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Ways and Means Committee

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Black & Puerto Rican Caucus

January 23, 2017

Dear Colleagues:

I am pleased to provide you with this year's edition of *Yellow Book*, which represents a review and analysis of the Executive Budget proposal for State Fiscal Year (SFY) 2017-18. This document is intended to provide the Members of the Committee, Members of the Assembly, and the general public with an overview of the fiscal and policy proposals that comprise the Executive Budget, as expressed in legislation submitted by the Governor on January 17, 2017. This publication is accessible on our website: [www.assembly.state.ny.us/Reports/WAM/2017yellow/](http://www.assembly.state.ny.us/Reports/WAM/2017yellow/).

*Yellow Book* is the Assembly's preliminary response to the Executive Budget, as required by Section 53 of the Legislative Law. Its publication marks the beginning of the Assembly's review of the Governor's budget proposal, and should serve as an informational resource for Members as we participate in public, joint legislative fiscal committee hearings on the budget—our next step in the budget process.

This document is divided into several sections which are intended to place the Executive Budget in context, by providing a broad review of the financial plan and revenues, and implications for spending, capital initiatives and debt. The review also includes an analysis of the current condition of the national economy.

Speaker Heastie and I know that you share our goal of enacting an on-time budget premised on a principle of fairness to all New Yorkers. At the same time we will continue to reinforce our commitment to the education of our children, to protecting our communities and to providing necessary support to the most vulnerable among us.

As the Legislature begins its work on the State Fiscal Year 2017-18 Budget, I would like to express appreciation to all of my Assembly colleagues for the time and commitment you will dedicate to creating and enacting this year's budget. I would also like to thank the public for their participation as well. Finally, I would like to express my thanks to the staff of the Ways and Means Committee for their outstanding efforts to produce this document, and for their support to our conference throughout the year.

Sincerely,

A handwritten signature in blue ink, appearing to read "H. D. Farrell, Jr.", written in a cursive style.

HERMAN D. FARRELL, JR.



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**A REVIEW AND ANALYSIS  
OF THE  
2017-18 EXECUTIVE BUDGET  
  
YELLOW BOOK**

**January 2017**

**Herman D. Farrell, Jr.  
Chairman  
Assembly Ways and Means Committee**

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**A Review and Analysis  
of the  
2017-18 Executive Budget**

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# Financial Plan





# BUDGET SNAPSHOT: FINANCIAL PLAN



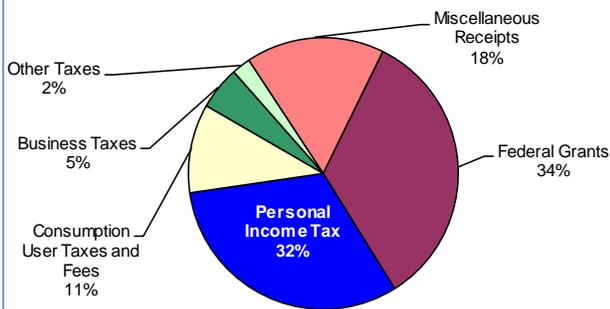
**All Funds  
Spending Total:  
\$162.2 billion.  
Growth of \$6.0  
billion or 3.8%.**

**General Fund  
Spending Total:  
\$72.3 billion.  
Increase of \$2.3  
billion or 3.3%.**

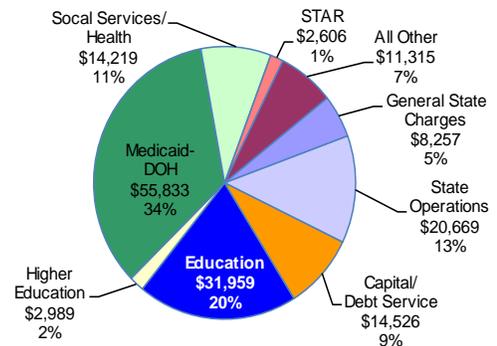
**State Operating  
Funds Spending  
Total: \$98.1 billion.  
Growth of \$1.9  
billion or 1.9%.**

**Capital Projects  
Fund Spending  
Total: \$13.8 billion.  
Growth of \$2.9  
billion or 26.2%.**

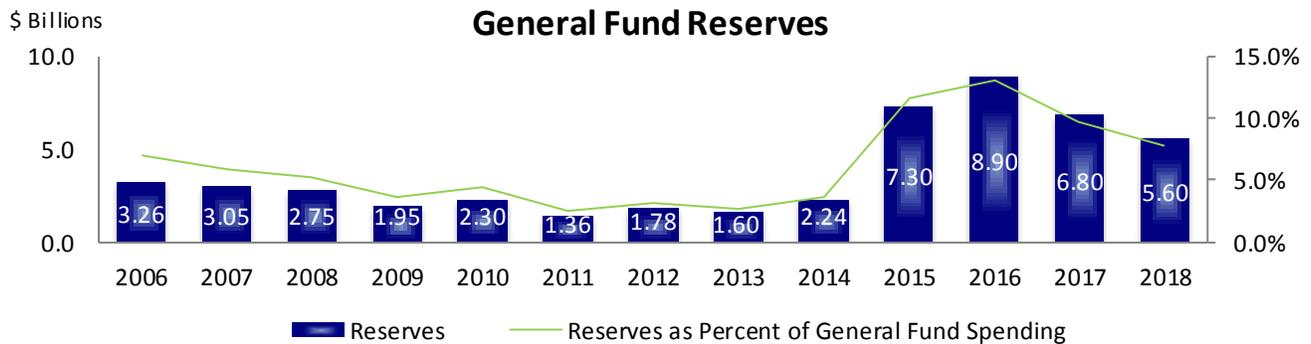
**All Funds Receipts**



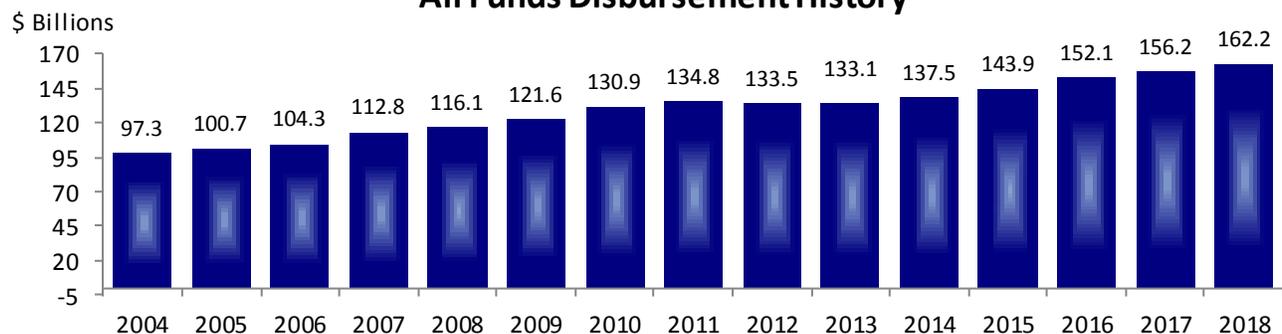
**All Funds Disbursements**



**General Fund Reserves**



**All Funds Disbursement History**



Source: NYS Division of the Budget.

# BUDGET HIGHLIGHTS: FINANCIAL PLAN



- **All Funds Spending:** Adjusted All Funds spending for State Fiscal Year (SFY) 2017-18 is estimated at \$152.3 billion, for growth of 3.4 percent. This amount excludes \$570 million in Federal disaster aid for Superstorm Sandy and \$9.3 billion in additional Federal aid for the Affordable Care Act. When these amounts are considered, the All Funds total is estimated at \$162.2 billion, for growth of 3.8 percent.
- **State Operating Funds Spending:** The Executive's estimate of 1.9 percent growth in State Operating Funds remains below the two percent spending benchmark with total disbursements reaching \$98.06 billion. This spending benchmark was first instituted in SFY 2011-12.
- **General Fund Spending:** The Executive estimates that General Fund disbursements for SFY 2017-18 are expected to total \$72.3 billion; a growth of \$2.3 billion or 3.3 percent.
- **Closing the SFY 2017-18 Budget Gap:** The Executive Proposal includes a series of recommendations that are intended to close an estimated \$3.5 billion General Fund budget gap in SFY 2017-18. The Executive proposes to close this gap with \$2.7 billion in spending reductions and \$828 million in revenue actions.
- **Out-year Budget Gaps:** The Executive's forecast for out-year budget gaps in the Mid-Year report were estimated at \$7.1 billion for SFY 2018-19, \$8.9 billion for SFY 2019-20, and \$6.8 billion for SFY 2020-21. Under the Executive's Budget, out-year gap estimates have been revised to provide a balanced budget in SFY 2017-18, with surpluses of \$692 million in SFY 2018-19, \$2.1 billion in SFY 2019-20, and \$5.0 billion in SFY 2020-21. Notably, these surpluses are dependent on the extension of a tax surcharge on millionaires, combined with unidentified cuts related to the Executive's adherence to the two percent spending benchmark.
- **Monetary Settlements:** The State has received \$9.4 billion in settlement funds from financial institutions since SFY 2014-15. The Executive allocates an additional \$1.4 billion in previously unbudgeted settlement funds in the proposed budget. This includes \$1.2 billion in capital initiatives and a \$150 million deposit to the Rainy Day Reserve Fund.
- **General Fund Reserves:** The Executive estimates the SFY 2017-18 General Fund closing balance will be \$5.6 billion, including \$1.9 billion in the Rainy Day Reserve Fund.



# BUDGET REVIEW AND ANALYSIS: FINANCIAL PLAN



State Finance Law requires the Executive to provide a detailed multi-year financial plan to the Legislature upon submission of the Executive Budget. The Financial Plan must meet certain requirements, including the State law that requires that the General Fund be balanced on a cash basis of accounting for the upcoming fiscal year.

The State uses a Governmental Funds system of accounting which includes the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Funds. The Executive Budget displays the proposed budget in two other classifications: State Operating Funds consisting of General Fund, Debt Service, and Special Revenue Fund amounts that are supported by State revenues; and State Funds, consisting of all the components in State Operating Funds plus Capital Funds.

**Table 1**

<b>Size of Budget (\$ in Millions)</b>				
	<b>SFY 2016-17</b>	<b>SFY 2017-18</b>	<b>Difference</b>	<b>Percent</b>
General Fund	70,022	72,326	2,304	3.3
State Operating Funds	96,200	98,062	1,862	1.9
State Funds	105,306	110,114	4,808	4.6
All Funds Adjusted*	147,281	152,278	4,997	3.4
All Funds Total	156,165	162,173	6,008	3.8

Note: All Funds Adjusted excludes federal aid associated with Hurricane Sandy (\$570 million) and the Affordable Care Act (\$9.3 billion).

The Executive proposes a \$162.2 billion budget for SFY 2017-18, representing a growth of \$6.0 billion or 3.8 percent. Excluding extraordinary federal aid for Superstorm Sandy and the Affordable Care Act, the All Funds budget grows by \$5.0 billion or 3.4 percent.

General Fund spending is projected at \$72.3 billion for SFY 2017-18, a 3.3 percent increase from SFY 2016-17.

State Funds spending is projected at \$110.1 billion, or 4.6 percent growth over last year.

## **Two Percent Spending Benchmark**

Beginning in SFY 2011-12, the Executive created a spending benchmark that limited annual increases in State Operating Funds to two percent. For SFY 2017-18, the Executive proposes a State Operating Funds budget of \$98.06 billion, for a growth of 1.9 percent.

In the SFY 2016-17 Financial Plan Mid-Year Update, the SFY 2017-18 State Operating Funds growth was projected at 4.9 percent over the current fiscal year. The Executive reduced the growth to 1.9 percent through a series of spending revisions.

Actions that reduce growth in the Executive proposal include: the transfer of salary obligations of payment of approximately 3,000 full time equivalents (FTE) employees (\$227 million) to the Capital Projects Fund; the extension of an annual loan payment due in SFY 2017-18 to the New York Power Authority (NYPA) through SFY 2022-23 (\$193 million); the shift of additional OPWDD-related Medicaid expenses to the Medicaid Global Cap (\$382 million); the conversion of the NYC STAR rate reduction benefit to a nonrefundable State Personal Income Tax (PIT) credit (\$277 million); the prepayment of certain debt expenses due in SFY 2017-18 in the current fiscal year (\$280 million); and the use of Tobacco Master Settlement Agreement (MSA) payments to fund a portion of the State-takeover of local Medicaid costs (\$125 million).

## **Settlement Funds**

Since the SFY 2016-17 Financial Plan Mid-Year Update, the State received additional monetary settlements of \$284 million: \$2 million from Volkswagen; \$235 million from Intesa SanPaolo, \$28 million from PHH Mortgage; and \$19 million from Deutsche Bank. The total monetary settlements received since SFY 2014-15 is \$9.4 billion.

Settlement Funds totaling \$1.4 billion remained unallocated prior to the SFY 2017-18 Executive Budget proposal. The Executive proposal allocates \$1.2 billion in settlement funds to support capital projects across the State, including: \$400 million to support the second phase of the Buffalo Billion Initiative, \$203 million to continue counter-terrorism efforts in New York City, \$200 million in health care grants, \$100 million for the second phase of the Downtown Revitalization Initiative, \$300 million to support the State's Life Sciences Initiative, and \$20 million for improvements to armories and readiness centers. The remaining \$150 million is planned for deposit to the Rainy Day Reserve Fund if fiscal conditions permit.

The Executive plans to transfer settlement funds to the Dedicated Infrastructure Investment Fund for use for capital projects over several years. This allows the State to maintain a large General Fund cash balance. It also allows the Executive to use monetary settlement resources to make cash advances for certain capital programs in SFY 2016-17 and SFY 2017-18 (\$1.3 billion and \$500 million, respectively) as well as the Javits Center expansion (\$1 billion) beginning in SFY 2017-18. The Executive expects to fully reimburse these cash advances with bond proceeds by the end of SFY 2020-21.

Table 2

<b>Summary of Settlements Between Regulators and Financial Institutions (\$ in Millions)</b>					
	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>SFY 2016-17</b>	<b>SFY 2017-18</b>	<b>Total</b>
<b>Monetary Settlements Known/Expected</b>	<b>4,942</b>	<b>3,605</b>	<b>892</b>	<b>0</b>	<b>9,439</b>
BNP Paribas	2,243	1,348	0	0	3,591
<i>Department of Financial Services (DFS)</i>	2,243	0	0	0	2,243
<i>Assets Forfeiture (DANY)</i>	0	1,348	0	0	1,348
Deutsche Bank	0	800	19	0	819
Credit Suisse AG	715	30	0	0	745
Commerzbank	610	82	0	0	692
Barclays	0	670	0	0	670
Credit Agricole	0	459	0	0	459
Bank of Tokyo Mitsubishi	315	0	0	0	315
Bank of America	300	0	0	0	300
Standard Chartered Bank	300	0	0	0	300
Morgan Stanley	0	150	0	0	150
Bank Leumi	130	0	0	0	130
Ocwen Financial	100	0	0	0	100
Citigroup (State Share)	92	0	0	0	92
Goldman Sachs	0	50	190	0	240
MetLife Parties	50	0	0	0	50
American International Group	35	0	0	0	35
PricewaterhouseCoopers	25	0	0	0	25
Promontory	0	15	0	0	15
AXA Equitable Life Insurance Company	20	0	0	0	20
New Day	0	1	0	0	1
Volkswagen	0	0	32	0	32
Mega Bank	0	0	180	0	180
Agricultural Bank of China	0	0	215	0	215
PHH Mortgage	0	0	28	0	28
Intesa SanPaolo	0	0	235	0	235
Other Settlements (TBD)	7	0	(7)	0	0
<b>Enacted Use of Available Settlements</b>	<b>275</b>	<b>5,665</b>	<b>2,125</b>	<b>1,223</b>	<b>9,439</b>
<b>Dedicated Infrastructure Investment Fund (DIIF)</b>	<b>0</b>	<b>4,550</b>	<b>1,840</b>	<b>1,223</b>	<b>7,613</b>
Thruway Stabilization Program	0	1,285	700	0	1,985
Penn Station Access	0	250	0	0	250
Infrastructure Improvements	0	115	0	0	115
Broadband Initiative	0	500	0	0	500
Hospitals	0	400	0	0	400
Transit-Oriented Development	0	150	0	0	150
Resiliency, Mitigation, Security, and Emergency Response	0	150	0	0	150
Municipal Restructuring	0	150	0	0	150
Southern Tier/Hudson Valley Farm Initiative	0	50	0	0	50
Upstate Revitalization	0	1,500	170	0	1,670
Transportation Capital Plan	0	0	200	0	200
Housing and Homeless Plan	0	0	640	0	640
Economic Development	0	0	85	0	85
Empire State Poverty Reduction Initiative	0	0	25	0	25
Buffalo Billion II	0	0	0	400	400
Downtown Revitalization	0	0	0	100	100
Security and Emergency Response Preparedness	0	0	0	203	203
Health Care Capital grants	0	0	0	200	200
Life Sciences	0	0	0	300	300
DMNA Armories	0	0	0	20	20
Municipal Consolidation Competition	0	0	20	0	20
<u>Other Purposes:</u>					
<b>Audit Disallowance - Federal Settlements</b>	<b>0</b>	<b>850</b>	<b>0</b>	<b>0</b>	<b>850</b>
<b>Department of Law - Litigation Services Operations</b>	<b>0</b>	<b>10</b>	<b>63</b>	<b>0</b>	<b>73</b>
<b>Settlements Budgeted in Financial Plan</b>	<b>275</b>	<b>250</b>	<b>102</b>	<b>0</b>	<b>627</b>
<b>Transfer to Support OASAS Chemical Dependence Programs</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Transfer to Environmental Protection Fund</b>	<b>0</b>	<b>0</b>	<b>120</b>	<b>0</b>	<b>120</b>
<b>Transfer to Rainy Day Reserve Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>150</b>

Table 3

**Executive Budget Financial Plan  
2017-18  
(\$ in Millions)**

	Executive General Fund	Executive State Operating Funds	Executive All Funds
<b>OPENING BALANCE</b>	<u>6,807</u>	<u>10,401</u>	<u>9,631</u>
<b>RECEIPTS:</b>			
Personal Income Tax	35,406	50,683	50,683
User Taxes and Fees	7,514	16,431	16,998
Business Taxes	5,955	7,641	8,253
Other Taxes	969	3,481	3,600
Total Taxes	<u>49,844</u>	<u>78,236</u>	<u>79,534</u>
Licenses, Fees, etc.	661	661	661
Abandoned Property	450	450	450
ABC License Fees	65	65	65
HCRA		4,848	4,848
Lottery		3,301	3,301
Medicaid		832	832
Motor Vehicle Fees	228	624	624
Reimbursements	302	302	302
State University Income		4,494	4,494
Investment Income	13	13	13
Other Transactions	579	3,573	11,007
Total Miscellaneous Receipts	<u>2,298</u>	<u>19,163</u>	<u>26,597</u>
Federal Grants	0	74	54,265
Total Transfers from Other Funds	<u>18,941</u>		<u>34,275</u>
<b>TOTAL RECEIPTS</b>	<u>71,083</u>	<u>97,473</u>	<u>160,396</u>
<b>DISBURSEMENTS:</b>			
School Aid	22,197	25,639	28,863
Higher Education	2,981	2,981	2,989
All Other Education	2,162	2,175	3,096
STAR		2,606	2,606
Medicaid - DOH	13,485	19,048	55,833
Public Health	731	1,455	3,925
Mental Hygiene	808	2,410	2,705
Children and Families	1,588	1,592	2,558
Temporary & Disability Assistance	1,324	1,324	4,831
Transportation	101	4,988	6,873
Unrestricted Aid	754	754	754
All Other	1,116	983	3,688
Total Local Assistance Grants	<u>47,247</u>	<u>65,955</u>	<u>118,721</u>
Personal Service	6,015	12,840	13,476
Non-Personal Service	2,290	5,759	7,193
Total State Operations	<u>8,305</u>	<u>18,599</u>	<u>20,669</u>
General State Charges	5,741	7,940	8,257
Debt Service	946	5,566	5,566
Capital Projects	3,445	2	8,960
State Share Medicaid	1,301		
SUNY Operations	1,000		
Other Purposes	4,341		
Total Transfers to Other Funds	<u>11,033</u>		
<b>TOTAL DISBURSEMENTS</b>	<u>72,326</u>	<u>98,062</u>	<u>162,173</u>
<b>Other Financing Sources (uses):</b>			
Transfers from Other Funds		30,403	34,275
Transfers to Other Funds		(30,943)	(34,379)
Bonds and Note proceeds		0	728
Net Financing Sources		(540)	624
Excess/(Deficiency) of Receipts over Disbursements	<u>(1,243)</u>	<u>(1,129)</u>	<u>(1,153)</u>
<b>CLOSING BALANCE</b>	<u>5,564</u>	<u>9,272</u>	<u>8,478</u>



## Closing the SFY 2017-18 Executive Budget Gap

The Executive proposal closes an estimated \$3.5 billion General Fund budget gap in SFY 2017-18. These actions are comprised of: \$2.7 billion in spending changes; \$830 million in tax actions; and \$2 million in resource changes.

Table 4

<b>General Fund GAP-Closing Plan</b>				
<b>(\$ in Millions)</b>				
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>CURRENT SERVICES GAP ESTIMATES</b>	<b>(3,533)</b>	<b>(7,122)</b>	<b>(8,935)</b>	<b>(6,816)</b>
<b>Spending Changes</b>	<b>2,705</b>	<b>2,476</b>	<b>2,432</b>	<b>2,326</b>
Agency Operation	624	218	161	11
Local Assistance	1,623	2,243	2,577	2,718
Capital Projects/Debt Management	580	391	316	331
Investments/Initiatives/New Costs	(122)	(376)	(622)	(734)
<b>Resource Changes</b>	<b>(2)</b>	<b>(826)</b>	<b>(976)</b>	<b>(1,633)</b>
Tax Revisions	(415)	(475)	(679)	(1,039)
All Other	413	(351)	(297)	(594)
<b>Tax Actions</b>	<b>830</b>	<b>3,700</b>	<b>4,820</b>	<b>4,344</b>
PIT Top Bracket Extender	683	3,375	4,505	4,029
Tax Extenders/Credits	147	325	315	315
<b>EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE</b>	<b>0</b>	<b>(1,772)</b>	<b>(2,659)</b>	<b>(1,779)</b>
<b>Adherence to 2% Spending Benchmark</b>	<b>0</b>	<b>2,464</b>	<b>4,751</b>	<b>6,739</b>
<b>EXECUTIVE BUDGET SURPLUS/(GAP)</b>	<b>0</b>	<b>692</b>	<b>2,092</b>	<b>4,960</b>

Prior to the recommendations of the Executive, the forecast for out-year budget gaps in the Financial Plan Mid-Year Report were calculated at \$7.1 billion for SFY 2018-19, \$8.9 billion for SFY 2019-20, and \$6.8 billion for SFY 2020-21.

Since the Financial Plan Mid-Year Report, the out-year budget has been revised to a balanced budget for SFY 2017-18; with surpluses of \$692 million for SFY 2018-19, \$2.1 billion for SFY 2019-20, and \$4.9 billion for SFY 2020-21. Notably, these surpluses are contingent on unidentified cuts associated with the adherence to the two percent spending benchmark. Absent these cuts, substantial budget gaps remain in the out-years.

## Spending Changes

- **Agency Operations:** The Executive gap-closing plan holds departmental operations spending flat for a savings of \$624 million. This includes an extension of the NYPA loan payment (\$193 million); the implementation of proposed Agency Financial Management Plans (\$500 million); and other savings related to agency operations and fringe benefits. Total agency operations savings are offset by reserving funds for future labor agreement costs (\$496 million).
- **Local Assistance:** The gap closing plan also reduces local assistance spending by \$1.6 billion. Local assistance savings include, among other things, targeted STAR reforms; consolidation of health care programs and the transfer of OPWDD spending to the Medicaid Global Cap; the use of asset sale proceeds to offset State support to CUNY; and the majority of items previously discussed in relation to the two percent benchmark.
- **Debt Management:** Spending reductions also include \$580 million in debt management initiatives through the prepayment of SFY 2017-18 expenses in SFY 2016-17 (\$280 million) as well as continuing competitive bond sales and refundings that meet the State's savings criteria.
- **New Initiatives:** The Executive proposes \$122 million in new spending initiatives for SFY 2017-18. Among these initiatives are the Excelsior Scholarship to allow students of families making up to \$125,000 per year to attend college tuition-free at all public universities in New York State; Juvenile Justice Reform to raise the age of juvenile jurisdiction from 16 to 18; and enactment of the DREAM Act to extend student financial assistance to undocumented immigrant students pursuing higher education in New York State.

## Tax Actions

The Executive proposes \$830 million in new tax actions in SFY 2017-18 including the extension of the current income tax rate for millionaires for three additional years. This would result in an additional \$683 million in revenue in SFY 2017-18, growing to \$4.5 billion in SFY 2019-20. The Executive also proposes new tax actions that require online marketplace providers to collect and remit sales tax on behalf of all vendors that sell to New York State residents.

Combined with these new tax actions, the Executive maintains that spending cuts resulting from adherence to the two percent benchmark of \$2.5 billion in SFY 2018-19; \$4.8 billion in SFY 2019-20; and \$6.7 billion in SFY 2020-21 will result in surpluses in the out-years.



## Resource Changes

The Executive estimates a downward tax revision of \$415 million based on recent collection trends, offset by an increase of \$413 million in miscellaneous receipts and transfers from other funds.

## General Fund Reserves

The Executive Budget projects \$5.6 billion in reserves at the end of SFY 2017-18, representing a \$1.2 billion decrease from SFY 2016-17. The decrease in the General Fund closing balance is mainly attributed to the disbursement of settlement funds. The Rainy Day Reserve Fund increases in SFY 2017-18 due to a planned \$150 million deposit from monetary settlements.

Table 5

<b>Estimated General Fund Closing Balance</b>		
<b>(\$ in Millions)</b>		
	<b>SFY 2016-17</b>	<b>SFY 2017-18</b>
Tax Stabilization Reserve Fund	1,258	1,258
Statutory Rainy Day Reserve Fund	540	690
Contingency Reserve Fund	21	21
Community Projects Fund	53	37
Reserved for Debt Management	500	500
Monetary Settlements	4,435	3,058
Programmed	3,062	3,058
Unbudgeted	1,373	-
<b>Total</b>	<b>6,807</b>	<b>5,564</b>





# Budget Summary





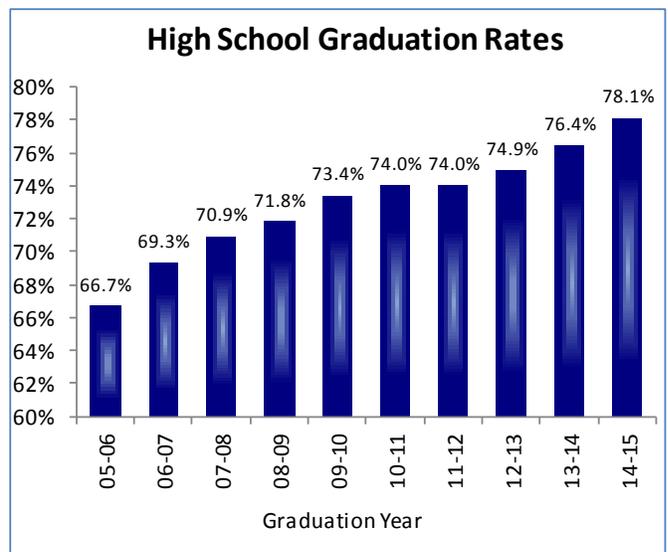
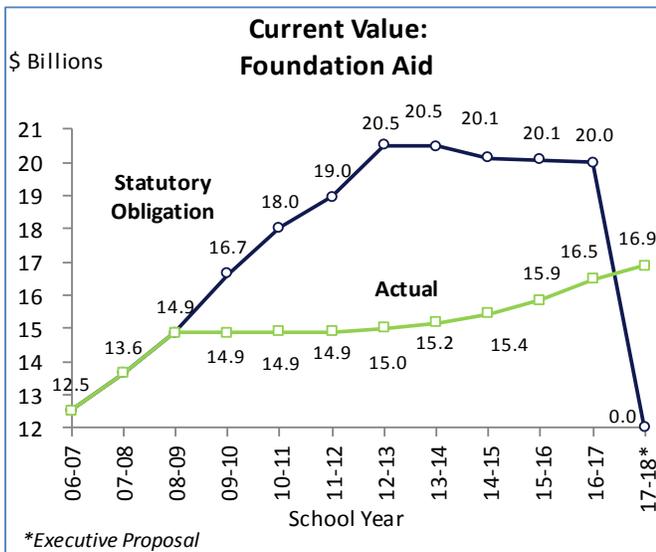
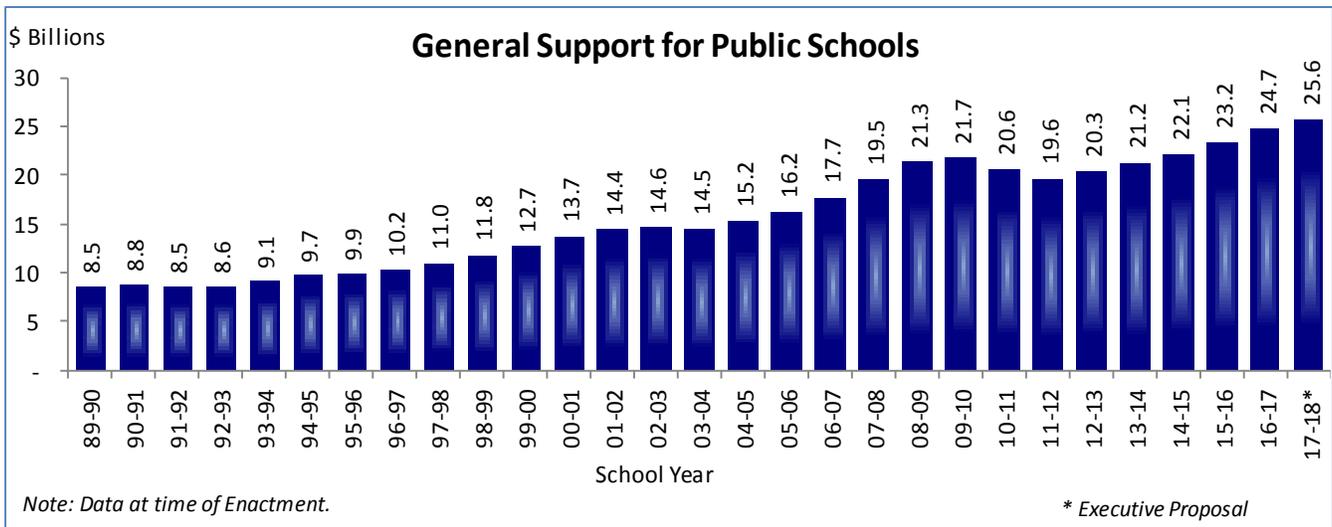


# BUDGET SNAPSHOT: EDUCATION

*The Executive eliminates the Foundation Aid formula and the future obligation of \$4.3 billion.*

*A total \$812 million in support for Prekindergarten.*

*A new \$35 million for after school programs in high need areas.*



Sources: New York State Division of the Budget; State Education Department.

# BUDGET HIGHLIGHTS: EDUCATION



- **General Support for Public Schools (\$961 million):** The Executive proposes an increase of \$961 million or 3.9 percent for School Year (SY) 2017-18, increasing total aid from \$24.64 billion to \$25.61 billion. This amount includes \$918 million in School Aid and \$50 million in competitive grants.
- **School Aid (\$918 million):** The Executive proposes a School Aid increase of \$918 million. This allotment is made up of: \$427.8 million for Foundation Aid (including a \$50 million set-aside for Community Schools); \$340.6 million for the reimbursement of expense based aids; and \$150 million for an unallocated Fiscal Stabilization Fund.
- **Foundation Aid:** The Executive eliminates the State's statutory financial obligation to school districts for future Foundation Aid which at present would be estimated at \$4.3 billion.
- **New Grant Programs:** The Executive proposal includes \$50 million in support of the following initiatives: after school programs (\$35 million); Early College High Schools (\$5.3 million); Prekindergarten (\$5 million); Advanced Placement Test Assistance (\$2 million); Master Teachers Program (\$2 million); Empire State Excellence in Teaching Awards (\$400,000); and Cyberbullying Prevention (\$300,000).
- **Charter Schools**
  - **New York City Charter School Cap:** The Executive proposes to increase the number of charter schools that can operate in New York City.
  - **New York City Charter Facilities Aid:** The Executive would also require the NYC school district to pay a larger portion of charter facility costs.
  - **Charter School Transitional Aid (CSTA) (\$22 million):** The Executive proposes to end the current reimbursement to school districts for supplemental charter tuition in SY 2018-19 and instead would step down reimbursement through the CSTA to fewer districts.
- **Mayoral Control:** The Executive proposes a three-year extension of mayoral control in New York City, which is set to expire in June of 2017.
- **State Education Department (SED) Inspector General:** The Executive proposes to establish an Inspector General with jurisdiction over SED, who would be appointed for a five-year term by mutual agreement between the Assembly and the Senate.

# BUDGET REVIEW AND ANALYSIS: EDUCATION



The State Education Department (SED) is the administrative agency of the Board of Regents. The Department administers School Aid, regulates school operations, maintains a performance based accountability system, certifies teachers, and administers a host of other educational programs. These programs include special education services, cultural education, higher and professional education, vocational rehabilitation, and adult career and continuing education services. SED’s primary mission is to raise the knowledge, skills, and opportunities of all the people in New York.

New York State has roughly 3.1 million students enrolled in Prekindergarten through 12th grade, including nearly 2.6 million children in public school districts, and almost 460,000 children in nonpublic schools. New York State provides more than \$24 billion in General Support for Public Schools for instructional and operational purposes, allowing school districts to provide educational services to children statewide.

Table 6

<b>Appropriations</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
State Education Department	34,589.47	35,142.21	552.74	1.60

Table 7

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
State Education Department	30,656.56	32,377.97	1,721.41	5.62

## State Education Department

The Executive proposes All Funds appropriations of \$35.14 billion, an increase of \$552.74 million, or 1.6 percent above the State Fiscal Year (SFY) 2016-17 level. The Executive recommends support for 2,692 full-time equivalent (FTE) positions, which is unchanged from SFY 2016-17 workforce levels.

**General Support for Public Schools (GSPS): Formula Based Aids**

Under the Executive proposal, overall GSPS would be increased by \$960.7 million to \$25.6 billion for the 2017-18 School Year (SY), reflecting a 3.9 percent growth. This increase consists of \$427.8 million in Foundation Aid, \$340.6 million in expense based aids, \$150 million in an unallocated Fiscal Stabilization Fund, and \$50 million for performance grants, offset by a \$7.4 million decrease in other grant programs.

In order for school districts to receive increases in school aid, they must have documentation submitted to and approved by the Commissioner of SED demonstrating that they have implemented the standards and procedures for conducting annual teacher and principal evaluations by September 1 of the current year.

In addition, there is an appropriation of \$7.06 billion to cover remaining school aid obligations for the 2016-17 and other prior school years.

**Table 8**

<b>Proposed School Aid Increase (\$ in Millions)</b>	
	<b>SY 2017-18 Exec. Proposal</b>
Foundation Aid	\$ 427.8
Expense Based Aids	\$ 340.6
Unallocated Fiscal Stabilization Fund	\$ 150.0
<b>Subtotal: Formula Based Aids</b>	<b>\$ 918.4</b>
<b>Grant Programs and Additional Aid Changes</b>	<b>\$ (7.4)</b>
<b>New Initiatives</b>	
After School	\$ 35.0
Early College High Schools	\$ 5.3
Prekindergarten	\$ 5.0
Advanced Placement Test Assistance	\$ 2.0
Master Teachers Program	\$ 2.0
Empire State Excellence in Teaching Awards	\$ 0.4
Cyberbullying Prevention	\$ 0.3
<b>Subtotal: New Initiatives</b>	<b>\$ 50.0</b>
<b>Year to Year School Aid Increase</b>	<b>\$ 961.0</b>

**Foundation Aid (\$428 million):** The Executive proposes an increase of \$427.82 million in Foundation Aid, for a total of \$16.90 billion, which includes a \$50 million set-aside for Community Schools. At the same time, the Executive eliminates the State’s statutory financial obligation to school districts for future Foundation Aid. The Foundation Aid formula specifies the State’s court-affirmed constitutional obligation to fund a “sound basic education” for every public school child in New York State. The



Foundation Aid formula consolidated 30 different School Aid formulas into a cohesive one, and is designed to distribute funding in an equitable, predictable, and stable manner. The formula is based on school district and certain student demographic data that estimate the district's needs and local funding capacity, including poverty, wealth, and the number of English language learners and students eligible for free and reduced-price lunch. Fully phased-in Foundation Aid would yield a total of \$20.53 billion for school districts.

The Executive removes the majority of the Foundation Aid formula in law, completely eliminating the portion that determines how much districts should ultimately receive, and instead distributes this year's increase (\$428 million) based on an alternate formula using elements of the Foundation Aid formula. The Executive also changes the factor used to estimate poverty.

Furthermore, the Foundation Aid formula generates a per pupil aid estimate that is used to determine funding for various grant programs, including Prekindergarten. The Executive proposal replaces references to this per pupil Foundation Aid amount with a new operating amount per pupil.

**Community Schools:** The Executive Budget includes \$150 million for Community Schools as a set-aside within Foundation Aid, which is \$50 million above last year's level. However, the Executive discontinues \$75 million in funding for Community Schools programs for struggling and persistently struggling schools that was included in the 2016-17 Enacted Budget, for a net decrease of \$25 million in support for Community Schools.

**Grant Initiatives (\$50 million):** The Executive proposes the following grant programs:

- **After School (\$35 million):** The Executive proposes \$35 million to add 22,000 spots in after-school programs in the state's 16 Empire State Poverty Reduction Initiative (ESPRI) communities.
- **Early College High Schools (\$5.3 million):** The Executive proposes \$5.3 million to expand Early College High School programs. This new funding would prioritize schools that are focused on computer science.
- **Prekindergarten (\$5 million):** The Executive proposes \$5 million for a second round of funding for Expanded Prekindergarten for Three- and Four-Year-Olds in high-need school districts, first introduced in SFY 2015-16. Priority will be given to the remaining high-need school districts without a Prekindergarten program.



- **Advance Placement Test Assistance (AP) (\$2 million):** The Executive proposes \$2 million to fund AP costs for low-income students. Funds would only be made available as a match to Federal Title IV funding. This is a \$1.5 million increase from the \$500,000 allocation made in SFY 2016-17.
- **Master Teachers Program (\$2 million):** The Executive proposes \$2 million to fund an additional cohort of 115 master teachers, with a focus on those who teach computer science. Each master teacher would be awarded \$15,000 per year for four years.
- **Excellence in Teaching Awards (\$400,000):** The Executive proposes to fund a second round of Empire State Excellence in Teaching Awards. Teachers receiving this award would receive \$5,000 each to use for professional development activities.
- **Cyberbullying Prevention (\$300,000):** The Executive proposes \$300,000 to combat and prevent cyberbullying through public awareness campaigns and cyberbullying professional development for school counselors.

Table 9

## General Support for Public Schools

AID CATEGORY	2016-17 School Year (\$ in Millions)	2017-18 School Year (\$ in Millions)	\$ Change (\$ in Millions)	% Change
<b>Formula-Based Aids</b>				
Foundation Aid	16,474.28	16,902.10	427.82	2.60
Excess Cost - High Cost	596.27	607.52	11.25	1.89
Excess Cost - Private	376.69	399.13	22.44	5.96
Reorganization Operating Aid	7.63	7.34	(0.29)	(3.80)
Textbooks (Incl. Lottery)	177.10	179.08	1.98	1.12
Computer Hardware	37.50	38.24	0.74	1.97
Computer Software	45.28	46.27	0.99	2.19
Library Materials	18.78	19.31	0.53	2.82
BOCES	866.82	881.00	14.18	1.64
Special Services	251.50	262.09	10.59	4.21
Transportation	1,734.92	1,830.43	95.51	5.51
High Tax	223.30	223.30	0.00	0.00
Universal Prekindergarten	414.28	415.56	1.28	0.31
Academic Achievement Grant	1.20	1.20	0.00	0.00
Supplemental Education Improvement Grant	17.50	17.50	0.00	0.00
Charter School Transitional Aid	32.90	38.87	5.97	18.15
Full-Day Kindergarten	4.70	1.80	(2.90)	(61.70)
Academic Enhancement Aid	9.57	9.57	0.00	0.00
Supplemental Public Excess Cost	4.31	4.31	0.00	0.00
Building Aid/Reorganization Building	2,910.26	3,088.60	178.34	6.13
<b>Total Formula-Based Aids</b>	<b>24,204.79</b>	<b>24,973.22</b>	<b>768.43</b>	<b>3.17</b>
<b>Grant Programs</b>				
Teachers of Tomorrow	25.00	25.00	0.00	0.00
Teacher-Mentor Intern	2.00	2.00	0.00	0.00
Student Health Services	13.84	13.84	0.00	0.00
Roosevelt	12.00	12.00	0.00	0.00
Urban-Suburban Transfer	7.90	7.90	0.00	0.00
Employment Preparation Education	96.00	96.00	0.00	0.00
Homeless Pupils	26.23	30.23	4.00	15.25
Incarcerated Youth	17.25	17.50	0.25	1.45
Bilingual Education	15.50	15.50	0.00	0.00
Education of OMH / OPWDD Pupils	60.00	61.00	1.00	1.67
Special Act School Districts	2.70	2.70	0.00	0.00
Chargebacks	(51.50)	(51.75)	(0.25)	0.49
BOCES Aid for Special Act Districts	0.70	0.70	0.00	0.00
Learning Technology Grants	3.29	3.29	0.00	0.15
Native American Building	18.24	5.00	(13.24)	(72.59)
Native American Education	45.38	46.20	0.82	1.81
Bus Driver Safety	0.40	0.40	0.00	0.00
<b>Total Grant Programs</b>	<b>294.93</b>	<b>287.51</b>	<b>(7.42)</b>	<b>(2.51)</b>
<b>Total Formula-Based Aids and Grant Program</b>	<b>24,499.72</b>	<b>25,260.73</b>	<b>761.02</b>	<b>3.11</b>
Performance Grants	144.47	194.47	50.00	34.61
Fiscal Stabilization Fund	0.00	150.00	150.00	100.00
<b>School Year Total</b>	<b>24,644.19</b>	<b>25,605.20</b>	<b>961.02</b>	<b>3.90</b>

**Prekindergarten Programs:** The Executive Budget continues to provide funding for the following Prekindergarten programs:

- Universal Prekindergarten at \$415.6 million, which includes \$30 million for existing Priority Full-Day and Expanded Half-day Prekindergarten grants as proposed by the Executive;
- Statewide Full-day Prekindergarten (\$340 million);
- expanded Prekindergarten for Three- and Four-Year Old Students (\$30 million);
- Prekindergarten for Three-Year Old Students in High-Need School Districts (\$22 million); and
- a new round of funding for Expanded Prekindergarten for Three- and Four-Year-Olds (\$5 million).

When combined with new and existing state Prekindergarten funding, the Executive proposal includes approximately \$812 million to support Prekindergarten programs run by districts and community-based organizations. The Executive proposal would consolidate the \$30 million Priority Full-day and Expanded Half-day Prekindergarten grant program that began in SY 2013-14 with the \$385 million Universal Prekindergarten Program that is within School Aid.

Additionally, the Executive proposes to base funding for Prekindergarten grants on a new operating amount per pupil, instead of a school district's Foundation Aid amount per pupil. The Executive proposal also requires all school districts to adopt approved quality indicators within two years, in order to continue receiving funding.



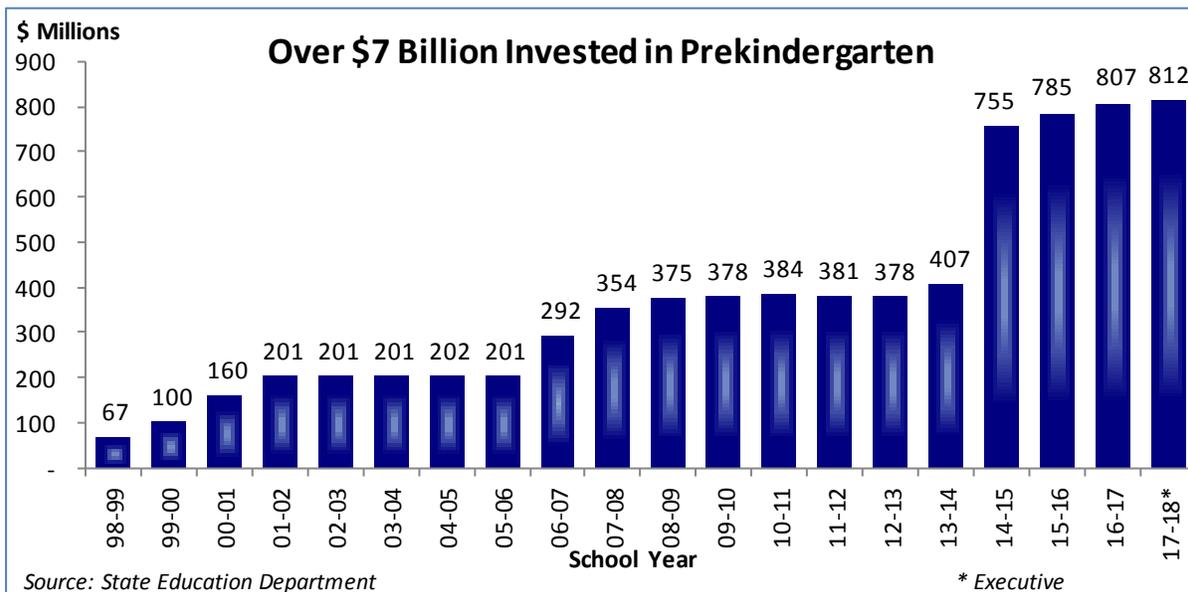


Figure 1

**My Brother’s Keeper:** The Executive provides \$18 million for the My Brother’s Keeper (MBK) grant initiatives and maintains \$800,000 for the Office of Family and Community Engagement within SED, which cumulatively is \$1.2 million less than was provided for MBK initiatives in SFY 2016-17.

**Nonpublic Schools:** The Executive proposes a Nonpublic School Aid increase of \$6.96 million or four percent in SFY 2017-18, for a total \$180.99 million. Additionally, the Executive would continue a \$15 million grant for Safety Equipment for Nonpublic Schools and a \$922,000 appropriation for Academic Intervention Services. Nonpublic schools will also receive the second year of a two-year \$60 million appropriation, first enacted in 2016-17, to accelerate reimbursement for the Comprehensive Attendance Policy (CAP) program. The Executive would also continue \$800,000 in State Operations funding for the Office of Religious and Independent Schools within SED. In addition, the Executive proposes \$25 million in capital funding for nonpublic technology projects, which could include laptops, tablets, computer servers and internet connectivity.

**Teacher Resource and Computer Training Centers:** The Executive proposal discontinues \$14.26 million in support for Teacher Resource and Computer Training Centers.

**Charter Schools**

**Charter School Cap in New York City:** The Executive proposes to increase the number of charter schools that can operate in New York City. This is achieved by removing certain regional caps on the number of charter schools in the State and by allowing the charters of previously closed schools to be reissued to new entities. These reissued charters would not apply to the statutory cap.

**New York City Charter Facilities Aid:** The Executive proposal increases the amount that the New York City School District (NYCSD) must pay to charter schools by including additional costs (such as utilities and security) for reimbursement, and increasing the reimbursement rate. Additionally, the Executive would create more stringent requirements for co-location sites or alternative spaces offered to charter schools by the NYCSD, stipulating that certain grades must be located in the same building even if grade levels are not yet in operation. Finally, if the NYCSD does not pay a charter school within a certain time period, the State Comptroller would be authorized to withhold the amount of the payment from the NYCSD's State Aid and send the funding directly to the charter school.

**Charter Tuition:** The Executive would allow charter tuition to unfreeze, which would increase charter tuition payments for some schools and would specifically cost the NYCSD an additional \$197 million. The Executive Budget also includes an additional \$21.6 million for supplemental charter tuition, for a total of \$64 million. This funding would reimburse districts for the statutory growth in supplemental charter school tuition that school districts pay upfront to charter schools. This is the final planned year of this reimbursement. Starting in SY 2018-19, school districts meeting certain requirements would receive partial reimbursement for three years through the Charter School Transitional Aid formula.

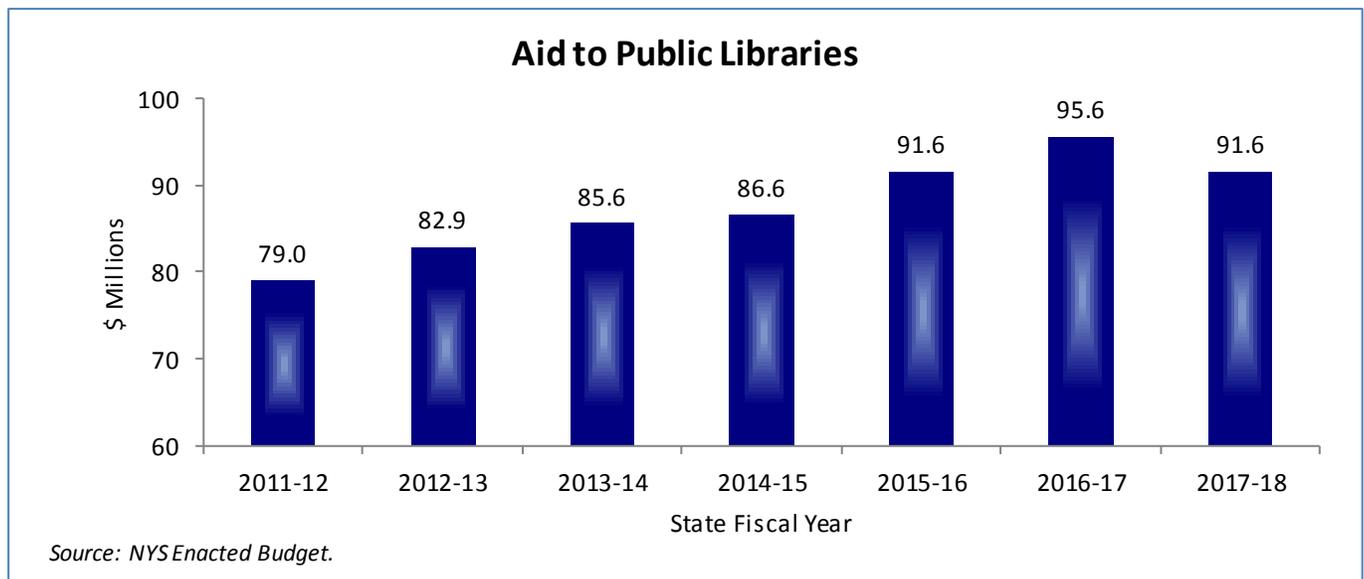
#### **Adult Career and Continuing Education Services Program**

The Executive proposal maintains SFY 2016-17 Enacted Budget funding levels for Case Services at \$54 million and Independent Living Centers at \$12.36 million. Furthermore, the Executive proposes to continue funding College Readers Aid at \$294,000 and Supported Employment at \$15.16 million.

The Executive decreases funding for Adult Literacy Education by \$1 million, for a total of \$6.29 million.



## Cultural Education Program



**Figure 2**

The Executive proposes to decrease funding for Aid to Public Libraries by \$4 million, providing a total of \$91.62 million. Additionally, the Executive proposes to decrease funding for library construction projects by \$5 million, for a total of \$14 million. Funding of \$250,000 for the Schomburg Center for Research in Black Culture and \$75,000 for the Langston Hughes Community Library is not continued in the Executive Budget.

Additionally, \$1.3 million to reimburse the MTA for the MTA mobility tax is not funded. The Executive Budget also funds the conservation and preservation of library materials and the Talking Book and Braille Library at \$693,000.

The Executive proposal provides funding for Educational Television and Radio at \$14 million, a decrease of \$500,000.

## Special Education

The Executive Budget maintains support for Private Schools for the Blind and Deaf (referred to as 4201 schools) at \$100.8 million, continuing the \$2.3 million increase included in the 2016-17 Enacted Budget.

The Executive also continues funding for Preschool Special Education programs (referred to as 4410 schools) by maintaining funding at \$1.03 billion.

The Executive maintains funding for summer school programs for school-aged children with handicapping conditions (referred to as 4408s) at \$364.50 million.

The Executive provides \$6.2 million in funding to support direct salary and related fringe benefit costs associated with minimum wage increases that take effect during SFY 2017-18 for schools serving students with disabilities. This is an increase of \$5.1 million from SFY 2016-2017.

The Executive eliminates the language identifying set-aside of \$4 million from Federal funds to help prevent excessive instructional staff turnover in certain programs serving students with disabilities, as this grant is being integrated into the rate for these programs.

### **Other Programmatic Support**

The Executive maintains support for the administration of the high school equivalency diploma exam at \$5.16 million and the Smart Scholars Early College High School program at \$1.47 million.

The Executive Budget discontinues \$461,000 in funding for Bard High School Early College Queens, leaving a total of \$1.38 million for the other Math and Science High Schools.

The Executive includes \$1 million in funding for the East Ramapo School District to support services to improve and enhance the educational opportunities of students attending the District.

The Executive proposal would also reduce the carve-out for the Consortium for Worker Education by \$1.5 million to \$11.5 million.

The following table summarizes funding for other elementary and secondary education programs outside of GSPS.



