## The National Economy

According to the Executive, the nation's economic recovery has been driven by household spending fueled by tax cuts and very low interest rates. The Executive believes these supporting forces will diminish in 2005, leading to output growth close to the long-term trend.

Real Gross Domestic Product (GDP) is expected by the Executive to grow 3.4 percent in 2005, after growing an estimated 4.4 percent in 2004 (see Table 1). The Executive's 2005 GDP forecast is 0.2 percentage points below the Blue Chip Consensus, with the Consensus forecast averaging 3.6 percent compared to the Executive's 3.4 percent forecast. In 2006, the Executive expects GDP growth to slow to 3.0 percent. This is significantly below the Blue Chip Consensus forecast of 3.4 percent. It is also below the Executive's own forecast for trend GDP (or "potential GDP") for the same period, though the reason for the gap between trend and actual GDP in 2006 is not clearly explained.

The Executive expects household spending to "remain steady," leading to consumption growth of 3.3 percent in 2005 following estimated growth of 3.7 percent in 2004. Nonresidential fixed investment is expected to slow slightly to 9.8 percent growth in 2005 from the 10.5 percent growth estimated for 2004. Residential investment, on the other hand, is expected to decelerate sharply to 0.8 percent growth in 2005 from the 9.5 percent growth estimated for 2004.

Employment is expected to grow 1.8 percent in 2005 following growth of 1.0 percent in 2004 (see Table 1). After three years of expansion, private sector employment is still about one million jobs below its pre-recession peak. The Executive gives several possible reasons for the weak employment growth during the current recovery, including strong productivity growth which makes adding new employees less necessary and the rapidly rising costs of employee benefits. Unemployment is expected by the Executive to average 5.3 percent in 2005 and 5.2 percent in 2006. Even as late as 2008 the Executive expects unemployment to remain at 5.2 percent, making no further progress towards the much lower unemployment rates of 4.0 to 4.5 percent experienced in the last two years of the 1990s and in 2000.

The stock market, as measured by the S&P 500, is expected by the Executive to grow 9.8 percent in 2005 (see Table 1). As of January 20, 2005, the S&P 500 was at 1175.4, an increase of 4.4 percent over the average level in 2004. Therefore, for the Executive's stock market forecast to be accurate, price levels on average in 2005 must rise 5.2 percent from their current level.

**Table 1**

**Executive Compared to Major Forecasters**
**(Percent Change)**

| | Estimate 2004 | Forecast 2005 | Forecast 2006 |
|---|---|---|---|
| **U.S. Real GDP** | | | |
| Division of the Budget | 4.4 | 3.4 | 3.0 |
| Blue Chip Consensus | 4.4 | 3.6 | 3.4 |
| Economy.com | 4.5 | 3.5 | 3.1 |
| Global Insight | 4.4 | 3.6 | 3.3 |
| **U.S. Nonfarm Employment** | | | |
| Division of the Budget | 1.0 | 1.8 | 1.8 |
| Economy.com | 1.0 | 1.7 | 1.4 |
| Global Insight | 1.0 | 1.8 | 1.5 |
| **S&P 500** | | | |
| Division of the Budget | 17.3 | 9.8 | 8.3 |
| Economy.com | 16.7 | 5.7 | 14.5 |
| Global Insight | 17.3 | 8.9 | 1.6 |
| **New York State Employment** | | | |
| Division of the Budget | 0.4 | 1.1 | 1.0 |
| Economy.com | 0.5 | 1.1 | 1.0 |
| Global Insight | 0.5 | 1.0 | 1.1 |
| **New York State Wages** | | | |
| Division of the Budget | 5.7 | 4.9 | 4.9 |
| Economy.com | 4.9 | 4.6 | 4.3 |
| Global Insight | 4.9 | 4.8 | 5.3 |

Sources: Division of the Budget, Executive Budget 2005-06, January 2005; Blue Chip Economic Indicators, January 2005; Economy.com, Precis U.S. Macro, January 2005, <http://www.economy.com>; Economy.com, Forecast Compare NYS, January 2005; Global Insight, U.S. Executive Summary, January 2005, <http://www.globalinsight.com>; Global Insight, Winter 2004/05 Short Term Outlook for New York.

## The New York State Economy

According to the Executive, New York State economy is making a comeback, and New York City has "turned the corner." Employment for the State is estimated to have increased 0.4 percent in 2004 while wages are estimated to have grown 5.7 percent. Employment growth in 2004 was slower than the nation while wage growth was faster (see Figure 1).

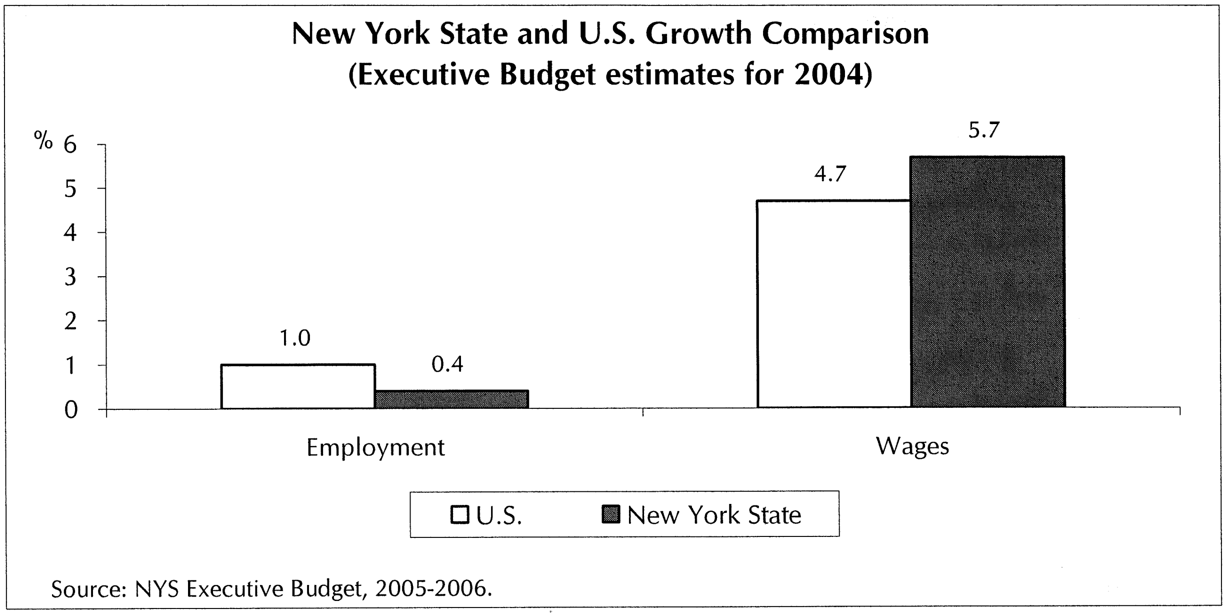



**Figure 1**

The Executive expects New York State employment to rise 1.1 percent in 2005 and 1.0 percent in 2006 (see Table 1). Unemployment in 2005 is expected to average 5.6 percent for the State, 0.3 percentage points above the national average for the same period. In 2006, unemployment for the State is expected to average 5.5 percent, 0.3 percentage points above the national rate. New York State's unemployment rate is expected by the Executive to underperform relative to the nation by 0.3 percentage points at least until 2008.

The Executive expects State wages and salaries to grow 4.9 percent in 2005 overall (see Table 1). In 2006, wages and salaries are expected to once again grow 4.9 percent. These growth rates are close to the rates estimated by both Economy.com and Global Insight in 2005, but in between the rates estimated by these two organizations in 2006.

The Executive has dramatically increased the estimated capital gains for New York State in 2003 and 2004. In the current 2005-06 Executive Budget, 2003 capital gains are estimated to be $31.4 billion. This is up 53.2 percent from the estimated capital gains of $20.5 billion for the same period presented a year ago in the 2004-05 Executive Budget. For 2004, capital gains in the current 2005-06 Executive Budget are estimated to be $40.1 billion. This is up 72.8 percent from the estimate of $23.2 billion presented a year ago for the same period in the 2004-05 Executive Budget. In 2005 the Executive now expects capital gains to increase by 10.7 percent to $44.3 billion, followed by growth of 12.7 percent in 2006. According to staff of the Division of the Budget, this increase is primarily due to higher actual receipts that most likely are from capital gains.

The State has a very high concentration of economic activity in the securities industry. The Executive estimates that securities industry profits fell from $16.7 billion in

2003 to $13.5 billion in 2004. Finance and insurance sector variable wages (i.e. bonuses) are expected to grow 15.4 percent to $27.7 billion during the 2004-05 fiscal year and 7.7 percent during the 2005-06 fiscal year. Total bonuses for all industries in the State are expected to grow 13.3 percent during the 2004-05 fiscal year and 5.7 percent during the 2005-06 fiscal year.

In recent years, the decline in employment in New York State has been particularly strong in New York City. Only the New York City suburbs have outperformed the nation, while New York City has performed worse than the nation in the last three annual periods (see Figure 2).

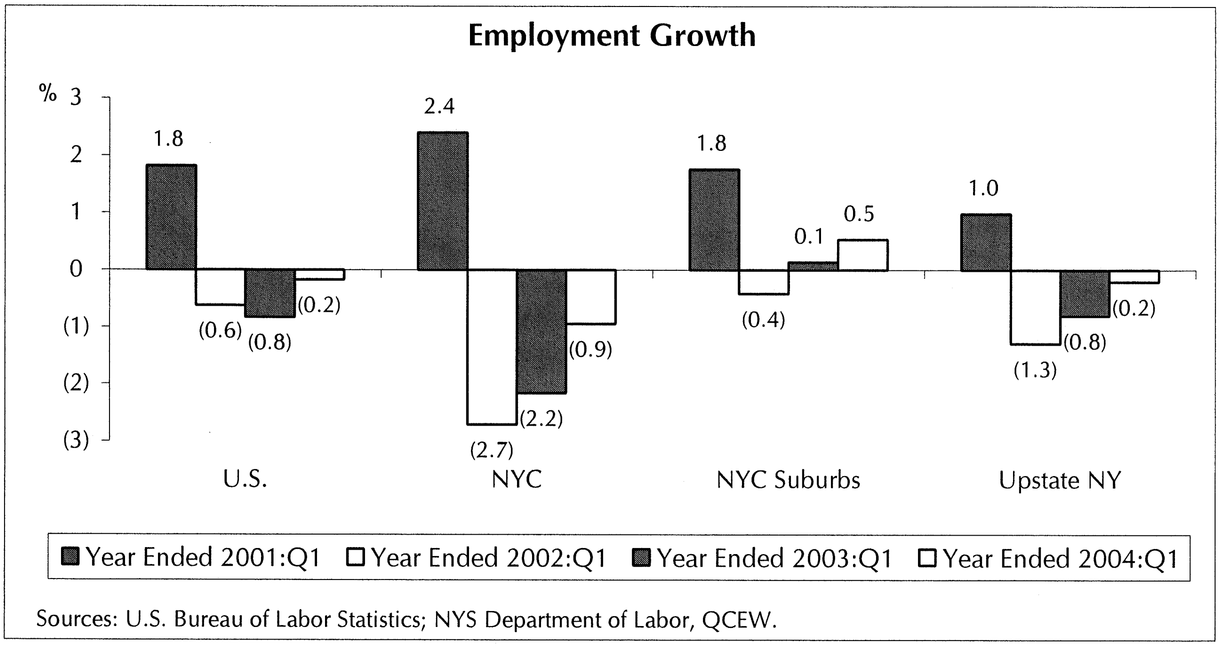
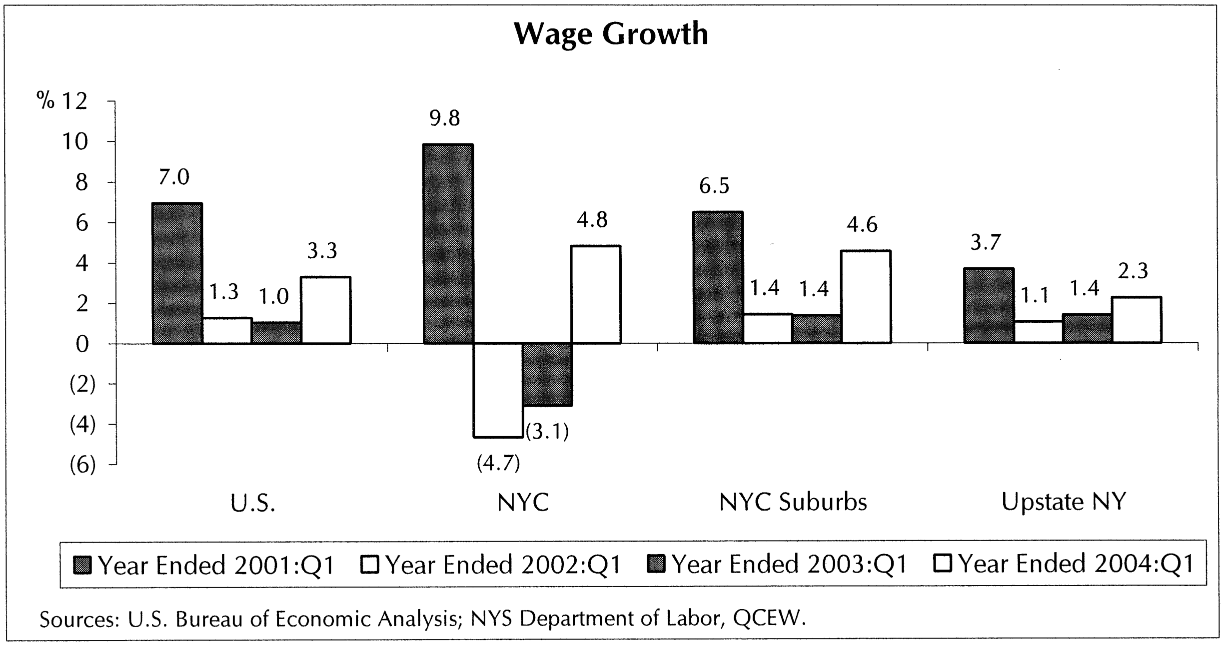



