

## FINAL (13<sup>th</sup>) EMERGENCY APPROPRIATION BILL FACT SHEET

**Overview:** The 13<sup>th</sup> Emergency Appropriation Bill includes funding to operate State government for the balance of the 2010-11 State Fiscal Year. This bill would result in approximate spending increases of 0.5 percent in State Funds and 3.0 percent in All Funds, adjusted for the delay in approximately \$2 billion of payments on 2009-10 liabilities that were actually made at the beginning of 2010-11 and federal pass-through spending related to ARRA. Final spending numbers will be calculated as part of the enacted budget financial plan prepared by DOB. As originally proposed in the Executive Budget, approximately 64 percent of the \$9.2 billion projected deficit for 2010-11 is closed through spending control, 13 percent through revenue actions, 6 percent through the use of non-recurring resources, 4 percent through enhanced enforcement actions, 11 percent through federal funds and 2 percent through other actions.

### EDUCATION AND THE ARTS

These bills would provide \$20.95 billion to school districts for the 2010-11 school year – an increase of \$426 million for the 2010-11 school year compared to what was previously proposed. These bills also include \$251 million in direct property tax relief for taxpayers by directing a large portion of this additional funding be used to mitigate school property taxes. The bill achieves necessary savings through maintaining operating formula aid at current levels, while implementing a one-time \$1 billion Gap Elimination Adjustment (GEA). With these actions, New York public schools will continue to spend more per pupil overall than nearly any other state.

The actions will result in a school year-to-school year reduction in School Aid of \$580 million (3 percent). Even after the year-to-year reduction to School Aid, State support for education will have increased by \$6.3 billion since 2003-04, a growth of 44 percent, at the same time that inflation increased by only 16 percent.

#### Summary of Major Actions

<b>Proposal</b>	<b>2010-11 Fiscal Year (millions)</b>
School Aid -- Gap Elimination Adjustment	1,199
Eliminate Funding for Teacher Centers (Federal Funding)	25
Reduce Supplemental Roosevelt Funding (Federal Funding)	4
Modify Payment Structure for Summer School Special Education	68
Use Federal funds for Preschool Special Education	61
Reduce Funding for CAP Program	2
Eliminate Funding for SURR Grants	2
Reduce Funding for Bundy Aid	1
Reduce Funding for Arts Grants	15
State Operations Reductions	6
<b>Total</b>	<b>1,383</b>

## **School Aid Actions**

These bills provide a net savings of \$1.2 billion in School Aid actions, while providing \$20.95 billion to school districts for the 2010-11 school year -- an increase of \$426 million for the 2010-11 school year compared to what was previously proposed.

**Reduce School Aid Through a Gap Elimination Adjustment.** The total School Aid amount of \$20.95 billion reflects a 3 percent (or \$640 million) year to year reduction. These bills allow for growth in existing expense-based aids (such as Building Aid and Transportation Aid) while making a one-year \$1.02 billion Gap Elimination Adjustment. The reduction is structured so that a low-wealth district will face a smaller percentage cut than a higher-wealth district. In addition, the reduction is adjusted for student need, administrative efficiency, and residential tax burden. Further savings of \$726 million are achieved on a school year basis through the use of the remaining balance from the Federal ARRA State Fiscal Stabilization Fund. Combined, these actions result in State fiscal year savings of \$1.2 billion. More than 67 percent of all 2010-11 School Aid would be used to benefit students in high needs school districts.

This reduction in School Aid follows a period of rapid and unsustainable growth. Under these bills, School Aid will have grown by 44 percent (\$6.3 billion) since 2003-04, more than twice the rate of inflation. As education funding in New York is a combination of local and State support, the year-to-year reduction represents 1.1 percent of school districts' total general fund expenditures statewide.

**Property Tax Relief.** School districts outside of the Big 5 cities will be directed to use \$251 million of the School Aid restoration to reduce property tax levies in 2010-11 or to mitigate future property tax increases.