Table 10

## Other Public Elementary and Secondary Education Programs

	SFY 2016-17	SFY 2017-18	\$ Change (\$ in Millions)	% Change
	Enacted (\$ in Millions)	Exec. Request (\$ in Millions)		
Supplemental Basic Charter School Tuition Payments	42.40	64.00	21.60	50.94
Expanded 3 & 4 Year-Old PreKindergarten	0.00	5.00	5.00	100.00
Empire State After School Grants	0.00	35.00	35.00	100.00
Advanced Placement Fees for Low-Income Students	0.50	2.00	1.50	300.00
Early College High School Programs	0.00	5.30	5.30	100.00
Computer Science Master Teacher Awards	0.00	2.00	2.00	100.00
Empire State Excellence in Teaching Awards	0.00	0.40	0.40	100.00
Prevent Cyberbullying Initiative	0.00	0.30	0.30	100.00
East Ramapo School District	0.00	1.00	1.00	100.00
NYC Student Assistance for Specialized High Schools Test	2.00	0.00	(2.00)	(100.00)
Community Schools	75.00	0.00	(75.00)	(100.00)
My Brother's Keeper	18.00	18.00	0.00	0.00
Targeted Prekindergarten	1.30	1.30	0.00	0.00
Children of Migrant Workers	0.09	0.09	0.00	0.00
Adult Basic Education	1.84	1.84	0.00	0.00
Adult Literacy Education	7.29	6.29	(1.00)	(13.68)
Lunch/Breakfast Programs	34.40	34.40	0.00	0.00
Nonpublic School Aid	234.02	180.98	(53.04)	(22.66)
Nonpublic School Safety Equipment	15.00	15.00	0.00	0.00
New York State Center for School Safety	0.46	0.46	0.00	0.00
Health Education Program	0.69	0.69	0.00	0.00
Academic Intervention Services, Nonpublic	0.92	0.92	0.00	0.00
Extended School Day/School Violence Prevention	24.34	24.34	0.00	0.00
Primary Mental Health Project	0.89	0.89	0.00	0.00
Summer Food Program	3.05	3.05	0.00	0.00
Consortium for Worker Education	13.00	11.50	(1.50)	(11.54)
Charter School Start Up Grants	4.84	4.84	0.00	0.00
Smart Scholars Early College HS Program	1.47	1.47	(0.00)	(0.34)
Student Mentoring and Tutoring Program	0.49	0.49	0.00	0.00
Postsecondary Aid to Native Americans	0.60	0.60	0.00	0.00
NYS Historical Association—National History Day	0.10	0.00	(0.10)	(100.00)
Small Govt. Assistance to School Districts	1.87	1.87	0.00	0.00
Math and Science High Schools	1.84	1.38	(0.46)	(24.89)
County Vocational Education and Extension Boards	0.93	0.93	0.00	0.00
Center for Autism and Related Disabilities –SUNY Albany	1.24	0.74	(0.50)	(40.32)
Just for Kids –SUNY Albany	0.24	0.24	0.00	0.00
Say Yes to Education Program	0.35	0.35	0.00	0.00
Nat'l Board for Professional Teaching Standards	0.37	0.37	0.00	0.00
Teacher Resource Centers	14.26	4.28	(9.98)	(70.00)
Deferred Action for Childhood Arrivals	1.00	1.00	0.00	0.00
Rochester School Health Service Grants	1.20	0.00	(1.20)	(100.00)
Buffalo School Health Service Grants	1.20	0.00	(1.20)	(100.00)
Henry Viscardi School	0.90	0.00	(0.90)	(100.00)
New York School for the Deaf	0.90	0.00	(0.90)	(100.00)
Costs Associated with Section 652 of the Labor Law	1.10	6.20	5.10	463.64
Executive Leadership Institute	0.48	0.00	(0.48)	(100.00)
BOCES New Technology School Initiative	0.20	0.00	(0.20)	(100.00)
Supplemental Valuation Impact Grants	1.25	0.00	(1.25)	(100.00)
New York City Community Learning Schools Initiative	0.75	0.00	(0.75)	(100.00)
Grants to Certain School Districts and Other Programs	54.85	0.00	(54.85)	(100.00)
Prior Year Claims/Fiscal Stabilization Grants	45.07	45.07	0.00	0.00
<b>Total</b>	<b>612.69</b>	<b>484.58</b>	<b>(128.11)</b>	<b>(20.91)</b>

## Article VII Proposals

The Executive recommends Article VII legislation that would:

- require that Universal Prekindergarten programs include curriculum standards that are consistent with the New York State Prekindergarten early learning standards;
- require that, for Universal Prekindergarten programs, a full-day be a minimum of five hours per school day and a half-day be a minimum of two and a half hours per school day;
- require the universal Prekindergarten annual report to be submitted to the legislature and governor and include information, such as the total funding for and number of students served in state, federally and locally supported Prekindergarten programs;
- provide that, as a condition of receiving state funding for Universal Prekindergarten, a school district must agree to adopt approved quality indicators within two years, including but not limited to: valid and reliable measures of environmental quality, the quality of teacher-student interactions and child outcomes, and ensuring that any such assessment of child outcomes shall not be used to make high-stakes education decisions for individual children;
- require school superintendents to refer students under the ages of 17 and 18, beginning January 1, 2019 and 2020, respectively, who have brought a weapon or firearm to school to family court;
- establish an independent inspector general within SED that would be appointed by joint resolution of the Senate and Assembly to oversee and investigate allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by any person within SED;
- authorize Boards of Cooperative Educational Services (BOCES) to provide a collaborative alternative education program known as a “recovery high school” for students diagnosed with substance use disorder and who have demonstrated a commitment to recovery. BOCES may contract with the Office of Alcoholism and Substance Abuse Services, and other providers for the operation of these schools;
- extend for one year the availability of additional building aid to school districts for the purchase of stationary metal detectors, security cameras or other security devices that increase the safety of students and school personnel;

- authorize a school district, private school or BOCES to apply to SED for a waiver from certain special education requirements provided that federal compliance is maintained and the waiver will enhance student achievement and opportunities through an innovative program. Notice of the proposed waiver must be provided to all parents of students who would be impacted by the waiver and the parents must be provided an opportunity to submit written comments. The Commissioner would be required to review comments received when determining whether to grant a waiver request and any entity that is granted a waiver must submit an annual report to the Commissioner;
- provide that, beginning with the 2018-19 school year, approved preschool integrated special class programs must be reimbursed for services based on an alternative methodology for reimbursement, to be established by the Commissioner no later than October 1, 2017, subject to the approval of the director of the budget;
- extend provisions of mayoral control of the New York City public school system until June 30, 2020;
- continue the Contract for Excellence program by requiring all school districts that submitted a contract for the 2016-17 school year to submit a contract for the 2017-18 school year unless all schools within the district are reported as being in “good standing” academically;
- require SED to provide direct certification data for the three most recently available school years;
- require the New York City Chancellor to provide students who receive a score of “advanced” on the eighth grade English Language Arts or Math exam with state assessment information on opportunities to apply for admission to the specialized high schools in their official score report;
- change the process for identifying pupils for participation in gifted programs by eliminating the identification of such pupils through referral from a parent, teacher or administrator and instead identify such pupils by requiring administration of a diagnostic test or other evaluation mechanism to all students in a grade;
- authorize that a Board of Education may purchase food products directly from an association of New York State producers or growers provided that such order is for \$100,000 or less. A school district may apply to the Commissioner for permission to purchase an order of more than \$100,000 from such an association when no other producers or growers have offered to sell to such school;



- provide continued authorization for a state monitor at the East Ramapo Central School District to improve and enhance the educational opportunities of the public school students for an additional year, provided the school district annually revises their long term strategic academic and fiscal improvement plan as well as expenditure plan by October 1 of each year and submits such revisions to the commissioner for approval;
- provide technical amendments to conform state statute to the Federal changes to the Elementary and Secondary Education Act (ESEA);
- provide a technical amendment to designate Limited English Proficiency students as English Language Learners in state funding;
- extend state statute that conforms to the Federal No Child Left Behind requirements;
- freeze certain school aid formulas for expense based aids for both the 2016-17 and 2017-18 school years to the lesser of the Executive run or revised data;
- maintain existing provisions for the Teachers of Tomorrow program in the New York City School District for the 2017-18 school year;
- maintain special education class size waivers for school districts;
- amend Education Law to align it with recent changes to the Federal McKinney-Vento Act, which deals with the education of homeless students;
- continue the authorization for the Rochester City School District to purchase health services from BOCES;
- continue existing provisions for Magnet Schools, Attendance Improvement and Dropout Prevention, and Teacher Support Aid within Foundation Aid;
- continue provisions related to school bus leases for two years;
- provide for the continuation of a Consortium for Worker Education (CWE) allocation within the Employee Preparation Education (EPE) program;
- continue miscellaneous extenders for one year;

- continue the current provisions relating to the conditional appointment of school employees in school districts, BOCES and charter schools through the next school year;
- continue provisions for the school bus driver training grant program;
- continue existing provisions for the support of public libraries; and
- continue existing provisions for a lottery accrual due to a change made by the Government Accounting Standards Board regarding the Teacher Retirement System pension contribution.





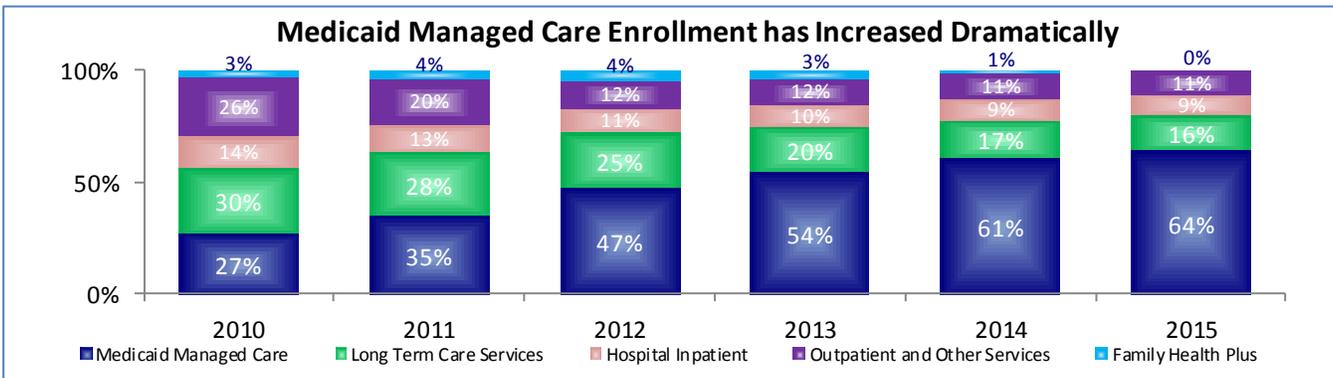
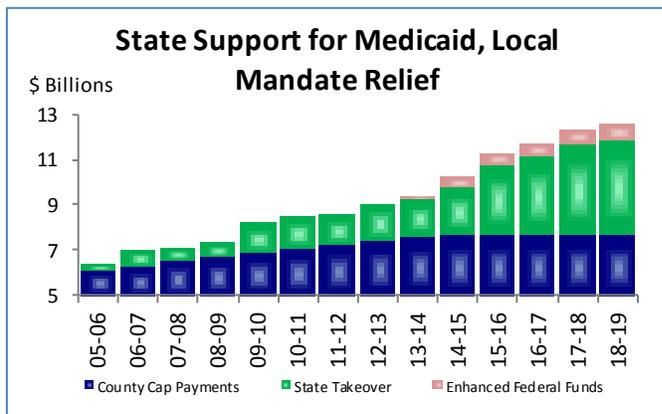
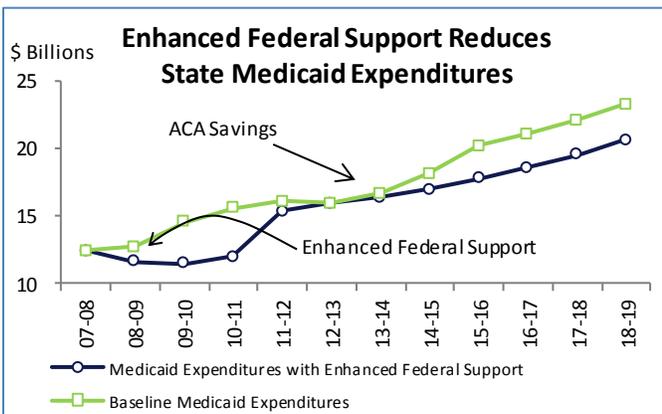
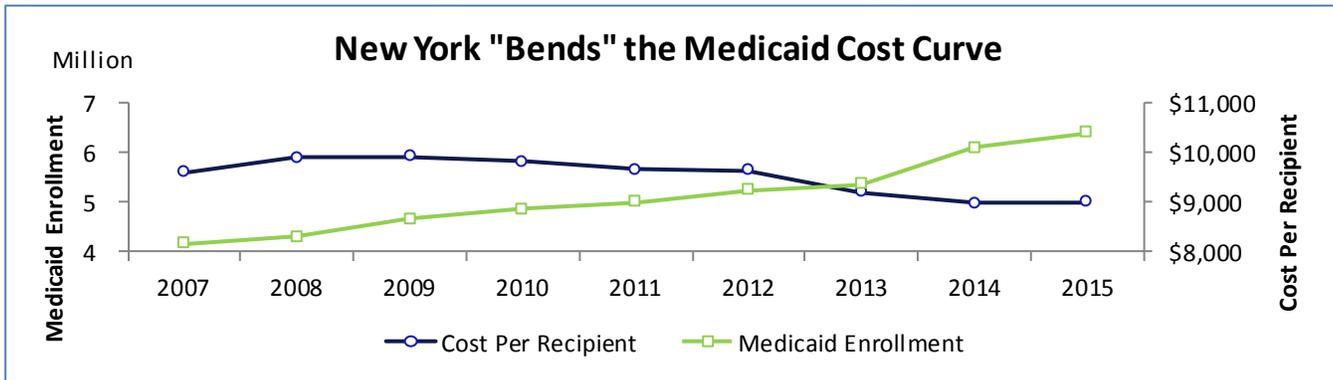
# BUDGET SNAPSHOT: HEALTH



**Medicaid enrollment is projected at 6.3 million, an increase of 1.1% from the previous year.**

**The Affordable Care Act provides health insurance coverage to 2.7 million New Yorkers.**

**Over the past 3 years, the State has invested \$2.8 billion in capital to support health care.**



Sources: NYS Division of the Budget; NYS Department of Health.

# BUDGET HIGHLIGHTS: HEALTH



- **Extension of the Medicaid Global Cap:** The Executive proposal continues the cap on Medicaid spending through the Department of Health (DOH) and limits these expenditures to \$19.39 billion in State Fiscal Year (SFY) 2017-18 and \$20.19 billion in SFY 2018-19.
- **Medicaid Redesign Team (MRT) Recommendations:** In addition to the initiatives implemented over the prior six years, the Executive proposes a cost-neutral series of new MRT initiatives for SFY 2017-18, which includes cost containment actions, new Federal costs, and financial plan relief.
- **Limiting the Costs of Prescription Drugs:** The Executive proposes to limit the impact of prescription drug prices on the Medicaid program and private insurance by: establishing price ceilings for certain high cost prescription drugs under the Medicaid program; establishing a surcharge on high-priced drugs which would be used to lower insurance premiums; and requiring the Department of Financial Services to regulate the practices of Pharmacy Benefit Managers.
- **Minimum Wage:** The Executive includes a total of \$284.6 million in State share funding to support direct care provider costs associated with the increase in the State's minimum wage, including \$255.4 million in the Department of Health and \$29.2 million in the Office for People with Developmental Disabilities, the Office of Alcoholism and Substance Abuse Services, the Office of Mental Health, and the State Education Department.
- **Essential Health Care Provider Capital:** The Executive proposes \$500 million in new capital support for essential health care providers, including a minimum of \$30 million for community-based providers and \$50 million for Montefiore Medical Center.
- **Consolidate Public Health Programs:** The Executive Proposal would consolidate 39 public health appropriations into four pools, and then reduce funding by 20 percent, or \$24.6 million.
- **Test and Monitor Drinking Water:** The Executive proposes to require every public water system to be tested for the presence of emerging contaminants once every three years; to require the testing of private wells as a condition of sale of any residential property; and require testing for leased residential properties once every five years.



# BUDGET REVIEW AND ANALYSIS: HEALTH



The State of New York spends approximately \$70 billion annually on health care. The Department of Health’s (DOH) mission is to provide quality health services to all New Yorkers, including comprehensive health care and long-term care coverage for low and middle income individuals and families through Medicaid, Child Health Plus, and Elderly Pharmaceutical Insurance Coverage (EPIC) programs. In addition to its health insurance programs, DOH promotes and supervises public health activities throughout the State, pursues efforts to reduce infectious diseases, directs a variety of emergency preparedness initiatives, and oversees all health care facilities in the State.

The Office of the Medicaid Inspector General (OMIG) works to preserve the integrity of the Medicaid program by conducting and coordinating fraud, waste and abuse control activities for all State agencies responsible for services funded by Medicaid.

The State Office for the Aging (SOFA) provides programs and services for New Yorkers 60 years of age and older. SOFA provides leadership and direction to 59 area agencies on aging, as well as numerous other local programs and providers that comprise the network of services to older adults.

**Table 11**

Agency	Appropriations			
	2016-17 Adjusted (\$ in Millions)	2017-18 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Health*	138,647.16	147,648.87	9,001.71	6.49
State Office for the Aging	260.36	247.67	(12.69)	(4.88)
Office of Medicaid Inspector General	54.07	50.02	(4.05)	(7.49)

Note: The amounts above include a 2-year Medical Assistance (Medicaid) appropriation.

Table 12

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Department of Health	54,631.08	57,238.31	2,607.23	4.77
State Office for the Aging	247.82	235.50	(12.32)	(4.97)
Office of Medicaid Inspector General	50.94	48.25	(2.69)	(5.29)

### Department of Health

The Executive proposes an All Funds appropriation of \$147.65 billion, an increase of \$9 billion or 6.5 percent from the SFY 2016-17 level, primarily attributable to an increase in federal funds. The Executive recommends funding support for 5,082 full time equivalent (FTE) positions, an increase of 163 positions, predominantly associated with the State's continued assumption of local Medicaid Administration.

**Medicaid Program:** The Executive budget includes total Medicaid spending of \$65.16 billion, an increase of \$2.0 billion or 3.1 percent from SFY 2016-17, which is primarily attributable to an expected increase in federal funds. To support projected expenditures in SFY 2017-18 and SFY 2018-19, the Executive proposes a two-year Medicaid appropriation totaling \$137 billion.

Table 13

<b>All State Agency Medicaid Expenditure Projections</b>				
<b>(\$ in Millions)</b>				
	<b>SFY 2016-17</b>	<b>SFY 2017-18</b>	<b>Year-to-Year Change</b>	
			<b>Amount</b>	<b>Percent</b>
State Share	\$22,302	\$23,444	\$1,141	4.9%
Federal Share	\$32,428	\$33,528	\$1,100	3.3%
Local Share	\$8,427	\$8,186	(\$241)	-2.9%
<b>All Funds</b>	<b>\$63,158</b>	<b>\$65,158</b>	<b>\$2,000</b>	<b>3.1%</b>

**Health Care Reform Act (HCRA) Financing:** In SFY 2017-18, HCRA receipts are projected to total \$5.60 billion, a decrease of \$58 million from SFY 2016-17. HCRA disbursements are projected to total \$5.67 billion, an increase of \$82 million from SFY 2016-17. In addition, the Executive proposes Article VII language to extend HCRA for three additional years from March 31, 2017 to March 31, 2020. The Executive proposal eliminates various programmatic funding allocations and would make HCRA funding subject to appropriation.



**Medicaid Global Cap:** The Executive proposes the continuation of a Medicaid spending cap which limits growth in the Department of Health (DOH) State Funds Medicaid spending to a 10-year rolling average of the medical component of the Consumer Price Index, currently estimated at 3.2 percent. DOH Medicaid expenditures are presently capped at \$18.56 billion in SFY 2016-17. The Executive proposes to extend the global cap for one additional year, and to cap SFY 2017-18 DOH Medicaid expenditures at \$19.39 billion and SFY 2018-19 expenditures at \$20.19 billion. The Executive includes new language to allow the Director of the Budget to modify the cap amount in the event of changes to federal funding levels or federal Medicaid eligibility criteria.

**Federal Medicaid Waiver:** The Executive Budget includes \$4 billion in appropriation authority to allow the State to distribute two years of federal funding through the Delivery System Reform Incentive Payment (DSRIP) program. Implementation of the DSRIP program began on April 1, 2015 and this funding would support health care restructuring proposals designed to reduce unnecessary hospitalizations by promoting alternative care models; increase access to primary care; promote health workforce development; and make investments in health home development, long term care and behavioral health services.

**Federal Health Care Reform:** The State currently receives significant financial benefits from the Patient Protection and Affordable Care Act (ACA), including enhanced matching rates for single, childless adults and Medicaid expansion populations; savings related to legal immigrant coverage under the Essential Plan; and enhanced matching rates for community-based services under the Community First Choice Option. The Executive estimates a total State benefit of \$3.76 billion in SFY 2017-18, related to the ACA. In addition, under the ACA local social services districts would realize a savings of \$604 million in SFY 2017-18.

**Table 14**

<b>State and Local Relief Under the ACA</b>			
<b>(\$ in Millions)</b>			
	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Childless Adults FMAP	1,797	2,010	2,216
Expansion Population FMAP	683	703	724
Essential Plan - Immigrants	937	927	935
Community First Choice Option	265	265	265
Other Actions	75	(50)	(50)
<b>Total State Benefit</b>	<b>3,757</b>	<b>3,855</b>	<b>4,090</b>
Local Benefit	604	675	744
<b>Total New York State Benefit</b>	<b>4,361</b>	<b>4,530</b>	<b>4,834</b>

**State Assumption of Local Medicaid Expenditure Growth:** Effective January 1, 2015, the State fully assumed the growth in local Medicaid expenditures which, when combined with existing limits on local Medicaid spending, would provide counties with \$3.22 billion in savings in SFY 2017-18. To support the State cost of this takeover, the Executive proposes to authorize the use of Master Settlement Agreement payments from tobacco manufacturers to offset Medicaid expenditures, resulting in a State savings of \$125 million in SFY 2018-19 and \$400 million annually thereafter.

Table 15

<b>Medicaid Takeover - Local Savings</b>				
<b>(\$ in Millions)</b>				
	<b>SFY 2015-16</b>	<b>SFY 2016-17</b>	<b>SFY 2017-18</b>	<b>SFY 2018-19</b>
Medicaid 3% Cap	\$2,175	\$2,339	\$2,493	\$2,648
Local Growth takeover	\$370	\$552	\$735	\$917
<b>Total</b>	<b>\$2,545</b>	<b>\$2,891</b>	<b>\$3,228</b>	<b>\$3,565</b>

**Medicaid Redesign Team (MRT) – Phase VII Recommendations:** The Executive Budget proposal continues the savings actions enacted as part of the previous six State budgets, including: the 78 discrete cost containment initiatives recommended by the MRT; additional recommendations that developed through the MRT Workgroup process (MRT Phases II through VI); and the elimination of scheduled Medicaid inflationary rate increases.

In addition to continuing the initiatives that have been implemented over the past several years, the Executive proposes a series of MRT initiatives that are designed to be cost-neutral, including additional expenditures resulting from federal actions and additional financial plan relief, balanced by savings resulting from pharmacy reductions, long term care initiatives, and other Medicaid program reductions. The Executive proposal includes:

- **Federal Actions:** a \$293.4 million State share increase, including increased State liabilities for individuals who are enrolled in both Medicare and Medicaid coverage (a \$175.4 million increase) and recoupments of excess federal Medicaid funds paid to the State related to the ACA (a \$118 million increase);
- **Financial Plan Relief:** a net increase of \$115 million related to shifting previously excluded costs under the global cap, consisting of \$382 million in additional financial plan relief, balanced by \$267 million in savings related to the final phase-out of the Mental Hygiene Stabilization fund. This proposal would bring the total financial plan relief generated by the Medicaid program to \$1.31 billion in SFY 2017-18;



- **Pharmacy Increases:** a \$5.5 million increase related to modifications to pharmacy co-payment and pricing structure to comply with the federal Covered Outpatient Drug Rule, which requires that states move to a cost-based pharmacy reimbursement, to increase the dispensing fee to more adequately reflect pharmacy costs, and to consider drug acquisition cost in its reimbursement methodologies;
- **High Cost Drug Proposals:** a \$63.8 million State Share reduction, including proposals to establish price ceilings for certain high cost prescription drugs reimbursed under the Medicaid program by requiring a 100 percent additional supplemental rebate for any amounts in excess of a benchmark price established by the Drug Utilization Review Board (a \$55 million reduction); and limit year-over-year price increases for generic drugs covered by the Medicaid program to 75 percent, instead of the current 300 percent limit (a 8.8 million reduction);
- **Other Pharmacy Reductions** a \$28.75 State share reduction, including proposals to enhance program integrity controls related to controlled substances (a \$1.45 million reduction); eliminate “prescriber prevails” provisions in both fee-for-service Medicaid and Medicaid Managed Care for all drug classes except for atypical anti-psychotics and anti-depressants (a \$20.2 million reduction); implement a collaborative comprehensive medication management program between prescribers and pharmacists (a \$450,000 reduction); implement additional pharmacy edits (a \$350,000 reduction); and limit Medicaid coverage for over-the-counter drugs (a reduction of \$6.3 million);
- **Long Term Care Reductions:** a \$83.15 million State share reduction, including proposals to eliminate funding to managed long term care (MLTC) plans for marketing purposes (a \$3 million reduction); restrict MLTC enrollment to only individuals who are nursing home eligible (a \$2.75 million reduction); maximize Medicare coverage for hospice (a \$4.4 million reduction); implement fines for MLTC plans with poor encounter reporting (a \$2 million reduction); utilize federal Balancing Incentive Program (BIP) funding to support the implementation of federal Fair Labor Standards Act standards (a \$35 million reduction); eliminate nursing home bed hold payments (an \$11 million reduction); reduce MLTC quality bonus payments (a \$15 million reduction); and eliminate spousal refusal provisions (a \$10 million reduction);
- **Medicaid Managed Care Reductions:** a \$60.5 million State share reduction, including proposals to ensure Medicare coverage as a condition of Medicaid eligibility (a \$25.5 million reduction); reduce Medicaid Managed Care quality bonus payments (a \$20 million reduction); reduce the number of value-based payment demonstration programs (a \$5 million reduction); and reduce payments to managed care plans for facilitated enrollment (a \$10 million reduction);



- **Transportation Reductions:** a \$25.22 million State share reduction, including proposals to carve-out transportation services from MLTC plans and adult day health care programs (a \$8.98 million reduction); eliminate State-only payments for rural transit assistance (a \$4 million reduction); reduce overutilization of emergency transportation and 911 calls through enrollee education (a \$4.25 million reduction) and administrative savings related to the transportation manager contract (an \$8 million reduction). The Executive would also reprogram \$3 million in existing supplemental ambulance rates to support the first year of a multi-year plan to reconfigure Medicaid emergency transportation rates;
- **Essential Plan Premiums:** a \$14.63 million reduction related to implementing a \$20 monthly premium for individuals with incomes between 138 and 150 percent of the federal poverty level (FPL), and indexing the premium to the medical component of the CPI for all Essential Plan enrollees;
- **Hospital Reductions:** a \$31.5 million State share reduction, including proposals to increase the disallowance for early elective deliveries without medical indication from 50 percent to 75 percent (a \$1.5 million reduction); reduce avoidable emergency department visits by 25 percent and reinvest a portion of the savings in high performing facilities (a \$10 million reduction); reduce Value Based Payment Quality Incentive Program (VBP-QIP) and the Vital Access Provider Assurance Program (VAPAP) (a \$15 million reduction), and reduce the hospital quality pool (a \$5 million reduction). The Executive also proposes an investment of \$240 million for targeted rate increases to support the implementation of value-based payment methodologies, beginning in SFY 2018-19;
- **Other Savings Proposals:** a \$36.35 million State share reduction, including proposals to utilize BIP funds to support NY Connects activities (a \$4 million reduction); continue to review coverage for certain specialized procedures under the Medicaid program (a \$5 million reduction); enhance editing of Emergency Medicaid claims (a \$2.5 million reduction); delay the implementation of certain enhanced children's mental health services related to delays in achieving federal approval (a \$10 million); mandate commercial insurance for Early Intervention (EI) services (a \$1.35 million reduction); modify Civil Service Law to facilitate the insourcing additional Medicaid administration staff (a \$500,000 reduction); achieve savings in various DOH Medicaid administrative contracts (an \$8 million reduction); and reduce funding for low performing patient centered medical homes (a \$5 million reduction);
- **School Supportive Health:** a \$50 million State share reduction related to requiring the development of a plan to improve the Medicaid claiming of School Supportive Health Services (SSHS) in New York City. In the event that the plan does not generate the projected savings,

DOH would have the authority to reduce Medicaid Administration payments to the City, by \$50 million State share;

- **Supportive Housing Reductions:** a \$20 million State share reduction in support for supportive housing projects, which would reduce total Medicaid funding for supportive housing from \$83 million to \$63 million; and
- **Office for People with Developmental Disabilities (OPWDD) Transition to Managed Care:** an increase of \$5 million in funding in SFY 2018-19 to support the establishment of regional care coordination organizations, which would allow for the multi-year transition of OPWDD services to a managed care environment.

**Limit Drug Costs for Private Health Insurance:** The Executive proposes to impose a surcharge on high-priced drugs where the price of these drugs exceeds the benchmark price recommended by the Drug Utilization Review Board for Medicaid. The proceeds from the high cost drug surcharge would be reallocated to insurers to lower insurance premiums in the following year.

**Pharmacy Benefit Manager (PBM) Regulations:** The Executive's proposal would require PBMs to immediately register with the Department of Financial Services (DFS) and to obtain a full license from DFS, beginning January 1, 2019. PBMs would be required to disclose any financial incentives for promoting the use of certain drugs and pricing information regarding fee arrangements and rebates. The State would be authorized to suspend or revoke a PBMs license and to civilly enforce laws regulating PBMs.

**General Public Health Work (Article 6) Reimbursement:** The Executive proposal would reduce New York City's rate of reimbursement for public health activities funded under the GPHW program from 36 percent to 29 percent, generating a State savings of \$11 million in SFY 2017-18. The 36 percent reimbursement rate is preserved for all other county health departments.

**Early Intervention (EI) Program:** The Executive proposes \$4.05 million in savings related to a series of modifications intended to improve insurance collections in the EI program, including \$3.9 million in savings to the EI program and \$150,000 in savings to the Child Health Plus Program. Specifically, the proposals would:

- add EI providers to prompt pay requirements;
- prohibit insurers from denying EI coverage in certain circumstances;
- require insurers to notify providers and other interested parties if policies are fully insured;

- makes changes relating to information used for claims processing, including the certification of medical necessity; and
- require a provider to appeal adverse payment determinations.

**Consolidate Public Health Programs:** The Executive Proposal would consolidate 39 public health appropriations into four pools, and reduce overall spending by 20 percent, or \$24.59 million.

**Table 16**

<b>SFY 2017-18 Executive Budget DOH Local Program Consolidation Proposal</b>		
Program	2017-18 Proposed	Yr. - Yr. Reduction
<b>DISEASE PREVENTION AND CONTROL</b>	<b>\$41,705,600</b>	<b>(\$8,341,120)</b>
Evidence-Based Cancer Services	\$24,781,000	(\$4,956,200)
Obesity & Diabetes Consolidation	\$7,463,300	(\$1,492,660)
Public Health Campaign - TB Only	\$4,809,400	(\$961,880)
Healthy Neighborhoods	\$1,873,000	(\$374,600)
Childhood Asthma Coalitions	\$1,163,000	(\$232,600)
Hypertension Prevention	\$632,000	(\$126,400)
Health Promotion Initiatives	\$538,200	(\$107,640)
Hypertension	\$232,300	(\$46,460)
Children's Asthma	\$213,400	(\$42,680)
<b>MATERNAL AND CHILD HEALTH</b>	<b>\$33,443,257</b>	<b>(\$6,688,651)</b>
Adolescent Pregnancy Prevention (APPS)	\$10,631,000	(\$2,126,200)
School Based Health Centers (SBHC)	\$10,400,000	(\$2,080,000)
School-based Health Clinics	\$7,932,000	(\$1,586,400)
Prenatal Care Assistance Program (PCAP)	\$2,296,000	(\$459,200)
School Based Health Centers - Sub-schedule	\$782,557	(\$156,511)
Genetic Disease Screening	\$609,000	(\$121,800)
Physically Handicapped Children Program	\$212,000	(\$42,400)
Maternity and Early Childhood Foundation	\$283,300	(\$56,660)
Sickle Cell	\$213,000	(\$42,600)
Safe Motherhood Initiative	\$34,700	(\$6,940)
Maternal Mortality Review	\$31,300	(\$6,260)
Sudden Infant Death Syndrome (SIDS)	\$18,400	(\$3,680)
<b>PUBLIC HEALTH WORKFORCE</b>	<b>\$42,140,800</b>	<b>(\$8,428,160)</b>
Worker Retraining	\$11,450,000	(\$2,290,000)
Rural Health Care Access Development	\$9,625,000	(\$1,925,000)
Empire Clinical Research Investigator Program	\$8,612,000	(\$1,722,400)
Rural Health Network Development	\$6,225,000	(\$1,245,000)
GME - Ambulatory Care Training	\$2,250,000	(\$450,000)
GME - Area Health Education Centers	\$2,077,000	(\$415,400)
GME - Diversity in Medicine Programs	\$1,555,000	(\$311,000)
Workforce Studies	\$185,000	(\$37,000)
Upstate Medical (SUNY)	\$18,400	(\$3,680)
Gateway Institute (CUNY)	\$104,000	(\$20,800)
Statewide Health Broadcasts	\$39,400	(\$7,880)
<b>HEALTH OUTCOMES AND ADVOCACY</b>	<b>\$5,654,500</b>	<b>(\$1,130,900)</b>
Nursing Home Transition and Diversion Waiver	\$2,303,000	(\$460,600)
Poison Control	\$1,900,000	(\$380,000)
Cardiac Services	\$652,000	(\$130,400)
Enriched Housing	\$475,000	(\$95,000)
Hospital Cost Report	\$150,000	(\$30,000)
Falls Prevention	\$142,000	(\$28,400)
Long Term Care Community Coalitions	\$32,500	(\$6,500)
<b>GRAND TOTAL CONSOLIDATION</b>	<b>\$122,944,157</b>	<b>(\$24,588,831)</b>

**Cost of Living Adjustment (COLA):** The Executive proposal would defer for one year the 0.8 percent COLA across various human service agencies, resulting in a reduction of \$3.08 million to programs funded by DOH. The Executive proposal would also eliminate funding for the two percent COLA for DOH funded direct care workers which was enacted in 2015 resulting in a \$2 million savings.

**Test and Monitor Drinking Water:** The Executive proposes Article VII language to require every public water system to be tested for the presence of emerging contaminants once every three years and to establish a notification process for individuals being served by such water systems when emerging contaminants are discovered above a notification level set by the Commissioner of Health. The Executive Budget includes \$500,000 in Environmental Protection Fund support help defray the testing cost of public water systems that are experiencing financial hardship.

The Executive would also require the testing of onsite water supply systems, such as wells, as a condition of sale of any residential property. In addition, lessors of residential real property would be required to test the onsite water supply once every five years and to provide the results to their tenants.

**Programmatic Funding Shifts:** The Executive proposal would transfer \$9.2 million in funding for Medicaid Utilization review activities under the Medicaid global cap; transfer \$5.07 million in funding for family planning services to the Department of Financial Services; and transfer \$20.52 million in funding for the Roswell Park Cancer Institute from HCRA to capital funding.

**State Operations Reductions:** The Executive Budget includes \$92.26 million in state operations reductions, including \$9.84 million related to administrative efficiencies; \$900,000 in indirect cost reductions; \$1.39 million related to the attrition of 39 FTEs and the transfer of \$622,000 in provider collection monitoring under the Medicaid global cap. In addition, the Executive proposes \$4.93 million in savings related to transferring state operations costs to capital funding.

**Essential Health Care Provider Capital:** The Executive proposes \$500 million in additional capital support for essential health care providers, consisting of \$300 million in bonded capital and \$200 million in hard-dollar capital. Of this amount, a minimum of \$30 million directed to community-based providers and \$50 million would be allocated to Montefiore Medical Center. This investment would bring the total amount of capital support provided to health care providers for transformation efforts to \$3.3 billion over four years.

**Life Sciences Laboratory Public Health Initiative:** The Executive proposes \$150 million in Urban Development Corporation funding to support a life sciences laboratory public health initiative which would develop life science research, innovation and infrastructure.



**Health Care Regulation Modernization Team:** The Executive proposes Article VII language to establish a health care regulation modernization team within DOH which would review existing State statutes, regulations, and policies to reduce costs, improve outcomes, and streamline processes. The Team would be required to make recommendations to the Commissioner of Health no later than December 31, 2017.

**Regulate and Tax Vapor Products:** The Executive proposes to regulate vapor products (electronic cigarettes) in the same manner as tobacco products and includes these products under the Clean Indoor Air Act. The Tax provisions are expected to generate \$3 million in revenue in SFY 2018-19 and \$5 million in revenue annually thereafter.

**Extenders:** The Governor includes Article VII language to extend various expiring provisions of law.

### **State Office for the Aging**

The Executive proposes an All Funds appropriation of \$247.67 million, which is a decrease of \$12.69 million or 4.9 percent from the SFY 2016-17 level. The Executive recommends funding support of 95 FTE positions, unchanged from the SFY 2016-17 level.

**Cost of Living Adjustment (COLA):** The Executive proposal would defer for one year the 0.8 percent COLA across various human service agencies, resulting in a reduction of \$1.62 million to programs funded by SOFA. The Executive proposal would also eliminate funding for the two percent COLA for SOFA funded direct care workers which was enacted in 2015 resulting in a \$2 million savings.

**NY Connects:** The Executive would support the NY Connects Program with federal funds, resulting in a savings of \$3.35 million.

**Community Services for the Elderly (CSE):** The Executive Budget would consolidate \$1.1 million in transportation funding for Area Agencies of Aging into the CSE program. In addition, the Executive would remove the need for a county share on \$3.5 million in CSE funding that has been added in recent years.

### **Office of the Medicaid Inspector General**

The Executive proposes an All Funds appropriation of \$50.02 million, which is a decrease of \$4.05 million or 4.2 percent from the SFY 2016-17 level. The Executive recommends funding support of 426 FTE positions, a reduction of 27 positions from the SFY 2016-17 levels.



**State Operations Reduction:** The Executive Budget reflects \$1.33 million in State share reductions related to the attrition of 27 positions (a \$904,000 reduction) and various reductions in nonpersonal service costs (a \$422,000 reduction).



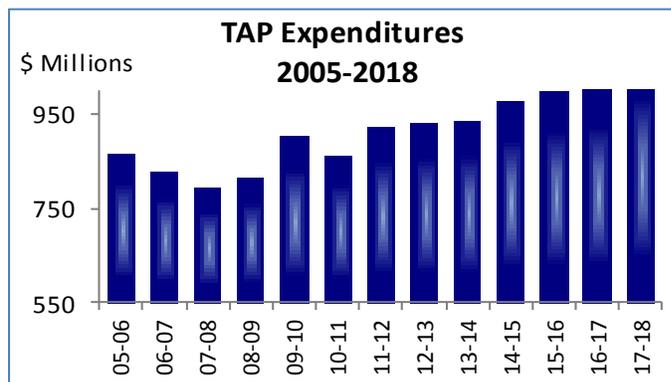
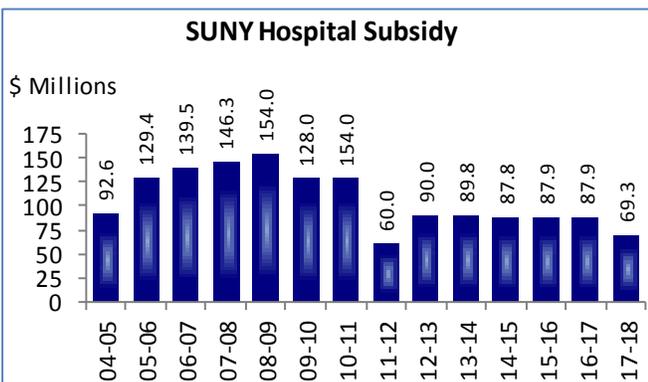
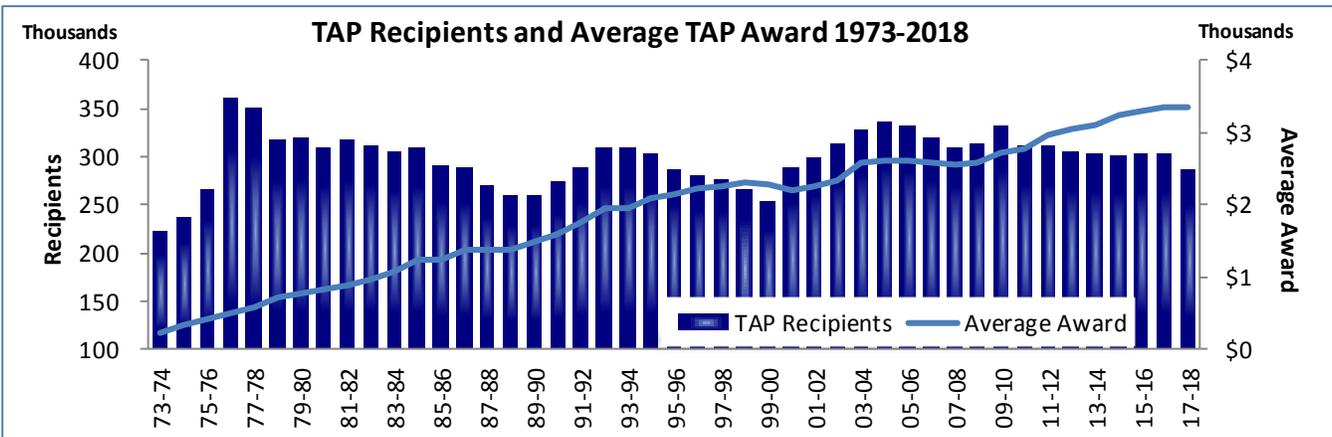
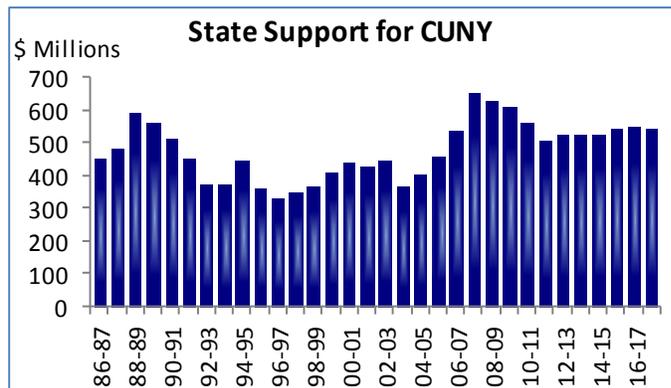
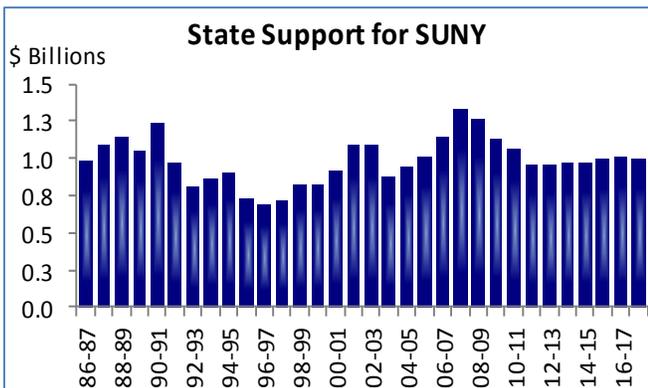
# BUDGET SNAPSHOT: HIGHER EDUCATION



*A proposed Excelsior Scholarship would allow approximately 30,000 additional students to attend SUNY and CUNY tuition free.*

*Authorizes a \$250 increase per year in tuition at SUNY and CUNY.*

*Over 440,000 students attend SUNY and over 270,000 students attend CUNY.*



Sources: NYS Division of Budget; Higher Education Services Corporation; State University of New York; City University of New York.

# BUDGET HIGHLIGHTS: HIGHER EDUCATION



- **Excelsior Scholarship:** The Executive proposal would allow New York State residents with family incomes of up to \$125,000 to attend both SUNY and CUNY tuition free, after assistance through Tuition Assistance Program (TAP) and Pell grants are considered. Students must take 15 credits or more per semester to qualify. The proposed plan is set to be phased in over the next three years, and cost \$163 million annually, when fully phased in.
- **NY SUNY 2020/NY CUNY 2020 Extension:** The Executive proposal would allow SUNY and CUNY to increase tuition by an amount up to \$250 on an annual basis for each of the next five years.
- **DREAM Act:** The Executive proposal would enact the DREAM Act, allowing undocumented immigrants to apply for state college tuition assistance.
- **CUNY Foundations:** The Executive proposal would redirect \$35 million in funds from CUNY foundations to pay for tuition assistance and other programs at CUNY and would create new oversight for foundations.
- **SUNY and CUNY Foundations:** The Executive proposal would expand the State Inspector General's jurisdiction to include SUNY and CUNY Foundations.
- **Independent College Tuition Growth:** The Executive proposal would make independent colleges' eligibility to receive Bundy Aid or Tuition Assistance Program funds contingent upon their ability to constrain annual tuition increases to \$500 or the Higher Education Price Index, whichever is higher.
- **Opportunity Programs:** The Executive proposal would eliminate \$23.8 million in funding for various opportunity programs.



# BUDGET REVIEW AND ANALYSIS: HIGHER EDUCATION



New York State’s system of public higher education consists of the State University of New York (SUNY), which is composed of 64 campuses educating 440,000 students and the City University of New York (CUNY), which is composed of 24 campuses educating 275,000 students. Both systems include community colleges, four-year institutions, and graduate and professional schools, providing a wide range of academic opportunities. As part of its academic mission, the SUNY system is responsible for three academic hospitals which are attached to the system’s medical schools.

In order to assure access to education opportunities, the Higher Education Services Corporation (HESC) administers a variety of scholarship and loan programs, including New York’s Tuition Assistance Program (TAP) which provides financial assistance to some 285,000 students attending undergraduate institutions in the State.

**Table 17**

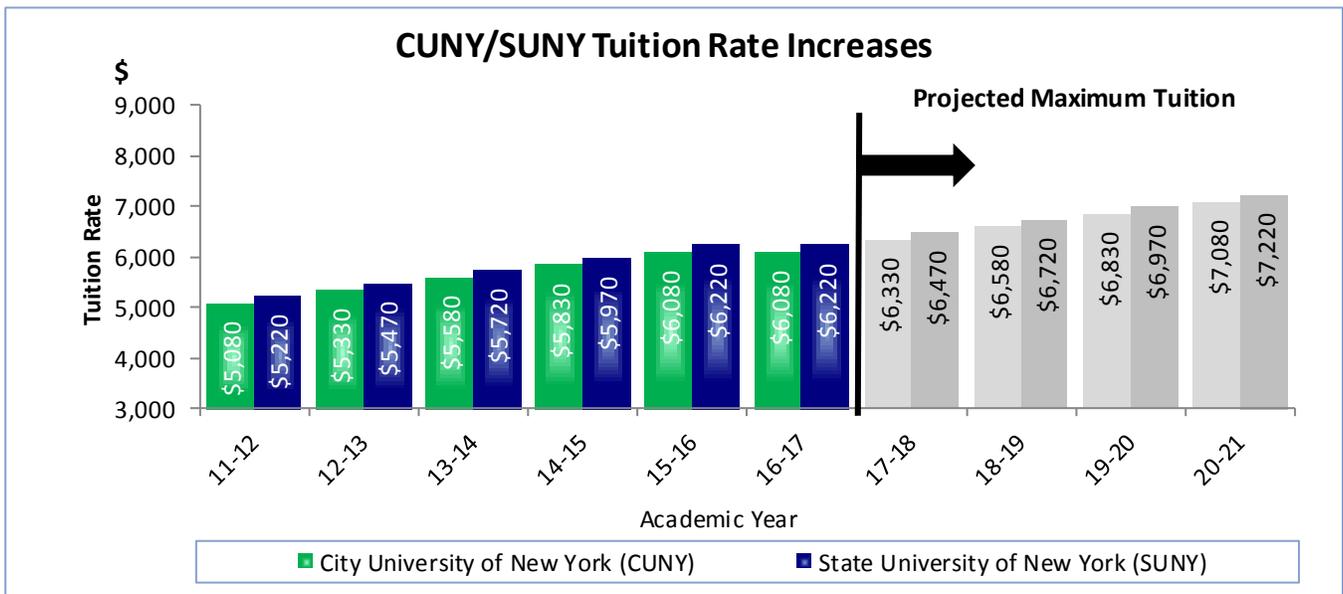
<b>Appropriations</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
State University of New York	9,994.98	10,543.41	548.43	5.49
City University of New York	4,273.29	4,814.93	541.64	12.68
Higher Education Services Corporation	1,200.39	1,241.01	40.62	3.38

**Table 18**

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
State University of New York	7944.82	8063.47	118.66	1.49
City University of New York	1582.60	1532.77	(49.83)	(3.15)
Higher Education Services Corporation	1080.66	1161.73	81.07	7.50

**Excelsior Scholarship:** The Executive proposal would allow New York State residents with a family income under \$100,000 to attend SUNY and CUNY tuition free, after TAP, Pell and any other scholarships are taken into account. The income threshold would rise to \$110,000 in the 2018-19 Academic Year (AY) and \$125,000 in AY 2019-20. Students would have to take 15 credits or more and maintain a certain grade point average in order to qualify for the scholarship. Approximately 25,000 students are projected to benefit from this program, at a cost of \$124 million in 2017-18, and ultimately assisting 32,000 students at a cost of \$163 million in 2019-20. The scholarship would only cover tuition at the 2016-17 Academic Year rate and would not be increased to account for any future tuition increase.

**SUNY 2020/ CUNY 2020:** The Executive proposal would allow SUNY and CUNY to increase tuition by up to \$250 per year over the next five years through AY 2021-22. Increases in tuition revenue could only be used to support faculty, improve instruction and continue the existing tuition credit for TAP eligible students. The Executive proposal does not extend the Maintenance of Effort provision that expired last year.



**Figure 3**

**Independent College Tuition Growth:** The Executive would make the receipt of TAP and Bundy Aid funds for independent colleges contingent on their ability to restrict tuition growth to \$500 a year or the Higher Education Price Index, whichever is greater. This proposal is estimated to result in \$16 million in financial plan savings.

## State University of New York (SUNY)

The Executive proposes All Funds appropriations of \$10.54 billion, an increase of \$548.43 million, or 5.49 percent from SFY 2016-17. The Executive recommends funding support of 44,732 full-time equivalent positions which is unchanged from SFY 2016-17.

**SUNY State Operated Colleges:** The Executive proposal would provide \$996.78 million in funding for SUNY State Operated Colleges, a decrease of \$14.81 million of General Fund support from SFY 2016-17.

The Executive proposes a \$1.91 billion appropriation for tuition, an increase of \$69.54 million from SFY 2016-17, which reflects the Executive proposal to increase tuition by \$250. State-funded fringe benefits would increase by \$165.11 million to a total \$1.61 billion.

**SUNY Hospitals:** The Executive Budget includes \$69.3 million for SUNY Health Science Centers, a reduction of \$18.6 million from amounts authorized in SFY 2016-17.

**Community College Base Aid:** The Executive proposal would continue funding Community College Base Aid at \$2,697 per full-time equivalent (FTE) student, maintaining the same level of support as AY 2016-17. The Executive Budget includes \$477.77 million to support base aid, which is a decrease of \$25.5 million from AY 2016-17, due to enrollment decreases partially offset by an expected enrollment increase due to the Excelsior Scholarship Program. Additionally, funding of \$3 million for the Next Generation NY Job Linkage Program as well \$3 million for the SUNY Apprenticeship Program would be maintained for community colleges. However, no new funding is provided for community schools in community colleges.

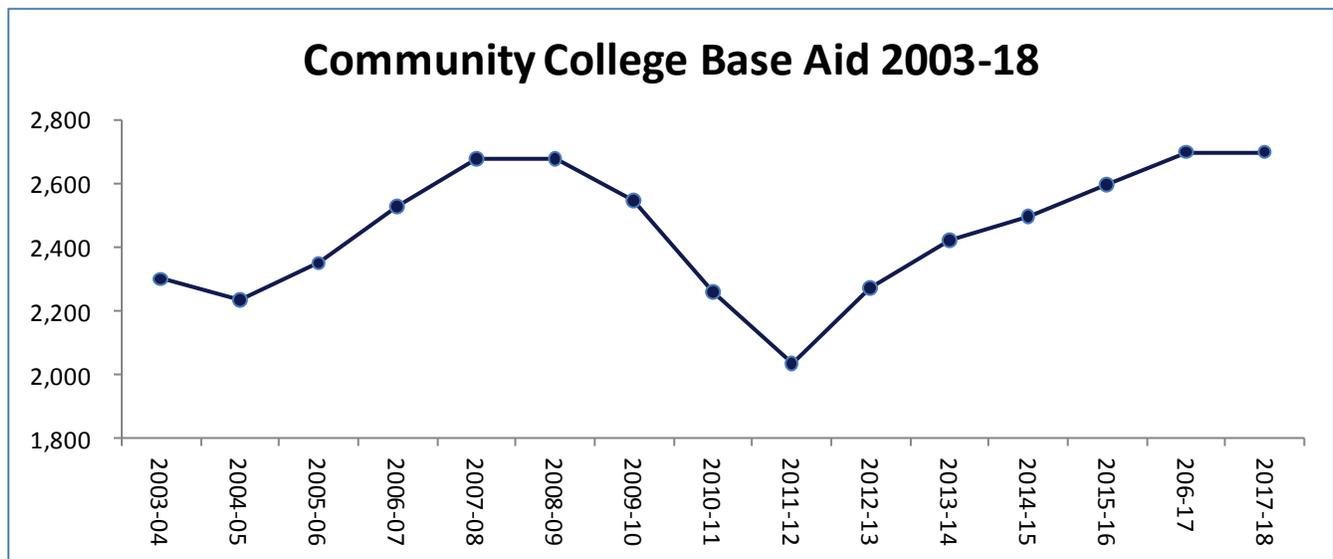


Figure 4

**University-Wide Programs:** The Executive funds SUNY University-Wide programs at \$141.46 million, which is a decrease of \$14.8 million from AY 2016-17. The overall decrease is attributed to the following:

- a \$600,000 decrease to Graduate Diversity Fellowships, leaving a total \$6.04 million of net support;
- a \$5.36 million decrease to the Education Opportunity Program, leaving a total \$26.8 million of net support;
- a \$5.0 million decrease to Education Opportunity Centers and \$2.0 million from ATTAIN labs, for total net support of \$55.0 million;
- a \$1.5 million decrease to small business development centers, leaving a total of \$1.97 million of net support;
- a \$250,000 decrease for the Veterinary College at Cornell, for a total \$250,000 of net support;
- elimination of \$100,000 in funding for the American Chestnut Research and Restoration Project; and
- elimination of \$100,000 in funding for the New York Latino Research and Resource Network at SUNY Albany.

**Other Programs:** The Executive decreases funding for community college child care centers to \$1.0 million, which is a reduction of \$1.01 million from the prior year. Additionally, the Executive eliminates funding of \$1.5 million for the SUNY Graduate, Achievement and Placement (GAP) program. The Executive also eliminates funding for the Orange County Bridge Program and Rockland County Community College's program to provide financial literacy to veterans. The Executive also eliminates funding for Harvest New York of \$600,000.

**SUNY Capital:** The Executive provides \$889.18 million in capital funding to support the following initiatives:

- \$550 million for preservation of various SUNY facilities;
- \$100 million for SUNY hospitals;
- \$161 million to shift the costs of certain maintenance and operations personnel from the State Operations Budget to Capital;
- \$50.8 million to provide the State's 50 percent share of projects at SUNY Community Colleges; and



- \$25.09 million to support the SUNY Construction Fund.

### **City University of New York (CUNY)**

The Executive proposes an All Funds appropriation of \$4.8 billion, an increase of \$541.64 million or 12.6 percent above SFY 2016-17 levels. The Executive recommends funding support of 13,549 full-time equivalent positions which is unchanged from SFY 2016-17.