**Figure 2**

The situation with wages is somewhat different than that for employment. New York City has performed better than the nation in the most recent year, while in the two prior yearly periods New York City was hit particularly hard (see Figure 3). The New York City suburbs outperformed the nation in each of the last three annual periods. Upstate New York performed worse than the nation in the most recent year, but better in the previous year.


Wage Growth
% 12
10
8
6
4
2
0
(2)
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7.0
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1.0
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9.8
(4.7)
(3.1)
4.8
6.5
1.4
1.4
4.6
3.7
1.1
1.4
2.3
U.S.
NYC
NYC Suburbs
Upstate NY
Year Ended 2001:Q1
Year Ended 2002:Q1
Year Ended 2003:Q1
Year Ended 2004:Q1
Sources: U.S. Bureau of Economic Analysis; NYS Department of Labor, QCEW.

**Figure 3**

## Financial Plan

New York uses a cash basis Financial Plan to report the amount of money that is collected and spent during the State fiscal year. Each year the Division of the Budget develops a plan that shows proposed receipts and disbursements for the coming fiscal year. The plan is then submitted as part of the Executive Budget. It is revised subsequent to enactment of the budget to show the effect of the changes made by the Legislature to the Executive's original budget proposal. The plan is then updated quarterly to reflect actual experience and revised estimates.

The Financial Plan divides receipts and disbursements into different fund types. The General Fund is the fund into which most State taxes are deposited and from which State Operations and the state share of local grants are disbursed. The General Fund provides for funding to programs that are not supported by dedicated fees and revenues.

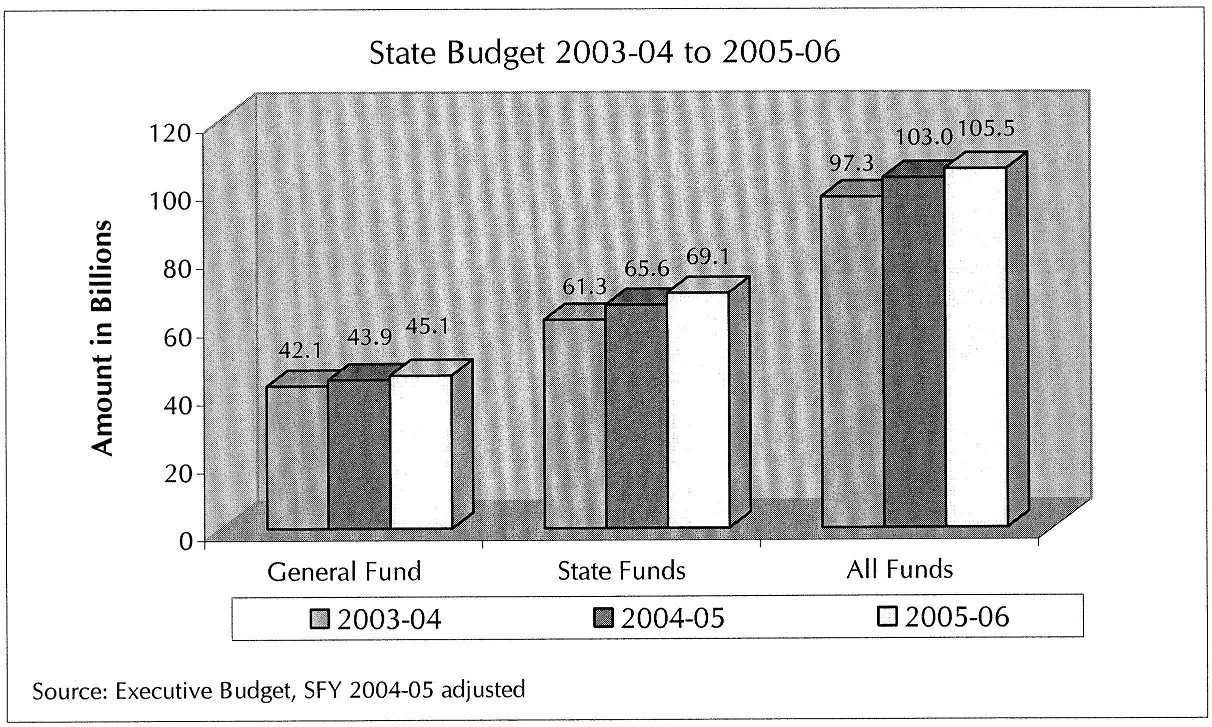


**Figure 1**

Programs that are supported by dedicated fees and revenues are funded from Special Revenue Funds. These funds are used to insure that monies are used solely for the purpose for which they are raised, or to insure that individual programs are self-supporting. Examples of such dedicated funding streams include the Environmental Protection Fund and the Dedicated Highway and Bridge Trust Fund. When Non-Federal Special Revenue funds, Capital, and Debt Service Funds are combined with the General Fund the total is known as State Funds.

Special Revenue Funds also contains Federal funds. State funds plus Federal funds combine to produce an All Funds figure. The All Funds amount is the figure that is usually reported as the State Budget total.

Spending of Health Care Reform Act (HCRA) funds are now included in the State's Financial Plan. SFY 2004-05 Financial Plan adjusted disbursements related to HCRA are estimated to be $925 million in SFY 2004-05 and $929 million in SFY 2005-06. Public Authorities spending remains off budget.