**Use of Federal Funds.** These budget bills maximize use of Federal funds. In addition to using Federal ARRA funds to partially offset the necessary reduction in General Fund support, this proposal increases the use of Federal funds to help support special education programs funded outside of School Aid. Funding for these special education programs has grown by \$194 million over the past five years, an average annual increase of approximately five percent. This budget also includes an appropriation of \$750 million in anticipation of a successful application for competitive funds through the Federal Race-to-the-Top program. Although this Federal funding would not provide direct fiscal relief to the State, it would provide additional resources to school districts and the State Education Department to fund educational improvements statewide.

**Teacher Centers.** Funding for this discretionary grant program, which offers professional development activities for school personnel, is eliminated. In addition to program revenues, Teacher Centers previously received Federal funding. These Federal funds have been redirected to help finance a portion of the State's costs for preschool special education. *(2010-11 School Year Savings: \$35 million; 2011-12 School Year Savings: \$35 million; 2010-11 State Fiscal Year Savings: \$25 million; 2011-12 State Fiscal Year Savings: \$35 million).*

**Reduce Supplemental Funding to the Roosevelt Union Free School District.** The Supplemental Education Grant is reduced from \$12 million to \$6 million due to the school district's improved fiscal circumstances as reported by the Office of State Comptroller. The \$6 million reduction in the Academic Improvement Grant reflects the elimination of Federal ARRA funding for this program. This Federal

funding has been redirected to help finance a portion of the State's costs for preschool special education. (2010-11 School Year Savings: \$6 million; 2011-12 School Year Savings: \$6 million; 2010-11 State Fiscal Year Savings: \$4 million; 2011- 12 State Fiscal Year Savings: \$6 million)

**Delay Phase-in of Foundation Aid and Universal Prekindergarten.** Funding for a number of individual aid categories that provide operating support to school districts, including Foundation Aid and Universal Prekindergarten would be continued at the same level in 2010-11 and 2011-12 as is currently being provided. Additionally, the full phase-in of Foundation Aid would now take place over a ten-year period (complete in 2016-17) rather than the seven-year period assumed in current-law. Funding for Universal Prekindergarten has grown by 37 percent since 2006-07. (2010-11 School Year Savings: \$0, 2011-12 School Year Savings: \$1 billion; 2010-11 State Fiscal Year Savings: \$0 million; 2011- 12 State Fiscal Year Savings: \$697 million)

### **Other Education and Education-Related Programs**

**Restructure the Payment Schedule for Summer School Special Education.** Savings would be achieved by restructuring the current schedule for priority of payment. The first priority would be for claims related to the 2009-10 school year. The State would no longer reimburse claims on a current year basis. Additionally, State reimbursement for costs incurred prior to the 2009-10 school year would be limited to \$50 million during the 2010-11 fiscal year. (2010-11 Fiscal Year Savings: \$68 million; 2011-12 Fiscal Year Savings: \$0 million)

**Use Federal Funds for Preschool Special Education.** These budget bills would use one-time Federal ARRA funding to forestall reductions in State support for preschool special education. Total ARRA funding for preschool special education is increased to \$194 million to maintain the State commitment to this critical program. (2010-11 School Year Savings: \$61 million; 2011-12 School Year Savings: \$0)

**Reduce Funding for the Comprehensive Attendance Program (CAP) for Nonpublic Schools.** Annual reimbursement to nonpublic schools for the costs of the CAP program would be reduced by \$1.5 million. Nonpublic schools would continue to receive \$109 million in aid for mandated services, including traditional attendance-taking as well as other mandated activities. (2010-11 Fiscal Year Savings: \$1.5 million; 2011-12 Fiscal Year Savings: \$1.5 million)

**Eliminate Funding for Schools Under Registration Review (SURR) Grants.** These bills eliminate separate State funding for SURR grants. (2010-11 Fiscal Year Savings: \$2 million; 2011-12 Fiscal Year Savings: \$2 million)

**Reduce Funding to Independent Colleges and Universities (Bundy Aid).** The Bundy Aid program provides unrestricted financial assistance to New York's independent colleges and universities based on the number and type of degrees conferred at each institution. This bill includes a \$700,000 reduction to Bundy Aid. After savings actions, \$39 million would be available for Bundy Aid in State fiscal year 2010-11. (2010-11 Fiscal Year Savings: \$0.7 million; 2011-12 Fiscal Year Savings: \$0.7 million)

