



New York State Senate Democratic Conference

Staff Analysis of the 2017-18 Executive Budget



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DEVELOPMENTAL DISABILITIES
RULES

January 23, 2017

Dear Colleagues:

On January 17th, Governor Andrew Cuomo proposed his SFY 2017-18 Executive Budget. The Executive Budget presents the Governor's plan for closing a projected General Fund gap of \$3.53 billion. The recommended Budget proposal closes this gap primarily through cost control measures, which reduce spending by \$2.7 billion, and additional revenue generating tax actions totaling \$830 million.

The proposed overall All Funds budget is \$152.3 billion, excluding extraordinary aid. This represents a 3.4 percent increase over the current year's budget, with most of the spending increase coming from increased capital spending, school aid, Department of Health Medicaid spending, and fringe benefit requirements.

The magnitude of the budget gap facing the state this year is similar to gaps faced in the past several years. It is clear that the Senate faces difficult choices in achieving a balanced budget that meets the needs of New Yorkers, particularly given the uncertainty of the outcome of the Federal Budget process in 2017.

In addition to closing the budget gap, the Governor has proposed a number of significant policy changes in the SFY 2017-18 Executive Budget that the Senate will need to evaluate and carefully consider. For example, proposed changes include modifications to the Foundation Aid formula, enacting the New York State DREAM Act, raising the age of juvenile jurisdiction, and the renewal of the Personal Income Tax Surcharge.

The data and analyses prepared by the Senate Counsel and Finance staff and included in this document will provide insights into the proposals outlined in the Executive Budget. This document will provide guidance to members as they confront the difficult choices facing the state. I look forward to working with all of you as we consider the Governor's proposals in our shared effort to develop a final budget that addresses existing budget gaps, protects the most vulnerable New Yorkers, and continues to reform and improve state government operations.

Sincerely,

A handwritten signature in black ink that reads "Liz Krueger".

*Liz Krueger
Ranking Member
Senate Finance Committee*

2017 Joint Legislative Budget Hearing Schedule
Legislative Office Building
Hearing Room B

January 24	9:30 AM	Higher Education
January 25	10:00 AM	Workforce Development
January 30	10:00 AM	Local Government/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 AM	Human Services
February 9	9:30 AM	Housing
February 13	9:30 AM	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

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**HIGHLIGHTS of the
State Fiscal Year
2017–2018
Executive Budget**

Overview of the Executive Budget

The submission of the Executive Budget Proposal for State Fiscal Year 2017-2018 is the starting point of the budget process in New York State. This year's Executive Budget proposes a variety of new programs, additional expenditures, and closes a \$3.5 billion budget gap. The recommendations of the Governor also include many proposals that the Senate Democratic Conference has taken the lead on for many years.

Due to a decrease in overall tax revenue collections, the new fiscal year faces a \$3.5 billion deficit over current revenue rates. To plug this hole, the Executive Budget relies on extending the current higher-income taxes for upper-income earners, which was due to expire at the end of the year. The Governor also seeks new tax revenue through various new fees throughout the budget, as well as new taxes on online sales, electronic cigarettes, real estate tax loophole closures, alcohol sales in movie theaters, and the advent of legalized and taxed ride-sharing throughout New York State.

At the same time, the Governor reduces the tax burden on middle class families by continuing to roll-out last year's income tax reduction, and through the expansion of child care tax credits that increase the benefits to middle-class families by 123% over current benefits. The Senate Democratic Conference Policy Group focused on the issue of child care costs in last year's "From Pre-Natal to Pre-K" white paper, focusing in particular on Senator Squadron's Childcare Advantage tax deferral program and Senator Montgomery's proposal to expand childcare through the Office of Children and Families.¹

While the Executive Budget addresses current year fiscal gaps, the budget provides no guidance in preparing for potential reductions in federal revenue led by President Trump and the Republican Congress. Any action taken by the United States Congress and the Trump administration as it relates to the repeal or replacement of the Affordable Care Act could potentially have a \$3.7 billion fiscal impact on the State and leave almost 3.4 million New Yorkers without health insurance. At the same time, the Republican Congress could also impact education funding, women's rights and other key federal programs.

The Governor also proposes the creation of unprecedented Executive control over budget changes in the next fiscal year. The Executive Budget includes appropriation language that would allow the Executive, through the Director of the Budget, to reduce the amount of appropriations in the event of a reduction in federal funds or state revenues. It would require the Division of the Budget to submit a plan to the Chair of Senate Finance, Chair of Assembly Ways and Means and the State Comptroller with a list of across-the-board reductions while authorizing Commissioners to take steps to achieve these reductions. It should be clear that the Legislature plays a role in

¹ S.6717 of 2016 and S.6672 of 2016 respectively.

this process, and the Senate Democratic Conference recognizes the importance of the separation of powers between the Executive and Legislative branches.