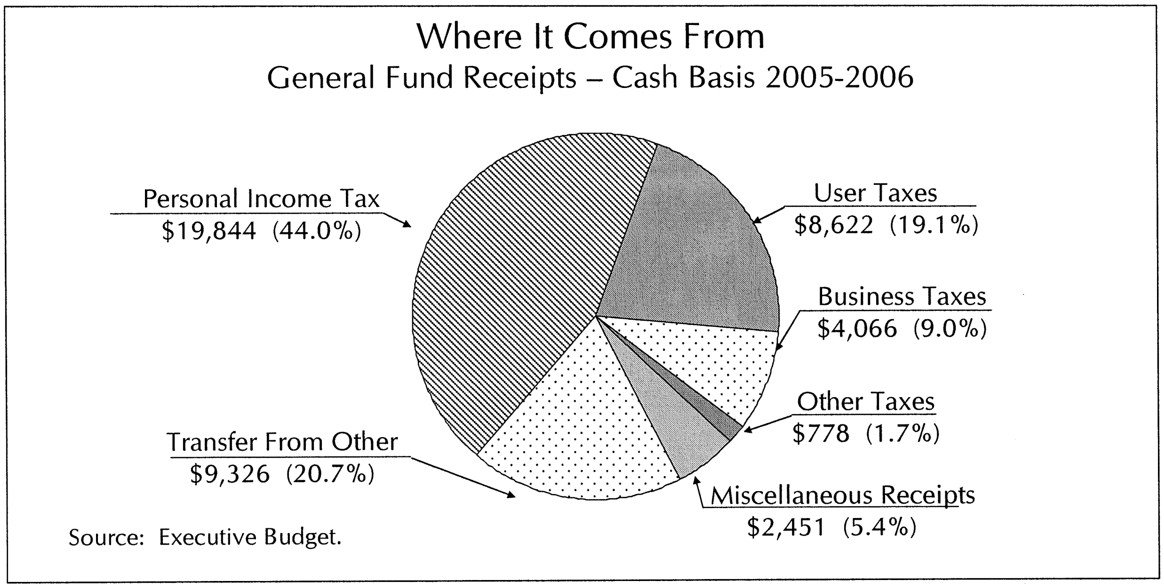


**Figure 2**

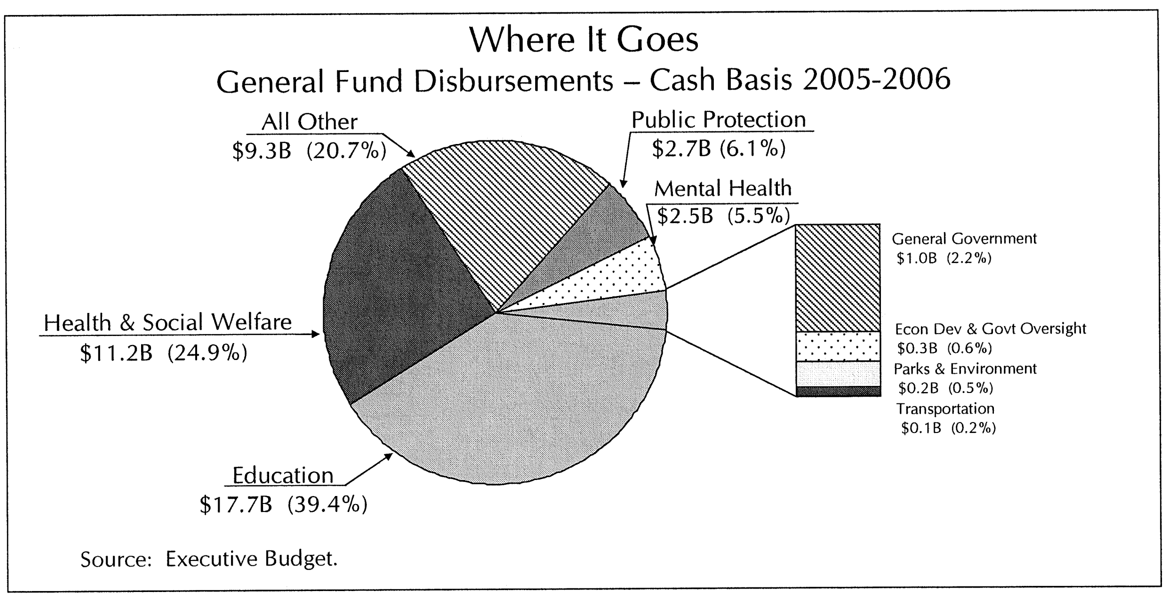


**Figure 3**

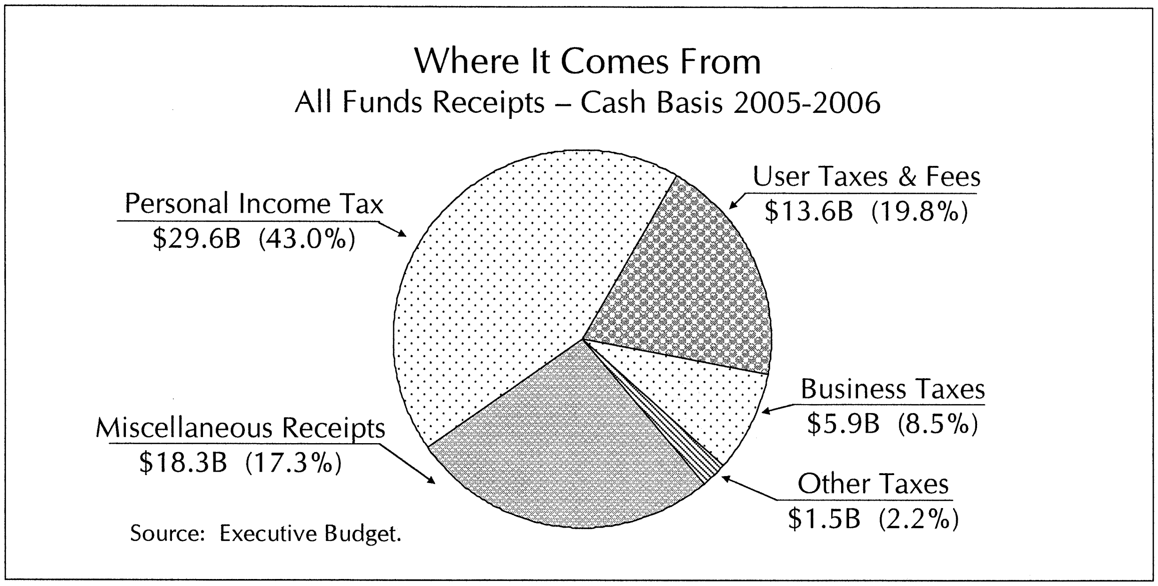


**Figure 4**

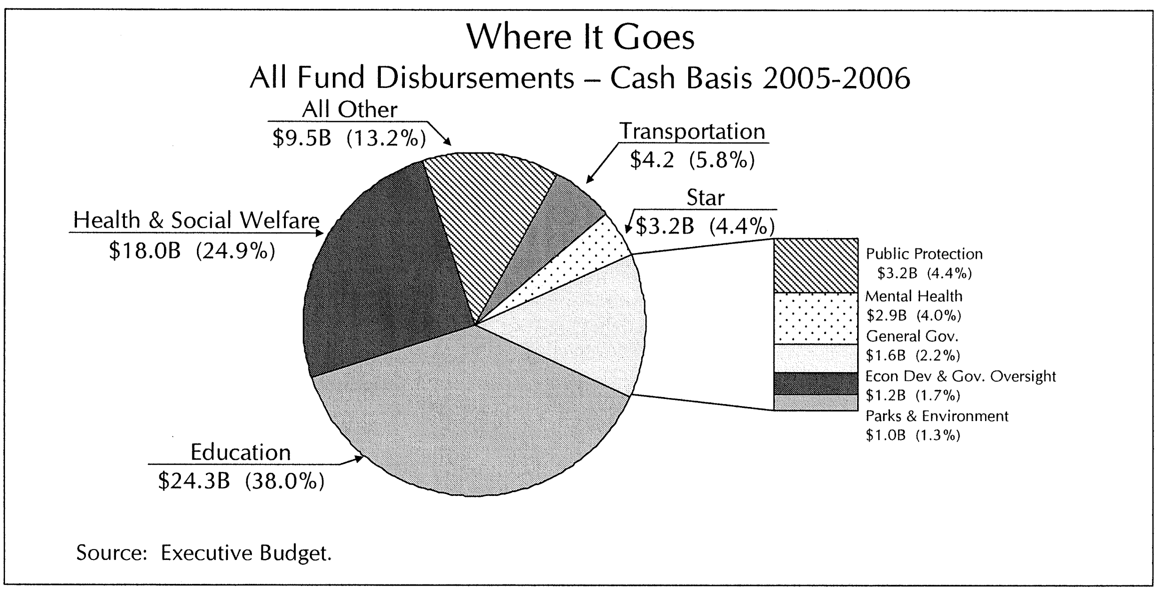


**Figure 5**

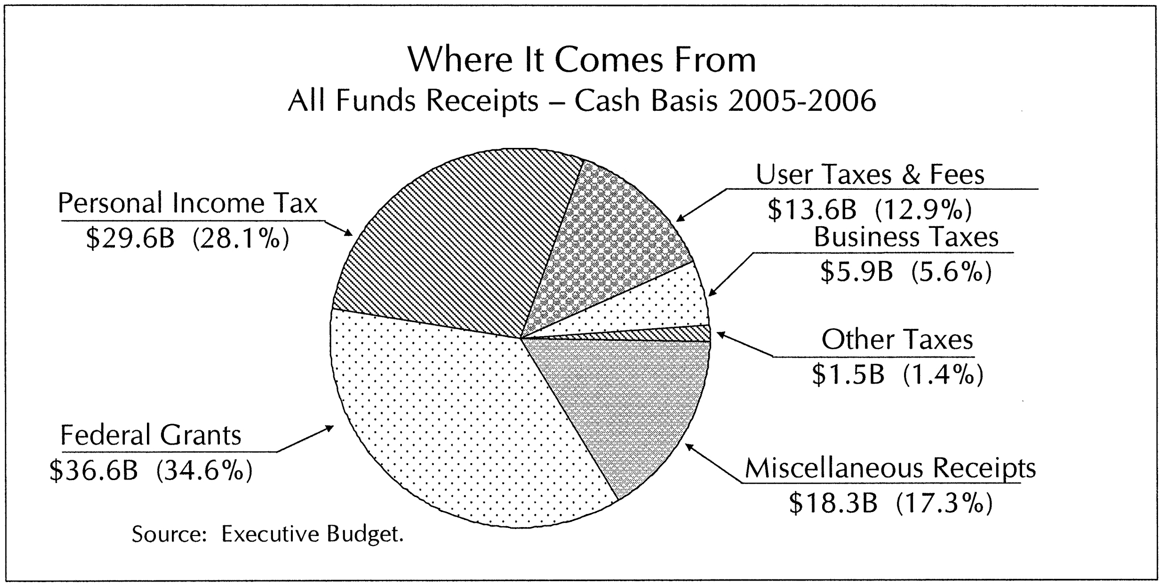


**Figure 6**

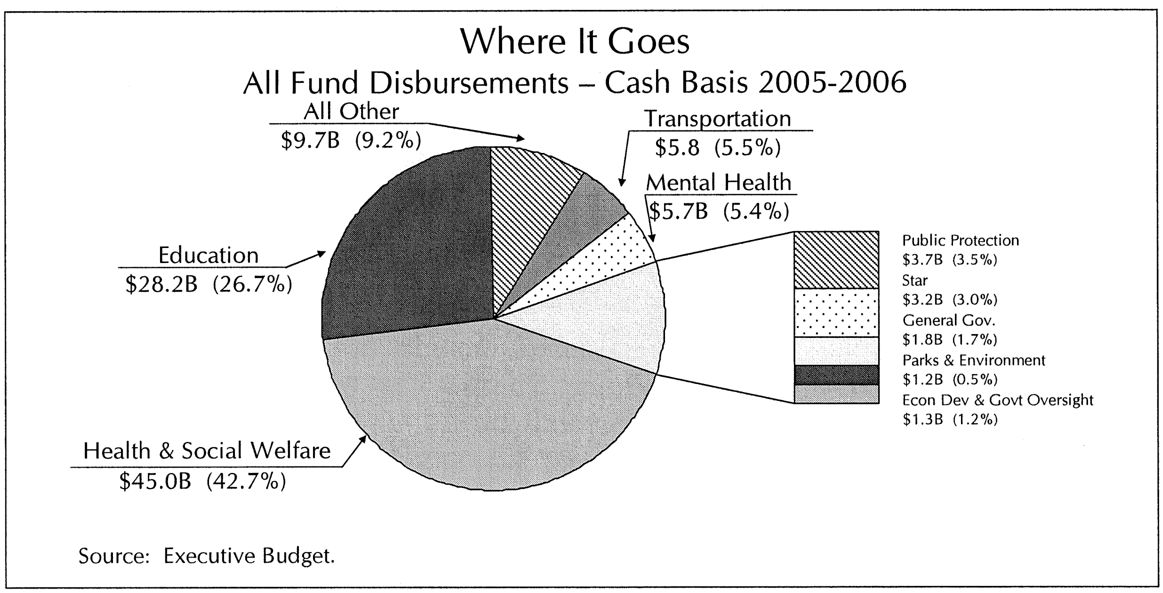


**Figure 7**

## Disbursements

**SPENDING[1]**
**($ amounts in millions)**

| | Actual SFY 2003-04 | Estimated SFY 2004-05 | Change From 2003-04 | Proposed SFY 2005-06 | Change From 2004-05 |
|---|---|---|---|---|---|
| General Fund | $42,065 | $43,915 | 4.4% | $45,075 | 2.6% |
| State Funds | $61,332 | $65,570 | 6.9% | $69,088 | 5.4% |
| All Funds | $97,326 | $103,040 | 5.9% | $105,527 | 2.4% |

*General Fund*

The Executive proposes General Fund disbursements for State Fiscal Year (SFY) 2005-06 of $45.1 billion, an increase of $1.2 billion or 2.6 percent from SFY 2004-05.

General Fund disbursements for health and social welfare programs are projected to increase by $128.5 million, or 1.2 percent, over SFY 2004-05. Medicaid disbursements are projected to decrease by $200 million or .2 percent, and public assistance disbursements are expected to decrease by $88.9 million, which is a 7.9 percent decrease. Education disbursements, including support for both higher education and elementary and secondary education, are projected to increase by $334 million or 1.9 percent.

Public protection spending is projected to decrease by $65.8 million or 2.4 percent, while funding for environmental programs are anticipated to decrease by $6.1 million or 2.7 percent. General Fund support for transportation is expected to decline by $14.4 million or 12.2 percent.

*State Funds*

State Funds, in addition to the General Fund, include, non-federal Special Revenue Funds, Debt Service Funds, and Capital Project Funds. The Executive proposes that in SFY 2005-06, State Funds disbursements increase by $3.5 billion for a total of $69.1 billion. This represents an increase of 5.4 percent over SFY 2004-05.

State Funds support for health and social welfare programs are projected to increase by $1.5 million or 9 percent. Mental hygiene disbursements are anticipated to increase by $31.1 million or 1.1 percent. Support for education is anticipated to increase by $884.9 million or 3.8 percent. STAR Property Tax Relief program disbursements are projected to increase by $130 million or 4.2 percent.

[1] SFY 2004-05 – adjusted for Medicaid and HCRA.

State Funds public protection funding is anticipated to decrease by $41.3 million or 1.3 percent, while disbursements for environmental programs are projected to increase by $4.6 million or 0.5 percent. State Funds support for Transportation is anticipated to increase by $271.9 million or 7 percent.

*All Funds*

All Governmental Funds includes State Funds plus any federal funds received by the State. Disbursements on an All Governmental Funds basis for SFY 2005-06 are projected to be $105.5 billion, an increase of $2.5 billion or 2.4 percent over SFY 2004-05 estimates.

All Funds disbursements for health and social welfare programs are projected to increase by $1.3 billion or 3.1 percent, which is less than the rate of State Funds spending growth noted previously. Of this amount, $12.1 million is related to increased Medicaid disbursements. All Funds support for debt service is projected to increase by $34.6 million, pension costs is projected to increase by $455 million, employer health insurance is projected to increase by $195 million and mental health is projected to increase by $168.5 million over SFY 2004-05.

**Adjusted Disbursements**

**ADJUSTED DISBURSEMENTS**
**($ amount in millions)**

| | | | | | Unadjusted | | Adjusted | |
|---|---|---|---|---|---|---|---|---|
| | 2004-05 Legislative Enacted | 2004-05 Unadjusted January | 2004-05 Adjusted January | 2005-06 Executive Proposed | Annual Change | % Change | Annual Change | % Change |
| General Funds | $43,037 | $43,407 | $43,915 | $45,075 | $1,668 | 3.8% | $1,160 | 2.6% |
| State Funds | $64,721 | $64,137 | $65,570 | $69,088 | $4,951 | 7.7% | $3,518 | 5.4% |
| All Funds | $101,307 | $101,607 | $103,040 | $105,527 | $1,168 | 3.9% | $2,487 | 2.4% |

In order to provide a comparable basis for calculating annual change in both revenue and disbursements between fiscal years, the SFY 2004-05 amounts were adjusted by $508 million in the General Fund to account for Medicaid spending to comply with Federal policy changes related to certain county share adjustments. In addition, Special Revenue funds in SFY 2004-05 amounts were also adjusted by $925 million to account for off budget HCRA funded programs being accounted for in All Funds. All Funds adjusted spending in SFY 2004-05 is estimated at $103.0 billion, and increase of $1.4 billion, all of which are Medicaid and HCRA.

