

## FISCAL OVERVIEW

All Funds disbursements for the enacted State Fiscal Year (SFY) 2011-12 Budget are projected to be approximately \$131.7 billion, a decrease of \$3.1 billion or 2.3 percent from SFY 2010-11.

State Funds disbursements, which consist of the General Fund plus Debt Service Funds, Capital Funds and Other State Funds are projected to total \$92.8 billion, an increase of \$2.7 billion or three percent from SFY 2010-11. State Operating Funds, which are State Funds excluding Capital Funds, total \$86.9 billion, an increase of \$2.5 billion or 2.9 percent from SFT 2010-11.

General Fund disbursements are estimated to total \$56.9 billion, an increase of \$1.6 billion or 2.8 percent from SFY 2010-11. This increase is primarily due to the loss of federal assistance under the American Recovery and Reinvestment Act.

Highlights of the SFY 2011-12 Enacted Budget include the following:

- **Education.** The Enacted Budget provides a two year appropriation for school aid which includes an \$800 million increase in School Year (SY) 2012-13. This increase will allow for a phase-in of the Foundation Aid formula, a reduction in the Gap Elimination Adjustment, and the present law reimbursement of expense-based aids and other programs within General Support for Public Schools (GSPS) within a personal income growth cap. Beginning in 2012-13, the growth in School Aid would be determined by the growth of personal income in the State.

The Legislature restores \$230 million in State Fiscal Year for GSPS, providing a total of \$19.6 billion in SY 2011-12.

The Legislature denies the Executive's proposal to shift costs to school districts for the Summer School Special Education (4408) program.

- **Higher Education.** The Enacted Budget provides a \$60 million restoration in operating support for SUNY Hospitals at Stony Brook, Syracuse and Brooklyn, and also restores \$3.8 million in operating support to the Long Island Veterans Home. The Budget restores \$12.9 million to SUNY Community Colleges and \$5.1 million at CUNY Community Colleges, providing State assistance of up to \$2,122 per Full Time Equivalent student. Child care centers at SUNY and CUNY are supported at a combined \$1.2 million.

The final budget agreement also allows for SUNY Downstate to acquire Long Island College Hospital and adds language to facilitate SUNY Upstate's acquisition of the Community General Hospital of Syracuse.

The enacted budget makes modifications to procurement law that would allow SUNY and CUNY to purchase certain goods without prior approval from the Comptroller and the Attorney General.

- **Medicaid/Public Health.** The Enacted Budget provides appropriations to support \$52.96 billion in All Funds Medicaid spending, a year-to-year reduction of \$884 million. For the first time, the budget appropriates funding for the Medicaid program in a two-year basis, and will limit year-to-year spending increases in Medicaid to the ten-year rolling average of the medical component of the Consumer Price Index.

The Enacted Budget accepts \$2.67 billion in State share reductions to the Medicaid program, out of the \$2.85 billion in reductions proposed by the Governor's Medicaid Redesign Team (MRT). Included among \$194.35 million in State share restorations is the rejection of a proposal to cap non-economic damages resulting from medical malpractice lawsuits, a restoration of the "physician prevails" provision when prescriptions are delivered on a fee-for-service basis under the Medicaid program and a 50 percent restoration to proposed reductions in Early Intervention rates.

The Enacted Budget also accepts \$113.95 million in reductions to public health programs, out of \$157.8 million in reductions proposed by the Executive. The Legislature rejects an Executive proposal to eliminate Medicare Part D premium assistance under the Elderly Pharmaceutical Insurance Coverage (EPIC) program and provides \$22.3 million.

- **Human Services.** The Enacted Budget includes net restorations of \$91 million for various human services programs including a full restoration of Title XX discretionary funding; and a full restoration of funding for the Summer Youth Employment Program.
- **Housing.** The Enacted Budget provides an additional \$6 million for the Rural Preservation Program and Neighborhood Preservation Program, restoring both to State Fiscal Year (SFY) 2010-11 funding levels. The Legislature also provides additional capital support for the Main Street Program (\$2.2 million), the Access to Home Program (\$1 million) and the Low Income Housing Trust Fund (\$3.2 million).

In addition, the legislature provided \$1.5 million to provide continued support for the Foreclosure Prevention Program. These funds were subsequently vetoed by the Governor.

- **State Operations and Workforce.** The Enacted Budget includes \$1.4 billion in State Operations and workforce reductions, which is comprised of \$485 million in

non-personal service reductions taken across all State agencies, \$450 million in reductions to be achieved through negotiations between the Executive and State employee labor unions and \$365 million in reductions to SUNY, CUNY and SUNY Hospitals. Additionally, the Enacted Budget assumes \$100 million in reductions will result from facility closures, agency consolidations and mergers. The Enacted Budget also includes an Article VII provision to provide for the reorganization of government agencies and functions, subject to the approval of the Legislature.

