welfare services designed to encourage local governments to invest in the preventive services necessary to reduce the out-of-home placement of children. Specific elements of this reform initiative include:

- **Open-ended Funding for Prevention and Other Key Services:** Under Governor Pataki's Child Welfare Reform proposal, preventive services provided by counties will be removed from any block grant limitations and reimbursed, without limit, at a 65 percent rate. Child Protective Services, aftercare services, independent living activities, and local adoption services and administration costs related to adoptions will also receive 65 percent State aid. The Budget includes \$267 million for this new funding category in 2001-02 — an amount that is expected to grow steadily as counties increase their investment in services necessary to prevent foster care placement.
- **Investments in Child Welfare Quality Enhancement:** OCFS will distribute \$6 million in additional State and TANF funding to counties and not-for-profit groups in 2001-02 to promote the creation of innovative child welfare service delivery models and expand training programs for local and voluntary agency staff.

CHILDREN AND FAMILY SERVICES

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

Within the Federal Temporary Assistance to Needy Families (TANF) Block Grant, \$216 million in TANF funds are set aside for children and their families facing emergency situations. This recommendation reflects continued use of TANF funding to reimburse local governments for Juvenile Delinquent/Persons in Need of Supervision (JD/PINS) Foster Care and other local foster care expenditures. In addition, the SFY 2001-02 recommendation maintains the transfer of Federal TANF funds to the Federal Title XX Social Services Block Grant at \$244 million to support locally provided services to children and families.

The Executive Budget continues to provide local governments with funding to support implementation of the Federal Adoption and Safe Families Act (ASFA). This legislation provides important safeguards for protecting children placed in foster care and ensuring timely resolution of foster care placements through accelerated permanency planning hearings and other mandated case actions. The recommendation includes \$2.7 million for State and local ASFA implementation activities, including staff training, fingerprinting of persons applying to be foster care and adoptive parents, and administrative hearings.

The Budget includes \$130 million for the State's share of subsidies provided to families who adopt special needs children. These funds will support approximately 40,000 children in adoptive homes, including 4,700 children adopted last year; it is anticipated that a similar number will be adopted in 2001-02. In addition, the Budget continues to set aside \$1 million to help parents cover the legal costs they incur when they adopt children who have been awaiting final placement for longer than six months.

CHILD CARE

The Executive Budget includes Federal, State and local funding of \$840 million for the Child Care Block Grant, over three times the amount funded in its first year, SFY 1995-96. The Block Grant supports child care subsidies for low-income families and families in transition from welfare to employment. Those transitioning from welfare are guaranteed subsidized child care for 12 months after leaving Family Assistance. The State also guarantees child care to public assistance recipients with children up to age 13 when such care is required for the parent/guardian to go to work. Each social services district receives a single grant that enables it to tailor its expenditures to meet local needs and to comply with mandated work participation requirements for Family Assistance recipients.

Under the Child Care Block Grant, districts' ability to plan for and meet district-specific child care needs has increased. To foster even greater local flexibility, a new \$200 million Child Care Reserve Fund was established in 1999-2000. This Fund may be accessed by local social services districts over a three-year period as their child care demands change. The Executive Budget anticipates that approximately \$71 million will be allocated from the Child Care Reserve Fund in 2001-02.

As provided by the Child Care Quality Act signed by Governor Pataki in September 2000, the Executive Budget includes over \$18 million to fingerprint all regulated child care providers, expand oversight and monitoring activities, and increase the percentage of inspections for registered programs from 20 percent to 50 percent.

During 2001-02 the Office will continue implementation of the new Child Care Facilities Construction Program funds. First authorized in 1999-2000, this \$30 million bond-financed program will make grants available to child care providers to build or rehabilitate child care centers.

The Executive Budget also provides \$30 million to support the Advantage After-School initiative, a program offered from the end of classes to the early evening hours during the school year. This recommended funding level includes a \$10 million increase over 2000-01 and supports the first step in a five year effort to ensure that all school districts have access to after-school services. Advantage after-school funds are provided to community-based organizations demonstrating the ability to work collaboratively with schools, child care providers and/or other organizations or businesses for after-school programming.

YOUTH FACILITIES

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

The Executive Budget recommendations improve the quality of OCFS programs while targeting services to those youth most likely to benefit. Major recommendations will:

- Provide \$73 million in bond financed funding to construct a new secure center to replace the Harlem Valley Secure Center. The proposed center will be a state-of-the-art facility for supervising youth offenders and providing rehabilitative services.
- Provide \$220,000 to expand the treatment program for youth adjudicated as sex offenders.
- Transfer certain Juvenile Offenders, who would otherwise not be released before their 21st birthday, to the Department of Correctional Services. Correctional Services currently supervises over 3,600 youth under the age of 21 who were sentenced by the Criminal Court, and provides a range of rehabilitative and youth development services. Many of these youth are convicted of crimes identical to those of juveniles sentenced to OCFS through the Criminal Court.
- Strengthen community-based transition programs for youth released from residential care by converting existing community residential homes to evening reporting centers. This action will result in full year savings of \$680,000. The evening reporting centers offer specialized services aimed at reducing recidivism that include intensive supervision, after-school programming and job training.
- Provide OCFS with \$20,000 to support planning costs associated with the creation of two locally-operated Juvenile Justice Centers. This innovative new program model will help prevent recidivism by providing youth who enter the criminal justice system with integrated services at a single local site including detention, juvenile court, placement and aftercare.

SYSTEMS

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

CONNECTIONS provides for the electronic transmission of reports of child abuse or neglect from the State's Child Abuse Hotline to local governments. This enables local caseworkers to intervene quickly with as much information as possible, affording greater protections for children and enhanced case management. Under CONNECTIONS, overdue child protective investigations in New York City have been virtually eliminated - declining from a peak of 30,000 prior to CONNECTIONS implementation to approximately 100 in August 2000.

CHILDREN AND FAMILY SERVICES

The Executive Budget also provides funding through the Office for Technology for the OCFS' Day Care Licensing and the Service Provider Procurement E-Government initiatives. The Day Care Licensing initiative will be a cooperative effort with the Governor's Office of Regulatory Reform and will allow applicants for day care licenses to complete initial application information on the Internet. The Service Provider Procurement initiative is a multi-agency project that will allow OCFS to electronically issue procurements, receive and respond to bidders questions, review proposals, and announce awards.

PROGRAM HIGHLIGHTS

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

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

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

Through the Commission for the Blind and Visually Handicapped, the Office provides, directly or through contract, services to help visually handicapped people live independently and achieve self-sufficiency through employment. The Commission also assists over 3,900 children and elderly individuals with services such as orientation and mobility, social casework, adaptive equipment, interpreter services, low-vision examinations, diagnostic examinations and intensive adaptive skills training.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2000-01	Appropriations Recommended 2001-02	Change	Reappropriations Recommended 2001-02
State Operations	483,119,100	464,571,000	(18,548,100)	270,927,000
Aid To Localities	2,873,733,769	2,830,032,000	(43,701,769)	2,044,290,400
Capital Projects	44,800,000	94,700,000	49,900,000	100,992,000
Total	<u>3,401,652,869</u>	<u>3,389,303,000</u>	<u>(12,349,869)</u>	<u>2,416,209,400</u>

CHILDREN AND FAMILY SERVICES

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

Full-Time Equivalent Positions (FTE)			
Program	2000-01 Estimated FTEs 03/31/01	2001-02 Estimated FTEs 03/31/02	FTE Change
Central Administration			
General Fund	374	374	0
Special Revenue Funds - Other	74	74	0
Child Care			
General Fund	34	34	0
Special Revenue Funds - Federal	175	255	80
Commission for the Blind and Visually Handicapped			
General Fund	14	14	0
Special Revenue Funds - Federal	162	162	0
Expendable Trust Funds	3	3	0
Family and Children Services			
General Fund	434	440	6
Special Revenue Funds - Federal	84	84	0
Systems Support			
General Fund	175	193	18
Training and Development			
Special Revenue Funds - Other	60	60	0
Youth Facilities			
General Fund	2,888	2,841	(47)
Total	4,477	4,534	57

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

Fund Type	Available 2000-01	Recommended 2001-02	Change
General Fund	255,488,100	260,572,000	5,083,900
Special Revenue Funds - Federal	113,364,000	82,248,000	(31,116,000)
Special Revenue Funds - Other	110,425,000	117,926,000	7,501,000
Enterprise Funds	500,000	500,000	0
Internal Service Funds	100,000	100,000	0
Fiduciary Funds	3,242,000	3,225,000	(17,000)
Total	483,119,100	464,571,000	(18,548,100)
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(14,378,000)		
Special Revenue Funds - Federal	(1,607,000)		
Special Revenue Funds - Other	(752,000)		
Expendable Trust Funds	(17,000)		
Transfer(s) To			
National and Community Service			
Special Revenue Funds - Federal	53,000		
Appropriated 2000-01	466,418,100		