Spending growth in SFY 2005-06 compared to SFY 2004-05 without the $929 million of HCRA would result in a $3.5 billion or 5.4 percent increase in the State Fund, and $2.5 billion or 2.4 percent increase in the All Funds.

**Proposed General Fund Reserves**

In the Midyear Report released in October of 2004, the Executive projected that the State would end SFY 2004-05 with a $1.12 million surplus in the General Fund, made up entirely of statutory reserves. The Executive has revised this estimate upwards in the Executive Budget by $109 million for a projected General Fund closing balance of $1.18 billion, including $864 million in the Tax Stabilization Reserve Fund, $21 million in the Contingency Reserve Fund and $301 million in the Community Project Fund.

The Executive estimates the SFY 2005-06 General Fund closing balance to be $1.2 billion, $864 million in the Tax Stabilization Reserve Fund, $21 million in the Contingency Reserve Fund and $317 million in Community Project Fund. The Tax Stabilization Reserve Fund is a constitutionally restricted fund that can only be used in the event of a revenue shortfall or deficit situation during a fiscal year.

The Executive's projected closing balance for State Funds for SFY 2005-06 is $2.4 billion and $2.7 billion on an All Funds basis.

**PROPOSED GENERAL FUND RESERVES**
**($ in millions)**

| | SFY 2004-05 | SFY 2005-06 |
|---|---|---|
| **Closing Fund Balance** | | |
| Tax Stabilization Reserve Fund | $864 | $864 |
| Contingency Reserve Fund | 21 | 21 |
| Community Projects Fund | 301 | 317 |
| **Total (closing balance)** | **$1,186** | **$1,202** |

## Budget Gaps

The Executive's Financial Plan reflects the projection of a General Fund budget gap of $4.2 billion in SFY 2005-06. The Executive proposes to close SFY 2005-06 by restricting spending, instituting certain revenue enhancements, as well as using $856 million in nonrecurring budget actions. Listed below are the tables listing those actions:

**EXECUTIVE PROPOSED GENERAL FUND GAP CLOSING ACTIONS FOR STATE FISCAL YEAR 2005-06 ($ amounts in millions)**

| | |
|---|---|
| Spending Savings Actions | $3,076 |
| Spending Adds | (313) |
| Revenue Actions | 779 |
| Tax Cuts | (246) |
| One Time Actions | 856 |
| **Total Savings Actions** | **$4,152** |

## Spending Actions to Close Gap

The Executive recommends spending action reductions in the General Fund that total $3.1 billion. These reductions include a combination of program restructuring and the use of alternate funding sources, as follows:

**EXECUTIVE PROPOSED GENERAL FUND SPENDING SAVINGS ACTIONS FOR STATE FISCAL YEAR 2005-06 ($ amounts in millions)**

| | |
|---|---|
| Medicaid – Cost Containment | $869 |
| Medicaid – Provider Assessments | 234 |
| Medicaid – Other Financing Sources | 795 |
| Mental Hygiene | 250 |
| Transportation /Motor Vehicles | 163 |
| Debt Management | 150 |
| SUNY/CUNY | 137 |
| Restructure Tuition Assistance Program | 135 |
| State Operations efficiencies | 130 |
| Social Services | 104 |
| All Other Spending Actions | 109 |
| **Total Spending Actions** | **$3,076** |

## Revenue Actions to Close Gap

Under the Executive's SFY 2005-06 Budget construct, the projected General Fund gap would be also closed by the following revenue actions:

**EXECUTIVE PROPOSED GENERAL FUND REVENUE ACTIONS**
**FOR STATE FISCAL YEAR 2005-06**
**($ amounts in millions)**

| | |
|---|---|
| Two Week Clothing Sales Tax Exemption at $250 | $456 |
| Power Authority PILOT payments | 75 |
| Corporation Franchise Taxes | 51 |
| Close "Thrift" Loophole on REIT (Same as Feds/NYC) | 50 |
| Eliminate Quick Draw Restrictions | 39 |
| Increase Wine Tax | 38 |
| All Other Revenue | 70 |
| **Total Revenue Actions** | **$779** |

## Tax Cuts

The Executive recommends tax cuts of $246 million:

**EXECUTIVE PROPOSED GENERAL FUND TAX CUTS**
**FOR STATE FISCAL YEAR 2005-06**
**($ amounts in millions)**

| | |
|---|---|
| PIT Top Tax Rate Decrease | $190 |
| Corporate Franchise Tax Cuts (SPUR, Green Building) | 30 |
| STAR Plus | 12 |
| Extend Power for Jobs | 0 |
| All Other Tax Cuts | 14 |
| **Total Tax Cuts** | **$246** |

## One-Time Actions

The Executive proposes to use $856 million in non-recurring actions.

**EXECUTIVE PROPOSED ONE-TIME GENERAL FUND ACTIONS**
**FOR STATE FISCAL YEAR 2005-06**
**($ amounts in millions)**

| | |
|---|---|
| Pensions (Delay Actuarial Funding Changes) | $321 |
| Use of 2004-05 Surplus | 170 |
| Fund Sweeps | 124 |
| TANF Reprogramming | 61 |
| Proceeds from Sale of Property | 54 |
| Mortgage Insurance Fund (excess Balances) | 50 |
| Federal Medicaid Participation for Aliens | 42 |
| All Other One Timers | 34 |
| **Total One-Time Actions** | **$856** |

## Additional Spending Actions

The following list is illustrative of additional General Fund spending actions encompassed in the Executive's SFY 2005-06 Financial Plan:

**EXECUTIVE PROPOSED ADDITIONAL GENERAL FUND RECOMMENDED ADDS**
**FOR STATE FISCAL YEAR 2005-06**
**($ amounts in millions)**

| | |
|---|---|
| Cap/Takeover Local Medicaid costs | $121 |
| Other Local Medicaid Relief | 45 |
| Aid and Incentives for Municipalities | 55 |
| County STAR | 0 |
| All Other Adds | 92 |
| **Total Additional Spending Actions** | **$313** |

## Capital Program and Financing Plan

The Capital Plan recommends $6.1 billion capital spending in SFY 2005-06, an increase of 9.6 percent or $533 million over SFY 2004-05. Transportation spending accounts for $3.6 billion of the proposed capital spending for SFY 2005-06. The remaining capital spending projection includes $660 million for Environment and Recreation, $877 million for Higher Education, $9.6 million for Education, $235 million for Public Protection, $285 million for Mental Hygiene, $594 million for Economic Development and Government Oversight, $149 million for Health and Social Welfare, $137 million for General Government and $59 million for all other categories of capital projects. The Capital Plan anticipates $500 million in spending delays that would not hinder the advancement of scheduled capital projects.

The Executive's proposed Capital Program and Financing Plan for the Federal Funds pay-as-you-go share of capital spending is 27 percent in SFY 2005-06. State Funds pay-as-you-go share of capital spending is 21 percent in SFY 2005-06. The Public Authority debt share of capital spending is 49 percent in SFY 2005-06, and General Obligation debt financing for capital spending remains at three percent of the total capital spending in SFY 2005-06.

The Executive Capital Program Plan includes the following programs: New York State Technology Development Program ($250 million) to support priority high technology and economic development projects; Operation SPUR ($90 million); Health Care System Improvement Capital Grants ($1 billion) including $250 million spending in SFY 2005-06; Public Broadcasting Facilities ($15 million); New York Sports and Convention Center ($300 million); Higher Education Facilities Capital Matching Grants program ($250 million) for both public and private colleges in New York; SUNY Capital plan ($1.8 billion); CUNY Senior Colleges ($1.1 billion); Community Colleges ($55 million); the State Police headquarters for troop G ($16 million); Department of Transportation Capital plan ($17.4 billion); and the Metropolitan Transportation Authority ($19.2 billion).

## Receipts

*SFY 2004-05*

The Executive estimates that General Fund receipts will have risen by $1.2 billion, to a total of $43.5 billion in State Fiscal Year (SFY) 2004-05. This represents an increase of 2.8 percent from SFY 2003-04. Growth in General Fund Tax receipts and transfers of over $5.45 billion offsets a decline of over $4 billion in General Fund Miscellaneous Receipts. This decline is associated with the one-time issuance of Tobacco Revenue Bonds which boosted receipts in SFY 2003-04.

The Executive's estimate of General Fund receipts is approximately $500 million above the Executive's Mid-year Financial Plan Update and $861 million above the Enacted Plan report published in September 2004. The improved revenue picture is the result of improved revenue collections to date and an improvement in key economic indicators. While the majority of tax categories are experiencing growth, revenues from the Personal Income Tax (PIT) and the Real Estate Transfer Tax (RETT) have been particularly strong in the current fiscal year.

The Executive estimates All Funds Tax Collections to total $48.078 billion, an increase of $5.8 billion, or 13.8 percent from SFY 2003-04. All Governmental Funds receipts, which include taxes, Federal grants and non-General Fund Miscellaneous Receipts, are projected to total $101.129 billion in the current fiscal year.

*SFY 2005-06*

The Executive projects that continued economic growth will produce growth in All Funds Tax revenues of 5.4 percent in SFY 2005-06. All Funds Taxes are projected to total $50.657 billion, which is $2.6 billion above SFY 2004-05 estimates. The estimates include net revenue enhancements of $680.9 million - $936.4 million in revenue enhancements, offset by revenue reductions of $245.5 million in the current fiscal year. Total revenue enhancements are expected to total $1.162 billion on a fully annualized basis, while the cost of the revenue reductions is expected to be $183 million when fully implemented.

The Executive forecasts that General Fund Receipts will total $45.1 billion in SFY 2005-06, an increase of $1.6 billion, 3.6 percent, from SFY 2003-04. Overall growth in the General Fund is somewhat dampened by increases in the cost of the STAR program, increased debt service payments from the Revenue Bond Fund, and a decline in net Refund Reserve transactions.

On an All Governmental Funds basis, receipts in SFY 2005-06 are expected to total $105.52 billion, an increase of $4.391 billion above SFY 2004-05. The increase is largely explained by a combination of growth in revenues and changes in budgetary accounting that will now include the total amount of HCRA receipts that were previously considered "off-budget."

**EXECUTIVE REVENUE PROPOSALS**
**FOR STATE FISCAL YEAR 2005-2006**
**($ amounts in millions)**

| REVENUE SOURCE | 2005-2006 REVENUE IMPACT | FULLY IMPLEMENTED |
|---|---|---|
| **Revenue Reduction Proposals** | **(245.5)** | **(183.7)** |
| Accelerated Income Tax Phase-Out | (190.0) | 0.0 |
| Enhance EITC | (4.0) | (22.0) |
| Green Buildings Tax Credit | 0.0 | (2.0) |
| Low-Income Housing | 0.0 | (2.0) |
| SPUR Centers of Excellence | (1.0) | (3.0) |
| SPUR Extension of Power for Jobs | 0.0 | 0.0 |
| Alternative Fuels Vehicle Credit Reform & Extension | 0.0 | (2.5) |
| SPUR Single Sales Factor for Manufacturers | (4.0) | (7.0) |
| SPUR Single Sales Eliminate AMT | (5.0) | (5.0) |
| SPUR Targeted Wage Credit | (25.0) | (35.0) |
| STAR Plus | (12.0) | (99.0) |
| Tax Free Week on Certain Energy Star Products | (4.0) | (4.2) |
| Nursing Home Assessment PIT Deduction | (0.5) | (2.0) |