**CUNY Senior Colleges:** The Executive would provide \$542.06 million in funding for CUNY Senior Colleges, a decrease of \$6.4 million, or 1.17 percent from SFY 2016-17.

The Executive proposes a \$1.13 billion appropriation for tuition, an increase of \$42.8 million from SFY 2016-17, reflecting the Executive proposal to increase tuition by \$250. State funded fringe benefit payments would also increase by \$36.2 million for a total of \$726.3 million.

The Executive would reduce funding for the Search for Education, Evaluation, and Knowledge (SEEK) program by \$4.68 million to \$23.4 million; and maintains \$1.5 million for CUNY LEADS. Additionally, the Executive proposes to eliminate \$250,000 in funding from the CUNY pipeline program at the graduate center. The Executive cuts \$1.5 million from the Joseph Murphy Institute.

The Executive appropriates \$253.9 million to CUNY to advance a state payment into the 2016-17 Academic Year to help fund a collective bargaining agreement. Additionally, the Executive would allow for up to \$60 million from the sale of the fine arts building at Hunter College to offset state support for CUNY.

**CUNY Foundation Contribution:** The Executive proposal would require CUNY foundations to contribute \$35 million for tuition assistance initiatives and other student assistance programs. Under this proposal, each college foundation would be required to contribute 10 percent of their revenue to support these activities.

**Community College Base Aid:** The Executive proposal would continue funding Community College Base Aid at \$2,697 (FTE) student, maintaining the AY 2016-17 level of support. The Executive Budget includes \$251.44 million to support base aid, which is an increase of \$3.59 million from AY 2016-17, resulting from an expected enrollment increase due to the Excelsior Scholarship Program. Additionally, funding for the Next Generation NY Job Linkage Program (\$2 million) would be maintained as well as \$2 million for the Apprenticeship Program.

Last, the Executive proposes to remove \$1.12 million in funding for College Discovery and eliminate \$2.5 million in funding for the Accelerated Study in Associates Program (ASAP).

**CUNY Capital:** The Executive Budget provides \$401.56 million in capital funding to support the following initiatives:

- \$284 million for critical maintenance projects at various CUNY campuses;
- \$80.35 million to provide for the State's 50 percent share of projects at CUNY Community Colleges;
- \$21 million to fund Dormitory Authority services on behalf of CUNY; and
- \$15.98 million to support the CUNY Construction Fund.

### **Other Opportunity Programs Appropriated in the State Education Department**

The Executive Budget decreases funding for the following opportunity programs by a total \$15 million accordingly:

- a \$3.06 million reduction to the Liberty Partnership Program, for total net funding of \$15.3 million;
- a \$5.92 million reduction to Higher Education Opportunity Program awards, for total net funding of \$29.6 million;
- a \$2.64 million reduction to the Science and Technology Entry Program (STEP), for total net funding of \$13.18 million;
- a \$2 million reduction to the Collegiate Science and Technology Entry Program (CSTEP), for total net funding \$9.98 million; and
- a \$1.5 million reduction to the Foster Youth Initiative, for total net funding \$1.5 million;

The Executive Budget maintains funding for the following programs for the AY 2016-17:

- \$35.13 million for Unrestricted Aid to Independent Colleges and Universities (Bundy Aid);
- \$941,000 for the High Needs Nursing Program;
- \$450,000 for the Teacher Opportunity Corps Program; and
- \$368,000 for the National Board for Professional Teaching Standards Certification Grant Program.



## Higher Education Services Corporation (HESC)

The Executive proposes an All Funds appropriation of \$1.24 billion, which is an increase of \$40.62 million or 3.38 percent above SFY 2016-17 levels. The Executive recommends funding support of 220 (FTE) positions, which is unchanged from SFY 2016-17.

**Tuition Assistance Program:** The Executive Budget appropriates the Tuition Assistance Program (TAP) at \$1.09 billion, an increase of \$51.1 million from SFY 2016-17, due to the inclusion of the DREAM Act, the Excelsior Scholarship and an overall change in enrollment.

**DREAM Act:** The Executive recommends the enactment of the DREAM Act to allow undocumented immigrants to apply for state college tuition assistance. To become eligible, students must have attended high school in New York State and have applied for admission at a college in New York State within five years of receiving a diploma. The Executive includes \$27 million to fund the DREAM Act.

**Various Scholarships and Programs:** The Executive Budget provides a \$10.09 million net decrease in appropriations for a total of \$70.89 million for various scholarships (see Table 19). The proposal maintains the funding for the Patricia McGee nursing scholarship, the social worker loan forgiveness program and for loan forgiveness for farmers. The Executive removes \$400,000 from On Point for College and \$100,000 from the Trinity Alliance.

**Table 19**

<b>HESC Scholarship Estimated Spending</b>			
<b>AY 18 Scholarship Projections</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Change</b>
Scholarships For Academic Excellence	\$ 11,628,000	\$ 12,704,000	\$ 1,076,000
Memorial Scholarships	777,000	787,000	10,000
Regents Awards for Children of Deceased or Disabled Veterans	240,000	261,000	21,000
Veterans Tuition Awards	6,993,000	8,178,000	1,185,000
Regents Physician Loan Forgiveness Program	1,140,000	1,390,000	250,000
Military Service Recognition Scholarships	1,942,000	1,912,000	(30,000)
World Trade Center Memorial Scholarships	14,832,000	17,571,000	2,739,000
Patricia K. McGee Nursing Faculty Scholarships	1,898,000	1,962,000	64,000
Nursing Faculty Loan Forgiveness Incentive Program	824,000	1,032,000	208,000
Social Worker Loan Forgiveness Program	1,728,000	1,728,000	0
Flight 587 Memorial Scholarships	384,000	377,000	(7,000)
Math and Science Scholarship Program	438,000	509,000	71,000
Flight 3407 Memorial Scholarships	97,000	95,000	(2,000)
NYS STEM Incentive Program	10,901,000	15,343,000	4,442,000
NYS Young Farmers Loan Forgiveness Incentive Program	150,000	150,000	0
NYS Get on Your Feet Loan Forgiveness Program	2,592,000	5,943,000	3,351,000
NYS Achievement and Investment in Merit (NY-AIMS)	1,032,000	1,032,000	0
<b>Total AY Value:</b>	<b>\$ 57,596,000</b>	<b>\$ 70,974,000</b>	<b>\$ 13,378,000</b>

Note: Data for 2016-17 estimated and 2017-18 are forecasts. Some spending is managed through reappropriating authority.  
Source: HESC SFY 2017-18 Budget Request.

## Other Higher Education Initiatives

**Higher Education Facilities Capital Matching Grants Program (HECap):** The Executive proposes \$30 million in capital funding to support an additional round of funding for various projects and initiatives at independent colleges.

**College Choice Tuition Savings Program:** The Executive proposes \$675,000 in funding to support program administration, which is a decrease of \$675,000, to conform the appropriation to actual spending.

## Article VII

The Executive includes the following Article VII proposals that would:

- Allow the office of the State Inspector General jurisdiction over any non-profit organization, foundation, or alumni associations formed for the benefit of SUNY or CUNY that controls, manages, or receives over \$50,000 a year, excluding organizations made up entirely of enrolled students formed for student purposes;
- Allow the Inspector General oversight of implementation and enforcement of financial control policies at SUNY and CUNY and their affiliated nonprofit organizations and foundations. If any organization is out of compliance, it risks losing state support;
- Expand the jurisdiction of the State Inspector General to include SUNY and CUNY affiliated nonprofit organizations and foundations that control, manage, or receive over \$50,000 a year, excluding student-run organizations comprised solely of enrolled students and formed for the purpose of advancing a student objective; and
- Allow the State Inspector General to oversee implementation and enforcement of financial control policies at SUNY, CUNY, and their affiliated nonprofit organizations and foundations. Affiliated organizations and foundations that fail to comply would be ineligible to receive state aid until compliance is achieved.



# BUDGET SNAPSHOT: HUMAN SERVICES

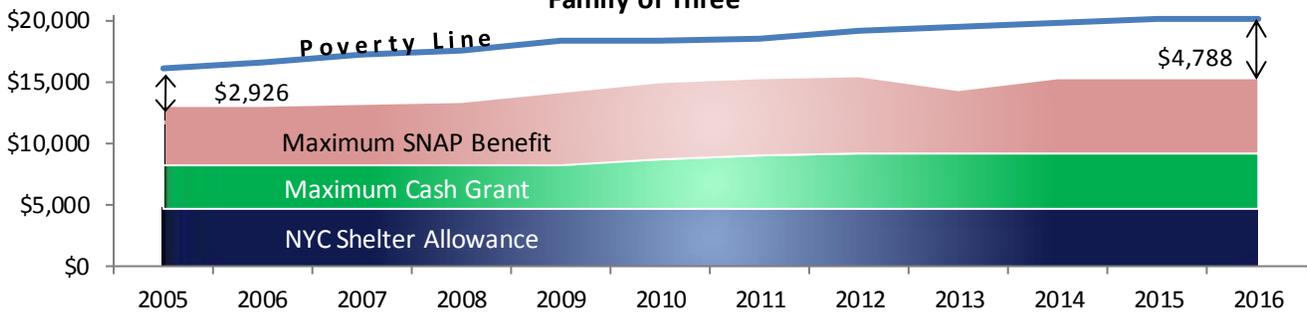


*There are over 24,000 homeless children living in shelters in New York City.*

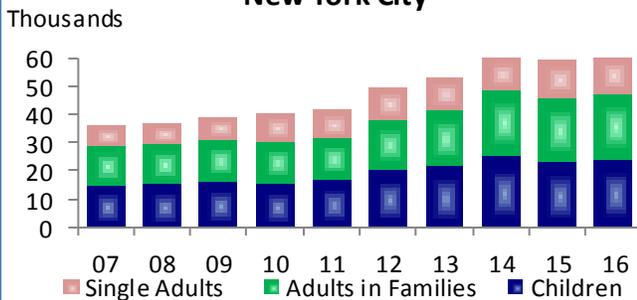
*The Executive provides \$806 million for child care subsidies, unchanged from the prior year.*

*Approximately half of children living in Binghamton, Buffalo, Rochester, and Syracuse live below the poverty line.*

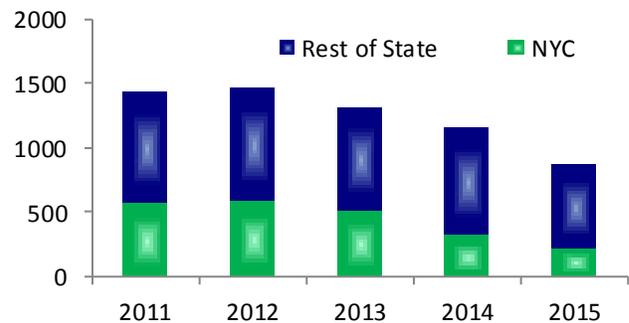
**Annual Public Assistance Grant Compared to Federal Poverty Line, Family of Three**



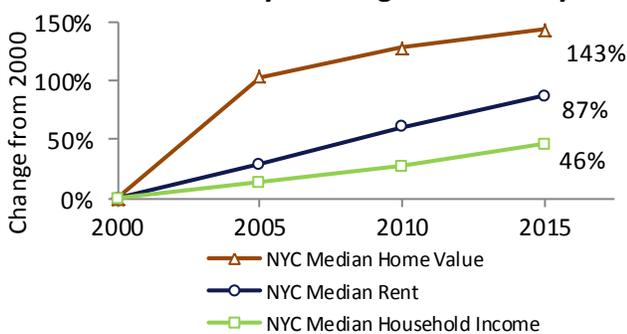
**Homeless Shelter Census New York City**



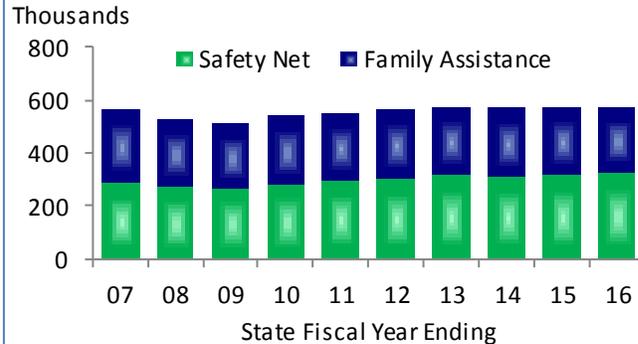
**NYS Juvenile Detention Admissions**



**New York City Housing Affordability**



**Public Assistance Caseload**



Sources: Division of the Budget; Division of Housing and Community Renewal; Office of Temporary and Disability Assistance; New York State Social Services Law; New York Codes, Rules, and Regulations; U.S. Department of Health and Human Services; United States Department of Agriculture; Coalition for the Homeless; New York State Community Action Association; US Census Bureau.

# BUDGET HIGHLIGHTS: HUMAN SERVICES



- **Raise the Age of Juvenile Jurisdiction:** The Executive Budget would raise the age of juvenile jurisdiction to 17 in 2019 and to 18 in 2020, and would provide services for 16 and 17 year olds who are involved in the juvenile justice system. Under the Executive proposal, newly sentenced youth would be placed in Office of Children and Family Services (OCFS) facilities. The Executive provides \$110 million for additional OCFS facility capacity.
- **Child Care:** The Executive provides \$806 million for child care subsidies, representing no net change from State Fiscal Year (SFY) 2016-17. In order to maintain funding, the Executive would require \$27 million in Federal Title XX funds, which counties may currently use at their discretion for eligible human services programs, to instead fund child care.
- **Affordable and Supportive Housing Five-year Capital Plan:** The Executive proposal includes a new capital appropriation of \$526.5 million to supplement \$1.97 billion appropriated in SFY 2016-17. These combined appropriations of \$2.5 billion would build 6,000 units of supportive housing and build or preserve 100,000 units of affordable housing over the next five years.
- **Temporary Assistance for Needy Families (TANF) Spending:** The Executive provides \$36 million for the Summer Youth Employment Program, \$3 million for Non-Residential Domestic Violence Services, and \$3 million for the Nurse Family Partnership, and proposes to eliminate \$19.4 million in support for TANF initiatives advanced by the Legislature in SFY 2016-17.
- **Affordable New York Housing Program (421-a):** The Executive provides legislation to make various changes to the 421-a program, including modifying affordability requirements, construction wage requirements, and benefits for large rental projects in certain areas of New York City, including extending the tax abatement period to 35 years. This proposal would repeal the authority of New York City to enact laws implementing and modifying the program.



# BUDGET REVIEW AND ANALYSIS: HUMAN SERVICES



Human services agencies in New York State provide for the needs of vulnerable populations and seek to ensure safety and equality for all New Yorkers.

Programs funded through the Office of Children and Family Services (OCFS) and the Office of Temporary and Disability Assistance (OTDA) include supportive services for individuals and families living in poverty, services for children in foster care or in need of protective interventions, support for adults and disabled individuals who are unable to work, and child care subsidies for working families.

The Division of Veterans' Affairs assists and advocates on behalf of veterans throughout the State.

The Department of Labor protects the rights of the workforce and promotes employment opportunities for out-of-work individuals. The Division of Housing and Community Renewal creates and maintains opportunities for affordable housing.

The Division of Human Rights addresses discrimination against protected classes in education, employment, housing, and public accommodations. The Office of National and Community Service utilizes grants to promote various services including assistance to individuals with disabilities and disaster preparedness. Pay for Success initiatives seek to encourage community nonprofit service providers, philanthropic, and private sector organizations to perform services usually associated with government institutions.

The State of New York Mortgage Agency (SONYMA) provides affordable financing for homeownership for low to moderate income residents and promotes the stabilization of neighborhoods throughout the State.

The Office of Welfare Inspector General conducts and supervises investigations of fraud, abuse, or illegal acts relating to social services programs.

Table 20

<b>Appropriations</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Office of Temporary and Disability Assistance	5629.80	5644.16	14.36	0.26
Office of Children and Family Services	3938.42	3848.37	(90.05)	(2.29)
Department of Labor	3804.65	3687.54	(117.11)	(3.08)
Division of Housing and Community Renewal	2245.76	805.15	(1440.61)	(64.15)
State of New York Mortgage Agency	192.31	209.43	17.12	8.90
Office of National and Community Service	30.70	30.71	0.01	0.03
Pay for Success	69.00	69.00	0.00	0.00
Division of Human Rights	18.30	18.15	(0.15)	(0.82)
Division of Veterans' Affairs	19.33	19.16	(0.17)	(0.88)
Office of Welfare Inspector General	1.26	1.26	0.00	0.00

Table 21

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Office of Temporary and Disability Assistance	5066.69	5163.37	96.68	1.91
Office of Children and Family Services	3109.03	2941.06	(167.97)	(5.40)
Department of Labor	583.73	572.61	(11.12)	(1.90)
Division of Housing and Community Renewal	175.09	181.42	6.33	3.62
State of New York Mortgage Agency	0.00	0.00	0.00	0.00
Office of National and Community Service	15.12	16.25	1.13	7.47
Pay for Success	0.00	3.00	3.00	100.00
Division of Human Rights	14.37	14.29	(0.08)	(0.56)
Division of Veterans' Affairs	17.31	15.63	(1.68)	(9.71)
Office of Welfare Inspector General	0.67	0.67	0.00	0.00

## **Office of Temporary and Disability Assistance**

The Executive proposes an All Funds appropriation of \$5.64 billion, an increase of \$14.4 million or 0.26 percent over the SFY 2016-17 level. The Executive recommends funding support for 2,026 full-time equivalent (FTE) employees, an increase of 73 FTEs over SFY 2016-17 workforce levels in order to staff a new Division of Shelter Oversight and Compliance.

**Public Assistance Benefits:** The Executive Budget estimates a public assistance caseload of 558,720 recipients for SFY 2017-18, a decrease of 4,393 recipients from SFY 2016-17. State spending on Safety Net is anticipated at \$484.4 million, an increase of \$2 million due to an expected increase in the Safety Net population. The Executive estimates federal TANF support for benefits at \$1.1 billion, a decrease of \$18.9 million from the SFY 2016-17 level.

The Executive proposal includes \$30 million in Safety Net public assistance funding as a result of expanded participation in the HIV/AIDS housing program. The Executive proposal also includes \$200,000 for a pilot program to offer case management for formerly incarcerated individuals residing in homes that receive shelter supplements.

**Temporary Assistance for Needy (TANF) Commitments:** The Executive proposes an appropriation of \$1.38 billion for TANF initiatives, a decrease of \$45.2 million from SFY 2016-17, which is attributable to a \$33.8 million child care offset in OCFS funding for the same purpose, as well as the elimination of \$19.4 million in TANF initiatives that were enacted in SFY 2016-17. The Executive proposal also includes \$36 million for Summer Youth Employment, which is an increase of \$5 million due to a higher minimum wage, and funding for the Non-residential Domestic Violence Program and Nurse Family Partnership, each in the amount of \$3 million, unchanged from SFY 2016-17.

**Table 22**

<b>TANF Initiatives</b>		
(\$ in Thousands)		
<b>Category/Item</b>	<b>SFY 2016-17 Enacted</b>	<b>SFY 2017-18 Proposed</b>
Flexible Fund for Family Services	964,000	964,000
Child Care Subsidies	403,127	369,327
<b>TANF Initiatives</b>		
Access - Welfare to Careers	800	0
ATTAIN	4,000	0
Career Pathways	2,850	0
Centro of Oneida	25	0
Nurse Family Partnership	0	3,000
Emergency Homeless Program	1,000	0
Facilitated Enrollment	8,912	0
Fatherhood Initiative	200	0
Non-residential DV	3,000	3,000
Preventative Services Initiative	1,570	0
Rochester-Genesee Regional TA	82	0
Summer Youth Employment	31,000	36,000
SUNY/CUNY Child Care	334	0
Wage Subsidy Program	475	0
Wheels for Work	144	0
Subtotal of TANF Initiatives	54,392	42,000
<b>TANF Funding Total</b>	<b>1,421,519</b>	<b>1,375,327</b>

The Executive proposal would maintain funding levels for Emergency Assistance to Needy Families (EAF) at \$211.3 million, as well as savings of \$18 million associated with a ten percent local share of EAF for New York City.

**Homeless Programs:** The Executive continues \$10 million in funding for the creation of the Division of Shelter Oversight and Compliance within OTDA. Funds will support 73 FTEs to expand the agency’s ability to conduct shelter oversight and enforce compliance.

The Executive proposal includes \$35.4 million for the New York State Supportive Housing Program, Solutions to End Homelessness Program, and Operational Support for AIDS Housing, an aggregate increase of \$600,000, and maintains \$15 million for the New York City Rental Assistance Program and \$1 million for the Emergency Homeless Services Program.

The Executive also continues funding for 6,000 new supportive housing units, which would be funded out of \$1 billion in capital appropriations in the Division of Housing and Community Renewal.



## Office of Children and Family Services

The Executive proposes an All Funds appropriation of \$3.85 billion, a net decrease of \$90 million or 2.3 percent. The Executive recommends funding support for 2,965 FTE employees, an increase of 11 FTEs over SFY 2016-17.

**Child Care:** The Executive budget provides \$916.4 million for child care, a net decrease of \$10.6 million from SFY 2016-17. The Executive provides \$806 million for child care subsidies, reflecting no net change, but would increase General Fund support within the Child Care Block Grant by \$6.9 million and reduce TANF support in OTDA by \$33.8 million. The Executive also proposes to require counties to allocate discretionary Federal Title XX funds, totaling \$27 million, in support of child care subsidy costs. The Executive provides \$110 million for various other child care purposes, including child care resource and referral agencies and professional development for child care employees, which is unchanged from SFY 2016-17. The Executive eliminates \$10.6 million for Facilitated Enrollment and SUNY/CUNY child care funding in OCFS and OTDA.

The Executive does not provide funding for the health and safety mandates of the Federal Child Care Development Block Grant (CCDBG) Act of 2014, but would seek additional funding or regulatory relief from the Federal government in order to comply with the Federal requirements.

**Foster Care Block Grant (FCBG):** The Executive provides \$383.5 million for the FCBG, a decrease of \$62 million. The decrease is primarily attributable to a proposal to establish State and local shares of 50 percent of the non-Federal share. Currently, FCBG funds are provided to local governments in a block grant but the State share is approximately 54 percent and the local share is approximately 33 percent. The savings to the State associated with the new shares would be \$39 million, of which \$21 million is a new cost borne by New York City and \$18 million by counties outside of New York City. Additionally, the Executive proposes to require New York City to pay for the cost of tuition for youth in foster care, which would save the State \$23 million. No similar provision exists for counties outside of New York City.

**Committee on Special Education (CSE):** The Executive proposes to eliminate State funding for room and board costs associated with CSE placements in New York City. This change would affect about 700 children and would save \$18.9 million. Again, no similar provision exists for counties outside of New York City.

**State Operations:** The Executive proposes \$22.2 million for the centralized Human Services Call Center, an increase of \$7.9 million and 11 FTEs over SFY 2016-17. The growth is due to an anticipated increase

in call volume related to Paid Family Leave legislation as well as new call lines being added to the center to receive inquiries related to the Higher Education Services Corporation.

**Capital:** The Executive budget transfers \$5 million and 59 FTE positions related to the maintenance of OCFS youth facilities, from the General Fund into Capital Funds.

## **Article VII**

The Executive proposes Article VII legislation that would:

- raise the age of juvenile jurisdiction from 16 to 17 years old on January 1, 2019 and to 18 years old on January 1, 2020, to ensure that 16 and 17 year olds who commit certain crimes receive comprehensive diversion, probation and programming services. Full implementation is estimated to be \$375 million in SFY 2022-23 with the State share costing \$187 million. Additional costs would be shared equally by the State and county or City of New York; however, counties subject to the property tax cap would be able to apply for a waiver for the State to assume incremental costs associated with this proposal. Prior capital investments of \$110 million are also included to address the need for additional OCFS facility capacity;
- allow counties to have the option to let runaway and homeless youth stay in crisis shelters for 120 days, up from 30 days. The Executive also proposes to increase the maximum length of stay in a residential transitional independent living support program from 18 to 24 months, and to allow counties the option to serve runaway and homeless youth up to age 24 in residential programs;
- bring the State's abused child definition into compliance with the Federal Family Court Act;
- extend for five years the current child welfare financing structure; and
- provide health care services to children in foster care through Managed Care plans.

## **Department of Labor**

The Executive proposes All Funds appropriations of \$3.69 billion, a decrease of \$117.1 million or 3.1 percent from the SFY 2016-17 level. The Executive recommends support for 2,992 FTEs, unchanged from SFY 2016-17.

**Unemployment Insurance (UI) Benefits:** The Executive proposes \$2.90 billion, a \$100 million decrease to reflect an anticipated decline in claims due to the improving economy. The Executive proposes

\$439 million for UI administration, an increase of \$2.7 million due to additional expected federal grant funding.

**Workforce Innovation and Opportunity Act (WIOA):** The Executive proposes a decrease of \$6.7 million for WIOA. Of this, there is a decrease of \$1.8 million related to staff to assist dislocated workers, as well as a decrease of \$4.9 million for Workforce Investment Act boards for adult, youth and dislocated worker employment and training. These decreases are attributable to reduced Federal funding.

**Community Initiatives:** The Executive proposes a decrease of \$12.4 million, reflecting the elimination of various labor programs funded in SFY 2016-17, including support for the Displaced Homemaker program and the New York Committee on Occupational Safety and Health.

**Agency Operations:** The Executive proposes a \$1.06 million reduction to reflect retroactive salary increases that were included in SFY 2016-17 but do not recur in SFY 2017-18.

## **Article VII**

The Executive recommends Article VII legislation that would:

- require the top 10 out-of-state LLCs be held accountable for wage theft. In addition, this legislation would allow the Department of Labor to act on behalf of workers for actions taken against such theft;
- allow claimants to earn the greater of \$100 or 40 percent of a total available claim before incurring penalties. Currently, claimants who work any amount of time have their benefits reduced by 25 percent, per day of work, regardless of number of hours worked; and
- create the Division of Central Administrative Hearings. This division would work to consolidate Administrative Hearings in 18 agencies in an attempt to increase efficiency and access.

## **Division of Housing and Community Renewal (DHCR)**

The Executive proposes an All Funds appropriation of \$805.15 million, a decrease of \$1.44 billion or 64.1 percent from SFY 2016-17. This decrease is primarily attributable to a one-time \$1.97 billion that was appropriated in SFY 2016-17 in support of a five-year housing program. The Executive recommends support for 682 FTE positions, which is unchanged from SFY 2016-17.

**House NY 2020:** The Executive proposal includes a new capital appropriation of \$526.5 million to supplement the \$1.97 billion appropriated in SFY 2016-17. These combined appropriations of

\$2.5 billion constitute a five-year Affordable and Supportive Housing Program which would build 6,000 units of supportive housing and build or preserve 100,000 units of affordable housing over the plan period.

Appropriations made in SFY 2016-17 are subject to a memorandum of understanding (MOU) between the Executive and the Legislature. A \$150 million MOU was signed for the first year of supportive housing purposes on June 18th, 2016. The Executive proposal would eliminate the MOU requirement and allocate the funds in appropriations as follows:

**Table 23**

<b>Affordable and Supportive Housing Five Year Capital Plan Executive Proposal</b>	
(\$ in Millions)	
<b><u>Appropriations</u></b>	
DHCR Appropriations SFY 2016-17	1,973
NY Special Infrastructure Account Appropriation SFY 2016-17	50
DHCR Appropriations SFY 2017-18	527
<b>Total</b>	<b>2,550</b>
<b><u>Executive Appropriation Allocation</u></b>	
<b>Build NY</b>	
Supportive Housing Program (\$150 million authorized 6/2016)	1,000
Multifamily New Construction Program	601
Senior Housing Program	125
Community Investment Fund	45
Middle Income Housing Program	150
<b>Preserve NY</b>	
NYCHA Capital Repairs	100
Multifamily Preservation Program	177
Mitchell-Lama Preservation Programs	100
Public Housing RAD Preservation	125
Small Buildings Program	63
<b>Welcome Home NY</b>	
Homeownership Programs	41
Manufactured Homes Program	13
<b>Revitalize NY</b>	
Main Street Program	10
<b>Total</b>	<b>2,550</b>

The Executive proposal of \$100 million for the New York City Housing Authority (NYCHA) stipulates that this funding cannot be obligated until after \$100 million appropriated to NYCHA in SFY 2015-16 is fully obligated.

**Other Housing Programs:** The Executive proposal also includes funding for affordable housing, supportive housing, capital improvements to housing stock, rental subsidies, and rental assistance. For these purposes the Executive proposal recommends \$278.3 million from several sources, including off-

budget Mortgage Insurance Fund (MIF) allocations totaling \$141.5 million. These funds are committed as follows:

**Table 24**

<b>Proposed Housing Program Allocations</b>			
<b>(\$ millions)</b>			
<b>Program</b>	<b>SFY 2016-17</b>	<b>SFY 2017-18</b>	<b>\$ Change</b>
	<b>Enacted</b>	<b>Executive</b>	
Affordable Housing Corporation	26.00	26.00	0.00
Access to Home	1.00	1.00	0.00
Public Housing Modernization Program	6.40	6.40	0.00
Low Income Housing Trust Fund	54.20	65.20	11.00
Homes for Working Families Program	26.80	16.00	(10.80)
Housing Opportunities for the Elderly	1.40	1.40	0.00
Mitchell-Lama Housing Project Rehabilitation	42.00	41.00	(1.00)
Rural Rental Assistance Program	22.30	22.96	0.66
Rural and Urban Community Investment Fund Program	31.30	36.00	4.70
Main Street Program	4.20	4.20	0.00
Neighborhood Preservation Program/Rural Preservation Program	18.90	18.22	(0.68)
Homeless Housing: NYSSHP/STEHP/AIDS Housing	34.80	35.38	0.58
Tenant Protection Unit	4.5*	4.50	0.00
Mobile and Manufactured Home Replacement Program	2.00	0.00	(2.00)
NYCHA Tenant Watch Program	1.00	0.00	(1.00)
Naturally Occurring/Neighborhood Naturally Occurring Retirement Communities	0.70	0.00	(0.70)
<b>Total</b>	<b>277.50</b>	<b>278.26</b>	<b>0.76</b>

*\*Funded through reappropriations but included in total for comparison purposes.*

The elimination of the Mobile Home, NYCHA Tenant Watch and Naturally Occurring Retirement Communities funding reflect the non-recurrence of Legislative adds.

**State Operations Appropriations:** The Executive proposes State Operations appropriations of \$96.4 million, an increase of \$8.43 million or 9.6 percent over SFY 2016-17. This includes \$21.7 million for the Office of Housing Preservation which is responsible for ensuring that buildings are in compliance with Section 8 rules and regulations, physical codes standards, and income eligibility requirements. The Executive proposal also includes a \$47.4 million appropriation, an increase of \$6.56 million, for the Office of Rent Administration which is responsible for limiting rent increases and providing maintenance services and repairs, among other activities.

The Executive provides a discrete \$4.5 million appropriation for the Tenant Protection Unit, which enforces landlord obligations to tenants and imposes penalties for failing to comply with state orders and rent laws.

**Aid to Localities Appropriations:** The Executive proposes Aid to Localities appropriations of \$85 million, a decrease of \$1.1 million or 1.3 percent from SFY 2016-17. The Executive eliminates a \$1 million legislative add for the New York City Housing Authority Tenant Pilot Program. The Executive proposes a \$40 million appropriation for the Small Cities Community Development Block Grant Program and \$32.5 million for the Low Income Weatherization Program, both unchanged from SFY 2016-17 levels.

The Executive also includes the following Article VII proposal that would:

- make various changes to the 421-a tax benefit program. This includes renaming the program Affordable New York, modifying affordability requirements, construction worker wage requirements, and tax abatement benefits for large rental projects in specified areas of Manhattan, Brooklyn, and Queens, including extending the tax abatement period to 35 years, from the current 25. This proposal would also repeal the authority of New York City to enact laws implementing and modifying the program; and
- utilize \$141.5 million in excess MIF reserves.

### **State of New York Mortgage Agency (SONYMA)**

The Executive proposes an All Funds appropriation of \$209.43 million, an increase of \$17.1 million or 8.9 percent, from the SFY 2016-17 level to reflect statutorily required guarantee payments.

The Executive proposes \$5 million for a new Graduate to Homeownership Program to provide recent college graduates with subsidized low-interest first-time homebuyer loans, as well as financial and homebuyer education courses.

The SONYMA enabling statute requires the state to guarantee payments made by SONYMA, although no cash disbursements are projected to be made from this appropriation. All of SONYMA's programs and operations are supported by mortgage income, application fees, insurance premiums, and investment proceeds.

### **Office of National and Community Service**

The Executive proposes an All Funds appropriation of \$30.71 million, a net increase of \$9,000 from SFY 2016-17 levels. This increase is the result of collective bargaining agreements. The Executive recommends supporting 10 FTEs, unchanged from SFY 2016-17 levels.



### Pay for Success Contingency Reserve

The Executive proposes All Funds appropriations of \$69 million, unchanged from SFY 2016-17. A Pay for Success initiative is currently underway for a training and employment program for formerly incarcerated individuals and is in development in the area of home visiting services.

### Division of Human Rights

The Executive provides an All Funds appropriation of \$18.2 million, a \$143,000 decrease from SFY 2016-17 levels, or 0.78 percent. This reduction reflects retroactive salary increases that were included in SFY 2016-17 but do not recur in SFY 2017-18. The Executive recommends support for 164 FTEs, which is unchanged from SFY 2016-17 levels.

### Article VII

The Executive recommends Article VII legislation that would extend anti-discrimination protections contained within the State's Human Rights Law to apply to children in public schools across the State. The law applies to investigation of claims of discrimination, harassment, and bullying, but currently only applies to private school children.

### Division of Veterans' Affairs

The Executive proposes All Funds appropriations of \$19.2 million, a net decrease in funding levels from the SFY 2016-17 of \$173,000 or, 0.89 percent. The Executive recommends support for 98 FTEs, unchanged from the SFY 2016-17 levels.

**Veterans' Treatment Court:** The Executive proposes \$1 million to ensure that veterans in the State have access to treatment courts. Such funding would support expenses related to volunteer mentors and may provide for case management. Such funds also may be suballocated to the Division of Criminal Justice Services or the Office of Court Administration to share in these efforts.

**Indigent Veterans' Burial Services:** The Executive proposes \$100,000 to provide State reimbursement to Congressionally chartered veterans' organizations for indigent veteran burial services.

**Access to Justice:** The Executive proposes \$250,000 for five competitive grants of up to \$50,000 for law schools in the State to participate in the "Justice for Heroes" initiative. Such funding would support an expansion of services in law school clinics and services for veterans.

**Community Initiatives:** The Executive proposes a decrease of \$1.6 million reflecting the elimination of various veterans programs funded in SFY 2016-17 including support for the New York State Defenders Association and the SAGE Veterans Project.

### **Article VII**

The Executive proposes Article VII legislation that would expand the availability of specialized treatment courts for veterans facing criminal charges, and to enhance services for such veterans.

### **Office of Welfare Inspector General**

The Executive proposes All Funds appropriations of \$1.3 million and 7 FTEs, which is unchanged from SFY 2016-17.



# BUDGET SNAPSHOT: MENTAL HYGIENE

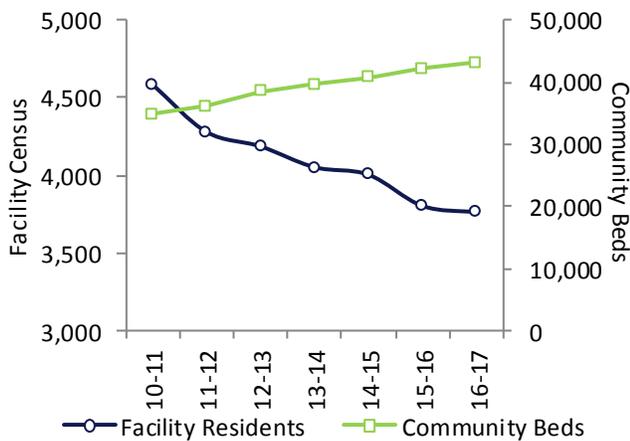


**In 2015, community-based mental healthcare providers served 689,622 individuals, and 9,856 were served by state psychiatric hospitals.**

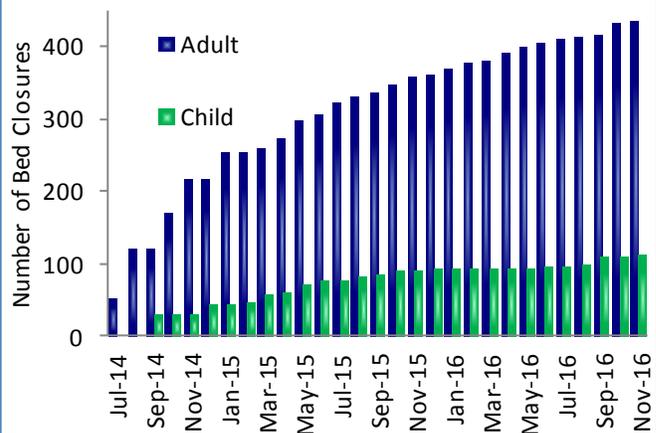
**More than 85% of individuals with developmental disabilities receive services from not-for-profit providers.**

**Treatment admissions for heroin and other opioids have increased 21% over the past three years.**

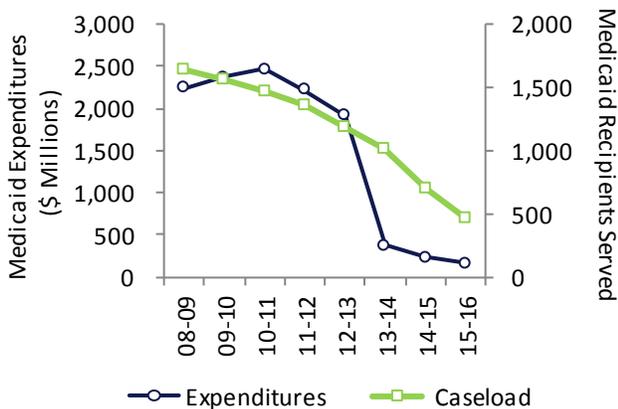
**OMH Inpatient vs. Community Services**



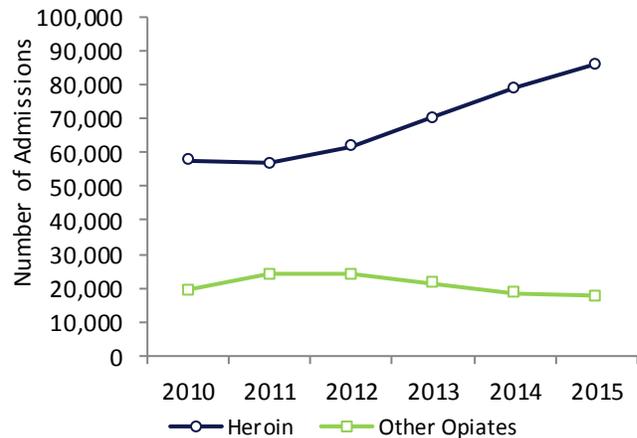
**OMH State Psychiatric Bed Reductions**



**Developmental Center Population vs. State Spending**



**Opioid-Related Admissions for Treatment**



Sources: Department of Health; NYS Office of Mental Health; NYS Office for People with Developmental Disabilities; Substance Abuse and Mental Health Services Administration.

# BUDGET HIGHLIGHTS: MENTAL HYGIENE



- **Office of Mental Health (OMH) Facility Downsizing and Reinvestment:** The Executive proposal includes \$5.26 million in savings related to the elimination of an additional 100 State-operated inpatient beds. To increase services in the areas impacted by this downsizing, \$5.5 million is provided for community reinvestment, or \$110,000 per bed. In addition, the Executive would transition individuals from State-operated clinics to not-for-profit providers and authorize the Hutchings Psychiatric Center to partner with another hospital in the region.
- **OMH Housing Programs:** The Executive proposal would eliminate 140 State-operated residential beds and use a portion of the savings to establish 280 supported housing beds. In addition, the Executive would provide \$10 million to support an increase in rental subsidies for OMH supported housing programs.
- **Jail-Based Restoration Programs for Felony Defendants:** The Executive proposal includes \$1.3 million in net savings related to the development of specialized units in local jails to restore felony-level defendants to competency, to provide a less costly alternative to state psychiatric facilities.
- **Office for People with Developmental Disabilities (OPWDD) Service Expansions:** An increase of \$30 million would support the creation of new service slots for individuals with disabilities living at home or in residential school settings, and a new \$3 million would support community-based services for 156 additional individuals that are expected to transition out of institutional settings.
- **Opiate Abuse Prevention and Treatment Programs:** A total \$200 million is included to support programs related to heroin and opiate abuse, an increase of \$30 million from State Fiscal Year (SFY) 2016-17 levels. This additional funding would support the expansion of a variety of existing programs and support the development of urgent access centers and recovery high schools.
- **Minimum Wage:** The Executive includes a total of \$284.6 million in State share funding to provide support to direct care providers costs associated with the increase in the State's minimum wage, including \$255.4 million in the Department of Health, \$14.9 million in OPWDD, \$4.6 million in the Office of Alcoholism and Substance Abuse Services (OASAS), \$3.5 million in OMH, and \$6.2 million in the State Education Department. The Executive proposal does not include similar funding for other not-for-profits that contract with the State.



# BUDGET REVIEW AND ANALYSIS: MENTAL HYGIENE



The State of New York spends approximately \$7.05 billion annually to support its mental hygiene agencies, which include the Office for People with Developmental Disabilities (OPWDD), the Office of Mental Health (OMH), the Office of Alcoholism and Substance Abuse Services (OASAS), the Justice Center for the Protection of People with Special Needs, and the Developmental Disabilities Planning Council (DDPC).

These agencies provide services and support to over one million individuals, including adults with serious and persistent mental illness; children with serious emotional disturbances; individuals with developmental disabilities and their families; persons with chemical dependencies; and individuals with compulsive gambling problems. In addition, the Justice Center is responsible for tracking, investigating and pursuing abuse and neglect complaints related to facilities and provider agencies that are operated, certified or licensed by: OMH, OPWDD, OASAS, the Department of Health (DOH), the Office of Children and Family Services (OCFS) and the State Education Department.

Table 25

Agency	Appropriations			
	2016-17 Adjusted (\$ in Millions)	2017-18 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Office of People with Developmental Disabilities	4430.83	4494.84	64.01	1.44
Office of Mental Health	4006.59	4114.44	107.85	2.69
Office of Alcoholism and Substance Abuse	656.39	693.34	36.95	5.63
Department of Mental Hygiene	600.00	600.00	0.00	0.00
Justice Center for the Protection of People with Special Needs	54.97	54.54	(0.43)	(0.77)
Developmental Disabilities Planning Council	4.77	4.76	(0.01)	(0.21)

Table 26

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Office of People with Developmental Disabilities	2990.56	2937.16	(53.40)	(1.79)
Office of Mental Health	3367.96	3437.39	69.43	2.06
Office of Alcoholism and Substance Abuse	608.32	625.55	17.23	2.83
Department of Mental Hygiene	0.00	0.00	0.00	0.00
Justice Center for the Protection of People with Special Needs	41.05	42.11	1.06	2.58
Developmental Disabilities Planning Council	4.20	4.20	0.00	0.00

**Cost of Living Adjustment (COLA):** The Executive proposal would defer, for one year, the 0.8 percent COLA across various human service agencies, resulting in a reduction of \$18.39 million in OPWDD, \$9.85 million in OMH, and \$3.2 million in OASAS.

**Minimum Wage:** The Executive includes a total of \$284.6 million in State share funding to support direct provider costs associated with the increase in the State's minimum wage, including \$255.4 million in the Department of Health, \$14.9 million in OPWDD, \$4.6 million in OASAS, \$3.5 million in OMH, and \$6.2 million in the State Education Department.

### **Office for People with Developmental Disabilities (OPWDD)**

The Executive proposes an All Funds appropriation of \$4.49 billion, an increase of \$64.01 million or 1.4 percent from SFY 2016-17. The Executive recommends support for 18,602 full-time equivalent (FTE) positions, a decrease of 253 from the SFY 2016-17 levels, primarily related to the attrition of staff.

**Transition Individuals to Community-Based Settings:** The Executive proposal includes a decrease of \$23.55 million in support for state-operated facilities, reflecting \$17.38 million in savings from prior year census declines (152 individuals) and \$6.17 million in savings related to the transition of 156 individuals into community based settings. The Executive proposal includes an increase of \$3 million to support the establishment of new community based services to support the transition of these 156 individuals and provides \$8.6 million to support the individuals that transitioned to the community in SFY 2016-17.

**Community Based Service Expansions:** The Executive Budget includes an increase of \$3 million to support the creation of new service slots for individuals with developmental disabilities who currently



live at home or in residential schools, including certified and non-certified residential options, day programs, employment, case management, and respite services. In addition, the Executive continues \$60 million for new services that were established as a part of the SFY 2016-17 budget.

**OPWDD Affordable Housing Program:** The Executive proposal continues \$15 million in bonded capital appropriations to support the expansion of housing opportunities that are specially constructed to support the needs of individuals who are intellectually and developmentally disabled.

**Expanded Crisis Services:** The Executive proposal includes an increase of \$12 million to support an expansion of Systemic Therapeutic Assessment, Respite and Treatment (START) crisis services in Long Island and New York City.

**OPWDD Transition to Managed Care:** The Executive Budget includes an increase of \$5 million in out-year funding under the Medicaid Global Cap to support the establishment of regional care coordination organizations, which would allow for the transition of OPWDD services to a managed care environment, over a multi-year period.

**Balance Incentive Program (BIP):** The Executive Budget includes an increase of \$12.9 million to continue template funding for high needs individuals, which was previously supported with Federal BIP funding.

**Other Reductions:** The Executive Budget reflects a savings of \$2.95 million related to the elimination of funding for certain community based organization and enhanced reporting requirements.

**Other Capital Projects:** The Executive proposes an increase of \$58 million in capital projects appropriations, including an increase of \$37 million to support personal service costs previously transitioned to capital funding and \$16 million related to support minor maintenance projects in the community.

### **Office of Mental Health (OMH)**

The Executive proposes an All Funds appropriation of \$4.11 billion, an increase of \$107.85 million or 2.7 percent from SFY 2016-17. The Executive recommends support for 13,847 FTEs, a decrease of 353 FTEs from the SFY 2016-17 level.

**Invest in Additional Community Services:** The Executive Budget includes a \$5.26 million reduction related to the elimination of 100 beds from State-operated psychiatric facilities, in addition to 544 beds that have closed over the past three years. The Executive Budget provides \$5.5 million to increase services in the areas impacted by these downsizings, which represents a re-investment of \$110,000 per

bed. These reinvestments would be implemented prior to any bed closure, and language is included to require that beds be vacant for 90 days prior to any reduction in capacity.

**OMH State-Operated Outpatient Clinics:** The Executive proposal includes a reduction of \$3.97 million related to an evaluation of all State-operated clinics, which seek to identify underutilized and low-performing clinics and transition these services to other nearby, less costly, not-for-profit facilities.

**Hutchings Children & Youth Services:** The Executive proposal includes a reduction of \$934,000 related to the development of a plan to achieve administrative efficiencies at Hutchings Psychiatric Center by authorizing the facility to partner with another hospital in the region.

**Jail-Based Restoration Programs for Felony Defendants:** The Executive proposal includes \$1.3 million in net savings related to the development of specialized beds in local jails to restore felony-level defendants to competency, including \$2.15 million in savings from a reduction in State-operated psychiatric beds, offset by an \$850,000 investment to assist local jails in implementing infrastructure improvements that are necessary to support these individuals.

**OMH Housing Programs:** The Executive proposal would eliminate 140 State-operated residential beds, reflecting \$5.25 million in savings, and reinvest \$2.3 million to establish 280 scattered-site supportive housing beds. In addition, the Executive would provide \$10 million to support an increase in rental subsidies for OMH supported housing programs.

**Redesign the Administration of Consumer Service Dollars:** The Executive proposal includes a reduction of \$3 million related to standardizing oversight of consumer service dollars, to ensure that State funding is only utilized if there are no other resources available.

**Sexual Offender Management and Treatment Act (SOMTA):** The Executive proposal includes an increase of \$6.8 million related to the establishment of two additional forensic wards to support increased SOMTA caseloads. This increase would be partially offset by \$1.13 million in administrative efficiencies related to improving collaboration with the Department of Corrections and Community Supervision, which could maximize the use of prison units as an alternative to more costly forensic beds.

**Accounts Receivable Collections:** The Executive proposal includes savings of \$38.9 million related to an improvement in collections of overpayments to providers, related to budgeted payments that exceeded their actual service costs.



**Program Eliminations:** The Executive proposes the elimination of \$6.55 million in various target grants to community based service providers.

The Executive proposal also includes Article VII proposals that would:

- extend the payment of Ambulatory Patient Groups (APG) rates from June 30, 2018 to March 31, 2020, provided that service providers satisfy certain value based payment metrics; and clarify the statutory requirement for all behavioral health services to be paid at the APG rate, except inpatient services; and
- authorize OMH to establish, with volunteering counties, jail-based restoration to competency programs for individuals awaiting trial within locally operated jails and State prisons operated by the Department of Corrections and Community Supervision.

### **Office of Alcoholism and Substance Abuse Services (OASAS)**

The Executive proposes All Funds appropriations of \$693.34 million, an increase of \$36.95 million or 5.33 percent from SFY 2016-17. The Executive recommends the support for 741 FTEs, which is unchanged from the SFY 2016-17 level.

**Opiate Abuse Prevention and Treatment Programs:** A total \$200 million is included for programs related to heroin and opiate abuse, an increase of \$30 million from SFY 2016-17 levels, supporting:

- the creation of 80 new residential beds operated by not-for-profit providers;
- the establishment of 600 additional opioid treatment program (OTP) slots, which provide for medication assisted treatment;
- the establishment of 10 new regional coalitions and partnerships to allow families, service providers, educators, law enforcement, State agencies, and local leaders to collaborate on prevention and treatment activities;
- the addition of 10 family support navigator programs, for a total of 20 programs statewide;
- the addition of 10 peer engagement programs, for a total of 20 programs statewide;
- eight new adolescent clubhouses, for a total of 15 statewide including five in New York City, two in the Mohawk Valley and one in each of the remaining economic development regions;

- five new recovery community and outreach centers, for a total of 14 centers statewide;
- the development of 10 Urgent Access Centers, which would be located statewide and offer around-the-clock access to treatment services; and
- the establishment of two recovery high school pilot programs in regions of the State with disproportionately high rates of adolescent substance abuse.

**Community Bed Development:** The Executive proposes an increase of \$2.32 million to support the creation of 300 new community based treatment beds.

**Commercial Gaming Revenue:** The Executive proposal includes a new \$3.3 million appropriation to allow any revenue received by OASAS related to commercial gaming to be expended to support service expansions.

**Program Eliminations:** The Executive proposes the elimination of \$2.03 million in various target grants to community based service providers.

**Capital Projects:** The Executive proposal includes a \$5 million increase in capital expenditures to support renovation of existing facilities and new construction projects. The proposal also includes an increase of \$3 million to support personal service costs that were previously transferred to capital funding.

#### **Justice Center for the Protection of People with Special Needs**

The Executive proposes All Funds appropriations of \$54.54 million, unchanged from the SFY 2016-17 level. The Executive recommends support for 441 FTEs, unchanged from the SFY 2016-17 level.

#### **Developmental Disabilities Planning Council (DDPC)**

The Executive proposes All Funds appropriations of \$4.76 million, unchanged from the SFY 2016-17 level. The Executive recommends support for 18 FTEs, unchanged from the SFY 2016-17 level.



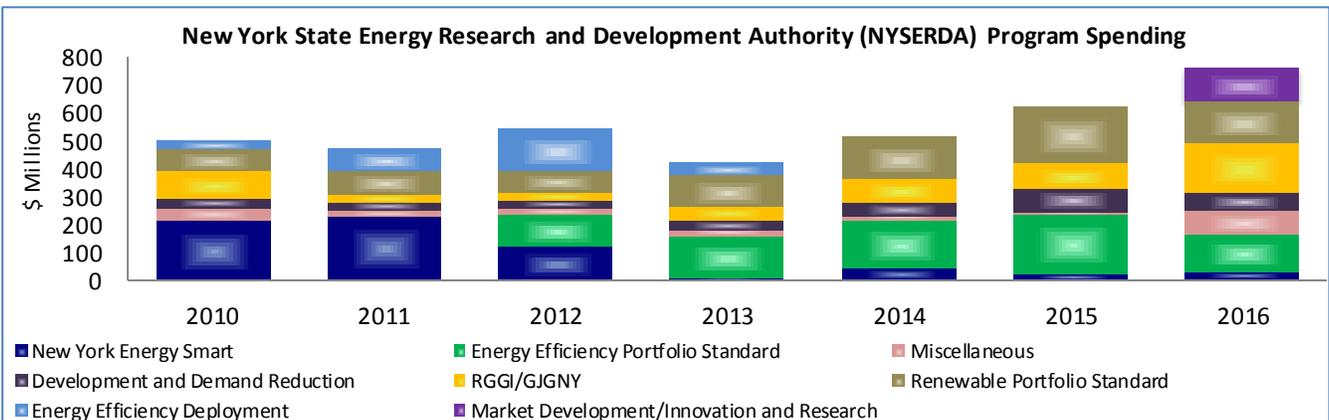
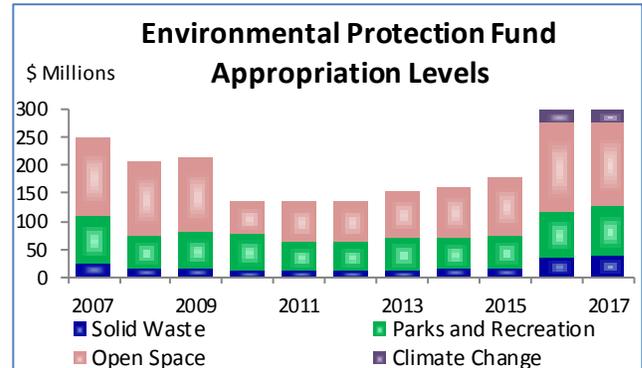
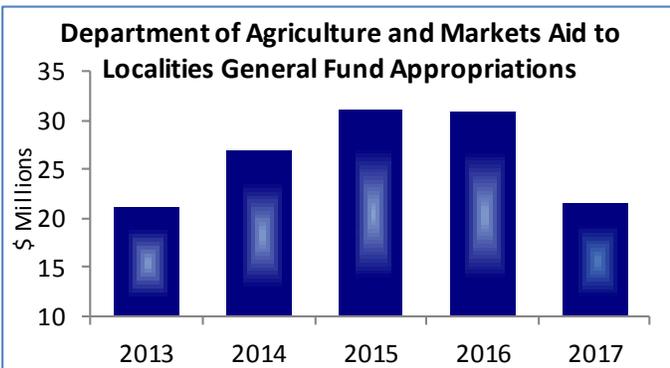
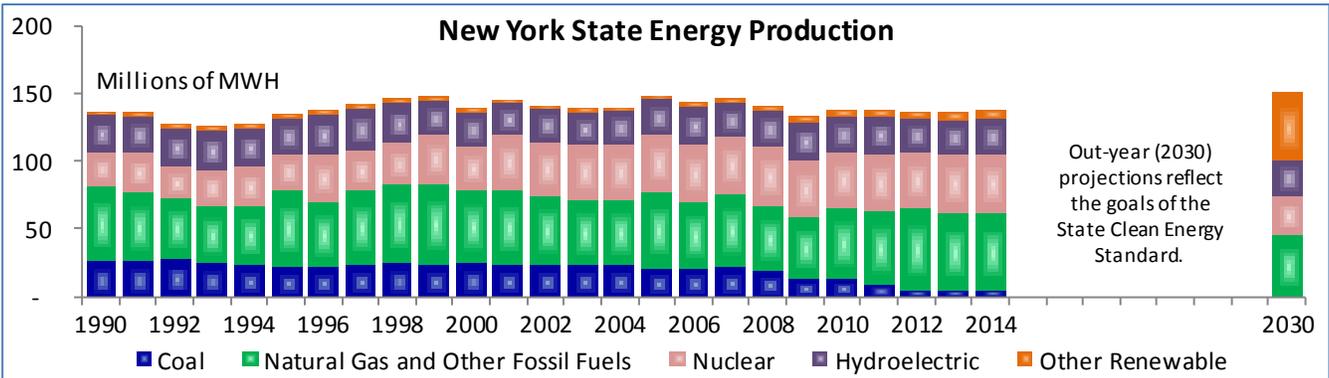
# BUDGET SNAPSHOT: ENVIRONMENT, AGRICULTURE AND ENERGY



**Over 25% of New York State's electrical power comes from renewable sources.**

**There are 35,500 farms in New York State generating \$6.4 billion in agricultural sales.**

**There were 1.1 million visits at the New York State Fair in 2016.**



Sources: NYS Division of Budget, Office of Parks, Recreation, and Historic Preservation; NYSERDA; Clean Energy Standard; US Department of Energy; New York State Fair.

