

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

OVERVIEW AND PERFORMANCE MEASURES

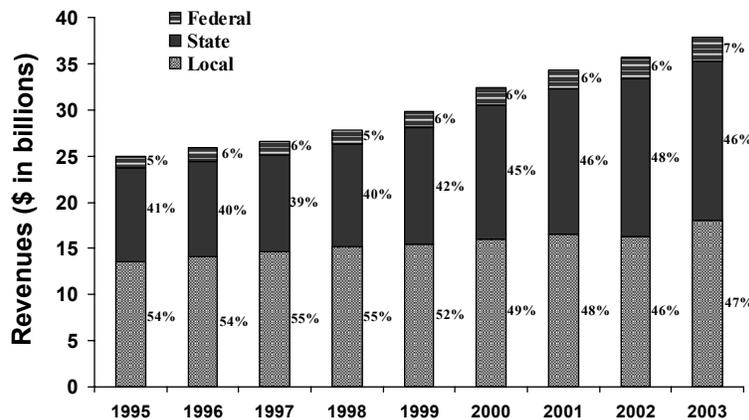
ELEMENTARY AND SECONDARY EDUCATION

The following charts provide some information on performance and fiscal measures related to New York's K-12 elementary and secondary education program. As noted in the data below, New Yorkers make a significant investment in education. With State and local taxpayer support, New York spends approximately \$12,880 per pupil - more than every other state except New Jersey, and 1.5 times the national average of \$8,618. New York's investment in K-12 education has resulted in improved student performance, smaller class sizes and teacher salaries which are among the highest in the nation.

The information below is based on the most recent data available from the National Center for Education Statistics (NCES), the National Education Association (NEA) and the New York State Education Department (SED), and includes:

- The total amount of resources provided for K-12 purposes in New York, including the relative share of resources provided by the State, local governments, and the Federal government from 1995 through 2003.
- Student-teacher ratios in 2003 for New York and other comparable states.
- Total spending per pupil in 2005 for New York and other comparable states.
- Total spending per pupil for New York and the national average from 1995 through 2005.
- Trends in fourth and eighth grade State Regents exams in math and English.

**New York K-12 Public School Funding
By Revenue Source**

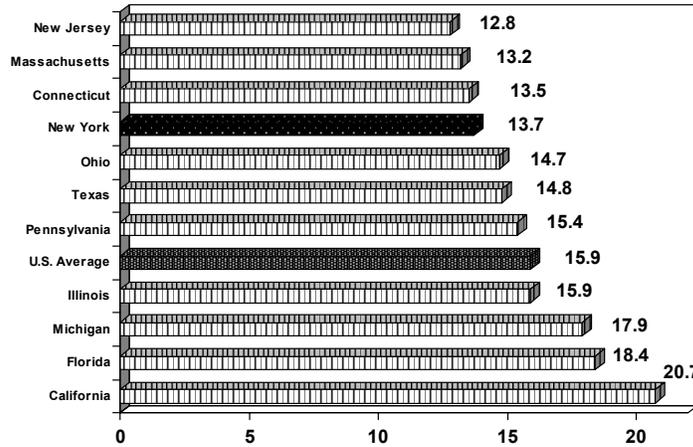


Source: National Center for Education Statistics.

ELEMENTARY AND SECONDARY EDUCATION

Of the approximately \$38 billion in resources provided to New York's public elementary and secondary schools in school year 2002-03, the local, State, and Federal contributions were 47 percent, 46 percent, and 7 percent respectively. Since 1995, the State share of total resources has increased by 5 percent (from 41 percent to 46 percent) and the Federal share has increased by 2 percent (from 5 percent to 7 percent), while the local share of overall resources has decreased by 7 percent (from 54 percent to 47 percent).

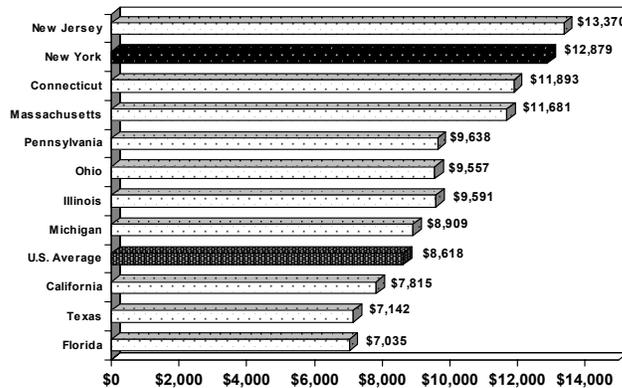
Student/Teacher Ratios



Source: National Center for Education Statistics.

New York's student/teacher ratio (13.7) in 2003 was richer than most of its peer states, as well as the national average (15.9). New York's number of students per teacher decreased by 1.5 students between 1995 and 2003, while the national average decreased by 1.4 students during this time.

K-12 Education Spending Per Pupil

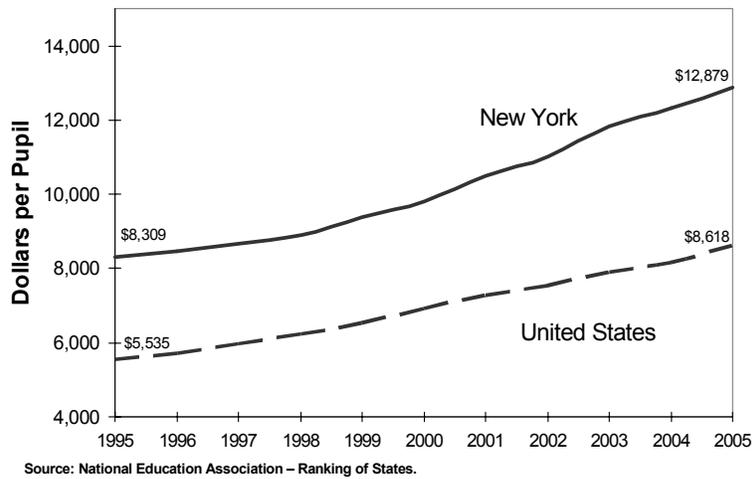


Source: National Education Association – Ranking of States.

New York has ranked either first or second in national per pupil spending for each of the five most recent years for which data are available. In 2004-05, New York's per pupil spending of \$12,879 was 1.5 times the national average of \$8,618.

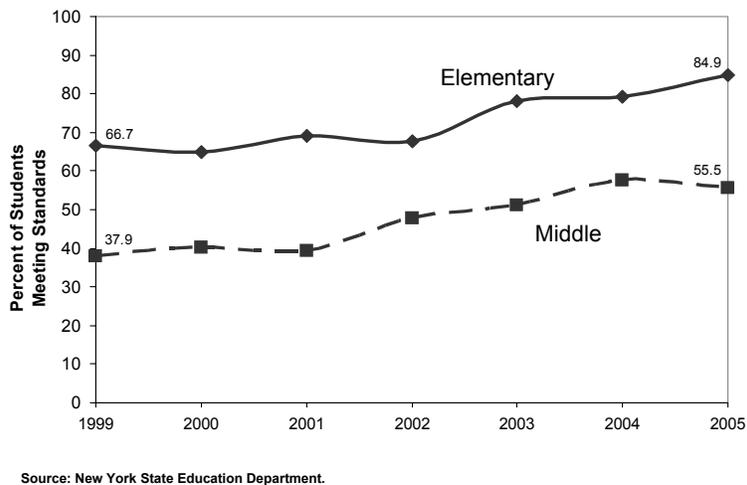
ELEMENTARY AND SECONDARY EDUCATION

K-12 Education Spending Per Pupil



Between 1995 and 2005, New York's per pupil spending increased at the same rate as the national average (4.5 percent). However, between the years 2000 and 2005, New York's growth in per pupil spending (5.6 percent) has exceeded the national average (4.6 percent). The higher-than-average growth in New York's per pupil spending during this period is a result of increased spending at a time when enrollment remained relatively stable.

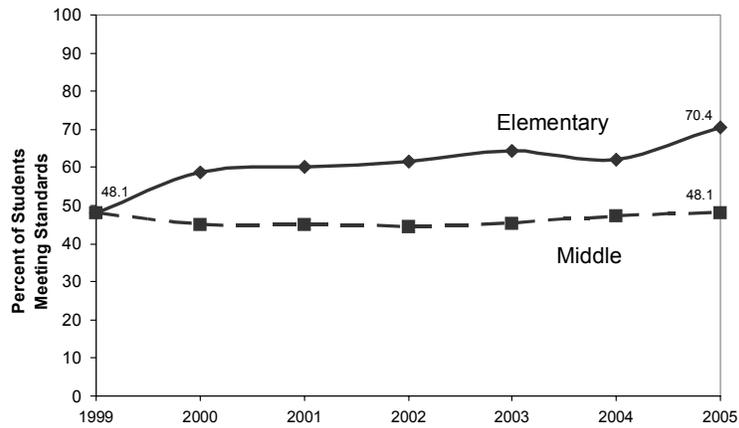
Student Performance in Math



The performance of fourth-graders and eighth-graders meeting the State's math standards has improved significantly since 1999. In 2005, New York's fourth-graders posted their strongest performance to date, with nearly 85 percent meeting the State's math standards. At both the fourth-grade and eighth-grade levels, a significantly higher percentage of students met the State's math standards in 2005 than in 1999.

ELEMENTARY AND SECONDARY EDUCATION

Student Performance in English



Source: New York State Education Department.

The performance of fourth-graders meeting the State's English standards has improved to over 70 percent in 2005 from 48 percent in 1999. The performance of eighth-graders meeting the State's English standards has remained stable at 48.1 percent in both 1999 and 2005.

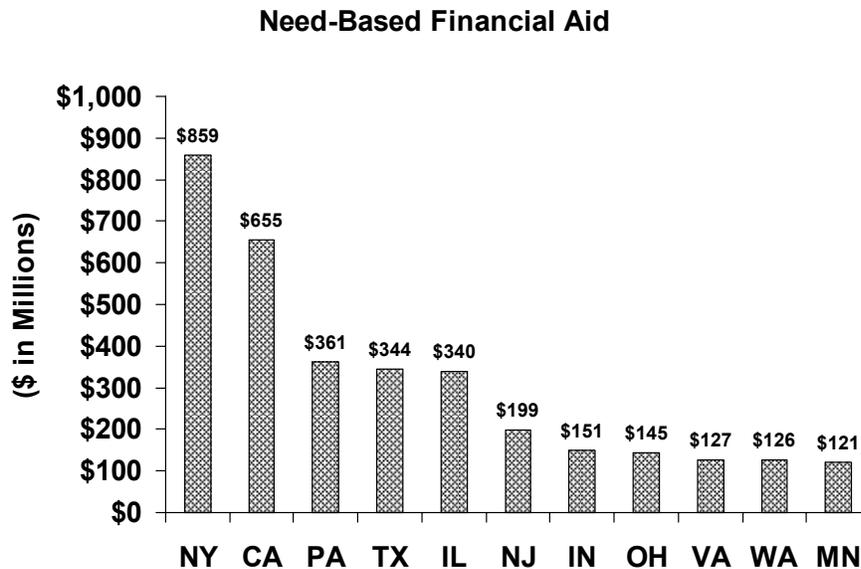
HIGHER EDUCATION

The following charts provide some information on performance and fiscal measures related to higher education in New York. As demonstrated in these charts and graphs, New Yorkers have access to an affordable, high quality education at our public and private colleges and universities as demonstrated by:

- **Tuition Assistance Program.** New York remains the national leader in providing need-based student financial aid.
- **Access.** Total enrollment at our public and private colleges and universities has reached an all-time high. Minority enrollment at our public universities is also at record levels.
- **Affordability.** Tuition and fees at New York's public colleges and universities is competitive with, and generally lower than, that charged by other public colleges and universities in the Northeastern and Mid-Atlantic states.
- **Quality.** The quality of students admitted to our public university systems continues to improve. Average SAT scores of incoming freshmen in Fall 2004 reached an all-time high.

Information is based on most recent data available from a variety of sources, including the College Board, the State Education Department (SED), the State University of New York (SUNY), the City University of New York (CUNY) and the National Association of State Student Grant and Aid Programs.

ACCESS & AFFORDABILITY

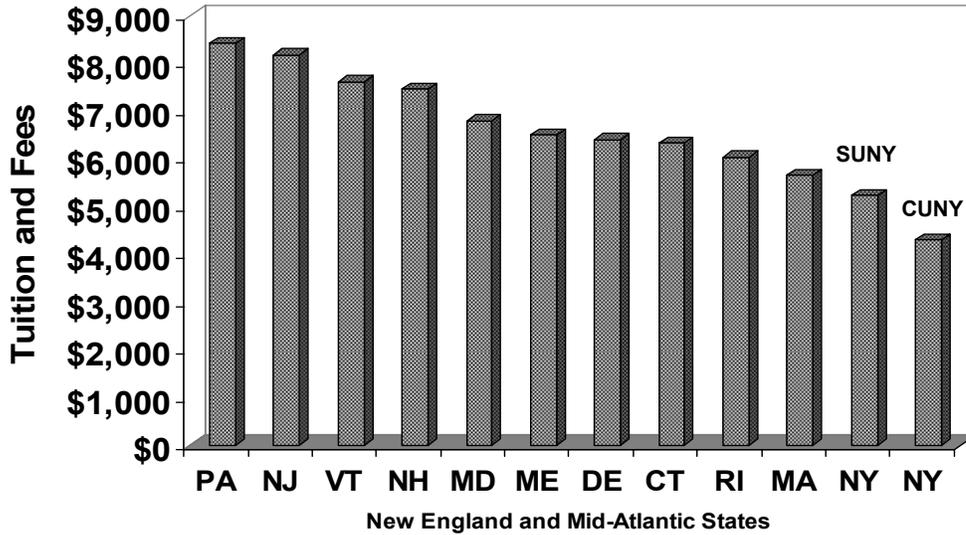


Source: 2003-04 National Association of State Student Grant and Aid Programs

New York provides more need-based financial aid than any other state in the nation. New York also ranks first in the nation in the number of financial aid recipients and the percentage of full-time undergraduates receiving need-based financial aid.

HIGHER EDUCATION

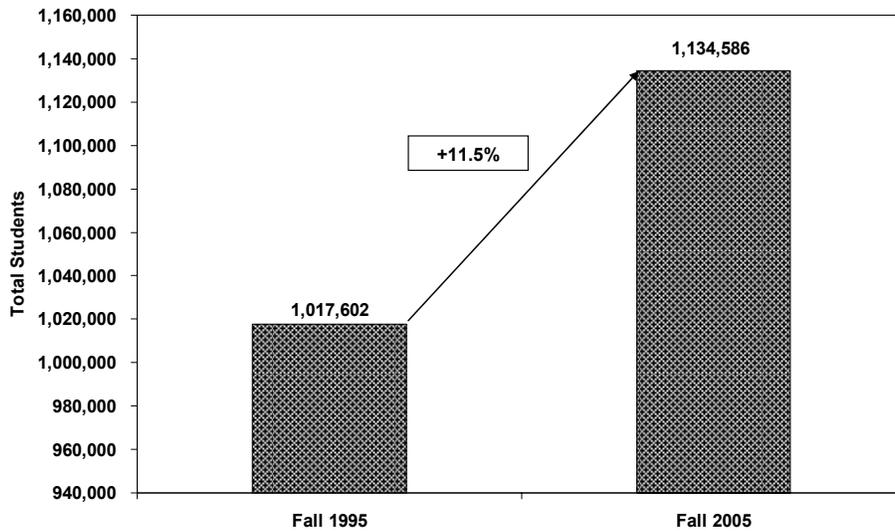
Tuition and Fees



Source: The College Board: Trends in College Pricing 2005

In 2005-06, tuition and fees at New York’s public colleges and universities were below those charged at other public institutions in New England and Mid-Atlantic states.

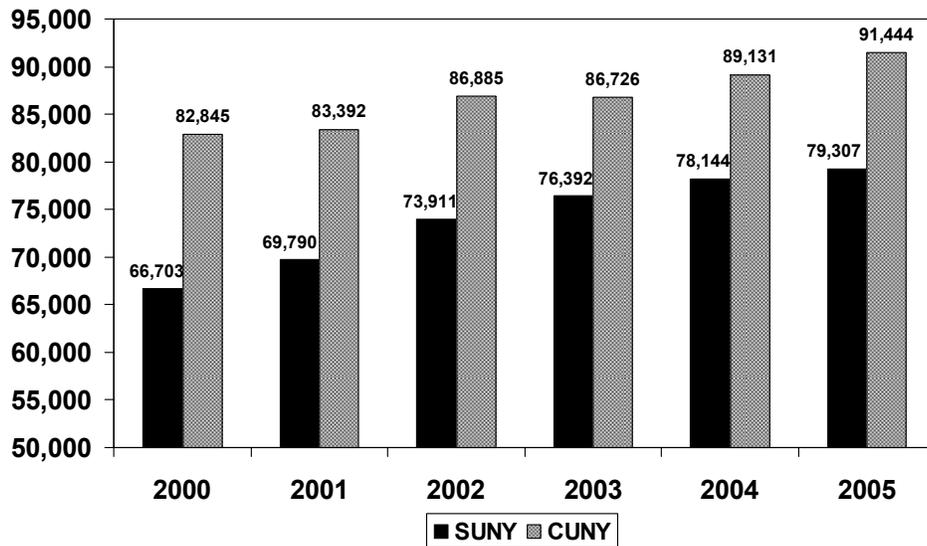
Statewide Enrollment Growth



Source: New York State Education Department

Total student enrollment at New York’s public and private colleges and universities has grown by 11.5 percent since Fall 1995 and hit an all-time high of 1,134,586 students in Fall 2005.

Minority Enrollment at SUNY and CUNY

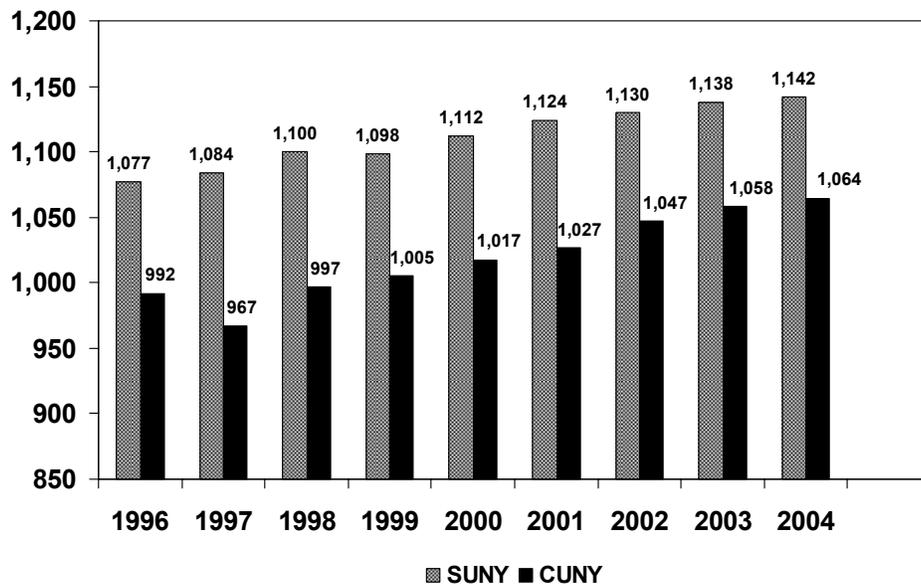


Source: State University of New York/CUNY Office of Institutional Research

In 1999, the CUNY Board of Trustees amended its Master Plan to establish more rigorous admissions criteria and implement a new remedial education policy. Despite concerns expressed by some critics regarding the potential impact of this policy change, CUNY’s minority enrollments have continued to grow. Minority enrollment at SUNY has increased to more than 79,000 students — the highest level in SUNY history.

QUALITY

Average Freshman SAT Scores



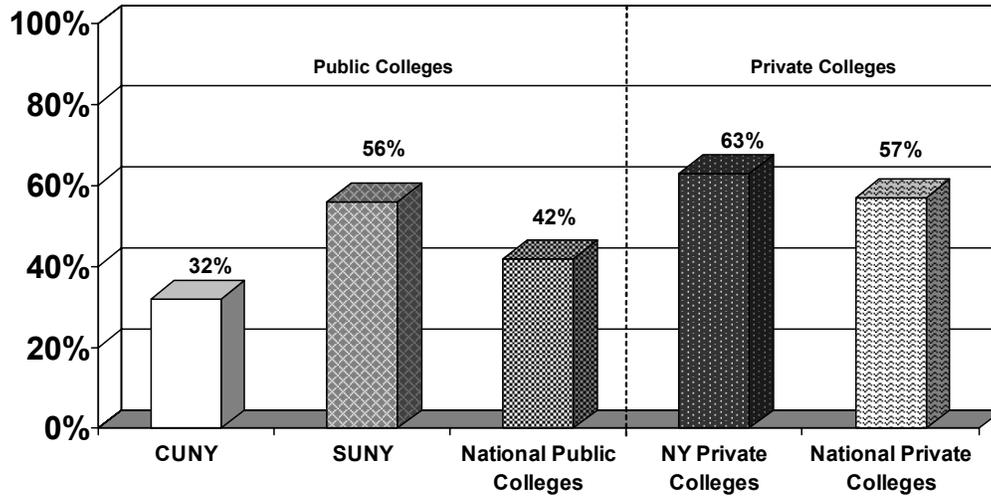
Source: State University of New York/CUNY Office of Institutional Research

The academic profile of incoming students at SUNY State-Operated campuses and CUNY Tier I senior colleges is stronger than ever before. SAT scores of incoming SUNY

HIGHER EDUCATION

freshmen increased from 1,098 in Fall 1999 to 1,142 in Fall 2004, with gains in the average SAT scores at every campus. Average SAT scores of admitted freshmen at CUNY's five Tier I colleges have also improved, growing from 992 in Fall 1996 to 1,064 in Fall 2004.