## EXECUTIVE REVENUE PROPOSALS
## FOR STATE FISCAL YEAR 2005-06
## ($ amounts in millions)

| REVENUE SOURCES | 2005-2006 REVENUE IMPACT |
|---|---|
| **Revenue Enhancement Proposals** | **$936.4** |
| New York Power Authority PILOT Payments | 75.0 |
| Extend Quick Draw and Ease Restrictions | 39.0 |
| VLT Legislation | 108.0 |
| Direct Wine Shipments | 2.6 |
| Adopt Tax Shelter Provisions | 25.0 |
| Tax Department Reciprocal Offset Agreements W/Other States | 0.0 |
| Nonresident Long-Term Care Insurance Credit Computation | 1.5 |
| REITS and RICS | 50.0 |
| Extend Higher LLC Fees | 22.0 |
| Increase Capital Base Cap Under Article 9A | 26.0 |
| Maintain Manhattan Parking Reporting Requirements | 0.7 |
| Raise Wine Excise Tax | 37.7 |
| Certain Mutual Insurance Companies Premiums Tax Exclusion | 18.0 |
| Replace Permanent Clothing Exemption With Two $250 Weeks | 455.9 |
| Require Tax Clearance for Certain Licensers | 0.0 |
| SPUR Extend Empire Zones Program | 0.0 |
| Mortgage Recording Tax Increase (Dedicated to MTA) | 75.0 |
| **Fee Increases** | **$374.8** |
| Department of Agriculture and Markets | |
| First Violation Food Inspections | 0.4 |
| Subsequent Violations Food Inspections | 0.7 |
| Consumer Protection Board | |
| Unfair/Deceptive Business Practices Increase | 0.6 |
| Division of Criminal Justice System | |
| Work Zone Automated Speed Enforcement | 18.0 |

| REVENUE SOURCES | 2005-2006 REVENUE IMPACT |
|---|---|
| Department of Environmental Conservation | |
| Title V Operational Permit Fee Increase | 3.6 |
| | |
| Department of Health | |
| Reestablish 0.7% Assessment on Hospital Receipts | 194.3 |
| Nursing Home Reimbursable Assessment Increase | 69.2 |
| | |
| Insurance Department | |
| Agent License Fee Increase | 2.5 |
| Service of Process Fee Increase | 1.4 |
| Reinsurance License Fee Increase | 0.0 |
| | |
| Department of Labor | |
| Asbestos Handling License Renewal Fee Increase | 0.2 |
| | |
| Department of Motor Vehicles | |
| ATV Registration Fee Increase | 5.8 |
| Data Search Fee Increase | 3.8 |
| Photo Image Fee Increase | 2.4 |
| Dealer Issued Temporary Registration Fee Increase | 1.2 |
| Dealer/Transporter Registration Fee Increase | 0.6 |
| Salvaged Vehicle Inspection Fee Increase | 0.8 |
| Title Fee Increase | 31.3 |
| Vehicle Registration Fee Increases | 29.2 |
| | |
| Parks and Historic Preservation | |
| Increase Camping Fees | 1.4 |
| | |
| Racing and Wagering Board | |
| Racing Fee Increase | 2.8 |
| | |
| State Labor Relations Board | |
| New Annual Registration Fee | 1.1 |
| | |
| Statewide Wireless Network | |
| Service Surcharge Clarifications | 3.5 |

# EXECUTIVE TAX PROPOSALS
# FOR STATE FISCAL YEAR 2005-2006

## REVENUE ENHANCEMENT PROPOSALS

The Executive has proposed various tax increases that total approximately $936.4 million in SFY 2005-06 and $1.676 billion when fully implemented. These proposals include:

### NY Power Authority Pilot Payments

This proposal would extend the Power for Jobs program until December 31, 2006, and authorize the Power Authority to provide voluntary contribution of $75 million in SFY 2005-06.

### Ease Restrictions On Quick Draw And Make The Game Permanent.

The current authorization expires May 31, 2005. This proposal would eliminate the expiration date - providing permanent authorization. Fiscal impact in SFY 2005-06 $181 million.

This proposal would also remove the following restrictions:

- Drawings shall be held for no more than 13 consecutive hours, no more than 8 of which may be consecutive.
- Quick Draw shall be available only to licensed Lottery agents.
- Facilities licensed for the sale of alcoholic beverages for on-premises consumption must receive at least 25 percent of gross sales from the sale of food in order to be eligible to offer the game.

These provisions are expected to generate an additional $39 million in Lottery revenues for education.

### Video Lottery Terminals (VLTs)

This proposal authorizes the Division of Lottery to license eight additional facilities to conduct video lottery gaming.

Licensure would be restricted as follows:

- Outside of New York City - VLT facilities cannot be located within 15 miles of racetrack VLT facilities. In addition, no facilities would be allowed in Westchester, Rockland or Putnam Counties.

- A maximum of five facilities may be located in the City of New York. However, facilities can only be located in New York County south of 59th Street, Kings County and Richmond County.

However, restrictions provided to protect previously authorized VLT facilities can be overridden if such facilities do not begin VLT operations by April 1, 2006.

This proposal also alters the revenue distribution from the VLT facilities authorized in 2001. The previous distribution called for 29 percent of VLT revenues to be retained by the VLT facility and used to enhance purses, supplement the respective breeders' funds and provide a vendors fee to the track. This part calls for the 29 percent previously retained by the track to be given to the Division of Lottery. However, an amount equivalent to the previous dedications will be appropriated to the relevant entities out of the general fund, holding the purses, breeders' funds and tracks harmless.

The additional VLT facilities are not expected to produce any revenues in SFY 2005-06. The alteration to the revenue distribution will increase revenue to the Division of Lottery by approximately $108 million in SFY 2005-06. However, an equal amount will be appropriated from the State General Fund to enhance purses, support breeders funds and provide a vendor fee to the tracks equivalent to the amount each entity was expected to receive under the previous distribution.

<u>Direct Shipment of Wine</u>

This proposal would authorize the direct shipment of wine into New York State by licensed out-of-State wineries. To qualify for a license the out-of-State winery must be located in a state which affords New York wineries reciprocal shipping privileges, pay an annual license fee and agree to collect and remit all applicable New York taxes. Licensed wineries may ship up to two cases (18 liters) of wine per month to New York residents who are 21 years of age or older, for their personal consumption.

The Executive estimates that this proposal will generate $2.6 million in additional revenue for the State in SFY 2005-06, rising to $3.8 million in SFY 2007-08.

Allow Tax Department To Enter Into Reciprocal Offset Tax Agreements With New York City And Other States.

This proposal would allow the Tax Department and the New York City Commissioner of Finance to arrange for city tax overpayments to be applied to outstanding tax debts owed to the State as represented by filed tax warrants. Currently any overpayment by the city must first be applied to debts owed to City agencies. The proposal also allows the Commissioner of Tax and Finance to enter into the same type of reciprocal agreements with other states. There is no projected revenue impact for SFY 2005-06. However, when fully implemented the bill is projected to increase revenue by $3 million a year.

Change How Nonresidents Compute The Credit For Long Term Care Insurance

This proposal would amend the computation of the long term care insurance credit for nonresident and part-year resident taxpayers. The provisions stipulate that the long term care credit should be adjusted by how much of the taxpayers AGI is derived from NY sources. Therefore, the credit is computed by multiplying the long-term care credit by the NY source fraction. The NY source fraction is simply the NY source income divided by the NY AGI from all sources. Currently a nonresident and a part-year resident are able to apply the full credit against their NY tax liability. According to the Executive this bill will increase tax revenue by $1.5 million in SFY 2005-06 and $6 million in SFY 2007-08.

Adopt Tax Shelter Provisions Based On Federal Provisions.

This proposal would allow the Department of Tax and Finance to require submission of disclosure information needed to address tax avoidance methods associated with "tax shelters" similar to Federal tax shelter disclosure provisions. This proposal would give the Tax Department the authority to require disclosure on "reportable transactions" and "New York reportable transactions" that have potential for New York State avoidance transactions. Material Advisors (promoters of tax shelters) are also required to submit a copy of their Federal tax return to the Tax Department within 60 days of submission of a return to the IRS, first connection with New York State, or 90 days after the enactment of this bill. Additionally, this part requires enhanced record keeping methods and creates several new penalties for failing to follow the requirements of the bill.

A voluntary compliance initiative administered by the Tax Department would be created to allow taxpayers to report and pay underreported tax liabilities and interest attributable to tax avoidance transactions. The taxpayer may participate with the right to appeal or may waive that right. If the taxpayer waives that right they will be not be subject to certain penalties and fines.

These provisions are estimated to generate $25 million in new revenue in SFY 2005-06.

Make Permanent Limited Liability Company (LLC's) Filing Fees

This proposal would make the increases in limited liability Company filing fees permanent. The temporary increase was enacted in 2003, and set filing fees at $100 dollars per member, with a minimum fee of $500 and a maximum fee of $25,000. As of January 1, 2005 the fees reverted back to pre 2003 levels of $50 per member, with a minimum of $325 and a maximum of $10,000. These provisions are estimated to increase revenue by $22 million in SFY 2005-06.

Increase The Capital Base Cap Under the Corporate Franchise Tax

The maximum amount of the Article 9-A capital base is raised from $350,000 to $1,000,000 for all taxpayers except manufacturers. A manufacturer is defined as a taxpayer principally involved in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture, or commercial fishing. Under current law a .178 percent tax rate is applied to a taxpayer's business and investment capital capped at $350,000. This initiative is estimated to increase revenue by $26 million SFY 2005-06.

Manhattan Parking Attendants. Fiscal Impact In SFY2005-06

This proposal would make permanent the reporting requirements of Manhattan parking vendors. The previous authorization expired November 30, 2004.

Alcoholic Excise Tax On Wines

The Executive Budget proposes to increase the excise tax on still wines, artificially carbonated sparkling wines and naturally sparking wines from 18.93 cents per gallon to $1.06 per gallon. A floor tax of 87.07 cents per gallon will be imposed on all wine inventories which were taxed at the lower rate, except for the first 264 gallons of wine within the inventory which will be exempt from this floor tax.

The Executive estimates that this proposal will increase tax receipts by $37.7 million in SFY 2005-06 and $43.7 on a full year basis.

Remove The Premiums Tax Exclusion For Certain Insurance Companies

This proposal would partially eliminate the exemption from the franchise tax on insurance corporations for town or county co-operative insurance corporations. This proposal would allow corporations that report direct written premiums of $25 million or less to the Superintendent of Insurance to remain eligible for the exemption.

Clothing Exemption

This proposal would repeal the permanent clothing exemption, which is currently under temporary suspension. These provisions are estimated to generate $456 million in SFY 2005-06.

This proposal would provide two permanent clothing exemptions weeks for items of clothing and footwear costing less than $250. The first such exemption period begins the last Monday in January and ends on the first Sunday in February. The second period commences on the Tuesday immediately preceding the first Monday in September and ends on Labor Day.

Localities would have the option to provide the exemption.

Tax Clearance In Order To Obtain State Licenses And Contracts

The proposal would require persons seeking to obtain State contracts, or to obtain or maintain licenses to traffic in alcoholic beverages, to practice medicine, certified public accountancy or to practice law, to be current with respect to all tax liabilities. The proposal is not estimated to have any fiscal implications in SFY 2005-06.

Require Electronic Filing Of PIT Returns For Large Tax Preparer Firms

This proposal would require large tax preparers to file returns electronically. The intended purpose is to reduce processing and storage costs associated with traditional returns. Any firm that prepares more than 200 original income tax returns during calendar year 2005 (i.e. 2004 returns) and prepares at least one authorized return using tax software in calendar year 2006 would be required to file all returns in 2006 (and thereafter) electronically. Moreover, If a preparer prepares more than 100 returns beginning on or after Jan. 1, 2006, and if in succeeding years prepares at least one authorized return using tax software, then all returns in 2007 (and thereafter) must be filed electronically. The proposal is intended to apply to firms that have a high volume and are already using appropriate tax software. According to the Executive this proposal would save $2 million in administrative costs in SFY 2005-06.

Empire Zone Amendments And Extension

The Executive is proposing changes to the Empire Zones program that will impact the administration of the program and the benefit structure for Qualified Empire Zone Enterprises. Among the tax law changes are:

- Changes in the business tax benefit period, for businesses certified on or after April 1, 2004 the proposed period would eliminate the five year phase-out of benefits, reducing the benefit period from 15 years to 10-year period.

- Changes the employment test used in the determination of a taxpayer's Qualified Empire Zone Enterprise (QEZE) status for certain businesses certified after April 1, 2004. The proposed new test would not count any employees previously employed in New York State by an entity related to the taxpayer.

- The employment increase factor used in the calculation of certain tax credits would be changed for all but certain businesses certified before April 1, 2004. These businesses would calculate the factor as the number of new jobs in Empire Zones divided by 100.

- The definition of eligible real property taxes, used in the calculation of the Empire Zone Real Property Tax Credit, would be amended so that QEZEs that make direct payments of certified eligible Real Property Taxes or PILOTs as part of a lease agreement may receive benefits. The definition would be further amended so that the full amount of any PILOTs paid in excess of the estimated effective full value tax rate would be deemed ineligible.