# BUDGET HIGHLIGHTS: ENVIRONMENT, AGRICULTURE AND ENERGY



- **Clean Water Infrastructure Act of 2017:** The Executive Budget includes a new \$2 billion for water infrastructure improvement projects over five years, at a rate of \$400 million per year. Eligible project types include drinking water, waste water, and water source protection projects. The Executive also proposes legislation to require public water systems to test for emerging contaminants and for private water systems to be tested when the property is sold.
- **Environmental Protection Fund (EPF):** The Executive proposes to maintain funding for the EPF at \$300 million. Allocations include \$40.9 million for solid waste programs, \$86.8 million for parks and recreation, \$150.6 million for open space programs, and \$21.7 million for climate change programs.
- **State Superfund Program:** The Executive proposal continues to fully fund the State's Superfund Program with a \$100 million appropriation, including funding for the Environmental Restoration Program.
- **Empire State Trail:** The Executive proposal includes a multi-year appropriation of \$200 million for the Empire State Trail, including \$53 million in SFY 2017-18. The Empire State Trail will be constructed over three years and add 350 miles of new trails.
- **Clean Energy Standard (CES):** In August 2016, the Public Service Commission (PSC) adopted the CES, which includes subsidies to achieve a goal of 50 percent renewable energy by 2030. Through this action, the PSC also ordered New York State energy ratepayers to contribute \$965 million over the next two years to subsidize upstate nuclear power plants. The Executive also proposes to develop up to 2,400 megawatts of off-shore wind power by 2030.
- **Closure of Indian Point Nuclear Facility:** The Executive announced plans to close the Indian Point Nuclear Facility by 2021. This facility currently produces approximately 25 percent of the electrical power for New York City and Westchester County.
- **Staten Island Sea Wall:** The Executive proposal includes \$151 million for the state match to an Army Corps of Engineers project to install sea walls along the south shore of Staten Island.

# BUDGET REVIEW AND ANALYSIS: ENVIRONMENT, AGRICULTURE AND ENERGY



New York State has a variety of agencies entrusted with protecting our natural environment and aiding in the protection and productivity of its land. The State also has an interest in ensuring an adequate supply of energy is available to consumers.

The mission of the Department of Environmental Conservation (DEC) is to conserve and improve the State's natural resources and environment and to prevent, abate, and control water, land and air pollution. DEC's responsibilities include the administration of a portion of the State's Environmental Protection Fund (EPF) and protecting the State's land and resources. The DEC also manages more than 787,000 acres of state forests, including the Adirondack Forest Preserve.

The Department of Agriculture and Markets is charged with fostering a competitive and safe food and agriculture industry to benefit consumers and producers. Its major responsibilities include encouraging growth and prosperity in the State's agriculture and food industry, conducting various inspection and testing programs to enforce laws on food safety and animal and plant health, and ensuring accuracy in labeling.

The Public Service Commission (PSC) is responsible for regulating the rates and services of the State's public utilities, overseeing the siting of major electric and gas transmission lines and facilities, ensuring the safety of natural gas and liquid petroleum pipelines, and planning the future of energy in the New York.

The New York State Energy Research and Development Authority (NYSERDA) is a public benefit corporation that is responsible for the management of energy research, development, and demonstration programs funded by assessments on gas and electric utilities.

The Office of Parks, Recreation and Historic Preservation (OPRHP) is responsible for the conservation, protection, and enhancement of New York State's natural, historic and cultural resources.

The Adirondack Park Agency ensures the overall protection, development, and use of the natural resources of the Adirondack Park. The Olympic Regional Development Authority (ORDA) works to maximize visitation to the Adirondack region by operating its venues to promote environmental awareness and safe recreation, and manage state operated ski areas.

The New York Power Authority’s (NYPA) mission is to provide low-cost, reliable, clean energy to help drive New York State’s economic growth and competitiveness. NYPA runs 16 generating facilities, including the Niagara Falls power plant.

The Hudson River Valley Greenway Communities Council is tasked with preserving the natural, recreational, scenic, cultural, and historic resources of the Hudson River Valley.

**Table 27**

<b>Appropriations</b>				
<b>Agency</b>	<b>Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Department of Environmental Conservation	1429.89	3384.54	1954.64	136.70
Office of Parks, Recreation, and Historic Preservation	393.07	443.68	50.61	12.88
New York Power Authority	279.00	370.00	91.00	32.62
Department of Agriculture and Markets	170.27	206.93	36.66	21.53
Hudson River Valley Greenway Communities Council	0.32	123.32	123.00	38317.76
Department of Public Service	93.48	101.42	7.94	8.50
Energy Research and Development Authority	13.45	15.58	2.13	15.80
Olympic Regional Development Authority	11.54	14.04	2.50	21.66
Adirondack Park Agency	4.97	4.64	(0.33)	(6.63)
Greenway Heritage Conservancy	0.17	0.17	0.00	0.00



Table 28

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Department of Environmental Conservation	1008.09	1235.71	227.62	22.58
Office of Parks, Recreation, and Historic Preservation	331.82	333.23	1.41	0.43
New York Power Authority	1.92	28.33	26.41	1378.50
Department of Agriculture and Markets	97.72	102.52	4.80	4.91
Hudson River Valley Greenway Communities Council	0.00	0.00	0.00	0.00
Department of Public Service	74.33	77.43	3.10	4.17
Energy Research and Development Authority	14.32	25.58	11.26	78.62
Olympic Regional Development Authority	10.39	12.69	2.30	22.15
Adirondack Park Agency	4.75	4.76	0.02	0.34
Greenway Heritage Conservancy	0.00	0.00	0.00	0.00

### Department of Environmental Conservation

The Executive Budget proposes an All Funds appropriation of \$3.38 billion, an increase of \$1.95 billion, or 137 percent from the State Fiscal Year (SFY) 2016-17 level. This increase primarily reflects the Executive proposal to provide \$2 billion for the Clean Water Infrastructure Act of 2017. The Executive recommends support of 2,946 full time equivalent (FTE) positions, unchanged from the SFY 2016-17 levels.

**Clean Water Infrastructure Act of 2017:** The Executive Budget proposal includes \$2 billion for drinking water, waste water, and source protection projects over five years, at a rate of \$400 million per year. Eligible project types include drinking water infrastructure, waste water infrastructure, regional water infrastructure, land acquisition, green infrastructure, water quality improvement, replacement of lead pipes, and a study for consolidation of water systems. This amount is in addition to \$175 million for State Fiscal Year (SFY) 2017-18 from the 2015 Water Infrastructure Improvement Act.

**Environmental Protection Fund (EPF):** The Executive proposes \$300 million for the EPF, unchanged from SFY 2016-17 levels.

The EPF was started in 1993 to protect and preserve the State's environment. Prior to SFY 2016-17, there were three categories in the EPF. The Solid Waste category provides funding for recycling and waste reduction and funding of \$40.94 million is proposed for SFY 2017-18. The Parks and Recreation category provides public access to open space, and economic development support for areas surrounding the open space and funding of \$86.8 million is proposed for SFY 2017-18. The Open Space category provides funding for open space land conservation projects, biodiversity stewardship and research, agricultural and farmland protection activities, as well as non-point source abatement and control projects. The Executive proposes \$150.62 million for the open space category for SFY 2017-18. Beginning SFY 2016-17, a new Climate Change Mitigation and Adaptation category was created. The Executive proposes funding this category at \$21.65 million for SFY 2017-18.

The Executive proposal funds land acquisition at \$33 million, a decrease of \$7 million from SFY 2016-17, in addition to altering eligible lands as a result of the most recent Open Space Plan. The Executive proposal also eliminates legislative adds for dredging matching grants and a water testing pilot program.



Table 29

## SFY 2017-18 Environmental Protection Fund Executive Proposal (\$ in Thousands)

	SFY 2016-17 Enacted Budget	SFY 2017-18 Executive Proposal	Change (\$)	% Change
<b>SOLID WASTE</b>	<b>34,850</b>	<b>40,935</b>	<b>6,085</b>	<b>17.46</b>
Landfill Closure/ Gas Management	700	700	-	0.00
Municipal Recycling	14,000	14,000	-	0.00
<i>Food Waste Diversion**</i>	-	3,000	3,000	100.00
Pollution Prevention Institute	4,000	4,000	-	0.00
<i>Interstate Chemicals Clearinghouse **</i>	-	350	350	100.00
Secondary Marketing	1,000	1,000	-	0.00
Environmental Justice *	7,000	7,000	-	0.00
<i>Connect Kids *</i>	500	1,000	500	100.00
<i>Environmental Justice/Capacity Building</i>	2,000	2,500	500	25.00
Environmental Health *	3,000	7,000	4,000	133.33
<i>Children's Environmental Health Centers *</i>	2,000	2,000	-	0.00
<i>Fresh Connect +</i>	-	625	625	100.00
Natural Resources Damages	1,950	3,235	1,285	65.90
Pesticide Database	1,200	2,000	800	66.67
<i>Clean Sweep NY +</i>	-	500	500	100.00
Brownfield Opportunity Area Grants*	2,000	2,000	-	0.00
<b>PARKS &amp; REC</b>	<b>81,500</b>	<b>86,800</b>	<b>5,300</b>	<b>6.50</b>
Waterfront Revitalization	16,000	16,000	-	0.00
<i>Inner City/Underserved</i>	10,000	10,000	-	0.00
Municipal Parks	20,000	20,000	-	0.00
<i>Inner City/Underserved</i>	10,000	10,000	-	0.00
Hudson River Park (HRP)	2,500	3,800	1,300	52.00
Public Access & Stewardship	28,000	30,000	2,000	7.14
ZBGA	15,000	15,000	-	0.00
Waterway Law Enforcement +	-	2,000	2,000	100.00
<b>OPEN SPACE</b>	<b>161,650</b>	<b>150,615</b>	<b>(11,035)</b>	<b>(6.83)</b>
Land Acquisition	40,000	33,000	(7,000)	(17.50)
<i>Land Trust Alliance</i>	2,000	2,500	500	25.00
Farmland Protection	20,000	20,000	-	0.00
Agricultural Waste Management	1,500	1,500	-	0.00
<i>Cornell Dairy Acceleration Program +</i>	-	700	700	100.00
Biodiversity Stewardship	1,000	1,000	-	0.00
<i>Pollinator Protection Plan *</i>	500	500	-	0.00
Albany Pine Bush Commission	2,675	2,675	-	0.00
Invasive Species	12,000	12,000	-	0.00
<i>Eradication</i>	5,550	5,550	-	0.00
<i>Hemlock Woolly Adelgid Control (Cornell) **</i>	-	500	500	100.00
LI Pine Barrens Commission	1,800	1,800	-	0.00
Environmental Commissions	746	711	(35)	(4.69)
Oceans & Great Lakes Initiative	15,000	15,000	-	0.00
Water Quality Improvement Program	20,000	20,000	-	0.00
<i>Drug Take-back *</i>	1,000	1,000	-	0.00
<i>Nassau County Well Testing**</i>	-	400	400	100.00
<i>Source Water Assessment Plans **</i>	-	5,000	5,000	100.00
<i>Firefighting Foam Disposal **</i>	-	500	500	100.00
LI South Shore Estuary Reserve	900	900	-	0.00
Ag. Non-Point Source Pollution Control	19,000	19,000	-	0.00
<i>Cornell University IPM *</i>	1,000	1,000	-	0.00
Non-Ag Non-Point Source Pollution Control	8,000	6,000	(2,000)	(25.00)
<i>Cornell Community IPM *</i>	550	550	-	0.00
Soil & Water Conservation Districts	9,000	9,000	-	0.00
Finger Lake; Lake Ontario Watershed	2,279	2,279	-	0.00
Lake Erie Watershed Protection	250	250	-	0.00
Hudson River Estuary Plan	5,000	5,500	500	10.00
Water Testing Pilot Program	1,500	-	(1,500)	(100.00)
Dredging Matching Grant Program	1,000	-	(1,000)	(100.00)
<b>CLIMATE CHANGE MITIGATION &amp; ADAPTATION</b>	<b>22,000</b>	<b>21,650</b>	<b>(350)</b>	<b>(1.59)</b>
Greenhouse Gas Management *	1,000	2,000	1,000	100.00
State Vulnerability Assessments*	2,500	-	(2,500)	(100.00)
State Climate Adaptation Projects **	-	1,150	1,150	100.00
Smart Growth	2,000	2,000	-	0.00
Climate Smart Community Projects*	14,000	14,000	-	0.00
Climate Resilient Farms Program*	2,500	2,500	-	0.00
<b>TOTAL EPF</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>	<b>0.00</b>
** 17-18 New Categories		* 16-17 New Categories		
Source: NY State Division of the Budget		+ Transferred from another budget area		

The Executive proposes several new programs within the EPF, including \$5 million for Source Water Assessment Plans, \$3 million for Food Waste Diversion and Recycling, \$1.15 million for State Climate Adaptation Projects, \$500,000 for Hemlock Woolly Adelgid Control, \$500,000 for Firefighting Foam Disposal, \$500,000 for Non-Profit Capacity Building Grants, \$400,000 for Nassau County Well Testing, and \$350,000 for the Interstate Chemicals Clearinghouse.

The Executive proposal would transfer several programs into the EPF from other budget areas, totaling \$3.8 million. These include \$2 million for enforcement of navigation law provisions relating to waterways, \$700,000 for Cornell Dairy Acceleration Program, \$625,000 for Fresh Connect, and \$500,000 for Clean Sweep NY.

#### **Other DEC Capital Projects:**

**Staten Island Sea Wall:** The Executive proposal includes \$151 million for the state match to an Army Corps of Engineers project to install a sea wall along the south shore of Staten Island.

**State Superfund Program:** The Executive proposal continues to fully fund the State's Superfund Program with a \$100 million appropriation, 10 percent of which is for the Environmental Restoration Program (ERP).

**New York Works:** The Executive proposes to fund DEC NY Works at \$70 million, an increase of \$30 million, in support of the Adventure NY program which improves and renovates state facilities including campgrounds.

**Cost Shifts to Capital:** The Executive proposes to shift \$21.2 million for Oil Spill Cleanup costs and \$6 million for facilities maintenance and operations to capital from state operations.

The Executive includes the following Article VII proposals that would:

- increase the state match for the Local Waterfront Revitalization Program (LWRP) within the EPF to 75 percent from 50 percent;
- create a new Environmental Protection and Spill Remediation Account, moving funding for oil spill clean up to capital from state operations;
- create the Clean Water Infrastructure Act of 2017 to provide grants to municipalities for the replacement of lead service lines for drinking water; to revise cleanup and abatement obligations for certain solid waste sites and drinking water contamination; to establish a



regional water infrastructure grants program and to establish the Solid Waste and Drinking Water Response Account; and

- require food scraps from high volume food scrap generators to be diverted from landfills by 2021.

### **Office of Parks, Recreation, and Historic Preservation**

The Executive Budget proposes an All Funds appropriation of \$443.68 million, an increase of \$50.61 million, or 12.9 percent, from SFY 2016-17 levels, reflecting an increase in capital funding. The Executive recommends support of 1,749 FTE positions, an increase of two FTEs from the SFY 2016-17 level.

**Capital Funding:** The Executive recommends \$208.7 million in capital funding, an increase of \$54 million from the SFY 2016-17 levels reflecting a \$30 million increase in New York Works funding, a \$3 million increase in the State Park Infrastructure Fund, and a \$21 million shift to capital from state operations for costs associated with 230 FTEs.

**Aid to Localities:** The Executive eliminates funding for Legislative adds totaling \$670,000 and shifts \$2 million to the EPF related to reimbursements paid to governmental entities for voluntary enforcement of the Navigation Law.

### **Department of Agriculture and Markets**

The Executive Budget proposes an All Funds appropriation of \$206.93 million, an increase of \$36.7 million, or 21.53 percent from the SFY 2016-17 level. The Executive recommends support of 483 FTEs, unchanged from the SFY 2016-17 levels.

**Agricultural Programs:** The Executive Budget recommends \$41.46 million in Aid to Localities funding, a decrease of \$9.46 million from SFY 2016-17. This change is primarily due to the decrease of prior year restorations, offset by several new programs proposed by the Executive, including \$350,000 for an Agriculture Education Incentive Grant Program, \$350,000 for Teacher Recruitment and Professional Development, and \$300,000 for Nutrition Education Programs. Additionally, the State Seed Inspection Program funding is moved to State Operations from Aid to Localities.

**Taste NY:** The Executive proposes to exempt agreements made with for-profit, not-for-profit, and government entities for the Taste NY program from provisions of State Finance Law that require approval of the Office of the State Comptroller. The Executive also proposes to add \$850,000 for Taste NY in state operations, bringing the total to \$1.95 million.

Table 30

## Executive Budget SFY 2017-18 Proposed Aid to Localities Appropriations

	Enacted SFY 2016-17	Executive SFY 2017-18	\$ Change
<b>Cornell Diagnostic Lab</b>			
"Core" Diagnostic Lab	5,425,000	4,425,000	(1,000,000)
NYS Cattle Health Assurance Program	360,000	360,000	-
Quality Milk Production Services Program	1,174,000	1,174,000	-
Cornell University Johnes Disease Program	480,000	480,000	-
Cornell University Rabies Program	610,000	50,000	(560,000)
Cornell University Avian Disease Program	252,000	252,000	-
<b>Other Cornell Programs</b>			
Cornell University Agriculture in the Classroom	80,000	380,000	300,000
Cornell University Future Farmers of America	492,000	542,000	50,000
Association of Agricultural Educators	66,000	416,000	350,000
Cornell University Farm Family Assistance	800,000	384,000	(416,000)
Geneva Exp. St. for Seed Inspection Program	128,000	0	(128,000)
Hop Evaluation and Field Testing Program	200,000	40,000	(160,000)
Cornell University Golden Nematode Program	62,000	62,000	-
Cornell University Pro-dairy Program	1,088,000	822,000	(266,000)
Cornell University Onion Research	50,000	0	(50,000)
Cornell University Vegetable Research	100,000	0	(100,000)
Cornell University Honeybee Research	50,000	0	(50,000)
Cornell University Maple Research	125,000	0	(125,000)
Cornell University Berry Research	260,000	0	(260,000)
Cornell University Veterans to Farm	115,000	0	(115,000)
<b>Other Programs</b>			
Ag Child Care (Migrant)	9,275,000	8,275,000	(1,000,000)
Local Fairs	500,000	340,000	(160,000)
New York Wine and Grape Foundation	1,020,000	713,000	(307,000)
New York Farm Viability Institute	1,900,000	400,000	(1,500,000)
Dairy Profit Teams	150,000	150,000	-
Dairy Profit Teams/NY FVI	220,000	0	(220,000)
New York State Apple Growers Association	750,000	206,000	(544,000)
Apple Research and Development Program	500,000	0	(500,000)
Wood Products Development Council	100,000	0	(100,000)
Maple Producers Association	215,000	0	(215,000)
NY Corn and Soybean Growers Association	75,000	0	(75,000)
Tractor Rollover Protection Program	250,000	0	(250,000)
Northern NY Agricultural Development	600,000	0	(600,000)
Eastern Equine Encephalitis Program	175,000	0	(175,000)
Turfgrass Environmental Stewardship	150,000	0	(150,000)
North Country Low-cost Rabies Vaccine	25,000	0	(25,000)
NY Christmas Tree Farmers	125,000	0	(125,000)
New York State Berry Growers	60,000	0	(60,000)
Grown on Long Island	100,000	0	(100,000)
Genesee County Ag. Academy	100,000	0	(100,000)
Island Harvest Food Bank	20,000	0	(20,000)
Taste NY	1,100,000	1,100,000	-
Farm-To-School	250,000	750,000	500,000
North Country Farm-To-School	300,000	0	(300,000)
Long Island Deer Fence Matching Grants	200,000	0	(200,000)
Senior Farmers Market Nutrition Program	500,000	0	(500,000)
Electronic Benefits Transfer	138,000	138,000	-
North Country Agriculture Academy	200,000	0	(200,000)
<b>TOTAL</b>	<b>\$30,915,000</b>	<b>\$21,459,000</b>	<b>(9,456,000)</b>

Source: NY State Division of the Budget.



**State Fair Revitalization Phase II:** The Executive Budget proposal includes \$70 million for the second round of State Fair modernization, including \$50 million in Department of Agriculture and Markets capital budget. Phase I, which began in SFY 2015-16, was funded at \$50 million and included renovations to the main gate, midway, and storm water infrastructure.

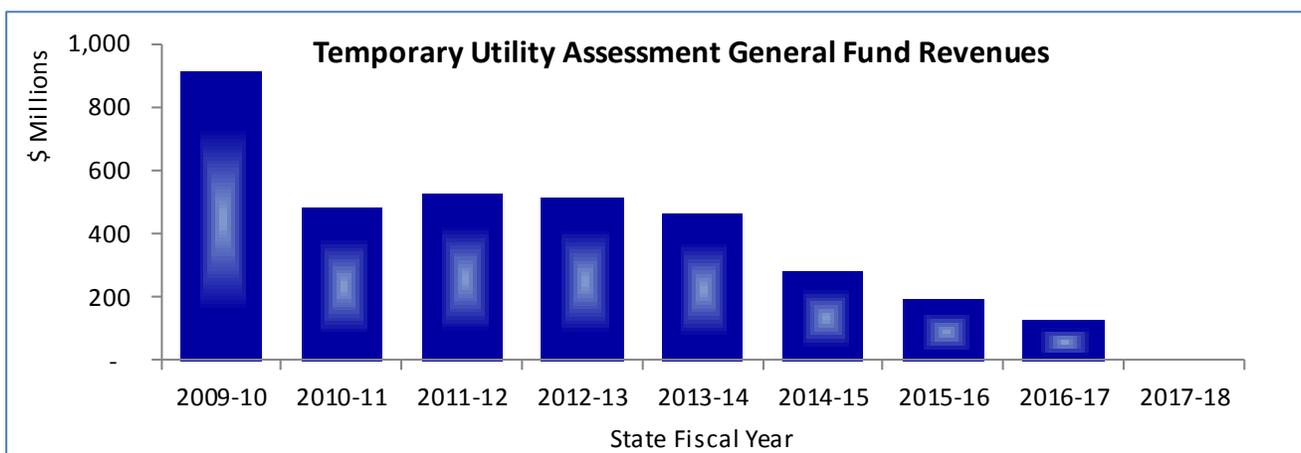
**Other Capital:** The Executive Proposal discontinues a one-time \$5 million appropriation for local fair capital and shifts \$715,000 to capital from state operations for lab equipment and vehicles.

**Department of Public Service**

The Executive Budget proposes an All Funds appropriation of \$101.42 million, an increase of \$7.94 million, or 8.50 percent, from SFY 2016-17 levels. The Executive recommends support of 520 FTEs, unchanged from the SFY 2016-17 levels.

**Public Service Account:** The Executive proposal includes Article VII language to create a new Public Service Account to fund the utility regulatory expenses of various agencies through a utility assessment totaling \$2.99 million. This Article VII proposal also continues the authorization for the Department of Health to finance the public health education programs with revenues generated from an assessment on cable television companies.

**Temporary Utility Assessment (18-a):** In 2009, a Temporary Utility Assessment was created to provide additional revenues to the General Fund. In 2014 the assessment was extended and phased out with the final payment from utilities in SFY 2016-17. After December 31st, 2017, utilities will no longer be allowed to recoup the costs of the assessment from consumers. Below is a graph showing the decrease in amounts collected through the Temporary Utility Assessment.



**Figure 5**

**Clean Energy Standard (CES):** In August 2016, the Clean Energy Standard was ordered by the PSC. It required that New York State generate 50 percent of its electricity from renewable sources by 2030, and also required a statewide reduction in emissions of 40 percent from 1990 levels by 2030. In order to accomplish these goals, the Clean Energy Standard mandates electric utility companies to purchase Zero Emission Credits (ZECs) and Renewable Energy Credits (RECs). ZECs will generate \$965 million over two years from ratepayers statewide to support continued operations of upstate nuclear power plants, while RECs will increase renewable energy production in the State. All utilities under PSC’s jurisdiction are required to participate, including municipally owned utilities; the New York Power Authority and Long Island Power Authority are not under PSC’s jurisdiction but are expected to participate. The compliance period for RECs begins on January 1, 2017 and for ZECs on April 1, 2017. The Clean Energy Standard is to be implemented without any legislation or budget appropriation.

**Closure of Indian Point Nuclear Facility:** The Executive has announced plans to close the Indian Point Nuclear Facility which produces approximately 25 percent of the electrical power for New York City and Westchester. To alleviate the loss of jobs and local revenues, the Executive has announced that workers will be able to access NYSERDA job training in renewable energy, the facility operator (Entergy) will create a \$15 million fund for environmental and community projects in the area, and that affected municipalities may be eligible for a fund similar to the fossil fuel retirement fund.

**NYS Energy Research and Development Authority (NYSERDA)**

The Executive proposes an All Funds appropriation of \$15.58 million, an increase of \$2.13 million, or 15.8 percent, from the SFY 2016-17 level. This \$15.58 million capital appropriation is for the federal match for West Valley, a former reprocessing facility for used nuclear fuel that is being decontaminated by the US Department of Energy.

**Table 31**

<b>SFY 2016-17 NYSERDA Revenues</b>		
<b>(\$ in Thousands)</b>		
<b>Revenue Source</b>	<b>SFY 2016-17</b>	<b>Percentage</b>
Systems Benefit Charge	68,441	25.74%
Allowance Auction Proceeds	114,615	43.11%
State Appropriations	25,727	9.68%
Clean Energy Fund	1,144	0.43%
Miscellaneous	55,957	21.05%
<b>Total NYSERDA Revenues</b>	<b>265,884</b>	<b>100.00%</b>
Source: NYSERDA Draft 2017-18 Budget		



NYSERDA revenues of \$266 million in SFY 2016-17 are primarily off-budget assessments on utilities. Most programs are therefore not included in the Executive Budget, with the exception of the state share for West Valley. Revenues appear lower for SFY 2017-18 due to a change in the mechanism by which funds are transferred from the utilities to NYSERDA.

**Off-Shore Wind:** The Executive proposes to develop up to 2,400 megawatts of off-shore wind power by 2030, including a 90 megawatt project southeast of Montauk and an 800 megawatt project south of the Rockaway Peninsula. No appropriations or legislation are required. Additionally, the Executive proposes \$360 million for large-scale renewable projects by 2020.

**Regional Greenhouse Gas Initiative (RGGI) Transfer:** The Executive Budget includes legislation that would transfer \$23 million from RGGI proceeds to fund green energy tax credits and carbon reduction programs and would transfer \$913,000 from NYSERDA to the General Fund to offset New York State's debt service requirements for West Valley.

The Executive also includes an Article VII proposal to extend for another year the increased assessment on gas and electric corporations for the NYSERDA research, development and demonstration program, with a provision to include \$150,000 for the Department of Agriculture and Markets Fuel NY program.

#### **Adirondack Park Agency**

The Executive proposes an All Funds appropriation of \$4.6 million a decrease of \$300,000, or 6.64 percent from the SFY 2016-17 level. The Executive recommends support of 54 FTE positions, unchanged from the SFY 2016-17 level.

#### **Olympic Regional Development Authority**

The Executive proposes an All Funds appropriation of \$14.04 million, an increase of \$2.5 million, or 21.66 percent, from SFY 2016-17 levels. This increase primarily reflects an increase to the capital appropriation, which is used for energy efficiency upgrades and renovations at ORDA facilities.

#### **New York Power Authority**

The Executive proposes an All Funds appropriation of \$370 million, an increase of \$91 million, or 32.62 percent, from SFY 2016-17 levels. This increase is mostly due to a \$77 million multi-year appropriation for the proposed Empire State Trail and a new \$35 million contingency appropriation to facilitate the sale of the FitzPatrick Nuclear Power Plant from Entergy Nuclear to the Exelon

Corporation. In addition, a repayment plan from the state has been modified by extending the repayment schedule through 2023, resulting in \$193 million in savings in SFY 2017-18.

**Empire State Trail:** Along with \$123 million appropriated in the Hudson River Valley Greenway Communities Council budget, total appropriations of \$200 million over three years will provide an interconnected multi-use trail from Albany to Buffalo and along the Hudson River from New York City to the Canadian border.

The Executive also includes an Article VII proposal to authorize shared service agreements for services, resources, and employees between NYPA, the Department of Transportation, and the Canal Corporation.

### **Hudson River Valley Communities Council**

The Executive proposes an All Funds appropriation of \$123.32 million, an increase of \$123 million, or from SFY 2016-17 levels. This increase is due to a \$123 million appropriation for a proposed Empire State Trail.



# BUDGET SNAPSHOT: TRANSPORTATION

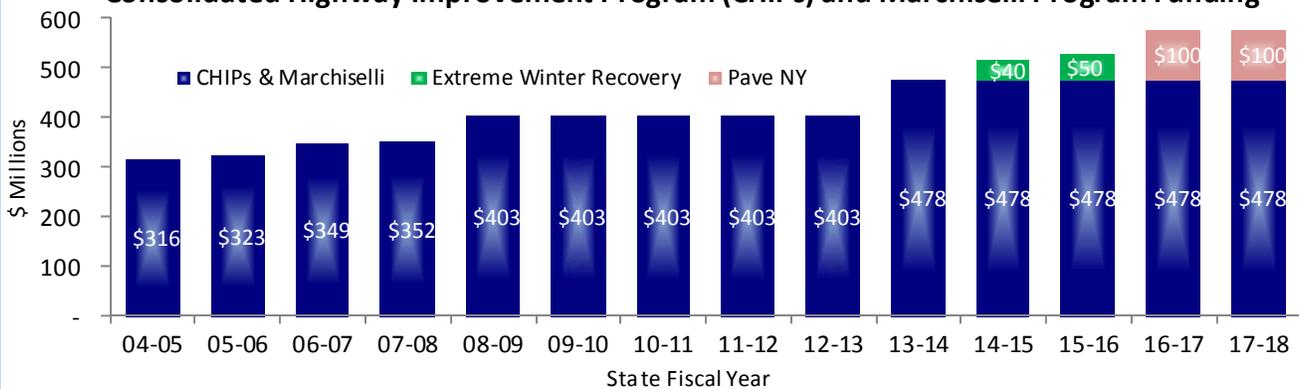


**The Executive proposes \$4.988 billion in annual operating support for transit systems statewide, including the MTA.**

**On an average weekday, the MTA carries 8.8 million Passengers on its subways, buses and commuter railroads.**

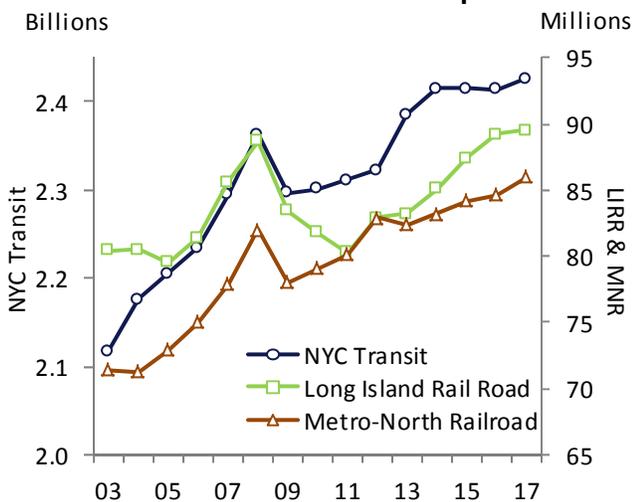
**66 percent of bridges in New York State are rated in good or excellent condition, compared to 44 percent in New York City.**

**Consolidated Highway Improvement Program (CHIPs) and Marchiselli Program Funding**



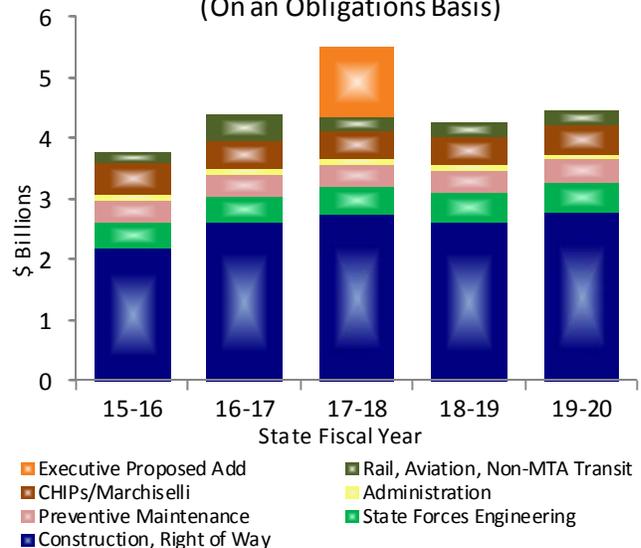
Note: The DOT Capital Plan calls for Pave NY funding of \$100 million annually from SFY 2016-17 to 2019-20 to be distributed through the CHIPs formula. In SFY 2014-15 and 2015-16 funding was distributed through the CHIPs program for extreme winter recovery.

**MTA Annual Ridership**



Note: Data for 2016 and 2017 is projected.

**Five-Year DOT Capital Plan (On an Obligations Basis)**



Source: NYS Assembly Ways and Means Committee, Metropolitan Transportation Authority.

# BUDGET HIGHLIGHTS: TRANSPORTATION



- **Department of Transportation (DOT) Capital Plan:** The Executive proposal includes an additional \$1.2 billion in State Fiscal Year (SFY) 2017-18 for the five-year DOT Capital Plan. This additional funding includes \$564 million for the JFK Airport Revitalization and an additional \$600 million to accelerate capital projects including: a study of I-81 in Syracuse; the replacement of the Scajquada Expressway (Buffalo) and the Kosciuszko Bridge (NYC); and the revitalization of the 17/32 Interchange in Woodbury.
- **Continued Funding of Local Capital Construction Programs:** The Executive proposal would continue appropriation levels of \$438.1 million for the Consolidated Highway Improvement Program (CHIPs) and \$39.7 million for the Marchiselli program. The Executive continues funding of \$100 million for PAVE NY, distributed through the CHIPs formula. The Executive also provides municipal support with continued funding of \$100 million for the Bridge NY program.
- **Maintenance of MTA Capital Plan Support:** The Executive maintains the state commitment of \$7.3 billion for the 2015-19 MTA Capital Plan by making the third of five \$1.47 billion appropriations.
- **Transit Operating Assistance:** The Executive recommends \$4.988 billion in annual support for transit systems, including the MTA, reflecting a decrease of \$7.2 million or 0.1 percent from SFY 2016-17.
- **Mobility Tax Hold Harmless:** The Executive proposal reduces an annual General Fund transfer that was established to ensure that MTA revenues were not diminished by certain exemptions to the mobility tax by \$65 million.
- **Ride Sharing:** The Executive Proposal includes Article VII language to provide a legal framework for allowing ridesharing services to operate outside the City of New York.

# BUDGET REVIEW AND ANALYSIS: TRANSPORTATION



New York State supports a vast transportation infrastructure with the goal of creating an interconnected statewide system that addresses environmental and community concerns while efficiently moving people and goods throughout the State. DOT maintains and improves the State's more than 43,000 highway lane miles and 7,800 bridges and supports local government highway and bridge construction, CHIPs, rail, and aviation projects. DOT also supports over 130 locally operated transit systems, including the MTA.

The Metropolitan Transportation Authority (MTA) maintains a fleet of 5,700 buses and 6,400 subway cars which operate on an infrastructure of 2,200 miles of track. MTA ridership has increased 54 percent since 1995 and in 2016 reached an all-time high of 2.7 billion people riding on its subways, buses and railroads, a number which is projected to reach 3.1 billion by 2030. Additionally, the MTA's nine bridges and tunnels carry over 300 million vehicles annually.

The Department of Motor Vehicles (DMV) is responsible for registering and titling vehicles, issuing driver licenses and non-driver identification cards, and regulating the motor vehicle industry from the time a car is sold through its annual inspections and up to the moment when it is disposed. The DMV operates 27 district and branch offices, and provides services via county clerk offices acting as DMV agents at 102 locations throughout the State. The DMV Traffic Violations Bureau helps to adjudicate traffic infractions.

In addition, the Thruway Authority is responsible for operating a 570-mile toll highway system and the 524-mile New York State Canal System, which includes 57 locks, 16 lift bridges, and numerous dams, reservoirs, and water control structures.

Table 32

Appropriations				
Agency	2016-17 Adjusted (\$ in Millions)	2017-18 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Transportation	10,799.79	11,627.95	828.16	7.67
Metropolitan Transportation Authority	2,373.78	3,930.08	1,556.30	65.56
Department of Motor Vehicles	325.77	342.37	16.60	5.10
New York State Thruway Authority	0.00	0.00	0.00	0.00

Table 33

Disbursements				
Agency	2016-17 Adjusted (\$ in Millions)	2017-18 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Transportation	9,403.92	9,791.67	387.75	4.12
Metropolitan Transportation Authority	512.17	643.68	131.51	25.68
Department of Motor Vehicles	301.98	321.89	19.91	6.59
New York State Thruway Authority	0.00	0.00	0.00	0.00

### Department of Transportation

The Executive proposes All Funds appropriations of \$11.6 billion, an increase of \$749 million or 8 percent from the SFY 2016-17 level. The Executive recommends funding support of 8,453 full-time equivalent (FTE) positions, which is an increase of 86 from the SFY 2016-17 level. The increases in both appropriations and positions reflect a \$1.2 billion increase to the DOT capital plan.

The DOT budget has two main components. The first is the DOT capital plan which funds the maintenance of State highways and bridges as well as the CHIPs, rail, and aviation projects and is primarily funded through the Dedicated Highway and Bridge Trust Fund (DHBTF). The second is transit assistance, which is primarily funded by dedicated transportation tax revenue and distributed to over 130 mass transit authorities around the State, including the MTA. This funding to the MTA primarily supports operations, and is distinct from State support for the MTA's 2015-19 Capital Plan.

**DOT Capital Plan:** The Executive proposes \$5.5 billion, on an obligations basis, for the third year of the five-year DOT Capital Plan, an increase of \$1.2 billion or 22 percent. The increase includes \$564 million to improve road access to and from the JFK International Airport. Road projects along the Van Wyck



Expressway will require an additional \$900 million beyond the five-year planning period; and no investments are proposed to provide mass transit access to JFK. The \$1.2 billion increase also includes \$600 million to the following projects:

- the study of construction options for the I-81 Viaduct in the city of Syracuse;
- replacement of the Scajauada Expressway in the City of Buffalo;
- replacement of the Kosciuszko Bridge, which spans between the boroughs of Brooklyn and Queens in New York City; and
- revitalization of Route 32/Route 17 Interchange near Woodbury Common Premium Outlets in Orange County.

A Memorandum Of Understanding was signed in July to approve the current SFY 2015-16 to SFY 2019-20 DOT Capital Plan, funded at \$27.1 billion on an obligations basis. The funding agreement included \$2.0 billion for the Thruway Authority, \$4.0 billion for the DOT capital plan in year 2020-21, and \$21.2 billion for the 2015-2020 DOT capital plan.

Approximately 71 percent of the capital plan spending is on road and bridge maintenance and construction, and associated consultant engineering and right of way costs, about 10 percent more than previous plans. This includes continued funding of \$100 million for the Pave NY program and \$100 million of municipal support in the local Bridge NY program. Other major components include State funding for local road and bridge construction through the CHIPs and Marchiselli programs (8.7 percent), DOT's in-house engineering costs (8.4 percent), and summer road maintenance (6.8 percent). The capital plan also allocates 3.9 percent of funding to other modes of transportation including: \$72 million for rail; \$16.5 million for aviation; and \$84.5 million for non-MTA transit systems.

**Dedicated Highway and Bridge Trust Fund (DHBTF):** The DOT capital plan is funded largely from the DHBTF. The DHBTF itself is funded through dedicated transportation taxes and fees (including those collected by the DMV), as well as bond proceeds, federal funds and a General Fund transfer. The DHBTF has a projected funding shortfall of \$578 million in SFY 2017-18, which is \$105 million higher than in SFY 2016-17 and is closed with a \$644 million transfer from the General Fund (which also includes a \$66 million transfer required by statute)

Table 34

<b>Dedicated Highway and Bridge Trust Fund</b>				
(\$ in Millions)				
	SFY 2016-17	SFY 2017-18		
	Estimate	Projection	\$ Change	% Change
<b>Receipts</b>				
Dedicated Taxes (including Motor Vehicle Fees, Petroleum Business Tax, Motor Fuel Tax, Highway Use Tax, Auto Rental Tax, Corporation & Utility Tax)	2,024.6	2,046.2	21.6	1.1%
Miscellaneous Receipts (primarily bond proceeds)	599.4	583.7	(15.7)	(2.6%)
Transfers from Federal Funds	326.1	360.2	34.1	10.5%
Transfers from General Fund	539.3	643.6	104.3	19.3%
Transfers from other Funds	5.3	8.9	3.6	69.0%
<b>Total Receipts</b>	<b>3,494.7</b>	<b>3,642.6</b>	<b>147.9</b>	<b>4.2%</b>
<b>Disbursements</b>				
Road and Bridge Capital Construction Program	600.6	577.0	(23.6)	(3.9%)
Administration	77.3	80.6	3.3	4.3%
State Forces Engineering	436.0	458.6	22.6	5.2%
Constultant Engineering	143.7	159.7	16.0	11.1%
DOT Operations	695.5	719.9	24.4	3.5%
DMV Operations	205.1	223.4	18.3	8.9%
Transfers for ITS	51.0	57.6	6.6	13.0%
Transfer for State Debt Service	818.5	855.4	36.9	4.5%
Transfer for Local Debt Service (CHIPS)	540.0	511.0	(29.0)	(5.4%)
<b>Total Disbursements</b>	<b>3,567.7</b>	<b>3,643.2</b>	<b>75.5</b>	<b>2.1%</b>

Consultant engineering spending is increasing at over twice the rate of DOT in-house State forces engineering, reflecting a long-term shift at DOT toward contracting for engineering services. The Road and Bridge Capital Construction line in the above table reflects these consultant engineering costs.

**Transit Assistance:** The Executive proposes \$4.99 billion in support for transit systems, which is a decrease of 0.1 percent, or \$7.2 million from SFY 2016-17. The MTA's transit assistance for SFY 2017-18 is \$4.49 billion. This funding comprises 28 percent of the MTA's 2017 annual budget of \$15.83 billion, compared to 32 percent in 2014.

The MTA's funding includes an annual transfer from the General Fund to offset Mobility Tax revenue reductions resulting from the exemption of certain entities from the requirement to pay such tax. The Executive proposes to reduce this transfer to \$244 million, from \$309 million. The remainder of the MTA's operating budget is not appropriated through the state budget but comes from local taxes, as well as farebox and toll revenue.



The Executive proposal includes appropriations totaling \$10.3 million to continue the Verrazano Narrows Bridge Staten Island Resident Rebate Program and its companion Commercial Rebate Program.

Of the \$4.99 billion in total transit operating assistance, \$198.7 million is provided for upstate transit systems, which reflects no changes from SFY 2016-17. Non-MTA downstate transit systems are provided \$303.5 million, also reflecting no change from prior year levels.

**Table 35**

<b>Executive Proposal: Transit Operating Assistance</b>				
<b>Cash Disbursements</b>				
<b>(\$ in Millions)</b>				
	<b>SFY 2016-17 Enacted Budget</b>	<b>SFY 2017-18 Proposal</b>	<b>\$ Change</b>	<b>% Change</b>
<b>MTA</b>				
NYC Transit Authority	1,817.1	1,825.3	8.2	0.5
Commuter Rail (MNR & LIRR)	663.0	663.5	0.5	0.1
MTA (Payroll Mobility Tax & Other)	2,013.1	1,997.2	(15.9)	(0.8)
<b>MTA Total</b>	<b>4,493.2</b>	<b>4,486.0</b>	<b>(7.2)</b>	<b>(0.2)</b>
<b>Non-MTA Downstate Systems</b>				
Nassau	66.7	66.7	0.0	0.1
NYC DOT	87.7	87.7	0.0	0.0
Rockland	3.4	3.4	0.0	0.0
Staten Island Ferry	32.8	32.8	0.0	(0.1)
Suffolk	25.9	25.9	0.0	0.0
Westchester	55.1	55.1	0.0	0.0
FORMULAS	31.8	31.8	0.0	0.0
<b>Non-MTA Downstate Systems Total</b>	<b>303.5</b>	<b>303.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Upstate Systems</b>				
Capital District Transportation Authority (CDTA)	35.7	35.7	0.0	0.0
Central New York Regional Transportation Authority (CNYRTA)	32.6	32.6	0.0	0.0
Niagara Frontier Transportation Authority (NFTA)	51.4	51.4	0.0	0.0
Rochester Genesee Regional Transportation Authority (RGRTA)	39.6	39.6	0.0	0.0
FORMULAS	39.3	39.3	0.0	0.0
<b>Upstate Systems Total</b>	<b>198.7</b>	<b>198.7</b>	<b>0.0</b>	<b>0.0</b>
<b>Transit Operating Assistance Total:</b>	<b>4,995.3</b>	<b>4,988.2</b>	<b>(7.2)</b>	<b>(0.1)</b>

**State Operations Appropriations:** The Executive proposes All Funds State Operations appropriations of \$46.3 million, an increase of \$13 million or 39.7 percent from the SFY 2016-17 level. This reflects an increase of \$11.8 million in the Motor Carrier Safety Account from federal operating grants and an increase of \$815,000 or 19.8 percent, in the Transportation Aviation Account.

The Executive also includes the following Article VII proposals that would:

- grant enforcement authority to, and expand the oversight authority of, the Public Transportation Safety Board (PTSB); and to provide for penalties for public transportation systems operating in violation of a PTSB order;
- make permanent the disposition of certain revenues into the Mass Transportation Operating Assistance Account and the Dedicated Highway and Bridge Trust Fund; and
- amend various provisions of law relating to driving while ability impaired by drugs, incorporation of pedestrian/bicycle safety components into driver licensing, delayed restoration of drivers' licenses revoked for alcohol or drug-impaired driving, driver's license revocations for chemical test refusals, driving while texting or engaging in a call on a mobile phone, and elimination of the seat belt exemption for rear seat occupants aged 16 or older.

### **Metropolitan Transportation Authority**

**MTA 2015-19 Capital Plan:** The Executive maintains the State's commitment of \$8.3 billion for the 2015-19 MTA Capital Plan by proposing the third of five \$1.47 billion appropriations totaling \$7.3 billion, in addition to \$1 billion appropriated in SFY 2015-16 Enacted Budget.

The Capital Plan Review Board approved the \$26.6 billion, 2015-19 MTA Capital Plan in May 2016, after the restoration of \$500 million for Phase 2 of the Second Avenue Subway project. The MTA Capital Plan includes partial funding for three expansion projects totaling \$4.96 billion, which accounts for 17 percent of the total cost of the plan. Those projects include:

- East Side Access, bringing the Long Island Rail Road into Grand Central Terminal (\$3.09 billion);
- Second Avenue Subway Phase 2, which will extend the new line from 96<sup>th</sup> Street to 125<sup>th</sup> Street (\$1,035 million); and
- Penn Station Access, which will bring Metro-North Railroad (MNR) into Penn Station and add four new MNR stations in the Bronx (\$695 million).

The remaining 83 percent of the plan is focused on maintaining a state of good repair and the normal replacement of assets. Major spending categories include bus and train car procurements (\$5.25 billion), station maintenance and renovations (\$3.47 billion), signals and communications



including positive train control and communications-based train control (\$3.35 billion), and track maintenance and reconstruction (\$3.33 billion).

**MTA Contingency Appropriation:** The Executive budget maintains contingency appropriations of \$2.46 billion for the SFY 2017-18 budget. This contingency appropriation can be used to support operating costs as well as debt service payments for the MTA in SFY 2018-19 in the event that the state budget for that fiscal year is not enacted by April 1, 2018.

**Department of Motor Vehicles**

The Executive proposes All Funds appropriations of \$342.4 million, an increase of \$16.6 million or 5.1 percent above the SFY 2016-17 level. The Executive recommends funding support of 2,256 FTEs, an increase of 107 positions. The increase in funding and positions is in anticipation of passage of ridesharing legislation for upstate, the implementation of the REAL ID Act and an expected upsurge in license renewals. In addition to supporting these programs, the additional staffing aims to maintain a consistent decrease in wait times at DMV offices since 2013.

The DMV State Operations budget is composed of specific programs which are self-supported by fees. The DMV appropriations are as follows:

**Table 36**

<b>Department of Motor Vehicles Appropriations</b>					
<b>(\$ in Thousands)</b>					
	<b>SFY 2015-16</b>	<b>SFY 2016-17</b>	<b>SFY 2017-18</b>		
	<b>Enacted</b>	<b>Enacted</b>	<b>Executive</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Administration Program</b>					
DMV Seized Asset Account	400	400	400	0	0.0%
Federal Seized Asset Account	1,000	1,000	1,000	0	0.0%
Banking Service Account	5,300	5,300	5,300	0	0.0%
<b>Administrative Adjudication Program</b>					
Administration Adjudication Account	42,189	42,189	42,656	467	1.1%
<b>Clean Air Program</b>					
Mobile Source Account	19,162	19,162	20,143	981	5.1%
<b>Compulsory Insurance Program</b>					
Compulsory Insurance Account	14,758	14,758	14,758	0	0.0%
<b>Distinctive Plate Development Program</b>	0	0	24	24	100.0%
<b>Governor's Traffic Safety Committee</b>					
Highway Safety Research and Operating Grants	13,839	13,966	14,095	129	0.9%
Highway Safety Programs	21,400	21,600	21,800	200	0.9%
Highway Safety Research & Development	5,500	6,000	6,000	0	0.0%
<b>Transportation Safety Program</b>					
Motorcycle Safety Account	1,628	1,628	1,628	0	0.0%
Internet Point Insurance Reduction Program Account	512	512	512	0	0.0%
<b>Capital (Transportation Support)</b>	<b>199,255</b>	<b>199,255</b>	<b>214,063</b>	<b>14,808</b>	<b>7.4%</b>
<b>Total</b>	<b>324,943</b>	<b>325,770</b>	<b>342,379</b>	<b>16,609</b>	<b>5.1%</b>

The Executive proposes DMV operations appropriations of \$214 million from fees deposited into the DHBTF, a capital fund. This is an increase of 7.4 percent from SFY 2016-17. The new Distinctive Plate Development Program will allow the DMV to begin to issue distinctive license plates for interested non-governmental groups.

The Executive also includes the following Article VII proposals that would:

- regulate Transportation Network Companies by establishing insurance requirements, providing for background checks of TNC drivers, prohibiting local control of TNC operations, and establishing the TNC driver's injury compensation fund, Inc. The proposal would also impose a new 5.5 percent gross receipt tax on such services when used in upstate New York, but transactions would be exempt from sales tax;
- increase the cap on the number of divisible load permits, and increase penalties for violations of posted weight restrictions by divisible load permit holders;
- increase length restrictions for car carriers, certain auto and boat transporters; increase weight restrictions for natural gas-powered vehicles; exempt tow trucks from weight restrictions under certain conditions; and require motor vehicle registration suspensions on motor carriers which have been issued federal out-of-service orders;
- expand the crime of theft of services to include the use of any road, bridge or tunnel without payment of applicable charges or tolls; authorize the Department of Motor Vehicles (DMV) to enter reciprocal agreements with other states regarding toll collection violations; prohibit the operation of a vehicle on tolled facilities unless its license plate is easily readable, and establish penalties therefore;
- direct the annual deposit of \$3 million from fines collected by the DMV Traffic Violations Bureau in the City of New York to the State General Fund, resulting in a \$3 million revenue reduction for NYC;
- authorize the Department of Motor Vehicles (DMV) to waive fees for the issuance of a replacement non-driver identification card lost or destroyed as a result of a crime;
- increase the fee to be paid by non-residents applying for the reinstatement of driving privileges from \$25 to \$100, and impose a fee on non-residents to reinstate such privileges lost due to zero-tolerance violations;



- increase fees for obtaining original and replacement certificates of title, and direct that the amount of the increase be deposited into the Dedicated Highway and Bridge Trust Fund; and
- impose an additional fee for the issuance or renewal of a driver's license or non-driver identification card that complies with the federal REAL-ID Act.

### **Thruway Authority**

The 2017 Thruway Authority budget is \$1.85 billion, and is funded primarily through various off-budget revenues, mostly tolls. Funding is therefore not traditionally included in the Executive Budget. The SFY 2016-17 Enacted Budget included a capital appropriation of \$700 million, in addition to \$1.285 billion appropriated in the 2015-16 Enacted Budget for total support for the Thruway in the 2015-16 to 2019-20 Transportation Capital Plan of \$1.985 billion. Of this amount, \$1.2 billion or 60 percent will be used for the construction of the replacement of the Tappan Zee Bridge.