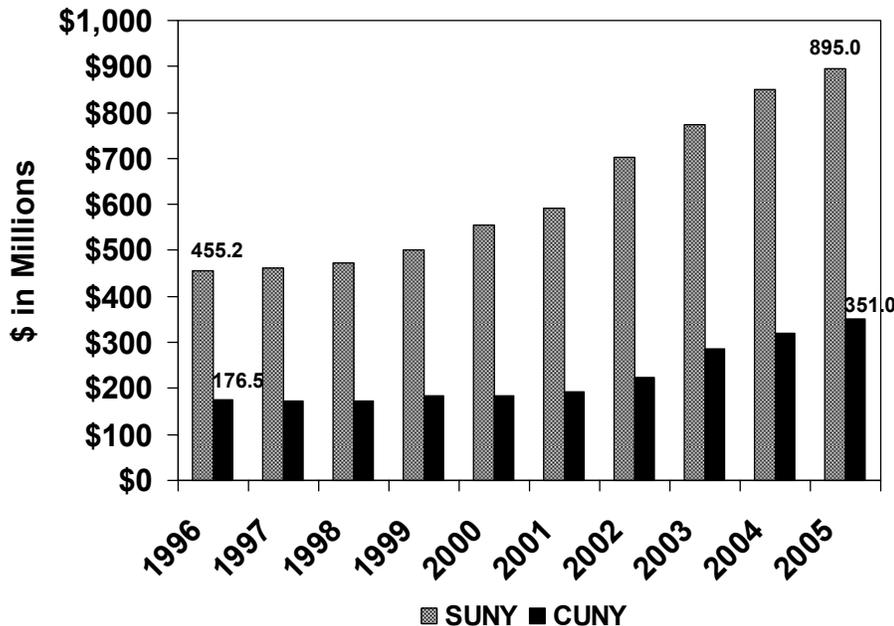
Bachelor Degrees within 5 Years



Source: New York State Education Department/ACT's "National Collegiate Persistence and Retention to Degree Rates, 2005"

Overall, graduation rates for SUNY and for private colleges in New York are above the national averages for public and private colleges, respectively. However, graduation rates range significantly among individual campuses, particularly within SUNY and CUNY, indicating the potential for further improvement.

Sponsored Research Growth at SUNY and CUNY



Source: State University of New York/CUNY Research Foundation

Since 1996, sponsored research has grown by nearly \$440 million (97%) at SUNY and by nearly \$175 million (99%) at CUNY. In 2004-05, SUNY recorded 193 patent applications and 34 patents, with more than \$13.5 million from royalties.

U.S. News & World Report Best National Universities – Top 100

• Columbia University	9
• Cornell University	13
• University of Rochester	34
• New York University	37
• Rensselaer Polytechnic Institute	43
• Yeshiva University	45
• Syracuse University	50
• Fordham University	68
• SUNY Binghamton	74
• SUNY College of Environmental Sci. & Forestry	93
• SUNY Stony Brook	97

Source: U.S. News & World Report America's Best Colleges 2006

In 2005-06, 11 colleges located in New York were ranked in the top 100 universities across the nation.

PUBLIC ASSISTANCE AND CHILDREN'S SERVICES

The following charts provide some information on performance and fiscal measures related to New York's public assistance program and child services programs.

The Federal Temporary Assistance for Needy Families (TANF) block grant provides assistance and work opportunities to needy families by granting states the Federal funds and wide flexibility to develop and implement their own welfare programs. In addition, New York operates a Safety Net program that provides assistance to poor individuals who do not qualify for TANF. New York is one of only 18 states that provide benefits above and beyond the TANF program.

New York State has used savings generated from welfare reform and corresponding caseload declines to fund a variety of support programs that help low-income working families obtain and retain employment and remain financially independent.

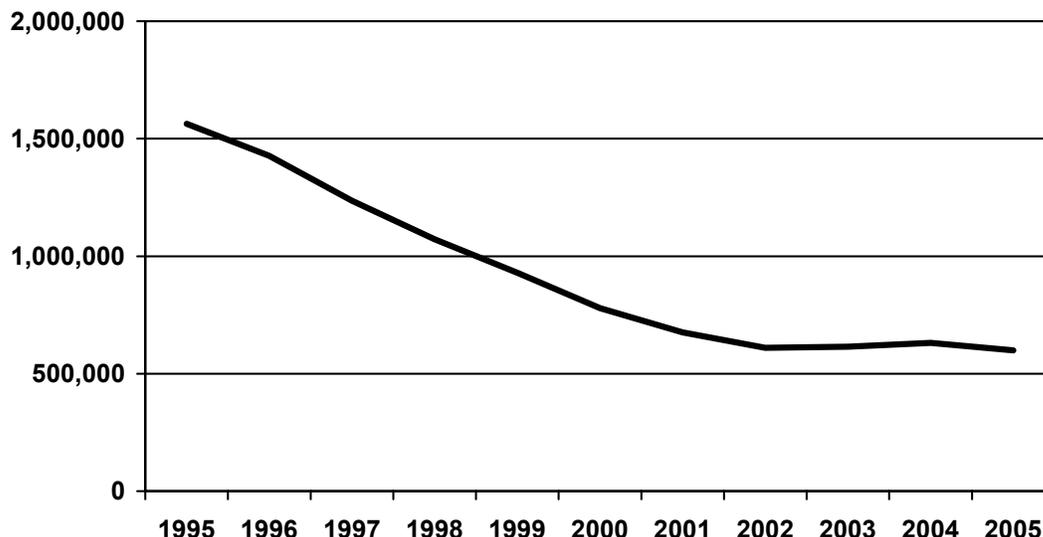
In addition, New York State also continues to enhance the well-being of children through initiatives that reduce reliance on foster care while increasing the number of children placed in permanent homes.

The following information is based on the most recent data available for New York State and includes:

- The public assistance caseload from 1995 through 2005.
- The Earned Income Tax Credit for New York and other states.
- Total spending for child care in 1995 and 2005.
- Teenage pregnancy rates between 1995 and 2003.
- Total child support collections between 1995 and 2005.
- The work rate for single women with children in New York.
- The foster care caseload from 1995 through 2005.
- The adoption caseload from 1995 through 2005.

PUBLIC ASSISTANCE AND CHILDREN'S SERVICES

PUBLIC ASSISTANCE CASELOAD



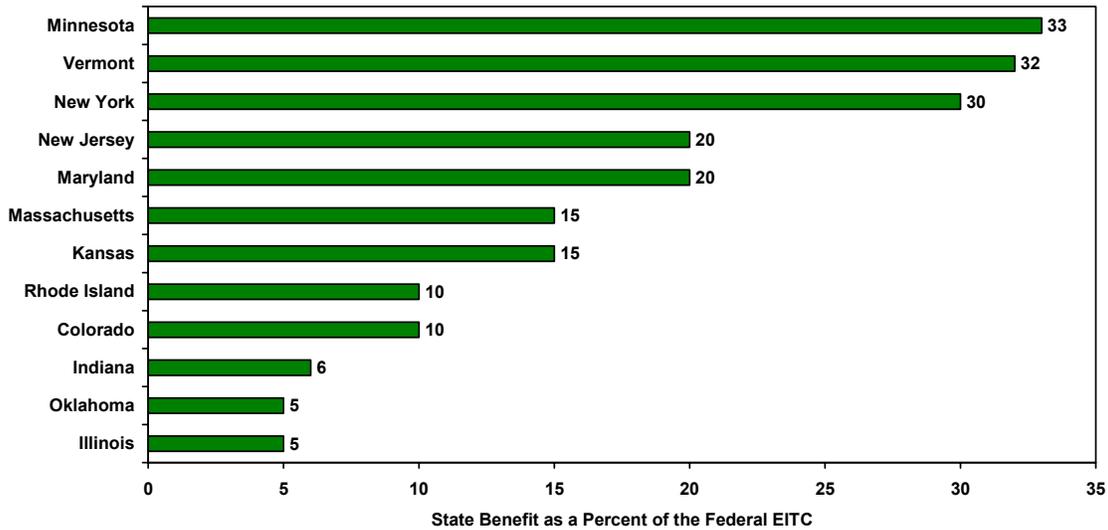
Over the past eleven years, more than one million recipients have transitioned off public assistance. This is a result of Governor Pataki's welfare reform policies that focus less on distributing benefits and more on providing low-income families with the supportive services they need to attain and maintain self-sufficiency.

As a result of the unprecedented decreases in the welfare caseload, New York State has been able to apply more of its annual \$2.4 billion Temporary Assistance for Needy Families (TANF) funds towards supportive services. In 1997, the first full year of TANF funding, New York spent only 36 percent of the TANF grant (\$900 million) on supportive services. In 2006, New York will spend 74 percent of the TANF grant (\$1.8 billion) on supportive services, which include:

- **State Earned Income Tax Credit (EITC)** - complements the Federal credit which strengthens the economic mobility of participants by providing them with a tax incentive for remaining employed.
- **State Child Care Block Grant** - provides child care subsidies to low-income working families.
- **Teen Pregnancy Prevention Initiatives** - funds programs that prevent adolescent pregnancies.
- **Food Pantry Funding** - supports programs that provide nutritional services to low-income families.

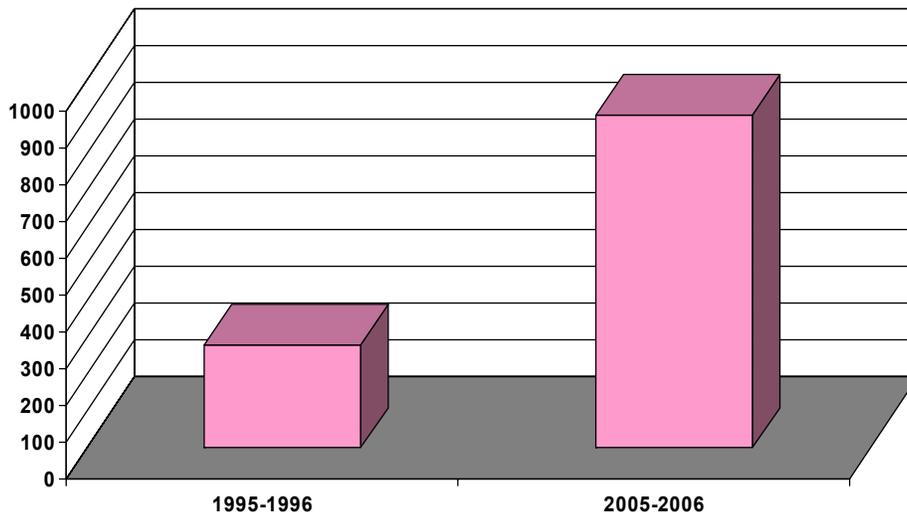
PUBLIC ASSISTANCE AND CHILDREN'S SERVICES

EARNED INCOME TAX CREDIT (EITC)



The New York State EITC program was established in 1994 at 7.5 percent of the existing Federal credit. Over the past eleven years, this State percentage has increased four-fold and now amounts to 30 percent of the Federal credit. The EITC functions as an incentive for individuals and families to maintain employment, and avoid public assistance. A low-income working family of three could receive as much as \$5,720 annually from the combined State and Federal EITC - making New York State among the three most generous states in the nation.

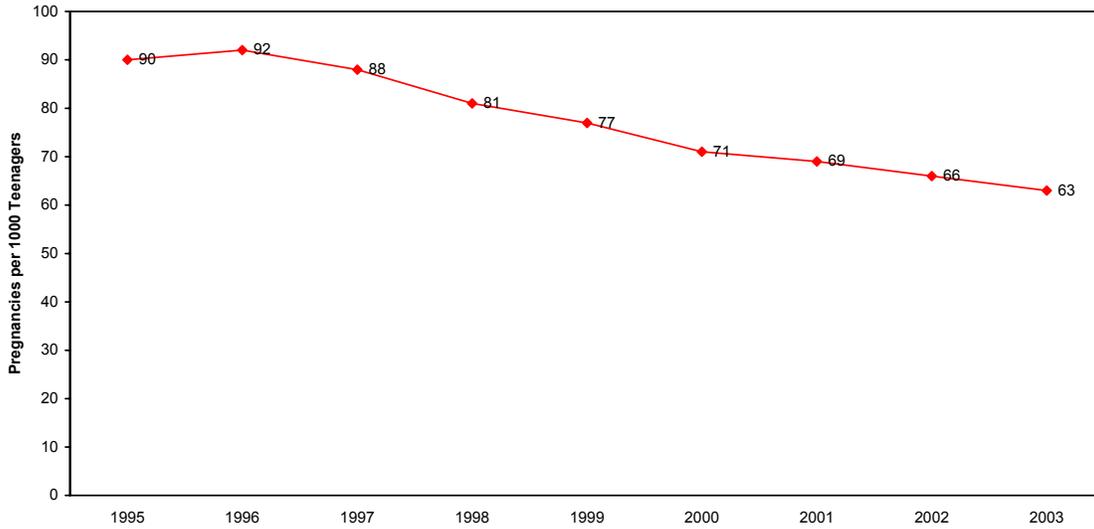
STATE CHILD CARE BLOCK GRANT FUNDING



Child Care remains one of the most critical components of the welfare program, not only because it enables families on public assistance to transition off welfare, but because it eases the financial burden of low-income working families, thereby reducing the likelihood they will need public assistance. In 1995, the Child Care Block Grant was \$279 million. Over the past ten years, this amount has been increased by 224 percent - to \$905 million.

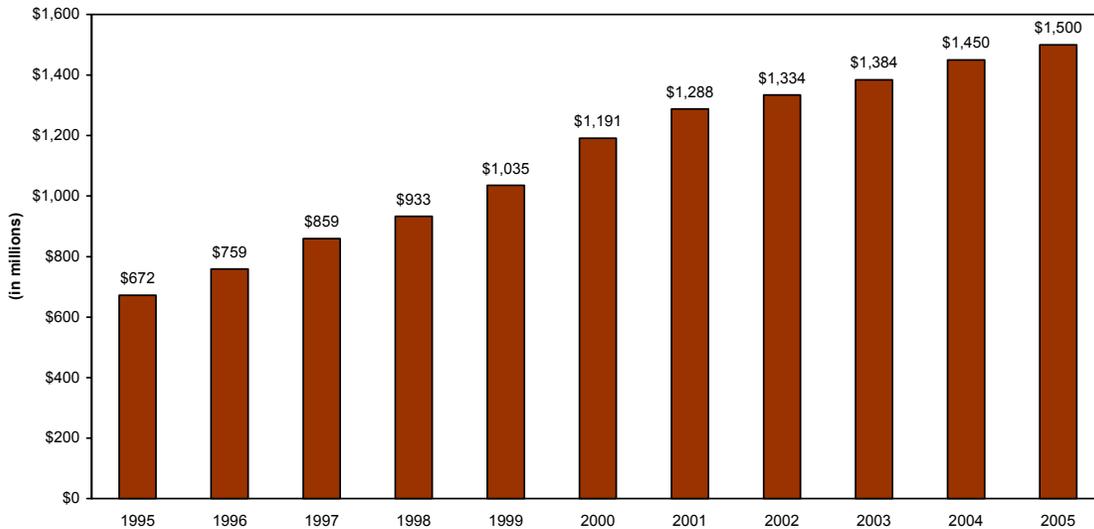
PUBLIC ASSISTANCE AND CHILDREN'S SERVICES

TEENAGE PREGNANCY RATE IN NEW YORK



Since 1997, over \$100 million in TANF funds has been allocated, in addition to other Department of Health funding, for initiatives that have helped reduce the number of teenage pregnancies in the State by 30 percent. This decrease has enabled New York to earn a total of \$75 million in TANF bonuses which were allocated for additional supportive services.

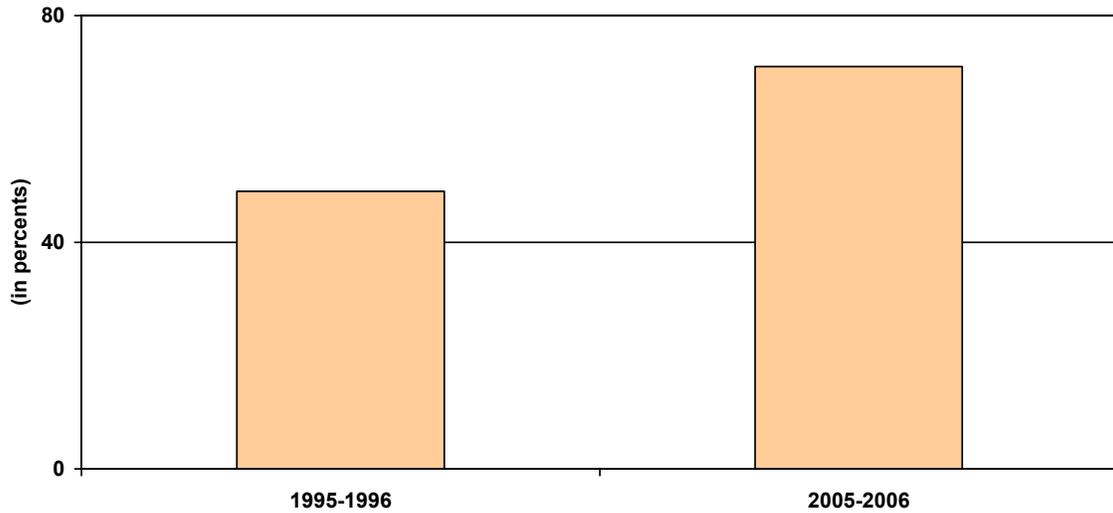
CHILD SUPPORT COLLECTIONS



Since 1995, child support collections have increased from \$672 million to \$1.5 billion in 2005 - a 123 percent increase.

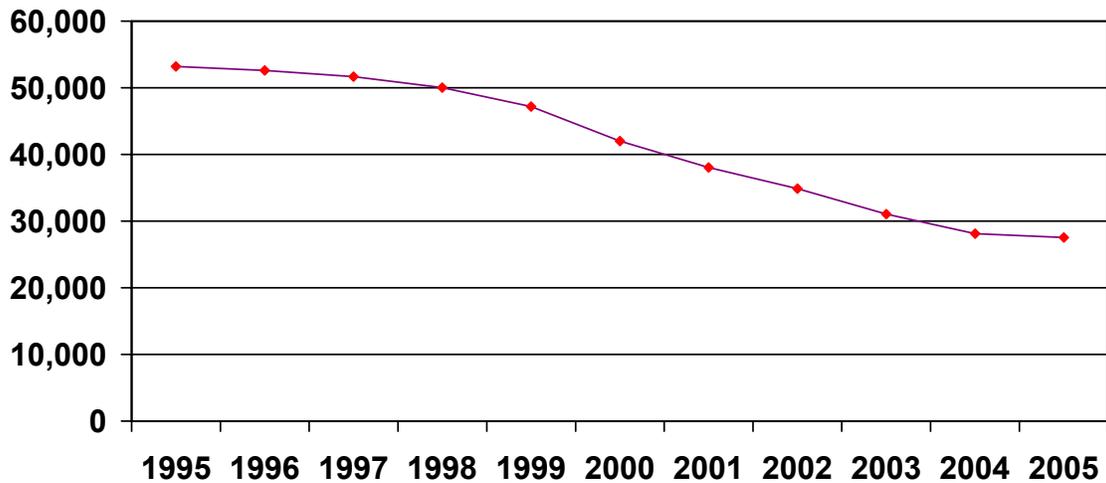
PUBLIC ASSISTANCE AND CHILDREN'S SERVICES

WORK RATE FOR SINGLE WOMEN WITH CHILDREN IN NEW YORK



Employment is the centerpiece of New York's welfare reform strategy because families that remain in the labor force are less likely to need or grow dependent on public assistance. In 1995, only 49 percent of female-headed households (the population most likely to utilize public assistance) were engaged in work activities. In 2005, this number reached 71 percent.