The Executive estimates that the provisions would generate $25 million in additional revenue in SFY 2006-07 and thereafter.

Increase The Income Level At Which The Filing Of Income Tax Returns Is Required

This proposal would eliminate the requirement that an individual must file a New York State tax return if a taxpayer is required to file a federal return. The bill also changes the filing threshold to be the taxpayer's federal adjusted gross income increased by the modifications under tax law 612(b) and replaces the $4,000 income threshold for filing with the taxpayer's standard deduction.

Mortgage Recording Tax Increase

The Executive Budget proposes to increase the additional Mortgage Recording Tax, authorized by Subdivision 2 of Section 253 of the Tax Law, and imposed in the twelve county Metropolitan Commuter Transportation District, from 25 cents to 35 cents for each $100 of principal debt secured by a mortgage. In addition, the Executive Budget requires that beginning January 1, 2006, all revenues from this tax shall be deposited into the headquarters account of the metropolitan transportation authority special assistance fund for the payment of operating and capital costs of the MTA agencies.

The Executive estimates that this proposal will generate an additional $100 million for the MTA on a full year basis.

## REVENUE REDUCTION PROPOSALS

In addition, the Executive has proposed measures that would reduce revenues by a total of approximately $245 million in SFY 2005-06 and $204 million when fully implemented.

Accelerated Phase-Out of the Temporary Rate Increase

The proposal accelerates the planned phase-out of the temporary tax increase enacted in 2003. The original phase-out involved resetting the tax tables to their 2002 rates on January 1, 2006. The Executive proposal would become effective immediately and reduces the top two rates of 7.25 percent and 7.7 percent to 7.0 percent and 7.6 percent for the 2005 calendar year. According to the Executive the accelerated phase-out would reduce personal income tax receipts by $190 million in State Fiscal Year 2005-06. Collections in SFY 2006-07 would be reduced by $130 million due to a lower April settlement on 2005 tax liability.

Earned Income Tax Credit Enhancement For Non-Custodial Parents

This provision would enhance the State Earned Income Tax Credit (EITC) for non-custodial parents. The enhancements will provide up to 400 percent of the federal maximum EITC ($390) for qualified, non-custodial parents between the ages of 18-30, who have an order of child support and who have paid that child support during the taxable year. The maximum combined State and Federal credit could be as high as $1,950. The intent of these provisions, according to the Executive, is to encourage non-custodial parents to enter the work force and pay child support. These provisions are estimated to reduce revenue by $16 million in 2005-06, $3 million of which will go toward demonstration projects. The remainder will be the result of the additional credit.

Enhance Green Buildings Tax Cut

The Green Buildings Tax Credit Program is extended and allotted an additional $25 million in available credits. The Department of Environmental Conservation would have five years, from 2005 through 2009 to accept applications and issue certificates to claim the new credits. Qualifying taxpayers will be eligible to claim credits for tax years 2006-2014. Current law requires the Department of Environmental Conservation to amend various standards every two years. This proposal would allow the DEC to make amendments when necessary. This legislation will reduce revenues by $1 million in SFY 2006-07.

### Enhance the Low-Income Housing Tax Credit

This proposal would allow the Commissioner of the Division of Housing and Community Renewal (DHCR) to allocate an additional $2 million of low-income housing tax credits. The additional money increases the total allocation allowed to $8 million annually. The increased allocation would be $2 million a year for ten years, or an additional $20 million over ten years. This added allocation increases the overall cost of the program from $60 to $80 million over ten year period.

### Restructure And Expand The Alternative Fuel Vehicles Credit

This proposal would amend the existing credit for electric vehicles to change the amount of the credit from 50 percent of the incremental cost of such a vehicle to 10 percent of the actual cost. The credit would be limited to $5,000 for vehicles with a vehicle weight rating less than 10,000 pounds, and $10,000 for all other vehicles. The proposal amends the credit for clean fuel refueling property to provide that such credit does not exceed $500,000. The credit for hybrid vehicles is amended by raising the credit to $4,000 for vehicles in service before December 31, 2006, and retains the $2,000 credit for vehicles that were in service before December 31, 2005. Finally, the bill adds a credit equal to 50 percent of the cost of producing (for sale) a minimum of 10,000 gallons of bio-fuel, with a maximum credit of $1 million. According to the Executive this proposal has no revenue impact in SFY 2005-06, but it will reduce tax revenue by $10 million in SFY 2006-07.

### Wage Tax Credit

This proposal would create a new wage credit for creating jobs in SPUR designated areas modeled after the existing Empire Zone wage credit. Taxpayers that create fifty new jobs in a SPUR area would be eligible for the credit. To be qualified, the taxpayer must be engaged in manufacturing, aviation, railroad and trucking or be a registered securities broker/dealer. The amount of the credit would be equal to the existing Empire Zone wage credit - $3,000 for targeted employees, and $1,500 for all other employees. Eligible SPUR companies that create jobs in an Empire Zone would be eligible for an additional $500 wage credit. These provisions will reduce revenue by $25 million in SFY 2005-06.

### Business Allocation Percentage

This proposal would allow manufacturers that are located in a SPUR area and which make a $25 million investment in such area to use a special single factor allocation formula when apportioning income to New York State. The taxpayer may use such allocation factor for ten consecutive taxable years provided the taxpayer maintains that level of investment over that period. In addition, taxpayers who create 100 jobs during the period beginning on or after January 1, 2005 and ending on the ninth succeeding taxable year, to use a single sales allocation factor in each succeeding taxable year provided that the business maintains its level of employment in each of those years. These provisions will reduce revenues by $4 million in SFY 2005-06.

Center of Excellence Tax Credit

Taxpayers that are affiliated with a Center of Excellence may be eligible for a new refundable credit. The credit would be equal to the product of the taxpayer's net operating loss, business allocation percentage and the Article 9-A tax rate for the given year. The amount of the credit allowed for any tax year shall not exceed $1 million and the aggregate amount of the credit allowed to any one taxpayer shall not exceed $5 million. In order to eligible for the credit a taxpayer must 1) be a new business as defined in the tax law, 2) taxpayer must conduct at least some of its operations in a designated SPUR area, 3) be affiliated with a university that has been designated a Center of Excellence, 4) have either created 25 new jobs in one or more SPUR designated areas or made significant investments in real or tangible personal property in such areas, and 6) the taxpayer must be paying tax under either the capital base or fixed dollar minimum tax. The credit is effective for tax years beginning on or after January 1, 2005 and will reduce revenues by $1 million in SFY 2005-06.

STAR PIT Credit (STAR PLUS)

The Executive Budget proposes a new personal income tax credit for all homeowners who qualify for STAR and reside in a school district which adheres to a new statutory spending cap of 4 percent or 120 percent of the increase in the consumer price index, which ever is lower. Eligible homeowners would receive a personal income tax credit equal to their STAR savings multiplied by the consumer price index adjustment as determined by the Bureau of Labor Statistics.

The Executive estimates that this proposal will save taxpayers $12 million in SFY 2005-06, increasing to $119 million in SFY 2007-08.

Provide Two Sales Tax Exemption Weeks For Certain New "Energy Star" Items

This proposal would exempt from the state sales and use tax the purchase of certain Energy Star appliances during two seven day periods. Qualifying appliances include certain non-commercial refrigerators, dishwashers, clothes washers, ceiling fans, ceiling fan light kits, or air room conditioners if such appliance qualifies for, and is labeled with the Energy Star label. The first such exemption period begins the last Monday in January and ends on the first Sunday in February. The second period commences on the Tuesday immediately preceding the first Monday in September and ends on Labor Day. Localities imposing a sales and use tax will have the option to exempt such items from the local sales and use tax. This part would reduce revenues by $4 million in SFY 2005-06.

Co-Star Tax Rebate Program

The Executive Budget proposes a new tax rebate program for all homeowners who qualify for STAR and reside in a county, including New York City, which has been Co-STAR verified. A county or NYC is deemed to be Co-STAR verified if it limits the growth in county or City expenditure from the prior year to 3.5 percent in SFY 2005-06, 3.25 percent in SFY 2006-07 and 3 percent thereafter. Excluded from the cap are capital expenditure and any expenditure supported by county or NYC user fees or funds from federal, state or private sources. For NYC, the cap also excludes expenditures in support of its school district.

The rebate will be provided as a check by the Tax Department to all eligible property owners. The amount of the rebate is set at $100 in 2006 and $200 thereafter for property owners who receive the enhanced STAR exemption or meet the definition of a farmer. For all other eligible property owners the tax rebate amount is set at $50 in 2008, $100 in 2009, $150 in 2010 and $200 thereafter.

In addition to the Co-STAR rebate program, the Executive Budget also includes a new personal income tax credit program – the Co-STAR credit. To qualify for the Co-STAR credit, a New York City resident must qualify for the existing STAR credit, and NYC must be deemed to be Co-STAR verified. The Co-STAR credit is a percentage of the current STAR credit, starting at 4.17 percent in 2006, gradually growing to 25 percent in 2011 and thereafter.

Assuming full participation in the program, the Executive estimates that this program will save taxpayers $66.8 million in SFY 2006-07, $146.3 million in SFY 2007-08 and $308.9 million in SFY 2008-09.

## PROPOSED FINANCIAL PLAN - CASH BASIS
## ALL FUNDS
### State Fiscal Years 2003-04, 2004-05 & 2005-06
### ($ amounts in millions)

| | Actual 2003-04 | Estimated 2004-05 | Proposed 2005-06 | Change From 2004-05 | %Change From 2004-05 |
|---|---|---|---|---|---|
| **Opening Cash Balance** | **$1,222** | **$2,946** | **$2,600** | **($346)** | **-11.7%** |
| **Receipts** | | | | | |
| Taxes | 42,254 | 48,639 | 50,657 | 2,018 | 4.1% |
| Miscellaneous Receipts | 19,412 | 16,503 | 18,303 | 1,800 | 10.9% |
| Federal Grants | 37,323 | 37,420 | 36,560 | (860) | -2.3% |
| **Total Receipts** | **98,989** | **102,562** | **105,520** | **2,958** | **2.9%** |
| **Disbursements** | | | | | |
| Local Assistance Grants | 71,395 | 75,378 | 76,634 | 1,256 | 1.7% |
| State Operations | 14,968 | 16,025 | 16,594 | 569 | 3.6% |
| General Service Charges | 3,848 | 4,353 | 4,673 | 320 | 7.4% |
| Debt Service | 3,351 | 3,808 | 3,842 | 34 | 0.9% |
| Capital Projects | 3,764 | 3,476 | 3,784 | 308 | 8.9% |
| **Total Disbursements** | **97,326** | **103,040** | **105,527** | **2,487** | **2.4%** |
| **Other Financing Sources (Uses)** | | | | | |
| Bond and Note Proceeds | 140 | 193 | 185 | (8) | -4.1% |
| Transfers from Other Funds | 16,317 | 17,673 | 18,228 | 555 | 3.1% |
| Transfers to Other Funds | (16,396) | (17,734) | (18,286) | (552) | 3.1% |
| **Total Other Financing Sources (Uses)** | **61** | **132** | **127** | **(5)** | **-3.8%** |
| Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses | **1,724** | **(346)** | **120** | **466** | **-134.7%** |
| **Closing Cash Balance** | **$2,946** | **$2,600** | **$2,720** | **$120** | **4.6%** |

Source: Executive Budget SFY 2004-05 is adjusted for HCRA and Medicaid spending.