CHILDREN AND FAMILY SERVICES

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Central Administration			
General Fund	33,909,100	34,601,000	691,900
Special Revenue Funds - Other	9,544,000	16,000,000	6,456,000
Internal Service Funds	100,000	100,000	0
Fiduciary Funds	1,825,000	1,825,000	0
Child Care			
General Fund	2,609,800	2,725,000	115,200
Special Revenue Funds - Federal	11,272,000	14,800,000	3,528,000
Children's Services			
Special Revenue Funds - Federal	0	0	0
Commission for the Blind and Visually Handicapped			
General Fund	8,427,664	8,428,000	336
Special Revenue Funds - Federal	22,971,000	24,648,000	1,677,000
Special Revenue Funds - Other	500,000	500,000	0
Fiduciary Funds	1,417,000	1,400,000	(17,000)
Departmental Administrative Reimbursement			
General Fund	(32,093,000)	(30,093,000)	2,000,000
Special Revenue Funds - Other	38,593,000	30,093,000	(8,500,000)
Family and Children Services			
General Fund	30,790,342	31,013,000	222,658
Special Revenue Funds - Federal	18,121,000	17,800,000	(321,000)
Special Revenue Funds - Other	1,046,000	1,046,000	0
Systems Support			
General Fund	55,014,194	52,893,000	(2,121,194)
Special Revenue Funds - Federal	25,000,000	25,000,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Training and Development			
General Fund	10,000,000	11,000,000	1,000,000
Special Revenue Funds - Federal	36,000,000	0	(36,000,000)
Special Revenue Funds - Other	50,442,000	60,287,000	9,845,000
Enterprise Funds	200,000	200,000	0
Youth Facilities			
General Fund	146,830,000	150,005,000	3,175,000
Special Revenue Funds - Other	300,000	0	(300,000)
Enterprise Funds	300,000	300,000	0
Total	<u>483,119,100</u>	<u>464,571,000</u>	<u>(18,548,100)</u>

CHILDREN AND FAMILY SERVICES

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

Program	Total Personal Service		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	20,501,000	(528,900)	19,329,000	(762,700)
Child Care	1,742,000	82,500	1,742,000	82,500
Family and Children Services	20,028,000	14,658	19,165,000	(85,742)
Systems Support	7,012,000	(3,404,194)	6,902,000	(3,489,194)
Youth Facilities	123,303,000	809,000	111,253,000	(1,453,600)
Total	172,586,000	(3,026,936)	158,391,000	(5,708,736)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	1,025,000	216,900	147,000	16,900
Child Care	0	0	0	0
Family and Children Services	6,000	800	857,000	99,600
Systems Support	0	0	110,000	85,000
Youth Facilities	6,145,000	946,300	5,905,000	1,316,300
Total	7,176,000	1,164,000	7,019,000	1,517,800

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

Program	Total Nonpersonal Service		Supplies and Materials	
	Amount	Change	Amount	Change
Central Administration	14,100,000	1,220,800	214,000	6,000
Child Care	983,000	32,700	76,000	2,000
Commission for the Blind and Visually Handicapped	8,428,000	336	0	0
Family and Children Services	10,985,000	208,000	589,000	11,500
Systems Support	45,881,000	1,283,000	347,000	7,000
Training and Development	11,000,000	1,000,000	0	0
Youth Facilities	26,702,000	2,366,000	11,075,000	509,700
Total	118,079,000	6,110,836	12,301,000	536,200

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Central Administration	917,000	162,000	10,842,000	1,524,800
Child Care	197,000	13,000	680,000	17,700
Family and Children Services	387,000	30,500	7,880,000	266,000
Systems Support	104,000	5,000	9,690,000	6,971,000
Youth Facilities	951,000	127,000	13,224,000	1,488,200
Total	2,556,000	337,500	42,316,000	10,267,700

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	694,000	558,000	1,433,000	(1,030,000)
Child Care	30,000	0	0	0
Commission for the Blind and Visually Handicapped	0	0	8,428,000	336
Family and Children Services	29,000	0	2,100,000	(100,000)
Systems Support	140,000	0	35,600,000	(5,700,000)
Training and Development	0	0	11,000,000	1,000,000
Youth Facilities	1,223,000	12,100	229,000	229,000
Total	2,116,000	570,100	58,790,000	(5,600,664)

CHILDREN AND FAMILY SERVICES

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Central Administration	17,925,000	6,456,000	0	0
Child Care	14,800,000	3,528,000	0	0
Commission for the Blind and Visually Handicapped	26,548,000	1,660,000	0	0
Family and Children Services	18,846,000	(321,000)	0	0
Systems Support	35,000,000	0	0	0
Training and Development	60,487,000	(26,155,000)	1,662,000	0
Youth Facilities	300,000	(300,000)	0	0
Total	173,906,000	(15,132,000)	1,662,000	0

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	1,925,000	0	16,000,000	6,456,000
Child Care	0	0	14,800,000	3,528,000
Commission for the Blind and Visually Handicapped	0	0	26,548,000	1,660,000
Family and Children Services	5,000,000	(263,000)	13,846,000	(58,000)
Systems Support	0	0	35,000,000	0
Training and Development	2,646,000	0	56,179,000	(26,155,000)
Youth Facilities	300,000	(300,000)	0	0
Total	9,871,000	(563,000)	162,373,000	(14,569,000)

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

Fund Type	Available 2000-01	Recommended 2001-02	Change
General Fund	1,071,313,769	1,107,594,000	36,280,231
Special Revenue Funds - Federal	1,777,890,000	1,703,908,000	(73,982,000)
Special Revenue Funds - Other	21,000,000	15,000,000	(6,000,000)
Fiduciary Funds	3,530,000	3,530,000	0
Total	2,873,733,769	2,830,032,000	(43,701,769)

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

Program	Available 2000-01	Recommended 2001-02	Change
Child Care			
General Fund	96,066,000	96,066,000	0
Special Revenue Funds - Federal	644,000,000	624,000,000	(20,000,000)
Family and Children Services			
General Fund	946,000,900	1,006,528,000	60,527,100
Special Revenue Funds - Federal	1,105,452,000	1,051,470,000	(53,982,000)
Special Revenue Funds - Other	21,000,000	15,000,000	(6,000,000)
Fiduciary Funds	3,530,000	3,530,000	0
Training and Development			
General Fund	5,000,000	5,000,000	0
Special Revenue Funds - Federal	28,438,000	28,438,000	0
Community Projects			
General Fund	24,246,869	0	(24,246,869)
Total	2,873,733,769	2,830,032,000	(43,701,769)

CHILDREN AND FAMILY SERVICES

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

<u>Comprehensive Construction Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations 2001-02</u>
Design and Construction Supervision				
Youth Facilities Improvement Fund	1,000,000	0	(1,000,000)	2,000,000
Child Care Facilities Development Program				
Capital Projects Fund	15,000,000	0	(15,000,000)	30,000,000
Maintenance and Improvement of Facilities				
Capital Projects Fund	1,900,000	3,300,000	1,400,000	6,150,000
Youth Facilities Improvement Fund	7,700,000	11,900,000	4,200,000	22,739,000
Executive Direction and Administrative Services				
Capital Projects Fund	0	0	0	700,000
Misc. Capital Projects	7,000,000	0	(7,000,000)	7,000,000
Youth Facilities Improvement Fund	0	0	0	539,000
New Construction				
Youth Facilities Improvement Fund	9,200,000	72,800,000	63,600,000	9,200,000
Program Improvement or Program Change				
Youth Facilities Improvement Fund	3,000,000	6,700,000	3,700,000	13,776,000
Youth Center				
Capital Projects Fund	0	0	0	8,466,000
Rehabilitative Services				
Youth Facilities Improvement Fund	0	0	0	422,000
Total	<u>44,800,000</u>	<u>94,700,000</u>	<u>49,900,000</u>	<u>100,992,000</u>

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

MISSION

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

ORGANIZATION AND STAFFING

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A total of \$4.8 billion is recommended from all funding sources in SFY 2001-02 to support State Operations and Aid to Localities programs including Family Assistance, Safety Net, Supplemental Security Income (SSI), Food Assistance Program, Home Energy Assistance (HEAP), child support enforcement and food stamp administration.

Aid to Localities is funded by \$4.3 billion in Federal funds, General Fund dollars, and other revenue. Within this amount, the General Fund cost for direct welfare programs — Family Assistance and Safety Net — will decrease by approximately \$277 million in 2001-02 reflecting continued welfare caseload declines and the availability of Federal funding. Partially offsetting this decrease are increases in General Fund spending for Supplemental Security Income (SSI) for the aged and disabled. Special Revenue Funds - Other for Aid to Localities programs will increase by \$323 million. This increase does not reflect programmatic revision but rather results from a technical change in the financing of the Earned Income Tax Credit for households eligible for Temporary Assistance for Needy Families funding.

For State Operations, an appropriation of approximately \$531 million is recommended from all funding sources. These funds will support a workforce of approximately 2,569, including 1,360 federally funded positions in the Division of Disability Determinations.

The recommended \$83 million General Fund appropriation includes funding for staff and other costs related to the oversight of social services district administration of public assistance and child support enforcement programs; administrative hearings for public assistance, Food Stamp, and Medicaid applicants and recipients; and operation of the major computer systems supporting public assistance programs. Approximately \$429 million in Federal funds and other revenues are recommended for the administration of the Division of Disability Determinations, the Home Energy Assistance program (HEAP), and the Bureau of Refugee and Immigration Affairs.

Approximately \$65 million in State and Federal funding is appropriated for the cost of redesigning the Welfare Management System (WMS), continued development of the

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Welfare-to-Work Caseload Management System, and related human services systems initiatives. WMS is the primary data management tool used by districts to support eligibility determinations and other critical welfare administration activities.

Specific priorities for the Office of Temporary and Disability Assistance for 2001-02 are as follows:

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

PROGRAM HIGHLIGHTS

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

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

These new emphases have resulted in a dramatic decline in welfare caseloads. The total public assistance caseload in New York State in 2001-02 is projected at 740,000 recipients, a decrease of 36,000 persons from 2000-01. When compared to caseload levels in January 1995, welfare caseloads are projected to decline by over 916,000 recipients as of March 31, 2002, or by approximately 56 percent.