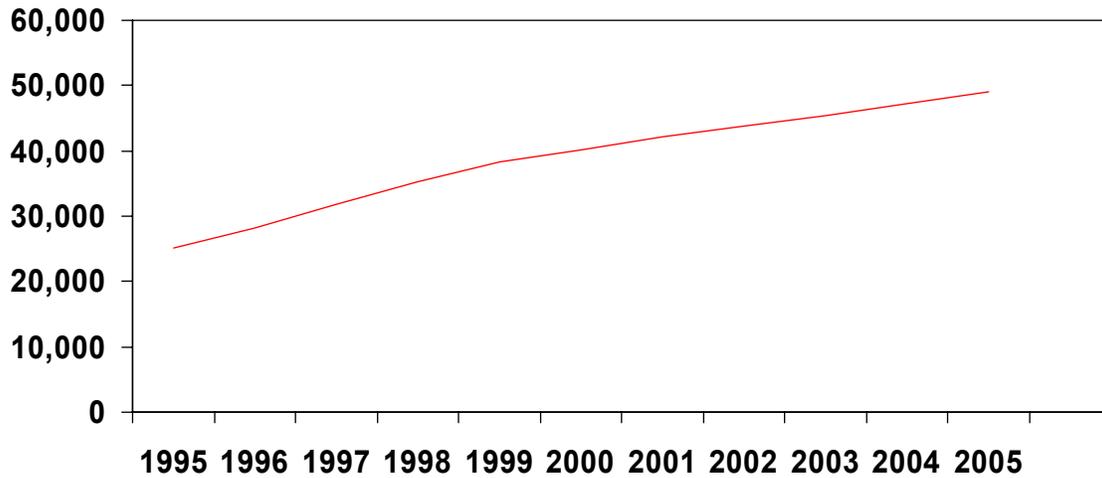
FOSTER CARE CASELOAD



Since 1995, the number of children in foster care has decreased by 48 percent - from 53,226 to an estimated 27,545 in 2005. This has made New York State a national leader in the effort to reduce the number of children in foster care, ranking second among all states in actual caseload decline.

PUBLIC ASSISTANCE AND CHILDREN'S SERVICES

ADOPTION CASELOAD



For the second year in a row, New York State received Federal Adoption Incentive funds (a combined two-year total of nearly \$5.5 million) resulting from the State's success in increasing the number of foster children adopted, from 25,144 in 1995 to an estimated 49,148 in 2005.

COUNCIL ON THE ARTS

MISSION

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

ORGANIZATION AND STAFFING

The Council on the Arts is headed by a Chair and a Vice Chair and consists of 20 members nominated to 5-year terms by the Governor with confirmation by the Senate. The Council's staff, headed by an Executive Director, is organized into an Administrative Division and a Program Division, both located in New York City. The Council has expertise in several major artistic disciplines (including dance, theater and music) and provides advisory services and financial assistance to New York's arts community. In 2006-07, the Council on the Arts will have a workforce of 55 for the review, processing and administration of arts grants and loans to non-profit organizations.

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

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Approximately 95 percent of the funding for the Council on the Arts is provided by the State's General Fund. Federal grants from the National Endowment for the Arts are projected to represent approximately 3 percent of 2006-07 disbursements. One Fiduciary Fund account provides funding for short-term loans to arts organizations for acquisition of expensive musical instruments; another provides loans for capital improvements. A third 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 83 percent of the projected expenditures of the Council. The remainder is used for the administration of grant programs and the statewide advocacy, promotion and development of artistic and cultural programs. The 2006-07 Executive Budget provides \$5.7 million for administration of the Council's programs. In addition, \$40 million is recommended for general arts grants, decentralization grants and the Empire State Partnership initiative.

ARTS

For 2006-07, funding will again be provided to the Egg and NYSTI from existing dedicated revenue in the Cultural Education Account. Special revenue funding of \$618,000 is provided for the Egg and \$2,114,000 for NYSTI. Receipts from ticket sales, private donations and sales and lease of products and facilities will supplement State funds provided to these organizations.

PROGRAM HIGHLIGHTS

Council on the Arts. Since April 1995, the Council has distributed approximately 27,500 grants totaling over \$387 million to more than 1,500 cultural organizations. Grant awards to non-profit arts organizations are approved through a multi-step review process, which ensures fair and equitable treatment of all applicants. Program audits are also conducted to promote accountability by monitoring program quality and contractual compliance.

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

Performing Arts Center Corporation (the "Egg"). During the 2004-05 season, the Egg hosted 198 events that featured the finest dance, music and theatre companies from across the State and around the world. The Center's performing arts series, which attracted an audience of more than 55,000, continued to expand with the addition of the new "Living Legacy" project, which explores the contributions of major New York artists through a series of performances and outreach events throughout the community. The "New Work, New York" project, launched during the 2003-04 season, has grown to include commissioned music arrangements and choreography and featured two world premieres. The Center hosts three performing arts "camps", as well as a three-week intensive ballet workshop and continues to be the home of the Ellen Sinopoli Dance Company and the Student Theatre Outreach Program.

New York State Theatre Institute. In 2004-05, more than 65,000 children, teachers and parents attended NYSTI's six productions and participated in its educational programs in Troy. The Institute certified 100 high school units and 170 college credits to 70 high school seniors and college students who participated in its internship program. The Institute received the Silver Award from Worldfest for *A Tale of Cinderella* in 1996, the National American Alliance for Theatre and Education award for artistic achievement in 1999, an Audie Award in 2000 for its production of *Sherlock's Secret Life*, a Benjamin Franklin Award for *The Snow Queen* in 2002 and a Classic Telly Award in 2003 for *A Tale of Cinderella*. In June of 2004, NYSTI received its second Audie Award for its production of *The Killings Tale*, and in June 2005 NYSTI received an Audie nomination for *The Heart of Troy*.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available	Appropriations	Change	Reappropriations
	2005-06	Recommended 2006-07		Recommended 2006-07
State Operations	9,326,000	9,781,000	455,000	440,000
Aid To Localities	38,120,000	40,720,000	2,600,000	260,000
Capital Projects	0	0	0	0
Total	47,446,000	50,501,000	3,055,000	700,000

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

Full-Time Equivalent Positions (FTE)

Program	2005-06 Estimated FTEs 03/31/06	2006-07 Estimated FTEs 03/31/07	FTE Change
Administration			
General Fund	47	48	1
Special Revenue Funds - Federal	8	7	(1)
Total	<u>55</u>	<u>55</u>	<u>0</u>

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	5,300,000	5,656,000	356,000
Special Revenue Funds - Federal	993,000	993,000	0
Special Revenue Funds - Other	3,033,000	3,132,000	99,000
Total	<u>9,326,000</u>	<u>9,781,000</u>	<u>455,000</u>

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

Program	Available 2005-06	Recommended 2006-07	Change
Administration			
General Fund	5,300,000	5,656,000	356,000
Special Revenue Funds - Federal	993,000	993,000	0
Special Revenue Funds - Other	400,000	400,000	0
Empire State Performing Arts Center Corporation			
Special Revenue Funds - Other	600,000	618,000	18,000
New York State Theatre Institute			
Special Revenue Funds - Other	2,033,000	2,114,000	81,000
Total	<u>9,326,000</u>	<u>9,781,000</u>	<u>455,000</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,819,000	311,000	3,705,000	311,000
Total	<u>3,819,000</u>	<u>311,000</u>	<u>3,705,000</u>	<u>311,000</u>

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

ARTS

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,837,000	45,000	114,799	2,799
Total	<u>1,837,000</u>	<u>45,000</u>	<u>114,799</u>	<u>2,799</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	194,771	4,771	1,443,371	35,371
Total	<u>194,771</u>	<u>4,771</u>	<u>1,443,371</u>	<u>35,371</u>

Program	Equipment	
	Amount	Change
Administration	84,059	2,059
Total	<u>84,059</u>	<u>2,059</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	1,393,000	0	542,000	0
Empire State Performing Arts Center Corporation	618,000	18,000	0	0
New York State Theatre Institute	2,114,000	81,000	0	0
Total	<u>4,125,000</u>	<u>99,000</u>	<u>542,000</u>	<u>0</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	451,000	0	400,000	0
Empire State Performing Arts Center Corporation	0	0	618,000	18,000
New York State Theatre Institute	0	0	2,114,000	81,000
Total	<u>451,000</u>	<u>0</u>	<u>3,132,000</u>	<u>99,000</u>

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	37,400,000	40,000,000	2,600,000
Special Revenue Funds - Federal	520,000	520,000	0
Special Revenue Funds - Other	200,000	200,000	0
Total	<u>38,120,000</u>	<u>40,720,000</u>	<u>2,600,000</u>

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

Program	Available 2005-06	Recommended 2006-07	Change
Administration			
General Fund	37,400,000	40,000,000	2,600,000
Special Revenue Funds - Federal	520,000	520,000	0
Special Revenue Funds - Other	200,000	200,000	0
Total	<u>38,120,000</u>	<u>40,720,000</u>	<u>2,600,000</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 6 community colleges. The University is governed by a 17-member Board of Trustees comprised of: 10 members appointed by the Governor, 5 members appointed by the Mayor and 2 ex-officio members — the chairs of the Student Senate and the Faculty Senate. For the coming year, legislation will be advanced that adds a distinguished faculty member, appointed by the Governor, as a voting member of the Board of Trustees.

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

The City University's operating budget supports an estimated 10,600 full-time equivalent positions consisting of 10,450 positions that are supported through a combination of State tax dollars and tuition revenues and 150 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

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

SENIOR COLLEGES

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

For 2006-07, CUNY's gross operating budget will total \$1.4 billion, an increase of \$72.8 million or 5.4 percent. Within this amount, taxpayer support will total \$775.3 million, an increase of \$27.2 million or 3.6 percent. CUNY's Senior College Revenue Offset will total \$640.6 million, an increase of \$45.7 million or 7.7 percent. This revenue authorization provides the CUNY Trustees with the flexibility to generate increased revenue to support additional spending, should they so choose.

The 2006-07 Executive Budget also provides greater flexibility to the Board of Trustees to establish the tuition levels that are charged at CUNY campuses. Legislation accompanying this Budget authorizes the Trustees to:

- adopt a tuition policy that permits annual incremental adjustments to tuition, based on an annual inflation index;

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- adjust tuition levels beyond those driven by the annual inflation index in the event that State taxpayer support for CUNY senior colleges is reduced from the prior year level or is not sufficient to fully fund collectively bargained salary increases or other fixed costs;
- eliminate existing restrictions that prohibit the Trustees from establishing differential tuition rates for like degree programs among CUNY campuses; and
- adopt a tuition increase prior to the enactment of the State budget.

Special revenue funding for CUNY will total \$235 million, an increase of \$90.0 million or 62.1 percent, to accommodate graduate tuition revenues (\$30 million) resulting from Trustee actions in 2005-06 and to escrow funds for unsettled 2005-06 collective bargaining costs (\$60 million).

For 2006-07, \$5 million is provided for a new Empire Innovation Program to support critical research projects, academic programs and Master Plan initiatives at CUNY. Additionally, a total of \$58.6 million in contingency appropriation authority is provided outside of SUNY's and CUNY's appropriation schedules to cover any extraordinary energy cost increases experienced by our public universities in 2006-07.

COMMUNITY COLLEGES

CUNY community colleges have three basic funding sources: State support, local support from New York City and tuition revenue. Recommended State funding for community colleges of \$160.9 million reflects a net increase of \$1.6 million attributable to: a \$100 per full-time student base aid increase (\$6.3 million); lower than projected enrollment growth (-\$5.2 million); and an increase in rental aid for leased space (\$0.5 million). Funding for childcare, College Discovery, and workforce development is continued at \$0.9 million, \$0.7 million and \$1.0 million, respectively.

CAPITAL DEVELOPMENT PROJECTS

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

Capital recommendations for 2006-07 supplement the current \$1.3 billion Five Year Investment Program for senior colleges with: an additional \$15 million to design and begin construction on a new science facility at City College; \$11.2 million in funding for the stabilization of the Marshak Science Building; and \$8.8 million in matching funds for facility upgrades at Medgar Evers. CUNY's bond cap will be increased by \$325 million to cover CUNY's new 2006-07 capital appropriations and increases provided in 2005-06 for a total bonding authorization of \$5.3 billion.

CUNY's capital program for 2006-07 provides \$457 million to support anticipated commitment levels for both senior and community colleges.

PROGRAM HIGHLIGHTS

The City University of New York offers a wide variety of educational avenues ranging from vocational courses to doctoral degree programs. Approximately 221,000 full-time and part-time students — 148,000 at the senior colleges and 73,000 at the community colleges — were enrolled in degree programs for the fall 2005 semester. In addition, the University served more than 255,000 individuals through adult and continuing education courses. CUNY's academic offerings and programs include the following important programs:

- The Language Immersion Program is designed to strengthen the language skills of first year students prior to their entry into collegiate coursework. This intensive, full-time program has successfully taken a holistic approach to language development. The program operates on ten campuses and, since its inception in 1995, has helped more than 17,000 students to prepare for full collegiate matriculation;
- The College Preparatory Initiative is a system-wide collaboration between the City University and the New York City public schools to improve the academic preparation of high school students. The cooperative effort has enabled CUNY to strengthen its academic prerequisites for admission to the University;
- The New York City Alliance for Minority Participation is a consortium of 16 CUNY campuses that have joined with the National Science Foundation in a cooperative venture to increase the number of under-represented students successfully completing science, mathematics, engineering and technology baccalaureate programs; and
- Approximately 120 research institutes and centers are located throughout the University. Notable examples include the Structural Biology Center — a consortium of public and private research institutions located on the City College campus, the Levich Institute for Physico-Chemical Hydrodynamics at City College and the Institute for Biomolecular Structure and Function at Hunter College. University-wide research activities have been enhanced by the Applied Science Coordinating Institute.

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

The City University will continue implementing its Master Plan, which was approved by the Board of Regents in 2005. The Plan’s objectives include: establishing a more rigorous and selective University system; creating a flagship environment; fostering a research environment; improving CUNY’s teacher education programs; expanding collaborative and outreach programs with the New York City Board of Education; and facilitating economic development.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	1,508,234,000	1,650,873,000	142,639,000	0
Aid To Localities	865,087,250	929,281,000	64,193,750	0
Capital Projects	347,946,000	35,000,000	(312,946,000)	2,032,994,000
Total	2,721,267,250	2,615,154,000	(106,113,250)	2,032,994,000

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
Special Revenue Funds - Other	145,000,000	235,000,000	90,000,000
Fiduciary Funds	1,363,234,000	1,415,873,000	52,639,000
Total	<u>1,508,234,000</u>	<u>1,650,873,000</u>	<u>142,639,000</u>

Adjustments:

Recommended Deficiency City University of New York Agency Trust Funds	(13,900,000)		
Transfer(s) From Special Pay Bill Agency Trust Funds	(20,200,000)		
Appropriated 2005-06	<u>1,474,134,000</u>		

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	865,087,250	929,281,000	64,193,750
Total	<u>865,087,250</u>	<u>929,281,000</u>	<u>64,193,750</u>

Adjustments:

Transfer(s) From Special Pay Bill General Fund	(20,200,000)		
Appropriated 2005-06	<u>844,887,250</u>		

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

Program	Available 2005-06	Recommended 2006-07	Change
Community College Programs General Fund	154,331,250	158,768,000	4,436,750
Institutional Support Services General Fund	707,256,000	768,513,000	61,257,000
Senior College Pension Payments General Fund	3,500,000	2,000,000	(1,500,000)
Total	<u>865,087,250</u>	<u>929,281,000</u>	<u>64,193,750</u>

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

Comprehensive Construction Program	Available 2005-06	Recommended 2006-07	Change	Reappropriations 2006-07
Senior Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	47,873,000
Cap Proj Fund - CUNY (Direct Auth Bonds)	242,097,000	35,000,000	(207,097,000)	1,341,134,000
Program Changes - Expansion and Improvements				
Capital Projects Fund	0	0	0	2,235,000
New Facilities				
Cap Proj Fund - CUNY (Direct Auth Bonds)	0	0	0	352,300,000
City University of New York Capital Projects Fund				
City University of New York Capital Projects Fund	0	0	0	1,966,000
Subtotal	<u>242,097,000</u>	<u>35,000,000</u>	<u>(207,097,000)</u>	<u>1,745,508,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	15,028,000
Cap Proj Fund - CUNY (Direct Auth Bonds)	105,849,000	0	(105,849,000)	272,458,000
Subtotal	<u>105,849,000</u>	<u>0</u>	<u>(105,849,000)</u>	<u>287,486,000</u>
 Total	 <u>347,946,000</u>	 <u>35,000,000</u>	 <u>(312,946,000)</u>	 <u>2,032,994,000</u>

STATE EDUCATION DEPARTMENT

MISSION

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

ORGANIZATION AND STAFFING

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

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

Recommended staffing levels for 2006-07 are projected to total 3,077 positions at year's end, with 373 positions, or approximately 12 percent, supported by the General Fund. Various dedicated fees, charge-backs and Federal grants will support the remaining staff.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2006-07, total funding for programs and operations of the State Education Department will increase by \$1.7 billion, or 6.8 percent. This year-to-year increase is primarily due to: \$970 million increases for traditional school aid and for Sound Basic Education aid; \$530 million for the new STAR Plus Tax Relief program; increases for special education programs totaling \$116 million; a Federal funds increase of \$55 million; and increases in state operations and capital projects totaling \$55 million.

The taxpayer-supported General Fund provides 8 percent of SED's operating budget. Federal grants, including programs for disadvantaged pupils, account for 55 percent of the agency's resources. The remaining 37 percent is derived from fees, charge-backs and other miscellaneous receipts.

For 2006-07, SED's General Fund State Operations support totals \$40.96 million, a net decrease of \$1.4 million. The recommended changes include increases of \$1.1 million for collective bargaining and \$0.9 million for fixed costs, offset by a decrease of \$3.4 million reflecting the transfer of the Tenured Teacher Hearing program to special revenue and the transfer of the Batavia ICF to the Office of Mental Retardation and Developmental Disabilities.

SCHOOL TAX RELIEF (STAR)

The School Tax Relief (STAR) program was enacted in 1997 to provide needed tax relief for homeowners across the State. In 2006-07, \$3.4 billion is appropriated for the existing STAR program comprised of the enhanced STAR exemption for eligible senior citizens, the basic STAR exemption for other homeowners and the New York City Personal Income Tax reduction. This represents an increase of \$49 million from 2005-06.

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The 2006-07 Budget proposes a new \$530 million STAR Plus program to recognize and reward homeowners in school districts that restrain spending. In addition, the enhanced STAR exemption for seniors will be adjusted from \$50,000 to \$56,800 to reflect increases in the cost of living since the full implementation of STAR. Similar cost of living adjustments will be made automatically in future years. This will generate additional STAR savings of \$72 million in 2006-07.

SCHOOL AID

The 2006-07 Executive Budget recommendations for elementary and secondary education include increases in traditional school aid as well as funding for high needs school districts consistent with the State's five-year Sound Basic Education (SBE) Plan.