# BUDGET SNAPSHOT: ECONOMIC DEVELOPMENT

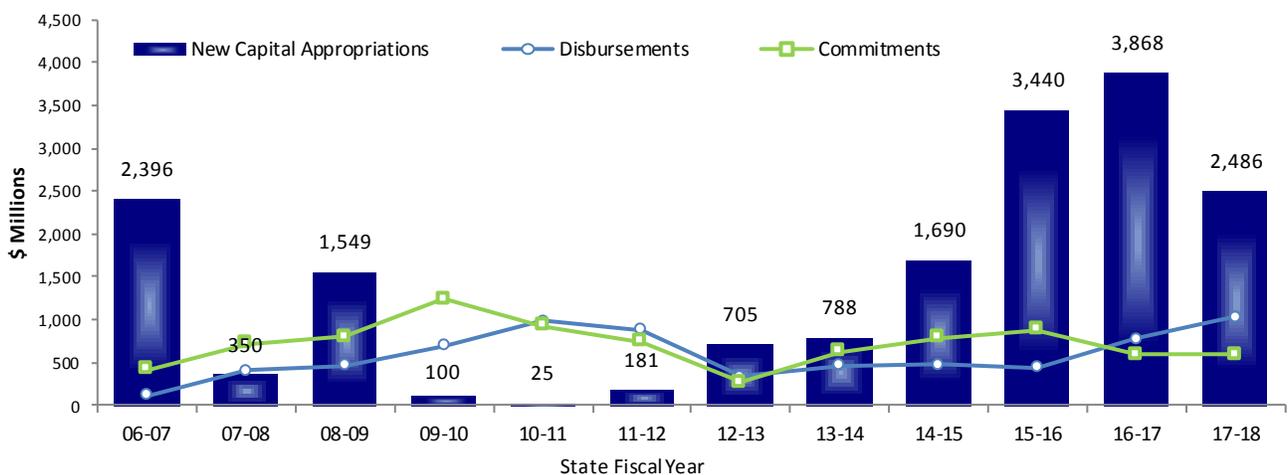


**New York State ranks third in the nation in high-tech employment.**

**New York State's tourism industry generated over \$102 billion in total economic impact in 2015.**

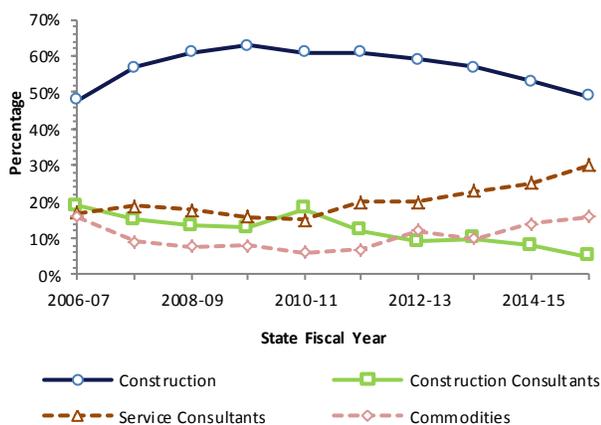
**Biomedical research in New York State has created nearly 75,000 jobs.**

## State Economic Development Capital Initiatives

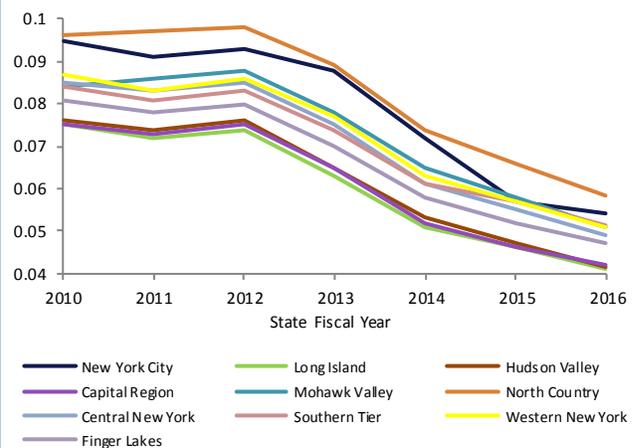


Note: Includes amounts made available through the ESDC and Miscellaneous Capital Appropriations

## Utilization of MWBEs by Industry



## New York State Regional Unemployment Rate



Source: 2011-2016 Annual Reports, Division of Minority and Women's Business Development; 2006-2016 Enacted Budget; 2017-18 Executive Budget; New York State Department of Labor.

# BUDGET HIGHLIGHTS: ECONOMIC DEVELOPMENT



- **New Capital Initiatives:** The Executive proposes \$2.39 billion in appropriations exclusively contained within the Urban Development Corporation for capital project investments throughout the State. This reflects a \$337.4 million increase over the prior year.
- **Moynihan Station Development:** The Executive proposal includes \$700 million to redevelop the James A. Farley Post Office Building into the Moynihan Train Hall.
- **Life Sciences Initiatives:** The Executive appropriates \$450 million of a proposed \$800 million total investment to develop New York State’s life sciences industry. State support consists of \$300 million for the administration of this Life Sciences Initiative and \$250 million in tax incentives to new and existing companies specializing in the life sciences. Furthermore, the Executive anticipates \$100 million in private investment. In addition to these amounts, \$150 million to create the Life Sciences Laboratory Public Health Initiative, which would develop life science research, innovation, and infrastructure through collaboration between the Empire State Development Corporation and Department of Health.
- **Buffalo Billion - Phase II:** The Executive provides a new \$400 million appropriation for Buffalo and Western New York projects thereby expanding the “Buffalo Billion” Initiative. An additional \$100 million in unidentified resources would also be provided throughout the Executive Budget supporting a total \$500 million for Phase II.
- **Kingsbridge National Ice Center:** The Executive provides a \$108 million loan to redevelop the vacant Kingsbridge Armory in the Bronx into an ice-sports complex.
- **Continuation of the Downtown Revitalization Initiative:** The Executive allocates a new \$100 million for the Downtown Revitalization Initiative which will target ten downtown areas, one in each economic development region that is either suffering from population loss or economic distress.

# BUDGET REVIEW AND ANALYSIS: ECONOMIC DEVELOPMENT



The Urban Development Corporation (DBA: Empire State Development Corporation), in conjunction with the Department of Economic Development, promotes job creation and retention, business assistance, tourism marketing and promotion, and community rebuilding and expansion, as well the development of regionally-based economic strategies.

The New York State Gaming Commission was created in 2013 by merging the functions and responsibilities of the former Division of Lottery and the former Racing and Wagering Board. The Commission is responsible for Lottery Administration, Charitable Gaming, Gaming (including Indian Gaming, Video Lottery Gaming and Commercial Gaming), and Horse Racing and Pari-Mutuel Wagering.

The New York State Council on the Arts (NYSCA) is responsible for the oversight and administration of the cultural and artistic resources of the Council on the Arts, the Empire State Plaza Performing Arts Center Corporation and the New York State Theatre Institute. NYSCA is also responsible for administering grants to local not-for-profit arts organizations.

**Table 37**

<b>Appropriations</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Urban Development Corporation	2,155.99	2,493.36	337.37	15.65
New York State Gaming Commission	243.98	330.58	86.60	35.49
Department of Economic Development	88.15	88.22	0.07	0.08
Council on the Arts	47.14	46.88	(0.26)	(0.55)

**Table 38**

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Urban Development Corporation	1,340.22	1,658.84	318.62	23.77
New York State Gaming Commission	271.96	237.30	(34.66)	(12.74)
Department of Economic Development	85.77	86.86	1.09	1.27
Council on the Arts	46.21	45.95	(0.26)	(0.56)

## Urban Development Corporation (UDC)/Empire State Development Corporation

The Executive proposes All Funds appropriations of \$2.49 billion, an increase of \$337.38 million, or 15.6 percent above the State Fiscal Year (SFY) 2016-17 level which includes appropriations from UDC and settlement funds.

**Capital:** The Executive proposes All Funds Capital Projects appropriations exclusively contained within the Urban Development Corporation of \$2.39 billion, an increase of \$347.53 million, or 17.1 percent above the SFY 2016-17 level. These amounts would support the initiatives enumerated in the table below:

**Table 39**

<b>Economic Development Capital Initiatives</b>			
<b>(\$ in Thousands)</b>			
<b>Category/Item</b>	<b>SFY 2016-17</b>	<b>SFY 2017-18</b>	<b>\$ Change</b>
Moynihan Station Development	0	700,000	700,000
Buffalo Regional Innovation Cluster	0	400,000	400,000
Life Sciences Initiative	0	300,000	300,000
Strategic Projects Program	0	207,500	207,500
New York Works Economic Development Fund	199,000	199,000	0
Life Sciences Laboratory Public Health Initiative	0	150,000	150,000
Regional Economic Development Councils	150,000	150,000	0
NY-SUNY/CUNY 2020 Challenge Grant Programs	110,000	110,000	0
Kingsbridge National Ice Center	0	108,000	108,000
New York Power Electronics Manufacturing Consortium	33,500	33,000	(500)
Cultural, Arts, and Public Spaces Fund	0	10,000	10,000
Market New York Program	8,000	8,000	0
Clarkson-Trudeau Partnership	12,000	5,000	(7,000)
Western NY Football Retention Efforts	2,251	2,278	27
City of Auburn and Town of Owasco Drinking Water Treatment Systems	0	2,000	2,000
Orlando LGBT Memorial	0	1,000	1,000
Brookhaven National Laboratory	10,000	0	(10,000)
SUNY Poly CNSE	15,000	0	(15,000)
Sunrise Highway Merge Multi-Year Study	20,000	0	(20,000)
Industrial Scale Research and Development Facility in Clinton County	125,000	0	(125,000)
Upstate Revitalization Initiative Projects (\$200m total)	30,000	0	(30,000)
Nano Utica	638,000	0	(638,000)
High-Tech Manufacturing Projects in Chautauqua and Erie Counties	685,500	0	(685,500)
<b>Total Capital UDC Appropriations</b>	<b>2,038,251</b>	<b>2,385,778</b>	<b>347,527</b>
Downtown Revitalization Initiative - Round Two	0	100,000	100,000
Upstate Revitalization Initiative Projects	170,000	0	(170,000)
<b>Total Settlement Fund Appropriations in Economic Development</b>	<b>170,000</b>	<b>100,000</b>	<b>(70,000)</b>
<b>Total for Initiatives Supported Through Carve Outs In Reappropriations</b>	<b>106,000</b>	<b>119,000</b>	<b>13,000</b>
<b>GRAND TOTAL</b>	<b>2,314,251</b>	<b>2,604,778</b>	<b>290,527</b>

*Note: Urban Development Corporation (UDC); New York State Special Infrastructure Account (SIA).*

**Regional Economic Development Councils (REDC):** The Executive Budget provides \$150 million for a seventh round of REDC competitive awards and \$70 million in Excelsior Tax Credits designated for this same purpose. To date, the Executive has announced six rounds of REDC awards totaling just under \$4.6 billion.

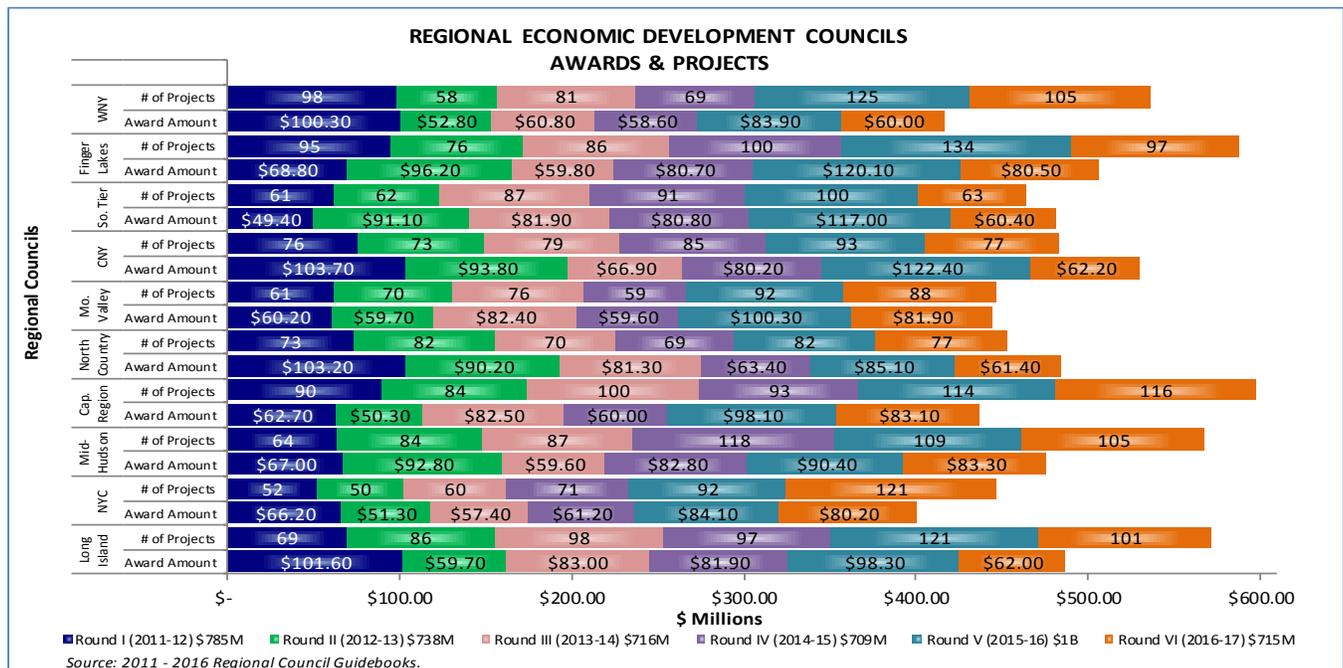


Figure 6

**Colleges/Universities:** The Executive proposes a total \$115 million in economic development capital for collegiate initiatives, including \$110 million for the continuation of the SUNY/CUNY 2020 competitive grant program and \$5 million to support the Clarkson-Trudeau Partnership to promote biotechnology research and development.

**Infrastructure Development Projects:** In addition to the \$700 million proposed for the development of the Moynihan Station, the Executive includes an additional \$121 million to support various infrastructure projects throughout the State. Such projects include \$45 million for LIRR station renovations at nine locations, \$20 million for an LIRR connection at the Brookhaven National Laboratory, \$20 million for the Kings Park waste water treatment facility, \$20 million for improvements to the Smithtown Business Sewer District, an additional \$14 million for the renovation and expansion of the MacArthur Airport. The Executive Budget also provides \$2 million for upgrades to the city of Auburn and town of Owasco drinking water treatment systems.

**New York Power Electronics Manufacturing Consortium:** As part of a multi-year \$135 million commitment, the Executive provides a third installment of \$33 million to develop and further upgrade the materials used in the manufacturing of semiconductors through a public/private partnership with SUNY Polytechnic Institute and General Electric.

**Western New York Football:** The Executive provides a total of \$6.88 million to cover contractual obligations for the retention of the Buffalo Bills in Western New York.

**Economic Development Funds:** The Executive proposes \$199 million in capital funding through the New York Works Economic Development Fund and provides \$26.18 million in operating support for the Empire State Economic Development Fund. These programs finance a wide range of economic development projects.

## Article VII

The Executive proposes Article VII language that would:

- extend the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund;
- extend the general loan powers of the New York State Urban Development Corporation;
- extend provisions of law relating to participation by minority and women-owned business enterprises in state contracts;
- establish the Excelsior Business Program, which merges the START-UP NY program with the Excelsior Job Program resulting in the elimination of START-UP NY program. The proposed Excelsior Business Program enables new and expanding small businesses to receive tax-free credits for job creation, as well as, for conducting research and development in New York State. To become eligible for the program, a business must not have been organized for more than five years, must be a non-publicly traded entity, and that has not employed more than 25 persons one year prior to participation.

Additionally, the Excelsior Business Program has expanded the type of businesses eligible for participation to include retail, restaurants, professional firms, hospitality and financial services establishments. Under the Excelsior Business Program, businesses are no longer required to be located on non-for-profit college or university campuses, but may operate on owned or leased property. For eligibility to participate in the Excelsior Business Program, a business is required to demonstrate that it will create and maintain in its first five years of operation at least one

net new job. This Executive proposal removes several reporting requirements and benchmarks but requires an annual commissioner's report; and

- establish Life Sciences Tax Credits and would extend the benefits of the Excelsior Jobs Program Act to life sciences companies.

### **New York State Gaming Commission**

The Executive proposes an All Funds appropriation of \$330.58 million in SFY 2017-18, an increase of \$86.6 million or 35.5 percent over SFY 2016-17 levels. The Executive proposes a workforce of 404 FTEs, unchanged from SFY 2016-17.

**Agency Operations:** The Executive proposes \$113.6 million for agency operations, a net \$100,000 increase for the Racing Fan Advisory Council. The remainder of agency operations remain flat, as the Executive provides increases for interactive fantasy sports (\$2 million), Horse Racing and Pari-Mutuel Wagering (\$1.7 million), and Lottery Administration (\$490,000) that are offset by decreases in the Gaming (\$2.5 million) and Administration programs (\$1.5 million). These changes are to align appropriations more closely with agency spending.

**Commercial Gaming Revenue:** The Executive proposes \$88 million in aid to host governments and non-host counties within a gaming region, an increase of \$80 million over SFY 2016-17. Specifically, the Executive provides appropriations for host and regional aid for the Montreign (\$17 million), Rivers (\$17 million) and Lago/Tioga (\$10 million) casinos, although the amount of aid actually paid will depend upon when the casinos open for operations.

**Tribal State Compacts:** The Executive proposal provides an appropriation of \$129 million for the Tribal-State Compact Revenue Program, an increase of \$6.5 million over SFY 2016-17. The increase reflects a timing issue with Seneca Allegany's SFY 2016-17 payments, and addresses a potential compact agreement between the Mohawk Nation and the State of New York.

### **Article VII**

The Executive proposes Article VII language that would:

- remove restriction that Morrisville State College be the single lab testing provider and modify requirements for horsemen to contribute to equine steroid testing;

- modernize and consolidate charitable gaming laws. This would include, but not be limited to, allowing the use of check or credit/debit card in charitable gaming, streamlining the municipal permission process for charitable gaming, and raising prize limits;
- re-privatize the New York Racing Association (NYRA), with oversight powers granted to the Financial Oversight Board;
- extend certain tax rates and certain simulcasting provisions for one year;
- extend Monticello Video Lottery Terminal (VLT) rates for one year;
- extend the Video Lottery Gaming (VLG) vendor capital awards program for one year; and
- alter local gaming aid distribution, which would provide for increased State aid to Madison County to reflect the opening of the Yellow Brick Road Casino and offset reductions in certain VLT, casino, and Tribal State Compact revenues to various municipalities.

### **Department of Economic Development**

The Executive proposes All Funds appropriations of \$88.22 million, an increase of \$65,330, or 0.1 percent above the SFY 2016-17 level. The Executive recommends support for 148 FTE positions, which is five FTEs fewer than the SFY 2016-17 level due to attrition.

**High Technology Programs:** The Executive proposes a funding total of \$38.85 million for various high technology programs, including \$13.82 million for the Centers for Advanced Technology and a combined \$8.72 million for 10 Centers of Excellence.

**New York State Tourism:** The Executive proposes total funding of \$55 million for tourism related activities throughout the State. In addition to the traditionally funded tourism support programs, the Executive provides \$15 million in total support for the continuation of the Market NY Program, which is an increase of \$2 million above the prior year. In addition, \$30.5 million is allocated to promote New York State as a tourism destination.



Table 40

<b>Appropriations for Tourism Related Activities</b>	
<b>Program/ Funding Source</b>	<b>All Funds Amount (\$ in millions)</b>
Tourism and Economic Development	30.50
Market NY	15.00
Local Tourism Matching Grants	3.82
I Love NY	2.50
Tourism Marketing (SRO)	3.19
<b>TOTAL:</b>	<b>55.01</b>

**New York State Hot Spots and Incubators:** The Executive provides \$5 million to support 20 Hot Spots and Incubators throughout the State, unchanged from the prior year.

**Other Initiatives:** The Executive proposes \$1.45 million to promote local agritourism, as well as New York produced food and beverage goods and products.

**New York State Council on the Arts (NYSCA)**

The Executive proposes an All Funds appropriation of \$46.88 million, a decrease of \$260,000, or 0.6 percent below the SFY 2016-17 level, which will maintain grant funding support to local non-profit arts organizations. The Executive recommends funding support of 30 full-time equivalent positions which is unchanged from SFY 2016-17.



# BUDGET SNAPSHOT: PUBLIC PROTECTION

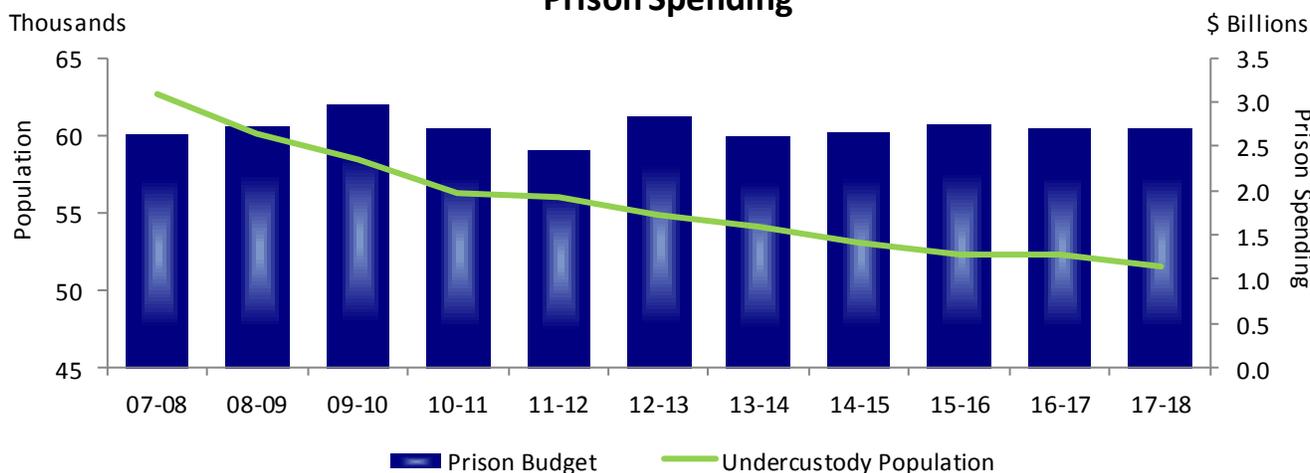


***New York's prison population has been reduced from 71,600 in 1999 to approximately 51,500 today.***

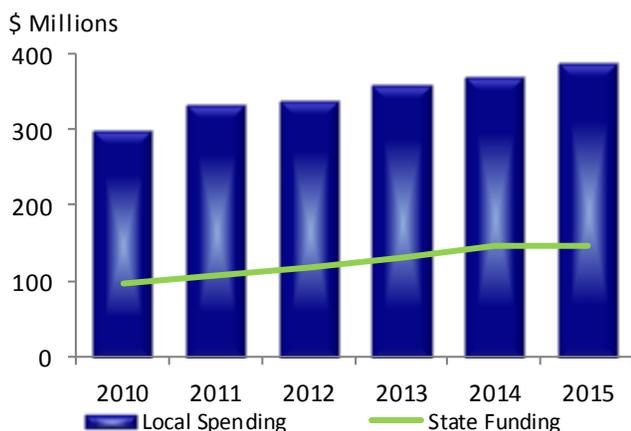
***Over the past seven years, 13 prisons have been closed, reflecting continued reduction in the prison population.***

***Currently, there are 68 individuals age 16 and 17 in DOCCS facilities and 1,489 under the age of 21.***

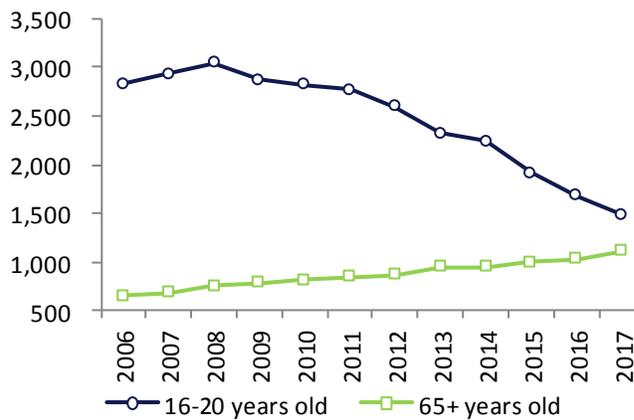
### NYS Undercustody Population vs. Prison Spending



### Indigent Legal Services Spending



### Undercustody Population by Age



Sources: Department of Corrections and Community Supervision; Division of Criminal Justice Services; Office of Indigent Legal Services; NYS Division of the Budget.

# BUDGET HIGHLIGHTS: PUBLIC PROTECTION



- **Indigent Legal Services Settlement:** An additional \$8.68 million would be provided to continue implementation of the *Hurrell-Harring* settlement agreement, including support for caseload relief and staff. The Executive would also extend these reforms statewide over a six year period, for a total State cost of \$250 million when fully implemented.
- **Raise the Age of Juvenile Jurisdiction:** The Executive Budget would raise the age of juvenile jurisdiction to 17 in 2019 and to 18 in 2020, and would provide services for 16 and 17 year olds who are involved in the juvenile justice system.
- **Sentencing and Parole Reform:** The Executive proposal includes language to allow the Department of Corrections and Community Supervision Commissioner to set conditions of parole in certain instances, establish earned reductions during post-release supervision, increase limited credit time allowances, and expand determinate sentencing for non-violent offenses.
- **Counter-Terrorism Activities:** The Executive proposal includes \$203 million over four years to support the deployment of National Guard and State Police officers at New York City transit hubs, bridges, tunnels, airports, and other critical infrastructure.
- **Emergency Preparedness and Response Initiatives:** The Executive proposal includes \$4.8 million to support a variety of new homeland security initiatives, including training and preparedness programs for first responders and the establishment of a Cyber Incident Response Team to provide cybersecurity support to state entities, local governments, critical infrastructure, and schools.
- **Hate Crimes Task Force:** The Executive proposal includes \$1 million to establish a statewide Hate Crimes Task Force, which would work with county officials, district attorneys, local police departments and other key stakeholders to identify bias related trends and discriminatory practices within each county.

# BUDGET REVIEW AND ANALYSIS: PUBLIC PROTECTION



The State of New York spends approximately \$5 billion annually to support its Public Protection Agencies, which include the Department of Corrections and Community Supervision (DOCCS), Division of Criminal Justice Services (DCJS), Division of Homeland Security and Emergency Services (DHSES), Division of State Police (DSP), Division of Military and Naval Affairs (DMNA), Office of Indigent Legal Services (ILS), Office of Victim Services (OVS), Office for the Prevention of Domestic Violence (OPDV), New York Interest on Lawyers Account (IOLA), State Commission of Correction (SCOC), and Judicial Commissions.

In total, these agencies work to promote public safety and ensure that the state is prepared to respond to emergencies. Specifically, these agencies supervise criminal offenders within state facilities and in the community, manage funding for programs designed to combat crime, support highway safety, and protect our communities and infrastructure from natural and manmade disasters. In addition, these agencies advocate for victims of crime, promote fair representation and the protection of legal interests within our court system.

**Table 41**

<b>Appropriations</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Department of Corrections and Community Supervision	3,195.18	3,276.45	81.26	2.54
Division of Homeland Security and Emergency Services	1,519.18	1,576.98	57.80	3.80
Division of State Police	873.16	926.12	52.97	6.07
Division of Criminal Justice Services	289.76	268.63	(21.13)	(7.29)
Department of Law	237.59	241.44	3.85	1.62
Division of Military and Naval Affairs	129.51	139.31	9.80	7.57
Office of Victim Services	119.52	119.70	0.18	0.15
Office of Indigent Legal Services	99.40	109.64	10.24	10.30
Interest on Lawyer Account	46.84	46.98	0.14	0.30
Judicial Commissions	5.65	5.65	0.00	0.04
Office for the Prevention of Domestic Violence	5.20	5.60	0.40	7.70
State Commission of Correction	2.96	2.96	0.00	0.00

Table 42

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Department of Corrections and Community Supervision	2,954.31	3,004.50	50.19	1.70
Division of Homeland Security and Emergency Services	1,717.24	1,106.19	(611.06)	(35.58)
Division of State Police	831.37	767.04	(64.33)	(7.74)
Department of Law	233.89	242.81	8.92	3.81
Division of Criminal Justice Services	234.73	224.18	(10.54)	(4.49)
Division of Military and Naval Affairs	130.62	128.18	(2.44)	(1.86)
Office of Indigent Legal Services	71.70	105.30	33.60	46.87
Office of Victim Services	59.76	76.59	16.82	28.15
Judicial Commissions	5.65	5.65	0.00	0.00
Office for the Prevention of Domestic Violence	2.41	2.88	0.47	19.69
State Commission of Correction	2.68	2.65	(0.03)	(1.08)

### **Department of Corrections and Community Supervision**

The Executive proposes All Funds appropriations of \$3.28 billion, an increase of \$81.26 million or 2.5 percent from the State Fiscal Year (SFY) 2016-17 level. The Executive recommends support for 29,215 full time equivalent (FTE) positions, an increase of 126 FTEs from the SFY 2016-17 level.

**Workforce:** The Executive proposal includes \$8.25 million to support an additional 165 FTEs related to the second year of security staffing reviews, and \$1.5 million for negotiated salary increases. These increases would be offset by \$21.72 million in savings related to a shift in personal service costs to capital appropriations, and \$13.57 million in reduced overtime costs.

**Maximum Security Visitation Schedule:** The Executive proposal would eliminate 39 FTEs by reducing the number of days that visitors would be allowed at maximum security correctional facilities, from seven to three days a week. This proposal is estimated to save \$2.6 million.

**Increased Health and Energy Costs:** The Executive Budget provides an additional \$13 million for increased drug, hospital and energy costs due to inflationary factors.

**Corrections Reform:** The Executive recommends Article VII language that would:

- permit the commissioner of DOCCS, rather than the State Board of Parole, to set release conditions for persons released by operation of law, and allow for the reduction of terms of post-release supervision for persons who complete six uninterrupted months of post-release supervision;
- increase opportunities for inmates to earn the limited credit time allowance;
- require determinate sentencing for class B, C, D and E non-violent felonies; and
- provide for expanded opportunities for alternatives to incarceration (ATI) sentences for certain offenses, and increase criminal penalties for other crimes.

**Raise the Age of Juvenile Jurisdiction:** The Executive proposal includes language to raise the age of juvenile jurisdiction to age 17 on January 1, 2019 and to age 18 on January 1, 2020. This proposal would include diversion and probation services for 16 and 17 year old youths who would now be involved in the juvenile justice system. The Executive provides \$110 million in capital support to establish additional facility capacity through the Office of Children and Family Services. State assistance to support any increased local costs associated with this proposal would be contingent upon approval by the Division of Budget.

### **Division of Criminal Justice Services**

The Executive proposes All Funds appropriations of \$268.63 million, a decrease of \$21.13 million or 7.3 percent from the SFY 2016-17 level. The Executive recommends support for 436 FTE positions, unchanged from the SFY 2016-17 level.

**Local Assistance Reductions and Eliminations:** The Executive proposes \$3.41 million in across-the-board reductions to various General Fund programs that provide grants to localities for criminal justice-related activities. In addition, the Executive would eliminate \$18.12 million in support for ATI programming, aid to prosecution and defense, rape crisis centers, anti-gun violence initiatives, legal service providers, and immigrant legal services programs (Table 43).

Table 43

## DCJS General Fund Project Reductions and Eliminations

Program	SFY 2016-17	SFY 2017-18	Change (\$)	Change (%)
	Enacted Budget	Executive Proposal		
Probation Aid	44,876,000	44,876,000	0	0.00
Operation GIVE	15,219,000	14,390,000	(829,000)	(5.45)
Alternatives to Incarceration - Consolidated	14,616,000	13,819,000	(797,000)	(5.45)
Crimes Against Revenue Program	14,300,000	13,521,000	(779,000)	(5.45)
Aid to Prosecution	10,680,000	9,957,000	(723,000)	(6.77)
Aid to Crime Labs	6,635,000	6,273,000	(362,000)	(5.46)
Alternatives to Incarceration - NYC and Counties	5,518,000	5,217,000	(301,000)	(5.45)
Aid to Defense	5,507,000	5,066,000	(441,000)	(8.01)
Operation SNUG	3,315,000	4,815,000	1,500,000	45.25
District Attorney Salaries	4,212,000	4,212,000	0	0.00
County Re- entry Task Forces	4,063,000	3,842,000	(221,000)	(5.44)
Rape Crisis Centers	2,700,000	2,553,000	(147,000)	(5.44)
NYS District Attorneys Association/NYS Prosecutors	2,304,000	2,178,000	(126,000)	(5.47)
Soft Body Armor Vests	1,350,000	1,350,000	0	0.00
NYS Defenders Association	1,089,000	1,030,000	(59,000)	(5.42)
Alternatives to Incarceration Assessments	1,000,000	946,000	(54,000)	(5.40)
Probation Residential Centers	1,000,000	945,000	(55,000)	(5.50)
Special Narcotics Prosecutor	825,000	825,000	0	0.00
Witness Protection Program	304,000	287,000	(17,000)	(5.59)
Law Enforcement, Anti- Violence, Anti- Drug, Crime	2,891,000	0	(2,891,000)	(100.00)
Domestic Violence Legal Services	2,218,000	0	(2,218,000)	(100.00)
Westchester County Policing	1,984,000	0	(1,984,000)	(100.00)
NYS Defenders Association - Supplemental	1,000,000	0	(1,000,000)	(100.00)
Rensselaer County - Fire Department Equipment	750,000	0	(750,000)	(100.00)
Alternatives to Incarceration - Supplemental	703,000	0	(703,000)	(100.00)
Law Enforcement and Emergency Services Equipment	604,000	0	(604,000)	(100.00)
Operation SNUG - Brooklyn	600,000	0	(600,000)	(100.00)
Finger Lakes Law Enforcement	500,000	0	(500,000)	(100.00)
Vera Institute of Justice: Immigrant Family Unity Project	400,000	0	(400,000)	(100.00)
Westchester County Policing - Supplemental	316,000	0	(316,000)	(100.00)
Operation SNUG - Manhattan	300,000	0	(300,000)	(100.00)
Operation SNUG - Queens	300,000	0	(300,000)	(100.00)
Operation SNUG - City of Poughkeepsie	300,000	0	(300,000)	(100.00)
Brooklyn Legal Services Corp A	250,000	0	(250,000)	(100.00)
Child Care Center of New York	250,000	0	(250,000)	(100.00)
Community Service Society - Record Repair Counseling	250,000	0	(250,000)	(100.00)
Fireman's Association of New York	250,000	0	(250,000)	(100.00)
Fortune Society	250,000	0	(250,000)	(100.00)
Prisoners' Legal Services	250,000	0	(250,000)	(100.00)
Vera Institute of Justice	250,000	0	(250,000)	(100.00)
NY Judicial Institute: Legal Education Opportunity	200,000	0	(200,000)	(100.00)
NYPD Training: Museum of Tolerance NY	200,000	0	(200,000)	(100.00)
Vera Institute of Justice: Common Justice	200,000	0	(200,000)	(100.00)
Legal Action Center	180,000	0	(180,000)	(100.00)
Brooklyn Defender	175,000	0	(175,000)	(100.00)
The Mohawk Consortium	175,000	0	(175,000)	(100.00)
New York County Defender Services	175,000	0	(175,000)	(100.00)
Albany Law School - Immigration Clinic	150,000	0	(150,000)	(100.00)
Operation SNUG - Staten Island	150,000	0	(150,000)	(100.00)
Friends Of the Island Academy	150,000	0	(150,000)	(100.00)
Greenpoint Outreach Domestic and Family Intervention	150,000	0	(150,000)	(100.00)
Legal Aid Society - Immigration Law Unit	150,000	0	(150,000)	(100.00)
Legal Services NYC - Dream Clinics	150,000	0	(150,000)	(100.00)
Make the Road NY	150,000	0	(150,000)	(100.00)
Correctional Association	127,000	0	(127,000)	(100.00)
Goddard Riverside Community Center	125,000	0	(125,000)	(100.00)
Bailey House - Project FIRST	100,000	0	(100,000)	(100.00)
District Attorney Office - Queens County	100,000	0	(100,000)	(100.00)
District Attorney Office - Richmond County	100,000	0	(100,000)	(100.00)
District Attorney Office - Rockland County	100,000	0	(100,000)	(100.00)
District Attorney Office - Bronx County	100,000	0	(100,000)	(100.00)
John Jay College	100,000	0	(100,000)	(100.00)
Groundswell	75,000	0	(75,000)	(100.00)
Exodus Transitional Community	50,000	0	(50,000)	(100.00)
Neighborhood Initiatives Development Corporation	50,000	0	(50,000)	(100.00)
Village of Spring Valley Police Department	50,000	0	(50,000)	(100.00)
NYU Veteran's Entrepreneurship Program	30,000	0	(30,000)	(100.00)
Bergen Basin Community Development Corporation	26,000	0	(26,000)	(100.00)
Bronx Veterans Mentors	15,000	0	(15,000)	(100.00)
<b>Grand Total</b>	<b>157,632,000</b>	<b>136,102,000</b>	<b>(21,530,000)</b>	<b>(13.66)</b>

**Operation SNUG:** The Executive Budget includes an additional \$1.5 million to expand the scope of existing SNUG sites that receive DCJS support. A total of \$4.8 million would be provided for SNUG programs.

**Bail and Pre-trial Detention:** The Executive proposal provides \$300,000 to develop a plan to create and implement a risk assessment tool to be used by judges as part of pre-trial release determinations.

**Reduce Trial Delays:** The Executive proposal includes \$100,000 to support the development of administrative guidance to ensure access to a speedy trial, in consultation with the Office of Court Administration.

**Legal Services Assistance Fund (LSAF) Allocations:** The Executive proposes the elimination of LSAF support for various programs as noted below:

**Table 44**

<b>DCJS LSAF Allocations</b>		
<b>(\$)</b>		
<b>Program</b>	<b>SFY 2016-17</b>	<b>SFY 2017-18</b>
Aid to Prosecution	2,592,000	2,592,000
Aid to Defense	2,592,000	2,592,000
HESC Loan Forgiveness Program	2,430,000	2,430,000
Civil Legal Service Grants	2,830,000	-
Prisoners Legal Services	2,200,000	2,200,000
Domestic Violence and Veterans Legal Services	950,000	-
Indigent Parolee Program	600,000	-
Legal Action Center	-	180,000
Various Civil and Criminal Legal Services Grants	-	4,200,000
<b>Grand Total</b>	<b>14,194,000</b>	<b>14,194,000</b>

The Executive recommends Article VII language that would:

- require recording of the interrogation of suspects in certain serious offense investigations;
- establish best practice protocols for eyewitness identification procedures, such as lineups and photo arrays; and
- allow the prosecution to present an eyewitness’s positive identification via a photo array in support of the prosecution’s case-in-chief.

- reduce the penalty for possession of a small amount of marijuana that is not burning from a class B misdemeanor to a violation punishable by a fine not exceeding \$100.
- expand the availability of veterans treatment courts through the Office of Court Administration. The Executive Budget includes \$1 million in the Division of Veterans' Affairs to support this proposal.

**Fund Transfers:** The Executive would increase various fund transfers to the General Fund to support agency operations, including an increase of: \$6.65 million from the LSAF; \$4 million from the Motor Vehicle Theft and Insurance Fraud Account; and \$5.94 million from the Fingerprint Identification and Technology Account.

### **Division of Homeland Security and Emergency Services**

The Executive proposes All Funds appropriations of \$1.58 billion, an increase of \$57.8 million or 3.8 percent from the SFY 2016-17 level. The Executive recommends support for 570 FTE positions, an increase of 98 FTEs from the SFY 2016-17 level.

**Cyber Incident Response Team:** The Executive provides \$1.3 million and an additional eight FTEs to support the establishment of a Cyber Incident Response Team to provide cybersecurity support to State entities, local governments, critical infrastructure and schools. The team would develop cyber-preparedness and response through outreach, coordinated exercises, and establishing best practices.

**Cybercrime Laws:** The Executive proposal includes Article VII language that would:

- increase penalties for the existing crimes of identity theft, including new aggravated crimes where the victim is a vulnerable elderly person or an incompetent or physically disabled person;
- increase penalties for the existing crimes of computer tampering; and
- create new, higher level crimes ranging up to a class B felony.

**Emergency Preparedness and Response Training:** The Executive provides \$3.5 million and an additional 90 FTEs to support a number of new training programs for local first responders related to emergency preparedness and response, including: active shooter exercises at the State Preparedness Training Center; security procedures for civilian airport employees; a simulator for swift water rescue operations; and crude oil fire training at the State Fire Science Academy.



**Prepaid Wireless Communications Surcharge:** The Executive proposal provides Article VII language that would extend the Public Safety Communications Surcharge to the sale of prepaid wireless devices at a rate of \$0.60 per retail sale valued at \$30 or less, and \$1.20 per retail sale over \$30. This proposal is estimated to increase State receipts by \$7 million in SFY 2017-18 and \$26 million annually thereafter.

In addition, the Executive would authorize any county or city that is currently authorized to impose the Enhanced Emergency Telephone System Surcharge to also impose such surcharge on the sale of prepaid wireless devices at the rate of \$0.30 per retail sale.

### **Division of State Police**

The Executive proposes All Funds appropriations of \$926.12 million, an increase of \$52.97 million or 6.1 percent from the SFY 2016-17 level. The Executive recommends support for 5,711 FTE positions, an increase of 26 FTEs from the SFY 2016-17 level.

**Counter-Terrorism Activities:** The Executive Budget includes \$203 million over four years to support the deployment of 150 State Police officers and 150 National Guard soldiers at New York City transit hubs, and other critical infrastructure. Officers would provide additional security at airports and conduct counter-terror exercises at nine bridges and tunnels operated by the Metropolitan Transportation Authority.

**Hate Crimes Task Force:** The Executive proposal includes Article VII legislation to establish a Hate Crime Task Force within the Division of State Police to prevent, investigate, and detect hate crimes. In addition, the Division of Human Rights, in conjunction with the Task Force, would advise the public of their rights and legal remedies concerning discrimination. The Executive Budget includes \$1 million to support this proposal.

**Workforce:** The Executive proposal provides \$6.39 million in salary increases pursuant to a collective bargaining agreement with the Police Benevolent Association and the New York State Police Investigators Association. The Executive Budget also includes \$3.5 million to support an additional 26 FTEs to process the backlog of sexual offense evidence kits. These increases would be offset by \$20.22 million in savings related to supporting personal service costs, equipment maintenance, repair with capital, and special revenue funds.

### **Office of Indigent Legal Services**

The Executive proposes All Funds appropriations of \$109.64 million, an increase of \$10.24 million or 10.3 percent from the SFY 2016-17 level. The Executive recommends support for 22 FTE positions, an increase of 3 FTEs from the SFY 2016-17 level.

**Indigent Legal Services Settlement:** The Executive Budget includes \$8.68 million in additional funding for implementation of the *Hurrell-Harring* settlement agreement with Onondaga, Ontario, Schuyler, Suffolk, and Washington counties, including \$8.61 million to support caseload relief and \$70,000 for agency staff at the Office of Indigent Legal Services (ILS). This proposal would bring total funding for the settlement to \$25.08 million.

**State Takeover of Indigent Legal Services:** The Executive proposal includes Article VII language to require ILS to develop and implement plans, subject to the approval of the Division of the Budget, to improve the quality of public defense services throughout the State over a six year period, including the establishment of caseload standards and measures to ensure that each criminal defendant who is eligible for publicly funded legal representation is represented by counsel in person at his or her first court appearance.

The Executive Budget provides \$1.25 million to support the development of a plan to implement these reforms. The State would provide reimbursement to counties and New York City for costs incurred as a result of implementing such plans, with a projected State cost of \$250 million when fully implemented.

The Executive also includes language to increase fees for court-based criminal history checks, biennial attorney registration, and restoration of driving privileges after a license suspension.

**State Operations:** The Executive includes an additional \$310,000 to support three FTEs who would assist with administering grants. In addition, the Executive would eliminate State Operations funding and transfer these appropriations to Aid to Localities.

### **Department of Law**

The Executive proposes All Funds appropriations of \$241.44 million, an increase of \$3.85 million or 1.6 percent from the SFY 2016-17 level. The Executive recommends support for 1,839 FTE positions, unchanged from the SFY 2016-17 level.

**Technology Projects:** The Executive Budget includes \$5 million in capital support to continue critical technology projects for the Department, which includes the consolidation of data centers.

### **Division of Military and Naval Affairs**

The Executive proposes All Funds appropriations of \$139.31 million, an increase of \$9.8 million or 7.6 percent from the SFY 2016-17 level. The Executive recommends support for 355 FTE positions, unchanged from the SFY 2016-17 level.

**Capital Projects:** The Executive proposal provides \$20 million in settlement funds from the Dedicated Infrastructure Investment Fund to preserve and maintain the State’s armories.

**Workforce:** The Executive includes Article VII language that would authorize the transfer of DMNA employees engaged in certain human resource functions to the Office of General Services (OGS) as part of the centralization of such functions within OGS’s Business Services Center.

### **Office for the Prevention of Domestic Violence**

The Executive proposes All Funds appropriations of \$5.6 million, an increase of \$400,000 or 7.7 percent from the SFY 2016-17 level. The Executive recommends support for 28 FTE positions, unchanged from the SFY 2016-17 level.

**Domestic Violence Risk Reduction Response Program:** The Executive Budget includes \$400,000 in funding to expand the Domestic Violence Risk Reduction Response Program, which assesses incidents of domestic violence to determine if offenders require enhanced monitoring or detainment. This funding would support four additional pilot projects and would be awarded through a competitive grant over two years.

### **Office of Victim Services**

The Executive proposes All Funds appropriations of \$119.7 million, an increase of \$176,000 or 0.1 percent from the SFY 2016-17 level. The Executive recommends support for 92 FTE positions, unchanged from the SFY 2016-17 level.

**Victim Compensation:** The Executive proposal includes Article VII language to expand eligibility for reimbursement of expenses for crime victims to include certain crimes where there is no physical injury to the victim. The Executive also includes language to expand the types of reimbursable expenses to include crimes that result in a “loss of savings” to elderly, incompetent, and physically disabled persons. These proposals are estimated to have a minimal fiscal impact on compensation costs, respectively, which would be offset by an increase in the federal reimbursement for victim compensation.

### **New York Interest on Lawyer Account**

The Executive proposes All Funds appropriations of \$46.98 million, an increase of \$140,000 or 0.3 percent from the SFY 2016-17 level. The Executive recommends support for eight FTE positions, unchanged from the SFY 2016-17 level.

### **Commission of Correction**

The Executive proposes All Funds appropriations of \$2.96 million, unchanged from the SFY 2016-17 level. The Executive recommends support for 32 FTE positions, unchanged from the SFY 2016-17 level.

### **Judicial Commissions**

The Executive proposes All Funds appropriations of \$5.65 million, unchanged from the SFY 2016-17 level. The Executive recommends support for 50 FTE positions, unchanged from the SFY 2016-17 level.



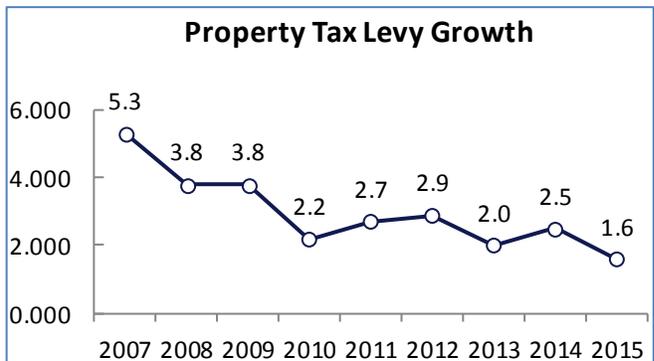
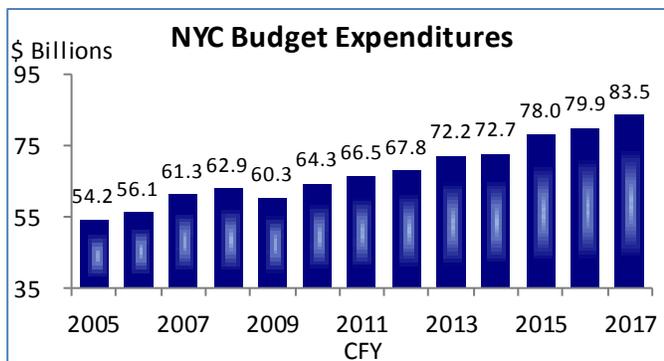
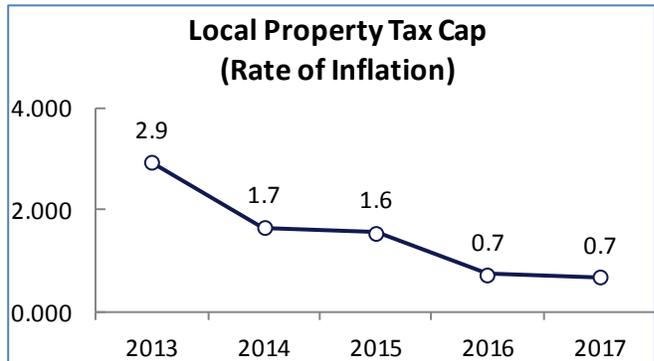
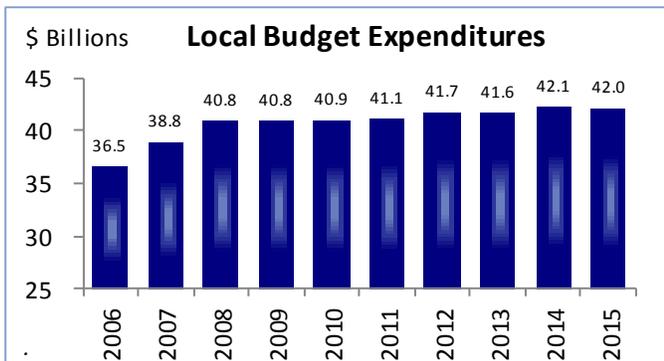
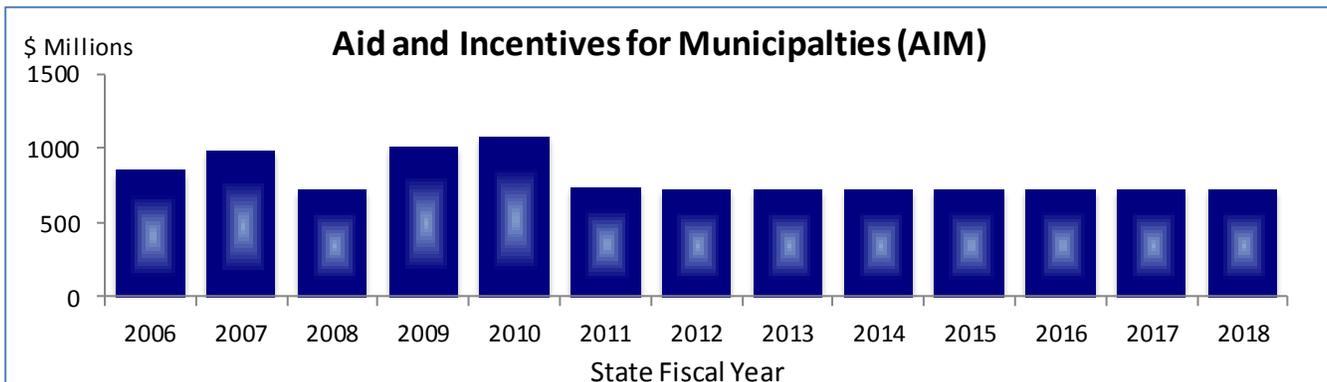
# BUDGET SNAPSHOT: LOCAL GOVERNMENTS



**Tax Caps  
Overridden in 2016:**  
**8 counties**  
**21 cities**  
**245 towns**  
**134 villages**

**AIM funding remains flat  
for the eight consecutive  
year.**

**Major sources of Local  
Revenue:**  
**Real Property Taxes: 44%**  
**State Aid: 23%**  
**Federal Aid: 6%**  
**Other: 27%**



Sources: NYS Division of the Budget; NYC Comptroller CAFR; NYC OMB; NYS Comptroller.

# BUDGET HIGHLIGHTS: LOCAL GOVERNMENTS



- **Aid and Incentives for Municipalities (AIM):** Under the Executive proposal, program support would remain at \$715 million, the same level as the previous eight years. Payment of aid, however, would become contingent upon the enactment of the Countywide Shared Services Property Tax Savings Plans Initiative described below.
- **Countywide Shared Services Property Tax Savings Plans Initiative:** The Executive proposal would require counties to collaborate with localities to develop comprehensive plans to achieve recurring property tax savings through consolidation and shared services. The proposed plans would be put before the voters in the 2017 General Election.
- **New Local Government Assistance:** The Executive proposal includes a \$2.25 million annual payment to Madison County to reflect the opening of the Yellow Brick Road Casino.
- **Design-Build:** The Executive proposal would provide broad authorization for design-build procurement to counties outside of New York City.
- **Video Lottery Terminal (VLT) Aid:** The Executive proposal reduces VLT aid from the current \$29.3 million to a new \$28.6 million, to reflect changes in aid following the conversion of Tioga Downs to a destination resort casino and to redistribute funds to partially support the new local assistance for Madison County.
- **Continued Restructuring Programs:** The Executive proposal would continue funding to support the Municipal Consolidation and Efficiency Competition, the Municipal Restructuring Fund, the Local Government Performance and Efficiency Program, Citizen Empowerment Tax Credits, Citizens Reorganization Empowerment Grants, and Local Government Efficiency Grants.



# BUDGET REVIEW AND ANALYSIS: LOCAL GOVERNMENTS



The Executive Budget provides aid to local governments through various programs including Aid and Incentives for Municipalities (AIM), part of which is an unrestricted revenue sharing program, and other efficiency programs to promote and assist the efforts of local governments to merge, consolidate, and share services.

**Table 45**

<b>Appropriations</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Aid and Incentives for Municipalities	754.00	754.00	0.00	0.00
Municipalities with VLT Facilities	29.30	28.60	(0.70)	(2.39)
Miscellaneous Financial Assistance	6.85	2.25	(4.60)	(67.15)
Small Government Assistance	0.22	0.22	0.00	0.00

**Table 46**

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Aid and Incentives for Municipalities	714.70	722.70	8.00	1.12
Municipalities with VLT Facilities	29.30	28.60	(0.70)	(2.39)
Miscellaneous Financial Assistance	13.70	2.25	(11.45)	(83.58)
Small Government Assistance	0.20	0.20	0.00	0.00

Note: For FY 2017, Citizens Empowerment Tax Credits and Grants, Local Government Efficiency Grants, and the Local Government Performance and Efficiency Program were funded out of the Special Infrastructure Account. A portion of the spending for these programs (\$9.7 million) will be funded out of the same account for FY 2018.

## Aid and Incentives for Municipalities (AIM)

The Executive Budget for State Fiscal Year (SFY) 2017-18 provides \$714.7 million in unrestricted AIM for cities (outside of New York City), towns, and villages.

The AIM program was created in SFY 2005-06 to consolidate various unrestricted local aid funding programs and to provide unrestricted aid that could be utilized at the discretion of the local entity. From SFY 2011-12 through SFY 2017-18, AIM has remained unchanged. Of the \$714.7 million available, cities receive \$647.1 million, towns receive \$47.9 million, and villages receive \$19.7 million. The Executive proposes to include additional requirements that AIM payments are contingent upon the enactment of the Countywide Shared Services Property Tax Savings Plans Initiative.