### **Arts**

**Reduce Funding for Arts Grants.** NYSCA awards over 2,300 competitive grants to not-for-profit arts and cultural organizations annually, including theatres, museums, and musical performance organizations. After savings actions, \$26.8 million in funding will be dedicated to grants in fiscal year 2010-11. This represents a decrease of \$14.8 million, or 36 percent. (2010-11 Fiscal Year Savings: \$14.8 million; 2011-12 Fiscal Year Savings: \$14.8 million)

## State Operations

**Additional Agency Reductions.** The budget bills reduce funding for the operations of the State Education Department by \$5.7 million and reduce operations funding for NYSCA by \$700,000. The agencies would manage the reductions through strict limits on staffing, improved procurement of energy, vehicles, supplies, equipment, technology, and other services, the development of shared services and other actions including utilization of the early retirement incentive. *(2010-11 Fiscal Year Savings: \$6.4 million; 2011-12 Fiscal Year Savings: \$6.4 million)*

## Other Education Budget Actions

**Reduce Mandates on School Districts.** Consistent with the statewide mandate reform effort, legislation is included with these budget bills to help improve New York's overly burdensome system of State mandates. This package will assist school districts in controlling costs and adjusting to the changing economic climate. This statewide effort includes a three-year moratorium on new unfunded mandates, a strengthened fiscal note requirement for new legislation, and an increased procurement purchasing threshold. Education-specific elements of the proposal include:

- **Moratorium on Unfunded Local Mandates:** This legislation would further reduce pressure on local property taxes by imposing a three-year moratorium on all significant new unfunded statutory mandates. The moratorium would prohibit passage of unfunded legislative mandates that would require individual school districts to increase property taxes by more than \$10,000 - \$500,000 (based on student enrollment), or by more than \$2 million statewide for all affected local governments.
- **Reduce Paperwork.** School districts would be authorized to file reports electronically unless restricted by the Commissioner. In addition, the Department would review all existing reports and plans and make specific recommendations to consolidate reports wherever possible and eliminate unnecessary or duplicative reporting requirements.
- **Authorize Regional Student Transportation Pilot Program.** School districts would be able to reduce expenses by contracting with other entities, including school districts, counties and municipalities to provide more efficient student transportation and to partner together on school bus maintenance.
- **Maintain the Contract for Excellence Program.** In recognition of the fiscal circumstances facing the State and the suspension of increases for Foundation Aid, the provisions of the Contract for Excellence program are maintained for the 2010-11 school year consistent with the 2009-10 provisions. All districts currently in the program would be required to continue in the program with a reduced financial liability unless all school buildings in a school district are reported as "In Good Standing" for purposes of the State accountability system. This approach would ensure participation of 25 school districts including all "Big 5" city school districts. Seven school districts that participated in the Contract for Excellence program in the 2009-10 school year would leave the program for the 2010-11 school year since they have mitigated their academic issues and are "In Good Standing". The school districts that remain in the program would be required to maintain funding for existing Contract for Excellence programs less the percentage reduction in the Gap Elimination Adjustment.

- **School District Charter School Payments.** In recognition of the freeze in Foundation Aid for the 2010-11 school year, the per pupil charter school payments made by school districts to charter schools will be maintained at current levels. The 2009-10 State Budget initiated a one year freeze on these per pupil charter school payments. These bills will extend that freeze for one additional year.

## HIGHER EDUCATION

The higher education budget proposals included in the 13th emergency bill would generate \$270 million in State savings actions, including: reductions to the SUNY State-Operated and Statutory Colleges and CUNY Senior Colleges, amendments to TAP eligibility and award levels and reductions to SUNY and CUNY Community College Operating Funds.