- **STAR.** The Enacted Budget accepts the Executive proposal to limit the year-over-year growth in STAR benefits to two percent and authorizes the repayment of exemptions when the property owner received benefits for which they were not eligible; an application fee of five hundred dollars and applicable interest will be required. The anticipated savings applicable to limiting the year-over-year growth in STAR is \$125,000,000 in SFY 2011-12 and \$212,000,000 in SFY 2012-13 while the repayment of exemptions is expected to generate \$100,000 annually.

In addition, the Department of Taxation and Finance anticipates that audits of the STAR program will generate \$50,000,000 in additional savings in 2012-13.

## **Receipts**

General Fund receipts for the State Fiscal Year 2011-12 Enacted Budget are estimated at \$57.3 billion, an increase \$2.8 billion or 5.2 percent from SFY 2010-11.

Receipts of the State, excluding federal receipts, are estimated at \$88.4 billion, an increase of \$4.4 billion or 5.3 percent from SFY 2010-11. State receipts excluding federal and capital receipts are estimated to \$83 billion, an increase of \$4.2 billion or 5.4 percent from SFY 2010-11.

Receipts on an All Funds basis are projected to be approximately \$131.7 billion, a net decrease of \$1.6 billion or 1.2 percent from SFY 2010-11.

## Closing Balance and Reserves

The Legislative Financial Plan anticipates a General Fund closing balance (including certain reserves) of \$1.7 billion.

Restricted reserves are projected to be \$1.4 billion and include:

Tax Stabilization Reserve Fund	\$1,031
Statutory Rainy Day Reserve	275
Community Projects	51
Contingency Reserve Fund	21

Unrestricted reserves of \$359 million and include:

Labor Agreements	346
Debt Management	13

**CASH FINANCIAL PLAN  
ALL FUNDS  
Enacted 2011-12  
(millions of dollars)**

	<b>2011-12 Enacted</b>
Opening fund balance	3,811
<b>Receipts:</b>	
Taxes	64,976
Miscellaneous receipts	23,407
Federal grants	43,305
<b>Total Receipts</b>	<b>131,688</b>
<b>Disbursements:</b>	
Grants to local governments	95,404
State operations	18,424
General State charges	6,833
Debt service	5,855
Capital projects	5,182
<b>Total Disbursements</b>	<b>131,698</b>
<b>Other financing sources (uses)</b>	
Bond and note proceeds	484
Transfers from other funds	26,805
Transfers to other funds	(26,830)
<b>Net other financing sources (uses)</b>	<b>459</b>
Deposit to/(use of) Community Projects Fund	<b>0</b>
Deposit to/(use of) Prior Year Reserves	<b>0</b>
Deposit to/(use of) Debt Reduction Reserve	<b>0</b>
Change in fund balance	449
Closing fund balance	4,260

**CASH FINANCIAL PLAN**  
**STATE FUNDS**  
**Enacted 2011-12**  
**(millions of dollars)**

	<b>2011-12</b>	<b>Enacted</b>
Opening fund balance		3,908
<b>Receipts:</b>		
Taxes		64,976
Miscellaneous receipts		23,275
Federal grants		145
<b>Total Receipts</b>		<b>88,396</b>
<b>Disbursements:</b>		
Grants to local governments		59,465
State operations		16,728
General State charges		6,530
Debt service		5,855
Capital projects		4,226
<b>Total Disbursements</b>		<b>92,804</b>
<b>Other financing sources (uses)</b>		
Transfers from other funds		27,136
Transfers to other funds		(22,746)
Bond and note proceeds		484
		0
<b>Net other financing sources (uses)</b>		<b>4,874</b>
Deposit to/(use of) Community Projects Fund		0
Deposit to/(use of) Prior Year Reserves		0
Change in fund balance		466
Closing fund balance		4,374

**CASH FINANCIAL PLAN**  
**GENERAL FUND**  
**Enacted 2011-12**  
**(millions of dollars)**

	<b>2011-12 Enacted</b>
Opening fund balance	1,376
<b>Receipts:</b>	
Taxes	
Personal Income Tax	26,001
User taxes and fees	9,105
Business taxes	6,101
Other taxes	1,030
Miscellaneous receipts	3,098
Federal grants	60
Transfers from other funds	
- PIT Revenue Bond	8,096
- LGAC	2,409
- RETT	395
- All other	998
<b>Total Receipts</b>	<b>57,293</b>
<b>Disbursements:</b>	
Grants to local governments	38,888
State operations	7,356
General State charges	4,668
Transfers to other funds	
- Debt service	1,449
- Capital projects	800
- State Share Medicaid	3,032
- Other purposes	739
<b>Total Disbursements</b>	<b>56,932</b>
Change in fund balance	361
Closing fund balance	1,737
Tax Stabilization Reserve Fund	1,031
Statutory Rainy Day Reserve Fund	275
Contingency Reserve Fund	21
Community Projects Fund	51
Reserved for Prior-Yr Labor Agreements (2007-2011)	346
Reserved for Debt Reduction	13



## SUMMARY OF LEGISLATIVE ACTIONS ON THE REVENUE PROVISIONS IN THE SFY 2011-12 EXECUTIVE BUDGET

### Overview

The Enacted Budget will increase revenues by \$344 million in State Fiscal Year (SFY) 2011-12. The Enacted Budget also rejected various Executive Budget proposals that would have increased revenues by \$32 million. In addition, the Legislature is required to report on any action to continue, modify or repeal any tax expenditure and these changes are identified in the discussion below.