**Table 47**

### **2017-18 Executive Budget: Aid and Incentives for Municipalities Proposal**

<b>City</b>	<b>Amount</b>	<b>City</b>	<b>Amount</b>
BUFFALO	161,285,233	ITHACA	2,610,398
YONKERS	108,215,479	TONAWANDA	2,602,104
ROCHESTER	88,234,464	OSWEGO	2,451,698
SYRACUSE	71,758,584	GLOVERSVILLE	2,302,592
NIAGARA FALLS	17,794,424	PEEKSKILL	2,219,384
UTICA	16,110,473	OLEAN	2,239,826
ALBANY	12,607,823	ONEONTA	2,231,857
TROY	12,279,463	CORTLAND	2,018,330
SCHENECTADY	11,205,994	GENEVA	1,942,613
BINGHAMTON	9,249,457	BATAVIA	1,750,975
ROME	9,083,340	OGDENSBURG	1,708,659
MOUNT VERNON	7,155,691	SARATOGA SPRINGS	1,649,701
NEW ROCHELLE	6,162,927	ONEIDA	1,700,877
LACKAWANNA	6,309,821	FULTON	1,626,822
WHITE PLAINS	5,463,256	GLENS FALLS	1,607,009
AUBURN	4,982,093	DUNKIRK	1,575,527
WATERTOWN	4,703,208	BEACON	1,537,478
JAMESTOWN	4,572,280	CORNING	1,499,556
NEWBURGH	4,464,656	HORNELL	1,497,788
ELMIRA	4,578,801	HUDSON	1,456,991
POUGHKEEPSIE	4,248,021	PORT JERVIS	1,406,263
NORTH TONAWANDA	4,335,111	JOHNSTOWN	1,388,910
LONG BEACH	3,152,704	WATERVLIET	1,210,193
KINGSTON	3,069,151	RYE	1,208,024
GLEN COVE	2,837,667	RENSSELAER	1,137,317
AMSTERDAM	2,866,670	CANANDAIGUA	1,119,304
MIDDLETOWN	2,705,826	NORWICH	1,089,279
COHOES	2,742,886	SALAMANCA	928,131
LOCKPORT	2,650,525	LITTLE FALLS	866,034
PLATTSBURGH	2,648,880	MECHANICVILLE	662,392
		SHERRILL	372,689
<b>Cities Total</b>			<b>647,093,629</b>
<b>Towns*</b>			<b>47,893,691</b>
<b>Villages*</b>			<b>19,744,381</b>
<b>Total</b>			<b>714,731,701</b>

\*Note: (1) The Village of Port Henry, Essex County, will dissolve effective March 31, 2017. The Village's AIM will henceforth be paid to the Town of Moriah.  
 (2) The Village of Hermon, St. Lawrence County, dissolved effective December 31, 2016. The former Village's AIM will henceforth be paid to the Town of Hermon.  
 (3) The Village of Macedon, Wayne County, will dissolve effective March 31, 2017. The Village's AIM will henceforth be paid to the Town of Macedon.

Source: NYS Division of the Budget.



## Consolidation, Dissolution, and Restructuring

**Countywide Shared Services Property Tax Savings Plans Initiative:** The Executive proposal would require counties to collaborate with localities to develop comprehensive plans to achieve recurring property tax savings through consolidation and shared services. The plans are to be prepared by county executives receiving input from locally elected officials, businesses, and members of the communities through public hearings. Completed plans will be put before the voters by way of a referendum in the November 2017 General Election. If the plan is not approved by a majority of voters, the county must prepare a new plan for approval in November 2018.

**Local Government Performance and Efficiency Program (LGPEP):** This program provides competitive grants to local governments to help cover costs associated with efficiency projects including planning and implementation of functional consolidations, as well as shared or cooperative services. The maximum implementation award is \$200,000 per municipality and \$1 million per consortium. The maximum planning grant is \$12,500 per municipality and \$100,000 per consortium. These grants are supported by a \$4 million appropriation.

**Citizens Reorganization Empowerment Grants (CREG) and Citizen Empowerment Tax Credits:** Citizens Reorganization Empowerment Grants provide local governments up to \$100,000 to cover costs associated with planning and implementing reorganization and consolidation efforts. Citizen Empowerment Tax Credits provide additional funding for cities, towns, or villages (excluding NYC) that consolidate or dissolve. The tax credits provide an annual aid bonus of 15 percent of the newly combined tax levy with the stipulation that 70 percent of the amount be used for direct property tax relief to taxpayers. These initiatives are supported by a \$35 million appropriation.

**The Municipal Consolidation and Efficiency Competition (MCEC):** This program would allow counties, cities, towns, and villages to compete in developing innovative consolidation action plans to permanently reduce operational costs and achieve recurring property tax savings. Each consortium of local governments looking to apply must develop a Municipal Consolidation and Efficiency Plan (MCEP) to submit to the Department of State. Phase I of the competition will end January 27, 2017, in which all consortiums must submit an Intent to Propose to the Department of State. Upon receipt of the Intent, all qualifying applicants receive \$50,000 to develop an MCEP, which are due June 29, 2017, with winners expected to be announced by mid-August. The competition is supported by a SFY 2016-17 \$20 million appropriation; however, the final award will equal the difference between the total appropriation and the total number of \$50,000 awards given.

**Municipal Restructuring:** This program provides a \$25 million appropriation to help local governments implement transformational projects that contribute to lower operating costs and reduced property tax burdens. Funding is available in project stages and is largely based upon the completed projects' estimated long-term savings (20 percent of savings). Project plans are accepted on a continuous basis through February 14, 2017.

**Financial Restructuring Board:** The Financial Restructuring Board can make loans or grant awards of up to \$5 million under LGPEP to 387 fiscally eligible municipalities that accept the Board's recommendations. The Financial Restructuring Board has undertaken comprehensive reviews for the cities of Albany, Elmira, Fulton, Jamestown, Lockport, Rochester, Utica, and the villages of Alfred, Hoosick Falls, Owego, and Wilson, and the Town of Fishkill. Additional Comprehensive Review requests are expected for the City of Niagara Falls, the City of Troy, City of Poughkeepsie, City of Plattsburgh and the Village of Amityville.

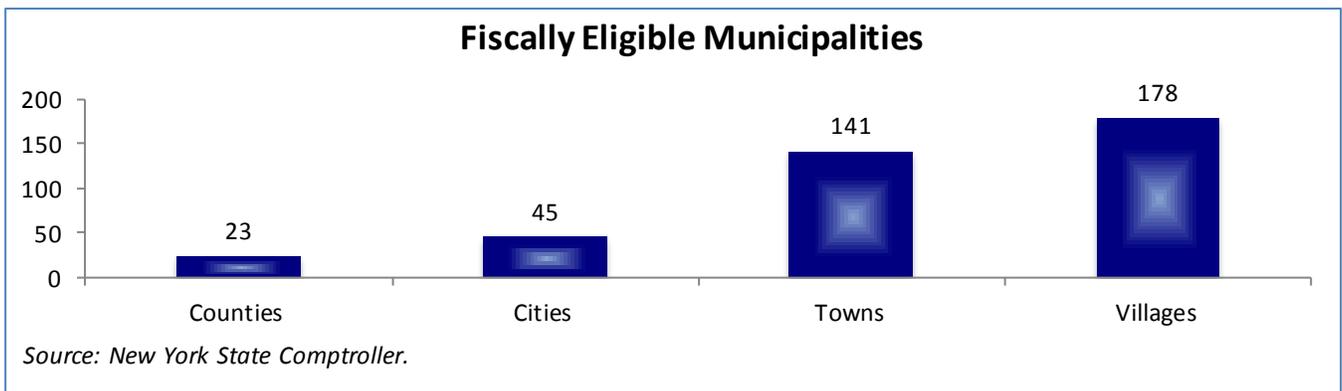


Figure 7

The Executive proposes an annual \$2.25 million appropriation to Madison County to reflect the opening of the Oneida Nation's Yellow Brick Road Casino. Madison County does not currently receive a percent of the negotiated percentage of the net drop from gaming devices the State currently receives pursuant to tribal compacts.

This appropriation is supported by Article VII language that redistributes existing local gaming aid related to Video Lottery Terminal Aid (\$250,000), commercial gaming revenue (\$1.4 million), and Tribal State Compact Non-Host Aid (\$600,000).

Table 48

<b>Aid to Municipalities with Video Lottery Terminal (VLT) Facilities</b>	
<b>(\$ Thousands)</b>	
Yonkers	19,600
Batavia Downs	780
Fairgrounds (Buffalo)	1123
Finger Lakes	2305
Monticello	1201
Saratoga	3017
Vernon Downs	609
Total	28635

*Source: New York State Division of Budget.*

The Executive proposal reduces VLT aid to \$28.6 million, a \$696,000 decrease from SFY 2016-17. The reduction reflects changes in aid following the conversion of Tioga Downs into a destination resort casino which no longer hosts VLT machines. This decreases payments by \$445,900 as Tioga County and the Town of Nichols are no longer eligible for aid. The other portion of the reduction is attributed to the redistribution of aid to fund payment to Madison County. Aid to Yonkers is maintained at \$19.6 million, while all other eligible municipalities are reduced proportionate to payments received by an aggregate of \$250,000. The proposed redistribution continues at \$200,000 in SFY 2018-19 and SFY 2019-20.



# BUDGET SNAPSHOT: GENERAL GOVERNMENT

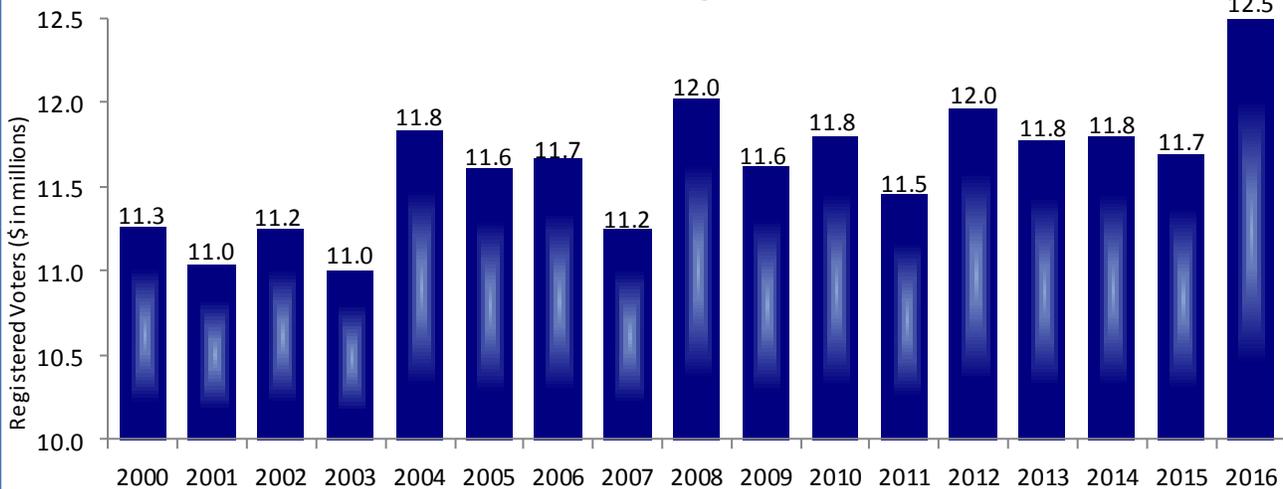


**The Department of State oversees the licensure, registration, and regulation of 35 occupations and licenses over 800,000 individuals and businesses.**

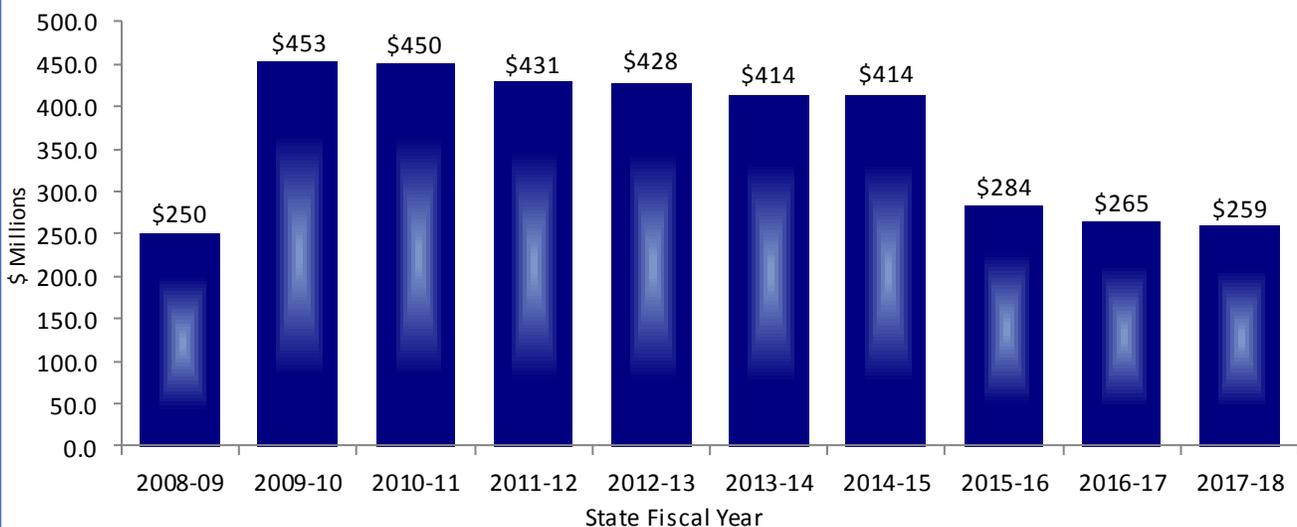
**Thirty-seven states offer early voting in elections.**

**The Department of Financial Services is supported by assessments on banking and insurance institutions.**

### New York State Registered Voters



### New York State Insurance Assessment



Sources: Empire State Development Division of Minority and Women's Business Development; NYS Division of the Budget.

# BUDGET HIGHLIGHTS: GENERAL GOVERNMENT



The Executive provides Article VII legislation that would:

- provide for the public financing of political campaigns beginning in 2019, including requirements for eligibility, use and disclosure of public funds, and related financing mechanisms. This legislation would also set parameters for limits on contributions to party accounts and transfers between committees, mandate greater disclosure, and impose stricter limits on campaign contributions;
- enact a system of automatic voter registration upon application to the Department of Motor Vehicles (DMV) for a license, license renewal, or identification card. A DMV applicant would have the option to decline (opt out) voter registration. The legislation would also establish an early voting system with a 12-day early voting period prior to a general, primary, or special election;
- require members of the legislature to obtain an advisory opinion before earning income outside of their legislative salary;
- require increased financial disclosure from certain local officials;
- change the provisions of the Freedom of Information Law that apply to the State Legislature; and
- expand the jurisdiction of the State Inspector General to include not-for-profit organizations affiliated with SUNY and CUNY; to increase the authority of the State Inspector General over state procurements; and to create a Chief Procurement Officer.

Proposed constitutional amendments:

- remove the required ten day voter registration deadline, allowing New Yorkers to register to vote up to and including Election Day;
- create four-year legislative terms for members of the Senate and Assembly and impose term limits on members of the Legislature and statewide elected officials; and
- prohibit members of the Legislature from earning outside income in excess of 15 percent of their base statutory salary.

# BUDGET REVIEW AND ANALYSIS: GENERAL GOVERNMENT



General Government agencies play an essential role in the daily operation of government and its impact on people and businesses throughout the State. Overall, these agencies have two goals: to provide oversight, regulation and enforcement of State laws and create a more efficient and effective use of government services and funding.

The Division of Alcoholic Beverage Control (ABC) provides oversight and regulation of the manufacture, sale, and distribution of alcoholic beverages; the State Board of Elections (SBOE) oversees elections in New York State; the Joint Commission on Public Ethics (JCOPE) provides for the administration and enforcement of ethics and lobbying statutes; the Department of Financial Services (DFS) provides regulatory oversight of the banking and insurance industry; and the Department of State (DOS) provides licensing services and administers activities and programs offering services to local governments and community based organizations.

The Office of General Services (OGS) supports the operations of state property, provides centralized contracting, and along with the Office of Information Technology Services (ITS) works to support the efficient use of government resources. The Department of Audit and Control ensures the on-time payment of the State's bills, oversees the investment of billions in State funds and oversees the fiscal practices of local governments, and the Department of Taxation and Finance (DTF) is responsible for the administration and collection of State taxes.



Table 49

<b>Appropriations</b>				
<b>Agency</b>	<b>2016-17 Exec Request (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Office of General Services	1133.73	1281.80	148.07	13.06
Office of Information Technology Services	848.98	854.13	5.15	0.61
Department of Taxation and Finance	460.07	456.52	(3.55)	(0.77)
Department of Financial Services	416.14	412.89	(3.25)	(0.78)
Department of Audit and Control	335.31	332.69	(2.62)	(0.78)
Workers' Compensation Board	191.10	195.43	4.33	2.26
Department of State	142.38	144.15	1.77	1.25
Division of Budget	50.71	50.18	(0.53)	(1.05)
Statewide Financial System	30.49	30.49	0.00	0.00
Executive Chamber	18.48	18.48	0.00	0.00
Division of Alcoholic Beverage Control	13.44	13.44	0.00	0.00
State Board of Elections	11.56	11.56	0.00	0.00
Office of the Inspector General	7.24	7.24	0.00	0.00
Joint Commission on Public Ethics	5.58	5.58	0.00	0.00
Division of Tax Appeals	3.04	3.04	0.00	0.00

Table 50

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Office of General Services	300.87	324.44	23.57	7.83
Office of Information Technology Services	615.14	666.32	51.18	8.32
Department of Taxation and Finance	356.47	353.61	(2.87)	(0.80)
Department of Financial Services	352.64	359.55	6.91	1.96
Department of Audit and Control	187.28	184.64	(2.64)	(1.41)
Workers' Compensation Board	202.36	213.63	11.28	5.57
Department of State	138.73	128.56	(10.17)	(7.33)
Division of Budget	31.02	30.60	(0.42)	(1.35)
Statewide Financial System	30.31	30.14	(0.17)	(0.56)
Executive Chamber	13.58	13.58	0.00	0.00
Division of Alcoholic Beverage Control	12.32	12.68	0.36	2.95
State Board of Elections	11.56	11.56	0.00	0.00
Office of the Inspector General	7.37	7.37	0.00	0.00
Joint Commission on Public Ethics	5.53	5.53	0.00	0.00
Division of Tax Appeals	3.07	3.04	(0.03)	(0.91)

### Office of General Services

The Executive proposes an All Funds appropriation of \$1.28 billion, a net increase of \$148.1 million over SFY 2016-17 levels. The Executive recommends support for 1,802 full-time equivalent (FTE) positions, unchanged from the SFY 2016-17 levels.

The Executive proposes \$249.6 million for capital projects, an increase of \$159.4 million over SFY 2016-17. New funding would include support for:

- **Cogeneration Plant and Microgrid:** \$87.6 million for the construction of a cogeneration plant and microgrid to produce electricity and provide a heating source for State-owned facilities in

downtown Albany including the Empire State Plaza, Alfred E. Smith Office Building, and 110 State Street;

- **Office Space Optimization Fund:** \$25 million to make State-owned facilities work-ready in order to move workers out of leased space and into State-owned facilities;
- **Transfer of FTEs:** \$32 million related to salary, fringe benefit, and indirect costs of 328 FTEs within the Real Property Management and Development Program that would be transferred from the General Fund. There is an offsetting reduction of \$17.3 million in the General Fund due to the transfer. Such employees perform alterations, improvements, rehabilitation, and preservation of various State-owned facilities;
- **Flood Insurance:** \$15 million for flood insurance on State-owned structures, which is required by the federal government; and
- **J.N. Adam Center:** The Executive proposal eliminates \$235,000 that was funded in SFY 2016-17 to conduct a marketing and redevelopment study concerning the most appropriate uses of the abandoned JN Adam Developmental Center in Cattaraugus County.

**Agency Operations:** The Executive proposes an increase of \$6 million in federal support to include \$5 million for the Emergency Food Assistance Program, for total funding of \$10.9 million, and an increase of \$1 million for the National Lunch Program, for total funding of \$2.9 million.

## Article VII

The Executive proposes Article VII language that would:

- expand the contract and procurement provisions of State Finance Law and Public Authorities Law to require State agencies and authorities to give preference to American-made products when issuing a procurement and entering into contracts of more than \$100,000;
- authorize the transfer of the Division of Military and Naval Affairs employees engaged in certain human resource functions to the Office of General Services (OGS), as part of the centralization of such functions within OGS's Business Services Center (BSC);
- obligate the Commissioner of OGS to make a payment, in-lieu of a standard flood insurance policy, to any agency with a state-owned structure in a federally designated flood plain that has incurred damage as a result of a flood;



- extend the OGS authority to enter into construction contracts in certain emergencies, without formal competitive bidding. OGS's authority is due to expire on June 30, 2017 and would be extended until June 30, 2019. This bill would also create a list of eligible bidders for public work contracts performed at secure facilities and limit the accessibility of drawings and specifications of secure facilities;
- authorize the Commissioner of OGS to contract for legislative printing in an amount not exceeding \$85,000 without competitive bidding;
- amend the State's preferred source procurement program and its operations involving purchases of preferred status commodities and services by State agencies, public benefit corporations, and political subdivisions;
- create a Chief Procurement Officer to oversee the State's procurement process; and
- require a study concerning the feasibility of assigning a single identifying code to contractors, vendors, and other payees in order to track such entities and related expenditures.

### **Office of Information Technology Services**

The Executive proposes an All Funds appropriation of \$854.1 million, an increase of \$5.2 million over the SFY 2016-17 levels. The Executive recommends support for 3,406 FTEs, a decrease of 179 FTEs from SFY 2016-17 due to efficiencies resulting from software systems.

**Agency Operations:** The Executive proposes General Fund appropriations of \$768.4 million, an increase of \$5.2 over SFY 2016-17. The increase is attributable to consolidation of the Department of Environmental Conservation's non-personal service information technology (IT) related obligations within ITS. Funding would support enterprise contracts, agency operations, maintenance information technology costs, and consulting costs.

**Capital:** The Executive maintains an \$85.7 million appropriation for the Statewide IT Initiative Program for expenses related to technology, software and services, as well as an exploration of lower-cost alternatives. This appropriation is unchanged from SFY 2016-17.

### **Article VII**

The Executive proposes Article VII language to permit term appointments for eligible, highly specialized ITS positions without examination.

## Department of Taxation and Finance

The Executive proposes a reduction in appropriations to the Department of Taxation and Finance by \$3.55 million or 0.8 percent. According to the Executive, the decrease reflects savings from reducing personnel service spending related to retroactive Public Employees Federation (PEF) costs for SFY 2016-17. The Executive recommends a workforce level of 4,267 full-time equivalent FTE employees; this level of employment is the same as the SFY 2016-17 budget.

The Executive proposes to maintain last fiscal year's funding for the Aid to Localities budget for a total of \$4.93 million. Both the Office of Real Property Tax Services Program and the Medical Marijuana Program remain funded at their SFY 2016-17 levels with \$0.93 million and \$4.0 million in appropriations, respectively.

## Article VII

The Executive recommends Article VII legislation that would:

- extend provisions for oil and gas charges until March 31, 2021; and
- authorize the State University of New York (SUNY) Chancellor to certify and approve the disbursement of funds for veterans' homes operated by SUNY.

## Department of Financial Services (DFS)

The Executive proposes an All Funds appropriation of \$412.89 million, which is a decrease of \$3.25 million or 0.8 percent from the SFY 2016-17 level. The Executive recommends continued funding support for 1,382 FTE positions, which is unchanged from the SFY 2016-17 level.

The Executive provides an increase of \$1.09 million to the Banking Program and \$1.82 million in the Insurance Program to support increases in salary and fringe benefit costs.

**Program Eliminations:** The Executive reduces funding for the Entertainment Worker Demonstration Program by \$225,000 and proposes to transition these enrollees to new coverage through the New York State of Health Benefit Exchange.

**Healthy NY Program and Direct Pay Subsidy Program:** The Executive budget includes a \$9 million reduction in stop-loss funding for the Healthy NY Program and the elimination of \$2 million in funding for the Direct Pay Subsidy Program, related to the continuing transition of these individuals to the health benefit exchange.

**Family Planning Services:** The Executive increases the amount DFS provides for family planning services by \$5.07 million, with a commensurate reduction of funding in the Department of Health.

## Article VII

The Executive recommends Article VII legislation that would:

- authorize DFS to license and regulate student loan servicers;
- authorize DFS to ban certain people that have committed disqualifying acts, such as bribery and perjury, from the banking or insurance industry. This would occur if, after a hearing, the Superintendent finds that they have taken actions that have a direct bearing on their fitness or ability to continue participating in the industry;
- require DFS to establish a Certification Program, which would include training bank employees to recognize the signs of financial abuse and authorizing approved banks to place holds on potentially fraudulent transactions;
- provide homeowners with reverse mortgages the same foreclosure protections afforded to homeowners with other types of residential mortgages;
- increase DFS's regulatory authority over online lenders. The legislation would require lenders making business and non-business loans at certain thresholds to be licensed by the Department of Financial Services;
- require lending circles, which are nonprofit organizations that exclusively facilitate zero-interest, no-fee and credit building loans, to register with DFS and allow them to operate in New York;
- regulate Transportation Network Companies (TNC) by establishing insurance requirements, providing for background checks of TNC drivers, prohibiting local control of TNC operations, and establishing the TNC driver's injury compensation fund;
- provide DFS the authority to order an insurer into an administrative supervision proceeding;
- increase the monetary penalty for violations of NYS Insurance Law and allow DFS to prosecute and retain control of civil actions against unlicensed entities;

- add additional standards that DFS may utilize to determine whether the continued operation of an insurer may be deemed hazardous, and adds additional actions the Department may order an insurer to take; and
- establish the paid family leave risk adjustment fund to be held in the sole custody of the Superintendent of Financial Services in order to adjust for insurance carrier risks in the paid family leave program.

### **Department of Audit and Control**

The Executive proposes All Funds appropriations of \$332.7 million, an overall decrease of \$2.6 million or 0.78 percent from the SFY 2016-17 funding level. The Executive Budget recommends support for 2,663 FTE positions, unchanged from SFY 2016-17.

The Executive appropriates \$300.1 million for agency operations, an increase of \$3.4 million or 1.1 percent reflecting salary and non-personal service increases. The Executive Budget eliminates \$6 million in capital funding provided in SFY 2016-17 to support the PayServ payroll system upgrade.

### **Workers' Compensation Board**

The Executive proposes All Funds appropriations of \$195.4 million, an increase of \$4.3 million or 2.3 percent over SFY 2016-17. This increase is largely attributable to an increase in fringe benefit costs. The Executive recommends support for 1,165 FTE positions, unchanged from the SFY 2016-17 level.

### **Article VII**

The Executive proposes Article VII language that would:

- create the Paid Family Leave Risk Adjustment Fund. The fund would be overseen by the Superintendent of Financial Services, and would be used to make payments to insurance carriers related to risk adjustments associated with Paid Family Leave benefits; and
- require businesses to comply with State Insurance Fund (SIF) payroll audits, and allow greater compliance enforcement. The Executive also proposes language to modify the type of investments that SIF surplus funding may support.



## Department of State (DOS)

The Executive proposes All Funds appropriations of \$144.2 million, a net increase of \$1.8 million, or 1.25 percent over the SFY 2016-17 level. The Executive recommends support for 525 FTE positions, a net decrease of 14 positions.

**Business and Licensing:** The Executive proposes \$42.6 million for business and licensing administration, a net decrease of \$1.8 million. The Executive eliminates \$3.7 million in funding provided in SFY 2016-17 to digitize corporate record documents. Additionally, there is an increase of \$2.5 million related to the transfer of 20 FTE positions from the General Fund to the Business and Licensing program, which is offset by a General Fund decrease of approximately \$2 million for the same purpose.

The Executive proposes reductions of \$600,000 related to Article VII language that would place responsibility for mailing a copy of service of process with plaintiffs rather than the DOS.

**Consumer Protection Program:** The Executive proposes \$4.4 million for the Consumer Protection Program, a net increase of \$408,000 over SFY 2016-17. The Executive proposes to authorize the Department of State to fund their utility regulatory expenses through an assessment on utility companies. There is an increase of \$808,000 related to the utility assessment, which is offset by a decrease of \$400,000 in General Fund support for the program.

**Community Initiatives:** The Executive proposes to eliminate a total of \$1.5 million in legislative adds. This includes:

- \$505,000 for the Public Utility Law Project;
- \$500,000 for Dutchess County Coordinated Jail-Based Services;
- \$500,000 for the Women’s Suffrage Commission; and
- \$21,000 in travel costs for the New York Commission on Uniform State Laws.

## Article VII

The Executive proposes Article VII language that would:

- require a plaintiff to mail a copy of service of process to defendants rather than DOS;
- extend, for one year, the ability of the Secretary of State to charge fees for expediting certain documents issued by or requested from the DOS Division of Corporations;

- assess a \$5 fee to cover the cost of producing an identification card for real estate license applicants;
- increase the State match for the Local Waterfront Revitalization Program from 50 percent to 75 percent;
- remove the Chairperson of the New York State Athletic Commission (NYSAC) from the list of salaried state officers; and
- authorize utility oversight related expenditures of the Department of State as eligible expenses of utility assessment revenues.

### **Division of the Budget (DOB)**

The Executive proposes All Funds appropriations of \$50.2 million, a decrease of \$527,000 from the SFY 2016-17 level. The Executive recommends support for 261 FTE positions, which is unchanged from SFY 2016-17 level.

The proposal eliminates \$527,000 related to membership dues for the Council of State Governments, the National Conference of Insurance Legislators, and the National Conference of State Legislators.

The Budget proposal continues to authorize interchange and transfer of appropriations among multiple State agencies.

### **Statewide Financial System (SFS)**

The Executive proposes All Funds appropriations of \$30.1 million to support the ongoing maintenance and operating costs of SFS, unchanged from SFY 2016-17. The Executive recommends support for 141 FTE positions, maintained from the SFY 2016-17 level.

The Executive proposal reflects an increase in personal service costs of \$163,000 due to negotiated labor agreements, which is offset by decreases in appropriations for contractual services (\$106,000) as well as equipment costs (\$57,000).

### **Executive Chamber**

The Executive proposes All Funds appropriations of \$18.5 million for the support of the Office of the Governor (\$17.9 million) and the Office of the Lieutenant Governor (\$630,000), which is unchanged from the SFY 2016-17 level. The Executive recommends support for 143 FTE positions, which is

unchanged from the SFY 2016-17 level. There are 136 FTEs for the Office of the Governor and seven FTEs assigned to the Office of the Lieutenant Governor.

### **Division of Alcoholic Beverage Control (ABC)**

The Executive proposes an All Funds appropriation of \$13.31 million, which remains unchanged from the SFY 2016-17 level. The Executive recommends support for 127 FTE positions, which remains unchanged from SFY 2016-17 level.

### **State Board of Elections (SBOE)**

The Executive proposes an All Funds appropriation of \$11.6 million, an increase of \$77,000 or 0.67 percent from the SFY 2016-17 level. Support for 80 FTE positions also remains unchanged from the SFY 2016-17 level.

The Executive recommendation continues a \$3 million Special Revenue Fund appropriation for the testing of voting machines to ensure that they conform to State and federal standards.

The Executive recommends Article VII legislation that would:

- close the LLC loophole by imposing the \$5,000 annual aggregate contribution and expenditure limit specified for corporations upon LLCs, and requiring all LLCs that make expenditures to file with the New York State Board of Elections, including identification of all direct and indirect owners of membership interests. The legislation would also attribute all contributions by the LLC to each member in proportion to each member's ownership interests;
- provide for the public financing of political campaigns beginning in 2019, including requirements for eligibility, use and disclosure of public funds and related financing mechanisms;
- require disclosure of intermediaries or "bundlers," require disclosure of any campaign contribution or loan in excess of \$1,000 within 60 days of receipt, limit contributions to "housekeeping accounts" to \$25,000, limit transfers from party or constituted committees to other party or constituted committees to no more than \$5,000 per election, except that such committees could transfer or spend up to \$500 from each contributor to support or oppose a candidate, and limit contributions from any contributor to a party or constituted committee to no more than \$25,000 per year;

- create the New York State Campaign Finance Fund and allow for certain transfers from the Abandoned Property Fund into the Campaign Finance Fund;
- establish a new tax return checkoff allowing resident taxpayers to contribute to the New York State Campaign Finance Fund;
- enact a system of automatic voter registration upon application to DMV for a driver's license, license renewal, or identification card, with eligibility requirements, penalties for submissions of false applications, the option to decline registration, and a choice of party enrollment or to decline a party affiliation included in the application. The legislation would require DMV to transmit the application, with original signatures, to the appropriate board of elections within 10 days; and
- establish an early voting system with a 12-day early voting period prior to a general, primary, or special election ending on the second day before Election Day. The legislation would require a minimum of one to a maximum of seven early voting sites in each county, with one site for every 50,000 registered voters, and provide that an eligible voter may vote at any early polling site within a county with certain limitations.

### **Office of the Inspector General**

The Executive proposes All Funds appropriations of \$7.2 million, and recommends support for 109 FTE positions, unchanged from SFY 2016-17.

### **Article VII**

The Executive proposes to expand the Inspector General's authority to include jurisdiction over nonprofit entities affiliated with SUNY and CUNY and increase authority over State procurements.

### **Joint Commission on Public Ethics**

The Executive proposes an All Funds appropriation of \$5.58 million, unchanged from SFY 2016-17 levels. The Executive recommends support for 58 FTEs, which is unchanged from the SFY 2016-17 levels.



## **Article VII**

The Executive proposes Article VII legislation that would:

- require members of the Legislature to obtain an advisory opinion before earning income outside of their legislative salary;
- require increased financial disclosure from certain local officials;
- incorporate the State Legislature into certain provisions of the Freedom of Information Law that applies to the State Legislature;

## **Division of Tax Appeals**

The Executive proposes a General Fund appropriation of \$3.0 million for the Division of Tax Appeals. 27 full-time equivalent (FTE) employees are expected to continue operations for the Division of Tax Appeals. Both allocations are unchanged from SFY 2016-17.



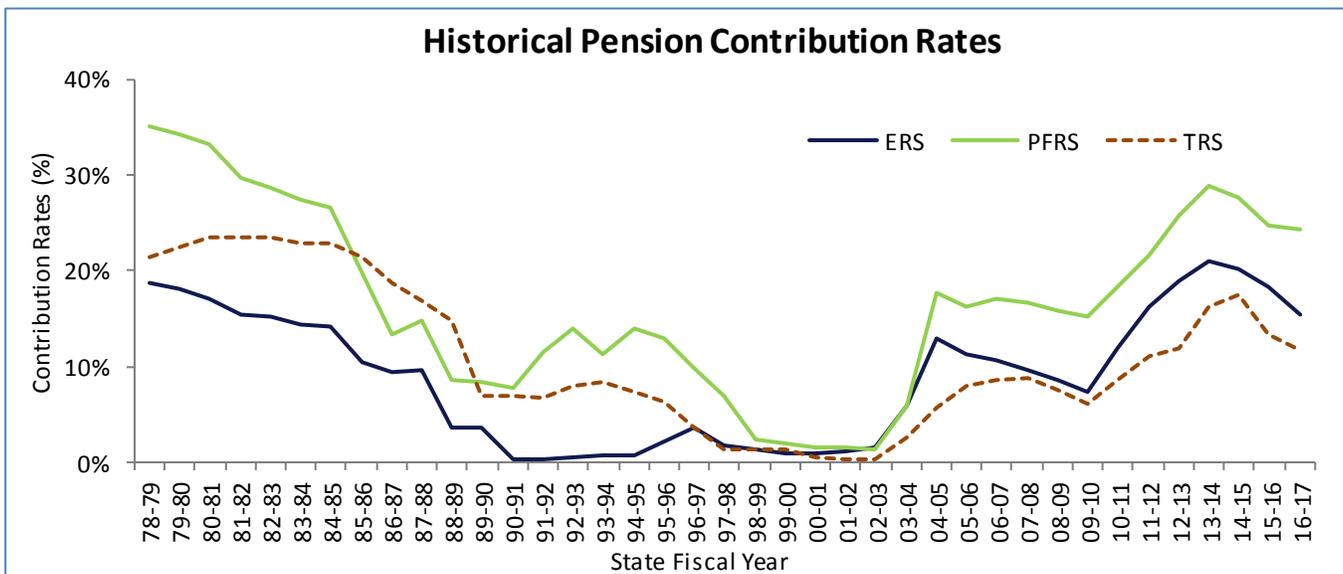
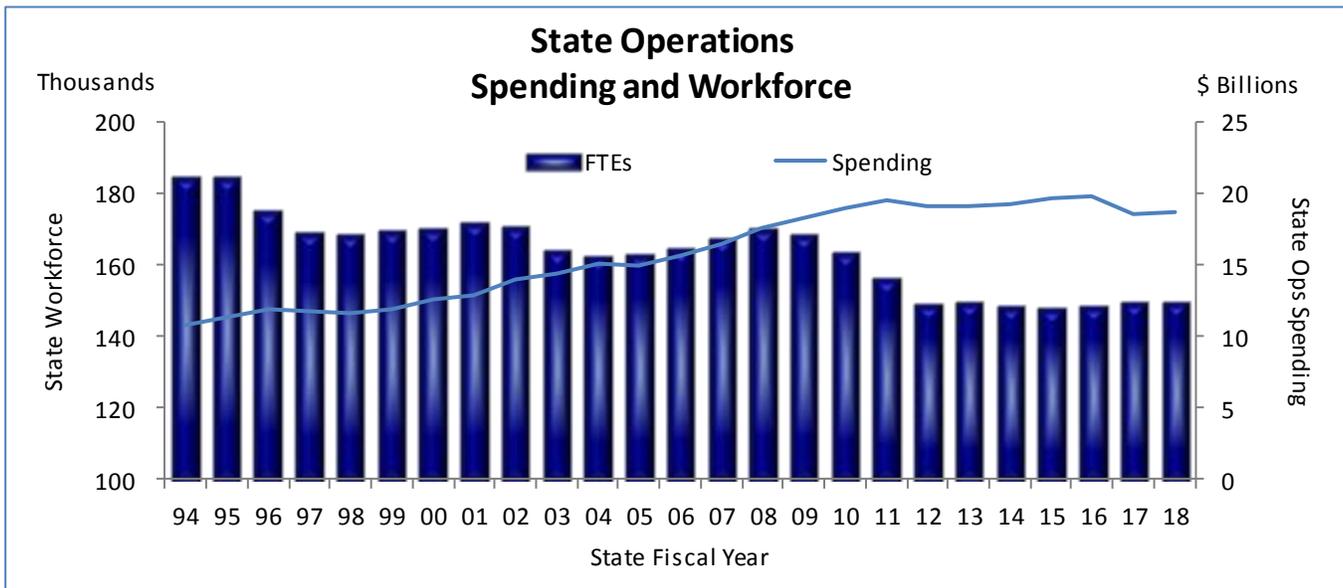
# BUDGET SNAPSHOT: STATE OPERATIONS AND WORKFORCE



**State Operations spending comprises 11.5% of the All Funds budget.**

**By the end of SFY 2017-18, there will be approximately 181,608 state employees.**

**State employee health insurance spending represents 2.3% of State budget.**



Sources: NYS Division of the Budget; NYS Office of the State Comptroller; New York State Teachers' Retirement System.

# BUDGET HIGHLIGHTS: STATE OPERATIONS AND WORKFORCE



- **Executive Agencies:** The Executive proposes to hold agency spending flat with limited exceptions, such as costs attributable to the NY State of Health marketplace.
- **Agency Financial Management Plans:** All Executive agencies will be required to implement cost-control measures on a recurring basis in an amount that is expected to cover any increased cost pursuant to labor agreements. The Public Employees Federation has ratified a three-year labor contract providing for a two percent annual increase in general salary through State Fiscal Year (SFY) 2018-19. The State has also reached tentative agreements with the State University of New York Graduate Assistants for the same period and the New York State Correctional Officers and Police Benevolent Association for a five year period ending in SFY 2020-21. The State is in active negotiations with the remaining employee unions, including the Civil Service Employees Association and the United University Professions.
- **Fringe Benefits:** The Executive Budget includes a payment of the state's pension bill in April 2017, rather than on a monthly basis, which will provide state savings of \$63.3 million. The Executive also proposes health insurance savings from eliminating Income Related Medicare Adjustment Amount (IRMAA) reimbursement for retirees over certain income levels, maintaining the reimbursement of the standard Medicare Part B premium at current levels, and implementing differential healthcare premiums based on years of service for new civilian retirees with less than 30 years of service.

# BUDGET REVIEW AND ANALYSIS: STATE OPERATIONS AND WORKFORCE



State employees deliver services to the public and manage a range of facilities and provider networks. They oversee and administer billions of dollars in program funding and capital projects. There are 181,744 State employees in Executive agencies.

General State Charges provide for miscellaneous costs that accrue to the State, including pension, health, and other fringe benefits to most State employees and retirees, as well as State litigation expenses and payments to local governments for taxes on State owned lands.

The Department of Civil Service provides human resource management services to state and local governments, including recruitment, testing, and classifications for public employees.

The Public Employment Relations Board resolves major labor disputes between public or private employers and employees. The Governor’s Office of Employee Relations assists the Governor in relations between the State and its employees, including representing the executive branch in collective bargaining negotiations and providing for workforce training, education and benefits.

**Table 51**

<b>Appropriations</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
General State Charges	3831.29	4029.36	198.07	5.17
Department of Civil Service	55.49	55.49	0.00	0.00
Office of Employee Relations	4.81	4.86	(0.05)	1.04
Public Employment Relations Board	3.98	3.98	0.00	0.00

Table 52

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
General State Charges	4804.85	5001.66	196.81	4.10
Department of Civil Service	14.19	12.06	(2.13)	(15.02)
Office of Employee Relations	2.58	2.58	0.00	0.00
Public Employment Relations Board	3.57	3.57	0.00	0.03

### General State Charges

The Executive proposes All Funds appropriations of \$4.03 billion, an increase of \$198.1 million, or 5.17 percent over the SFY 2016-17 level. Fringe benefits are appropriated within General State Charges for General Fund employees and within each agency for employees funded outside the General Fund.

**Health Insurance Benefits:** The Executive budget proposes a \$263.4 million increase over the SFY 2016-17 level for health insurance benefits contributions, which reflects a 7.7 percent increase in the New York State Health Insurance Plan costs. The increase is primarily attributable to rising prescription drug costs associated with increased utilization of specialty drugs for chronic conditions and price inflation for most other drugs. The increase is offset by savings associated with Article VII proposals that would implement differential healthcare premium reimbursement for retirees based on years of service (\$3.4 million), cease Income Related Monthly Adjustment Amount for certain retirees (\$2 million), and freeze Medicare Part B reimbursement (\$3.4 million).

**Pensions:** The Executive budget proposes a \$64.2 million increase in pension funding related to the increase in amortization rate associated with growth in veterans' pension credit costs and lower investment returns in SFY 2015-16, which is partially offset by savings from new entrants in Tier VI. There is also \$63.3 million in savings by making a full payment to the retirement systems in April 2017 instead of monthly payments.

**Workers' Compensation Benefits:** The Executive proposes a net \$14.8 million increase in Workers' Compensation benefits for injured State employees, representing a 4.6 percent increase from SFY 2016-17. This increase is reflective of higher medical costs and growth in the average weekly wage, which results in higher Workers' Compensation benefits. The Executive would offset the increase by transferring \$205 million from the resources available in Workers Compensation Reserves.

**Fixed Costs:** The Executive budget proposes to change the interest rate paid by the State and other governmental jurisdictions in court judgments from a fixed nine percent rate to a variable market-based index, resulting in a decrease of \$6 million. The Executive does not propose to accelerate funding related to the Albany Payment-in-lieu-of-taxes (PILOT), reducing costs by \$12.5 million.

The Executive recommends Article VII legislation that would:

- implement differential healthcare premiums for retirees based upon years of service. The proposal would not impact retirees with 30 plus years of pension service credit, retirees eligible to claim full pension at less than 30 years of service, or workers who retire with a disability pension and would apply only to employees who retire after October 1, 2017. Under the proposal, the State would pay:
  - for employees Grade 9 and below: 54 percent of individual coverage and 39 percent of dependent coverage for retirees with 10 years of service, and the amount covered would incrementally rise by two percent per year until 20 years of service, after which the State contribution would rise by one percent annually. Upon 30 years of service, the State would contribute 88 and 73 percent for dependent coverage, respectively; and
  - for employees Grade 10 and above: 50 percent of individual coverage and 35 percent of dependent coverage for retirees with 10 years of service, and the amount covered would incrementally rise by two percent per year until 20 years of service, after which the State contribution would rise by one percent per year. Upon 30 years of service, the State would contribute 84 percent and 69 percent for dependent coverage, respectively.
- cease reimbursement of the Income Related Monthly Adjusted Amount (IRMAA) for certain retirees based on income, and freeze State reimbursement of Medicare Part B premiums to eligible enrollees, retirees and their dependents at \$104.90 per month for those who enrolled on or before December 31, 2016, and \$121.80 for those who enroll on or after January 1, 2017; and
- establish the Retiree Health Benefit Trust Fund for the exclusive purpose of funding health care benefits of retired state employees and their dependents.

### **Department of Civil Service**

The Executive proposes All Funds appropriations of \$55.5 million, which maintains SFY 2016-17 funding levels. The Executive recommends support for 347 FTE positions, unchanged from SFY 2016-17.

### **Office of Employee Relations**

The Executive provides an All Funds appropriation of \$4.9 million, a \$50,000 increase over SFY 2016-17 funding levels. The Executive recommends support for 37 FTEs, unchanged from the SFY 2016-17 level.

### **Public Employment Relations Board**

The Executive proposes an All Funds appropriation of \$3.98 million, which is unchanged from the SFY 2016-17 level. The Executive recommends support for 33 FTE positions, unchanged from the SFY 2016-17 level.

Table 53

## Workforce Impact Summary

All Funds

FY 2016 Through FY 2018

	FY 2016 Actuals (03/31/16)	Starting Estimate (03/31/17)	Attritions	New Fills	Net Change	Ending Estimate (03/31/18)
Adirondack Park Agency	54	54	0	0	0	54
Aging, Office for the	93	95	0	0	0	95
Agriculture and Markets, Department of	467	483	0	0	0	483
Alcoholic Beverage Control, Division of	111	127	0	0	0	127
Alcoholism and Substance Abuse Services, Office of	740	741	(94)	94	0	741
Arts, Council on the	27	30	0	0	0	30
Audit and Control, Department of	2,508	2,663	0	0	0	2,663
Budget, Division of the	237	261	0	0	0	261
Children and Family Services, Office of	2,842	2,954	(201)	212	11	2,965
City University of New York	13,681	13,549	0	0	0	13,549
Civil Service, Department of	300	347	0	0	0	347
Correction, Commission of	30	32	0	0	0	32
Corrections and Community Supervision, Department of	29,094	29,089	(39)	165	126	29,215
Criminal Justice Services, Division of	415	436	0	0	0	436
Deferred Compensation Board	4	4	0	0	0	4
Economic Development, Department of	147	153	(5)	0	(5)	148
Education Department, State	2,700	2,692	0	0	0	2,692
Elections, State Board of	73	80	0	0	0	80
Employee Relations, Office of	30	37	0	0	0	37
Environmental Conservation, Department of	2,900	2,946	(33)	33	0	2,946
Executive Chamber	122	136	0	0	0	136
Financial Control Board, New York State	11	12	0	0	0	12
Financial Services, Department of	1,351	1,382	0	0	0	1,382
Gaming Commission, New York State	381	404	(24)	24	0	404
General Services, Office of	1,643	1,802	(349)	349	0	1,802
Health, Department of	4,898	4,919	(49)	212	163	5,082
Higher Education Services Corporation, New York State	241	220	0	0	0	220
Homeland Security and Emergency Services, Division of	449	472	0	98	98	570
Housing and Community Renewal, Division of	693	682	0	0	0	682
Hudson River Valley Greenway Communities Council	1	1	0	0	0	1
Human Rights, Division of	158	164	0	0	0	164
Indigent Legal Services, Office of	18	19	0	3	3	22
Information Technology Services, Office of	3,596	3,585	(179)	0	(179)	3,406
Inspector General, Office of the	89	109	0	0	0	109
Interest on Lawyer Account	8	8	0	0	0	8
Judicial Conduct, Commission on	43	50	0	0	0	50
Justice Center for the Protection of People with Special Needs	417	441	0	0	0	441
Labor Management Committees	72	77	0	0	0	77
Labor, Department of	2,880	2,992	0	0	0	2,992
Law, Department of	1,776	1,839	0	0	0	1,839
Lieutenant Governor, Office of the	5	7	0	0	0	7
Medicaid Inspector General, Office of the	446	453	(27)	0	(27)	426
Mental Health, Office of	14,391	14,200	(521)	168	(353)	13,847
Military and Naval Affairs, Division of	326	355	0	0	0	355
Motor Vehicles, Department of	2,163	2,149	(8)	115	107	2,256
Parks, Recreation and Historic Preservation, Office of	1,751	1,747	0	2	2	1,749
People with Developmental Disabilities, Office for	18,963	18,873	(253)	0	(253)	18,620
Prevention of Domestic Violence, Office for	26	28	0	0	0	28
Public Employment Relations Board	31	33	0	0	0	33
Public Ethics, Joint Commission on	47	58	0	0	0	58
Public Service Department	486	520	0	0	0	520
State Police, Division of	5,435	5,685	0	26	26	5,711
State University Construction Fund	143	152	0	0	0	152
State University of New York	44,250	44,732	0	0	0	44,732
State, Department of	510	539	(49)	35	(14)	525
Statewide Financial System	138	141	0	0	0	141
Tax Appeals, Division of	24	27	0	0	0	27
Taxation and Finance, Department of	4,249	4,276	(40)	40	0	4,276
Temporary and Disability Assistance, Office of	1,868	1,953	0	73	73	2,026
Transportation, Department of	8,419	8,367	(14)	100	86	8,453
Veterans' Affairs, Division of	82	98	0	0	0	98
Victim Services, Office of	68	92	0	0	0	92
Welfare Inspector General, Office of	6	7	0	0	0	7
Workers' Compensation Board	1,093	1,165	0	0	0	1,165
<b>Grand Total</b>	<b>180,220</b>	<b>181,744</b>	<b>(1,885)</b>	<b>1,749</b>	<b>(136)</b>	<b>181,608</b>



# BUDGET REVIEW AND ANALYSIS: JUDICIARY



The New York State courts are established and administered as an independent branch of government pursuant to Article VI of the State Constitution. The cost of operating the courts (excluding town and village courts) is borne by the state pursuant to the Unified Court Budget Act. The mission of the Unified Court System is to promote the rule of law and to serve the public by providing just and timely resolutions of all matters before the courts. The New York State Judiciary carries out its mission through 11 different trial courts (courts of original jurisdiction), its intermediate appellate courts and its highest court, the Court of Appeals.

The Judiciary's proposed budget request recommends All Funds appropriations of \$2.98 billion, which is an increase of \$98.7 million, or 3.43 percent, from the State Fiscal Year (SFY) 2016-17 level.

**Table 54**

<b>Appropriations</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Office of Court Administration	2,877.50	2,976.20	98.70	3.43

**Table 55**

<b>Disbursements</b>				
<b>Agency</b>	<b>2016-17 Adjusted (\$ in Millions)</b>	<b>2017-18 Exec Request (\$ in Millions)</b>	<b>Change (\$ in Millions)</b>	<b>Change (%)</b>
Office of Court Administration	2,167.50	2,234.30	66.80	3.08

**Civil Legal Services:** The proposed budget includes a total of \$100 million to support the recommendations of an Office of Court Administration taskforce to expand civil legal services, unchanged from the SFY 2016-17 level.

**Personal Service Costs:** The Judiciary's budget includes a \$37.3 million increase in personal service over the SFY 2016-17 level. This includes \$13.1 million in support for an additional 200 nonjudicial positions, as well as mandatory and negotiated salary increases for nonjudicial employees.

**Judicial Compensation:** The proposed budget includes \$2.4 million to support a salary increase for State Supreme Court Judges recommended by the Commission on Legislative, Judicial and Executive Compensation. Per the Commission, salaries must be fixed at 95 percent of the salary of a Federal District Court Judge effective April 1, 2016, and 100 percent effective April 1, 2018, with the salaries of all other state judges adjusted accordingly.

**Capital Projects:** The Judiciary's budget includes \$15 million to support improvements to court technology infrastructure, including modernization of the Judiciary's secure, high-speed area network and the purchase of an automated case management system. These funds would also be used to replace bullet proof vests for court officers, and to purchase magnetometers and other security screening devices.



# Economy





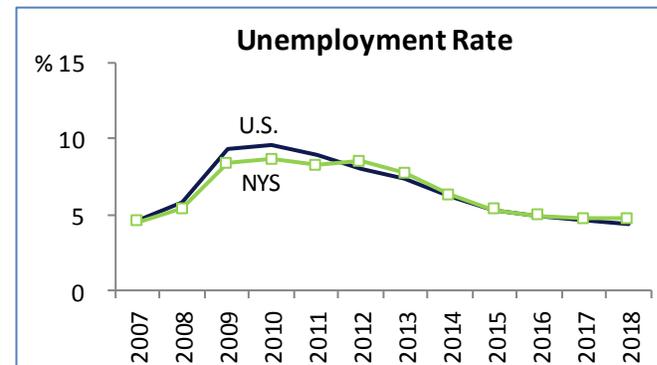
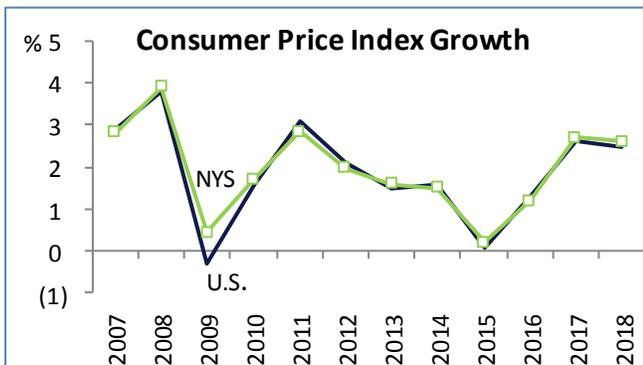
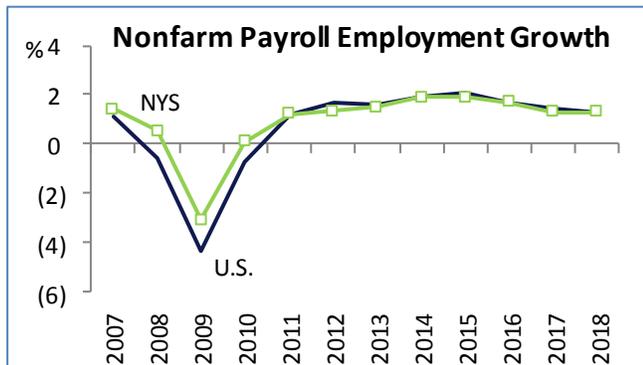
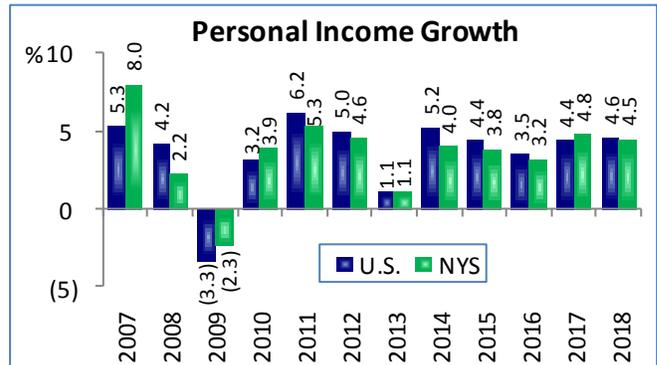
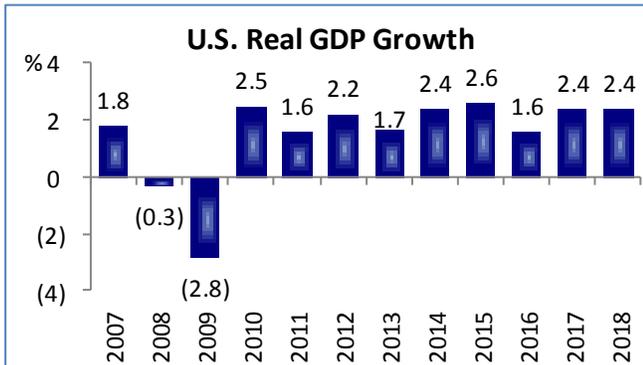
# BUDGET SNAPSHOT: ECONOMY



*The national economy is expected to grow by 2.4 percent in 2017, supported by consumer, business capital, and government spending.*

*The New York State private sector continues to experience job growth, especially in the education and health care industries.*

*Wages in New York State are expected to grow 4.3 percent in 2017, with base wages and variable wages increasing by 4.3 percent and 4.0 percent, respectively.*



Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; NYS Department of Labor; NYS Division of the Budget.