FAMILY ASSISTANCE

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

With certain statutorily prescribed exceptions, those who receive benefits must participate in work activities to remain eligible. Cash benefits for Family Assistance participants are limited to a cumulative period of five years. If the head of a Family Assistance household is unable to become employed during this period, the family is limited to non-cash benefits through the Safety Net program (discussed below) while the head of household continues to search for a job. Some long-term Family Assistance cases will reach this five year limit on assistance during 2001-02.

All Family Assistance participants must undergo an assessment of their employability skills and training needs and, unless disabled, must participate in assigned work activities. Participants are covered by a larger and greatly strengthened earned income disregard

TEMPORARY AND DISABILITY ASSISTANCE

than was historically the case and may retain a higher level of savings and other resources to help the transition from welfare. These measures help the new welfare system to foster recipient self-sufficiency.

Local social services districts are required to meet Federal work activity participation targets. The Federal Department of Health and Human Services (DHHS) recently announced that New York exceeded these Federal standards for Federal Fiscal Year 1999. Reflecting scheduled increases in work participation requirements in Federal law, for FFY 2001, districts must place at least 45 percent of all Family Assistance cases in an allowable work activity for not less than 30 hours per week. State law places the focus of participant employment plans directly on work or work-like activities such as job training, community service, or workfare. This approach will position the State to continue to meet or exceed required employment targets in future years. Under Federal law, the targets increase incrementally until the year 2002 when 50 percent of the Family Assistance caseload must participate in work activities for not less than 30 hours per week.

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 and welfare benefits are restricted to non-cash assistance. Teen parents must attend high school or other approved education programs to receive welfare benefits.

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

The Governor's welfare reform program has strengthened child support enforcement. Improvements include automated updating of child support awards to reflect inflation; interstate reciprocity in child support proceedings; a strengthened role for child support staff in welfare case processing; and administrative authority for social services districts to order genetic tests, subpoena information, and collect relevant data from Federal, State and local agencies. These measures have helped to increase total child support collections to their current level of over \$1 billion.

For SFY 2001-02, the Governor is proposing to increase the maximum monthly amount of child support (from \$50 to \$100) that can be passed-through to a custodial parent receiving family assistance and to strengthen provisions relating to medical support enforcement. The Executive Budget would continue to re-invest Federal incentive bonuses in child support initiatives to strengthen performance in "hard-to-collect" cases, update asset information on non-custodial parents, expand private health care coverage for children in support cases, and expand the "Celebrating Fatherhood" media campaign to encourage voluntary compliance. These initiatives will further strengthen the child support enforcement system, thus helping to ensure that parents provide for the income support of their children.

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

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SAFETY NET PROGRAM

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

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

DISABILITY ASSISTANCE

Participants in both Family Assistance and Safety Net can be exempt from work assignments, or given limited work activities, if necessary because of a medically verifiable physical or mental impairment. The social services district is responsible for determining if such a disability exists. In making this determination, the district must consider information provided by the participant's treating physician, but also can conduct its own medical examination.

SUPPLEMENTAL SECURITY INCOME

Federal Supplemental Security Income (SSI) provides cash assistance to the aged, visually handicapped, and disabled. New York's SSI benefit, is \$617 per month for an individual living alone in the community, including a scheduled January 2001 cost-of-living adjustment in the Federal portion of the grant. The State's SSI benefit currently is one of the highest nationally. The 2001-02 recommendation of \$626 million funds the State cost of SSI benefits for a projected 619,100 recipients.

STATE FOOD ASSISTANCE PROGRAM

New York's Food Assistance Program (FAP) purchases food stamps on behalf of immigrants age 60 through 67. Under provisions of Federal law, this vulnerable population no longer is eligible for federally funded food stamp benefits.

State statute authorizing FAP is scheduled to sunset on October 1, 2001. The 2001-02 Aid to Localities recommendation will extend FAP and will provide \$8.2 million in combined State and local funds for benefits to an estimated 5,000 immigrant seniors.

TEMPORARY AND DISABILITY ASSISTANCE

ALL FUNDS APPROPRIATIONS (dollars)

<u>Category</u>	<u>Available 2000-01</u>	<u>Appropriations Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations Recommended 2001-02</u>
State Operations	517,225,000	531,683,000	14,458,000	409,890,000
Aid To Localities	4,197,958,500	4,307,792,000	109,833,500	4,228,572,000
Capital Projects	0	0	0	12,611,000
Total	<u>4,715,183,500</u>	<u>4,839,475,000</u>	<u>124,291,500</u>	<u>4,651,073,000</u>

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

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2000-01 Estimated FTEs 03/31/01</u>	<u>2001-02 Estimated FTEs 03/31/02</u>	<u>FTE Change</u>
Administration			
General Fund	180	175	(5)
Special Revenue Funds - Federal	135	135	0
Special Revenue Funds - Other	63	63	0
Child Support Enforcement			
Special Revenue Funds - Other	61	61	0
Disability Determinations			
Special Revenue Funds - Federal	1,360	1,360	0
Special Revenue Funds - Other	111	111	0
Executive Direction			
General Fund	20	19	(1)
Legal Affairs			
General Fund	160	160	0
System Support and Information Services			
General Fund	114	111	(3)
Special Revenue Funds - Federal	16	16	0
Special Revenue Funds - Other	55	55	0
Temporary and Disability Assistance Programs			
General Fund	46	46	0
Special Revenue Funds - Federal	21	21	0
Special Revenue Funds - Other	188	188	0
Transitional Supports and Policy, Division of			
General Fund	35	19	(16)
Special Revenue Funds - Federal	29	29	0
Total	<u>2,594</u>	<u>2,569</u>	<u>(25)</u>

TEMPORARY AND DISABILITY ASSISTANCE

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	82,216,000	83,420,000	1,204,000
Special Revenue Funds - Federal	303,989,000	311,670,000	7,681,000
Special Revenue Funds - Other	130,020,000	135,593,000	5,573,000
Internal Service Funds	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Total	<u>517,225,000</u>	<u>531,683,000</u>	<u>14,458,000</u>

Adjustments:

Transfer(s) From			
Special Pay Bill			
General Fund	(5,657,000)		
Special Revenue Funds - Federal	(6,119,000)		
Special Revenue Funds - Other	<u>(439,000)</u>		
Appropriated 2000-01	<u>505,010,000</u>		

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Administration			
General Fund	19,912,000	19,901,000	(11,000)
Special Revenue Funds - Federal	7,000,000	7,000,000	0
Special Revenue Funds - Other	18,850,000	18,850,000	0
Internal Service Funds	1,000,000	1,000,000	0
Child Support Enforcement			
Special Revenue Funds - Federal	2,900,000	3,100,000	200,000
Special Revenue Funds - Other	25,000,000	26,117,000	1,117,000
Departmental Administrative Reimbursement			
General Fund	(62,462,000)	(67,357,000)	(4,895,000)
Special Revenue Funds - Other	66,031,000	70,926,000	4,895,000
Disability Determinations			
Special Revenue Funds - Federal	175,319,000	163,300,000	(12,019,000)
Special Revenue Funds - Other	10,839,000	10,400,000	(439,000)
Executive Direction			
General Fund	1,851,500	1,802,000	(49,500)
Legal Affairs			
General Fund	12,632,000	12,811,000	179,000
System Support and Information Services			
General Fund	103,118,000	109,943,000	6,825,000
Special Revenue Funds - Federal	110,000,000	130,000,000	20,000,000
Special Revenue Funds - Other	6,800,000	6,800,000	0
Temporary and Disability Assistance Programs			
General Fund	4,564,400	4,569,000	4,600
Special Revenue Funds - Federal	6,000,000	6,000,000	0
Special Revenue Funds - Other	2,500,000	2,500,000	0
Transitional Supports and Policy, Division of			
General Fund	2,600,100	1,751,000	(849,100)
Special Revenue Funds - Federal	<u>2,770,000</u>	<u>2,270,000</u>	<u>(500,000)</u>
Total	<u>517,225,000</u>	<u>531,683,000</u>	<u>14,458,000</u>

TEMPORARY AND DISABILITY ASSISTANCE

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total Personal Service		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	10,110,000	(130,000)	9,996,000	(130,000)
Executive Direction	1,468,000	(39,500)	1,383,500	(39,500)
Legal Affairs	9,882,000	209,000	9,592,000	209,000
System Support and Information Services	6,408,000	(2,261,000)	6,067,400	(2,291,600)
Temporary and Disability Assistance Programs	3,574,000	54,600	3,114,000	54,600
Transitional Supports and Policy, Division of	1,449,000	(755,100)	1,434,000	(755,100)
Total	<u>32,891,000</u>	<u>(2,922,000)</u>	<u>31,586,900</u>	<u>(2,952,600)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	83,600	0	30,400	0
Executive Direction	83,000	0	1,500	0
Legal Affairs	0	0	290,000	0
System Support and Information Services	0	0	340,600	30,600
Temporary and Disability Assistance Programs	440,000	0	20,000	0
Transitional Supports and Policy, Division of	0	0	15,000	0
Total	<u>606,600</u>	<u>0</u>	<u>697,500</u>	<u>30,600</u>