### Legislative Action on the Executive Budget Proposals

The Legislature denied the following Executive revenue proposals which would have increased revenue by \$32 million in SFY 2011-12:

- Changing the taxation of Cooperative Insurance Companies;
- Removing restrictions from the Quick Draw Lottery game; and
- Amending the Department of Taxation and Finance's powers regarding Empire Zone credits.

The Legislature also modified the following Executive revenue enhancement proposals:

- Tax shelter reporting;
- Excess lines federal conformity;
- Excelsior Jobs Program amendments;
- Multijurisdictional Lottery payout change; and the
- Tax modernization program.

Proposals related to the following items were accepted as submitted by the Executive:

- Abandoned property changes;
- Offset of lottery winning;
- Financial services investment tax credit;
- Bank tax and Gramm Leach Bliley extenders;
- Modernization of fuel definitions;
- Alternative fuels exemption extender;
- Streamlining the distribution of motor vehicle fees;
- Low income housing credit;
- Authorizing VLT freeplay allowance;
- Authorizing additional 75 percent Lottery games;
- Multijurisdictional Video Lottery games; and
- Pari-Mutuel tax reduction.

## **Legislative Additions to the Executive Budget**

Language was enacted to reduce the tobacco retailer registration fee which is now dependant on gross sales to a flat \$300 fee.

Language was enacted to create an Economic Transformation and Facilities Redevelopment Program which will offer tax incentives to redevelop communities affected by prison or youth facility closures.

LEGISLATIVE ACTIONS AND ADDITIONS TO THE EXECUTIVE BUDGET							
ALL GOVERNMENTAL FUNDS							
(millions of dollars)							
REVENUE PROPOSALS	Actions	SFY 2011-12	Diff Exec	Net	SFY 2012-13	Diff Exec	Net
<b>USER TAXES AND FEES</b>		<b>\$0</b>	<b>\$3</b>	<b>\$3</b>	<b>\$0</b>	<b>\$5</b>	<b>\$5</b>
Modernize certain fuel definitions.	Accept	-	-	-	-	-	-
Extend the alternative fuels tax exemptions for one year.	Accept	-	-	-	-	-	-
Amend Tobacco Retail Registration fees	Added	-	3	3	-	5	5
<b>BUSINESS TAXES</b>		<b>\$22</b>	<b>(\$22)</b>	<b>\$0</b>	<b>\$16</b>	<b>(\$16)</b>	<b>\$0</b>
Make tax shelter reporting provisions permanent.	Modified	-	-	-	-	-	-
Provide the DED with continuing authority to monitor Empire Zone Program compliance and to decertify non-complying businesses.	Rejected	-	-	-	-	-	-
Extend the financial services investment tax credit to certain broker-dealers for four years from October 1, 2011 to October 1, 2015.	Accept	-	-	-	-	-	-
Authorize additional credits of \$4 million for the Low-Income Housing Credit.	Accept	-	-	-	-	-	-
Improve the effectiveness of the Excelsior Jobs Program.	Accept	-	-	-	-	-	-
Limit the exemption provided for town or county cooperative insurance corporations under the Insurance Franchise Tax.	Rejected	22	(22)	-	16	(16)	-
Conform the New York State Insurance and Tax laws to the Federal Dodd-Frank Act excess lines tax provisions and authorize New York State to participate in a national compact that collects and remits excess lines taxes to the states.	Modified	-	-	-	-	-	-
Extend Gramm-Leach Bliley provisions for two years and make Bank Tax Extender permanent.	Accept	-	-	-	-	-	-
Creates the Community Transformation Program	Added	-	-	-	-	-	-
<b>OTHER</b>		<b>\$65</b>	<b>\$0</b>	<b>\$65</b>	<b>\$80</b>	<b>\$0</b>	<b>\$80</b>
Abandoned property dormancy periods	Accept	65	-	65	80	-	80
<b>LOTTERY AND GAMING</b>		<b>\$61</b>	<b>(\$10)</b>	<b>\$51</b>	<b>\$101</b>	<b>(\$44)</b>	<b>\$57</b>
Offset lottery winnings by outstanding tax liabilities.	Accept	5	-	5	10	-	10
Eliminate restrictions on the operation of Quick Draw.	Rejected	10	(10)	-	44	(44)	-
Authorize a Free Play Allowance Program for VLTs.	Accept	38	-	38	38	-	38
Allow two additional 75 percent Instant Lottery Games.	Accept	4	-	4	4	-	4
Allow for a higher prize pay-out on multi-jurisdictional Lottery Games.	Modified	-	-	-	-	-	-
Authorize multi-jurisdictional Video Lottery gaming.	Accept	4	-	4	5	-	5
Extend Pari-Mutuel tax rates and rules governing simulcasting of out-of-state races.	Accept	-	-	-	-	-	-
<b>TAX ADMINISTRATION</b>		<b>\$225</b>	<b>\$0</b>	<b>\$225</b>	<b>\$225</b>	<b>(\$56)</b>	<b>\$169</b>
Simplify the distribution of Motor Vehicle fees.	Accept	-	-	-	-	-	-
Tax Modernization Program Increased Revenues	Modified	200	-	200	200	(50)	150
Tax Modernization Program Administrative Savings	Modified	25	-	25	25	(6)	19
<b>TOTAL</b>		<b>\$373</b>	<b>(\$29)</b>	<b>\$344</b>	<b>\$422</b>	<b>(\$111)</b>	<b>\$311</b>