# BUDGET HIGHLIGHTS: ECONOMY



- According to the Executive, the U.S. economy, as measured by real GDP, is projected to grow by 2.4 percent in 2017 and another 2.4 percent in 2018.

**Table 56**

<b>U.S. Economic Outlook (Percent Change)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Real GDP	1.6	2.4	2.4
Consumption	2.7	2.5	2.3
Residential Investment	4.8	4.9	6.1
Nonresidential Investment	(0.4)	3.5	4.4
Exports	0.4	2.2	3.7
Imports	0.7	3.2	4.8
Government	0.9	0.7	1.1
Personal Income	3.5	4.4	4.6
Wages & Salaries	4.2	4.4	4.4
Employment	1.7	1.4	1.3
Unemployment Rate	4.9	4.6	4.4
CPI-Urban	1.3	2.6	2.5
S&P 500 Stock Price	1.5	9.4	4.4
Federal Fund Rate	0.4	0.8	1.6
Treasury Note Rate (10-year)	1.8	2.8	3.2

Note: Values are as reported in the Executive Budget 2017-18 released on January 17, 2017.  
Source: NYS Division of the Budget.

- The Executive projects State private employment will grow by 1.5 percent in 2017 and 1.4 percent in 2018.

**Table 57**

<b>New York State Economic Outlook (Percent Change)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Employment	1.7	1.3	1.3
Private Employment	1.8	1.5	1.4
Personal Income	3.2	4.8	4.5
Total Wages (calendar year basis)	3.4	4.3	4.2
Base Wages	4.4	4.3	4.3
Variable Compensation	(2.8)	4.0	3.4
Total Wages (fiscal year basis)	4.1	4.2	4.3
Base Wages	4.6	4.3	4.3
Variable Compensation	0.8	3.9	4.5
New York Area CPI	1.2	2.7	2.6

Note: Values are as reported in the Executive Budget 2017-18 released on January 17, 2017.  
Source: NYS Division of the Budget.



# BUDGET REVIEW AND ANALYSIS: ECONOMY



**The National Economy:** The Executive projects that the U.S. economy, as measured by Gross Domestic Product (GDP), will grow by 2.4 percent in both 2017 and 2018, following growth of an estimated 1.6 percent in 2016 (see Table 1). The Executive suggests that the rate of economic expansion since the end of the Great Recession in mid-2009 has been weak because, while recovering from a financial crisis associated with a housing slump, the economy experienced several adverse shocks such as the plunge in oil prices and the debt crisis in Europe that likely compounded the slow recovery.

Table 58

U.S. Economic Forecast Comparison			
	2016	2017	2018
<b>Real Gross Domestic Product (GDP)</b> (2009 chained percent change)			
Division of the Budget	1.6	2.4	2.4
Blue Chip Consensus	N/A	2.3	2.4
IHS Economics	1.6	2.3	2.6
Macroeconomic Advisers	1.6	2.4	2.0
<b>Consumer Price Index (CPI)</b> (percent change)			
Division of the Budget	1.3	2.6	2.5
Blue Chip Consensus	N/A	2.4	2.3
IHS Economics	1.3	2.5	2.1
Macroeconomic Advisers	1.3	2.6	2.1
<b>Unemployment Rate</b> (percent)			
Division of the Budget	4.9	4.6	4.4
Blue Chip Consensus	N/A	4.6	4.5
IHS Economics	4.9	4.6	4.3
Macroeconomic Advisers	4.9	4.5	4.2

Note: Numbers are as reported in the Executive Budget 2017-18 released on January 17, 2017.  
Source: NYS Division of the Budget.

- **Consumption:** The Executive projects personal consumption spending growth of 2.5 percent in 2017, following growth of an estimated 2.7 percent in 2016. According to the Executive, the outlook for household spending will be supported by the continued increase in home prices, and significantly higher real disposable income and wealth.
- **Investment:** The Executive projects 3.5 percent growth in business investment spending in 2017, a significant turnaround from a decline of 0.4 percent in 2016. According to the

Executive, growth will be supported by spending on structures, equipment, and intellectual property. Furthermore, the Executive indicates that a projected acceleration in nonresidential investment spending corresponds with an expected increase in energy-related investment, and a more optimistic outlook on long term economic growth.

- **Exports and Imports:** The Executive forecasts that growth in exports of U.S. goods and services will be 2.2 percent in 2017, up from an estimated 0.4 percent in 2016. According to the Executive, the forecast is based on improving economic growth overseas, especially in China, Canada, the Eurozone, Mexico and Japan. However, a rising dollar and sluggish growth abroad could prevent faster growth in U.S. exports. The Executive projects that imports will grow 3.2 percent in 2017, following an estimated growth of 0.7 percent in 2016 as the U.S. economy strengthens and the dollar appreciates.
- **Government Spending:** The Executive projects that state and local government spending, adjusted for inflation, will grow 0.7 percent in 2017, following an estimated growth of 1.0 percent in 2016. The Executive projects that federal government spending will grow an estimated 0.8 percent in 2017, after increasing 0.7 percent in 2016.
- **Inflation:** The Executive forecasts that inflation, as measured by the Consumer Price Index (CPI), will increase by 2.6 percent in 2017, up from 1.3 percent in 2016, as both the energy component and the core CPI positively influence the overall CPI, while the impact of employment and wage growth on inflation is expected to be limited.
- **Employment:** The Executive projects U.S. employment growth will slow to 1.4 percent in 2017, after an increase of 2.1 percent in 2015 and 1.7 percent in 2016. The Executive anticipates that the following sectors will lead employment growth in 2017: professional and technical services, construction, management and administrative support, and health care. The Executive also expects job growth to accelerate in the government sector. The Executive forecasts the unemployment rate will fall to 4.6 percent in 2017 from an average of 4.9 percent in 2016.
- **Corporate Profits:** The Executive projects corporate profits will grow 7.1 percent in 2017, after being almost flat in 2016. Stronger growth in corporate profits will be led by the financial sector as rising interest rates help profit margins.
- **Stock Market:** The Executive acknowledges that equity market turbulence has remained a constant throughout the recovery. However, in the long run, equity price growth is expected to be consistent with growth in corporate earnings, discounted by changing interest rates. The Executive projects equity price growth of 9.4 percent in 2017, following growth of 1.5 percent in 2016.

**The New York State Economy:** The Executive projects that the State economy will continue to improve, but State employment growth will slow to 1.3 percent in 2017, after growing an estimated 1.7 percent in 2016.

- **Personal Income:** The Executive forecasts total State personal income will grow 4.8 percent in 2017, up from an estimated 3.2 percent growth in 2016. According to the Executive, growth in State personal income has been mainly due to wage growth, which is the largest component of personal income.
- **Wages:** The Executive forecasts wages in the State will grow 4.3 percent in 2017, following an estimated growth of 3.4 percent in 2016. The Executive projects that bonus growth in the finance and insurance sector will be higher in 2017 compared to last year. This is partly due to a possible shift in the bonus payouts from the last quarter of 2016 to the first quarter of 2017 in anticipation of potentially lower personal income tax rates in 2017.
- **Employment:** According to the Executive, the State labor market grew robustly in 2016, especially in the private sector. Total nonfarm employment in the State grew an estimated 1.7 percent in 2016, the same rate as in the nation. The Executive forecasts that employment growth in the State will slow to 1.3 percent in 2017, which is 0.1 percentage point below the nation’s employment growth (see Figure 8).

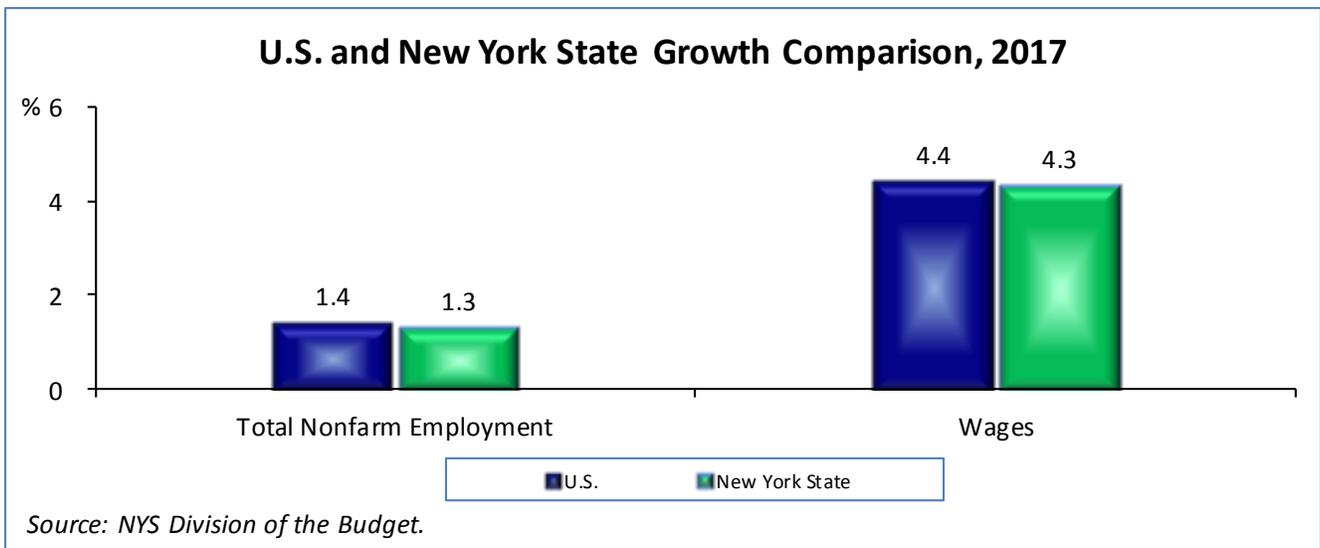


Figure 8

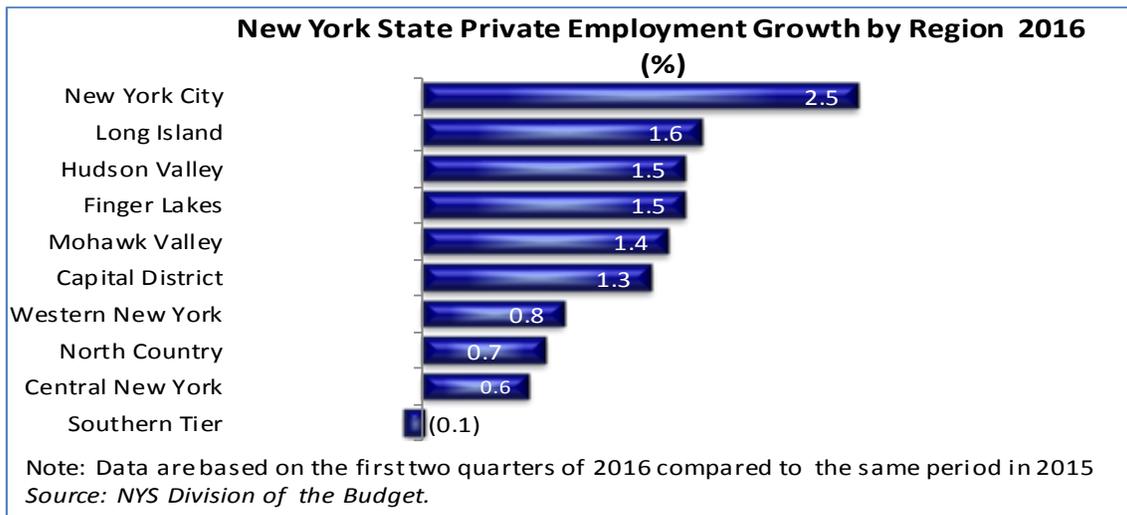
- **Employment by Sector:** The Executive projects that private employment in the State of New York will grow 1.5 percent in 2017, after growing an estimated 1.8 percent in 2016. The educational, health care and social assistance, and construction sectors are expected to grow relatively faster in 2017 than other sectors (see Table 59).

Table 59

<b>New York State Employment Growth Forecast for 2017</b>	
	<b>Percent</b>
<b>Total</b>	<b>1.3</b>
<b>Total Private</b>	<b>1.5</b>
Educational Services	2.6
Healthcare & Social Assistance Services	2.5
Construction	2.2
Leisure, Hospitality and Other Services	1.9
Management, Administrative, and Support Services	1.8
Professional, Scientific, and Technical Services	1.6
Real Estate and Rental and Leasing	0.9
Retail Trade	0.9
Transportation and Warehousing	0.8
Finance and Insurance	0.6
Government	0.5
Information	0.2
Wholesale Trade	0.0
Manufacturing and Mining	(0.1)
Utilities	(0.2)

*Source: NYS Division of the Budget.*

- **Employment by Region:** According to the Executive, New York City led the State in private employment growth in the first half of 2016. All upstate regions, with the exception of the Southern Tier, are estimated to have gained employment in the first half of 2016, compared to the same period in 2015. Outside of New York City and Long Island, the Hudson Valley and the Finger Lakes region grew the fastest at 1.5 percent, followed by the Mohawk Valley at 1.4 percent (see Figure 9).



**Figure 9**

- **Risks:** The Executive acknowledges that all the risks to the U.S. forecast – including the uncertainty surrounding the policies of the new federal administration – also apply to the State. The Executive’s baseline forecast assumes no major shifts in federal tax or spending policies at this time.

There are a number of risks to this forecast. The euro-area economy is still growing slowly, while the true underlying growth rate in China remains highly uncertain. If growth in either area is even more sluggish than expected, the implications for the global economy will be negative, with slower growth in export and corporate profits adversely impacting the forecast. Although oil prices are expected to stabilize, continued tepid global growth could send oil prices even lower, which could have a deleterious effect on both business hiring and investment, as well as on equity markets. If the Federal Reserve increases long term interest rates faster than anticipated, the impact on the global economy will also be negative. In addition, the Executive indicates that any developments that have an impact on credit and financial markets present risks to the forecast for revenue, wages, bonuses, and capital gains realization.





# Revenue

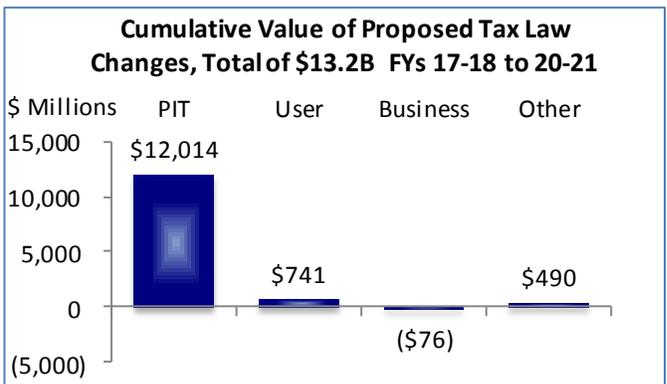
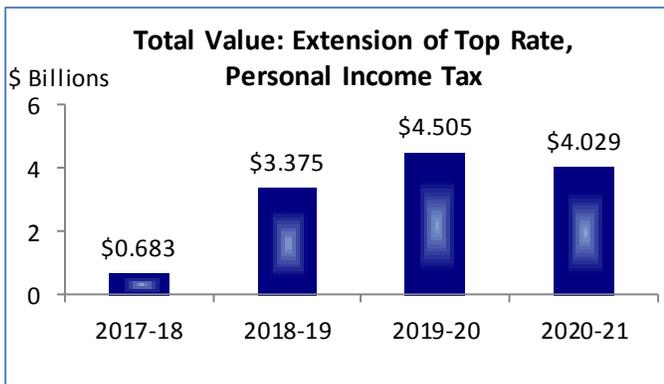
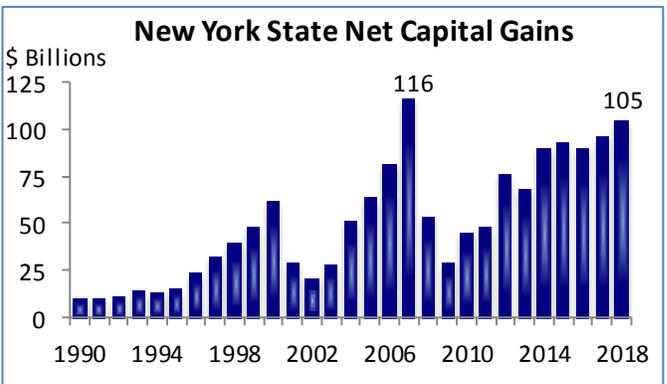
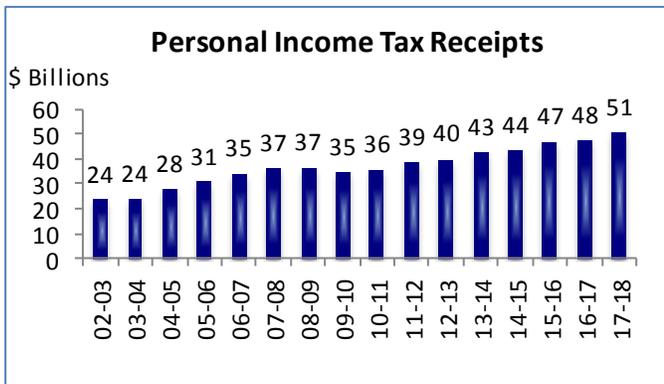
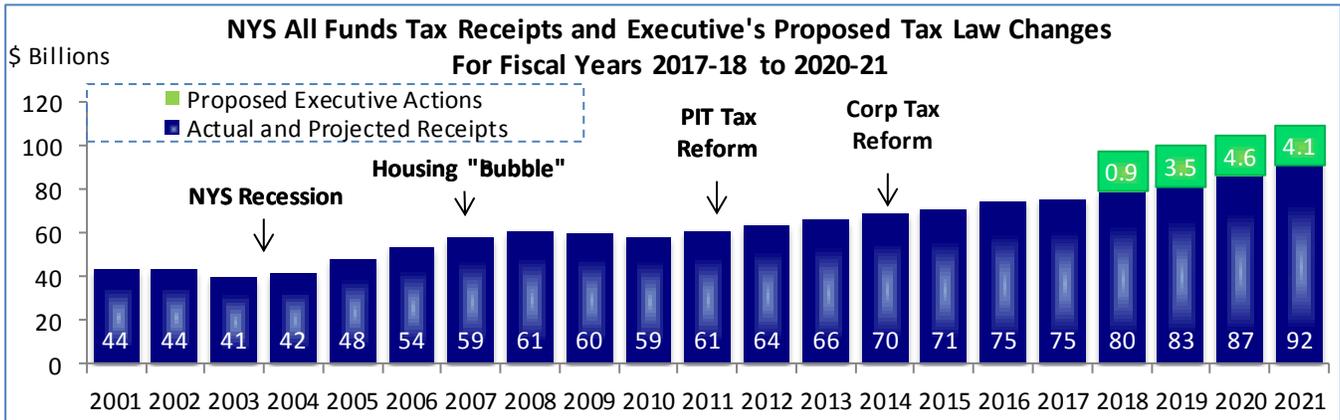




# BUDGET SNAPSHOT: REVENUE



<p><b>Current year All Funds revenue total is projected at \$153.6 billion; growth of 0.2%.</b></p>	<p><b>Year-to-date All Funds tax revenue has declined by 2.2%.</b></p>	<p><b>2017-18 tax receipts are projected at \$79.5 billion; growth of 5.6%.</b></p>	<p><b>2017-18 All Funds revenues are projected at \$160.4 billion; growth of 4.4%.</b></p>
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Sources: NYS Division of the Budget, NYS Department of Taxation and Finance; NYS Assembly Ways and Means Committee Staff.

# BUDGET HIGHLIGHTS: REVENUE



- **Tax Cuts and Credits:** The Executive proposes tax credits for new and established life science businesses; enhances the child and dependent care credit for middle-income families; and expands the current workforce training credit.
- **Tax Reforms:** Executive reform proposals: require online marketplace providers (e.g., Amazon) to collect sales tax irrespective of the seller's location; establish an Excelsior business tax program; allow transportation network companies (e.g., Uber and Lyft) to operate in the State and impose an assessment fee; reform the taxation of cigars; close several loopholes (sale of co-ops, sales tax related entities, non-resident asset sales); and tax and regulate e-cigarettes and related vapor products.
- **Enforcement Initiatives:** The Executive proposes to: require medical practitioners to be compliant with state tax obligations before receiving excess malpractice coverage; expand jeopardy assessments to the cigarette tax; and close the real estate tax loophole.
- **Tax Law Extenders:** The Executive proposes to extend the current personal income tax top bracket for three years; extend the film credit for three years; and extend the current Urban Youth Jobs program.
- **STAR Actions:** The Executive proposes to: convert the NYC STAR PIT tax reduction benefit to a state credit; cap STAR benefits at existing levels; and require mandatory participation in the income verification program for enhanced STAR.
- **Gaming Initiatives:** The Executive proposes to: reprivatize the New York Racing Association; reform charitable gaming; extend certain existing provisions and rates for one year; alter local gaming aid distribution; and expand lab testing providers for horses.
- **Fee Actions:** The Executive proposes to establish a Taste-NY alcohol permit; establish a motion picture theater alcohol permit; and apply the current public safety communications surcharge to prepaid devices.

# BUDGET REVIEW AND ANALYSIS: REVENUE



## EXECUTIVE ALL FUNDS RECEIPTS 2016-17 ESTIMATES AND 2017-18 FORECAST

Table 60

<b>Executive Budget - All Funds Receipts</b>					
<b>(\$ in Millions)</b>					
	<b>SFY 2015-16</b>	<b>SFY 2016-17</b>	<b>% Change</b>	<b>SFY 2017-18</b>	<b>% Change</b>
Personal Income Tax	\$47,055	\$47,639	1.2%	\$50,683	6.4%
User Taxes	\$15,725	\$16,184	2.9%	\$16,998	5.0%
Business Taxes	\$7,884	\$7,847	-0.5%	\$8,253	5.2%
Other	\$4,010	\$3,633	-9.4%	\$3,600	-0.9%
<b>Total Taxes</b>	<b>\$74,673</b>	<b>\$75,303</b>	<b>0.8%</b>	<b>\$79,534</b>	<b>5.6%</b>
Miscellaneous Receipts	\$27,268	\$25,439	-6.7%	\$26,597	4.6%
Federal Funds	\$51,324	\$52,885	3.0%	\$54,265	2.6%
<b>Total All Funds</b>	<b>\$153,265</b>	<b>\$153,627</b>	<b>0.2%</b>	<b>\$160,396</b>	<b>4.4%</b>

### SFY 2016-17 All Funds Receipts Estimate

- The Executive estimates State Fiscal Year (SFY) 2016-17 All Funds tax receipts to total \$75.303 billion, or 0.8 percent over the previous fiscal year, an increase of \$630 million. The majority of the additional revenue is attributed to Personal Income Tax receipts growth of 1.2 percent, or \$584 million.
- Including Miscellaneous Receipts and Federal Funds, All Funds receipts are estimated to increase 0.2 percent, to \$153.627 billion in SFY 2016-167. The decline in Miscellaneous Receipts growth is primarily attributed to fewer receipts from settlements with financial institutions.

### SFY 2017-18 All Funds Receipts Forecast

- The Executive forecasts SFY 2017-18 All Funds tax receipts to total \$79.534 billion, an increase of 5.6 percent or \$4.231 billion over SFY 2016-17. The increase is attributed to the Personal Income Tax that is forecast to increase by \$3.044 billion, or 6.4 percent.
- Including Miscellaneous Receipts and Federal Funds, All Funds receipts are forecast to increase by 4.4 percent, or \$6.769 billion, to \$160.396 billion.

## **REVENUE PROPOSALS – (Revenue Article VII unless otherwise noted)**

### **Personal Income Tax**

- The Executive proposes to convert the STAR rate reduction for New York City (NYC) Personal Income Tax (PIT) into a New York State PIT credit. This proposal is expected to create administrative efficiencies for the State and NYC, in that it allows the State to provide tax benefits directly to NYC residents, instead of using NYC's taxation structure as a pass-through.
- The Executive proposes to extend the top Personal Income Tax (PIT) bracket for an additional three years. Currently, the top income tax bracket rate is 8.82 percent and is scheduled to expire for taxable years beginning after 2017. This proposal would extend the top bracket tax rate through 2020.
- The Executive proposes to make permanent the charitable deduction limitation for individuals with adjusted gross income of more than \$10 million. These provisions are set to expire at the end of 2017.
- The Executive proposes to enhance the existing Child and Dependent Care Tax Credit (CDCC) for qualified taxpayers with New York Adjusted Gross Income (NYAGI) between \$50,000 and \$150,000. Under current law, the CDCC is a minimum of 20 percent and a maximum of 110 percent of the Federal Child and Dependent Care credit, depending on the taxpayer's NYAGI.
- The Executive proposes to expand the State's financial institution data match system for tax collection purposes. The proposal would allow the sharing of information relating to financial accounts for tax debtors with fixed and final tax debts, whether or not a warrant was issued.
- The Executive proposes to make permanent the authority of the Commissioner of Taxation and Finance to serve wage garnishments on individual tax debtors, and if necessary, on the employer of such tax debtors, without having to file a warrant. This proposal makes permanent a policy that would otherwise expire April 1, 2017.
- The Executive proposes to require all New York State S-corporations that are treated as such for federal tax purposes to also be treated as S-corporations for New York State tax purposes.

- The Executive proposes to close a loophole by imposing a tax on non-resident parties in a partnership who ultimately sell assets, and then classify the transaction as a sale of an intangible partnership interest. This proposal would characterize the transaction for both the seller and buyer as a sale of assets, which in turn would subject the non-resident seller to income tax.
- The Executive proposal clarifies that state taxes are due resulting from sales of partnerships shares, in instances where more than 50 percent of the partnership assets consist of co-op housing shares by a non-resident.
- The Executive proposes to authorize the State University of New York (SUNY) Chancellor, instead of the State Education Department (SED), to certify and approve the disbursement of funds for veterans' homes operated by SUNY.
- The Executive proposes to amend the Tax Law to clarify that a single member limited liability company (“SMLLC”) that is disregarded as an entity separate from its single member/owner for federal income tax purposes shall be treated as a disregarded SMLLC for purposes of determining whether its owner is eligible to claim any tax credit allowed by New York State.
- The Executive proposes to require tax clearances from the Department of Taxation and Finance to verify that new state employees do not have past-due state tax liabilities, and are in compliance with applicable tax return filing requirements.
- The Executive proposes to extend for one year, through June 30, 2018, the Physician’s Excess Medical Malpractice Program. Physicians and dentists would also be required to receive tax clearance in order to be eligible for state provided excess medical malpractice insurance coverage.

### **Consumption and Use Taxes**

- The Executive proposes that providers of marketplaces where personal property is sold, including online marketplaces, be designated as “persons required to collect sales tax.” Sellers that are using these marketplaces are relieved of their burden to collect tax.
- The Executive proposes to close a sales tax loophole that allows related entities to avoid paying sales tax. This proposal seeks to prevent the use of LLCs, partnerships, or trusts, from purchasing high-value items out of state by a non-resident entity and then bringing such items into the state to avoid taxation.

- The Executive proposes to clarify instances where delivery of gas and electric services are subject to the sales tax. Sales tax would be due on the delivery, only if delivered by the provider.
- The Executive proposes to amend the alcohol beverage control law by introducing a special license to sell alcoholic beverages at retail prices for consumption off the premises of a producer. The Taste-NY alcohol permit will be disallowed on the NYS Thruway, and licenses granted by the State Liquor Authority will contain additional regulations.
- The Executive proposes to amend the Alcohol Beverage Control Law to extend the option of serving alcoholic beverages in movie theaters, under certain circumstances.
- The Executive proposes to extend state regulations on tobacco products to vapor products, defined as the liquid or gel commonly used in e-cigarettes and similar devices, regardless of whether or not it contains nicotine. In addition, an excise tax on the sale or use of vapor products would be imposed at the rate of 10 cents per fluid milliliter.
- The Executive proposes to align the vehicle seizure provisions within the Tax Law by lowering the “presumption of sale” quantity from 25 to 10 cartons. Additionally, the Executive proposes to align the penalties for counterfeit tax stamps with the penalties for criminal possession of a forged instrument by reclassifying the counterfeiting of tax stamps as a class C felony.
- The Executive proposes to authorize the Department of Taxation and Finance to issue jeopardy assessments for the collection of the Cigarette and Tobacco Excise tax, allowing the tax to be assessed prior to the deadline to file a return.
- The Executive proposes to change the method of taxation on cigars from a percentage of the wholesale price to a tax of 45 cents per cigar.
- **Revenue Proposal in the Transportation and Economic Development Budget Bill:** The Executive proposes to authorize and regulate Transportation Network Companies outside the city of New York. The proposal would also impose a new 5.5 percent assessment fee on such services when used in upstate New York.

## Business Taxes

- **Revenue Proposal in the Public Protection and General Government Budget Bill:** The Executive proposes to expand the Excelsior Jobs Program (EJP) to extend all components of the program to existing life sciences companies, as well as extend the EJP for an additional three

years, through 2029. New businesses would be eligible for a new credit equal to 15 percent of their research and development expenditures; this credit would be 20 percent for new small businesses. Additionally, a new refundable “angel investor” tax credit in the amount of 25 percent of each investment would become available to taxpayers that invest in life sciences companies.

- The Executive proposes to amend the Employee Training Incentive Credit Program to incentivize companies to include incumbent worker training as part of their expansion and retention projects. To accomplish this, the Executive proposes to eliminate the requirement that eligible training be provided to employees filling net new jobs, and allows such training to cover internship programs in life sciences and advanced technology. Also, the definition of significant capital investment needed for eligibility in the program would be amended to require a company to make a capital investment in new business processes or equipment at a ratio of ten dollars or more for every one dollar of tax credit allowed.
- The Executive proposes to extend the Empire State Film Production Credit for three additional tax years, from 2020 to 2022, and also would provide a continued \$420 million annually in allocable tax credits for each of these three years.
- The Executive proposes to extend the Urban Youth Jobs Program for five years to 2022, and to rename the program as the New York Youth Jobs Program.
- The Executive proposes to extend the Alternative Fuels and Electric Vehicle Recharging Property Credit for five years, through tax year 2022.
- The Executive proposes to reform the Investment Tax Credit (ITC) by disallowing for credit consideration the production or distribution of electricity, natural gas, steam, or water delivered through pipes and mains, as well as costs incurred outside of New York State relating to films, recordings and commercials.
- **Revenue Proposal in the Public Protection and General Government Budget Bill:** The Executive proposes to establish the Excelsior Business Program (EBP), which would be available to start-up or early stage businesses conducting research and development or market testing for new products and services. Upon admission to the EBP, participants would be required to create and maintain at least one net new job for continued eligibility. Participants in the EBP that create at least five net new jobs would also be eligible to receive credit under the Excelsior Jobs Program. This program merges the current START-Up NY Program with the current Excelsior Jobs Program.

## STAR Proposals

- The Executive proposes to make publicly available the names and addresses of applicants and recipients of the STAR credit. This proposal aligns the treatment of information that currently applies to STAR exemption applicants or recipients with STAR credit applicants or recipients.
- The Executive proposes a technical fix with respect to the adjustment of the STAR credit amount received by a tenant-stockholder of a cooperative apartment corporation. This proposal would provide a STAR credit amount as if the tenant stock-holder's property was assessed separately.
- The Executive proposes to limit the growth of the annual STAR benefit from the current two percent to zero percent, thereby holding 2017-18 STAR benefits at 2016-17 levels.
- The Executive proposes to require enhanced STAR recipients to verify proof, through the Income Verification Program, of their adjusted gross income (AGI) to receive the enhanced STAR benefit. Under current law, taxpayers may provide such proof by bringing income documentation to their local assessor.

## Gaming

- The Executive proposes to relieve the General Fund of responsibility to fund equine drug testing in horse racing; require horsemen to contribute to drug testing research and equipment; and broaden the field of potential New York equine lab testing providers.
- The Executive proposes to consolidate and update charitable gaming laws that provide for the conduct of bingo, bell jar sales, raffles, and other games of chance statewide.
- The Executive proposes to privatize the New York Racing Association; allow for night racing at Belmont Park; and provide for reduced race days at Aqueduct Racetrack.
- The Executive proposes to extend certain pari-mutuel tax rates and out-of-state simulcasting provisions for one year.
- The Executive proposes to extend the video lottery gaming (VLG) vendor's capital awards program for one year.
- The Executive proposes to extend the Monticello VLG vendor fee rate for one year.

- The Executive proposes to alter gaming aid distributions to municipalities from commercial casino gaming, tribal casinos, and video lottery gaming revenues.
- **Revenue Proposal in the Education Labor and Family Assistance Budget Bill:** The Executive proposes to require any person who is receiving or has received public assistance within the previous ten years, and who wins a lottery prize of \$600 or more, to reimburse the State from the full winnings, for all such public assistance benefits paid to such person during the previous ten years.

## Other

- The Executive proposes to provide local government tax collectors the authority to collect property taxes in partial payments, unless the municipality has passed a resolution disallowing this method.
- The Executive proposes to extend existing oil and gas fees that are levied to recover certain costs from March 31, 2018 until March 31, 2021.
- The Executive proposes to impose the Real Estate Transfer Tax on the transfer of a real estate business interest. The proposal seeks to expand the term “conveyance” to include minority interests by LLCs, S-corps, non-publicly traded companies, and C-corps with fewer than 100 shareholders that own an interest in real property located in New York, and has a fair market value that equals or exceeds 50 percent of all assets of the entity.
- The Executive proposes to close the real estate transfer tax loophole that was developed by individuals to avoid paying the additional one percent tax on properties valued at one million dollars or more. The Executive would consider the sale of land as part of the overall real estate transaction even when purchased separately.
- The Executive proposes to require sellers to collect a surcharge on the sale of each prepaid wireless communications service or device sold within this state. The prepaid surcharge would be on the sale of each prepaid service or device at the rate of \$0.60 cents per retail sale of \$30 or less, and \$1.20 per retail sale over \$30. Municipalities would also be authorized to impose a \$0.30 cent similar surcharge on the sale of each prepaid service or device.

**Table 61**

<b>TAX AND OTHER REVENUE ACTIONS</b>				
(\$ in Millions)				
	General Fund		All Funds	
	SFY 2017-18	SFY 2018-19	SFY 2017-18	SFY 2018-19
<b>Tax Credit Proposals</b>				
Establish Life Sciences Tax Credits	-	-	-	-
Enhance the Child and Dependent Care Credit	-	-	-	-
Expand the Workforce Training Credit	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax Reform Proposals</b>				
Create an Excelsior Business Program	-	-	-	-
Treat Disregarded Entities as A Single Taxpayer for Tax Credit Purposes	-	-	-	-
Require State S-Corporation Conformity with Federal Tax Returns	-	5	-	5
Reform the Investment Tax Credit	-	-	-	-
Modernize Sales Tax Collections for the Internet Economy	64	128	68	136
Authorize and Tax Transportation Network Companies Outside of New York City	12	23	16	32
Regulate and Tax Vapor Inhalation Products	3	5	3	5
Reform the Cigar Tax	12	23	12	23
Impose the Real Estate Transfer Tax on the Transfer of Real Estate Business Interests	4	5	4	5
Close the Co-operative Housing Sale Tax Loophole	10	10	10	10
Close the Non-Resident Asset Sale Loophole	10	10	10	10
Close the Sales Tax Related Entities Loophole	8	10	9	11
State and Local Sales Tax Statute Technical Amendments	-	-	-	-
<b>Subtotal</b>	<b>123</b>	<b>219</b>	<b>132</b>	<b>237</b>
<b>Tax Enforcement Proposals</b>				
Ensure Excess Medical Malpractice Coverage Holders Compliance with Sales Tax Obligations	1	2	1	2
Ensure All New State Employees are Compliant with State Tax Obligations	1	2	1	2
Bank Account Data Matching	5	15	5	15
Expand Jeopardy Assessments to the Cigarette and Tobacco Tax	-	-	2	2
Clarify the Amount of Untaxed Cigarettes Required to Seize a Motor Vehicle	-	-	1	1
Close the Real Estate Transfer Tax Loophole	2	2	2	2
<b>Subtotal</b>	<b>9</b>	<b>21</b>	<b>12</b>	<b>24</b>
<b>Tax Law Extender Proposals</b>				
Extend the Personal Income Tax (PIT) Top Bracket for Three Years	683	3,375	683	3,375
Make the High Income Charitable Contribution Deduction Limitation Permanent	-	70	-	70
Extend the Empire State Film and Post-Production Tax Credits for Three Years	-	-	-	-
Expand Employment Opportunities for Youth	-	-	-	-
Extend the Alternative Fuels Property and Electric Vehicle Charging Property Credit for Five Years	-	-	-	-
Permanently Extend Warrantless Wage Garnishment	15	15	15	15
<b>Subtotal</b>	<b>698</b>	<b>3,460</b>	<b>698</b>	<b>3,460</b>
<b>School Tax Relief (STAR) Proposals</b>				
Convert the NYC PIT Rate Reduction into a State PIT Credit				
Credit Portion	-	(340)	-	(340)
Spending Revision	277	352	-	-
Allow Taxpayers to Make Partial Real Property Tax Payments	-	-	-	-
Cap STAR Benefits	50	98	-	-
Make the Income Verification Program Mandatory	24	24	-	-
Intergovernmental Sharing of STAR Information	-	-	-	-
Co-op STAR Credit Technical Amendments	-	-	-	-
<b>Subtotal</b>	<b>351</b>	<b>134</b>	<b>-</b>	<b>(340)</b>
<b>Gaming Proposals</b>				
Reprivatize the New York Racing Association	-	-	-	-
Extend Tax Rates and Simulcasting Provisions for One Year	-	-	-	-
Extend Monticello Video Lottery Terminal Rates for One Year	-	-	(2)	-
Extend Video Lottery Gaming Vendor's Capital Awards for One Year	-	-	-	-
Alter Local Gaming Aid Distribution	-	-	-	-
Expand Lab Testing Providers for Horses	-	-	-	-
Reform the Charitable Gaming Laws	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>-</b>
<b>Fee Proposals</b>				
Extend Fees for the Establishment of Oil and Gas Unit Production Values	-	-	-	-
Realign Production Costs for Realtor Identification Cards	-	-	0	-
Establish a Taste-NY Alcohol Permit	-	-	0	-
Establish a Motion Picture Theater Alcohol Permit	-	-	0	-
Apply the Public Safety Communications Surcharge to Prepaid Phones	3	11	7	26
Increase the Cap on Divisible Load Permits	-	-	1	1
Increase Title Fees	-	-	74	81
Implement REAL ID Licenses	-	-	7	16
<b>Subtotal</b>	<b>3</b>	<b>11</b>	<b>90</b>	<b>124</b>
<b>TOTAL REVENUE PROPOSALS</b>	<b>1,184</b>	<b>3,845</b>	<b>930</b>	<b>3,505</b>

Table 62

### All Funds Receipts SFY 2016-17 (\$ in Millions)

	2015-16 Actual	2016-17 Estimate	Change	Percent Growth
<b>Personal Income Tax</b>	<b>\$47,055</b>	<b>\$47,639</b>	<b>\$584</b>	<b>1.2%</b>
<b>Gross Receipts</b>	<b>\$56,600</b>	<b>\$56,854</b>	<b>\$254</b>	<b>0.4%</b>
Withholding	\$36,549	\$37,575	\$1,026	2.8%
Estimated Payments	\$16,111	\$15,306	(\$805)	-5.0%
Vouchers	\$11,561	\$11,245	(\$316)	-2.7%
IT 370s	\$4,550	\$4,061	(\$489)	-10.7%
Final Payments	\$2,630	\$2,615	(\$15)	-0.6%
Delinquencies	\$1,310	\$1,358	\$48	3.7%
<b>Total Refunds</b>	<b>\$9,545</b>	<b>\$9,215</b>	<b>(\$330)</b>	<b>-3.5%</b>
Prior Year Refunds	\$5,131	\$5,235	\$104	2.0%
Current Refunds	\$2,550	\$1,750	(\$800)	-31.4%
Credits	\$571	\$883	\$312	54.6%
Previous Refunds	\$618	\$499	(\$119)	-19.3%
State/City Offsets	\$675	\$848	\$173	25.6%
<b>Collections</b>	<b>\$47,055</b>	<b>\$47,639</b>	<b>\$584</b>	<b>1.2%</b>
<b>User Taxes and Fees</b>	<b>\$15,725</b>	<b>\$16,184</b>	<b>\$459</b>	<b>2.9%</b>
Sales and Use Tax	\$13,359	\$13,861	\$502	3.8%
Motor Fuel Tax	\$503	\$506	\$3	0.6%
Cigarette Tax	\$1,251	\$1,227	(\$24)	-1.9%
Highway Use	\$158	\$140	(\$18)	-11.4%
Alcoholic Beverage Tax	\$255	\$258	\$3	1.2%
Medical Marihuana Excise Tax		\$1	\$1	
Auto Rental Tax	\$126	\$127	\$1	0.8%
Taxi Surcharge	\$73	\$64	(\$9)	-12.3%
<b>Business Taxes</b>	<b>\$7,884</b>	<b>\$7,847</b>	<b>(\$37)</b>	<b>-0.5%</b>
Corporate Franchise	\$4,527	\$4,129	(\$398)	-8.8%
Utility Tax	\$774	\$738	(\$36)	-4.7%
Insurance Tax	\$1,580	\$1,502	(\$78)	-4.9%
Bank Tax	(\$121)	\$383	\$504	-416.5%
Petroleum Business Tax	\$1,124	\$1,095	(\$29)	-2.6%
<b>Other</b>	<b>\$4,010</b>	<b>\$3,633</b>	<b>(\$377)</b>	<b>-9.4%</b>
Estate and Gift	\$1,521	\$1,114	(\$407)	-26.8%
Real Estate Transfer	\$1,163	\$1,138	(\$25)	-2.1%
Pari Mutuel	\$17	\$17	\$0	0.0%
Payroll Tax	\$1,306	\$1,361	\$55	4.2%
<b>Total Taxes</b>	<b>\$74,673</b>	<b>\$75,303</b>	<b>\$630</b>	<b>0.8%</b>
All Funds Misc Receipts	\$27,268	\$25,439	(\$1,829)	-6.7%
Federal Grants	\$51,324	\$52,885	\$1,561	3.0%
<b>Total All Funds Receipts</b>	<b>\$153,265</b>	<b>\$153,627</b>	<b>\$362</b>	<b>0.2%</b>

Table 63

<b>All Funds Receipts SFY 2017-18</b>				
<b>(\$ in Millions)</b>				
	<b>2016-17</b>	<b>2017-18</b>		<b>Percent</b>
	<b>Estimate</b>	<b>Forecast</b>	<b>Change</b>	<b>Growth</b>
<b>Personal Income Tax</b>	<b>\$47,639</b>	<b>\$50,683</b>	<b>\$3,044</b>	<b>6.4%</b>
<b>Gross Receipts</b>	<b>\$56,854</b>	<b>\$60,638</b>	<b>\$3,784</b>	<b>6.7%</b>
Withholding	\$37,575	\$39,359	\$1,784	4.7%
Estimated Payments	\$15,306	\$17,025	\$1,719	11.2%
Vouchers	\$11,245	\$12,379	\$1,134	10.1%
IT 370s	\$4,061	\$4,646	\$585	14.4%
Final Payments	\$2,615	\$2,836	\$221	8.5%
Delinquencies	\$1,358	\$1,418	\$60	4.4%
<b>Total Refunds</b>	<b>\$9,215</b>	<b>\$9,955</b>	<b>\$740</b>	<b>8.0%</b>
Prior Year Refunds	\$5,235	\$6,216	\$981	18.7%
Current Refunds	\$1,750	\$1,749	(\$1)	-0.1%
Credits	\$883	\$647	(\$236)	-26.7%
Previous Refunds	\$499	\$470	(\$29)	-5.8%
State/City Offsets	\$848	\$873	\$25	2.9%
<b>Collections</b>	<b>\$47,639</b>	<b>\$50,683</b>	<b>\$3,044</b>	<b>6.4%</b>
<b>User Taxes and Fees</b>	<b>\$16,184</b>	<b>\$16,998</b>	<b>\$814</b>	<b>5.0%</b>
Sales and Use Tax	\$13,861	\$14,726	\$865	6.2%
Motor Fuel Tax	\$506	\$505	(\$1)	-0.2%
Cigarette Tax	\$1,227	\$1,202	(\$25)	-2.0%
Highway Use	\$140	\$87	(\$53)	-37.9%
Alcoholic Beverage Tax	\$258	\$263	\$5	1.9%
Medical Marihuana Excise Tax	\$1	\$1	\$0	0.0%
Auto Rental Tax	\$127	\$134	\$7	5.5%
Taxi Surcharge	\$64	\$64	\$0	0.0%
TNC Assessment		\$16	\$16	
<b>Business Taxes</b>	<b>\$7,847</b>	<b>\$8,253</b>	<b>\$406</b>	<b>5.2%</b>
Corporate Franchise	\$4,129	\$4,687	\$558	13.5%
Utility Tax	\$738	\$732	(\$6)	-0.8%
Insurance Tax	\$1,502	\$1,572	\$70	4.7%
Bank Tax	\$383	\$190	(\$193)	-50.4%
Petroleum Business Tax	\$1,095	\$1,072	(\$23)	-2.1%
<b>Other</b>	<b>\$3,633</b>	<b>\$3,600</b>	<b>(\$33)</b>	<b>-0.9%</b>
Estate and Gift	\$1,114	\$949	(\$165)	-14.8%
Real Estate Transfer	\$1,138	\$1,210	\$72	6.3%
Pari Mutuel	\$17	\$17	\$0	0.0%
Payroll Tax	\$1,361	\$1,421	\$60	4.4%
<b>Total Taxes</b>	<b>\$75,303</b>	<b>\$79,534</b>	<b>\$4,231</b>	<b>5.6%</b>
All Funds Misc Receipts	\$25,439	\$26,597	\$1,158	4.6%
Federal Grants	\$52,885	\$54,265	\$1,380	2.6%
<b>Total All Funds Receipts</b>	<b>\$153,627</b>	<b>\$160,396</b>	<b>\$6,769</b>	<b>4.4%</b>





# Capital and Debt





# BUDGET SNAPSHOT: CAPITAL AND DEBT



**State-Supported Debt is estimated at \$53.1 billion.**

**Annual State-Supported Debt Service totals \$5.5 billion in 2017-18.**

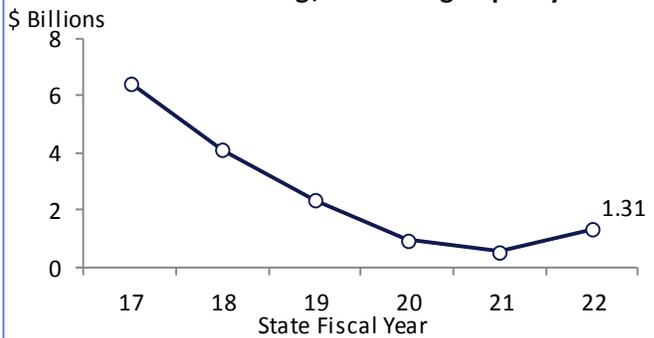
**New State Debt Issuances total \$7.1 billion.**

**Capital Plan spending totals \$14.5 billion in 2017-18.**

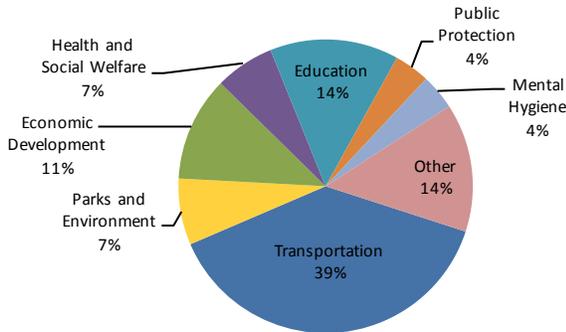
## New Capital Obligations SFY 2017-18 Executive Budget (\$ in Millions)

	Appropriations
Special Infrastructure Account	303
Transportation/Transit	8,113
Social Welfare	840
Health & Mental Hygiene	1,216
Parks and Environment	3,343
Economic Development	2,351
Education/Higher Education	1,123
All Other Capital Appropriations	1,174
<b>Total</b>	<b>18,463</b>

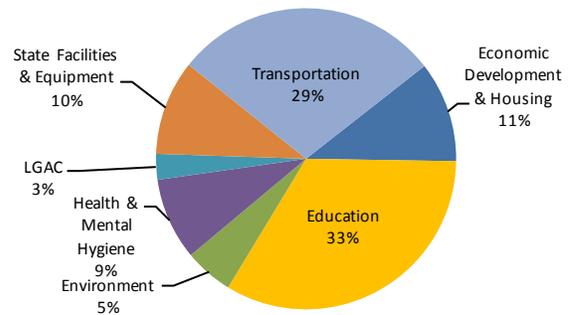
## Debt Outstanding, Remaining Capacity



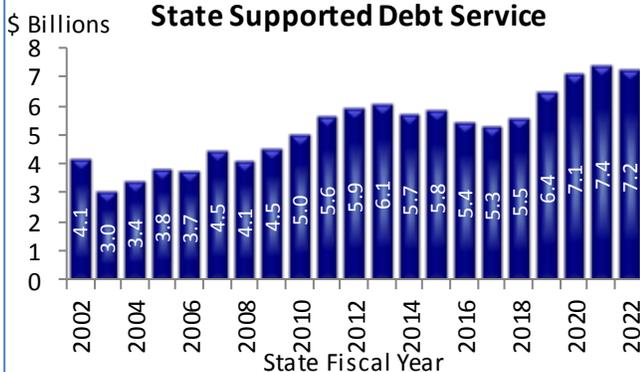
## SFY 2017-18 Capital Spending by Function



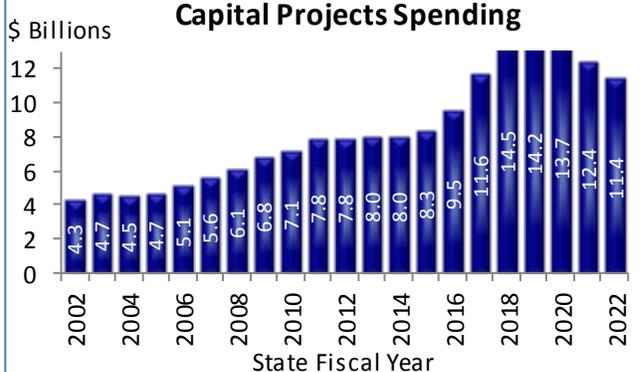
## SFY 2017-18 Debt Outstanding by Function



## State Supported Debt Service



## Capital Projects Spending



Source: NYS Division of the Budget.

# BUDGET HIGHLIGHTS: CAPITAL AND DEBT



- **Capital Program and Financing:** The Executive Capital Program and Financing Plan totals \$14.5 billion for State Fiscal Year (SFY) 2017-18, an increase of \$2.9 billion, or 25 percent from SFY 2016-17.
- **Debt Issuance:** The Executive proposes to issue \$7.1 billion in debt to finance new and existing capital projects spending in SFY 2017-18, an increase of \$4.0 billion, or 131 percent from SFY 2016-17.
- **Debt Outstanding:** State-supported debt outstanding is projected to remain under the statutory debt cap over the Plan period. Remaining capacity under the cap declines from \$6.4 billion in SFY 2016-17, to \$538 million in SFY 2020-21.
- **Monetary Settlements:** Of the \$9.4 billion received by the State since SFY 2014-15, \$7.7 billion has been allocated for capital purposes. This includes an additional \$1.2 billion allocated in the SFY 2017-18 Executive proposal.
- **Statewide Capital Efficiency Plan:** The Executive proposes to implement a five percent reduction in capital spending across the five-year capital plan for each agency beginning in SFY 2019.
- **Workforce Reclassification Spending:** The Executive proposes that approximately 3,000 FTEs with job duties related to the maintenance, preservation, and operation of facilities will now be paid from the State Capital Project Fund, shifting \$227 million from the operating budget to the capital budget.
- **Department of Transportation (DOT) Capital Plan Commitments:** The Executive proposes an additional \$1.2 billion for the DOT Capital Plan, supporting JFK Airport revitalization (\$564 million), and a series of other transportation projects throughout the State (\$600 million).
- **Clean Water Infrastructure Act:** The Executive proposes \$2 billion to finance clean drinking and sewer water infrastructure and source protection.

# BUDGET REVIEW AND ANALYSIS: CAPITAL AND DEBT



The Five-Year Capital Plan provides a detailed data analysis on Capital Projects as well as information on debt affordability, bond caps, public authority debt, and other financing sources.

Table 64

## Capital Spending by Function Capital Program and Financing Plan SFY 2017-18 Through SFY 2021-22 (\$ in Millions)

Spending	2017-18	2018-19	2019-20	2020-21	2021-22
Transportation	5,594	5,290	5,454	5,102	4,980
Education	589	475	427	367	217
Higher Education	1,466	1,476	1,478	1,471	1,462
Economic Development & Gov't Oversight	1,672	1,974	1,723	1,671	1,400
Mental Hygiene	565	489	491	511	511
Parks and Environment	1,061	1,137	1,119	1,080	1,180
Health	553	917	860	713	583
Social Welfare	395	607	639	628	613
Public Protection	566	477	421	415	413
General Government	322	257	202	129	130
Other	<u>1,733</u>	<u>1,120</u>	<u>847</u>	<u>342</u>	<u>(77)</u>
<b>Total</b>	<b><u>14,517</u></b>	<b><u>14,220</u></b>	<b><u>13,660</u></b>	<b><u>12,428</u></b>	<b><u>11,412</u></b>
Off-Budget Spending <sup>1</sup>	(757)	(686)	(661)	(681)	(681)
<b>Net Cash Spending</b>	<b><u>13,760</u></b>	<b><u>13,534</u></b>	<b><u>13,000</u></b>	<b><u>11,747</u></b>	<b><u>10,731</u></b>

<sup>1</sup> Represents spending which occurs directly from bond proceeds held by public authorities.