Major recommendations for 2006-07 include:

- **School Year Support:** For the 2006-07 school year, \$16.95 billion is provided in State support for public schools, a school year increase of \$634 million, or 3.9 percent, comprised of an increase of \$259 million in traditional school aid and \$375 million in Sound Basic Education Aid;
- **Fiscal Year Support:** For the 2006-07 fiscal year, \$16.9 billion is provided in State support for public schools, a fiscal year increase of \$544 million, or 3.3 percent;
- **Flex Aid:** For the coming year, the Executive Budget recommendations continue to provide schools with greater flexibility to meet locally defined needs through Flex Aid. Overall Flex Aid funding will be maintained at \$8.5 billion;
- **Sound Basic Education Aid (SBE) program:** To provide needed funding to ensure all schools have the resources required to provide every child with a quality education, \$700 million is recommended for Sound Basic Education (SBE) Aid, an increase of \$375 million from 2005-06. This \$375 million increase will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State;
- **Video Lottery Terminals (VLTs):** For the 2006-07 school year, \$700 million from the VLT account will be used to support the State's SBE plan. To address a temporary shortfall in VLT revenues from original projections, \$230 million in one-time revenues will be used to supplement projected VLT revenues for the 2006-07 fiscal year;
- **Building Aid:** For the 2006-07 school year, \$1.6 billion is recommended in State support for the construction of school facilities, an increase of \$77 million, or 5 percent. The Executive Budget recommends a series of reforms to ensure that State and local resources are effectively targeted to address school facility needs across the State. These reforms include: providing all school districts an exemption from the Wicks Law; simplifying the building aid formula to provide reasonable, realistic allowances for construction costs and student-based space needs; authorizing school districts to access Dormitory Authority advisory services to promote efficient construction practices and design; and streamlining existing New York City procurement processes. Finally, payment reforms for new projects enacted in 2005-06 will be extended for 2006-07 and the calculation of building aid payments for BOCES projects and New York City will be aligned with payments for school construction projects elsewhere in the State;
- **BOCES:** The 2006-07 Executive Budget recommends reforms to eliminate an artificial incentive to use BOCES simply as a means of generating additional State aid -- regardless of the actual cost-effectiveness of the BOCES services. Also, BOCES aid will be limited to the amount received by school districts in the prior year. A total of \$536 million is recommended for BOCES aid in 2006-07, a decrease of \$10 million, or 1.9 percent;
- **Transportation Aid:** A total of \$1.3 billion is recommended for reimbursement of the cost of transporting 2.5 million students statewide, representing an increase of \$90 million, or 7.4 percent;

- **Tax Limitation Aid:** State support for Tax Limitation Aid will total \$182.7 million, a \$47.7 million increase;
- **Fiscal Stabilization Grants:** The 2006-07 Executive Budget recommends \$44.1 million in fiscal stabilization grants, an increase of \$40.2 million for the New York City School District;
- **Teachers of Tomorrow:** Funding for the Teachers of Tomorrow program is increased by \$5 million to \$25 million. This increase will provide recruitment incentives and tuition reimbursement to expand the pool of math/science teachers entering the teaching profession by means of alternative certification;
- **Categorical Grant Programs:** State support for Teacher Centers and the Teacher Mentor-Intern program reflects the Governor's one-third share of funding for these two programs;
- **Other Programs:** The 2006-07 Executive Budget recommends funding based on existing statutory formulas for several programs, including growth aid, textbook aid, reorganization incentive aid and instructional materials aids;
- **School Health Services:** The Executive Budget provides \$5.8 million in new funding to support student health services in the Big Four City school districts;
- **Engineers of the Future:** A new \$5 million program is proposed to enable 500 middle/high schools to offer pre-engineering programs. These programs will help to cultivate interest and proficiency in engineering and increase the number of students pursuing engineering careers;
- **Summer Institutes for Math/Science:** A new \$5 million program including \$2.5 million for summer math/science programs at community colleges for middle school students and \$2.5 million to support university-based programs to refresh and renew the competency of math/science teachers in state-of-the-art technology, equipment and pedagogy;
- **Performance Initiatives:** A number of initiatives are proposed for the coming year to reward schools for academic performance and efficiency, including establishment of a \$500,000 Academic Achievement Awards program. In addition, increased funding would be authorized for schools that improve performance on statewide achievement tests;
- **School Choice:** For 2006-07, \$6 million is continued for the Charter School Stimulus Fund to assist with facility needs and other costs connected to the development and expansion of charter schools. Additionally, a number of initiatives are proposed to expand access to charter schools;
- **School Safety:** For 2006-07, \$475,000 is continued to support the efforts of the Statewide Center for School Safety to promote "best practices" and provide technical assistance to schools, and \$475,000 is also continued for character education curriculum development activities;
- **Voter Empowerment:** The 2006-07 Executive Budget recommends reforms to the school voting process to increase voter participation in local school district elections;
- **Strengthening the Qualifications of School Business Officials:** The 2006-07 Executive Budget recommends changes to strengthen qualification requirements for school business officials;
- **Ethics Guidelines for School Employees:** The 2006-07 Executive Budget recommends new guidelines for employee codes of ethics at school districts and BOCES, including a requirement to explicitly prohibit the use of school district and BOCES resources for personal gain; and
- **Advantage Schools:** The Advantage After-School Program provides school-age children with supervised educational and social activities during non-school hours. The Executive Budget recommends increasing funding for the program by \$7.3 million to \$27.5 million, providing vital after-school services to children throughout the State.

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SPECIAL EDUCATION

School-Age Special Education

To ensure that New York State's special education programs are financed in a manner that encourages the education of children with disabilities in the least restrictive environment possible, the 2006-07 Executive Budget recommends reforms to the State aid program that supports special education in private settings. The reimbursement formulas used for this program would be conformed to those used to support special education services provided to school age children in public schools during the regular school year. Under this reform, the average State aid ratio used to calculate aid for placements in private special educational settings would be reduced from 85 percent to 49 percent - the same as that used for public placements. This change would eliminate the existing financial incentive to place children in restrictive, high-cost settings away from their non-disabled peers.

Preschool Special Education

Approximately 500 providers (school districts, private providers and BOCES) operate preschool special education programs that provide educational and therapeutic services to an estimated 84,000 children ages 3-5. The 2006-07 General Fund recommendation of \$635 million would support the State's 59.5 percent share of preschool special education program costs.

To promote better coordination of the transition of children from Early Intervention (EI) to preschool special education, the establishment of a Task Force, chaired jointly by SED and the State Department of Health, is proposed to study the appropriate relationship between the EI and preschool special education.

The 2006-07 Executive Budget also recommends reforms in the reimbursement of school district costs for evaluations. In order to reduce school district reliance on private providers to conduct evaluations of preschoolers who they may serve in the future, State reimbursement for evaluations will be limited to those provided by the school district itself.

Summer School Special Education

The summer school special education program supports educational services provided during July and August for approximately 40,000 disabled students ages 5-21. The State covers 70 percent of the total education, transportation, and maintenance costs of summer programs, with school districts contributing 20 percent, and counties 10 percent.

Program costs have increased in recent years mainly due to overall enrollment growth as well as in the number of children placed in residential settings. The Executive Budget recommends an increase of \$48 million to cover prior year obligations and 2006-07 school year costs.

CATEGORICAL EDUCATION PROGRAMS

The 2006-07 Executive Budget recommends a year-to-year reduction of \$27.1 million in funding for categorical education programs due to the elimination of one-time funding for legislative grants. The recommendations include \$500,000 for a new Academic Achievement Awards program that will reward schools for academic performance and efficiency.

**ELEMENTARY, MIDDLE AND SECONDARY CATEGORICAL PROGRAMS
2006-07 SCHOOL YEAR
(\$000)**

Program	2005-06 School Year	2006-07 School Year	Change
Academic Achievement Awards	0	500	500
Academic Intervention Services (AIS) for Non-Public Schools	1,000	1,000	0
Adult Basic Education - WEP	2,000	2,000	0
Adult Literacy Education	3,325	3,325	0
Apprenticeship Training	1,830	1,830	0
Character Education	475	475	0
Charter Schools	6,000	6,000	0
Consortium for Worker Education (CWE)	11,500	11,500	0
Extended Day/School Safety	30,200	30,200	0
Health Education Program	750	750	0
Hurd Advances	310	259	(51)
Legislative Grants	27,110	0	(27,110)
Migrant Workers	90	90	0
Non-Public School Aid	87,500	87,500	0
Primary Mental Health	970	970	0
Prior Year Claims	24,060	24,060	0
School Lunch/Breakfast	31,700	31,700	0
Statewide School Safety Center	475	475	0
Special Education Teacher Retention	2,000	2,000	0
Summer Food Program	3,300	3,300	0
SUNY Center for Autism	500	0*	(500)
SURR Schools	1,900	1,900	0
Targeted Pre-Kindergarten	50,200	50,200	0
Transferring Success	630	630	0
Workplace Literacy	1,376	1,376	0
Total	\$277,701	\$250,540	(27,161)

*\$500,000 will be provided in 2006-07 with Federal Individuals with Disabilities Education Act (IDEA) funds.

OTHER RECOMMENDATIONS

Legislation accompanying this budget creates a new 10-member Cultural Education Trust within the State Education Department to promote the public missions of the State Museum, Library and Archives. This new Cultural Education Trust — which is modeled after the existing State Archives Partnership Trust — would develop recommendations to direct the investment of \$20 million to enhance the public display of the collections and exhibits of the State Museum, Library and Archives and \$20 million to provide a new climate-controlled facility for collection storage.

Other recommendations relating to SED operations include:

- Reassignment of the fiscal responsibility for tenured teacher hearings to local school districts resulting in General Fund savings of \$3.3 million; and
- Reduction in overall staffing by 37 (from 3,114 to 3,077) to reflect the transfer of Batavia Intermediate Care Facility (ICF) from the Department to the Office of Mental Retardation and Developmental Disabilities (OMRDD).

In addition to funding for agency operations, SED's budget also includes support for various aid programs in the areas of higher education, cultural education, and vocational rehabilitation. For 2006-07, funding is maintained for the following programs:

- Library Aid (\$88.9 million);
- Public Broadcasting Aid (\$13.8 million);
- Case Services (\$54.6 million);
- Supported Employment (\$15.4 million);
- Independent Living Centers (\$10.7 million);
- Unrestricted Aid for Independent Colleges and Universities (\$42.0 million);

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- Higher Education Opportunity Program (\$22.0 million);
- Liberty Partnerships (\$10.9 million); and
- Teacher Opportunity Program (\$0.7 million).

To expand the enrollment of under-represented students in math and science, funding for the Science and Technology Entry Program (STEP) and its collegiate counterpart (CSTEP), will be doubled to a total of \$19.0 million for 2006-07.

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 2006-07 Executive Budget provides \$16.95 billion in school aid for the 2006-07 school year. As a result of the combination of school aid and property tax relief through STAR, State funding represents nearly 46 percent of local school district spending on education. State support for public schools, combined with STAR and lottery payments, accounts for nearly 36 percent of the State's General Fund — up from 27 percent in 1994-95.

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

- **Flex Aid** represents more than 50 percent of State aid to local school districts. The Executive Budget continues Flex Aid at \$8.5 billion for 2006-07. School districts that are eligible for the new STAR Plus program in the 2006-07 school year will receive a 2 percent increase in their Flex Aid allocation beginning in 2007-08;
- **Sound Basic Education (SBE) Aid** provides State funding to ensure that all students have the opportunity to receive a sound basic education. The \$325 million in existing SBE Aid is allocated in a manner sensitive to concentrations of students in poverty, district wealth and varying regional costs. An increase of \$375 million in SBE Aid is recommended for 2006-07 and will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State;
- **Transportation Aid and Building Aid** provide support to school districts for student transportation and the construction and preservation of school facilities. With a combined total of more than \$2.8 billion, these two aid categories account for nearly 17 percent of overall school aid; and
- **Specialized aid and grant programs** address specific educational needs, ranging from textbooks to adult education programs. Notable program recommendations for 2006-07 include continuation of \$137.6 million in grants for magnet school programs in 19 cities throughout the State and \$81.9 million in aid to small city school districts.

The 2006-07 Executive Budget includes various new initiatives to: enhance the quality of math and science education in New York State; strengthen the administration of the Regents' testing program; enhance access to health services for students in Big Four City school districts; increase school choice; and strengthen school governance:

- **Math/Science Initiatives:** The following initiatives are proposed to strengthen math and science education programs across the State:
 - **“Partnership for Prosperity”:** Creation of a Science and Technology Taskforce to develop a comprehensive statewide plan to strengthen science and technology education through public/private partnerships;
 - **“Engineers of the Future”:** \$5 million to enable 500 middle/high schools to offer pre-engineering programs.

- **Math/Science Summer Institutes:** \$5 million in new funding including \$2.5 million for summer math/science programs at community colleges for middle school students and \$2.5 million to support university-based programs to refresh and renew the competency of math/science teachers;
 - **Teachers of Tomorrow:** \$5 million increase to provide recruitment incentives and tuition reimbursement to expand the pool of math/science teachers entering the teaching profession via alternative certification;
 - **STEP/CSTEP:** \$9.5 million to double existing funding for the Science and Technology Entry Program/Collegiate Science and Technology Program to increase the number of under-represented students pursuing math and science programs at the secondary and postsecondary level; and
 - **Math and Science Teaching Initiative:** 500 new scholarships will be provided annually for up to 5 years in amounts up to SUNY tuition for students at the State's public or private colleges who commit to teaching math or science in New York's public schools for five years.
- **Review of State Testing Administration:** The Executive Budget recommends creation of a panel of experts to provide guidance and recommendations to strengthen administration of the Regents' testing program. This new panel would be independent of the Regents and provide an on-going capacity for objective and thorough reviews of issues related to the administration of the Regents' testing program. The Budget includes \$500,000 for the expenses of the Panel;
 - **School Health Services:** The Executive Budget recommends \$5.8 million to support student health services in the Big Four City school districts. The allocation of these funds is reflective of the number of school buildings and enrollment in each of the Big Four City school districts;
 - **School Choice:** In addition to continuing \$6 million in funding for charter schools, the Executive Budget proposes legislation to: increase the charter school cap by 150 for a total of 250 schools; authorize not-for-profit agencies to grant charters; clarify the manner in which the charter school cap is calculated; provide charter schools with building aid in the same manner as Special Act school districts for allowable costs of school construction and leases; and provide charter schools with access to the Dormitory Authority for financing services;
 - **Strengthening the Qualifications of School Business Officials:** The Executive Budget recommends strengthening the qualifications for school business officials to require: completion of a minimum amount of coursework in finance and accounting; passing a State examination; completion of a school finance-related internship; and participation in on-going professional development; and
 - **Codes of Ethics for School District and BOCES Employees:** The Executive Budget recommends strengthening employee codes of ethics for school district and BOCES to prohibit the use of resources for personal gain. School boards will be required to review and approve their district's code of ethics on a yearly basis and submit it annually to the Office of the State Comptroller and SED.

SCHOOL TAX RELIEF (STAR)

For 2006-07 STAR will provide New York's taxpayers with savings of \$3.4 billion in school tax relief, including \$72 million in additional STAR savings for senior citizens that receive enhanced STAR. An estimated \$530 million in additional tax relief will also be available through the new STAR Plus program.

School Property Tax Relief

- In 2006-07, approximately 620,000 senior homeowners will be eligible to receive an enhanced exemption. For 2006-07, the Executive Budget would increase the \$50,000 enhanced exemption to \$56,800 to reflect increases in the cost of living since the full implementation of STAR. The statewide average STAR enhanced

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- benefit for seniors is estimated at \$1,220. To be eligible for the enhanced benefit, residential property owners must be at least 65 years of age and have annual incomes of \$66,050 or less.
- Legislation accompanying the Executive Budget provides for automatic cost of living adjustments to the enhanced STAR exemption in future years.
 - In 2006-07, the school property tax exemption will provide nearly 2.7 million other homeowners who are not eligible for the senior citizen enhanced exemption with a full value equivalent homestead exemption of at least \$30,000. Statewide tax savings relating to this basic STAR exemption will average \$710; and
 - The exemptions provided to all homeowners living in counties where median home sale prices exceed the statewide median are adjusted upward from the minimums stated above to account for regional variations in property values.

New York City Tax Reduction

Under the STAR program, New York City's more than 3 million resident personal income taxpayers will receive a flat refundable credit and a rate reduction. Total local taxpayer savings will be \$668 million in 2006-07, reducing the New York City personal income tax by nearly 10 percent.

STAR Plus

Under the new STAR Plus program, a rebate check of \$400 will be provided to homeowners residing in school districts that adopt a spending cap limiting school spending increases to the lesser of 4 percent or 120 percent of the increase in the Consumer Price Index.

Exceptions to the spending cap would be provided for increases in enrollment, capital projects, certified emergencies, judgments, tax certiorari proceedings and court ordered funding to provide a sound basic education.

Taxpayers in fiscally dependent city school districts having a population of less than 1 million will also be eligible for STAR Plus if their district adopts a spending cap.

Property Taxpayer's Bill of Rights

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

Local Voter Empowerment

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

- **Property Tax Report Card:** Schools are now required to report proposed property tax increases, spending growth and estimated enrollment changes to the State Education Department prior to the statewide school budget voting day. A property tax report card is then compiled and released to the public before school budget votes are held. The 2006-07 recommendations would expand the property tax report card to include information displaying the three-year change in school tax levy compared to the change in the CPI, thereby helping local taxpayers review school spending trends.
- **Special Informational Mailings:** School districts are now required to mail notices to voters prior to budget votes, disclosing:

- How proposed school spending increases compare with increases in consumer prices;
- How a proposed budget would compare to school spending under the spending cap; and
- How STAR savings were affected by school tax increases for a typical homeowner in the current year and the estimated effects of proposed tax changes on estimated STAR savings under the budget proposed for the coming year.

Reforming the School Voting Process

The 2006-07 Executive Budget recommends the following reforms to the school voting process:

- **Single School Vote:** For 2006-07 and thereafter, school districts would be required to hold a single vote on their school budget, and there would be no revotes;
- **Single Voting Day for Bond Resolutions:** Require all votes on bond resolutions to be held on the single statewide voting day for school budgets;
- **Extended Voting Hours:** The voting hours for school district elections would be conformed to those for general elections; and
- **Improved Supervision:** Conflicts of interest in election supervision would be eliminated by involving county boards of elections in the supervision process and limiting the role of school district employees, board members and candidates in election supervision.

PROGRAMS FOR STUDENTS WITH SPECIAL NEEDS

New York provides a full spectrum of special education services for over 400,000 students aged 3 to 21. These services range from speech therapy to placement in full-time residential schools for those school-age children with the most severely disabling conditions. The network of service providers includes school districts, Boards of Cooperative Educational Services (BOCES), private not-for-profit schools and State-operated facilities.

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

Two State-operated schools provide specialized services for blind and deaf students with multiple disabilities. The Batavia School for the Blind serves 73 blind and multiply disabled students, including 18 developmentally disabled students in the Intermediate Care Facility (ICF). Effective May 23, 2005, the operation of the ICF was turned over to the Office of Mental Retardation and Developmental Disability (OMRDD) following an audit by OMRDD that found that the facility was not in compliance with various health and safety codes. To ensure continued compliance with health and safety requirements, the 2006-07 Executive Budget recommends regular inspections of the Batavia School for the Blind by appropriate State oversight agencies. The Rome School for the Deaf serves 94 deaf and multiply disabled school aged students. The 2006-07 Executive Budget recommends a \$7.5 million appropriation for a capital project at the Rome School for the Deaf to renovate the School's dormitories to conform to current health and safety standards.

ELEMENTARY, MIDDLE AND SECONDARY EDUCATION PROGRAMS

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

- **School Lunch and Breakfast Program:** State funds of \$31.7 million supplement Federal support for the provision of free and reduced-price meals to low-income students. Approximately 1.7 million lunches and 500,000 breakfasts are served daily under this program;

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- **Summer Food Program:** Federal support for the provision of free meals for low-income students participating in summer recreation programs is supplemented by \$3.3 million in additional State funds. There are more than 270 sponsors of summer programs serving almost 237,000 students; and
- **Non-Public School Aid:** State funds of \$87.5 million are used to reimburse 1,400 non-public schools for the costs of administering State mandated tests, attendance taking and other data collection efforts.

CULTURAL EDUCATION

Cultural Education programs administered by the Department include support for public broadcasting stations and aid to public libraries and library systems. The State Library, the State Museum and the State Archives are located in the Cultural Education Center in Albany and are also administered by agency staff.

The State Library is the largest of its kind in the nation, providing reference information and other coordinated library services to State agencies, businesses and the public. The State Library also charters all libraries in the State and distributes State and Federal aid to local libraries.

The State Museum is the largest state-operated museum in the nation and contains exhibits on New York's cultural and natural history. The Museum is also a major research center and the home of the Geological Survey, Biological Survey, Anthropological Survey and the Historical Survey. Each of these surveys is involved with developing and maintaining the collections and exhibits of the State Museum. The State Museum also administers the Cultural Resource Survey which oversees the handling and preservation of artifacts found at construction sites.

The State Archives is responsible for the maintenance and preservation of important State and local government records. In addition to its operations in the Cultural Education Center, the State Archives also operates a regional Records Center at the Harriman State Office Campus in Albany. The operations of the State Museum, State Library and State Archives are largely supported by a surcharge on certain documents filed in county clerk's offices.

HIGHER EDUCATION AND REGULATION OF THE PROFESSIONS

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

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

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 nearly 13,300 individuals annually from an active caseload of 50,000.