### Summary of Major Actions Proposal

**2010-11**  
**(\$ in millions)**

Reduce support for SUNY/CUNY Senior Colleges	143
Reduce support for SUNY Statutory Colleges at Cornell and Alfred Universities	15
Reduce Base Aid for SUNY/CUNY Community Colleges (\$60/FTE)	12
Use Federal ARRA Funds to Support Community College Base Aid Offset	50
Reduce Maximum TAP Award for Two-Year Degree Programs	14
Delay full implementation of Executive Budget proposal to provide TAP to Students Attending Certain Institutions Not Under the State Education Department's Direct Supervision	6
Create New TAP Award Schedules for Certain Financially Independent Students	5
Eliminate New Merit Award Scholarships	5
Delay implementation of New TAP Award Schedules for Certain Students Who Have Been Granted Exclusion from Parental Income	4
Establish Default Parity for TAP	3
Include All Private Pension and Annuity Income in TAP Eligibility Determinations	1
Other Higher Education Savings Actions	12
<b>Total</b>	<b>270</b>

**Reduce Support for SUNY and CUNY Operating Senior Colleges.** Support for the State University and City University of New York's four year institutions is reduced by \$142.7 million. The implementation of this lump sum operating reduction shall be managed in a manner consistent with the educational missions of the respective University Systems. *(2010-11 Savings: \$142.7 million; 2011-12 Savings: \$181.5 million)*

**Reduce Support for SUNY Statutory Colleges at Cornell and Alfred Universities.** Support for the College of Ceramics at Alfred University and the four statutory colleges at Cornell is reduced by \$14.9 million. *(2010-11 Savings: \$14.9 million; 2011-12 Savings \$18.5 million)*

**Reduce SUNY and CUNY Community College Base Operating Aid.** The operating budgets for the State University and City University of New York's 36 community colleges are supported, in part, by the State General Fund through an entitlement formula that provided \$2,545 per full-time equivalent (FTE) student in 2009-10. A 2010-11 reduction of \$60 per FTE provides current year savings of \$11.9 million. *(2010-11 Savings: \$11.9 million; 2011-12 AY Savings \$15.9 million)*

**ARRA Funds Supplement General Fund Support for SUNY and CUNY Community Colleges.** Federal State Fiscal Stabilization Funds (SFSF) from the American Recovery and Reinvestment Act of 2009 are used to supplement General Fund support for the base operating aid of the State University and City University of New York community colleges. A recalculation of 2010-11 educational funding provided an additional \$50.1 million in Education Stabilization Funds during 2010-11. *(2010-11 Savings: \$50.1 million)*

**Reduce Maximum TAP Award for Two-Year Degree Programs.** The current maximum TAP award for dependent students, regardless of degree-granting program, is \$5,000. This proposal reduces the maximum TAP award for students enrolled in a two-year degree granting program from \$5,000 to \$4,305. Students enrolled in two-year degree granting nursing programs would be exempt from this proposal. *(2010-11 Savings: \$13.6 million; 2011-12 Savings: \$19.5 million)*

**Delay Full Implementation of Executive Budget Proposal to Provide TAP to Students Attending Certain Institutions Not Under the State Education Department's Direct Supervision.** Currently, there are some income-eligible students who attend non-profit institutions of higher education that cannot receive TAP because their schools, although authorized by the State Education Department (SED) to offer post-secondary education, are not under SED's direct supervision. This proposal would effectively lift the statutory prohibition against providing TAP to otherwise income-eligible students at certain specialized institutions. The Executive Budget proposed establishing a full TAP award beginning in the 2010-11 academic year. In order to reduce 2010-11 costs associated with the original proposal, this revised approach would provide 2010-11 awards at half the calculated amount, and such awards would increase to the full calculated amount in 2011-12 and thereafter. On an annual basis, beginning in academic year 2011-12, this proposal is estimated to cost \$18.3 million. *(2010-11 Cost Avoidance: \$6.4 million; 2011-12 Cost Avoidance: \$2.7 million)*

**Establish Default Parity for TAP.** Currently, students in default on loans guaranteed by HESC are ineligible to receive TAP payments, but students in default on loans guaranteed by organizations other than HESC retain TAP eligibility. This proposal provides that all students in default on statutory New York State or Federal loans would be ineligible for TAP awards, regardless of guarantor. *(2010-11 Savings \$2.9 million; 2011-12 Savings \$4.1 million)*

**Create New TAP Award Schedules for Certain Financially Independent Students.** This proposal creates a new TAP schedule that decreases the maximum award for independent students who are married without children from \$5,000 to \$3,025, which is consistent with the award provided to single adults with no children. *(2010-11 Savings: \$5.2 million; 2011-12 Savings: \$7.4 million)*