TEMPORARY AND DISABILITY ASSISTANCE

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total Nonpersonal Service		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	10,291,000	119,000	150,300	0
Executive Direction	334,000	(10,000)	22,200	0
Legal Affairs	2,929,000	(30,000)	137,500	0
System Support and Information Services	103,535,000	9,086,000	414,100	0
Temporary and Disability Assistance Programs	995,000	(50,000)	18,000	0
Transitional Supports and Policy, Division of	302,000	(94,000)	17,400	0
Total	<u>118,386,000</u>	<u>9,021,000</u>	<u>759,500</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	183,300	0	5,580,900	50,000
Executive Direction	51,100	(10,000)	235,000	0
Legal Affairs	86,100	(30,000)	2,639,400	0
System Support and Information Services	154,100	0	10,354,400	5,557,000
Temporary and Disability Assistance Programs	104,000	(50,000)	822,000	0
Transitional Supports and Policy, Division of	81,500	0	158,800	(94,000)
Total	<u>660,100</u>	<u>(90,000)</u>	<u>19,790,500</u>	<u>5,513,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,220,500	0	3,156,000	69,000
Executive Direction	25,700	0	0	0
Legal Affairs	66,000	0	0	0
System Support and Information Services	209,400	0	92,403,000	3,529,000
Temporary and Disability Assistance Programs	51,000	0	0	0
Transitional Supports and Policy, Division of	44,300	0	0	0
Total	<u>1,616,900</u>	<u>0</u>	<u>95,559,000</u>	<u>3,598,000</u>

TEMPORARY AND DISABILITY ASSISTANCE

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	26,350,000	0	600,000	0
Child Support Enforcement	29,217,000	1,317,000	0	0
Disability Determinations	173,700,000	(12,458,000)	72,400,000	(3,433,000)
System Support and Information Services	136,800,000	20,000,000	0	0
Temporary and Disability Assistance Programs	8,500,000	0	0	0
Transitional Supports and Policy, Division of	2,270,000	(500,000)	0	0
Total	<u>376,837,000</u>	<u>8,359,000</u>	<u>73,000,000</u>	<u>(3,433,000)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	250,000	0	25,500,000	0
Child Support Enforcement	0	0	29,217,000	1,317,000
Disability Determinations	90,900,000	(8,586,000)	10,400,000	(439,000)
System Support and Information Services	0	0	136,800,000	20,000,000
Temporary and Disability Assistance Programs	0	0	8,500,000	0
Transitional Supports and Policy, Division of	0	0	2,270,000	(500,000)
Total	<u>91,150,000</u>	<u>(8,586,000)</u>	<u>212,687,000</u>	<u>20,378,000</u>

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

Fund Type	Available 2000-01	Recommended 2001-02	Change
General Fund	1,700,858,500	1,433,892,000	(266,966,500)
Special Revenue Funds - Federal	2,400,700,000	2,454,500,000	53,800,000
Special Revenue Funds - Other	86,400,000	409,400,000	323,000,000
Fiduciary Funds	<u>10,000,000</u>	<u>10,000,000</u>	<u>0</u>
Total	<u>4,197,958,500</u>	<u>4,307,792,000</u>	<u>109,833,500</u>

TEMPORARY AND DISABILITY ASSISTANCE

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Administration			
Special Revenue Funds - Other	65,000,000	65,000,000	0
Child Support Enforcement			
General Fund	27,010,000	30,100,000	3,090,000
Special Revenue Funds - Federal	84,000,000	84,000,000	0
Special Revenue Funds - Other	300,000	300,000	0
Employment Services			
General Fund	49,278,000	50,250,000	972,000
Food Assistance Program			
General Fund	4,100,000	4,100,000	0
Special Revenue Funds - Other	4,100,000	4,100,000	0
Food Stamp Administration Program			
General Fund	113,911,000	123,441,000	9,530,000
Special Revenue Funds - Federal	219,000,000	219,000,000	0
Special Revenue Funds - Other	6,000,000	6,000,000	0
Temporary and Disability Assistance Administration			
General Fund	218,182,000	194,598,000	(23,584,000)
Temporary and Disability Assistance Programs			
General Fund	1,167,800,000	905,653,000	(262,147,000)
Special Revenue Funds - Federal	2,036,200,000	2,098,000,000	61,800,000
Special Revenue Funds - Other	1,000,000	324,000,000	323,000,000
Fiduciary Funds	10,000,000	10,000,000	0
Transitional Supports and Policy, Division of			
General Fund	120,575,000	125,750,000	5,175,000
Special Revenue Funds - Federal	61,500,000	53,500,000	(8,000,000)
Special Revenue Funds - Other	10,000,000	10,000,000	0
Community Projects			
General Fund	2,500	0	(2,500)
Total	<u>4,197,958,500</u>	<u>4,307,792,000</u>	<u>109,833,500</u>

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

<u>Comprehensive Construction Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations 2001-02</u>
Information Management Technology Program				
Capital Projects Fund	0	0	0	361,000
Supported Housing Program				
Capital Projects Fund	0	0	0	12,250,000
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,611,000</u>

HIGHER EDUCATION SERVICES CORPORATION

MISSION

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

ORGANIZATION AND STAFFING

The Corporation is governed by a 15-member Board of Trustees, ten of whom are appointed by the Governor to six-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 830 employees in 2001-02. Of this total, 688 positions (83 percent) are paid through funds received for the administration of federal student loans and 142 positions (17 percent) are paid from State funds for administration of State student financial aid programs. General administrative operations are located in Albany and Menands, while data processing operations are located in Troy.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends over \$780 million in support of agency operations and programs. Of this amount, over \$98 million will be available to support administration of State and federal student aid programs and \$682 million will be awarded in financial aid to students or colleges to provide access to postsecondary opportunities and help maintain New York's leadership in higher education.

General Fund support of \$9.6 million is recommended for administration of State grants and scholarships. Over \$88 million of the operating budget represents federal loan-related functions, which are supported from non-General Fund sources and include funding for administration of the federal GEAR UP program. Costs for shared data processing, personnel, finance and other administrative activities are allocated proportionately according to time expended for State or federal activities.

Of the \$682 million invested in financial aid and institutional grants, General Fund dollars account for nearly \$673 million. Support for the remaining expenditures is provided from federal funds and non-General Fund revenues.

STATE OPERATIONS

The Corporation will continue to improve its administrative operations in 2001-02 through investments in enhanced employee skills, modern technological infrastructure, and streamlined administrative practices. In addition to a renewed emphasis on providing

HIGHER EDUCATION SERVICES

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

FINANCIAL AID PROGRAMS

The 2001-02 recommended appropriation for the Tuition Assistance Program (TAP) is continued at \$636 million. This level of funding reflects continuation of enhancements made to the TAP program in 2000-01, offset by reduced program expenditures attributable to a natural decline in program participation due to the strong State economy. As a result of increases in family incomes and favorable employment opportunities, the number of TAP recipients is expected to decline in the coming year.

Significant TAP enhancements were enacted in 2000-01, many of which are scheduled for implementation in 2001-02. These include:

- providing the higher TAP maximum award level of \$5,000 to another group of first-time TAP recipients;
- eliminating the tuition cap applied to public university students; and
- lessening the award reduction for upper division recipients.

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

PROGRAM HIGHLIGHTS

STATE OPERATIONS

In the coming year, the Corporation will launch several e-commerce/e-government initiatives to streamline administrative operations and to provide enhanced services to students, parents and colleges. These initiatives will simplify the application process by enabling students to apply for financial aid and loans through the Internet. Additionally, student award eligibility confirmations from colleges and award payments made to colleges on behalf of students will be accelerated through the use of enhanced computer technology.

In 2001-02, the Corporation will continue to coordinate the State's participation in the Federal GEAR-UP program. In 1999, the Corporation was awarded a five-year Federal GEAR-UP grant to provide early college preparation and guidance services to low income communities. Recently, ten school and community groups were awarded over \$10 million under New York GEAR UP to provide participating middle and high school students with mentoring, counseling, outreach, and support services designed to encourage them to prepare for higher education. The Corporation's GEAR UP staff coordinates statewide activities for the 11 local GEAR UP partners — in the metropolitan New York City area, the Capital Region, the Southern Tier and Buffalo — which received competitive grants under the GEAR UP Partnership project.

FEDERAL LOAN GUARANTEE PROGRAM

The largest part of the Corporation's operational responsibility is the administration of the Federal Family Education Loan program. Under this program, the Corporation guarantees over \$12.3 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:

- \$3.0 billion in new guaranteed loans estimated for 2000-01;
- Processing of student loans for more than 454,000 individual borrowers; and
- Projected defaulted loan collections of \$199 million and defaulted loan purchases of \$187 million in 2000-01.

FINANCIAL AID PROGRAMS

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

- Tuition Assistance Program: \$636 million in aid will be provided to recipients in the public and private sectors.
- Aid for Part Time Study: \$14.6 million will be available to nearly 23,000 part-time students in all sectors of higher education.
- Scholarships and Fellowships: nearly 5,200 recipients are projected to receive aid for special employment preparation or targeted needs under fourteen State and Federal programs; 32,000 Scholarships for Academic Excellence will be available in 2001-02 to students pursuing their college education in New York State.

COLLEGE CHOICE TUITION SAVINGS PROGRAM

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

Jointly administered by the Corporation and the Office of the State Comptroller, the program has been well received by the general public. Since its inception in September 1998, over 101,000 accounts have been opened, with contributions exceeding \$521 million. New York's program has already received national recognition as one of the top college savings plans in the nation.

Recent improvements to encourage even greater participation in the College Choice program include: investment options for new participants; reduced paperwork for married couples who previously were required to open separate savings account to take full advantage of the tax benefits; and elimination of the penalty for early withdrawals upon the death or disability of the beneficiary.