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School Aid School Year Payments (millions)

Program	Estimated 2005-06	Recommended 2006-07	Change Amount	Change Percent
I. Formula-Based Aids:				
Flex Aid	\$8,499.69	\$8,499.69	\$0.00	0.00
Excess Cost - Public	2,397.11	2,528.40	131.29	5.48
Excess Cost - Private	218.03	120.07	(97.96)	(44.93)
Tax Limitation Aid	135.06	182.72	47.66	35.29
BOCES	546.37	536.25	(10.12)	(1.85)
Special Services (Career Ed./Computer Admin.)	141.50	142.63	1.13	0.80
Textbooks (Including Lottery)	186.29	186.51	0.22	0.12
Computer Software	46.00	46.73	0.73	1.59
Computer Hardware	28.84	29.03	0.19	0.66
Library Materials	19.27	19.31	0.04	0.21
Transportation (Including Summer)	1,209.57	1,299.55	89.98	7.44
Prekindergarten	202.00	202.00	0.00	0.00
Class Size Reduction	139.39	139.39	0.00	0.00
Building/Reorganization Building	1,520.81	1,597.37	76.56	5.03
Reorganization Incentive (Operating)	15.88	12.91	(2.97)	(18.70)
Full-Day K	3.82	2.19	(1.63)	(42.67)
Fiscal Stabilization Grants *	3.94	44.14	40.20	1,020.30
Teacher Support Aid	67.48	67.48	0.00	0.00
Formula-Based Aids Total	\$15,381.05	\$15,656.37	\$275.32	1.79
II. Grant Programs and Other Aid Categories:				
Teachers of Tomorrow	20.00	25.00	5.00	25.00
Teacher Centers	31.00	10.33	(20.67)	(66.68)
Teacher-Mentor Intern	6.00	2.00	(4.00)	(66.67)
Engineers of the Future	0.00	5.00	5.00	NA
Summer Institutes for Math and Science	0.00	5.00	5.00	NA
School Health Services	0.00	5.77	5.77	NA
Growth Aid	16.60	7.73	(8.87)	(53.43)
Roosevelt	6.00	6.00	0.00	0.00
Categorical Reading	63.95	63.95	0.00	0.00
Improving Pupil Performance	66.35	66.35	0.00	0.00
Magnet Schools	137.60	137.60	0.00	0.00
Aid to Small City School Districts	81.88	81.88	0.00	0.00
Fort Drum	3.00	3.00	0.00	0.00
Urban-Suburban Transfer	1.13	1.13	0.00	0.00
Employment Preparation Education	96.00	90.00	(6.00)	(6.25)
Homeless Pupils	6.48	6.48	0.00	0.00
Incarcerated Youth	16.50	16.50	0.00	0.00
Bilingual	11.20	11.20	0.00	0.00
Education of OMH/OMR Pupils	34.00	34.00	0.00	0.00
Special School Districts	2.20	2.20	0.00	0.00
Chargebacks	(31.00)	(31.00)	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	2.50	2.50	0.00	0.00
Native American Education *	27.75	30.00	2.25	8.11
Bus Driver Safety	0.40	0.40	0.00	0.00
Add'l Prekindergarten	2.68	2.68	0.00	0.00
Add'l Class Size Reduction	0.58	0.58	0.00	0.00
Subtotal	609.07	592.55	(16.52)	(2.71)
SCHOOL YEAR TOTAL	\$15,990.12	\$16,248.92	\$258.80	1.62
Sound Basic Education (SBE) Aid **	324.87	324.87	0.00	0.00
TOTAL Including SBE Aid	\$16,314.99	\$16,573.79	\$258.80	1.59
Sound Basic Education Reserve	0.00	375.13	375.13	NA
TOTAL Including SBE Reserve	\$16,314.99	\$16,948.92	\$633.93	3.89

* Previously appropriated outside of school aid

** A total of \$700 million in SBE Aid is recommended for 2006-07; the \$375 million increase in SBE Aid will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	478,463,500	519,349,900	40,886,400	493,705,600
Aid To Localities	24,241,758,600	25,947,596,200	1,705,837,600	5,640,682,400
Capital Projects	19,000,000	33,200,000	14,200,000	38,391,000
Total	24,739,222,100	26,500,146,100	1,760,924,000	6,172,779,000

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

Full-Time Equivalent Positions (FTE)

Program	2005-06 Estimated FTEs 03/31/06	2006-07 Estimated FTEs 03/31/07	FTE Change
Office of Management Services Program			
General Fund	161	161	0
Special Revenue Funds - Other	208	208	0
Internal Service Funds	115	115	0
Elementary, Middle and Secondary Education			
General Fund	147	147	0
Special Revenue Funds - Federal	300	300	0
School for the Blind			
Special Revenue Funds - Other	109	109	0
Batavia ICF/DD			
Special Revenue Funds - Other	37	0	(37)
School for the Deaf			
Special Revenue Funds - Other	103	103	0
Higher Education and the Professions, Office of			
General Fund	49	46	(3)
Special Revenue Funds - Federal	21	21	0
Special Revenue Funds - Other	444	447	3
Cultural Education			
General Fund	19	19	0
Special Revenue Funds - Federal	74	74	0
Special Revenue Funds - Other	298	298	0
Internal Service Funds	24	24	0
Vocational and Educational Services for Individuals with Disabilities			
Special Revenue Funds - Federal	1,005	1,005	0
Total	3,114	3,077	(37)

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	42,424,000	40,963,000	(1,461,000)
Special Revenue Funds - Federal	269,698,300	286,495,500	16,797,200
Special Revenue Funds - Other	143,394,200	167,647,400	24,253,200
Internal Service Funds	22,947,000	24,244,000	1,297,000
Total	478,463,500	519,349,900	40,886,400

Adjustments:

Prior Year Deficiency			
Education Department, State			
General Fund	2,300,000		
Recommended Deficiency			
Education Department, State			
General Fund	(800,000)		
Appropriated 2005-06	<u>479,963,500</u>		

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

Program	Available 2005-06	Recommended 2006-07	Change
Office of Management Services Program			
General Fund	16,362,000	17,474,000	1,112,000
Special Revenue Funds - Other	23,500,000	23,500,000	0
Internal Service Funds	14,371,000	15,553,000	1,182,000
Elementary, Middle and Secondary Education			
General Fund	18,939,000	19,664,000	725,000
Special Revenue Funds - Federal	118,233,000	125,537,000	7,304,000
Special Revenue Funds - Other	2,079,400	2,079,400	0
School for the Blind			
Special Revenue Funds - Other	9,308,000	9,587,000	279,000
Batavia ICF/DD			
General Fund	133,000	0	(133,000)
Special Revenue Funds - Other	3,282,000	0	(3,282,000)
School for the Deaf			
Special Revenue Funds - Other	8,956,000	9,225,000	269,000
Higher Education and the Professions, Office of			
General Fund	6,990,000	3,825,000	(3,165,000)
Special Revenue Funds - Federal	2,952,000	2,952,000	0
Special Revenue Funds - Other	55,412,000	59,923,000	4,511,000
Cultural Education			
Special Revenue Funds - Federal	9,080,000	10,594,000	1,514,000
Special Revenue Funds - Other	39,944,800	63,233,000	23,288,200
Internal Service Funds	8,576,000	8,691,000	115,000
Vocational and Educational Services for Individuals with Disabilities			
Special Revenue Funds - Federal	139,433,300	147,412,500	7,979,200
Special Revenue Funds - Other	912,000	100,000	(812,000)
Total	478,463,500	519,349,900	40,886,400

EDUCATION

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary Education	9,973,000	402,000	9,973,000	402,000
Higher Education and the Professions, Office of	13,300,000	324,000	13,300,000	324,000
	2,559,000	(797,000)	2,559,000	(797,000)
Total	<u>25,832,000</u>	<u>(71,000)</u>	<u>25,832,000</u>	<u>(71,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary Education	7,501,000	710,000	400,000	0
Batavia ICF/DD	6,364,000	401,000	282,000	0
Higher Education and the Professions, Office of	0	(133,000)	0	0
	1,266,000	(2,368,000)	0	0
Total	<u>15,131,000</u>	<u>(1,390,000)</u>	<u>682,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary Education	350,000	0	4,601,000	235,000
Batavia ICF/DD	698,000	0	5,109,000	126,000
Higher Education and the Professions, Office of	0	0	0	0
	0	0	266,000	(2,568,000)
Total	<u>1,048,000</u>	<u>0</u>	<u>9,976,000</u>	<u>(2,207,000)</u>

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary Education	250,000	0	1,900,000	475,000
Batavia ICF/DD	0	0	0	0
Higher Education and the Professions, Office of	0	0	0	0
Total	<u>250,000</u>	<u>0</u>	<u>1,900,000</u>	<u>475,000</u>

Program	Maintenance Undistributed	
	Amount	Change
Office of Management Services Program Elementary, Middle and Secondary Education	0	0
Batavia ICF/DD	275,000	275,000
Higher Education and the Professions, Office of	0	(133,000)
	1,000,000	200,000
Total	<u>1,275,000</u>	<u>342,000</u>

EDUCATION

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Office of Management Services Program	39,053,000	1,182,000	16,359,000	1,510,000
Elementary, Middle and Secondary Education	127,616,400	7,304,000	53,252,000	2,155,000
School for the Blind	9,587,000	279,000	5,709,106	(894)
Batavia ICF/DD	0	(3,282,000)	0	(1,975,000)
School for the Deaf	9,225,000	269,000	5,412,540	(137,460)
Higher Education and the Professions, Office of	62,875,000	4,511,000	5,186,000	153,000
Cultural Education	82,518,000	24,917,200	9,313,600	850,000
Vocational and Educational Services for Individuals with Disabilities	147,512,500	7,167,200	60,522,300	1,917,200
Total	478,386,900	42,347,400	155,754,546	4,471,846

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Office of Management Services Program	19,444,000	2,139,000	3,250,000	(2,467,000)
Elementary, Middle and Secondary Education	72,285,000	5,149,000	2,079,400	0
School for the Blind	3,877,894	279,894	0	0
Batavia ICF/DD	0	(1,307,000)	0	0
School for the Deaf	3,812,460	406,460	0	0
Higher Education and the Professions, Office of	5,750,000	153,000	51,939,000	4,205,000
Cultural Education	14,963,400	952,000	58,241,000	23,115,200
Vocational and Educational Services for Individuals with Disabilities	86,890,200	6,062,000	100,000	(812,000)
Total	207,022,954	13,834,354	115,609,400	24,041,200

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	14,947,855,600	16,148,074,200	1,200,218,600
Special Revenue Funds - Federal	3,662,753,000	3,739,060,000	76,307,000
Special Revenue Funds - Other	5,631,150,000	6,060,462,000	429,312,000
Total	24,241,758,600	25,947,596,200	1,705,837,600

Adjustments:			
Prior Year Deficiency			
Education Department, State			
Special Revenue Funds - Other	72,000,000		
Recommended Deficiency			
Education Department, State			
Special Revenue Funds - Other	(97,000,000)		
Appropriated 2005-06	<u>24,216,758,600</u>		

EDUCATION

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

Program	Available 2005-06	Recommended 2006-07	Change
STAR Plus			
General Fund	0	530,000,000	530,000,000
School Tax Relief			
Special Revenue Funds - Other	3,319,000,000	3,368,000,000	49,000,000
Elementary, Middle and Secondary Education			
General Fund	14,674,290,000	15,335,794,600	661,504,600
Special Revenue Funds - Federal	2,855,021,000	2,909,628,000	54,607,000
Special Revenue Funds - Other	2,302,000,000	2,680,000,000	378,000,000
Higher Education and the Professions, Office of			
General Fund	86,597,000	95,311,000	8,714,000
Cultural Education			
General Fund	105,280,000	105,280,000	0
Special Revenue Funds - Federal	4,660,000	4,860,000	200,000
Special Revenue Funds - Other	10,150,000	11,650,000	1,500,000
Vocational and Educational Services for Individuals with Disabilities			
General Fund	81,688,600	81,688,600	0
Special Revenue Funds - Federal	803,072,000	824,572,000	21,500,000
Special Revenue Funds - Other	0	812,000	812,000
Total	<u>24,241,758,600</u>	<u>25,947,596,200</u>	<u>1,705,837,600</u>

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

Comprehensive Construction Program	Available 2005-06	Recommended 2006-07	Change	Reappropriations 2006-07
Education Building				
Capital Projects Fund	0	3,300,000	3,300,000	1,375,000
Capital Projects Fund - Advances	0	0	0	100,000
School for the Blind				
Capital Projects Fund	3,000,000	0	(3,000,000)	3,000,000
Capital Projects Fund - Advances	0	0	0	200,000
Cultural Education Trust				
Misc. Capital Projects	0	20,000,000	20,000,000	0
School for the Deaf				
Capital Projects Fund	0	7,500,000	7,500,000	2,575,000
Schools For Native American Reservations				
Capital Projects Fund	0	0	0	4,915,000
Cultural Education Center				
Capital Projects Fund	0	0	0	5,463,000
Capital Projects Fund - Advances	0	0	0	2,360,000
Administration				
Capital Projects Fund	1,000,000	2,400,000	1,400,000	3,403,000
Public Broadcasting Facilities				
Capital Projects Fund - Authority Bonds	15,000,000	0	(15,000,000)	15,000,000
Total	<u>19,000,000</u>	<u>33,200,000</u>	<u>14,200,000</u>	<u>38,391,000</u>

OFFICE OF CHILDREN AND FAMILY SERVICES

MISSION

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

ORGANIZATION AND STAFFING

The Office 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 also serves nearly 2,000 youth through the operation of 37 residential facilities and eight day-placement facilities statewide. The workforce for fiscal year 2006-07 is estimated at 3,822 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office of Children and Family Services receives 49 percent of its \$3.26 billion budget from State tax dollars and 51 percent from Federal and other funds. The State Operations budget of \$436.12 million supports the operation of juvenile justice facilities as well as OCFS oversight of child welfare, child care, adult protection and other related programs. The 2006-07 OCFS State Operations General Fund budget reflects the net impact of closing three community residential homes to align capacity with population, additional funding for Evidence-based Community Initiatives (EbCI), negotiated salary and fixed cost increases and the increased use of State staff to provide computer and child abuse hotline services.

The Local Assistance budget of \$2.79 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 \$32.5 million support the maintenance of State-operated juvenile justice facilities in order to provide a safe living environment, appropriate education, recreation and vocational program space; and the necessary level of security for youth while they are in residential care. Capital projects appropriations include an increase of \$8.6 million from 2005-06 primarily for security projects.

CHILDREN AND FAMILY SERVICES

The Executive Budget provides more than \$1.5 billion in State and Federal funding to support New York's child welfare programs. These programs are structured to encourage local governments to invest in preventive services necessary to reduce out-of-home placement of children. Specific program elements include:

- **Open-ended Funding for Child Welfare Services:** The centerpiece of the child welfare financing system is the provision of 65 percent State reimbursement for community-based preventive services that avert the placement of children in foster care or juvenile justice facilities. State funding at a 65 percent level is also available for child protective services, aftercare services, independent living activities, and local administration costs related to adoptions. The Budget includes an increase of nearly \$30 million in 2006-07, from \$351.8 million to \$381.7 million, to support this child welfare funding source.
- **Investments in Child Welfare Quality Enhancement:** OCFS will distribute \$1.9 million in State funding to counties and not-for-profit groups in 2006-07 to promote the development of innovative child welfare service delivery models.

CHILDREN AND FAMILY SERVICES

- **Enhanced Detection and Treatment of Substance Abuse Issues Among Child Welfare Families:** There has been growing recognition of the relationship between parental substance abuse and entry of a family into the child welfare system. Executive Budget recommendations include \$5 million in State funding to support demonstration projects that will improve access to substance abuse preventive services and treatment within child welfare offices in order to speed detection and treatment of substance abuse problems for families served by the child welfare system.
- **Improved Access to Mental Health Services:** The Executive Budget includes an increase of almost \$2 million in State 65 percent reimbursements to expand the Office of Mental Health's home and community based waiver by an additional 150 slots, and to fully implement the 245 slots added in 2005-06 to meet the mental health needs of children in foster care or at risk of institutional placement.
- **Enhanced Services for Children in Foster Care:** The Executive Budget includes funding to develop Medicaid waivers associated with enhancing services to children in foster care with multiple needs.
- **Flexible Fund for Family Services:** The Flexible Fund for Family Services, supported by Federal Temporary Assistance for Needy Families (TANF) dollars, will be increased to \$1.025 billion. This fund will continue to provide significant local flexibility that can be used to support child welfare and child care services, as well as any other TANF allowable purposes.
- **Adoption Subsidies:** The Executive Budget includes \$193.5 million for the State's share of subsidies provided to families who adopt children with special needs. These funds will support over 50,000 children in adoptive homes and include a cost of living adjustment (COLA) for adoptive parents.
- **Foster Care Block Grant:** The \$378.5 million Foster Care Block Grant provides counties with a clear incentive to reduce the number of children in foster care. Under the Block Grant, savings resulting from reduced use of foster care can be reinvested in locally-designed child welfare initiatives that strengthen preventive services or better serve high-needs children. The Executive Budget includes a \$5 million increase in the Foster Care Block Grant to support a COLA for foster care providers.
- **Enhanced Support for Foster Care Providers:** The Executive Budget includes \$7.8 million in State funding to pay a portion of the costs of reimbursing foster care providers up to the maximum allowable State rate.
- **Increased Support for Home Visiting:** The Executive Budget includes \$18.6 million for the Healthy Families New York Home Visiting Program; an increase of \$1 million over the 2005-06 Enacted Budget. This program provides expectant and new parents with training and support to promote child health and development and to prevent child abuse and maltreatment. The Home Visiting Program which also provides increased access to health care for children has resulted in fewer incidences of low birth weight babies and abuse and neglect.
- **Advantage Schools:** The Budget increases TANF funding for Advantage After-School programs by \$7.3 million from \$20.2 million to \$27.5 million. This funding will support program expansion of educational and recreational after-school activities for elementary, middle and high school students.
- **Enhanced Support for Child Advocacy Centers:** The Executive Budget includes \$2.31 million for new and existing Child Advocacy Centers and Multi-Disciplinary Teams, an increase of \$500,000 over the 2005-06 Enacted Budget. This program provides a method for coordinating and conducting interviews of children who are victims of abuse in a non-threatening environment. A trained interviewer provides the voice for law enforcement, social workers, mental health professionals, and other personnel who must gather information on these cases. This approach avoids multiple interviews with potentially differing information, leads to higher rates of conviction, and reduces the trauma to the child.

CHILD CARE

The Executive Budget continues to allow districts the flexibility to transfer funds from the \$1.025 billion TANF-funded Flexible Fund for Family Services to the State Child Care Block Grant. Using the TANF transfer funding and a combination of other Federal, State, and local funding, the Child Care Block Grant supports child care subsidies for public assistance and low-income families. Subsidized child care is guaranteed for public assistance recipients with children up to age 13, when such care is required for the parent/guardian to engage in work activities. Families transitioning from welfare to work are guaranteed subsidized child care for up to 12 months after leaving public assistance. The State also provides subsidized child care to families at risk of becoming dependent on public assistance. The State Child Care Block Grant and funds transferred from the TANF-funded Flexible Fund for Family Services will enable districts to tailor expenditures to meet local needs and to comply with mandated work participation requirements for public assistance.

Consistent with the Governor's dedication to quality child care, in 2006-07 the maximum amount child care providers can be fined for operating without a license or for violating State regulations will be increased from \$500 to \$1,000 per day.

YOUTH FACILITIES

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

The Executive Budget seeks to better align community residential homes capacity with population by closing three of six homes. Part of the savings from these closures will be reinvested into Evidence-based Community Initiative (EbCI) programs that provide an array of services to youth in their home communities and reduce the length of time youth spend in facilities. EbCI uses local non-profit agencies to provide services ranging from family-based counseling to specialized after-school programs. In 2006-07, OCFS will invest \$7.6 million in EbCI programs.

As part of the Governor's commitment to helping troubled youth become productive citizens, the Budget proposes a pilot project for the operation of a minimum secure facility by a voluntary provider under a performance-based contract. This initiative seeks new and innovative program models to lower recidivism and evaluate alternate systems for serving youth under OCFS jurisdiction.

INFORMATION TECHNOLOGY

The Executive Budget includes approximately \$76 million in State and Federal funding to operate and continue development of CONNECTIONS, the State's child welfare information system. The CONNECTIONS project offers enhanced case and fiscal management of child welfare services while providing greater access to preventive and protective services for children and families.

PROGRAM HIGHLIGHTS

The Office of Children and Family Services supervises the State's system of family support and child welfare services to help families live independently. County departments of social services and, in many cases, community-based local organizations administer most programs that identify and protect abused and neglected children; provide counseling and

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other services to strengthen families and avoid foster care; place children in foster care as needed; reunite children and families; find permanent adoptive parents for children who cannot be reunited with birth families; prepare teens for independent living; and protect vulnerable adults from family violence.

The Office also provides funding to counties, municipalities and community-based not-for-profit agencies for the provision of youth development and delinquency prevention programs. The 2006-07 Budget continues nearly \$38 million for these programs including more than \$36 million in General Fund support and \$1.5 million in Federal Workforce Investment Act (WIA) dollars.

The State Central Register Child Abuse Hotline receives more than 337,000 calls each year reporting alleged child maltreatment or abuse through a toll-free 800 telephone number. 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 child abuse.