## PROPOSED FINANCIAL PLAN - CASH BASIS
## STATE FUNDS
### State Fiscal Years 2003-04, 2004-05 & 2005-06
### ($ amounts in millions)

| | Actual 2003-04 | Estimated 2004-05 | Proposed 2005-06 | Change From 2004-05 | %Change From 2004-05 |
|---|---|---|---|---|---|
| **Opening Cash Balance** | **$1,645** | **$2,618** | **$2,318** | **($300)** | **-11.5%** |
| **Receipts** | | | | | |
| Taxes | 42,254 | 48,639 | 50,657 | 2,018 | 4.1% |
| Miscellaneous Receipts | 19,261 | 16,378 | 18,209 | 1,831 | 11.2% |
| Federal Grants | 654 | 9 | 5 | (4) | 0.0% |
| **Total Receipts** | **62,169** | **65,026** | **68,871** | **3,845** | **5.9%** |
| **Disbursements** | | | | | |
| Local Assistance Grants | 39,935 | 43,035 | 45,206 | 2,171 | 5.0% |
| State Operations | 11,599 | 12,661 | 13,417 | 756 | 6.0% |
| General State Charges | 3,671 | 4,149 | 4,447 | 298 | 7.2% |
| Debt Service | 3,351 | 3,808 | 3,842 | 34 | 0.9% |
| Capital Projects | 2,777 | 1,917 | 2,176 | 259 | 13.5% |
| **Total Disbursements** | **61,333** | **65,570** | **69,088** | **3,518** | **5.4%** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from other funds | 13,864 | 15,253 | 15,675 | 422 | 2.8% |
| Transfers to other funds | (13,867) | (15,202) | (15,577) | (375) | 2.5% |
| Bond and note proceeds | 140 | 193 | 185 | (8) | -4.1% |
| **Net Other Sources (Uses)** | **137** | **244** | **283** | **39** | **16.0%** |
| **Change in Fund Balance** | 973 | (300) | 66 | 366 | -122.0% |
| **Closing Cash Balance** | **$2,618** | **$2,318** | **$2,384** | **$66** | **2.8%** |

Source: Executive Budget

SFY 2004-05 is adjusted for HCRA and Medicaid spending.

**PROPOSED FINANCIAL PLAN - CASH BASIS**
**GENERAL FUND**
**State Fiscal Years 2003-04, 2004-05 & 2005-06**
**($ amounts in millions)**

| | Actual 2003-04 | Estimated 2004-05 | Proposed 2005-06 | Change From 2004-05 | %Change From 2004-05 |
|---|---|---|---|---|---|
| **Opening Cash Balance** | **$815** | **$1,077** | **$1,186** | **$109** | **10.1%** |
| **Receipts** | | | | | |
| Personal Income Tax | 15,774 | 18,932 | 19,844 | 912 | 4.8% |
| Consumption/Use Taxes and Fees | 7,979 | 8,752 | 8,622 | (130) | -1.5% |
| Business Taxes | 3,413 | 3,764 | 4,066 | 302 | 8.0% |
| Other Taxes | 768 | 730 | 778 | 48 | 6.6% |
| Miscellaneous Receipts | 5,917 | 2,801 | 2,451 | (350) | -12.5% |
| Federal Grants | 654 | 8 | 4 | (4) | -50.0% |
| Transfers from Other Funds | | | | | |
| PIT in excess of Revenue Bond Debt Service | 5,244 | 5,842 | 6,129 | 287 | 4.9% |
| Sales tax in excess of LGAC debt service | 1,971 | 2,171 | 2,300 | 129 | 5.9% |
| Real estate taxes in excess of CW/CA debt servi | 307 | 520 | 510 | (10) | -1.9% |
| Other | 300 | 504 | 387 | (117) | -23.2% |
| **Total Receipts** | **42,327** | **44,024** | **45,091** | **1,067** | **2.4%** |
| **Disbursements** | | | | | |
| Local Assistance Grants | 29,246 | 30,165 | 30,619 | 454 | 1.5% |
| State Operations | 7,093 | 7,607 | 8,055 | 448 | 5.9% |
| General State Charges | 3,247 | 3,665 | 3,889 | 224 | 6.1% |
| Debt Service | | | | | |
| Transfers to Other Funds | | | | | |
| Debt Service | 1,474 | 1,732 | 1,666 | (66) | -3.8% |
| Capital Projects | 228 | 198 | 219 | 21 | 10.6% |
| State University | | | | | |
| Other Purposes | 777 | 548 | 627 | 79 | 14.4% |
| **Total Disbursements** | **42,065** | **43,915** | **45,075** | **1,160** | **2.6%** |
| Excess (Deficiency) of Receipts over Disbursements | **262** | **109** | **16** | **(93)** | **-85.3%** |
| **Closing Cash Balance** | **$1,077** | **$1,186** | **$1,202** | **16** | **1.3%** |

Source: Executive Budget

SFY 2004-05 is adjusted for Medicaid spending.

**PROPOSED FINANCIAL PLAN - GAAP BASIS**
**GENERAL FUND**
**State Fiscal Years 2004-05, 2005-06**
**($ amounts in millions)**

| | Estimated 2004-05 | Proposed 2005-06 | Change From 2004-05 | %Change From 2004-05 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Personal Income Tax | $18,688 | $19,946 | $1,258 | 6.7% |
| Consumption/Use Taxes and Fees | 8,921 | 8,646 | (275) | -3.1% |
| Business Taxes | 3,856 | 4,083 | 227 | 5.9% |
| Other Taxes | 678 | 798 | 120 | 17.7% |
| Miscellaneous Receipts | 4,435 | 4,428 | (7) | -0.2% |
| Federal Grants | 8 | 4 | (4) | -50.0% |
| **Total Revenues** | **36,586** | **37,905** | **1,319** | **3.6%** |
| **Expenditures** | | | | |
| Local Assistance Grants | 32,301 | 32,734 | 433 | 1.3% |
| State Operations | 10,405 | 10,783 | 378 | 3.6% |
| General State Charges | 3,186 | 3,282 | 96 | 3.0% |
| Capital Projects | | | | |
| Debt Service | 24 | 25 | 1 | 4.2% |
| **Total Expenditures** | **45,916** | **46,824** | **908** | **2.0%** |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from Other Funds | 12,518 | 12,705 | 187 | 1.5% |
| Transfers to Other Funds | (4,628) | (4,823) | (195) | 4.2% |
| Proceeds of refunding and **Other Financial Arrangements** | 654 | 914 | 260 | 39.8% |
| **Net Other Financing Sources (Uses)** | **8,544** | **8,796** | **252** | **2.9%** |
| Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and other Financing Uses | **(786)** | **(123)** | **663** | **-84.4%** |
| Accumulated deficit | ($1,067) | ($1,190) | ($123) | 11.5% |

Source: Executive Budget

SFY 2004-05 is adjusted for Medicaid spending.

## PROPOSED DISBURSEMENTS BY PROGRAM CATEGORY
## ALL FUNDS - ($ amounts in thousands)

| | Estimated 2004-05 | Proposed 2005-06 | Amount Change | Percent Change |
|---|---|---|---|---|
| **Health & Social Welfare** | | | | |
| Medical Assistance | $29,955,466 | $30,989,058 | $1,033,592 | 3.5% |
| Income Maintenance | 3,100,802 | 3,385,656 | 284,854 | 9.2% |
| Health | 4,927,217 | 5,067,432 | 140,215 | 2.8% |
| Other | 5,704,305 | 5,579,715 | (124,590) | -2.2% |
| **Health - Total** | **43,687,790** | **45,021,861** | **$1,334,071** | **3.1%** |
| **Education** | | | | |
| School Aid | 17,636,096 | 18,303,517 | 667,421 | 3.8% |
| State University | 4,834,556 | 4,989,413 | 154,857 | 3.2% |
| City University | 1,027,315 | 1,361,579 | 334,264 | 32.5% |
| Other | 3,531,584 | 3,552,089 | 20,505 | 0.6% |
| **Education - Total** | **27,029,551** | **28,206,598** | **$1,177,047** | **4.4%** |
| **Star Property Tax Relief** | **3,072,000** | **3,202,000** | **130,000** | **4.2%** |
| **Mental Hygiene** | | | | |
| Mental Health | 2,191,254 | 2,236,667 | 45,413 | 2.1% |
| Developmentally Disabled | 2,816,190 | 2,922,882 | 106,692 | 3.8% |
| Other | 487,114 | 503,478 | 16,364 | 3.4% |
| **Mental Hygiene - Total** | **5,494,558** | **5,663,027** | **$168,469** | **3.1%** |
| **Transportation** | **5,453,070** | **5,756,306** | **$303,236** | **5.6%** |
| **Public Protection** | **3,688,619** | **3,663,486** | **(25,133)** | **-0.7%** |
| **General Government** | **1,490,308** | **1,841,096** | **350,788** | **23.5%** |
| **Environmental Affairs** | **1,158,840** | **1,164,318** | **5,478** | **0.5%** |
| **Economic Affairs** | **921,796** | **1,284,398** | **362,602** | **39.3%** |
| **All Others** | | | | |
| Local Government Assistance | 972,661 | 1,023,650 | 50,989 | 5.2% |
| General State Charges/Misc | 2,829,997 | 2,897,621 | 67,624 | 2.4% |
| Long Term Debt Service | 3,807,373 | 3,841,998 | 34,625 | 0.9% |
| Other | 3,433,738 | 1,960,788 | (1,472,950) | -42.9% |
| **All Others - Total** | **11,043,769** | **9,724,057** | **(1,319,712)** | **-11.9%** |
| **Total** | **$103,040,301** | **$105,527,147** | **$2,486,846** | **2.4%** |

Source: Executive Budget

SFY 2004-05 is adjusted for HCRA and Medicaid spending.

## PROPOSED DISBURSEMENTS BY PROGRAM CATEGORY
## STATE FUNDS - ($ amounts in thousands)

| | Estimated 2004-05 | Proposed 2005-06 | Amount Change | Percent Change |
|---|---|---|---|---|
| **Health & Social Welfare** | | | | |
| Medical Assistance | $9,995,659 | $11,273,801 | $1,278,142 | 12.8% |
| Income Maintenance | 1,121,796 | 1,032,908 | (88,888) | -7.9% |
| Health | 3,229,395 | 3,326,018 | 96,623 | 3.0% |
| Other | 2,185,568 | 2,393,362 | 207,794 | 9.5% |
| **Health - Total** | **16,532,418** | **18,026,089** | **1,493,671** | **9.0%** |
| **Education** | | | | |
| School Aid | 15,090,841 | 15,548,650 | 457,809 | 3.0% |
| State University | 4,657,656 | 4,807,213 | 149,557 | 3.2% |
| City University | 1,027,315 | 1,361,579 | 334,264 | 32.5% |
| Other | 2,633,308 | 2,576,585 | (56,723) | -2.2% |
| **Education - Total** | **23,409,120** | **24,294,027** | **884,907** | **3.8%** |
| **Star Property Tax Relief** | **3,072,000** | **3,202,000** | **130,000** | **4.2%** |
| **Mental Hygiene** | | | | |
| Mental Health | 1,620,667 | 1,625,249 | 4,582 | 0.3% |
| Developmentally Disabled | 939,490 | 951,637 | 12,147 | 1.3% |
| Other | 326,144 | 340,537 | 14,393 | 4.4% |
| **Mental Hygiene - Total** | **2,886,301** | **2,917,423** | **31,122** | **1.1%** |
| **Transportation** | **3,896,040** | **4,167,978** | **271,938** | **7.0%** |
| **Public Protection** | **3,196,842** | **3,155,562** | **(41,280)** | **-1.3%** |
| **General Government** | **1,388,566** | **1,584,666** | **196,100** | **14.1%** |
| **Environmental Affairs** | **970,901** | **975,516** | **4,615** | **0.5%** |
| **Economic Affairs** | **869,600** | **1,232,291** | **362,691** | **41.7%** |
| **All Others** | | | | |
| Local Government Assistance | 972,661 | 1,023,650 | 50,989 | 5.2% |
| General State Charges/Misc | 2,826,589 | 2,863,106 | 36,517 | 1.3% |
| Long Term Debt Service | 3,807,373 | 3,841,998 | 34,625 | 0.9% |
| Other | 1,741,888 | 1,804,188 | 62,300 | 3.6% |
| **All Others - Total** | **9,348,511** | **9,532,942** | **184,431** | **2.0%** |
| **Total** | **$65,570,299** | **$69,088,494** | **$3,518,195** | **5.4%** |

Source: Executive Budget SFY 2004-05 is adjusted for HCRA & Medicaid spending.