HIGHER EDUCATION SERVICES

ALL FUNDS APPROPRIATIONS (dollars)

<u>Category</u>	<u>Available 2000-01</u>	<u>Appropriations Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations Recommended 2001-02</u>
State Operations	96,337,000	98,262,000	1,925,000	3,500,000
Aid To Localities	682,348,000	682,348,000	0	0
Capital Projects	0	0	0	0
Total	<u>778,685,000</u>	<u>780,610,000</u>	<u>1,925,000</u>	<u>3,500,000</u>

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

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2000-01 Estimated FTEs 03/31/01</u>	<u>2001-02 Estimated FTEs 03/31/02</u>	<u>FTE Change</u>
Administration			
General Fund	47	47	0
Special Revenue Funds - Other	246	246	0
Guaranteed Loan Programs			
Special Revenue Funds - Other	442	442	0
Grants and Scholarships			
General Fund	95	95	0
Total	<u>830</u>	<u>830</u>	<u>0</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	10,007,000	9,593,000	(414,000)
Special Revenue Funds - Federal	3,930,000	5,000,000	1,070,000
Special Revenue Funds - Other	82,400,000	83,669,000	1,269,000
Total	<u>96,337,000</u>	<u>98,262,000</u>	<u>1,925,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(582,000)
Special Revenue Funds - Other	(3,297,000)
Appropriated 2000-01	<u>92,458,000</u>

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Administration			
General Fund	5,351,000	5,006,000	(345,000)
Special Revenue Funds - Other	31,703,000	34,422,000	2,719,000
Guaranteed Loan Programs			
Special Revenue Funds - Federal	3,930,000	5,000,000	1,070,000
Special Revenue Funds - Other	50,697,000	49,247,000	(1,450,000)
Grants and Scholarships			
General Fund	4,656,000	4,587,000	(69,000)
Total	<u>96,337,000</u>	<u>98,262,000</u>	<u>1,925,000</u>

HIGHER EDUCATION SERVICES

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total Personal Service		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,383,000	(321,000)	2,353,000	(328,000)
Grants and Scholarships	3,716,000	371,000	3,681,000	370,000
Total	6,099,000	50,000	6,034,000	42,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	30,000	7,000
Grants and Scholarships	35,000	1,000	0	0
Total	35,000	1,000	30,000	7,000

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total Nonpersonal Service		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	2,623,000	(24,000)	162,000	(8,000)
Grants and Scholarships	871,000	(440,000)	25,000	(17,000)
Total	3,494,000	(464,000)	187,000	(25,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	40,000	35,000	2,388,000	(50,000)
Grants and Scholarships	18,000	13,000	803,000	(446,000)
Total	58,000	48,000	3,191,000	(496,000)

Program	Equipment	
	Amount	Change
Administration	33,000	(1,000)
Grants and Scholarships	25,000	10,000
Total	58,000	9,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	34,422,000	2,719,000	9,748,000	976,000
Guaranteed Loan Programs	54,247,000	(380,000)	18,447,000	(1,450,000)
Total	88,669,000	2,339,000	28,195,000	(474,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	24,174,000	1,743,000	500,000	0
Guaranteed Loan Programs	30,800,000	0	5,000,000	1,070,000
Total	54,974,000	1,743,000	5,500,000	1,070,000

HIGHER EDUCATION SERVICES

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	672,948,000	672,948,000	0
Special Revenue Funds - Federal	2,400,000	2,400,000	0
Special Revenue Funds - Other	7,000,000	7,000,000	0
Total	<u>682,348,000</u>	<u>682,348,000</u>	<u>0</u>

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Scholarships and Fellowships			
General Fund	21,918,000	21,918,000	0
Special Revenue Funds - Other	7,000,000	7,000,000	0
State Grant Programs			
General Fund	636,400,000	636,400,000	0
Special Revenue Funds - Federal	2,400,000	2,400,000	0
Tuition Awards for Part-Time Students			
General Fund	14,630,000	14,630,000	0
Total	<u>682,348,000</u>	<u>682,348,000</u>	<u>0</u>

DEPARTMENT OF LABOR

MISSION

The Department of Labor (DOL) helps prospective employees to acquire the work skills most in demand in the economy so that they can be hired into good jobs with opportunity for growth and advancement. The Department also enforces regulations that maintain safety and health in the workplace and ensure fair compensation, and administers Federal Unemployment Insurance benefits for people who have lost jobs through no fault of their own.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner and is organized into six programs: Employment and Training; Occupational Safety and Health; Labor Standards; Unemployment Insurance; Employment Relations Board; and Administration.

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department of Labor will have a workforce of 4,575 employees in SFY 2001-02. Approximately 86 percent of these positions are financed by Federal grants; ten percent are supported by fees and assessments; and the remaining four percent are paid by State tax dollars from the General Fund. Recommended State Operations appropriations are adjusted to better reflect actual Federal grant awards with no reduction in year-to-year program spending.

General Fund appropriations will provide partial support for agency administration, job training, welfare employment services, and enforcement activities as well as funding for the Employment Relations Board (ERB). ERB helps to mediate disputes between private sector employers and employees to avoid and settle strikes.

General Fund and Federal Temporary Assistance for Needy Families (TANF) Block grant appropriations totaling \$8,958,700 will support the Youth Education, Employment and Training program (YEETP) contracts that serve economically disadvantaged youth. In addition, General Fund and TANF appropriations totaling \$2,301,400 will continue support for Green Teams program contracts that provide vocational training and work experience for approximately 400 youth and 50 adults.

Excluding the \$2.5 billion Unemployment Insurance Benefit Fund, Federal funds support approximately 93 percent of the Department's remaining budget. Specific programs and activities include Unemployment Insurance, re-employment services for persons who may be affected adversely by international trade agreements, and Workforce Investment Act (WIA) job training services. Federally funded local assistance appropriation authority includes \$332 million for WIA services.

Under the State Welfare Reform Act of 1997, the Department is responsible for supervising social services district operation of welfare employment programs. The programs are supported by the General Fund, Federal Temporary Assistance for Needy Families (TANF) block grant dollars, and Federal Food Stamp Employment and Training money. In SFY 2001-02, a new \$100 million of TANF funds will be made available to social services districts and State agencies to support work activities through DOL and

LABOR

transitional services through the Office of Temporary and Disability Assistance. This new funding will complement prior-year set-asides for initiatives, such as InVEST and the New York Works Block Grant, which will remain available for expenditure in the forthcoming fiscal year. The new \$100 million, as well as these existing programs, is structured so that it can provide services to eligible individuals and families with incomes that do not exceed 200% of the Federal poverty level, thus providing an important focus on avoiding welfare dependency through work.

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

Fee revenues support approximately two percent of the Department of Labor's overall budget, funding worker protection and compensation enforcement activities and job training programs. These accounts are financed by fees for health and safety inspections, revenue from Workers' Compensation Board assessments, and interest on overdue Unemployment Insurance taxes owed by employers. The Unemployment Insurance benefit appropriation of \$2.5 billion comprises 72 percent of the Department of Labor's overall budget. These benefits are funded from Unemployment Insurance taxes paid by employers.

The Department's budget also includes an appropriation of \$245,000 which partially finances construction projects by local governments to correct workplace hazards.

PROGRAM HIGHLIGHTS

JOB SERVICES

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

Through the use of computers and the Internet, the Department of Labor has made it easier for job seekers and employers to use and benefit from agency services. For example, employers and job seekers can immediately access relevant information without assistance from Department staff. In addition, using Federal funds, the Department is implementing new software that will make it easier to match welfare and Unemployment Insurance case management information with job opportunities on various national job bank Internet sites.

In addition to the development of One-Stop Centers across the State, the Department is working with other State and local agencies, community colleges and others to build a workforce development system that 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)

The Federal Workforce Investment Act (WIA), provides job training to youth, adults, and dislocated workers. WIA also upgrades the skills of those currently working, thus helping employers meet the changing needs of their business operations. Eligible participants access WIA services through a network of local One-Stop Centers for the

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

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

WORKER PROTECTION

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

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 19,665 amusement park devices, 923 ski lifts, 7,272 places of public assembly (e.g., bleachers at concerts), and 35,068 commercial boilers. It also reviewed applications for 817 Radioactive Materials licenses and 55,155 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 1,050 businesses for compliance with child labor laws and collected almost \$13 million in back wages, unpaid fringe benefits, and minimum wage underpayments for approximately 20,441 employees.

UNEMPLOYMENT INSURANCE

The Unemployment Insurance (UI) program makes weekly payments to eligible unemployed workers who have lost a job through no fault of their own. These temporary payments, available for up to 26 weeks, help workers and their families pay bills and buy basic household items while looking for work.

To help unemployed workers find work as quickly as possible, the Department of Labor operates a Self-Employment program to help workers establish businesses and become self-employed. Workers whom the Department identifies as least likely to find another job without such assistance are referred to this program. Since April 1996 the program has served 9,586 workers. In addition, the Department also operates a re-employment services program to further strengthen efforts to move individuals back to work.

As part of Governor Pataki's continuing efforts to make government more efficient, the Department of Labor operates a telephone claims system that uses computer technology and information received over the phone to determine if applicants are eligible to receive Unemployment Insurance benefits and handle all other processing issues related to an individual's benefits. The system operates through four Tele-Claims Centers located in Troy, Endicott, and two sites in New York City that currently process about 85 percent of the statewide initial claims workload. This system replaces the less efficient process of requiring DOL staff to determine eligibility from paper forms filled out by applicants at local Department of Labor offices.