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

OCFS and local governments share equally in the cost of local detention facilities that care for youth while their cases are pending in Family Court. Reform legislation enacted in 2005-06 reduces the placement of persons-in-need of supervision (PINS) in detention facilities and requires the Family Courts and local governments to serve PINS youth through comprehensive community-based programs whenever possible. Continuing support of this reform proposal, the Executive Budget provides \$6.6 million for community-based programs to serve PINS, an increase of \$1.4 million from 2005-06.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	419,746,000	436,115,000	16,369,000	281,368,000
Aid To Localities	2,733,881,000	2,794,733,000	60,852,000	2,333,927,000
Capital Projects	23,927,000	32,510,000	8,583,000	93,134,000
Total	3,177,554,000	3,263,358,000	85,804,000	2,708,429,000

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

Program	Full-Time Equivalent Positions (FTE)		
	2005-06	2006-07	FTE Change
	Estimated FTEs 03/31/06	Estimated FTEs 03/31/07	
Central Administration			
General Fund	346	348	2
Special Revenue Funds - Federal	6	6	0
Special Revenue Funds - Other	79	79	0
Capital Projects Funds - Other	7	7	0
Child Care			
Special Revenue Funds - Federal	234	234	0
Commission for the Blind and Visually Handicapped			
General Fund	11	11	0
Special Revenue Funds - Federal	167	167	0
Special Revenue Funds - Other	1	1	0
Employment and Disability Assistance Account			
Special Revenue Funds - Federal	11	11	0
Family and Children Services			
General Fund	408	428	20
Special Revenue Funds - Federal	79	79	0
Special Revenue Funds - Other	2	2	0
National and Community Service, Office of			
General Fund	3	3	0
Special Revenue Funds - Federal	6	6	0
Systems Support			
General Fund	142	192	50
Training and Development			
Special Revenue Funds - Other	52	52	0
Youth Facilities			
General Fund	2,256	2,196	(60)
Total	3,810	3,822	12

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

Fund Type	Available	Recommended	Change
	2005-06	2006-07	
General Fund	218,647,000	233,479,000	14,832,000
Special Revenue Funds - Federal	81,478,000	81,829,000	351,000
Special Revenue Funds - Other	119,021,000	120,232,000	1,211,000
Enterprise Funds	500,000	475,000	(25,000)
Internal Service Funds	100,000	100,000	0
Total	419,746,000	436,115,000	16,369,000

CHILDREN AND FAMILY SERVICES

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

Program	Available 2005-06	Recommended 2006-07	Change
Central Administration			
General Fund	32,123,000	35,466,000	3,343,000
Special Revenue Funds - Federal	528,000	528,000	0
Special Revenue Funds - Other	18,126,000	18,126,000	0
Internal Service Funds	100,000	100,000	0
Commission for the Blind and Visually Handicapped			
General Fund	8,114,000	8,259,000	145,000
Special Revenue Funds - Federal	30,003,000	30,354,000	351,000
Special Revenue Funds - Other	1,905,000	1,905,000	0
Departmental Administrative Reimbursement			
General Fund	(29,043,000)	(29,043,000)	0
Special Revenue Funds - Other	35,543,000	35,543,000	0
Family and Children Services			
General Fund	30,366,000	32,329,000	1,963,000
Special Revenue Funds - Federal	20,354,000	20,354,000	0
Special Revenue Funds - Other	2,207,000	2,207,000	0
Systems Support			
General Fund	29,707,000	35,173,000	5,466,000
Special Revenue Funds - Federal	30,593,000	30,593,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Training and Development			
General Fund	7,514,000	7,383,000	(131,000)
Special Revenue Funds - Other	51,240,000	52,451,000	1,211,000
Enterprise Funds	200,000	200,000	0
Youth Facilities			
General Fund	139,866,000	143,912,000	4,046,000
Enterprise Funds	300,000	275,000	(25,000)
Total	<u>419,746,000</u>	<u>436,115,000</u>	<u>16,369,000</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	22,565,000	1,452,000	21,111,000	1,368,000
Family and Children Services	23,881,000	1,967,000	22,880,000	1,903,700
Systems Support	10,948,000	3,373,000	10,818,000	3,373,000
Youth Facilities	111,484,000	1,616,000	100,583,000	1,458,000
Total	<u>168,878,000</u>	<u>8,408,000</u>	<u>155,392,000</u>	<u>8,102,700</u>
Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Central Administration	1,201,000	70,000	253,000	14,000
Family and Children Services	0	0	1,001,000	63,300
Systems Support	0	0	130,000	0
Youth Facilities	5,392,000	78,000	5,509,000	80,000
Total	<u>6,593,000</u>	<u>148,000</u>	<u>6,893,000</u>	<u>157,300</u>

CHILDREN AND FAMILY SERVICES

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Central Administration	12,901,000	1,891,000	200,000	(9,000)
Commission for the Blind and Visually Handicapped	8,259,000	145,000	0	0
Departmental Administrative Reimbursement	12,000,000	0	0	0
Family and Children Services	8,448,000	(4,000)	568,000	(270,600)
Systems Support	24,225,000	2,093,000	233,000	0
Training and Development	7,383,000	(131,000)	0	0
Youth Facilities	32,428,000	2,430,000	10,256,000	692,000
Total	105,644,000	6,424,000	11,257,000	412,400

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Central Administration	944,000	137,000	9,194,000	765,000
Commission for the Blind and Visually Handicapped	0	0	0	0
Departmental Administrative Reimbursement	0	0	0	0
Family and Children Services	360,000	(29,800)	7,490,000	297,700
Systems Support	52,000	0	9,452,000	(465,000)
Training and Development	0	0	0	0
Youth Facilities	942,000	64,000	13,215,000	892,000
Total	2,298,000	171,200	39,351,000	1,489,700

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	1,093,000	955,000	1,470,000	43,000
Commission for the Blind and Visually Handicapped	0	0	8,259,000	145,000
Departmental Administrative Reimbursement	0	0	12,000,000	0
Family and Children Services	30,000	(1,300)	0	0
Systems Support	233,000	0	14,255,000	2,558,000
Training and Development	0	0	7,383,000	(131,000)
Youth Facilities	1,199,000	81,000	6,816,000	701,000
Total	2,555,000	1,034,700	50,183,000	3,316,000

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STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Central Administration	18,754,000	0	0	0
Commission for the Blind and Visually Handicapped	32,259,000	351,000	0	0
Family and Children Services	22,561,000	0	0	0
Systems Support	40,593,000	0	0	0
Training and Development	52,651,000	1,211,000	3,224,000	1,270,000
Youth Facilities	275,000	(25,000)	0	0
Total	167,093,000	1,537,000	3,224,000	1,270,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Central Administration	1,925,000	0	16,829,000	0
Commission for the Blind and Visually Handicapped	0	0	32,259,000	351,000
Family and Children Services	7,753,000	0	14,808,000	0
Systems Support	0	0	40,593,000	0
Training and Development	3,298,000	(59,000)	46,129,000	0
Youth Facilities	275,000	(25,000)	0	0
Total	13,251,000	(84,000)	150,618,000	351,000

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

Fund Type	Available	Recommended	Change
	2005-06	2006-07	
General Fund	1,319,982,000	1,380,834,000	60,852,000
Special Revenue Funds - Federal	1,398,119,000	1,398,119,000	0
Special Revenue Funds - Other	15,780,000	15,780,000	0
Total	2,733,881,000	2,794,733,000	60,852,000

Adjustments:			
Prior Year Deficiency			
Children and Family Services Office of General Fund	1,830,000		
Appropriated 2005-06	2,735,711,000		

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

Program	Available	Recommended	Change
	2005-06	2006-07	
Child Care			
General Fund	140,066,000	136,066,000	(4,000,000)
Special Revenue Funds - Federal	360,000,000	360,000,000	0
Special Revenue Funds - Other	350,000	350,000	0
Family and Children Services			
General Fund	1,174,916,000	1,239,768,000	64,852,000
Special Revenue Funds - Federal	1,018,900,000	1,018,900,000	0
Special Revenue Funds - Other	15,430,000	15,430,000	0
Training and Development			
General Fund	5,000,000	5,000,000	0
Special Revenue Funds - Federal	19,219,000	19,219,000	0
Total	2,733,881,000	2,794,733,000	60,852,000

CHILDREN AND FAMILY SERVICES

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

Comprehensive Construction Program	Available 2005-06	Recommended 2006-07	Change	Reappropriations 2006-07
Design and Construction Supervision				
Youth Facilities Improvement Fund	5,000,000	7,000,000	2,000,000	9,064,000
Child Care Facilities Development Program				
Capital Projects Fund - Authority Bonds	0	0	0	7,923,000
Maintenance and Improvement of Facilities				
Capital Projects Fund	1,325,000	1,825,000	500,000	7,618,000
Youth Facilities Improvement Fund	15,602,000	15,685,000	83,000	52,961,000
Executive Direction and Administrative Services				
Misc. Capital Projects	0	0	0	2,780,000
Program Improvement or Program Change				
Youth Facilities Improvement Fund	2,000,000	8,000,000	6,000,000	7,295,000
Youth Center				
Capital Projects Fund	0	0	0	5,493,000
Total	<u>23,927,000</u>	<u>32,510,000</u>	<u>8,583,000</u>	<u>93,134,000</u>

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

MISSION

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

ORGANIZATION AND STAFFING

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

Office staff also provide legal, audit and computer systems support. Through its Division of Disability Determinations, the Office also evaluates the medical eligibility of disability claimants for Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI). The Office is authorized at 2,529 positions for 2006-07. Approximately 460 of these positions are paid by State tax dollars from the General Fund with partial Federal reimbursement and 1,634 are funded directly by Federal grants. The remaining 17 percent are supported by various revenues.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A total of \$5.2 billion is recommended from all funding sources in 2006-07 to support State Operations and Aid to Localities programs including Family Assistance, Safety Net, Supplemental Security Income (SSI), Home Energy Assistance (HEAP), Child Support Enforcement and Food Stamp Administration.

Aid to Localities is funded by \$4.7 billion in Federal funds, General Fund dollars and other revenue, and includes modest increases in SSI for the aged and disabled.

A State Operations appropriation of approximately \$453 million is recommended from all funding sources and will support a workforce of approximately 2,529. The recommended \$57 million General Fund State Operations appropriation includes funding for: staff and other costs related to the oversight of local district administration of public assistance and child support enforcement programs; administrative hearings for public assistance; Food Stamps; and operation of the major computer systems supporting public assistance programs.

General Fund support of \$15 million is appropriated for the cost of redesigning the Welfare Management System (WMS), costs associated with the Welfare-to-Work Caseload Management System and other related systems initiatives.

Specific priorities for the OTDA in 2006-07 include:

- Continuing to promote personal responsibility through reforms that encourage welfare recipients to attain independence;
- Targeting investments to support local districts in their efforts to assist hard-to-serve welfare recipients and low-income families in securing and sustaining employment; and
- Encouraging non-custodial parents to strengthen their ties to employment and economic support for their children.

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PROGRAM HIGHLIGHTS

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

This approach has resulted in a dramatic decline in welfare caseloads. Since 1995, over one million recipients have left the welfare rolls, a decline of over 60 percent. In addition to generating significant State and local government savings, this historic caseload decrease has allowed the State to use the TANF Block Grant to fund supportive services that encourage employment. The programs funded include the Earned Income Tax Credit (EITC), child care and transportation services.

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

FAMILY ASSISTANCE

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

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

In addition, Federal law mandates a 50 percent work participation rate for all Family Assistance cases. Although the Federal government applies a credit to this work requirement, the pending reconciliation bill for the Federal budget amends the credit in a manner which makes the rate more difficult to achieve.

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

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

TEMPORARY AND DISABILITY ASSISTANCE

SAFETY NET ASSISTANCE PROGRAM

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

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

SUPPORTIVE SERVICE PROGRAMS

The Governor's welfare reform program has strengthened child support enforcement to ensure that parents provide for the economic well-being of their children. Improvements include automated updating of child support awards to reflect inflation; improved customer services through website access of account information and interstate reciprocity in child support proceedings; and administrative authority for social services districts to order genetic tests, subpoena information and collect relevant data from Federal, State and local agencies. The Executive Budget continues to re-invest Federal incentive bonuses in child support initiatives to strengthen performance in "hard-to-collect" cases, and continue State-local partnerships to increase criminal prosecution of parents who refuse to pay child support. These measures have helped to increase total child support collections to their current level of \$1.5 billion.

Federal Supplemental Security Income (SSI) provides cash assistance to the aged, visually handicapped and disabled. The State's SSI benefit is currently among the highest nationally. The 2006-07 recommendation of \$655 million funds the State cost of SSI benefits for more than 630,000 recipients. Eligibility for SSI and SSDI is evaluated by OTDA's Division of Disability Determinations (DDD).

In State Fiscal Year 2006-07 the Governor continues funding for the State's transitional and emergency shelter system, which assists homeless individuals and families in achieving self-sufficiency by strengthening their independent living skills and helping them acquire permanent housing. In addition, the State has partnered with New York City in NY/NY III to provide 9,000 new units of Supportive Housing for homeless individuals living with mental illness, and homeless families with special needs.

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

PROGRAM AND ADMINISTRATIVE COST CONTAINMENT

While welfare reform continues to be an unprecedented success, cost containment measures remain necessary not only to preserve basic income support for eligible children and adults, but also to foster individual self-sufficiency and employment. In order to accomplish this, the 2006-07 welfare budget recommendations:

- Encourage adult participation in mandatory work requirements by imposing a full welfare benefit reduction if the head of the household is out of compliance with work requirements. Currently, only a portion of the household's welfare benefit is reduced when the head of the household does not meet mandatory employment requirements;

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- Increase the amount of earnings disregarded for purpose of determining welfare eligibility to 50 percent for recipients on welfare less than five years; and reduce the disregard percentage to 25 percent for recipients on welfare more than five years;
- Hold accountable those counties that fail to meet at least a 50 percent work participation rate for their TANF Families, Five Year Families and Safety Net Singles populations; and
- Target additional funding to the Flexible Fund for Family Services to enable local administrators to make resource decisions that meet their service needs.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	425,239,000	453,168,000	27,929,000	270,500,000
Aid To Localities	4,813,742,000	4,682,181,000	(131,561,000)	3,604,818,000
Capital Projects	30,000,000	30,000,000	0	140,086,000
Total	5,268,981,000	5,165,349,000	(103,632,000)	4,015,404,000

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

Full-Time Equivalent Positions (FTE)

Program	2005-06 Estimated FTEs 03/31/06	2006-07 Estimated FTEs 03/31/07	FTE Change
Administration			
General Fund	150	147	(3)
Special Revenue Funds - Federal	98	98	0
Special Revenue Funds - Other	56	56	0
Child Support Enforcement			
Special Revenue Funds - Other	56	56	0
Disability Determinations			
Special Revenue Funds - Federal	1,285	1,285	0
Special Revenue Funds - Other	101	101	0
Employment Services			
Special Revenue Funds - Federal	185	185	0
Executive Direction			
General Fund	16	16	0
Legal Affairs			
General Fund	150	150	0
System Support and Information Services			
General Fund	90	90	0
Special Revenue Funds - Federal	16	16	0
Special Revenue Funds - Other	59	59	0
Temporary and Disability Assistance Programs			
General Fund	36	36	0
Special Revenue Funds - Federal	21	21	0
Special Revenue Funds - Other	148	148	0
Transitional Supports and Policy, Division of			
General Fund	21	21	0
Special Revenue Funds - Federal	29	29	0
Special Revenue Funds - Other	15	15	0
Total	2,532	2,529	(3)

TEMPORARY AND DISABILITY ASSISTANCE

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	50,282,000	57,001,000	6,719,000
Special Revenue Funds - Federal	217,000,000	227,300,000	10,300,000
Special Revenue Funds - Other	156,757,000	167,667,000	10,910,000
Internal Service Funds	1,200,000	1,200,000	0
Total	<u>425,239,000</u>	<u>453,168,000</u>	<u>27,929,000</u>

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

Program	Available 2005-06	Recommended 2006-07	Change
Administration			
General Fund	24,689,000	25,465,000	776,000
Special Revenue Funds - Federal	7,000,000	7,000,000	0
Special Revenue Funds - Other	19,850,000	21,160,000	1,310,000
Internal Service Funds	1,200,000	1,200,000	0
Child Support Enforcement			
Special Revenue Funds - Federal	3,500,000	3,800,000	300,000
Special Revenue Funds - Other	30,000,000	30,000,000	0
Departmental Administrative Reimbursement			
General Fund	(75,463,000)	(84,963,000)	(9,500,000)
Special Revenue Funds - Other	79,032,000	88,532,000	9,500,000
Disability Determinations			
Special Revenue Funds - Federal	166,000,000	176,000,000	10,000,000
Special Revenue Funds - Other	9,500,000	9,600,000	100,000
Executive Direction			
General Fund	1,818,000	1,954,000	136,000
Legal Affairs			
General Fund	13,390,000	13,786,000	396,000
System Support and Information Services			
General Fund	78,634,000	93,353,000	14,719,000
Special Revenue Funds - Federal	35,000,000	35,000,000	0
Special Revenue Funds - Other	13,100,000	13,100,000	0
Temporary and Disability Assistance Programs			
General Fund	5,189,000	5,300,000	111,000
Special Revenue Funds - Federal	5,000,000	5,000,000	0
Special Revenue Funds - Other	4,000,000	4,000,000	0
Transitional Supports and Policy, Division of			
General Fund	2,025,000	2,106,000	81,000
Special Revenue Funds - Federal	500,000	500,000	0
Special Revenue Funds - Other	1,275,000	1,275,000	0
Total	<u>425,239,000</u>	<u>453,168,000</u>	<u>27,929,000</u>

TEMPORARY AND DISABILITY ASSISTANCE

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	11,437,000	303,000	11,304,700	300,000
Executive Direction	1,649,000	131,000	1,570,000	136,000
Legal Affairs	11,148,000	380,000	10,817,954	336,000
System Support and Information Services	7,459,000	71,000	7,437,000	71,000
Temporary and Disability Assistance Programs	3,419,000	(845,000)	2,939,019	(845,000)
Transitional Supports and Policy, Division of	1,863,000	70,000	1,824,548	76,000
Total	36,975,000	110,000	35,893,221	74,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	97,800	3,000	34,500	0
Executive Direction	79,000	(5,000)	0	0
Legal Affairs	34,286	20,000	295,760	24,000
System Support and Information Services	0	0	22,000	0
Temporary and Disability Assistance Programs	445,144	0	34,837	0
Transitional Supports and Policy, Division of	0	0	38,452	(6,000)
Total	656,230	18,000	425,549	18,000

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	14,528,000	473,000	154,300	0
Executive Direction	305,000	5,000	32,900	1,000
Legal Affairs	2,638,000	16,000	138,500	1,000
System Support and Information Services	85,894,000	14,648,000	38,900	1,000
Temporary and Disability Assistance Programs	1,881,000	956,000	38,000	2,000
Transitional Supports and Policy, Division of	243,000	11,000	48,000	3,000
Total	105,489,000	16,109,000	450,600	8,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	257,700	21,000	7,905,300	225,000
Executive Direction	49,500	4,000	210,600	0
Legal Affairs	130,700	15,000	2,302,800	0
System Support and Information Services	34,700	1,000	10,874,400	244,000
Temporary and Disability Assistance Programs	62,500	4,000	802,000	23,000
Transitional Supports and Policy, Division of	85,000	8,000	104,000	0
Total	620,100	53,000	22,199,100	492,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	371,700	0	5,839,000	227,000
Executive Direction	12,000	0	0	0
Legal Affairs	66,000	0	0	0
System Support and Information Services	72,000	2,000	74,874,000	14,400,000
Temporary and Disability Assistance Programs	28,500	(23,000)	950,000	950,000
Transitional Supports and Policy, Division of	6,000	0	0	0
Total	556,200	(21,000)	81,663,000	15,577,000

TEMPORARY AND DISABILITY ASSISTANCE

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	28,860,000	1,310,000	0	0
Child Support Enforcement	33,800,000	300,000	0	0
Disability Determinations	185,600,000	10,100,000	78,000,000	3,000,000
System Support and Information Services	48,100,000	0	0	0
Temporary and Disability Assistance Programs	9,000,000	0	58,000	0
Transitional Supports and Policy, Division of	1,775,000	0	778,000	(46,000)
Total	307,135,000	11,710,000	78,836,000	2,954,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	28,860,000	1,310,000
Child Support Enforcement	0	0	33,800,000	300,000
Disability Determinations	98,000,000	7,000,000	9,600,000	100,000
System Support and Information Services	0	0	48,100,000	0
Temporary and Disability Assistance Programs	26,000	0	8,916,000	0
Transitional Supports and Policy, Division of	497,000	46,000	500,000	0
Total	98,523,000	7,046,000	129,776,000	1,710,000

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

Fund Type	Available	Recommended	Change
	2005-06	2006-07	
General Fund	1,472,953,000	1,310,059,000	(162,894,000)
Special Revenue Funds - Federal	3,294,428,000	3,335,737,000	41,309,000
Special Revenue Funds - Other	26,361,000	16,385,000	(9,976,000)
Fiduciary Funds	20,000,000	20,000,000	0
Total	4,813,742,000	4,682,181,000	(131,561,000)

Adjustments:

Recommended Deficiency	
Temporary and Disability Assistance,	
Office of	
General Fund	(50,000,000)
Appropriated 2005-06	4,763,742,000

TEMPORARY AND DISABILITY ASSISTANCE

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

Program	Available 2005-06	Recommended 2006-07	Change
Child Support Enforcement			
General Fund	34,000,000	34,000,000	0
Special Revenue Funds - Federal	120,000,000	125,000,000	5,000,000
Food Assistance Program			
General Fund	100,000	0	(100,000)
Special Revenue Funds - Other	100,000	0	(100,000)
Food Stamp Administration Program			
Special Revenue Funds - Federal	294,530,000	335,000,000	40,470,000
Special Revenue Funds - Other	6,261,000	6,385,000	124,000
Temporary and Disability Assistance Administration			
General Fund	337,950,000	359,716,000	21,766,000
Temporary and Disability Assistance Programs			
General Fund	976,593,000	794,883,000	(181,710,000)
Special Revenue Funds - Federal	2,826,473,000	2,822,312,000	(4,161,000)
Special Revenue Funds - Other	10,000,000	0	(10,000,000)
Fiduciary Funds	20,000,000	20,000,000	0
Transitional Supports and Policy, Division of			
General Fund	124,310,000	121,460,000	(2,850,000)
Special Revenue Funds - Federal	53,425,000	53,425,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Total	<u>4,813,742,000</u>	<u>4,682,181,000</u>	<u>(131,561,000)</u>

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

Comprehensive Construction Program	Available 2005-06	Recommended 2006-07	Change	Reappropriations 2006-07
Supported Housing Program				
Housing Program Fund	30,000,000	30,000,000	0	140,086,000
Total	<u>30,000,000</u>	<u>30,000,000</u>	<u>0</u>	<u>140,086,000</u>

HIGHER EDUCATION SERVICES CORPORATION

MISSION

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

ORGANIZATION AND STAFFING

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

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

The Agency will have a workforce of 700 employees in 2006-07. Virtually all employees are paid through funds received for the administration of Federal student loans. General administrative operations are located in Albany, while data processing operations are located in Troy.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends \$942 million in support of agency operations and programs. Of this amount, approximately \$110 million will be available to support administration of State and Federal student aid programs and \$832 million will be awarded in financial aid to students or colleges to promote access to postsecondary educational opportunities.