**SUMMARY OF THE REVENUE PROVISIONS CONTAINED IN THE ENACTED BUDGET  
REVENUE S. 2811-C/A. 4011-C**

**Part A – Abandoned Property Spin Up.** The Legislature concurs with the Executive proposal by changing from five to three years the amount of time it takes for a condemnation award, credit balances arising from loans, bank accounts, lost cash, money on deposits to secure funds, court bail, certain trusts, escrow accounts and child or spousal support to be deemed abandoned property and collected by the state. The Legislature also concurs with the proposed change of the amount of time a surplus from the sale of pledged property will become abandoned property from six years to three years. In addition, the Legislature advanced certain changes to streamline the administration of the abandoned property program.

**Part B - Tax Shelter Reporting.** The Legislature amends the Executive proposal by extending the provisions of the tax law relating to tax shelter disclosure and penalties by four years until April 1, 2015. First enacted in 2005, these provisions require the disclosure of information necessary to detect the use of tax shelters by taxpayers.

**Part D – Offset of Lottery Winnings.** The Legislature concurs with the Executive proposal to allow the Division of Lottery to intercept lottery prizes for the payment of outstanding tax liabilities. Currently, the Tax Department is authorized to intercept a taxpayer's tax refund in order to pay outstanding tax liabilities, child support payments, education loans, or debts to state agencies. In addition, the Division of Lottery is authorized to intercept a lottery winner's awards for the payment of outstanding child support and the repayment of public assistance benefits.

**Part E – Financial Services Investment Tax Credit.** The Legislature concurs with the Executive proposal to extend the financial services investment tax credit for four years, until October 1, 2015. The credit is also extended for the corporation franchise tax, personal income tax, bank tax and insurance tax.

**Part F - Low-Income Housing Credit.** The Legislature concurs with the Executive to authorize an additional \$4 million in low-income housing credits for ten years, allowing the Commissioner of Housing and Community Renewal to allocate a total of \$32 million in these credits per year.

**Part G – Excelsior Jobs Program Amendments.** The Legislature concurs with the Executive's proposal to enhance the Excelsior Jobs Program to:

- Amend the calculation of the Excelsior New Jobs Tax Credit from a percentage of salary and benefits, capped at \$5,000, to 6.85 percent of gross wages with no cap.
- Phase-down the real property tax credit from 50 percent to 5 percent over ten years as opposed to a phase down to ten percent over five years.

- Apply the real property tax credit to real property taxes assessed on the property after any improvements.
- Increase the research and development credit from 10 percent to 50 percent of the federal credit. The credit would be capped at three percent of qualified research and development expenditures.

The Legislature also amends the Executive's proposal to allow Agricultural Co-ops to participate in the program.

**Part I – Conform the New York State Insurance and Bank Laws to the Federal Dodd-Frank excess lines tax provisions and authorize New York State to participate in a national compact that collects and remits excess lines taxes to the states.** The Legislature amends the Executive's proposal to conform certain definitions and state regulation of excess line brokers in the Insurance Law with the Federal Dodd-Frank Wall Street Reform and Consumer Protection Act by allowing for New York State to tax 100 percent of the excess lines risk premium if the insured party is either a resident of New York State or 100 percent of the risk premium is located in New York State. The Legislature denies the authorization to allow New York State's Superintendent of Insurance to enter into a multi-state agreement that authorizes participation in a national clearinghouse for the purpose of collecting, allocating and disbursing taxes on excess lines premiums to participating states.

**Part J - 1985 Bank Tax Extension and Gramm-Leach-Bliley Extender.** The Legislature concurs with the Executive proposal make permanent the major provisions of the 1985 and 1987 bank tax reforms and extending for two years the transitional provisions in New York's bank tax that were originally enacted in response to the Federal Gramm-Leach-Bliley Act.