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ALL FUNDS APPROPRIATIONS (dollars)

<u>Category</u>	<u>Available 2000-01</u>	<u>Appropriations Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations Recommended 2001-02</u>
State Operations	3,198,489,500	3,119,275,400	(79,214,100)	731,379,100
Aid To Localities	354,102,700	341,563,900	(12,538,800)	1,029,776,000
Capital Projects	0	0	0	0
Total	<u>3,552,592,200</u>	<u>3,460,839,300</u>	<u>(91,752,900)</u>	<u>1,761,155,100</u>

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

Full-Time Equivalent Positions (FTE)

<u>Program</u>	<u>2000-01 Estimated FTEs 03/31/01</u>	<u>2001-02 Estimated FTEs 03/31/02</u>	<u>FTE Change</u>
Administration			
General Fund	75	75	0
Special Revenue Funds - Federal	3,935	3,935	0
Employment Relations Board			
General Fund	16	16	0
Employment and Training			
General Fund	48	48	0
Special Revenue Funds - Other	74	74	0
Labor Standards			
General Fund	21	21	0
Special Revenue Funds - Other	197	197	0
Occupational Safety and Health			
Special Revenue Funds - Other	209	209	0
Total	<u>4,575</u>	<u>4,575</u>	<u>0</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	12,192,700	11,951,500	(241,200)
Special Revenue Funds - Federal	636,277,500	554,873,900	(81,403,600)
Special Revenue Funds - Other	50,019,300	52,450,000	2,430,700
Fiduciary Funds	2,500,000,000	2,500,000,000	0
Total	<u>3,198,489,500</u>	<u>3,119,275,400</u>	<u>(79,214,100)</u>

Adjustments:

Transfer(s) From	
Labor, Department of	
General Fund	(142,100)
Special Revenue Funds - Federal	(1,659,100)
Special Pay Bill	
General Fund	(860,000)
Special Revenue Funds - Federal	(20,102,000)
Special Revenue Funds - Other	(652,000)
Transfer(s) To	
Labor, Department of	
Special Revenue Funds - Other	1,801,200
Appropriated 2000-01	<u>3,176,875,500</u>

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Administration			
General Fund	5,349,800	5,509,600	159,800
Special Revenue Funds - Federal	602,118,500	518,830,900	(83,287,600)
Employment Relations Board			
General Fund	2,134,900	2,172,700	37,800
Employment and Training			
General Fund	3,620,000	3,199,400	(420,600)
Special Revenue Funds - Federal	59,000	443,000	384,000
Special Revenue Funds - Other	12,736,000	12,954,300	218,300
Labor Standards			
General Fund	1,088,000	1,069,800	(18,200)
Special Revenue Funds - Other	12,806,300	13,160,200	353,900
Occupational Safety and Health			
Special Revenue Funds - Other	24,477,000	26,335,500	1,858,500
Unemployment Insurance Benefit Fund			
Special Revenue Funds - Federal	34,100,000	35,600,000	1,500,000
Expendable Trust Funds	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>0</u>
Total	<u>3,198,489,500</u>	<u>3,119,275,400</u>	<u>(79,214,100)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total Personal Service</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	3,872,800	47,200	3,872,800	47,200
Employment Relations Board	1,183,900	21,600	1,167,200	21,600
Employment and Training	915,200	16,700	915,200	16,700
Labor Standards	961,000	19,900	961,000	19,900
Total	<u>6,932,900</u>	<u>105,400</u>	<u>6,916,200</u>	<u>105,400</u>

<u>Program</u>	<u>Temporary Service (Nonannual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>
Administration	0	0
Employment Relations Board	16,700	0
Employment and Training	0	0
Labor Standards	0	0
Total	<u>16,700</u>	<u>0</u>

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total Nonpersonal Service</u>		<u>Supplies and Materials</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	1,636,800	112,600	116,300	3,400
Employment Relations Board	988,800	16,200	19,200	600
Employment and Training	2,284,200	(437,300)	37,000	1,100
Labor Standards	108,800	(38,100)	5,700	200
Total	<u>5,018,600</u>	<u>(346,600)</u>	<u>178,200</u>	<u>5,300</u>

<u>Program</u>	<u>Travel</u>		<u>Contractual Services</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	73,400	2,100	984,500	97,200
Employment Relations Board	65,900	1,900	401,600	13,600
Employment and Training	25,500	700	16,100	500
Labor Standards	7,800	200	77,700	(39,000)
Total	<u>172,600</u>	<u>4,900</u>	<u>1,479,900</u>	<u>72,300</u>

<u>Program</u>	<u>Equipment</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	103,600	3,000	359,000	6,900
Employment Relations Board	2,100	100	500,000	0
Employment and Training	25,200	700	2,180,400	(440,300)
Labor Standards	17,600	500	0	0
Total	<u>148,500</u>	<u>4,300</u>	<u>3,039,400</u>	<u>(433,400)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	518,830,900	(83,287,600)	0	0
Employment and Training	13,397,300	602,300	0	(44,000)
Labor Standards	13,160,200	353,900	8,639,500	155,500
Occupational Safety and Health	26,335,500	1,858,500	11,654,100	(273,200)
Unemployment Insurance Benefit Fund	2,535,600,000	1,500,000	0	0
Total	<u>3,107,323,900</u>	<u>(78,972,900)</u>	<u>20,293,600</u>	<u>(161,700)</u>

<u>Program</u>	<u>Nonpersonal Service</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	0	0	518,830,900	(83,287,600)
Employment and Training	0	(15,000)	13,397,300	661,300
Labor Standards	2,954,500	132,200	1,566,200	66,200
Occupational Safety and Health	12,681,400	131,700	2,000,000	2,000,000
Unemployment Insurance Benefit Fund	0	0	2,535,600,000	1,500,000
Total	<u>15,635,900</u>	<u>248,900</u>	<u>3,071,394,400</u>	<u>(79,060,100)</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	12,505,700	4,690,700	(7,815,000)
Special Revenue Funds - Federal	341,352,000	336,628,200	(4,723,800)
Special Revenue Funds - Other	245,000	245,000	0
Total	<u>354,102,700</u>	<u>341,563,900</u>	<u>(12,538,800)</u>

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Employment and Training			
General Fund	9,210,700	4,690,700	(4,520,000)
Special Revenue Funds - Federal	341,352,000	336,628,200	(4,723,800)
Occupational Safety and Health			
Special Revenue Funds - Other	245,000	245,000	0
Community Projects			
General Fund	<u>3,295,000</u>	<u>0</u>	<u>(3,295,000)</u>
Total	<u>354,102,700</u>	<u>341,563,900</u>	<u>(12,538,800)</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 2001-02 Executive Budget will support a staffing level of 460 positions for the Office of Real Property Services. State tax dollars from the General Fund will support 72 percent of these positions, with the remaining 28 percent supported by various fees.

General Fund appropriations of \$26.8 million will finance 62 percent of the Office's \$43.5 million operating budget in 2001-02. The remaining agency operations are supported by the following three revenue accounts: the Improvement of Real Property Tax Administration Account; the Industrial and Utility Services Account; and the Local Services Account. These accounts are funded from the State's share of the real property transfer recording fee, chargebacks for assessments made on industrial, utility and railroad property and charges for miscellaneous consulting and computing services.

Budget recommendations for the Office of Real Property Services for 2001-02 include:

- State aid of \$12 million for local administration of the School Tax Relief (STAR) program, including Governor Pataki's new program — Co-STAR — which would provide county tax relief for senior citizens and farmers, and \$7.5 million for the State's administrative responsibilities;
- An increase of \$2.7 million, for a total of \$9.0 million, for financial incentives for local governments to conduct annual updates of their assessment rolls pursuant to the higher standards enacted in 1999;
- Funding of \$4.7 million to fully compensate local governments for the revenue reductions attributable to the proposed Rail Access Tax Incentive program; and
- A technology initiative of \$750,000 to expand the use of computer and communication technology to modernize property tax administration.

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

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and financial assistance to local assessing units, and to assist other State agencies with information and administrative support in areas that relate to property tax policy or administration.

EQUALIZATION OF MUNICIPAL FULL VALUE

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

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

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

- In 2000, the assessment ratios supplied by 30 percent of local assessors were adopted without change as State equalization rates and that rate of adoption is expected to increase to 45 percent in 2001;
- Preparation of equalization rates has been accelerated so that almost half of the school districts can now use current equalization rates for school tax levy, instead of using modified rates from prior years. By 2003, current rates will be available to all school districts in the State;
- The number of complaints on preliminary equalization rates by local officials has dropped, resulting in reduced cost for hearing rate complaints and better State-local relations. Only 60 local governments filed complaints in 2000, compared to 350 a decade ago;
- The Office now relies solely on residential sales data for equalization in nearly half of the assessing units, thus reducing the need for costly appraisals by State employees; and
- Cost of the equalization program has been reduced from more than \$17 million in 1995-96 to \$14 million in 2000-01.

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:

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- Annual aid of up to \$5 per parcel for assessing units that meet State standards that include annual revisions of assessments and comprehensive re-inventory and revaluation at least once every six years;
- Consolidation aid providing a one-time financial incentive of up to \$7 per parcel to encourage cost-efficiency through the coordination of assessment functions performed by two or more assessing units;
- Assessor training aid to reimburse local assessment officials (including assessors and county directors of property tax services) for their cost of attending State-mandated training courses;
- STAR administration aid to ensure that localities are compensated for their workload associated with the implementation of the State's school tax relief program;
- Software support which includes the development, maintenance, training and consulting relating to a state-of-the-art software program to facilitate cost-efficient administration of local property taxes; and
- Advisory appraisals for certain complex properties — such as utilities and large manufacturing plants — which require highly specialized resources that are not available to most local assessors.