Of the \$832 million invested in financial aid and institutional grants, General Fund support accounts for nearly \$805 million. Support for the remaining expenditures is provided from special revenue and Federal funds.

STATE OPERATIONS

The Corporation will continue to improve its operational efficiency in 2006-07 through increased reliance on technology and streamlined administrative practices. In addition to a renewed emphasis on providing comprehensive services to its clientele, the Corporation continues to develop partnerships with other student loan guaranty agencies and the Federal government to streamline costs, improve services, and increase responsiveness through shared development efforts.

FINANCIAL AID PROGRAMS

The 2006-07 recommended All Funds appropriation for the Tuition Assistance Program (TAP) is \$783.4 million which reflects taxpayer support of \$756.4 million, utilization of

HIGHER EDUCATION SERVICES

HESC operating fund balances of \$20 million and \$7.0 million in federal funds. This reflects \$189.9 million in savings from the TAP reforms described below, offset by an increase of \$6.4 million for reimbursement to certain institutions for their pre-financing costs.

For the coming year, the following TAP reforms are proposed to ensure taxpayer funds are invested wisely and to protect students from exhausting their TAP eligibility prior to degree completion:

- Institutions will be required to pre-finance TAP awards provided to first-time TAP applicants who are admitted to postsecondary programs without having a high school diploma (\$42.0 million);
- Institutions will be reimbursed for their pre-financing costs, including interest, upon the students' successful completion of 24 credit hours or its equivalent;
- Full-time study will be defined as 15 credits per semester to ensure students complete their degree programs before exhausting their eight semesters of TAP eligibility;
- Students enrolling in fewer than 15 credits or earning fewer than 15 credits per semester would receive 80 percent of a full TAP award (\$70.0 million);
- Academic standards for TAP will be strengthened to reflect appropriate progress to a timely degree (\$13.5 million);
- TAP awards for accelerated study will require credit accumulation rates that demonstrate actual acceleration in time-to-completion (\$57.0 million);
- Students must be in full-time attendance at the time that institutions certify them for TAP eligibility (\$3.1 million); and
- All students in default on federal student loans will be ineligible for TAP, regardless of the loan guarantor (\$4.3 million).

The 2006-07 Executive Budget provides \$33.5 million for various scholarship and fellowship programs, reflecting a decrease of \$2.6 million from 2005-06. A total of \$2.3 million of this decrease reflects the statutory sunset of new scholarships in 2006-07 for the Regents Health Care Opportunity Scholarships and the Regents Professional Opportunity Scholarships.

To increase the State's pool of math and science teachers, legislation accompanying the Budget establishes the New York State Math and Science Teaching Initiative for students at our public and private colleges who make a five-year commitment to teach math and science in middle or high schools located within the State. Under this program, 500 new annual scholarships will be provided every year in amounts equal to the tuition charged at the State University of New York or actual tuition, whichever is less.

PROGRAM HIGHLIGHTS

STATE OPERATIONS

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

In 2006-07, the Corporation will continue to coordinate the State's participation in the Federal GEAR-UP program. In 1999, the Corporation was awarded a six-year Federal GEAR-UP grant to provide early college preparation and guidance services to low-income individuals. In 2005-06, HESC successfully coordinated the State's application for a new six-year GEAR-UP grant totaling \$21 million.

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 \$19.9 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:

- \$6.0 billion in new guaranteed loans in 2004-05;
- Processing of student loans for over 673,000 borrowers; and
- Defaulted loan collections of \$385 million and defaulted loan purchases of \$292 million in 2004-05.

FINANCIAL AID PROGRAMS

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

- Tuition Assistance Program: \$783.4 million in aid will be provided to recipients in all sectors of higher education;
- Aid for Part Time Study: \$14.6 million will be available to over 22,000 part-time students in all sectors of higher education; and
- Scholarships and Fellowships: \$33.5 million will be provided for various scholarships and fellowships including the American Airlines Flight 587 Memorial Scholarships, Senator Patricia K. McGee Nursing Faculty Scholarships/Nursing Faculty Loan Forgiveness Incentive Program and the Regents Licensed Social Worker Loan Forgiveness Program. Over 25,000 recipients are projected to receive aid under the fifteen State and Federal scholarship programs administered by HESC.

COLLEGE CHOICE TUITION SAVINGS PROGRAM

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

Jointly administered by the Corporation and the Office of the State Comptroller, the program has been well received by the general public. Since its inception in September 1998, over 387,000 accounts have been opened, with contributions totaling approximately \$4.0 billion. New York's program has already received national recognition as one of the top college savings plans in the nation.

HIGHER EDUCATION SERVICES

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	108,307,000	110,455,000	2,148,000	5,000,000
Aid To Localities	959,876,000	831,503,000	(128,373,000)	7,000,000
Capital Projects	0	0	0	0
Total	1,068,183,000	941,958,000	(126,225,000)	12,000,000

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

Full-Time Equivalent Positions (FTE)

Program	2005-06 Estimated FTEs 03/31/06	2006-07 Estimated FTEs 03/31/07	FTE Change
Administration			
Special Revenue Funds - Other	320	320	0
Guaranteed Loan Programs			
Special Revenue Funds - Other	380	380	0
Total	700	700	0

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
Special Revenue Funds - Federal	5,000,000	5,000,000	0
Special Revenue Funds - Other	103,307,000	105,455,000	2,148,000
Total	108,307,000	110,455,000	2,148,000

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

Program	Available 2005-06	Recommended 2006-07	Change
Administration			
Special Revenue Funds - Other	50,676,000	51,451,000	775,000
Guaranteed Loan Programs			
Special Revenue Funds - Federal	5,000,000	5,000,000	0
Special Revenue Funds - Other	52,631,000	54,004,000	1,373,000
Total	108,307,000	110,455,000	2,148,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	51,451,000	775,000	15,763,000	459,000
Guaranteed Loan Programs	59,004,000	1,373,000	21,502,000	626,000
Total	110,455,000	2,148,000	37,265,000	1,085,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	35,188,000	316,000	500,000	0
Guaranteed Loan Programs	32,502,000	747,000	5,000,000	0
Total	67,690,000	1,063,000	5,500,000	0

HIGHER EDUCATION SERVICES

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	882,946,000	800,503,000	(82,443,000)
Special Revenue Funds - Federal	7,000,000	7,000,000	0
Special Revenue Funds - Other	69,930,000	24,000,000	(45,930,000)
Total	<u>959,876,000</u>	<u>831,503,000</u>	<u>(128,373,000)</u>

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

Program	Available 2005-06	Recommended 2006-07	Change
Scholarships and Fellowships			
General Fund	32,068,000	29,468,000	(2,600,000)
Special Revenue Funds - Other	4,000,000	4,000,000	0
State Grant Programs			
General Fund	850,878,000	756,405,000	(94,473,000)
Special Revenue Funds - Federal	7,000,000	7,000,000	0
Special Revenue Funds - Other	51,300,000	20,000,000	(31,300,000)
Tuition Awards for Part-Time Students			
General Fund	0	14,630,000	14,630,000
Special Revenue Funds - Other	14,630,000	0	(14,630,000)
Total	<u>959,876,000</u>	<u>831,503,000</u>	<u>(128,373,000)</u>

DIVISION OF HUMAN RIGHTS

MISSION

New York holds the proud distinction of being the first state to enact a Human Rights Law, affording every citizen an equal opportunity to enjoy a full and productive life. Discriminating against others because of their race, sex, age, disability or membership in other specified classes is illegal in the State of New York. Protection under the Human Rights Law also includes prohibiting discrimination based on military status and sexual orientation.

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

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

ORGANIZATION AND STAFFING

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

The Division will have a workforce of 203 employees during 2006-07: 31 for administration of the Division and 172 to investigate, determine probable cause, and hear individual cases of discrimination. Funding is also provided to support two per diem administrative law judges not reflected in the 203 salaried staff.

BUDGET AND PROGRAM HIGHLIGHTS

During the last decade, the Division has made progress in reducing the number of open cases. Open cases totaled 5,104 as of November 2005, down from 16,880 in January 1995; a reduction of 70 percent. The agency continues to work vigorously to reduce the caseload and meet reasonable standards for timely case processing. The Division has also added an Outreach Unit whose primary function is to expand public awareness of the Human Rights Law and develop community relations. The Division also recently developed a Mediation Unit to expeditiously settle a case at its earliest stage.

In December 2005, the Division completed transition of its payroll processing to the Office of Temporary and Disability Assistance. In 2006-07, the Office of Temporary and Disability Assistance will continue to assume partial responsibility for basic administrative functions of the Division such as personnel and finance. This "host agency" concept is designed to produce savings through increased administrative efficiencies.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	18,954,000	19,261,000	307,000	14,204,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	18,954,000	19,261,000	307,000	14,204,000

HUMAN RIGHTS

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

Full-Time Equivalent Positions (FTE)

Program	2005-06	2006-07	FTE Change
	Estimated FTEs 03/31/06	Estimated FTEs 03/31/07	
Administration			
General Fund	166	166	0
Special Revenue Funds - Federal	37	37	0
Total	203	203	0

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

Fund Type	Available	Recommended	Change
	2005-06	2006-07	
General Fund	14,110,000	14,492,000	382,000
Special Revenue Funds - Federal	4,704,000	4,704,000	0
Special Revenue Funds - Other	140,000	65,000	(75,000)
Total	18,954,000	19,261,000	307,000

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

Program	Available	Recommended	Change
	2005-06	2006-07	
Administration			
General Fund	14,110,000	14,492,000	382,000
Special Revenue Funds - Federal	4,704,000	4,704,000	0
Special Revenue Funds - Other	140,000	65,000	(75,000)
Total	18,954,000	19,261,000	307,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	11,609,000	382,000	11,382,000	382,000
Total	11,609,000	382,000	11,382,000	382,000

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

HUMAN RIGHTS

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	3,533,000	0	27,000	0
Total	3,533,000	0	27,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	88,000	0	3,320,000	0
Total	88,000	0	3,320,000	0

Program	Equipment	
	Amount	Change
Administration	98,000	0
Total	98,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	4,769,000	(75,000)	3,000	0
Total	4,769,000	(75,000)	3,000	0

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,000	0	4,765,000	(75,000)
Total	1,000	0	4,765,000	(75,000)

DEPARTMENT OF LABOR

MISSION

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

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner with a central office located in Albany. This office is responsible for two Unemployment Insurance Telephone Claims Centers and eight employment service regional offices that oversee employment services staff at 83 locations throughout the State. In addition, through nine worker protection district offices, the Department enforces child labor laws, fosters workplace health and safety and ensures that employees are paid in accordance with provisions of the Labor Law. Offices are staffed based upon the workload in each geographic area.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department of Labor will have a workforce of 3,946 in State fiscal year 2006-07. Approximately 84 percent of these positions are financed by Federal grants and 15 percent are supported by fees and assessments. Less than one percent of the Department's positions are supported by State tax dollars from the General Fund.

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

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

In 2006-07, existing fees and assessments received by the Department of Labor will help to finance the Department's ongoing program to modernize its unemployment insurance computer system, which is 40 years old and incapable of providing the level of services or accountability expected from a system of its type.

PROGRAM HIGHLIGHTS

JOB SERVICES

Consistent with the Workforce Investment Act (WIA) requirements, the Department of Labor and local governments have worked together to open 83 local One-Stop Centers and affiliated sites across the State that offer access to a variety of employment services including job referral and placement, education and training, resume preparation, employer services, human resources consultation and support services such as child care and transportation. The Centers benefit employers by providing them with access to worker resumes and information on tax credits, workplace safety issues and apprenticeship services.

LABOR

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

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

WORKFORCE INVESTMENT ACT (WIA)

Federally funded local assistance appropriation authority includes \$299 million for WIA services. WIA provides job training to youth, adults and dislocated workers. WIA also upgrades the skills of those currently working, thus helping employers meet the changing needs of their business operations. Eligible participants access WIA services through a network of local One-Stop Centers for the delivery of employment and training services. WIA also improves customer choice and program effectiveness, as participants can choose training providers based on past performance through the use of individual training accounts.

WORKER PROTECTION

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

The Occupational Safety and Health program is responsible for health and safety inspections and granting licenses to qualified persons to operate or handle dangerous equipment or substances. Statistics for recent years show that the Division inspected 20,326 amusement park devices, 963 ski lifts, 6,042 places of public assembly (e.g., bleachers at concerts) and 29,428 commercial boilers. It also reviewed applications for 672 radioactive materials licenses and 46,108 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 the last two completed State fiscal years indicate the Division inspected 899 businesses for compliance with child labor laws and collected nearly \$16 million in back wages, unpaid fringe benefits and minimum wage underpayments for approximately 27,856 employees.

UNEMPLOYMENT INSURANCE

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

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

A continued projected deficit in the Unemployment Insurance Trust Fund, which originally resulted from the September 11th terrorist attacks and the downturn in the national economy, will require the State to continue to borrow funding from the Federal government in 2006 thereby incurring Federal interest costs. These interest costs, normally paid through an assessment on employer taxes, are expected to be paid from existing funds in the interest assessment account; therefore, no new interest assessment payments will be required of employers in 2006. In addition, according to current projections the Unemployment Insurance Trust Fund is expected to achieve structural balance during the second half of calendar year 2006.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	4,419,397,000	4,370,680,000	(48,717,000)	686,896,000
Aid To Localities	315,329,000	299,671,000	(15,658,000)	487,606,000
Capital Projects	0	0	0	0
Total	4,734,726,000	4,670,351,000	(64,375,000)	1,174,502,000

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

Full-Time Equivalent Positions (FTE)

Program	2005-06 Estimated FTEs 03/31/06	2006-07 Estimated FTEs 03/31/07	FTE Change
Administration			
General Fund	18	0	(18)
Special Revenue Funds - Federal	3,339	3,339	0
Employment Relations Board			
General Fund	16	16	0
Employment and Training			
Special Revenue Funds - Other	89	89	0
Labor Standards			
Special Revenue Funds - Other	242	242	0
Occupational Safety and Health			
Special Revenue Funds - Other	249	260	11
Total	3,953	3,946	(7)

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	3,137,000	1,720,000	(1,417,000)
Special Revenue Funds - Federal	487,844,000	466,509,000	(21,335,000)
Special Revenue Funds - Other	128,416,000	102,451,000	(25,965,000)
Enterprise Funds	3,800,000,000	3,800,000,000	0
Total	4,419,397,000	4,370,680,000	(48,717,000)

LABOR

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

Program	Available 2005-06	Recommended 2006-07	Change
Administration			
General Fund	1,417,000	0	(1,417,000)
Special Revenue Funds - Federal	420,344,000	395,009,000	(25,335,000)
Employment Relations Board			
General Fund	1,720,000	1,720,000	0
Employment and Training			
Special Revenue Funds - Other	7,817,000	11,644,000	3,827,000
Labor Standards			
Special Revenue Funds - Other	20,991,000	22,888,000	1,897,000
Occupational Safety and Health			
Special Revenue Funds - Other	34,608,000	37,919,000	3,311,000
Unemployment Insurance Benefit Fund			
Special Revenue Funds - Federal	67,500,000	71,500,000	4,000,000
Special Revenue Funds - Other	65,000,000	30,000,000	(35,000,000)
Enterprise Funds	3,800,000,000	3,800,000,000	0
Total	<u>4,419,397,000</u>	<u>4,370,680,000</u>	<u>(48,717,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

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

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	0	(306,000)	0	(34,000)
Employment Relations Board	469,000	0	469,000	0
Total	<u>469,000</u>	<u>(306,000)</u>	<u>469,000</u>	<u>(34,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	0	(20,000)	0	(222,000)
Employment Relations Board	0	0	0	0
Total	<u>0</u>	<u>(20,000)</u>	<u>0</u>	<u>(222,000)</u>

Program	Equipment	
	Amount	Change
Administration	0	(30,000)
Employment Relations Board	0	0
Total	<u>0</u>	<u>(30,000)</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	395,009,000	(25,335,000)	8,549,200	0
Employment and Training	11,644,000	3,827,000	0	0
Labor Standards	22,888,000	1,897,000	13,546,000	1,039,000
Occupational Safety and Health	37,919,000	3,311,000	17,249,000	840,000
Unemployment Insurance Benefit Fund	3,901,500,000	(31,000,000)	0	0
Total	4,368,960,000	(47,300,000)	39,344,200	1,879,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	3,887,300	0	382,572,500	(25,335,000)
Employment and Training	0	0	11,644,000	3,827,000
Labor Standards	9,342,000	858,000	0	0
Occupational Safety and Health	20,670,000	2,471,000	0	0
Unemployment Insurance Benefit Fund	0	0	3,901,500,000	(31,000,000)
Total	33,899,300	3,329,000	4,295,716,500	(52,508,000)

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	10,442,000	0	(10,442,000)
Special Revenue Funds - Federal	304,457,000	299,241,000	(5,216,000)
Special Revenue Funds - Other	430,000	430,000	0
Total	315,329,000	299,671,000	(15,658,000)

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

Program	Available 2005-06	Recommended 2006-07	Change
Employment and Training			
General Fund	10,442,000	0	(10,442,000)
Special Revenue Funds - Federal	304,457,000	299,241,000	(5,216,000)
Occupational Safety and Health			
Special Revenue Funds - Other	430,000	430,000	0
Total	315,329,000	299,671,000	(15,658,000)

OFFICE OF REAL PROPERTY SERVICES

MISSION

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

ORGANIZATION AND STAFFING

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

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2006-07 Executive Budget will support a staffing level of 401 positions and operating expenses of \$42.6 million for the Office of Real Property Services through three revenue accounts: the Improvement of Real Property Tax Administration Account; the Industrial and Utility Services Account; and the Local Services Account. These accounts are funded from the State's share of the real property transfer recording fee, chargebacks for assessments made on industrial, utility and railroad property and charges for miscellaneous consulting and computing services.

Budget recommendations for the Office of Real Property Services for 2006-07 include funding for the following aid programs from the General Fund:

- \$5.0 million for local administration of the School Tax Relief (STAR) and STAR Plus programs;
- \$2.5 million to reimburse local governments for their revenue losses relating to the Rail Infrastructure Investment Act of 2002; and
- \$13.3 million for financial incentives for local governments to improve assessment administration through various programs that include annual updates of assessment rolls pursuant to State standards, and for reimbursement of local assessment officials for State-mandated training.

PROGRAM HIGHLIGHTS

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

REAL PROPERTY SERVICES

EQUALIZATION OF MUNICIPAL FULL VALUE

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

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

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

- In 2005, the assessment ratios supplied by 82 percent of local assessors were adopted without change as State equalization rates and that rate of adoption is expected to increase again in 2006;
- Preparation of equalization rates has been accelerated so that all school districts across the State can now use current equalization rates for their school tax levies, instead of using modified rates from prior years;
- As a result of the acceleration of the preparation of equalization rates, localities and the State can now analyze market data on the same cycle, creating opportunities for efficiencies in intergovernmental collaboration;
- The number of complaints on preliminary equalization rates by local officials has dropped, resulting in reduced costs for rate complaint hearings and improved State-local relations. The percentage of cities and towns that filed complaints was approximately 2 percent in 2005, as compared to 36 percent a decade ago;
- The Office has integrated nationally accepted standards and techniques, such as computer assisted appraisal studies and residential sales studies within its equalization rate process, thereby reducing its reliance on costly appraisals. The percentage of localities where residential appraisals are needed has been reduced from 100 percent in 1994 to 7 percent in 2005; and
- Since 1994-95, the continuing base cost of the Office's equalization program has been reduced from \$17 million to \$14 million.

ASSISTANCE AND SERVICES TO LOCAL GOVERNMENTS

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

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

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

REAL PROPERTY SERVICES

- Consolidation aid providing a one-time financial incentive of up to \$12 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 and STAR Plus administration aid to ensure that localities are compensated for their workload associated with the administration of the State's school tax relief programs;
- Software support which includes the development, maintenance, training and consulting relating to a state-of-the-art software program to facilitate cost-efficient administration of local property taxes; and
- Advisory appraisals for certain complex properties — such as utilities and large manufacturing plants — which require highly specialized resources that are not available to most local assessors.