**Include All Private Pension and Annuity Income in TAP Eligibility Determinations.** Currently, for individuals 59.5 years of age and older, the first \$20,000 of private pension and annuity income is excluded for purposes of calculating TAP award eligibility levels. This proposal eliminates this exclusion. *(2010-11 Savings: \$1.4 million; 2011-12 Savings: \$2 million)*

**Eliminate New Merit Award Scholarships.** This proposal eliminates all new awards for the Scholarship for Academic Excellence and for Math and Science Teacher Incentive Scholarship programs beginning in the 2010-11 academic year. *(2010-11 Savings: \$4.7 million; 2011-12 Savings: \$10.0 million)*

**Delay Implementation of New TAP Award Schedules for Certain Students Who Have Been Granted Exclusion from Parental Income.** The Executive Budget proposed creating a new TAP schedule that increases the maximum award from \$3,025 to \$5,000 for orphans/wards of the court and other students under 22 years of age who meet certain criteria that establishes their financial independence. These students would receive an award similar to that for students who are declared as dependents by their parents. In order to reduce 2010-11 costs associated with the original proposal, this revised approach would delay implementation until 2011-12. On an annual basis, beginning in academic year 2011-12, this proposal is estimated to cost \$5.5 million. *(2010-11 Cost Avoidance: \$3.9 million; 2011-12 Cost Avoidance: \$1.7 million).*

**Other Higher Education Savings Action.** The budget also reflects spending re-estimates related to the New York Higher Education Loan Program (NYHELPS) and the TAP program. *(2010-11 Savings: \$12 million; 2011-12 Savings: \$8.1 million)*

### **Public Higher Education Empowerment and Innovation Act**

Legislation included in the 13th emergency bill would provide greater operational flexibility for New York's public higher education system. While the SUNY and CUNY systems would be authorized to increase tuition by up to 2 percent in the 2010-11 school year and in larger increments in each of the following three years, maximum Tuition Assistance Program awards would also be increased for the financially neediest students. Major components of this act include:

- Authorize the boards of trustees for SUNY and CUNY to implement a responsible and predictable incremental tuition policy, beginning in academic year 2011-12 and expiring in 2014-15, that would provide the discretion to raise tuition up to an annual 5 percent cap for certain non-doctoral four year institutions and differential tuition rates not to exceed 8 percent at certain doctoral granting institutions.
- Provide sufficient appropriation authority to enable SUNY and CUNY to spend the projected tuition revenue.
- Prescribe specific semi-annual reporting requirements on revenues and expenditures at a campus-specific level to ensure continued transparency and accountability.
- Increase the maximum Tuition Assistance Program (TAP) award for all eligible recipients during the 2011-12 academic year. Support would be computed based upon \$5,000 plus one half the difference between the highest resident undergraduate tuition rate at either SUNY or CUNY.
- Allow SUNY to receive and disburse revenues from self-supporting program activities without appropriation.
- Authorize the lease of real property under the jurisdiction of SUNY to other entities for purposes that support a campus' educational mission
- Authorize the participation in public/private partnerships that support a campus' educational mission, subject to approval of a newly created State University Asset Maximization Review Board.

- Provide that lease agreements authorized pursuant to this legislation will be subject to Minority and Women-owned Business Enterprise (MWBE) provisions, prevailing wage rates, indemnification clauses, reverter clauses and project labor agreements.
- Expand the ability of SUCF to implement capital projects through more efficient construction delivery methods, subject to procurement guidelines that must substantially conform to those applicable to existing public authorities.
- Authorize the construction and financing by the Dormitory Authority of the State of New York (DASNY) of facilities by not-for-profit entities associated with the State University; provided that the associated projects are subject to prevailing wage, MWBE, and competitive process requirements.
- Authorize DASNY to rehabilitate, construct and finance dormitories on behalf of community colleges, which would be required to assume full financial responsibility for the cost of the projects.
- Allow SUNY to lease facilities within Albany County directly, rather than requiring the Office of General Services (OGS) to act on its behalf.
- Remove provisions of law subjecting SUNY and CUNY to pre-approval of contracts by the Office of the State Comptroller (OSC) in order to streamline the procurement of goods, while maintaining provisions requiring the post-audit of such contracts by OSC.
- Authorize SUNY affiliated auxiliary service corporations, campus-related foundations and other non-profit corporations to make purchases through the centralized contracts of OGS, but prohibit the resale of such commodities and services.
- Allow post-audit in lieu of pre-audit requirements for Attorney General approval of leases between SUNY and its alumni associations in support of dormitory projects.
- Allow CUCF and DASNY to utilize alternative construction delivery methods for applicable CUNY projects.
- Indemnify SUNY and CUNY students who are enrolled in required clinical or other experiential programs as part of their course of study.
- Provide that medical, dental, and optometric residents and interns who provide services at the health-related facilities of SUNY may opt to participate in the State and Local Employees' Retirement System, but are not eligible to participate in the Optional Retirement Program or the Teachers' Retirement System.
- Allow State University hospital participation in managed care networks and other joint and cooperative health care arrangements without pre-approval from any State entity, and conform procurement guidelines of SUNY's health care facilities to streamline the acquisition of goods and services.