### The Five-Year Capital Plan

The Executive is proposing a \$66.2 billion Five-Year Capital Plan that prioritizes transportation, economic development, and higher education initiatives. The Executive's State Fiscal Year (SFY) 2017-18 Capital Plan totals \$14.5 billion, which reflects an increase of 25 percent, or \$2.9 billion from SFY 2016-17.

## New Capital Initiatives

The Executive budget proposes \$18.5 billion in new capital appropriations all of which is projected to be committed and spent over a multi-year period for various infrastructure programs such as economic development, transportation, health care, higher education, parks and environment, social welfare, and other programs.

Table 65

<b>New Capital Appropriations SFY 2017-18 Executive Budget (\$ in Thousands)</b>			
<b><u>Special Infrastructure Account</u></b>	<b><u>303,000</u></b>	<b><u>Parks &amp; Environment</u></b>	<b><u>3,343,100</u></b>
Counter-Terrorism and Security Measures	203,000	Clean Water Infrastructure Act	2,000,000
Downtown Revitalization Grants	100,000	Environmental Protection Fund	300,000
		Empire State Trail	200,000
<b><u>Transportation/Transit</u></b>	<b><u>8,112,675</u></b>	Parks NY Works	122,500
JFK Master Plan (Phase 1)	564,000	Superfund	100,000
CHIPS	477,797	DEC NY Works	70,000
MTA - Year 3 of Capital Appropriation	1,467,200	DEC Program	464,400
Transportation and DMV Capital Program	5,603,678	Parks and Historic Preservation	86,200
<b><u>Economic Development</u></b>	<b><u>2,351,278</u></b>	<b><u>Education/Higher Education</u></b>	<b><u>1,122,654</u></b>
Moynihan Station	700,000	SUNY/CUNY Systemwide Maintenance	834,222
Buffalo Billion, Phase II	400,000	SUNY Hospitals	100,000
Life Science Initiative	300,000	Community College Projects	133,432
Strategic Projects Program	207,500	Capital Matching Grants	30,000
Life Sciences Lab/Public Health Initiative	150,000	Non-Public School Capital Grants	25,000
Regional Economic Development Councils	150,000		
NY SUNY & CUNY 2020 Grants	110,000	<b><u>General Government</u></b>	<b><u>112,600</u></b>
Kingsbridge Armory	108,000	OGS Cogeneration Plant/Microgrid	87,600
All Other Economic Development	225,778	OGS Office Optimization Funding	25,000
<b><u>Health &amp; Mental Hygiene</u></b>	<b><u>1,216,093</u></b>	<b><u>Social Welfare</u></b>	<b><u>840,424</u></b>
Additonal Health Care Transformation Grants	500,000	Housing Capital Plan	687,725
Mental Hygiene Program	528,472	Youth Facilities	152,699
DOH Program	157,621		
SHIN-NY	30,000	<b><u>All Other Capital Appropriations</u></b>	<b><u>1,061,458</u></b>
		<b><u>Total Capital Appropriations</u></b>	<b><u>18,463,282</u></b>

The Executive proposes \$8.1 billion in capital obligations for transportation purposes, including \$5 billion in SFY 2017-18 to fund the Department of Transportation (DOT) \$27.1 billion 2015-2019 capital plan. In addition, the Executive proposes \$1.4 billion in SFY 2017-18 to fund the Metropolitan Transportation Authority (MTA) \$27 billion 2015-2019 transit capital plan.

The Executive proposes \$2.4 billion in economic development capital obligations, a \$1.4 billion or 160 percent increase from SFY 2016-17.



**Capital Spending of Settlement Funds**

**Table 66**

<b>Use of Monetary Settlements</b>					
<b>(\$ in Millions)</b>					
	<b>SFY 2015</b>	<b>SFY 2016</b>	<b>SFY 2017</b>	<b>SFY 2018</b>	
	<b>Enacted</b>	<b>Enacted</b>	<b>Enacted</b>	<b>Executive</b>	<b>Total</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	
<b>Capital Purpose</b>	<b><u>0</u></b>	<b><u>4,550</u></b>	<b><u>1,960</u></b>	<b><u>1,223</u></b>	<b><u>7,733</u></b>
Thruway Stabilization Program	0	1,285	700	0	1,985
Upstate Revitalization Initiative	0	1,500	170	0	1,670
Affordable and Homeless Housing	0	0	590	0	590
Broadband Initiative	0	500	0	0	500
Buffalo Billion, Phase II	0	0	0	400	400
Health Care	0	355	0	200	555
Security and Emergency Response	0	150	0	203	353
Life Science Initiative	0	0	0	300	300
Municipal Restructuring/Downtown Revitalization	0	150	20	100	270
MTA Capital Plan (Penn Station Access)	0	250	0	0	250
DOT Capital Plan Contribution	0	0	200	0	200
Long Island Transformative Projects	0	150	0	0	150
Environmental Protection Fund	0	0	120	0	120
Upstate Infrastructure and State Fair	0	115	0	0	115
Other Economic Development Projects	0	0	85	0	85
Southern Tier and Hudson Valley Farmland	0	50	0	0	50
Homeless Housing Response	0	0	50	0	50
Empire State Poverty Reduction Initiative	0	0	25	0	25
DMNA Armories	0	0	0	20	20
Community Health Care Revolving Loans	0	20	0	0	20
Roswell Park Cancer Institute	0	16	0	0	16
Behavior Health Care Grants	0	10	0	0	10
<b>Non-Capital Purposes</b>	<b><u>275</u></b>	<b><u>1,115</u></b>	<b><u>165</u></b>	<b><u>150</u></b>	<b><u>1,705</u></b>
Transfer to Audit Disallowance - Federal Settlement	0	850	0	0	850
Financial Plan - General Fund Operating Purposes	275	250	102	0	627
Deposit to Rainy Day Fund	0	0	0	150	150
Department of Law - Litigation Services Operations	0	10	63	0	73
Transfer to OASAS Chemical Dependence Program	0	5	0	0	5
<b>Total</b>	<b><u>275</u></b>	<b><u>5,665</u></b>	<b><u>2,125</u></b>	<b><u>1,373</u></b>	<b><u>9,438</u></b>
Source: NYS Division of Budget					

Since SFY 2014-15, the State has received \$9.4 billion in monetary settlements, primarily from financial institutions. Prior to the current Executive proposal, \$6.5 billion has been previously appropriated for capital initiatives, while \$1.6 billion has previously been allocated for other purposes. The Executive proposal allocates an additional \$1.2 billion in capital initiatives (Table 66), as well as a planned deposit of \$150 million to the Rainy Day Reserve Fund if fiscal conditions permit.

The Executive plans to transfer settlement funds to the Dedicated Infrastructure Investment Fund (DIIF) for use for capital projects over the next several years. The remainder will remain in the General Fund allowing the State to sustain a large cash balance. The State will use these resources to make cash advances for the Javits expansion project in New York City (\$1 billion) and other non-DIIF capital purposes (\$1.8 billion).

The temporary use of funds for the Javits expansion will begin in SFY 2017-18 and continue through SFY 2020-21. Bond proceeds will be used to backfill this use of the settlement funds in SFY 2019-20 and SFY 2020-21. Settlement funds are also planned to be used to pay for non-DIIF capital spending estimated at \$1.3 billion in SFY 2016-17 and \$500 million in SFY 2017-18. These settlement resources are planned to be fully reimbursed with bond proceeds by the end of SFY 2018-19 in order to fund the original purposes appropriated in the DIIF. These cash advances allow the State to delay necessary bond issuances in order to preserve capacity under the State debt cap in the near future.

**Table 67**

**Allocation of Monetary Settlement to Capital Projects Funds  
(\$ in Millions)**

	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	Total
<b>Opening Balance</b>	0	3,693	3,062	2,898	1,043	204	214	
<b>Initial Settlements Allocated to Capital Projects Funds</b>	4,550	1,960	1,223	0	0	0	0	7,733
Transfers to Capital Projects Funds Excluding Javits Expansion	(857)	(1,291)	(2,027)	(2,005)	(1,019)	(320)	(214)	(7,733)
<b>Remaining Settlement Funds</b>	<b>3,693</b>	<b>4,362</b>	<b>2,258</b>	<b>893</b>	<b>24</b>	<b>(116)</b>	<b>0</b>	<b>0</b>
Transfer to DIIF for Javits Center Expansion	0	0	(160)	(350)	(320)	(170)	0	(1,000)
Bond Proceed Receipts for Javits Center Expansion	0	0	0	0	500	500	0	1,000
Management of Debt Issuances*	0	(1,300)	800	500	0	0	0	0
<b>Adjusted Remaining Settlement Funds</b>	<b>3,693</b>	<b>3,062</b>	<b>2,898</b>	<b>1,043</b>	<b>204</b>	<b>214</b>	<b>0</b>	<b>0</b>

\*Note: The \$800 million in SFY 2018 reflects the full repayment of the SFY 2017 \$1.3 billion cash advance in addition to a second \$500 million cash advance.



## Financing the Capital Plan for 2017-18

The Executive proposes to finance the Five-Year Capital Plan with a combination of State and Federal Pay-As-You-Go (PAYGO) funding totaling \$7.0 billion and bonded resources totaling \$7.5 billion for SFY 2017-18.

Table 68

<b>Capital Program and Financial Plan Financing Sources SFY 2017-18 (\$ in Millions)</b>				
<b>Financing Source</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>\$ Change</b>	<b>Annual % Change</b>
Authority Bonds	5,471	6,989	1,518	28%
Federal Pay-As-You-Go	1,797	1,707	(90)	-5%
State Pay-As-You-Go	3,914	5,093	1,179	30%
General Obligation Bonds	434	728	295	68%
<b>Total</b>	<b>11,616</b>	<b>14,517</b>	<b>2,901</b>	<b>25%</b>

## State Debt Issuances Over Five Years

Table 69

<b>State Debt Issuances Summarized By Financing Program SFY 2017-18 Through SFY 2021-22 (\$ in Millions)</b>					
	<u>SFY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
<b><u>General Obligation Bonds</u></b>	931	431	390	385	235
<b><u>Revenue Bonds</u></b>					
Personal Income Tax	4,901	5,111	5,308	4,636	3,864
Sales Tax	1,288	1,327	1,367	1,408	1,450
<b>Subtotal Revenue Bonds</b>	6,189	6,437	6,674	6,044	5,314
<b>Total State-supported</b>	<b>7,119</b>	<b>6,868</b>	<b>7,064</b>	<b>6,429</b>	<b>5,549</b>

The Executive estimates \$7.1 billion in new bond issuances in SFY 2017-18, offered accordingly: \$4.9 billion through the Personal Income Tax (PIT) Revenue Bond Program; \$1.3 billion through the Sales Tax Revenue Bond Program; and \$931 million of State General Obligation Bonds. Debt issuances have increased by \$4 billion, or 131 percent, from SFY 2016-17 to SFY 2017-18.

**State-Supported Debt**

**Table 70**

<b>New York State-Supported Debt Outstanding by Function SFY 2017-18 (\$ in Millions)</b>		
	<b>Amount</b>	<b>Share</b>
Education	17,753	33.44%
Transportation	15,248	28.72%
State Facilities & Equipment	5,414	10.20%
Economic Development & Housing	5,739	10.81%
Health & Mental Hygiene	4,681	8.82%
Environment	2,787	5.25%
LGAC	1,466	2.76%
<b>Total State-Supported Debt</b>	<b>53,088</b>	

State-supported debt includes debt paid by state resources and has a direct budgetary impact on the State Financial Plan.

**Debt Affordability**

State-supported debt outstanding is projected to remain under the statutory debt cap over the Five-Year Capital Plan, declining from \$6.4 billion remaining in capacity in SFY 2016-17 to its lowest point of \$538 million in SFY 2020-21. The state cap on the amount of debt outstanding is limited to four percent of state personal income.

**Table 71**

<b>Debt Outstanding Subject to Cap Remaining Capacity Summary (\$ in Millions)</b>						
	<b>SFY 2017</b>	<b>SFY 2018</b>	<b>SFY 2019</b>	<b>SFY 2020</b>	<b>SFY 2021</b>	<b>SFY 2022</b>
<b>Mid-Year Update to the SFY 2017 Financial Plan</b>	<b>5,893</b>	<b>3,070</b>	<b>1,935</b>	<b>1,502</b>	<b>1,691</b>	<b>2,234</b>
Personal Income Forecast Adjustment	(455)	(555)	(824)	(972)	(1,075)	(1,121)
Executive Capital Reestimates	996	2,464	2,746	2,436	2,370	2,969
Executive Capital Adds	0	(885)	(1,923)	(2,822)	(3,577)	(4,217)
Capital Efficiencies - 5% Reduction	0	0	405	799	1,129	1,449
<b>SFY 2018 Executive Budget Financial Plan</b>	<b>6,434</b>	<b>4,094</b>	<b>2,339</b>	<b>943</b>	<b>538</b>	<b>1,314</b>



The Executive has instituted several capital and debt management initiatives beyond the common practices of identifying savings by debt refinancing and utilizing competitive bond sales to produce lower borrowing costs. Some of the proposed actions include:

- a Statewide Capital Efficiency Plan requiring State agencies to reduce bond financed capital spending by 5 percent beginning in SFY 2018-19;
- authorization for state agencies and certain public authorities to implement design-build procurement methods;
- a shift of the payment of \$227 million in personal service costs of over 3,000 FTEs with job duties related to the maintenance or operation of State facilities to the Capital Projects Fund. The Executive proposal attributes this to a more accurate accounting of the maintenance of capital assets, however it also circumvents the two percent State Operating Funds benchmark;
- transfer and spending authority of \$1 billion for the Debt Reduction Reserve Fund, an increase of \$500 million from SFY 2016-17 budget; and
- authorization to transfer funds from the DIIF back to the General Fund in the event of a natural disaster or other emergency.

### **State-Related Debt**

State-related debt outstanding is projected to total \$53.5 billion in SFY 2017-18, an increase of \$2.7 billion or 5.3 percent from SFY 2016-17. Over the plan, State-related debt outstanding is projected to increase from \$50.8 billion in SFY 2016-17 to \$61.8 billion in SFY 2021-22, or an average increase of four percent.

Table 72

<b>State-related Debt Outstanding</b> <b>(Other State Debt Obligations in Addition to State-supported)</b> <b>(\$ in Millions)</b>		
	<b>2016-17</b> <b>Estimated</b>	<b>2017-18</b> <b>Projected</b>
<b>Contingent Contractual</b>		
DASNY/MCFFA Secured Hospitals Program	220	193
Tobacco Settlement Financing Corporation	660	0
<b>Moral Obligation</b>		
HFA Moral Obligation Bonds	1.4	0.8
<b>State Guaranteed</b>		
Job Development Authority (JDA)	3.1	0.0
<b>Other State Financing</b>		
MBBA Prior Year School Aid Claims	203	172
<b>Subtotal</b>	<b><u>1,088</u></b>	<b><u>366</u></b>
<b>State-supported Debt</b>	<b><u>49,671</u></b>	<b><u>53,088</u></b>
<b>Total State-related Debt</b>	<b>50,759</b>	<b>53,453</b>

State-related debt is defined to include the following debt obligations in addition to state-supported debt: Contingent Contractual Obligation (Tobacco Settlement Financing Corporation, DASNY/MCFFA Secured Hospital Program); Moral Obligation (Housing Finance Agency Moral Obligation Bonds; State Guaranteed Debt (Job Development Authority); and State Funded Debt (MBAA Prior Year School Aid Claims).

This debt is paid by non-State resources in the first instance with State appropriations available to make payments in the event that State resources are needed. These obligations are estimated to total \$366 million in SFY 2017-18, a decrease of \$722 million or 66 percent from SFY 2016-17.

State-related debt outstanding has decreased significantly as the State has not issued debt from these credits in recent years, focusing instead on the issuance of Personal Income Tax and Sales Tax revenue bonds, as well as General Obligation bonds. As a result, state-supported debt outstanding has increased by \$3.4 billion or 6.9 percent from SFY 2016-17 to SFY 2017-18.

### State Debt Retirements

Retirements of state-related debt has significantly impacted the State's ability to finance its capital programs. Retirements reflect the completion of annual principal payments owed to bondholders. In SFY 2017-18, state-related debt retirements are projected to be \$4.4 billion, an increase of \$111 million from SFY 2016-17. Debt retirements include the Tobacco Settlement Financing Corporation bonds which are expected to be paid off in June 2017. Over the next five years, retirements of state-related debt are projected to decrease slightly, averaging \$4.3 billion annually.

Table 73

<b>New York State - Principal Retirement</b>	
<b>Period</b>	<b>Cumulative Percentage of Existing Debt Scheduled for Retirement as of 1/01/2017</b>
5 Years	34%
10 Years	60%
15 Years	79%
20 Years	91%
25 Years	98%
30 Years	100%





# Budget Bills and Hearing Schedule





## APPROPRIATION BUDGET BILLS

A. 3000 / S. 2000	State Operations Budget Appropriation Bill
A. 3001 / S. 2001	Legislature and Judiciary Budget Appropriation Bill
A. 3002 / S. 2002	Debt Service Budget Appropriation Bill
A. 3003 / S. 2003	Aid to Localities Budget Appropriation Bill
A. 3004 / S. 2004	Capital Projects Budget Appropriation Bill
A. 3005 / S. 2005	Public Protection and General Government Article VII Bill
A. 3006 / S. 2006	Education, Labor and Family Assistance Article VII Bill
A. 3007 / S. 2007	Health and Mental Hygiene Article VII Bill
A. 3008 / S. 2008	Transportation, Economic Development and Environmental Conservation Article VII Bill
A. 3009 / S. 2009	Revenue Article VII Bill
	Good Government and Ethics Reform Article VII
	Proposed Constitutional Amendments
	➤ Outside Income Earned by Legislators
	➤ Establishes Same Day Voter Registration
	➤ Term Limits and Length of Terms for Elected Officials



## NON-APPROPRIATION BUDGET BILLS

Section 22 of the State Finance Law requires the Executive Budget to include a list of proposed legislation submitted pursuant to Article VII of the State Constitution. In addition to the major appropriation bills, the following Article VII bills have been submitted that set forth the policy initiatives contained in the Executive Budget.

### **A. 3005 - PUBLIC PROTECTION AND GENERAL GOVERNMENT**

<b>PART</b>	<b>DESCRIPTION</b>	<b>SUMMARY</b>
A	Extends various criminal justice and public safety programs	This part that would extend various criminal justice and public safety programs that would otherwise sunset in 2017 to 2019.
B	Possession of small amounts of marijuana	This part would change the penalty for possession of a small quantity of marijuana open to public view that is not burning, from a misdemeanor to a fine not exceeding \$100.00.
C	Cybercrime	This part would increase penalties for the existing crimes of identity theft, including new aggravated crimes where the victim is a vulnerable elderly person or an incompetent or physically disabled person; and increase penalties for, and expand, the existing crimes of computer tampering.
D	Criminal Justice System Reform	This part would require recording of the interrogation of suspects in certain serious offense investigations; require DCJS to establish best practice protocols for eyewitness identification procedures such as lineups and photo arrays; allow the prosecution to present an eyewitness's positive identification via a photo array in support of the prosecution's case-in-chief; require the Office of Indigent Legal Services to develop and implement plans, subject to the approval of the director of the state Division of the Budget, to improve the quality of public defense services in the state; and increase fees for court-based criminal history checks, biennial attorney registration, and restoration of driving privileges after a license suspension.
E	Determinate sentences for non-violent offenders and parole reform	This part would permit the commissioner of DOCCS, rather than the state Board of Parole, to set release conditions for persons released by operation of law, and allow for the reduction of terms of post-release supervision for persons who complete six uninterrupted months of post-release supervision; increase opportunities for limited credit time allowance; require determinate sentencing for class B, C, D and E non-violent

		felonies; and provide for expanded opportunities for alternative to incarceration sentences for certain offenses and increase criminal penalties for other crimes.
F	Hate Crimes Task Force	This part would establish a Hate Crime Task Force within the Division of State Police to prevent, investigate and detect hate crimes and require the Task Force, in conjunction with the Division of Human Rights to issue reports and publications to the public of their rights and legal remedies concerning discrimination.
G	Crime Victims Reimbursement	This part would expand the eligibility of crime victims' reimbursement of expenses to include certain crimes where there is no physical injury to the victim.
H	Expansion of Eligibility of Crime Victims Reimbursement	This part would expand the types of reimbursable crime victims' expenses to include crimes that result in a "loss of savings" to elderly individuals or certain incompetent or physically disabled persons.
I	Flood Damage to State Owned Structures	This part would require the commissioner of the Office of General Services to make a payment, in-lieu of a standard flood insurance policy, to any agency with a state-owned structure in a federally designated flood plain that has incurred damage as a result of a flood.
J	New York State Buy American Act	This part would provide a preference to American-made products in state agency and authority procurements.
K	Transfer of Division of Military and Naval Affairs Employees	This part would authorize the transfer of certain Division of Military and Naval Affairs employees to the Office of General Services.
L	Office of General Services construction contracts	This part would extend for two years the authority of the Office of General Services to enter into construction contracts without formal competitive bidding in certain emergencies and establish procedures for how public works projects for construction at certain secure facilities are entered into.
M	Office of General Services Printing Contracts	This part would authorize the Office of General Services to contract for certain printing services without competitive bidding if the cost of such printing is under \$85,000.
N	Preferred Source Program	This part would make various changes to the Preferred Source Program related to the procurement of certain commodities and services.
O	Authority for State Insurance Fund (NYSIF) to cancel a contract	This part would authorize NYSIF to cancel an insurance policy due to failure by the employer to cooperate in payroll audits.

P	State Insurance Fund(NYSIF) investments	This part would authorize NYSIF to diversify the use of surplus funds.
Q	Appointments to the Office of Information Technology Services	This part would authorize up to 250 term appointments to be made for up to five years, without examination, to temporary positions in the Office of Information Technology Services that requires special expertise in information technology.
R	Market Interest Rate on Court Judgments	This part would lower statutory fixed interest rates on judgments paid by the State, municipal corporations, certain public corporations and housing authorities to a rate equal to the 1-year average treasury yield.
S	Medicare part B and IRMAA reimbursements	This part would limit the amount that can be reimbursed for Medicare part B premium charges and removes reimbursement for IRMAA payments made on behalf of certain employees.
T	State contribution for health insurance premiums for retirees	This part would establish a tiered contribution system for the state share of premium for statewide and supplementary health benefit plans for retirees who retire on or after October 1, 2017.
U	County-wide Shared Services Property Tax Savings Plan	This part would require counties to develop property tax savings plans in conjunction with the cities, towns and villages within the county and to submit such plan to voters at the 2017 general election.
V	Anti-Discrimination Protections	This part would extend the anti-discrimination protections of the Human Rights Law to students who attend public schools, BOCES, public colleges, and public universities.
W	NYS Consolidated Laboratory Project	This part would authorize the Dormitory Authority of the State of New York, in consultation with the Department of Health, to use an alternative project delivery method of design-build, construction manager build, or construction manager-at-risk for a public works project related to the consolidation of certain state laboratories.
X	Changes the name of START-UP NY to the Excelsior Business Program and makes program changes	This part would recodify the SUNY Tax-free Areas to Revitalize and Transform UPstate New York program (START-UP NY) as the Excelsior Business Program and make programmatic changes to eligibility, participation, reporting and associated tax benefits.
Y	Unemployment Insurance for partially unemployed individuals	This part would modify the unemployment insurance benefit by exempting earnings up to 40% of weekly benefits or \$100, whichever is greater, from any reductions when a claimant is partially unemployed.

Z	<p>Authorizes transfers temporary loans, and amendments to miscellaneous capital/debt provisions, including bond caps</p>	<p>This part would provide the statutory authorization necessary for the administration of funds and accounts included in the State Fiscal Year 2016-17 Executive Budget, and propose certain modifications. Specifically, it would authorize temporary loans and accounts, authorize the transfers and deposits of funds to and across various accounts, extend various provisions of laws in relation to capital projects and certain certifications, authorize modifications to various debt provisions, and modify various bond authorizations necessary to implement the budget.</p>
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**A. 3006 - EDUCATION, LABOR AND FAMILY ASSISTANCE**

<b>PART</b>	<b>DESCRIPTION</b>	<b>SUMMARY</b>
A	School Aid	This part would amend School Aid and provisions related to the regional charter school cap for New York City; charter school facilities and transitional aid; prekindergarten, special education requirements waivers; preschool integrated special class programs; mayoral control of the New York City school district; and aid to public libraries.
B	Recovery high school programs	This part would authorize BOCES to provide a collaborative alternative education program known as a “recovery high school” for students diagnosed with substance use disorder and who have demonstrated a commitment to recovery and provide that schools may contract with OASAS, and other providers for the operation of these schools.
C	McKinney-Vento Homeless Assistance Act	This part would align NYS Education laws with recent changes to the federal McKinney-Vento Act, which deals with the education of homeless students.
D	Excelsior Scholarship	This part would provide a scholarship equal to the cost of SUNY tuition or actual tuition, whichever is less, to students attending a SUNY or CUNY institution, enrolled in at least 15 credits per semester, and with a household income of \$100,000 or less in the 2017-18 Academic Year (AY, \$110,000 in AY 2018-19 and \$125,000 in AY 2019-20 .
E	The New York State DREAM Act	This part would allow undocumented students to be eligible for the Tuition Assistance Program (TAP) and other state financial assistance programs.
F	Use of Tuition Assistance Program (TAP) Awards	This part would prohibit students from using TAP awards at institutions where annual tuition and mandatory fee increases exceed the three year average of the higher education price index or \$500, whichever is greater.
G	Tuition Increases for State University of New York (SUNY) and City University of New York (CUNY)	This part would allow SUNY and CUNY to increase tuition up to \$250 per year for five years.

H	CUNY Affiliated Nonprofit Organizations and Foundations	This part would allow the CUNY Board of Trustees to collect from each CUNY affiliated nonprofit organization and foundation, an amount equal to 10% of the annual revenue received by each affiliated nonprofit organization or foundation in the previous academic year for the purpose of funding tuition assistance initiatives for students in need.
I	Enhance the State's ability to recover unpaid wages	This part would extend liability for wage theft to the top ten shareholders of out-of-state limited liability companies (LLCs) and authorize the Department of Labor (DOL) to directly enforce such liabilities against domestic and foreign corporations and LLCs.
J	Raise the age of juvenile jurisdiction	This part would increase the age of juvenile jurisdiction for certain offenses from 16 to 17 on January 1, 2019, and to age 18 on January 1, 2020, thereby providing for certain criminal cases against 16-and 17-year-olds to be adjudicated as juvenile delinquency cases in family court rather than prosecuted in adult criminal court; increase the lower age of juvenile jurisdiction from seven to 12 on January 1, 2019; authorize state reimbursement of local shares for counties that are subject to the property tax cap if certain criteria are met.
K	Child welfare financing reauthorization	This part would extend the provisions of child welfare financing by 5 years to 2022; eliminate state reimbursements to NYC for Committee on Special Education placements; and eliminate foster care block grant payments for foster care tuition expenses including Person in Need of Supervision and Juvenile Delinquents.
L	Abused child definition	This part would expand the definition of an abused child to include acts which would render a child a victim of "sex trafficking" or of "severe forms of trafficking in persons", pursuant to the federal Trafficking Victims Protection Act.
M	Expansion of Runaway and Homeless Youth Act (RHYA) services	This part would allow local governments that provide RHYA services the option to increase the age of homeless youth served from 21 to 24; and expand length of time both homeless and runaway youth may reside in RHYA programs.
N	Transition of Voluntary Foster Care Agencies to Medicaid Managed Care	This part would require Voluntary Foster Care Agencies that provide certain health related services to obtain a license issued by the Department of Health (DOH) in conjunction with OCFS.
O	Public Assistance Lottery Intercept	This part would authorize the State to recoup the entire lottery winnings of \$600 or more, from current and former public assistance recipients who have received assistance in the last ten years for past assistance provided.

P	Social Security Federal Cost of Living Increase (COLA) Pass Through	This part would authorize the 2018 Federal Supplemental Security Income COLA from \$1 to \$3 depending on living arrangements.
Q	Requirements for publicly-funded emergency shelters for families with children	This part would define “publicly-funded emergency shelter for families with children” and make employees of such shelters mandated reporters of child abuse and require shelters to perform Statewide Central Registry of Child Abuse checks on prospective as well as certain existing employees; and would require shelters to perform criminal background checks of all prospective employees, consultants, assistants and volunteers who have regular and substantial contact with children.
R	Mortgage Insurance Fund Transfers	This part would transfer \$141.5 million from the Mortgage Insurance Fund to the Housing Trust Fund Corporation, the Housing Finance Agency and the Homeless Housing Assistance Program.
S	421-a Program	This part would make various changes to the 421-a program reauthorized in 2015 including renaming the program, modifying the affordability requirements, construction worker wage requirements and benefits for establishing certain projects in defined areas of New York City, and repeals the authority of New York City to enact laws implementing and modifying the program.
T	Veterans Treatment Courts	This part would expand the availability of veterans treatment courts by allowing the assigned court to remove criminal cases, with DA consent, to another local criminal court in the same or an adjoining county that has been designated a veterans treatment court and directs the chief administrator of the court to establish as many veterans treatments courts as practicable.
U	Division of Central Administrative Hearings	This part would create a new Division of Central Administrative Hearings within the Executive Department and would authorize the head of this division to establish, consolidate, reorganize or abolish certain administrative hearing functions for all civil departments, except for the Attorney General and the Comptroller.

**A. 3007 - HEALTH AND MENTAL HYGIENE**

PART	DESCRIPTION	SUMMARY
A	Modify insurance reimbursement for Early Intervention (EI) services	This part would add EI providers to NYS prompt pay requirements, prohibit insurers from denying EI coverage in certain circumstances, and require insurers to notify providers and other interested parties if EI claimants are covered under an insurance policy. It would make changes relating to information used for the payment process including the certification of medical necessity and the individualized family service plan; and modify the appeal process for a provider that is denied payment.
B	Modify NYC’s general public health works (GPHW) reimbursement	This part would reduce the amount of state reimbursement to New York City for public health services funding from 36% to 29%.
C	Modify Essential Plan cost sharing	This part would expand who is required to pay a co-pay under the Essential Plan and annually increase the premium in accordance with medical consumer price index beginning in 2018.
D	Prescription Drug Costs and Reimbursement	This part would establish a system to examine increased drug prices, to determine whether a rebate or a surcharge on high cost drugs is appropriate; align reimbursement and dispensing costs of drugs with federal requirements and eliminate reimbursements for certain over the counter drugs; require prior authorization for refills of certain controlled substances; eliminate prescriber prevail process except for antipsychotics and antidepressants; establish a collaborative medication management program; modify co-payments in Medicaid; and, reduce the generic drug price increase threshold, which triggers a penalty.
E	Long Term Care	This part would limit eligibility to enrollees who require nursing home level of care; eliminate reimbursement to nursing homes for bed hold days; make per diem adjustments to nursing homes serving individuals age 21 or older; eliminate spousal refusal; and clarify that Medicaid would not cover hospice-related services otherwise covered by Medicare.
F	Transportation Services	This part would carve out transportation from managed long term care (MLTC) rates, transfer responsibilities to transportation managers; and eliminate the supplemental payment to rural transportation networks emergency medical transportation providers.

G	Medicaid	This part would extend the Medicaid global spending cap for an additional year through FY 2019 and allow the director of budget to amend the cap in the event of changes in federal funding or federal Medicaid eligibility criteria; create an exemption for certain employees contracted by DOH's Office of Health Insurance Programs; and reduce Medicaid reimbursement to New York City by \$50 million annually, unless the City develops an approved plan to secure \$100 million in Medicaid claims eligible for FFP for preschool and school supportive health services.
H	Extend Health Care Reform Act (HRCA)	This part would extend the authority for previously enacted HCRA initiatives.
I	Extend Medicaid and Department of Health savings initiatives	This part would extend the authority for previously enacted Medicaid and DOH savings initiatives.
J	Pharmacy Benefit Managers (PBMs)	This part would require non-Medicaid PBMs to be licensed through the Department of Financial Services and establish regulatory standards for issuance of a license to address conflicts of interest, deceptive practices, anti-competitive practices, and unfair claims practices of PBMs.
K	Provide funding for essential health care providers	This part would establish a statewide health care facility transformation program to provide funding of up to \$500M, which would be made available to essential health care providers, with at least \$30M for community based providers.
L	Establish a health care regulation modernization team	This part would establish a health care regulation modernization team within the Department of Health tasked with reviewing statutes and regulations that govern health care facilities and home care services to reduce costs, improve outcomes, and streamline processes.
M	Establish an emerging contaminant water monitoring program	This part would establish a water monitoring program for emerging contaminants in certain public water systems. The program would establish a notification process for individuals being served by such water systems when emerging contaminants are discovered above a certain level set by the commissioner of health.
N	Establish the Residential Well Testing Act	This part would establish a procedure for the testing of onsite water supply systems, such as wells. It would require water testing as a condition of sale of any real property, it would also require lessors of residential real property to test the onsite water supply every five years and provide the results to their tenants.

O	Jail Based Restoration Programs	This part would authorize the establishment of jail-based restoration to competency programs within locally-operated jails and State prisons operated by the Department of Corrections and Community Supervision.
P	Ambulatory Patient Group (APG) Payment	This part would clarify the statutory requirement for all behavioral health services to be paid at the APG rate, except inpatient services; and extends the payment of APG rates from June 30, 2018 to March 31, 2020, provided that service providers satisfy certain value based payment metrics.
Q	Human Services Cost of Living Adjustment (COLA)	This part would eliminate, for a one year period, the statutory requirement to provide a COLA beginning April 1, 2017 until March 31, 2018.

**A. 3008 - TRANSPORTATION, ECONOMIC DEVELOPMENT AND ENVIRONMENTAL CONSERVATION**

<b>PART</b>	<b>DESCRIPTION</b>	<b>SUMMARY</b>
A	Transportation and Transmission Tax Revenues	This part would make permanent the disposition of certain revenues into the Mass Transportation Operating Assistance Account and the Dedicated Highway and Bridge Trust Fund.
B	Divisible Load Permits	This part would increase the cap on the number of divisible load permits, and increase penalties for violations of posted weight restrictions by divisible load permit holders.
C	Public Transportation Safety Board (PTSB)	This part would grant enforcement authority to, and expand the oversight authority of, the PTSB, and would provide for penalties for public transportation systems operating in violation of a PTSB order.
D	Vehicle Dimensions	This part would increase length restrictions for car carriers, stinger-steered auto and stinger-steered boat transporters; increase weight restrictions for natural gas-powered vehicles; exempt tow trucks from weight restrictions under certain conditions; and require motor vehicle registration suspensions on motor carriers which have been issued federal out-of-service orders.
E	Penalties for Toll Violations	This part would expand the crime of theft of services to include the use of any road, bridge or tunnel without payment of applicable charges or tolls; authorize the Department of Motor Vehicles (DMV) to enter reciprocal agreements with other states regarding toll collection violations; prohibit the operation of a vehicle on tolled facilities unless its license plate is easily readable, and establish penalties therefore.
F	Department of Motor Vehicles (DMV) Traffic Violations Bureau (TVB) in the City of New York	This part would direct the annual deposit of \$3 million from fines collected by the DMV TVB in the City of New York to the State General Fund.
G	Ridesharing	This part would regulate Transportation Network Companies (TNC) establish insurance requirements, provide for background checks of TNC drivers, prohibit local control of TNC operations, and establish the TNC driver's injury compensation fund, Inc.
H	Non-Driver Identification Card Fee Waiver	This part would authorize the Department of Motor Vehicles (DMV) to waive fees for the issuance of a replacement non-driver identification card lost or destroyed as a result of a crime.

I	Fees for Reinstatement of Driving Privileges to Non-Residents	This part would increase the fee to be paid by non-residents applying for the reinstatement of driving privileges from \$25 to \$100 and impose a fee on non-residents to reinstate such privileges lost due to zero-tolerance violations.
J	Certificate of Vehicle Title Fees	This part would increase fees for obtaining original and replacement certificates of title, and direct that the amount of the increase be deposited into the Dedicated Highway and Bridge Trust Fund.
K	REAL-ID Act Compliant License and Non-Driver ID Fees	This part would impose an additional fee for the issuance or renewal of a driver's license or non-driver identification card that complies with the federal REAL-ID Act.
L	Highway Safety	This part would amend various provisions of law relating to driving while ability impaired by drugs; incorporation of pedestrian/bicycle safety components into driver licensing; delayed restoration of drivers' licenses revoked for alcohol or drug-impaired driving; driver's license revocations for chemical test refusals; driving while texting or engaging in a call on a mobile phone; and elimination of the seat belt exemption for rear seat occupants aged 16 or older.
M	Empire State Economic Development Fund	This part would extend the authorization of the New York State Urban Development Corporation (UDC) to administer the Empire State Development Fund from July 1, 2017 until July 1, 2018.
N	General loan powers of the New York State Urban Development Corporation	This part would extend the general loan powers of the UDC until July 1, 2018.
O	Minority- and Women-Owned Business Enterprise Program	This part would extend for one year provisions of law relating to participation by minority- and women-owned business enterprises in state contracts.
P	Infrastructure Investment Act	This part would authorize all state agencies, authorities, and counties outside of New York City to utilize the alternative project delivery method known as design-build for certain public works projects.
Q	Fees for Expedited Handling of Certain Documents	This part would extend, for one year, the ability of the Secretary of State to charge fees for expediting certain documents issued by or requested from the Department of State's Division of Corporations.
R	Place responsibility for mailing a copy of service of process on plaintiffs rather than the Department of State	This part would require persons or entities suing corporations to serve legal papers on both the Secretary of State and the defendant corporation instead of only serving the Secretary of State as Agent for the defendant corporation as provided under existing law.

S	Real Estate Licensee Identification Cards	This part would assess a five dollar fee to real estate licensees for the issuance of an identification card.
T	Local Waterfront Revitalization Program (LWRP) grant increase	This part would increase State grants for the Local Waterfront Revitalization Program from 50 to 75 percent of project costs.
U	Chairperson of the New York State Athletic Commission	This part would remove the Chairperson of the New York State Athletic Commission from the list of salaried officers in the Executive Law.
V	Funding for Department of Health public service education program and utility oversight expenses of certain agencies.	This part would authorize expenses of the Department of Health to be reimbursed by a cable television assessment, and expenses of the Office of Parks, Recreation and Historic Preservation, and the departments of Agriculture and Markets, Environmental Conservation, and State, to be reimbursed by a utility assessment.
W	Dormitory Authority of the State of New York (DASNY) design and construction management agreements	This part would make permanent the authorization for DASNY to enter into certain design and construction management agreements with the Department of Environmental Conservation and the Office of Parks, Recreation, and Historic Preservation.
X	Administrative Supervision Proceedings	This part would provide the Department of Financial Services the authority to order an insurer into an administrative supervision proceeding.
Y	DFS Enforcement Powers over Unlicensed Industry Activity	This part would increase the monetary penalty for violations of the Insurance Law and allows the Department of Financial Services to prosecute and retain control of civil actions against unlicensed entities.
Z	Student Loan Servicer	This part would require Department of Financial Services (DFS) to license and regulate student loan servicers.
AA	Bank transaction holds when financial exploitation suspected	This part would authorize banks to place a transaction hold on accounts of an alleged vulnerable adult victim and/or perpetrator based on reasonable belief that financial exploitation is involved.
BB	Ban Bad Actors from the Banking and Insurance Industries	This part would disqualify “bad actors” operating under a Department of Financial Services (DFS) license, or employed by a DFS licensee, from serving as an owner, director, trustee, officer, employee, member, or partner of a DFS-regulated business or from holding a DFS-issued license.
CC	Licensing of Lending Circles	This part would create a licensing exception for “lending circles” (nonprofit organizations that exclusively facilitate zero-interest, no-fee, and credit building loans) to operate in New York.

DD	Establishes a “Paid Family Leave Risk Adjustment Fund”	This part would establish a fund, in the custody of the Superintendent of the Department of Financial Services, used to adjust for insurance carrier risks in the paid family leave program.
EE	Regulation of Online Lenders	This part would allow the Department of Financial Services (DFS) to regulate online lenders and exempt lenders from the requirements of the licensed lender law in certain situations.
FF	Protect consumers utilizing reverse mortgage products	This part would include “reverse mortgages” within the Real Property Actions and Procedures Law definition of “home loan” thereby providing homeowners with reverse mortgages the same foreclosure protections afforded to homeowners with other types of residential mortgages.
GG	Hazardous Financial Conditions of Insurers	This part would add additional standards that the Department of Financial Services may utilize to determine whether the continued operation of an insurer may be deemed hazardous, and adds additional actions the Department may order an insurer to take.
HH	Environmental Protection and Spill Remediation Account	This part would create an account that would consist of certain petroleum licensing fees to reimburse the Department of Environmental Conservation for expenditures associated with the cleanup and removal of petroleum spills and other capital, investigation, maintenance and remediation costs.
II	Clean Water Infrastructure Act of 2017	This part would enact various provisions related to the Clean Water Infrastructure Act of 2017 to authorize source water preservation projects; authorize the Department of Health to provide grants to municipalities for the replacement of lead service lines for drinking water; revise cleanup and abatement obligations for certain solid waste sites and drinking water contamination; authorize the Environmental Facilities Corporation to establish a “New York State Regional Water Infrastructure Grants Program;” establish the Solid Waste and Drinking Water Response Account;” and, allow municipalities to be eligible for certain Superfund technical assistance grants.
JJ	Environmental Protection Fund (EPF)	This part would make technical changes to the Environmental Protection Fund.
KK	Food waste	This part would require high volume food waste generators to divert food waste from landfills.

LL	Shared service agreements between the Power Authority of the State of New York (PASNY), Canal Corporation and Department of Transportation (DOT)	This part would authorize shared service agreements between the Power Authority of the State of New York, Canal Corporation, and Department of Transportation and authorize these shared service agreements to include provisions for providing defense and indemnity obligations between the parties.
MM	Extend assessment on gas and electric corporations.	This part would extend for an additional year the 18-a assessment on gas and electric corporations at one cent per one thousand cubic feet of gas sold and .010 cent per kilowatt-hour of electricity sold by such utilities in their intrastate utility operations in 2015 and authorize the New York State Energy Research and Development Authority to receive revenue from the Department of Public Service.

**A.3009 - REVENUE**

<b>PART</b>	<b>DESCRIPTION</b>	<b>SUMMARY</b>
A	Taste-NY Alcohol permit	Establishes a special license to sell alcoholic beverages at retail for off premise consumption, to those individuals or organizations with a written agreement with the NYS Department of Agriculture & Markets to operate a Taste-NY store. A maximum of ten of these licenses will be issued.
B	Motion picture theater Alcohol permit	Establishes a permit to allow an operator of a motion picture theater to apply for a special license to sell alcoholic beverages at retail for on premise consumption to certain ticket holders.
C	Convert the NYC Personal Income Tax (PIT) STAR Rate Reduction into a NYS credit	Convert the New York City PIT rate reduction credit into a New York State income tax credit.
D	Cap STAR benefit growth	Beginning with the 2017-18 school year, cap the STAR benefit at the prior year's amount.
E	Income Verification Program (IVP) mandate for enhanced STAR recipients	Require Enhanced STAR recipients to participate in the Income Verification Program (IVP) instead of allowing income verification through local assessor.
F	Allow taxpayers to make partial tax payments on Real Property Tax	Allow taxpayers to make partial property tax payments unless municipalities opt out by passing a resolution.
G	Relax the tax secrecy rules for STAR credit	Make names and addresses of STAR credit recipients available to public.
H	Technical fix for the Co-op's STAR Credit	Require assessors to provide the Department of Taxation and Finance with the taxable assessed value of individual cooperative apartments for use in calculating the STAR Credit.
I	Extend Oil and Gas Fee Expiration Date	Extend authorization to impose oil and gas assessment fees until March 31, 2021.
J	SUNY disbursement of funds for veterans' homes	Authorize SUNY Chancellor to certify and approve the disbursement of funds for veterans' homes operated by SUNY.
K	Establish Life Sciences Tax Credits	Extend the Excelsior benefits to life sciences companies. Allow for new and existing life science companies the R&D credit and angel investor credit for capital contributions made to such life science companies.
L	Expand the workforce training credit	Ease current requirements to qualify for the training credit by eliminating the job creation requirement. Significant capital investment per credit (10:1) would be required.

M	Extend the Film Production Tax Credit & Post-Production Tax Credit	Extend the Empire State Film Production Tax Credit and Post-Production Tax Credit for three years.
N	Extend the New York Youth Jobs Program	Extend the urban youth jobs program for five years and rename the current program as New York Youth Jobs program.
O	Extend the Alternative Fuels Property and Electric Vehicle Recharging Property Credit	Extend the Alternative Fuels Property and Electric Vehicle Recharging Property Credit for five years.
P	Reform the Investment Tax Credit (ITC)	Refine Investment Tax Credit definition for eligible production. Property used for distribution of electricity and gas and property used for production of films occurring outside of New York would be ineligible for ITC.
Q	Treat disregarded entities as a single taxpayer for tax credit purposes	Clarifies that a single member liability company that is disregarded as an entity separate from its single member/owner for federal income tax purposes, shall be treated similarly for purposes of determining owner eligibility for state tax credits
R	Extend the Personal Income Tax top bracket for three years	Extend higher income tax rate through tax year 2020.
S	Permanently extend the high income charitable contribution deduction limitation	Permanently limits the charitable contribution deduction at 25% for taxpayers with AGI over \$10 million.
T	Enhance the Child and Dependent Care Credit	Enhance the child care and dependent care credit by increasing the credit for taxpayers with AGI between \$50,000 and \$150,000.
U	Allow warrantless bank account data matching	Authorize Department of Taxation and Finance to share fixed and final taxpayers debt with financial institutions to expedite the tax collection. Current law only authorizes taxpayer's debt that is filed with warrant.
V	Require New State Employees to be tax compliant	New State and local (at local option) employees would be subject to tax clearance if final and fixed tax debt is \$500 or more.
W	Require practitioners to be tax compliant before receiving excess medical malpractice coverage	Medical practitioners would be required to be compliant with tax obligations before receiving excess medical malpractice coverage.
X	Permanently extend warrantless wage garnishment	Permanently extend warrantless garnishment without filing warrant at local clerk.
Y	Require New York State S corporation conformity with Federal return	Mandate Federal S corporation to file as S corporation for New York State income tax purposes.

Z	Close the cooperative apartments sale loophole	Require that sales of partnership shares by nonresidents where more than 50% of assets consist of shares in cooperative apartments in New York to be subject to tax.
AA	Close non-resident asset sale loophole	Require sales of shares by nonresidents as taxable when assets of such entity are located in New York.
BB	Modernize sales tax collection to reflect the Internet economy	Require internet market sales providers to collect sales tax on behalf of out of state sellers who cannot legally be required for collection.
CC	Close sales tax related entities loopholes	Impose full face value on property that is leased to a related entity at significant discount under 'sales for resale exemption.'
DD	Make technical amendments to sales tax on distribution of gas and electricity	Clarify that transportation and distribution of electric and gas are exempt only when provided by a third party seller. Distribution and transportation of gas and electricity by energy provider are subject to sales tax.
EE	Public Safety Communications Surcharge to Prepaid Devices	Impose surcharge on prepaid devices by imposing collection obligation on seller. The prepaid surcharge would be \$0.60 per sales that is \$30 or less and \$1.20 per sales that is more than \$30. Counties already authorized to impose a public safety communications surcharge on wireless communication service and New York City would also be authorized to impose a surcharge at the rate of \$0.30 per sale.
FF	Tax and regulate vapor products	Impose tax on vapor products, such as electric cigarettes, vaping pens at the rate of \$0.10 per fluid milliliter. Distributors would be required to list the products amount sold in milliliter.
GG	Clarify the amount of untaxed cigarettes required to seize a vehicle	Lowering presumption of 'intent to sell' from 25 to 10 cartons of untaxed cigarettes and raise penalty from Class E to Class C for intent to sell cigarettes without paying tax.
HH	Expand jeopardy assessments to the cigarette and tobacco tax	Authorize expedited tax collection process, to seize property immediately if risk of non-collection exists.
II	Reform the taxation of cigars	Impose taxation on cigars at the rate of \$.45 per cigar. Currently excise tax is imposed on 75% of wholesale price.
JJ	Impose the real estate transfer tax on the transfer of minority shares	Impose real estate transfer tax on transfer of minority interests (50% or less of partnership, limited liability corporation, S corporation) that has a fair market value at least equal to 50% of all the assets of the entity.
KK	Close the real estate transfer tax loophole	Disallow separate contracts (land and building) designed to avoid real estate transfer tax on property valued over \$1 million.
LL	Relieve the General Fund of responsibility for funding equine drug testing in horse racing	Require horsemen to contribute to drug testing research and equipment, and broaden the field of potential New York equine lab testing providers.

MM	Charitable gaming reform	Consolidate laws governing charitable gaming into the same chapter, and ease certain restrictions on games of chance and bingo.
NN	Re-privatize the New York Racing Association	Return the NYRA board of directors back to private control, and allow for nighttime racing and reduced race days.
OO	Extend certain tax rates and certain simulcasting provisions for one year	Extend the current pari-mutuel tax rates and out-of-state simulcasting provisions for one year.
PP	Extend Monticello VLT vendor fee	Extend the Monticello Video Lottery Terminal vendor fee rate for one year.
QQ	Extend the vendor's capital awards program	Extend the video lottery gaming vendor's capital awards program for one year.
RR	Alter local gaming aid distribution	Modifies aid to host municipalities received from commercial gaming revenue, and tribal state compact and video lottery terminal funds.

**GOOD GOVERNMENT AND ETHICS REFORM ARTICLE VII**

<b>PART</b>	<b>DESCRIPTION</b>	<b>SUMMARY</b>
A	Outside income of Legislators	This part would require any legislator earning outside income in excess of \$5,000 in a given year to obtain an advisory opinion from the Legislative Ethics Commission (LEC) related to whether such income presents any conflicts of interest and provide that one appointment to the LEC must be made by the Office of Court Administration.
B	Closing the LLC Loophole	This part would close the limited liability company (LLC) loophole by including LLC's within the \$5,000 annual aggregate contribution and expenditure limit proscribed for corporations; require that all LLC's that make expenditures to file with the NYSBOE and to identify all direct and indirect owners of membership interests; and require all contributions by the LLC to be attributed to each member in proportion to each member's ownership interests.
C	Financial disclosure requirements for local government officials	This part would require certain elected local government officials to file state-approved financial disclosure forms with the Joint Commission on Public Ethics.
D	Campaign Finance Reform and Public financing of Campaigns	This part would change the state campaign finance system by requiring disclosure of certain campaign contributions, reducing campaign contribution limits, and enacting a voluntary public campaign finance system.
E	Freedom of Information Law (FOIL)	This part would apply FOIL to the Legislature in the same manner as other agencies and subject the Joint Commission on Public Ethics and the Legislative Ethics Commission to FOIL and the Open Meetings Law.
F	Jurisdiction of State Inspector General	This part would expand the jurisdiction of the State Inspector General to include State University of New York (SUNY) and City University of New York (CUNY) affiliated nonprofit organizations and foundations.
G	Inspector General Jurisdiction	This part would provide express authority to the Inspector General to investigate allegations of fraud, corruption, criminal activity and conflicts of interest by officers and employees of the state and contracted parties related to any state procurement.

H	Financial Control Policies	This part would allow the State Inspector General to independently oversee implementation and enforcement of financial control policies at State University of New York (SUNY), City University of New York (CUNY), and their affiliated nonprofit organizations and foundations.
I	New York Port Authority Inspector General	This part would create the office of New York Port Authority Inspector General within the Executive department responsible for receiving, investigating, and prosecuting any illegal behavior as it pertains to New York-related Port Authority of New York and New Jersey (PANYNJ) conduct.
J	State Education Department (SED) Inspector General	This part would establish an independent inspector general within SED that would be appointed by the Senate and Assembly to oversee and investigate allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by any person within SED.
K	Chief Procurement Officer	This part would establish a new Chief Procurement Officer, who would be tasked with oversight of all state procurements, under the direction of the Commissioner of the Office of General Services.
L	Campaign Contributions by certain Government Vendors	This part would prohibit individuals, organizations or business entities that submit bids, quotes, or responses to state contract offers from making campaign contributions to any officeholder in the branch of government awarding the contract while the decision is pending, and for six months following from the entity awarded the contract.
M	Single Identifying Codes or Numbers	This part would require the Comptroller, the Attorney General, the Chief Information Officer of the Office of Information Technology Services, and the Commissioner of the Office of General Services to collectively issue a report on the feasibility of assigning single identifying vendor codes to all state contractors, vendors and grantees directly receiving payments of state funds.
N	Early Voting and Automatic Registration	This part would provide for a system of opt-out voter registration for Department of Motor Vehicles (DMV) customers and early voting in special, primary, and general elections.

## PROPOSED CONSTITUTIONAL AMENDMENTS

<b>DESCRIPTION</b>	<b>SUMMARY</b>
Outside Income Earned by Legislators	This Concurrent Resolution would amend the Constitution to limit the amount of income a Legislator may earn to 15 percent of their base salary.
Establishes Same Day Voter Registration	This Concurrent Resolution would amend the Constitution to remove the required 10 day voter registration deadline and permit voters to register up to, and including, election-day.
Term Limits and Length of Terms for Elected Officials	This Concurrent Resolution would amend the Constitution to provide four-year terms for members of the Senate and the Assembly and impose an eight-year term limit for members of the Senate and Assembly and other statewide elected officials.





**JOINT FISCAL COMMITTEE HEARINGS ON THE EXECUTIVE BUDGET  
STATE FISCAL YEAR 2017-18**

<b>DATE</b>	<b>TIME</b>	<b>TOPIC</b>
January 24	9:30 AM	Higher Education
January 25	10:00 AM	Workforce Development
January 30	10:00 AM	Local Government Officials and General Government
January 31	9:30 AM	Public Protection
February 1	9:30 AM	Economic Development
February 7	9:30 AM	Taxes
February 8	9:30 PM	Human Services
February 9	9:30 AM	Housing
February 13	9:30 PM	Environmental Conservation
February 14	9:30 AM	Elementary & Secondary Education
February 15	9:30 AM	Transportation
February 16	9:30 AM	Health/Medicaid
February 28	10:00 AM	Mental Hygiene

**FORECAST OF RECEIPTS**

On or before February 28	Release of revenue receipts by the Fiscal Committees of the Legislature
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*Hearings will be held in the Hamilton Room (Hearing Room B) in the Legislative Office Building, Albany.*