These State aid programs have been a catalyst for enhancing the equity and cost-efficiency of local property tax administration throughout the State. According to recent data, nearly two-thirds of the State's assessing units prepare assessment rolls that are reasonably equitable and current. Additionally, since the introduction of consolidation aid in 1994, 75 towns in 19 counties have come together to form 32 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 2000-01	Appropriations Recommended 2001-02	Change	Reappropriations Recommended 2001-02
State Operations	39,460,400	43,501,000	4,040,600	0
Aid To Localities	18,600,000	26,000,000	7,400,000	0
Capital Projects	0	0	0	0
Total	<u>58,060,400</u>	<u>69,501,000</u>	<u>11,440,600</u>	<u>0</u>

REAL PROPERTY SERVICES

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

Program	Full-Time Equivalent Positions (FTE)		
	2000-01	2001-02	FTE Change
	Estimated FTEs 03/31/01	Estimated FTEs 03/31/02	
Policy and Organizational Support Services			
General Fund	203	203	0
Special Revenue Funds - Other	47	47	0
Regional Operations			
General Fund	122	122	0
Special Revenue Funds - Other	83	83	0
School District Income Verification			
General Fund	5	5	0
Total	<u>460</u>	<u>460</u>	<u>0</u>

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

Fund Type	Available 2000-01	Recommended 2001-02	Change
General Fund	23,158,400	26,841,000	3,682,600
Special Revenue Funds - Other	16,302,000	16,660,000	358,000
Total	39,460,400	<u>43,501,000</u>	<u>4,040,600</u>
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(1,527,000)		
Special Revenue Funds - Other	(807,000)		
Appropriated 2000-01	<u>37,126,400</u>		

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

Program	Available 2000-01	Recommended 2001-02	Change
Policy and Organizational Support Services			
General Fund	16,481,200	20,164,000	3,682,800
Special Revenue Funds - Other	4,438,900	4,482,000	43,100
Regional Operations			
General Fund	6,430,900	6,431,000	100
Special Revenue Funds - Other	11,863,100	12,178,000	314,900
School District Income Verification			
General Fund	246,300	246,000	(300)
Total	<u>39,460,400</u>	<u>43,501,000</u>	<u>4,040,600</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

Program	Total Personal Service		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	9,363,000	(1,067,600)	9,363,000	(1,067,600)
Regional Operations	6,342,300	100	6,342,300	100
School District Income Verification	195,000	0	195,000	0
Total	<u>15,900,300</u>	<u>(1,067,500)</u>	<u>15,900,300</u>	<u>(1,067,500)</u>

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STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

<u>Program</u>	<u>Total Nonpersonal Service</u>		<u>Supplies and Materials</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Policy and Organizational Support Services	10,801,000	4,750,400	253,100	400
Regional Operations	88,700	0	70,160	0
School District Income Verification	51,000	(300)	0	0
Total	<u>10,940,700</u>	<u>4,750,100</u>	<u>323,260</u>	<u>400</u>

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

<u>Program</u>	<u>Equipment</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Policy and Organizational Support Services	695,100	0	8,250,000	4,750,000
School District Income Verification	51,000	(300)	0	0
Total	<u>746,100</u>	<u>(300)</u>	<u>8,250,000</u>	<u>4,750,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2001-02 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Policy and Organizational Support Services	4,482,000	43,100	2,903,500	(100)
Regional Operations	12,178,000	314,900	4,474,000	100
Total	<u>16,660,000</u>	<u>358,000</u>	<u>7,377,500</u>	<u>0</u>

<u>Program</u>	<u>Nonpersonal Service</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Policy and Organizational Support Services	1,578,500	43,200	0	0
Regional Operations	6,454,000	64,800	1,250,000	250,000
Total	<u>8,032,500</u>	<u>108,000</u>	<u>1,250,000</u>	<u>250,000</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	18,600,000	26,000,000	7,400,000
Total	<u>18,600,000</u>	<u>26,000,000</u>	<u>7,400,000</u>

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Policy and Organizational Support Services			
General Fund	18,600,000	26,000,000	7,400,000
Total	<u>18,600,000</u>	<u>26,000,000</u>	<u>7,400,000</u>

STATE UNIVERSITY OF NEW YORK

MISSION

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

ORGANIZATION AND STAFFING

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

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

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

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

The State University's operating budget supports an estimated 35,000 full-time equivalent positions consisting of 21,900 positions that are supported through a combination of State tax dollars and tuition revenues and 13,100 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 2001-02 Executive Budget recommends over \$3.8 billion to support the operations of the State University's campuses, central administration and University-wide programs. In addition to over \$1.2 billion in support from the General Fund (\$1.1 billion for operations and \$110 million for certain fringe benefit costs), the University's budget includes nearly \$2.6 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.

The State University's general operating budget for the 2001-02 academic year is \$1.784 billion, representing a net year-to-year increase of \$41.8 million. This net amount reflects a \$55.2 million increase which supports collective bargaining requirements, inflation, full-time faculty and other priority increases identified by the Trustees. The campuses also have the ability to supplement their operating budget funds from tuition revenues generated by student enrollment growth.

The Budget anticipates no increase in existing undergraduate resident tuition rates. The Budget also will propose statutory changes to authorize SUNY Board of Trustees to establish campus-based graduate and professional level tuition rates. At the present time, all SUNY campuses are required to charge the same tuition rate for like degree programs, regardless of the cost or demand for such programs at individual campuses.

For 2001-02, federal appropriations totaling nearly \$139 million will support the Pell grant program and various other student financial aid programs, while fiduciary fund appropriations totaling \$58 million support low-interest loans to needy students and the expenditure of earnings on SUNY endowment funds.

SUNY HOSPITALS

The SUNY hospitals, like other teaching hospitals across the nation, have experienced financial pressures caused, in large part, by reductions in Medicare payments and the growth of managed care. The fiscal challenges facing the SUNY hospitals have been further exacerbated by their inability to respond quickly to changing marketplace demands due to their State agency status. In this past year, a nationally recognized health care consulting firm completed its assessment of the financial condition of SUNY's teaching hospitals and recommended a series of actions to ensure the continued fiscal viability of these three hospitals. In response to the consultant's recommendations, the SUNY hospitals have developed financially-driven strategic plans for achieving self-sufficiency over a five-year period. These plans include an array of actions to achieve operational savings, and specific strategic investments to generate additional revenues.

The 2001-02 Budget recommends restructuring the appropriation structure for the SUNY hospitals to display more accurately their operating costs and revenues. All hospitals' spending will be appropriated in one account with the hospitals being responsible for directly paying their fringe benefit and debt service costs. By structuring the hospital appropriations in this manner, the SUNY hospitals will be directly accountable for operating within their available revenues, including a fixed State subsidy amount.

The SUNY hospitals will be provided a State subsidy of approximately \$92 million — an increase of \$51 million to recognize costs attributable to their State agency status. The State will also provide \$15 million as its share of a multi-year effort by the SUNY hospitals and the State to address the accumulated hospital deficit.

With the enactment of Chapter 363 of the Laws of 1998, the SUNY hospitals were given additional tools — the authority to enter into networking and managed care contracts and greater autonomy in contracting for management services and purchasing goods and services — to improve their competitiveness and enhance their revenues. This legislation represented a step forward in providing operational flexibility for the SUNY hospitals. However, even greater flexibility is needed to assure that the SUNY hospitals are able to achieve self-sufficiency. Accordingly, legislation accompanying this budget proposes specific flexibility measures to promote improved hospital cost-efficiency. In addition, SUNY will be developing approaches for providing the hospitals with enhanced access to capital financing.

COMMUNITY COLLEGES

SUNY community colleges have three primary funding sources — State aid, support from local sponsors and tuition revenue. Recommended State aid of \$325 million includes an increase of \$5.8 million to fully fund the \$125 per full-time student base aid enhancement provided for the 2000-01 academic year as well as an increase of \$3.5 million to reflect enrollment growth at the community colleges.

The overall year-to-year funding is a net increase of \$1.4 million when factoring in the proposed elimination of the Fashion Institute of Technology (FIT) chargeback reimbursement program (\$3.1 million) and legislative adds (\$5.0 million). Components of State aid include: basic operating aid (\$315 million), rental aid (\$4.9 million), child care (\$1.1 million), workforce training (\$1.0 million) and reimbursement to counties outside New York City for remaining 1999-2000 payments made to FIT (\$3.1 million).

CORNELL COOPERATIVE EXTENSION

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

CAPITAL

The 2001-02 Executive Budget recommendations represent the fourth year of the Governor's Capital Investment Program that will provide over \$2 billion for facility and infrastructure improvements at SUNY State-operated and community college campuses, consistent with needs and priorities established by the University. In addition, the Executive Budget includes \$185 million in new appropriation authority for the first year of a new multi-year capital investment program for SUNY's Residence Hall Program. This new capital investment — which is entirely supported by dormitory room rents — will enable SUNY campuses to continue with needed dormitory repairs and renovations, as well as the retrofitting of older dormitories with integrated fire/smoke detection and alarm systems consistent with recommendations of the Governor's Task Force on Campus Fire Safety.

Overall capital recommendations for State-operated and community colleges total nearly \$501 million, including nearly \$429 million in bonded projects and \$72 million in hard dollar capital funding for academic and other facilities. Within overall bonded funding, \$394 million is provided for State-operated campuses, consisting of \$239 million for educational facilities and SUNY hospitals and \$155 million for residence hall projects. Recommended capital spending will address critical health, safety and preservation needs, as well as the construction and renovation of facilities necessary to meet the educational mission of the University.

Community college capital projects are funded through State aid and direct sponsor support. Recommendations for 2001-02 total \$40 million, including \$35 million in high priority bonded projects for which financial commitments have already been obtained from local sponsors. The remaining \$5 million will fund hard dollar projects addressing critical health, safety and preservation issues.