## **LOCAL GOVERNMENT**

**Property Tax Cap:** Growth in annual property tax levies in school districts, counties, cities, towns, villages and special districts would be limited to the lower of 4 percent or 120 percent of the Consumer Price Index. This proposal is consistent with the 2010-11 Governor's Program Bill 227.

**Moratorium on Unfunded Local Mandates:** This legislation would further reduce pressure on local property taxes by imposing a three-year moratorium on any significant new unfunded statutory mandates. The moratorium would prohibit passage of unfunded legislative mandates that would require individual local governments or school districts to increase their property tax levy by more than \$10,000 - \$500,000 (depending on local population or school district enrollment), or by more than \$2 million statewide for all affected local governments and school districts.

**Improved Local Fiscal Impact Disclosure:** Accompanying the moratorium, a strengthened legislative fiscal statement requirement would also assist local governments and taxpayers by statutorily increasing transparency requirements relating to the true local fiscal impact of individual bills. Under this new requirement, all bills would have to contain a fiscal estimate that identifies the complete cost of proposed legislation on municipalities and school districts.

## REVENUES

**Wine In Grocery Stores:** Authorizing the sale of wine in grocery stores is expected to generate an additional \$150 million.

**Charitable Contribution Deductions for High Earners:** The approximately 3,500 New York taxpayers who earn more than \$10 million each would only be able to deduct 25 percent of their charitable contributions, rather than the current 50 percent. This change will generate \$100 million in extra revenue for the State, although individual taxpayers will be able to deduct the extra tax payments from their federal tax returns at the top rate of 39 percent.

**Eliminate Clothing Sales Tax Exemption:** The current exemption for clothing and footwear purchases under §110 would end October 1, generating an additional \$330 million in 2010-11.

**Non-resident Hedge Fund Managers:** The bill would treat non-resident hedge fund managers the same as resident hedge fund managers, generating an additional \$50 million in 2010-11.

### **Defer Business Tax Credits**

For all business tax credits greater than two \$2 million per year, the amount more than \$2 million is subject to deferral.

### **Apply Sales Tax to Hotel Reseller Markup**

The bill would clarify that room remarketers are required to collect sales and NYC occupancy taxes.

**Revenue Re-estimate:** Revenues for April through June were \$200 million higher than previously anticipated. The bill assumes additional revenue of \$200 million for the entire 2010-11 fiscal year.

## CASH MANAGEMENT

**FMAP Contingency Fund:** Beginning in August, the State will make monthly deposits into this fund, which will essentially follow the model of prior Deficit Reduction Plans, in the event the State does not receive or receives only partial payment from the \$1.06 billion in Federal Medicaid Assistance Percentage extension payments originally anticipated in the 2010-11 fiscal year. If the FMAP money is appropriated by Congress, the money in the contingency fund would pay for originally planned expenditures.

**Debt Management:** The State anticipates \$100 million in reduced debt service payments resulting from debt management actions.

**State Agency Savings:** By restricting overtime, outside contracts and other expenditures, and through workforce actions, State agency spending will be reduced by an additional \$250 million.

**Pension Contribution Amortization:** By amortizing the 2010-11 required State contribution to the New York State and Local Retirement Fund, savings exceeding \$200 million are achieved in 2010-11.