**Part K – Modernize Fuel Definitions.** The Legislature concurs with the Executive proposal to change the definitions of fuels in the tax law to match the definitions in Federal law. This will change the current assignment of taxation from the fuel's level of "enhancement" to the federal basis of whether the fuel is dyed. Changes at the federal level regarding the use of low sulfur diesel and changes enacted by New York State in 2010 requiring all home heating fuel to be low sulfur fuel necessitated this change. This Part does not change any tax rates. Additionally, the definition for E85 is amended to match federal standards to allow the alternative fuels exemption for all seasonal mixes of E85.

**Part L – Alternative Fuels Exemption.** The Legislature concurs with the Executive proposal to extend the sunset date of the exemption for alternative fuels from September 1, 2011 to September 1, 2012. This provision of law allows E85, compressed natural gas and hydrogen a full exemption and B20 a partial exemption from the motor fuel tax, the petroleum business tax, the fuel use tax and state and local sales taxes. The definition for E85 is amended to match federal standards to allow the alternative fuels exemption for all seasonal mixes of E85.

**Part M – Streamline the Distribution of Motor Vehicle Fees.** The Legislature concurs with the Executive proposal to streamline the disposition of revenues from motor vehicle taxes and fees. Currently, some motor vehicle fees are counted as miscellaneous receipts and flow directly into the General Fund while motor vehicle taxes and other fees flow to the Dedicated Funds Pool. Any excess over \$169.4 million then flows into the General Fund. This new method will not result in a General Fund or Dedicated Funds Pool receipt increase or decrease; the method will streamline the way the state accounts for Motor Vehicle Fee collections and disbursements.

**Part O – Authorizes a Free Play Allowance Program.** The Legislature concurs with the Executive proposal to give the Division of Lottery the ability to authorize a free play allowance program for all nine Video Lottery Gaming (VLG) facilities. The free play allowance program will allow VLG facilities to offer free play credits up to an amount equal to 10 percent of net machine income without having to include free plays in the calculation of net machine income (NMI) distributions.

**Part P – Additional 75 percent Instant Lottery Games.** The Legislature concurs with the Executive proposal to expand from three to five the number of new instant scratch off games that may offer a 75 percent payout.

**Part Q – Multi-Jurisdictional Lottery Game Higher Prize Payouts.** The Legislature amends the Executive proposal to allow the Division of Lottery to increase the prize payouts to up to 55 percent on multi-jurisdictional lottery games. Currently, New York State participates in the Mega Millions and Powerball multi-jurisdictional lottery games. Among participating states, New York is the only state that has a prize payout limit.

**Part R – Multi-Jurisdictional Video Lottery Gaming.** The Legislature concurs with the Executive proposal to allow the Division of Lottery to enter into VLG agreements with other states for the purpose of creating multi-state progressive jackpot games. Currently, VLG facilities within the state work together in administering progressive jackpots.

**Part S – Pari-Mutuel Tax.** The Legislature concurs with the Executive proposal to extend lower pari-mutuel tax rates and rules governing simulcasting of out-of-state races for one year.

**Part T – Tobacco Retail Registration Fee.** Language was enacted to reduce the Tobacco Retail Registration Fee from the current levels of \$1,000, \$2,500 and \$5,000, depending on gross sales of the establishment down to a flat fee of \$300. This reduction is retroactive, beginning with the 2010 fee.

**Part U – Tax Modernization.** The Legislature concurs with the Executive recommendation to authorize the establishment of standards for Electronic Real Property Tax Administration, with an amendment to allow local discretion to opt into the program.

The Legislature concurs with the Executive recommendation to make those requirements regarding placing final assessment rolls on local government websites to be consistent with existing website requirements for tentative assessment rolls.

The Legislature rejects the Executive proposal to implement an e-government data system.

The Legislature accepts the Executive recommendation to allow localities to use third party vendors for the collection of taxes, as amended to authorize the State Comptroller to issue guidelines to govern the use of such vendors.

The Legislature concurs with the Executive tax modernization program which will allow the Department of Taxation and Finance, with the permission of the taxpayer, to use secure electronic means to deliver documents to account holders.

The Legislature amends the Executive proposal to require tax preparers that prepare more than five state returns to e-file and e-pay all of the returns that they prepare. Additionally, for the tax filing season in 2011, if the total number of e-filers reaches sufficient numbers then there will be no mandates on individual tax filers. However, if there are still not a sufficient number of e-filers then in 2012 the Department will require e-filing and e-pay for all personal income taxpayers who use tax software to prepare their return. These provisions will sunset December 31, 2012.

The Legislature amends the Executive proposal to require sales tax vendors that have been delinquent in payments to set up a segregated bank account in which the taxpayer will be required to make weekly deposits of sales tax collections. The Department would then sweep these accounts after the deposit. These provisions will sunset December 31, 2012.