The Governor sticks to the self-imposed 2% spending cap but accomplishes this goal partially through budget gimmicks and proposals likely to be rejected by the Legislature. For example, \$227 million is transferred out of State Operations into the Capital Projects budget to transfer the work of 3,000 FTEs on maintenance projects, removing these dollars from the spending cap calculation. Similarly, the Governor continues to propose various cuts in healthcare costs within the state workforce that the Legislature has rejected in each of the last four budgets.

While the 2017-18 Executive Budget does not propose the same extent of reductions in aid to New York City as was the case in 2016, the Executive Budget would slice at least \$103 million to New York City. These reductions include \$50 million in potential Medicaid cuts (subject to an alternative agreement with the city and state on administrative Medicaid savings), \$11 million to public health programs, and a \$42 million reduction in aid for placing foster-students in residence and schools. However, the Executive argues that the loss of revenue is made up for in a \$400 million funding increase for education, Medicaid operating aid, and other programs.

New York City education also continues to be a subject of interest in the Executive Budget. The Governor proposes a three-year straight extension of Mayoral Control, after the past two years of mere one-year extenders. The Governor would also expand charter schools in New York City by eliminating the regional cap on charters (allowing NYC to establish charters out of an allowance previously earmarked for other regions) and increase building rental aid for some charters.

Many of the Governor's proposals would accomplish long-standing goals of the Senate Democratic Conference. Among other aspects, the Executive proposes the following measures:

- Enacting the DREAM Act
 - S.471 (2017)/Peralta- Enacts the DREAM Act
- Free College Tuition for Middle Class Tuition
 - S.4760 (2016)/Stavisky- Establishes the Tuition-Free New York program
- Protecting Seniors from Financial Abuse and Homelessness
 - S.509 (2017)/Diaz- Financial Exploitation Prevention Program for Seniors
 - S.503 (2017)/Diaz- Senior Housing Task Force
 - S.1968 (2017)/Latimer- Aging in Place Task Force
- Homeownership Support for First Time Young Homebuyers Upstate
 - S.1812 (2017)/Kennedy- Mortgage Assistance for Upstate First-time Buyers
- Controls the Cost of Pharmaceutical Products
 - S.5338 (2016)/Diaz- Greater Transparency of High-Priced Pharmaceuticals
 - S.2625 (2016)/Krueger- Report Yearly Drug Marketing Expenses to DOH
- Expanding Electric Vehicle Charging on State Highways
 - S.2239 (2017)/Parker- Electric Charging Stations every 120 miles of the Thruway

- Reforming the Criminal Justice System
 - S.6061 (2016)/Gianaris- End the Use of Cash Bail for Low-Level Offenders
 - S.1998 (2017)/Squadron- Ensures Access to Speedy Trials
 - S.5642A (2016)/Montgomery- Raises the Age of Criminal Responsibility
 - S.2419 (2016)/Perkins- Recorded Police Interrogations
 - S.1819 (2017)/Kennedy- Reformed Photo Identification Procedures in Court
 - S.2736 (2017)/Squadron- Decriminalizes Certain Possession of Marijuana
- Protection from Cyber Crimes and Identity Theft
 - S.114 (2017)/Hoylman- New Computer Tampering Crimes
 - S.148A (2016)/Squadron- New Aggravated Identity Theft Crime
 - S.7382 (2016)/Sanders- Updated Computer Hacking Crimes
- Modernized and Expanded Voting Rights
 - S.2950 (2017)/Stewart-Cousins- Early Voting
 - S.3304 (2017)/Gianaris- Voter Empowerment and Automatic Registration
 - S.2478 (2017)/Gianaris- Same-Day Voter Registration
- Campaign Finance Reform
 - S.1255 (2017)/Stewart-Cousins- Public Financing of Elections
 - S.496 (2017)/Squadron- Closes the LLC Loophole
 - S.5074 (2016)/Squadron- Caps Contributions Rates at a Lower Level
 - S.846 (2016)/Rivera and S.2845A (2016)/Addabbo- Bundler Disclosures
- Ethics and Government Reform
 - S.25 (2017)/Hoylman – Limits Legislative Outside Income
 - S.659 (2017)/Kennedy- Term Limits for State Elected Officials
 - S.585 (2016)/Squadron - Makes the Legislature Subject to FOIL
 - S.950 (2016)/Serrano - Disclosure of Agency Records Online
 - S.2678 (2016)/Krueger - AG Review of Denied FOIL Requests
- Protecting Workers from Wage Theft
 - S.579 (2017)/Peralta- Wage Lien on Employers During Wage Theft Lawsuit
- Protecting Our Drinking Water
 - S.11 (2017)/Hoylman- Testing of Private Wells for Contaminants
 - S.8186 (2017)/Hoylman- Adoption of Federal Contaminants Standards
 - S.125 (2017)/Hoylman- Better Inform DOH on Lead Water Pipe Issues
 - S.1856 (2016)/Dilan- Public Access to Drinking Water Test Results
 - S.2863 (2017)/Kaminsky- Sets a Maximum Level of 1,4-Dioxane in Drinking Water
- Fighting the Heroin/Opioid Epidemic
 - S.1814 (2017)/Kennedy- Helps Patients Move to Less Addictive Pain Medication
 - S.687 (2017)/Kennedy- Requires Disclosure of Addiction Risk for Some Drugs
 - S.1560 (2016)/Parker- Public Awareness Program on Heroin Addiction
- Ensuring Greater Motorist Safety
 - S.2928 (2017)/Dilan- All Children 16 and Younger Required to Wear Seatbelts