PROGRAM HIGHLIGHTS

The State University of New York is the nation's largest comprehensive public university, offering 5,600 degree programs from research universities, community colleges, medical schools and colleges of technology among its 64 campuses. The State University

STATE UNIVERSITY

enrolls over 40 percent of college-bound students graduating from New York State high schools. More than 373,000 full-time and part-time SUNY students — 192,800 at State-operated campuses and 180,300 in community colleges — are pursuing studies ranging from one-year certificate programs to a doctorate.

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

The University is also working to raise the profile and volume of the scholarly research conducted by its faculty, and is more aggressively — and successfully — seeking federal and other external support for research.

The State University has also embarked upon significant initiatives in the area of technology that will place it at the forefront of higher educational institutions across the nation. For example, *SUNY Connect* is a path-breaking project which will electronically tie together all the University's library resources, creating a single university-wide "virtual library" that can be accessed anytime, anywhere at the touch of a computer key pad. Additionally, the SUNY Learning Network, a national leader in online learning, will offer 1,500 courses via the Internet this year and more than 30 degree programs completely online. In 2000-01, over 8,800 students have taken coursework through this innovative network.

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. The five colleges of technology of the State University of New York have joined forces in a new management structure that will allow each campus to operate more efficiently, while helping these schools fulfill the increasing demand for highly-skilled technicians.

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)

<u>Category</u>	<u>Available 2000-01</u>	<u>Appropriations Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations Recommended 2001-02</u>
State Operations	3,682,055,000	3,860,063,000	178,008,000	92,200,000
Aid To Localities	328,061,000	328,485,000	424,000	0
Capital Projects	0	185,000,000	185,000,000	2,067,149,000
Total	<u>4,010,116,000</u>	<u>4,373,548,000</u>	<u>363,432,000</u>	<u>2,159,349,000</u>

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	1,194,139,000	1,231,198,000	37,059,000
Special Revenue Funds - Federal	136,150,000	138,650,000	2,500,000
Special Revenue Funds - Other	2,295,643,000	2,426,415,000	130,772,000
Internal Service Funds	5,000,000	6,000,000	1,000,000
Fiduciary Funds	<u>51,123,000</u>	<u>57,800,000</u>	<u>6,677,000</u>
Total	<u>3,682,055,000</u>	<u>3,860,063,000</u>	<u>178,008,000</u>

Adjustments:

Recommended Deficiency			
State University of New York			
Special Revenue Funds - Other	(96,800,000)		
Transfer(s) From			
General State Charges			
General Fund	(81,285,000)		
Special Pay Bill			
General Fund	(44,542,000)		
Special Revenue Funds - Other	(20,956,000)		
Expendable Trust Funds	(23,000)		
Agency Trust Funds	(4,687,000)		
State University of New York			
General Fund	(24,911,000)		
Special Revenue Funds - Other	(116,200,000)		
Transfer(s) To			
State University of New York			
General Fund	116,200,000		
Special Revenue Funds - Other	<u>24,911,000</u>		
Appropriated 2000-01	<u>3,433,762,000</u>		

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

<u>Fund Type</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
General Fund	328,061,000	328,485,000	424,000
Total	<u>328,061,000</u>	<u>328,485,000</u>	<u>424,000</u>

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

<u>Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>
Community Colleges			
General Fund	323,253,400	324,622,000	1,368,600
County Cooperative Extension Program - Cornell University			
General Fund	3,862,600	3,863,000	400
Community Projects			
General Fund	<u>945,000</u>	<u>0</u>	<u>(945,000)</u>
Total	<u>328,061,000</u>	<u>328,485,000</u>	<u>424,000</u>

STATE UNIVERSITY

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

<u>Comprehensive Construction Program</u>	<u>Available 2000-01</u>	<u>Recommended 2001-02</u>	<u>Change</u>	<u>Reappropriations 2001-02</u>
Senior Universities				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	128,211,000
Capital Projects Fund - Advances	0	0	0	1,435,442,000
Program Changes - Expansion and Improvements				
Capital Projects Fund - Advances	0	0	0	0
State University Capital Projects Fund				
State University Capital Projects Fund	0	0	0	120,287,000
State University Residence Hall Rehabilitation Fund				
State University Residence Hall Rehabilitation Fund	0	185,000,000	185,000,000	81,484,000
Subtotal	<u>0</u>	<u>185,000,000</u>	<u>185,000,000</u>	<u>1,765,424,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	26,898,000
Capital Projects Fund - Advances	0	0	0	255,161,000
State University Residence Hall Rehabilitation Fund				
Capital Projects Fund - Advances	0	0	0	0
New Facilities				
Capital Projects Fund - Advances	0	0	0	19,666,000
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>301,725,000</u>
Total	<u><u>0</u></u>	<u><u>185,000,000</u></u>	<u><u>185,000,000</u></u>	<u><u>2,067,149,000</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 2001-02 is maintained at 113 positions. The Fund's positions are supported entirely from proceeds of revenue bonds issued to finance the construction and reconstruction of academic facilities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The State University Construction Fund is supported by proceeds from the sale of State University Educational Facilities Revenue bonds. The 2001-02 Executive Budget recommendation of \$10,900,000, an increase of \$900,000, will enable the Fund to continue the implementation of SUNY's Capital Investment Program.

PROGRAM HIGHLIGHTS

The 1998-99 Budget authorized a \$2.0 billion investment in the infrastructure and facilities of the State University of New York system. This strategic infrastructure investment will enable the State University to remain competitive into the 21st Century. The recommended appropriation levels and bonding authority are sufficient to allow the University to implement the comprehensive multi-year construction program that addresses both the current and future capital needs of the University.

As of March 31, 2000, the Fund has completed more than 4,200 academic, dormitory and dining hall capital projects with a replacement value exceeding \$12.2 billion. During the 2000-01 fiscal year, the Fund initiated the design of 197 projects for a total value of \$129 million and began construction of 142 projects at an estimated cost of \$249 million.

In addition to design and construction of new and rehabilitated academic facilities, other key agency functions include:

- Preparation and development of the State University's Master Capital Construction Plan, as well as master plans for individual campuses.
- Preparation of the State University's annual capital budget request and facility program.
- Development and maintenance of energy conservation and telecommunications programs.

STATE UNIVERSITY CONSTRUCTION

- Development and maintenance of on-line interactive data processing systems on space and property inventories, real property, State building codes, and other related plant management functions.
- Management and administration of University-wide programs including minor rehabilitation and other programs.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2000-01	Appropriations Recommended 2001-02	Change	Reappropriations Recommended 2001-02
State Operations	10,826,000	10,900,000	74,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	10,826,000	10,900,000	74,000	0

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

Fund Type	Available 2000-01	Recommended 2001-02	Change
Special Revenue Funds - Other	10,826,000	10,900,000	74,000
Total	10,826,000	10,900,000	74,000

Adjustments:

Transfer(s) From Special Pay Bill Special Revenue Funds - Other	(826,000)
Appropriated 2000-01	10,000,000

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

Program	Available 2000-01	Recommended 2001-02	Change
Administration Special Revenue Funds - Other	10,826,000	10,900,000	74,000
Total	10,826,000	10,900,000	74,000

OFFICE OF WELFARE INSPECTOR GENERAL

MISSION

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

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

ORGANIZATION AND STAFFING

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

The Office will have a workforce of 12 for SFY 2001-02, which is consistent with SFY 2000-01 staffing levels.

BUDGET HIGHLIGHTS

The SFY 2001-02 General Fund support for the Office of Welfare Inspector General is \$651,000. This represents an increase of \$70,000 compared with SFY 2000-01 levels. The increase is largely due to the annualization of costs associated with moving to a new location in New York City. Approximately 63 percent of the Office's operations are supported by the General Fund and the remaining 37 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.

In 2000, the Office received approximately 600 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

WELFARE INSPECTOR GENERAL

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.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2000-01	Appropriations Recommended 2001-02	Change	Reappropriations Recommended 2001-02
State Operations	951,000	1,021,000	70,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	<u>951,000</u>	<u>1,021,000</u>	<u>70,000</u>	<u>0</u>

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

Full-Time Equivalent Positions (FTE)

Program	2000-01 Estimated FTEs 03/31/01	2001-02 Estimated FTEs 03/31/02	FTE Change
Welfare Inspector General, Office of the General Fund	11	11	0
Total	<u>11</u>	<u>11</u>	<u>0</u>

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

Fund Type	Available 2000-01	Recommended 2001-02	Change
General Fund	581,000	651,000	70,000
Special Revenue Funds - Other	<u>370,000</u>	<u>370,000</u>	<u>0</u>
Total	<u>951,000</u>	<u>1,021,000</u>	<u>70,000</u>
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	<u>(59,000)</u>		
Appropriated 2000-01	<u>892,000</u>		

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

Program	Available 2000-01	Recommended 2001-02	Change
Welfare Inspector General, Office of the General Fund	581,000	651,000	70,000
Special Revenue Funds - Other	<u>370,000</u>	<u>370,000</u>	<u>0</u>
Total	<u>951,000</u>	<u>1,021,000</u>	<u>70,000</u>

WELFARE INSPECTOR GENERAL

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total Personal Service</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Welfare Inspector General, Office of the	788,000	41,000	788,000	41,000
Total	<u>788,000</u>	<u>41,000</u>	<u>788,000</u>	<u>41,000</u>

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2001-02 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total Nonpersonal Service</u>		<u>Supplies and Materials</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Welfare Inspector General, Office of the	233,000	29,000	60,000	0
Total	<u>233,000</u>	<u>29,000</u>	<u>60,000</u>	<u>0</u>

<u>Program</u>	<u>Travel</u>		<u>Contractual Services</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Welfare Inspector General, Office of the	14,000	0	157,000	29,000
Total	<u>14,000</u>	<u>0</u>	<u>157,000</u>	<u>29,000</u>

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