The Legislature concurs with the Executive's proposal to define debit cards used for the issuance of tax refunds the same as a state issued check for the purposes of abandoned property.

**Part V – Economic Transformation and Facility Redevelopment Program.** Language was enacted to provide an economic development incentive package for the redevelopment of communities impacted by prison and youth facility closures. The incentive package would be limited to businesses locating within a specified distance from the closed facility and will be available for a five year period. This package includes five refundable tax incentives for job creation and capital investments as follows:

- New Jobs Tax Credit - A tax credit equal to the product of 6.85 and wages paid for each new employee.
- Investment Tax Credit – A tax credit equal to 6 percent of capital investments made in the area surrounding the closed facility and 10 percent for redevelopment of the facility. These credits would be capped at \$4 million and \$8 million, respectively.

- Job Training Credit – Businesses will be allowed a tax credit equal to 50 percent of training expenses in relation to hiring a displaced worker from the closed facility. The tax credit would be capped at \$4,000 per employee per year.
- Real Property Tax Credit – A tax credit equal to 25 percent of property taxes paid for businesses locating in the area surrounding the closed facility and 50 percent of property taxes paid for the redevelopment of the closed facility. The credits will be phased out over the five year tax benefit period.
- Sales Tax Refund – Businesses or contractors of businesses will be allowed a refund of sales taxes paid for purchases made in relation to a capital construction project.
- In addition, \$50 million in capital funding is also available for communities impacted by prison and youth facility closures. Those funds are appropriated in the capital projects bill.



## THE FISCAL IMPACT OF THE SFY 2011-12 ENACTED BUDGET ON LOCAL GOVERNMENTS

The following charts detail the primary impacts on localities from the State Fiscal Year (SFY) 2011-12 Enacted Budget for local fiscal years that end in 2011 and 2012.

### Fiscal Impact of the SFY 2011-12 Enacted Budget on Local Governments in Local Fiscal Year Ending in 2011

<b>FISCAL IMPACT OF THE SFY 2011-12 ENACTED BUDGET ON LOCAL GOVERNMENTS</b>						
<b>Local Fiscal Year 2011</b>						
<b>(millions of dollars)</b>						
	<b>Total</b>	<b>NYC</b>	<b>School Districts</b>	<b>Counties</b>	<b>Other Cities</b>	<b>Towns &amp; Villages</b>
<b>HUMAN SERVICES</b>	<b>(21.2)</b>	<b>(16.4)</b>	<b>(4.2)</b>	<b>(0.6)</b>	<b>0.0</b>	<b>0.0</b>
Shift a Portion of the State Share for CSE to School Districts	(8.7)	(4.5)	(4.2)	0.0	0.0	0.0
Eliminate Open-Ended Funding for Local Secure and Non-Secure Detention	(53.4)	(22.9)	0.0	(30.5)	0.0	0.0
Eliminate Funding for the Work Advantage Program	(8.8)	(8.8)	0.0	0.0	0.0	0.0
Increase NYC Homeless Services	3.8	3.8	0.0	0.0	0.0	0.0
Reduce State Share of Adoption Subsidy Program to 62%	(12.7)	(6.3)	0.0	(6.4)	0.0	0.0
Reduce Community Optional Preventative Services	(7.7)	(0.7)	0.0	(7.0)	0.0	0.0
Reduce Funding for YDDP/SDPP	(7.2)	(1.0)	0.0	(6.2)	0.0	0.0
Reduce Adult Homeless Shelter Reimbursement	(3.9)	(3.9)	0.0	0.0	0.0	0.0
Reduce Caseload Ratio Funding	(0.6)	0.0	0.0	(0.6)	0.0	0.0
Provide Supervision and Treatment Services for Juveniles	3.8	1.3	0.0	2.5	0.0	0.0
Establish New Detention Reimbursement	53.3	22.8	0.0	30.5	0.0	0.0
Maximize Public Assistance Shares	20.9	3.8	0.0	17.1	0.0	0.0
<b>HEALTH</b>	<b>(3.5)</b>	<b>(0.4)</b>	<b>0.0</b>	<b>(3.1)</b>	<b>0.0</b>	<b>0.0</b>
Eliminate Reimbursement for Optional General Public Health Works Services	(2.3)	0.0	0.0	(2.3)	0.0	0.0
Reform Early Intervention	(1.2)	(0.4)	0.0	(0.8)	0.0	0.0
<b>MENTAL HYGIENE</b>	<b>(2.7)</b>	<b>(0.5)</b>	<b>0.0</b>	<b>(2.2)</b>	<b>0.0</b>	<b>0.0</b>
Reduce OPWDD Services	(1.1)	(0.2)	0.0	(0.9)	0.0	0.0
Reduce OMH Local Government Unit Administration	(0.9)	(0.1)	0.0	(0.8)	0.0	0.0
All Other Mental Hygiene	(0.7)	(0.2)	0.0	(0.5)	0.0	0.0
<b>MUNICIPAL AID</b>	<b>(6.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.0)</b>	<b>(1.9)</b>	<b>(2.3)</b>
Reduce AIM to Cities, Towns and Villages	(4.4)	0.0	0.0	0.0	(3.4)	(1.0)
Modify VLT Aid Outside of Yonkers	0.2	0.0	0.0	0.0	1.5	(1.3)
Eliminate Miscellaneous Financial Assistance to Oneida & Madison Counties	(2.0)	0.0	0.0	(2.0)	0.0	0.0
<b>PUBLIC PROTECTION/GENERAL GOVERNMENT</b>	<b>(5.0)</b>	<b>(0.6)</b>	<b>0.0</b>	<b>(2.5)</b>	<b>0.0</b>	<b>(1.9)</b>
Reduce DCJS Local Assistance	(3.6)	(0.6)	0.0	(3.0)	0.0	0.0
Reduce Justice Court Assistance Program 50%	(1.9)	0.0	0.0	0.0	0.0	(1.9)
Provide Emergency Communications Funding to Oneida County	0.5	0.0	0.0	0.5	0.0	0.0
<b>ALL OTHER IMPACTS</b>	<b>15.0</b>	<b>3.0</b>	<b>0.5</b>	<b>11.0</b>	<b>0.9</b>	<b>(0.4)</b>
Implement Tax Modernization	17.1	3.0	0.2	12.4	1.1	0.4
Provide PILOT Payment on New State Owned Land	0.6	0.0	0.3	0.2	0.0	0.1
Reduce Office of Real Property Tax Services Local Assistance	(2.7)	0.0	0.0	(1.6)	(0.2)	(0.9)
<b>Total SFY 2011-12 Enacted Budget Actions</b>	<b>(23.6)</b>	<b>(14.9)</b>	<b>(3.7)</b>	<b>0.6</b>	<b>(1.0)</b>	<b>(4.6)</b>
Continuing Medicaid Cap and FHP Takeover Savings	1,844.4	1,214.7	0.0	629.7	0.0	0.0
<b>GRAND TOTAL</b>	<b>1,820.8</b>	<b>1,199.8</b>	<b>(3.7)</b>	<b>630.3</b>	<b>(1.0)</b>	<b>(4.6)</b>