These State aid programs have been a catalyst for enhancing the equity and cost-efficiency of local property tax administration throughout New York. According to recent data, nearly two-thirds of the State's assessing units prepare assessment rolls that are reasonably equitable and current. Additionally, since the introduction of consolidation aid in 1994, 108 towns in 24 counties have come together to form 46 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 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	44,750,700	42,609,000	(2,141,700)	0
Aid To Localities	21,197,000	20,800,000	(397,000)	0
Capital Projects	0	0	0	0
Total	<u>65,947,700</u>	<u>63,409,000</u>	<u>(2,538,700)</u>	<u>0</u>

REAL PROPERTY SERVICES

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

Full-Time Equivalent Positions (FTE)

Program	2005-06	2006-07	FTE Change
	Estimated FTEs 03/31/06	Estimated FTEs 03/31/07	
Policy and Organizational Support Services			
Special Revenue Funds - Other	401	401	0
Total	401	401	0

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

Fund Type	Available	Recommended	Change
	2005-06	2006-07	
Special Revenue Funds - Other	44,750,700	42,609,000	(2,141,700)
Total	44,750,700	42,609,000	(2,141,700)

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

Program	Available	Recommended	Change
	2005-06	2006-07	
Policy and Organizational Support Services			
Special Revenue Funds - Other	44,750,700	42,609,000	(2,141,700)
Total	44,750,700	42,609,000	(2,141,700)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	42,609,000	(2,141,700)	23,433,000	(686,000)
Total	42,609,000	(2,141,700)	23,433,000	(686,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	19,176,000	244,300	0	(1,700,000)
Total	19,176,000	244,300	0	(1,700,000)

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

Fund Type	Available	Recommended	Change
	2005-06	2006-07	
General Fund	21,197,000	20,800,000	(397,000)
Total	21,197,000	20,800,000	(397,000)

REAL PROPERTY SERVICES

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

Program	Available 2005-06	Recommended 2006-07	Change
Policy and Organizational Support Services			
General Fund	21,197,000	20,800,000	(397,000)
Total	<u>21,197,000</u>	<u>20,800,000</u>	<u>(397,000)</u>

STATE UNIVERSITY OF NEW YORK

MISSION

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

ORGANIZATION AND STAFFING

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

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

The University is governed by a Board of Trustees consisting of 16 members, with 15 appointed by the Governor to staggered seven-year terms and approved by the Senate, and one ex-officio trustee representing the student assembly of the State University. For the coming year, legislation will be advanced that adds a distinguished faculty member, appointed by the Governor, as a voting member of the Board of Trustees. 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 39,400 full-time equivalent positions consisting of 23,300 positions that are supported through a combination of State tax dollars and tuition revenues and 16,100 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 2006-07 Executive Budget recommends \$6.2 billion to support the operations of the State University's campuses, central administration and University-wide programs. In addition to \$2.0 billion in support from the General Fund, the University's budget includes \$4.2 billion in activities funded by other revenues. Revenue-generating entities and programs include: three teaching hospitals at Brooklyn, Stony Brook and Syracuse; the Long Island Veterans' Home administered by the Stony Brook Health Science Center; dormitory operations; food services; and tuition-supported activities, including summer session and overseas academic studies.

STATE UNIVERSITY

SUNY's 2006-07 gross operating budget will total \$3.1 billion, an increase of \$115.4 million or 3.9 percent. Within this amount, taxpayer support will total nearly \$2.0 billion, an increase of \$34.3 million or 1.8 percent. SUNY's General Revenue Offset Account will total \$1.1 billion, which reflects a net increase of \$81.0 million or 8.0 percent attributable to an additional revenue authorization of \$85.3 million, increased interest earnings, and fringe benefit recoveries from SUNY's other special revenue accounts, offset by a transfer to the State University Tuition Reimbursement Account for tuition revenue through targeted enrollment growth in 2005-06. The recommended \$85.3 million revenue authorization provides the SUNY Trustees with the flexibility to generate increased revenue to support additional spending, should they so choose.

The 2006-07 Executive Budget also provides greater flexibility to the Board of Trustees to establish the tuition levels that are charged at SUNY campuses. Legislation accompanying this Budget authorizes the Trustees to:

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

SUNY's special revenue funding, exclusive of the General Revenue Offset Account, will total \$2.9 billion, an increase of \$306.7 million, including:

- an increase of \$151.8 million for the SUNY hospitals reflecting collectively bargained salary increases and support for their revenue-generating strategic and operational initiatives;
- an increase of \$80 million for the Stabilization Account, which has a two-year life and is appropriated every other year;
- an increase of \$25.0 million for the Tuition Reimbursable Account reflecting inflation and an increase to permit the SUNY State-operated campuses to increase tuition revenue through enrollment expansion;
- an increase of \$19.5 million for the General Income Fund Reimbursable (IFR) Account reflecting inflation;
- an increase of \$19.0 million for the University-wide Hospital Reimbursable Account reflecting an increase to allow for expansion of hospital operations, as revenues permit; and
- an increase of \$10.0 million for the Dormitory IFR account reflecting inflation.

For 2006-07, Federal appropriations totaling \$200.5 million will support the Pell grant program and various other student financial aid programs.

A total of \$58.6 million in contingency appropriation authority is provided outside of SUNY's and CUNY's appropriation schedules to cover any extraordinary energy cost increases experienced by our public universities in 2006-07.

The 2006-07 Executive Budget provides \$275,000 to continue the Just for the Kids - New York project. This program is part of the national Just for the Kids project and represents a partnership between the University at Albany's School of Education, the New York State Business Council and various private companies. The project is designed to standardize and disseminate school achievement data and best practices so that schools may identify opportunities for improvement by modeling the successful practices of high performing schools.

EMPIRE INNOVATION PROGRAM

A new \$6.0 million Empire Innovation Program will be established at the SUNY State-Operated campuses to attract 200 new research faculty over three years beginning in 2006-07 and to retain existing faculty. This funding will help SUNY compete for research grants, generate additional revenue through the growth in patents and indirect recoveries and contribute to the economic growth of the surrounding community and the State.

PRIORITY ACADEMIC PROGRAMS

Additional funding of \$3 million is provided to increase the number of students in priority academic programs in areas critical to New York's economy, such as information sciences, engineering, nursing and other allied health professions. This funding will support approximately 420 additional students in these high priority programs. The additional State support will be partially offset by savings of \$2 million generated through a reallocation of funds from lower priority programs for a net State cost of \$1 million.

SUNY HOSPITALS

The 2006-07 Budget continues the appropriation structure enacted in 2001-02 for the SUNY hospitals. All hospital spending is appropriated in one account with the hospitals being responsible for direct payment of their fringe benefit and debt service costs. Under this appropriation structure, the SUNY hospitals will continue to be directly accountable for operating within their available revenues, including a fixed State subsidy amount.

The recommended State subsidy for the SUNY hospitals, which recognizes costs attributable to their State agency status, is increased by \$10.1 million to a total of \$139.5 million to reflect collectively bargained salary increases and costs attributable to employee fringe benefits. The State will also make a payment of \$8.3 million for its share of a multi-year effort to address the accumulated deficit of the hospitals. To address the capital needs and priorities of SUNY's hospitals, \$350 million has been provided as part of the existing Multi-Year Capital Investment Program enacted in the 2003-04 Budget. These capital projects, which are either in the design or construction phase, include the vertical expansion at Syracuse which will provide 135 adult medical, surgical, and intensive care beds as well as a 70 bed pediatric unit; the construction of a new ambulatory care pavilion at Stony Brook which will enable the development of a multi-disciplinary comprehensive cancer center; and a variety of upgrades for specialized services at Brooklyn. In addition, legislation will be advanced to restructure the SUNY hospitals as private not-for-profit corporations to better position them to compete in today's health care environment.

COMMUNITY COLLEGES

SUNY community colleges have three primary funding sources — State aid, support from local government sponsors and tuition revenue. Recommended State funding for community colleges of \$407.8 million reflects an increase of \$22.5 million from 2005-06 attributable to: a \$100 per full-time student base aid increase (\$12.4 million); enrollment growth and reconciliation of actual enrollment for prior years (\$4.8 million); annualization of the \$115 per full-time equivalent student base aid increase provided in 2005-06 (\$4.7 million) and an increase in rental aid for leased space (\$0.6 million). Funding for childcare and contract courses for workforce development is continued at \$1.1 million and \$1 million respectively.

STATE UNIVERSITY

CORNELL COOPERATIVE EXTENSION

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

CAPITAL

The 2006-07 Executive Budget recommendations include additional capital projects totaling \$440.0 million to supplement the \$3.4 billion Multi-Year Capital Investment Program first enacted in 2004-05. The additional \$440.0 million consists of \$350.0 million to construct and renovate dormitory facilities over a multi-year period and \$90.0 million for critical maintenance and specific priority projects including: \$22.3 million to design a new academic facility at Old Westbury, \$6.0 million to supplement existing funds and construct a new \$13.0 million Center for Distance Learning at Empire State College; a \$20.0 million lump sum for critical maintenance and other high priority projects; and \$41.7 million to provide for the State share of various community college projects.

In 2005-06, the University received additional capital funding totaling \$784.5 million for various projects. These funds, when combined with the \$1.8 billion capital investment authorized in 2004-05 and the \$895 million enacted as part of the 2003-04 capital budget provides over \$3.4 billion for SUNY over a multi-year period. Re-appropriations allow this continuing investment to support the ongoing revitalization of SUNY facilities; ensure the ability of campuses to successfully meet the needs of students, faculty and residents; and enable the University to maintain its competitive edge.

SUNY's bond cap for educational facilities will be increased by \$600.0 million, for a total bonding authorization of \$6.6 billion, to cover SUNY's planned bond sales for the multi-year period of the Capital Investment Program.

PROGRAM HIGHLIGHTS

The State University of New York is the nation's largest comprehensive public university, offering 6,688 degree programs at the research universities, community colleges, medical schools and colleges of technology that comprise its 64 campuses. The State University enrolls over 40 percent of college-bound students graduating from New York State high schools. Almost 412,000 full-time and part-time SUNY students — 205,000 at State-operated campuses and 207,000 in community colleges — are pursuing studies ranging from one-year certificate programs to doctorates.

The academic profile of incoming students continues to grow stronger at SUNY campuses. More than half of all students that enrolled at SUNY University Centers in fall 2005 had SAT scores above 1200 and grade point averages above 90, comparable to admission profiles found at top public flagship institutions in California, Michigan, Texas and North Carolina.

The State University is also working to expand the volume of scholarly research conducted by its faculty, and is more aggressively seeking Federal and other external support for research. As a result, funding for SUNY sponsored research is expected to reach an all-time high of nearly \$900 million in 2005, a growth of 5 percent from 2004. SUNY grants now underwrite over 10,500 projects, which directly support more than 18,600 full and part-time jobs across New York State. In addition, the State University, for the second year in a row, surpassed other top-ranked universities in the amount of income received from patent royalties coming from faculty research and joined IBM, Corning, and GE among the top recipients of patents in New York State.

The University's initiatives in the area of technology have placed it at the forefront of higher educational institutions across the nation and recently earned it the Award for Excellence in Institution-Wide Asynchronous Learning Networks (ALN) Programming by

the Alfred P. Sloan Foundation for the promotion of anytime/anywhere learning. The Sloan Foundation recognized the SUNY Learning Network, citing its primary goal of bringing SUNY's diverse, high-quality instructional programs within the reach of learners everywhere. In the 2004-05 academic year, the SUNY Learning Network reached over 100,000 enrollments in 4,300 online courses. The 40 SUNY campuses participating in the SUNY Learning Network offer complete online degree and certificate programs.

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

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

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

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

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	5,782,735,600	6,204,831,000	422,095,400	216,340,000
Aid To Localities	388,913,250	411,436,000	22,522,750	0
Capital Projects	784,445,000	440,000,000	(344,445,000)	4,023,715,000
Total	<u>6,956,093,850</u>	<u>7,056,267,000</u>	<u>100,173,150</u>	<u>4,240,055,000</u>

STATE UNIVERSITY

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

Full-Time Equivalent Positions (FTE)

Program	2005-06	2006-07	FTE Change
	Estimated FTEs 03/31/06	Estimated FTEs 03/31/07	
All State University Colleges and Schools			
General Fund	23,300	23,300	0
Special Revenue Funds - Federal	4	4	0
Special Revenue Funds - Other	16,096	16,096	0
Total	<u>39,400</u>	<u>39,400</u>	<u>0</u>

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	1,922,129,000	1,956,475,000	34,346,000
Special Revenue Funds - Federal	200,500,000	200,500,000	0
Special Revenue Funds - Other	3,648,106,600	4,035,856,000	387,749,400
Internal Service Funds	12,000,000	12,000,000	0
Total	<u>5,782,735,600</u>	<u>6,204,831,000</u>	<u>422,095,400</u>

Adjustments:

Recommended Deficiency	
State University of New York	
General Fund	(29,100,000)
Transfer(s) From	
Special Pay Bill	
General Fund	(6,972,000)
Special Revenue Funds - Other	(472,600)
Appropriated 2005-06	<u>5,746,191,000</u>

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

Program	Available 2005-06	Recommended 2006-07	Change
All State University Colleges and Schools			
General Fund	1,053,996,000	1,057,585,000	3,589,000
Special Revenue Funds - Federal	200,500,000	200,500,000	0
Special Revenue Funds - Other	3,648,106,600	4,035,856,000	387,749,400
Internal Service Funds	12,000,000	12,000,000	0
Employee Fringe Benefits			
General Fund	868,133,000	898,890,000	30,757,000
Total	<u>5,782,735,600</u>	<u>6,204,831,000</u>	<u>422,095,400</u>

STATE UNIVERSITY

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
All State University Colleges and Schools	1,626,383,450	84,611,000	1,626,354,250	84,611,000
Total	<u>1,626,383,450</u>	<u>84,611,000</u>	<u>1,626,354,250</u>	<u>84,611,000</u>

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

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
All State University Colleges and Schools	527,057,550	0	3,456,500	0
Employee Fringe Benefits	898,890,000	30,757,000	0	0
Total	<u>1,425,947,550</u>	<u>30,757,000</u>	<u>3,456,500</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
All State University Colleges and Schools	12,000	0	523,581,550	0
Employee Fringe Benefits	0	0	0	0
Total	<u>12,000</u>	<u>0</u>	<u>523,581,550</u>	<u>0</u>

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
All State University Colleges and Schools	7,500	0	0	0
Employee Fringe Benefits	0	0	898,890,000	30,757,000
Total	<u>7,500</u>	<u>0</u>	<u>898,890,000</u>	<u>30,757,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
All State University Colleges and Schools	3,152,500,000	222,727,400	2,477,992,500	281,727,400
Total	<u>3,152,500,000</u>	<u>222,727,400</u>	<u>2,477,992,500</u>	<u>281,727,400</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
All State University Colleges and Schools	606,638,900	(59,000,000)	67,868,600	0
Total	<u>606,638,900</u>	<u>(59,000,000)</u>	<u>67,868,600</u>	<u>0</u>

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	388,913,250	411,436,000	22,522,750
Total	<u>388,913,250</u>	<u>411,436,000</u>	<u>22,522,750</u>

STATE UNIVERSITY

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

Program	Available 2005-06	Recommended 2006-07	Change
Community Colleges			
General Fund	385,243,250	407,766,000	22,522,750
County Cooperative Extension Program - Cornell University			
General Fund	3,670,000	3,670,000	0
Total	<u>388,913,250</u>	<u>411,436,000</u>	<u>22,522,750</u>

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

Comprehensive Construction Program	Available 2005-06	Recommended 2006-07	Change	Reappropriations 2006-07
Senior Universities				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	22,533,000
Capital Projects Fund - Advances	731,175,000	48,300,000	(682,875,000)	2,931,126,000
State University Capital Projects Fund				
State University Capital Projects Fund	0	0	0	243,643,000
State University Residence Hall Rehabilitation Fund				
State University Residence Hall Rehabilitation Fund	0	0	0	83,724,000
SUNY Dorms (Direct Auth Bonds)	0	350,000,000	350,000,000	235,000,000
Subtotal	<u>731,175,000</u>	<u>398,300,000</u>	<u>(332,875,000)</u>	<u>3,516,026,000</u>
Community Colleges				
General Maintenance and Improvements				
Capital Projects Fund	0	0	0	36,629,000
Capital Projects Fund - Advances	53,270,000	0	(53,270,000)	101,394,000
Cap Proj Fund - SUNY CC (Direct Auth Bonds)	0	41,700,000	41,700,000	350,000,000
New Facilities				
Capital Projects Fund - Advances	0	0	0	19,666,000
Subtotal	<u>53,270,000</u>	<u>41,700,000</u>	<u>(11,570,000)</u>	<u>507,689,000</u>
Total	<u>784,445,000</u>	<u>440,000,000</u>	<u>(344,445,000)</u>	<u>4,023,715,000</u>

STATE UNIVERSITY CONSTRUCTION FUND

MISSION

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

ORGANIZATION AND STAFFING

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

The agency's workforce for 2006-07 is maintained at 125 positions. The Fund's positions are supported entirely from proceeds of revenue bonds issued to finance the construction and reconstruction of academic facilities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2006-07 Executive Budget recommendation of over \$16.1 million from proceeds of State University Educational Facilities Revenue bonds will enable the Fund to oversee existing SUNY facility projects and to administer SUNY's \$3.9 billion Multi-Year Capital Investment Program first enacted in 2004-05 and increased in 2005-06. An additional \$90 million is recommended in 2006-07 for priority projects at SUNY State-operated colleges and community colleges, and \$350 million is provided for dormitory projects.

PROGRAM HIGHLIGHTS

The 2006-07 Executive Budget recommendations include additional capital projects totaling \$440 million to supplement the multi-year Capital Investment Program first enacted in 2004-05. As of March 31, 2005, the Fund has completed more than 4,396 academic, dormitory and dining hall capital projects with a replacement value exceeding \$15.9 billion. During the 2004-05 fiscal year, the Fund initiated the design of 12 projects having a total value of \$7.2 million and began construction of 18 projects having an estimated cost of \$87 million. These figures exclude projects administered by the individual campuses.

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

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

STATE UNIVERSITY CONSTRUCTION

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	14,533,000	16,077,000	1,544,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	14,533,000	16,077,000	1,544,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2005-06 Estimated FTEs 03/31/06	2006-07 Estimated FTEs 03/31/07	FTE Change
Administration			
Special Revenue Funds - Other	125	125	0
Total	125	125	0

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
Special Revenue Funds - Other	14,533,000	16,077,000	1,544,000
Total	14,533,000	16,077,000	1,544,000

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

Program	Available 2005-06	Recommended 2006-07	Change
Administration			
Special Revenue Funds - Other	14,533,000	16,077,000	1,544,000
Total	14,533,000	16,077,000	1,544,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	16,077,000	1,544,000	9,957,000	1,183,000
Total	16,077,000	1,544,000	9,957,000	1,183,000

Program	Nonpersonal Service	
	Amount	Change
Administration	6,120,000	361,000
Total	6,120,000	361,000

OFFICE OF WELFARE INSPECTOR GENERAL

MISSION

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

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

ORGANIZATION AND STAFFING

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

The Office will have a workforce of 10 for 2006-07, which is consistent with 2005-06 staffing levels.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2006-07 Executive Budget recommends total appropriations of \$1,234,000 for the Office of Welfare Inspector General, including \$794,000 in General Fund support and \$440,000 in Federal funds the agency receives for fraud investigations related to welfare, Food Stamps and Medicaid. The 2006-07 Budget includes a \$104,000 increase from 2005-06 for negotiated salary and fuel and rent increases.

PROGRAM HIGHLIGHTS

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

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

In addition to these investigations of individual welfare recipients, the Office completes investigations to uncover patterns of abuse within the welfare system including investigations of internal corruption within social services districts and welfare contractors. The Office works with the Department of Law to strengthen welfare fraud prosecution and also acts directly through its prosecutions unit. In addition to conducting fraud investigations, the Office makes recommendations to the Department of Family Assistance and county and New York City social services offices on how to administer welfare programs and services more effectively throughout the State.

WELFARE INSPECTOR GENERAL

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2005-06	Appropriations Recommended 2006-07	Change	Reappropriations Recommended 2006-07
State Operations	1,130,000	1,234,000	104,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	1,130,000	1,234,000	104,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2005-06 Estimated FTEs 03/31/06	2006-07 Estimated FTEs 03/31/07	FTE Change
Welfare Inspector General, Office of the General Fund	10	10	0
Total	10	10	0

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

Fund Type	Available 2005-06	Recommended 2006-07	Change
General Fund	730,000	794,000	64,000
Special Revenue Funds - Other	400,000	440,000	40,000
Total	1,130,000	1,234,000	104,000

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

Program	Available 2005-06	Recommended 2006-07	Change
Welfare Inspector General, Office of the General Fund	730,000	794,000	64,000
Special Revenue Funds - Other	400,000	440,000	40,000
Total	1,130,000	1,234,000	104,000

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2006-07 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the Total	794,000	39,000	794,000	39,000
	794,000	39,000	794,000	39,000

WELFARE INSPECTOR GENERAL

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	440,000	65,000	38,400	6,500
Total	440,000	65,000	38,400	6,500

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Welfare Inspector General, Office of the	21,200	6,800	360,600	48,100
Total	21,200	6,800	360,600	48,100

Program	Equipment	
	Amount	Change
Welfare Inspector General, Office of the	19,800	3,600
Total	19,800	3,600

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2006-07 RECOMMENDED
(dollars)**

Program	Total	
	Amount	Change
Total	0	0