## PROPOSED DISBURSEMENTS BY PROGRAM CATEGORY
## GENERAL FUND - ($ amounts in thousands)

| | Estimated 2004-05 | Proposed 2005-06 | Amount Change | Percent Change |
|---|---|---|---|---|
| **Health & Social Welfare** | | | | |
| Medical Assistance | $7,318,759 | $7,312,601 | (6,158) | -0.1% |
| Income Maintenance | 1,121,796 | 1,032,908 | (88,888) | -7.9% |
| Health | 825,127 | 878,679 | 53,552 | 6.5% |
| Other | 1,829,930 | 1,999,960 | 170,030 | 9.3% |
| **Health - Total** | **11,095,612** | **11,224,148** | **128,536** | **1.2%** |
| **Education** | | | | |
| School Aid | 12,907,149 | 13,227,650 | 320,501 | 2.5% |
| State University | 1,293,028 | 1,261,673 | (31,355) | -2.4% |
| City University | 744,515 | 899,649 | 155,134 | 20.8% |
| Other | 2,459,344 | 2,349,403 | (109,941) | -4.5% |
| **Education - Total** | **17,404,036** | **17,738,375** | **334,339** | **1.9%** |
| **Mental Hygiene** | | | | |
| Mental Health | 1,324,061 | 1,332,641 | 8,580 | 0.6% |
| Developmentally Disabled | 841,810 | 835,907 | (5,903) | -0.7% |
| Other | 282,639 | 297,215 | 14,576 | 5.2% |
| **Mental Hygiene - Total** | **2,448,510** | **2,465,763** | **17,253** | **0.7%** |
| **Transportation** | **117,526** | **103,140** | **(14,386)** | **-12.2%** |
| **Public Protection** | **2,796,943** | **2,731,099** | **(65,844)** | **-2.4%** |
| **General Government** | **876,140** | **1,000,143** | **124,003** | **14.2%** |
| **Environmental Affairs** | **225,830** | **219,700** | **(6,130)** | **-2.7%** |
| **Economic Affairs** | **220,590** | **256,138** | **35,548** | **16.1%** |
| **All Others** | | | | |
| Local Government Assistance | 972,661 | 1,023,650 | 50,989 | 5.2% |
| General State Charges/Misc | 4,276,943 | 4,818,934 | 541,991 | 12.7% |
| Long Term Debt Service | 1,731,820 | 1,665,731 | (66,089) | -3.8% |
| Other | 1,748,364 | 1,828,329 | 79,965 | 4.6% |
| **All Other - Total** | **8,729,788** | **9,336,644** | **606,856** | **7.0%** |
| **Total** | **$43,914,975** | **$45,075,150** | **$1,160,175** | **2.6%** |

Source: Executive Budget    SFY 2004-05 is adjusted for Medicaid spending.

## SFY 2005-06 EXECUTIVE BUDGET - WORKFORCE IMPACT

| Agency | Current FTE | Abolition | Attrition | Transfers between Agencies | Mergers | New Fills | Net Change | Executive Proposed FTE |
|---|---|---|---|---|---|---|---|---|
| Adirondack Park Agency | 59 | 0 | 0 | 0 | 0 | 0 | 0 | 59 |
| Advocate for Persons w/Disabilities [1] | 15 | 0 | 0 | 0 | (15) | 0 | (15) | 0 |
| Aging, Office for the | 136 | 0 | (1) | 0 | 0 | 0 | (1) | 135 |
| Agriculture and Markets | 551 | 0 | (27) | 0 | 0 | 7 | (20) | 531 |
| Alcoholic Beverage Control Bd | 156 | 0 | 0 | 0 | 0 | 0 | 0 | 156 |
| Alcoholism and Substance Abuse | 958 | 0 | (4) | 0 | 0 | 2 | (2) | 956 |
| Arts, Council on the [2] | 55 | 0 | 0 | 0 | 400 | 0 | 400 | 455 |
| Audit and Control | 2,271 | 0 | 0 | 0 | 0 | 54 | 54 | 2,325 |
| Banking Department | 587 | 0 | 0 | 0 | 0 | 0 | 0 | 587 |
| Budget, Division of the | 330 | 0 | 0 | 0 | 0 | 0 | 0 | 330 |
| Capital Defender Office | 59 | 0 | 0 | 0 | 0 | 0 | 0 | 59 |
| Children & Family Svcs., Office of | 3,853 | 0 | (99) | 0 | 0 | 0 | (99) | 3,754 |
| Civil Service, Dept of | 575 | 0 | 0 | 0 | 0 | 0 | 0 | 575 |
| Collective Bargaining Agreements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Commission Correction | 35 | 0 | 0 | 0 | 0 | 0 | 0 | 35 |
| Consumer Protection Board | 29 | 0 | 0 | 0 | 0 | 0 | 0 | 29 |
| Correctional Services | 31,045 | 0 | (76) | 0 | 0 | 0 | (76) | 30,969 |
| Criminal Justice Services | 709 | 0 | (17) | 0 | 28 | 0 | 11 | 720 |
| Crime Victims Board | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 103 |
| Deferred Compensation Board | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| Economic Development, Dept of | 219 | 0 | (4) | 0 | 0 | 0 | (4) | 215 |
| Education Department, State | 3,054 | 0 | (20) | 0 | (1,150) | 0 | (1,170) | 1,884 |
| Ed. Accountability & Efficiency | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 |
| Election, State Board of | 41 | 0 | 0 | 0 | 0 | 6 | 6 | 47 |
| Employee Relations, Office of | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 72 |
| Environmental Conservation | 3,345 | 0 | (157) | 0 | 0 | 164 | 7 | 3,352 |
| Environmental Facilities Corp. | 92 | 0 | 0 | 0 | 0 | 0 | 0 | 92 |
| Executive Chamber | 153 | 0 | 0 | 0 | 0 | 0 | 0 | 153 |
| Financial Control Board, NYS | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 17 |
| General Service, Office of | 1,633 | 0 | 0 | 0 | 0 | 76 | 76 | 1,709 |
| Health, Department of | 5,872 | 0 | (469) | 0 | 0 | 559 | 90 | 5,962 |
| Higher Education Services Corp. | 725 | 0 | 0 | 0 | 0 | 0 | 0 | 725 |
| Homeland Security | 76 | 0 | 0 | 0 | 0 | 10 | 10 | 86 |
| Housing and Community Renewal | 935 | 0 | 0 | 0 | 0 | 0 | 0 | 935 |
| Hudson River Greenway | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Human Rights, Division of | 203 | 0 | 0 | 0 | 0 | 0 | 0 | 203 |
| Inspector General, Office of State | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 68 |
| Insurance Department | 908 | 0 | 0 | 0 | 0 | 10 | 10 | 918 |
| Interest on Lawyer Account | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 9 |
| Investigation, Temp State Comm. | 31 | 0 | 0 | 0 | 0 | 0 | 0 | 31 |
| Judicial Commissions | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 28 |
| Labor, Department of [3] | 4,138 | 0 | (9) | 0 | 2,097 | 10 | 2,098 | 6,236 |
| Labor Management Committees | 53 | 0 | 0 | 0 | 0 | 0 | 0 | 53 |
| Law, Department of | 1,735 | 0 | 0 | 0 | 0 | 0 | 0 | 1,735 |
| Lieutenant Governor, Office of | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Lottery, Division of | 337 | 0 | 0 | 0 | 0 | 4 | 4 | 341 |
| Lobbying, State Commission | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 18 |
| Mental Health, Office of | 16,107 | 0 | (10) | 0 | 0 | 38 | 28 | 16,135 |
| Mental Retardation | 21,598 | 0 | 0 | 0 | 0 | 61 | 61 | 21,659 |
| Military and Naval Affairs | 570 | 0 | 0 | 0 | 0 | 14 | 14 | 584 |
| Motor Vehicles, Department of | 2,764 | 0 | (2) | 0 | 0 | 0 | (2) | 2,762 |
| N.E. Queens Nature & Historic Comm. | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Parks, Recreation & Hist. Pres. | 1,557 | 0 | 0 | 0 | 0 | 9 | 9 | 1,566 |
| Parole, Division of | 2,089 | 0 | (67) | 0 | 0 | 0 | (67) | 2,022 |
| Prevention of Domestic Violence | 33 | 0 | 0 | 0 | 0 | 0 | 0 | 33 |
| Probation & Correctional Alt. [4] | 28 | 0 | 0 | 0 | (28) | 0 | (28) | 0 |
| Public Security, Office of | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Agency | Current FTE | Abolition | Attrition | Transfers between Agencies | Mergers | New Fills | Net Change | Executive Proposed FTE |
|---|---|---|---|---|---|---|---|---|
| Public Service, Department of | 545 | 0 | 0 | 0 | 0 | 0 | 0 | 545 |
| Qual. Care/Advocacy Mental Disabled | 90 | 0 | 0 | 0 | 15 | 0 | 15 | 105 |
| Racing and Wagering Board | 133 | 0 | 0 | 0 | 0 | 2 | 2 | 135 |
| Real Property Service, Office of | 401 | 0 | 0 | 0 | 0 | 0 | 0 | 401 |
| Regulatory Reform, Office of | 36 | 0 | 0 | 0 | 0 | 0 | 0 | 36 |
| Science, Tech.& Academic Research | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 30 |
| State Labor Relations Board | 37 | 0 | 0 | 0 | 7 | 0 | 7 | 44 |
| State, Department of | 847 | 0 | (9) | 0 | 0 | 15 | 6 | 853 |
| State Police, Division of | 5,718 | 0 | (5) | 0 | 0 | 0 | (5) | 5,713 |
| Statewide Wireless Network | 25 | 0 | 0 | 0 | 0 | 20 | 20 | 45 |
| Tax Appeals, Division of | 30 | 0 | 0 | 0 | 0 | 1 | 1 | 31 |
| Taxation & Finance, Department of | 4,766 | 0 | 0 | 0 | 0 | 0 | 0 | 4,766 |
| Technology, Office for | 656 | 0 | 0 | 0 | 0 | 43 | 43 | 699 |
| Temporary & Disability Assistance | 2,347 | 0 | 0 | 0 | 185 | 0 | 185 | 2,532 |
| Transportation, Department of | 9,485 | 0 | (12) | 0 | 0 | 2 | (10) | 9,475 |
| Veterans' Affairs, Division of | 113 | 0 | 0 | 0 | 0 | 0 | 0 | 113 |
| Welfare Inspector General | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 10 |
| Workers' Compensation Board | 1,544 | 0 | (5) | 0 | (1,539) | 0 | (1,544) | 0 |
| **Subtotal** | **136,863** | **0** | **(993)** | **0** | **0** | **1,127** | **134** | **136,997** |
| **Adjustment** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total** | **136,863** | **0** | **(993)** | **0** | **0** | **1,127** | **134** | **136,997** |
| **Universities & Off-Budget Agencies** | | | | | | | | |
| City University | 10,854 | 0 | (107) | 0 | 0 | 464 | 357 | 11,211 |
| Industrial Exhibit Authority | 46 | 0 | 0 | 0 | 0 | 0 | 0 | 46 |
| Roswell Park | 2,280 | 0 | 0 | 0 | 0 | 0 | 0 | 2,280 |
| SUNY Construction Fund | 125 | 0 | 0 | 0 | 0 | 0 | 0 | 125 |
| State Insurance Fund | 2,665 | 0 | 0 | 0 | 0 | 0 | 0 | 2,665 |
| State University | 38,100 | 0 | 0 | 0 | 0 | 0 | 0 | 38,100 |
| **GRAND TOTAL** | **190,933** | **0** | **(1,100)** | **0** | **0** | **1,591** | **491** | **191,424** |

[1] The Executive proposes the creation of the Commission on Quality of Care and Advocacy for Persons Disabilities, eliminating the Office of Advocate for Persons with Disabilities and consolidating its functions with those of the Commission of Quality Care for the Mentally Disabled. This will result in the transfer of 15 FTEs from the Office of Advocate for Persons with Disabilities to the Commission of Quality Care for the Mentally Disabled.

[2]The Executive proposes the creation of a new public benefit corporation, the New York Institute for Cultural Education (NYICE), within the Council on the Arts. NYICE will oversee statewide cultural educational programs such as the State Museum and the State Archives, programs currently administered by the State Education Department (SED). The proposal would result in a transfer of 400 FTEs from SED to NYICE.

[3] The Executive proposes a transfer of welfare-to-work programs from the Department of Labor to the Office Of Temporary and Disability Assistance (OTDA). This proposal would result in the transfer of 185 FTEs from Labor to OTDA.

[4] The Executive proposes the merger of the Division of Probation and Correctional Alternatives into the Division of Criminal Justice Services (DCJS). This will result in the transfer of 28 FTEs the from Division of Probation and Correctional Alternatives to DCJS.

[5] The Executive proposes the creation of a new board, the State Labor Relations Board (SLRB), which will resolve labor disputes between employers and employees in the public and private sectors. The proposal would result in a transfer of 7 FTEs from the Public Employment Relations Board (PERB) and the State Employment Relations Board (SERB) to SLRB.