



STATE OF NEW YORK
EXECUTIVE DEPARTMENT
DIVISION OF THE BUDGET
ALBANY, NY 12224

DAVID A. PATERSON
GOVERNOR

ROBERT L. MEGNA
DIRECTOR OF THE BUDGET

September 14, 2010

The Honorable Carl Kruger
Chairman
New York State Senate Finance Committee
Legislative Office Building, Room 803
Albany, NY 12247

Attention: Joseph F. Pennisi

Dear Senator Kruger:

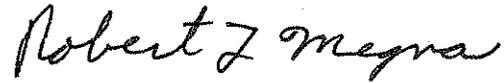
Chapter 313 of the Laws of 2010 (the "FMAP Contingency Plan") requires the uniform reduction of most local assistance payments in the General Fund and State special revenue funds, beginning September 16, 2010. As we have discussed with your respective staff, the enclosed allocation plan sets forth the specific reductions to local assistance payments, based on the cash disbursements expected to occur between September 16, 2010 and March 31, 2011. Under the allocation plan, all payments subject to reduction shall be reduced by 1.1 percent. The percentage was set to take into account the impact on certain matching aid in relation to the overall Financial Plan, as well as payment processing constraints related to the September 16, 2010 start date. Additionally, please be advised that in order to ensure uniform payments pursuant to Chapter 313, the amounts withheld from each school district will be based on School Aid totals for the 2010-11 School Year.

It is our intention to direct the State Comptroller to transfer cash to the FMAP Contingency Fund at regular intervals as savings are realized by agencies through the reduction of individual payments over the course of the fiscal year. DOB intends to end the payment reductions when net savings of \$281 million has been realized, which may occur before the end of the fiscal year.

As directed by the legislation, the allocation plan also provides for limited exemptions from the uniform reductions. Enclosed for your reference is the list of specific exemptions.

My staff will provide a detailed briefing on the allocation plan. Please feel free to have your staff contact Dominic Colafati of my staff (474-8282) if clarification on this FMAP Allocation Plan is required. We will continue to keep your staff apprised on the implementation of the FMAP Allocation Plan and provide periodic updates as needed.

Sincerely,

A handwritten signature in black ink that reads "Robert L. Megna". The signature is written in a cursive style with a large, stylized initial 'R'.

Robert L. Megna

Enclosure



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DAVID A. PATERSON
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September 14, 2010

The Honorable John A. DeFrancisco
Ranking Minority Member
New York State Senate Finance Committee
Legislative Office Building, Room 307
Albany, NY 12247

Attention: Robert Mujica

Dear Senator DeFrancisco:

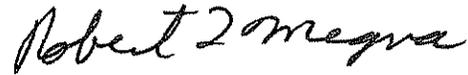
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Robert L. Megna

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September 14, 2010

The Honorable James Hayes
Ranking Minority Member
New York State Assembly Ways and Means Committee
State Capitol, Room 444
Albany, NY 12248

Attention: Becky D'Agati

Dear Assemblyman Hayes:

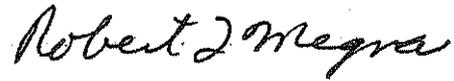
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September 14, 2010

The Honorable Herman D. Farrell
Chairman
New York State Assembly Ways and Means Committee
Legislative Office Building, Room 923
Albany, NY 12248

Attention: Dean Fuleihan

Dear Assemblyman Farrell:

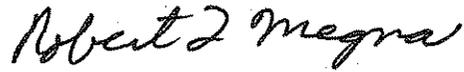
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The following list summarizes the exemptions that are not subject to uniform reductions:

- Public Assistance/ Supplemental Social Security
- City University: Senior Colleges/ Joseph Murphy Institute
- Blind Veteran Annuity Assistance
- Metropolitan Transportation Authority Mobility Tax
- Court Orders/Judgments
- Court Facilities Incentive Aid: Interest/Debt Payments
- Debt Obligations of Certain NFP Providers (licensed by Mental Hygiene Agencies)
- DHCR Periodic Subsidies Local Areas (related to Debt Service)
- Medicare Claw-back Part D
- Federal Payments for Duly Eligible Recipients (SMI Part A & B)
- School Aid Payments for Teacher Retirement System/Teacher Pension Costs
- New York Interest on Lawyer Account Escrow Funds (non-General Fund)
- Charter Schools (non General Fund)
- VESID Case Services/Supported Employment/Worker's Compensation Fund/
Social Security
- Office of Management Grants Services (private bequests and donations for SED)
- Final Medical Assistance Program payments will include exemptions for certain non-State funded payments including indigent care and UPL payments, certain recipient groups including Native Americans and certain provider payments as required under Federal law including payments to Federally Qualified Health Centers.