## **Local Government Impact Changes from the Executive Proposal in 2011**

For local fiscal years ending in 2011 the Executive Budget had an impact of \$1.79 billion to local governments. In the Enacted Budget the impact to local governments is \$1.82 billion, representing an increase of \$25 million. The primary changes relate to various measures taken within Human Services and initiatives implemented in All Other Impacts. Human Services funding increased \$19.5 million over. This includes increases of \$3.3 million to the City of New York, \$4.1 million to school districts, and \$12.1 million to counties, respectively.

The Enacted Budget restored the following: The elimination of funding for local secure and non-secure detention; and shifting Title XX funding to Child Welfare Services. The Enacted Budget also provided for an additional program for New York City Homeless Services. This initiative provided an additional \$3.8 million to the City of New York.

## Fiscal Impact of the SFY 2011-12 Enacted Budget on Local Governments in Local Fiscal Year Ending in 2012

<b>FISCAL IMPACT OF THE SFY 2011-12 ENACTED BUDGET ON LOCAL GOVERNMENTS</b> <b>Local Fiscal Year 2012</b> <b>(millions of dollars)</b>						
	<b>Total</b>	<b>NYC</b>	<b>School Districts</b>	<b>Counties</b>	<b>Other Cities</b>	<b>Towns &amp; Villages</b>
<b>EDUCATION</b>	<b>(1,305.0)</b>	<b>(461.0)</b>	<b>(844.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Reduce School Aid	(1,305.0)	(461.0)	(844.0)	0.0	0.0	0.0
<b>HUMAN SERVICES</b>	<b>(84.3)</b>	<b>(66.3)</b>	<b>(17.2)</b>	<b>(0.8)</b>	<b>0.0</b>	<b>0.0</b>
Shift State Share for CSE to School Districts	(35.9)	(18.7)	(17.2)	0.0	0.0	0.0
Eliminate Open-Ended Funding for Local Secure and Non-Secure Detention	(79.6)	(47.2)	0.0	(32.4)	0.0	0.0
Eliminate Funding for the Work Advantage Program	(35.0)	(35.0)	0.0	0.0	0.0	0.0
Increase for NYC Homeless	15.0	15.0	0.0	0.0	0.0	0.0
Reduce State Share of Adoption Subsidy Program to 62%	(34.6)	(25.5)	0.0	(9.1)	0.0	0.0
Eliminate Community Optional Preventative Services	(12.2)	(2.8)	0.0	(9.4)	0.0	0.0
Eliminate Funding for YDDP/SDPP	(12.2)	(3.9)	0.0	(8.3)	0.0	0.0
Reduce Adult Homeless Shelter Reimbursement	(15.7)	(15.7)	0.0	0.0	0.0	0.0
Implement Phase II of the DOJ Remedial Plan	(1.5)	(0.5)	0.0	(1.0)	0.0	0.0
Reduce Caseload Ratio Funding	(0.8)	0.0	0.0	(0.8)	0.0	0.0
Delay Public Assistance Grant Increase	2.8	1.2	0.0	1.6	0.0	0.0
Close Youth Facilities	5.8	2.0	0.0	3.8	0.0	0.0
Establish New Detention Reimbursement	76.2	45.7	0.0	30.5	0.0	0.0
Provide Supervision and Treatment Services for Juveniles	5.6	4.1	0.0	1.5	0.0	0.0
Maximize Public Assistance Shares	37.8	15.0	0.0	22.8	0.0	0.0
<b>HEALTH</b>	<b>(28.3)</b>	<b>(12.6)</b>	<b>0.0</b>	<b>(15.7)</b>	<b>0.0</b>	<b>0.0</b>
Eliminate Reimbursement for Optional General Public Health Works Services	(32.9)	(13.5)	0.0	(19.4)	0.0	0.0
Reform Early Intervention	4.6	0.9	0.0	3.7	0.0	0.0
<b>MENTAL HYGIENE</b>	<b>(5.1)</b>	<b>(1.9)</b>	<b>0.0</b>	<b>(3.2)</b>	<b>0.0</b>	<b>0.0</b>
Reduce OPWDD Services	(1.9)	(0.7)	0.0	(1.2)	0.0	0.0
Reduce OMH Local Government Unit Administration	(1.9)	(0.5)	0.0	(1.4)	0.0	0.0
All Other Mental Hygiene	(1.3)	(0.7)	0.0	(0.6)	0.0	0.0
<b>MUNICIPAL AID</b>	<b>(16.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.0)</b>	<b>(11.7)</b>	<b>(2.8)</b>
Reduce AIM to Cities, Towns and Villages	(14.6)	0.0	0.0	0.0	(13.2)	(1.4)
Modify VLT Aid Outside of Yonkers	0.1	0.0	0.0	0.0	1.5	(1.4)
Reduce Miscellaneous Financial Assistance to Oneida & Madison Counties	(2.0)	0.0	0.0	(2.0)	0.0	0.0
<b>PUBLIC PROTECTION/GENERAL GOVERNMENT</b>	<b>(8.2)</b>	<b>(2.3)</b>	<b>0.0</b>	<b>(3.4)</b>	<b>0.0</b>	<b>(2.5)</b>
Reduce DCJS Local Assistance	(6.3)	(2.3)	0.0	(4.0)	0.0	0.0
Reduce Justice Court Assistance Program by 50%	(2.5)	0.0	0.0	0.0	0.0	(2.5)
Provide Emergency Communications Funding to Oneida County	0.6	0.0	0.0	0.6	0.0	0.0
<b>ALL OTHER IMPACTS</b>	<b>47.3</b>	<b>39.2</b>	<b>(1.9)</b>	<b>11.4</b>	<b>1.7</b>	<b>(3.1)</b>
Implement Tax Modernization	58.3	39.8	0.7	13.5	2.0	2.3
Provide PILOT Payment on New State Owned Land	0.4	0.0	0.2	0.1	0.0	0.1
Reduce Office of Real Property Tax Services Local Assistance	(11.4)	(0.6)	(2.8)	(2.2)	(0.3)	(5.5)
<b>Total SFY 2011-12 Enacted Budget Actions</b>	<b>(1,400.1)</b>	<b>(504.9)</b>	<b>(863.1)</b>	<b>(13.7)</b>	<b>(10.0)</b>	<b>(8.4)</b>
Continuing Medicaid Cap and FHP Takeover Savings	2,372.8	1,577.8	0.0	795.0	0.0	0.0
<b>GRAND TOTAL</b>	<b>972.7</b>	<b>1,072.9</b>	<b>(863.1)</b>	<b>781.3</b>	<b>(10.0)</b>	<b>(8.4)</b>

## **Local Government Impact Changes from the Executive Proposal in 2012**

For local fiscal years ending in 2012 the Executive Budget had an impact of \$603.4 million to local governments. In the Enacted Budget the impact to local governments is \$972.7 million, representing an increase of \$369.3 million. The primary changes were restorations of \$336.6 million to Education and \$29.9 million for various Human Services initiatives. These restorations provided an additional \$118.5 million to the City of New York, \$237.2 million to School Districts and \$11.7 million to Counties, respectively.

The Enacted Budget provides for a modification to the distribution of Video Lottery Terminal (VLT) aid to host municipalities. This change provided an additional \$1.5 million to Other Cities. In addition, the Enacted Budget rejected the implementation of Full Family Sanctions, and the creation of a Primary Prevention Incentive Program.

# **General Legislative Findings**