Revenue and Taxes Fact Sheet

- **Personal Income Tax Surcharge:** The current personal income tax rate surcharge for high-income earners would be extended for three years, through calendar year (CY) 2020. This proposal would generate approximately \$3.5 billion in revenue when fully phased-in in three years. The 2017-2018 State Fiscal Year (SFY) Impact of this proposal is \$683 million.
- **Enhanced Middle Class Child and Dependent Tax Credit:** The Executive Budget Recommendation would increase the Child and Dependent Tax Credit. Families earning between \$50,000 and \$150,000 would see their average tax benefit double, on average from \$169 to \$376.
- **Empire State Film and Post-Production Tax Credits:** The Executive Budget extends the Empire State Film and Post-Production Tax Credits for Three Years. The credit is extended for three years through 2022 with an annual allocation of \$420 million. The extension includes the enhanced Upstate credit for wages and salaries.
- **New Youth Jobs Program:** The Executive Budget extends the New Youth Jobs Program with a \$50 million annual allocation over the next five years, through 2022, and formally changes the name of the Urban Youth Jobs program to the New York Youth Jobs Program, recognizing the availability of this opportunity throughout the State.
- **Statewide Capital Spending Efficiency Plan:** As part of the SFY 2017-18 Agency Financial Management Plan, agencies will be implementing a capital efficiency plan that results in a 5% reduction in capital spending plan across the five-year capital plan.
- **Vapor Products:** The Executive Budget taxes and regulates vapor products. The Executive Budget expands the definition of tobacco products to include vapor products used in electronic delivery systems such as e-cigarettes, hookah pens, and vape pens, and imposes a tax rate of ten cents per milliliter.
- **Transportation Network Companies:** The Executive Budget also proposes to authorize transportation network companies (TNC's) to operate outside the City of New York and throughout the State, subject to a 5.5 percent tax.

FINANCIAL PLAN OVERVIEW

State Receipts (\$ billions)				
Funding Source	SFY 2016-17	SFY 2017-18	\$ Annual Change	% Change
General Fund ²	67.895	71.083	3.188	4.7%
State Operating Funds	94.544	97.473	2.929	3.1%
All Funds³	153.027	160.936	7.909	5.7%

State Disbursements (\$billions)				
Funding Source	SFY 2016-17	SFY 2017-18	\$ Annual Change	% Change
General Fund ⁴	70.022	72.326	2.304	3.3%
State Operating Funds	96.200	98.062	1.603	1.9%
All Funds⁵	156.165	162.173	6.008	3.8%

Annual Spending Growth

The Executive Budget holds SFY 2017-18 annual spending growth in State Operating Funds to 1.9 percent, below the 2 percent spending benchmark. All Funds spending, which includes spending from capital funds and Federal funds, is expected to increase by 3.8 percent from the level estimated for SFY 2016-17, including extraordinary aid. The growth is driven, in large part, by increased capital investments.

Gap Closing Budget Actions

The Total General Fund gap before proposed SFY 2017-18 Executive actions is \$3.533 billion. The Executive Financial Plan includes the following actions as part of the gap closing plan:

- Agency Operations: Operating costs for State agencies include salaries, wages, fringe benefits, and non-personal service costs (e.g., supplies, utilities). Reductions from current-services projections for agency operations contribute \$624 million to the General Fund gap-closing plan.
- Local Assistance: Local assistance spending includes financial aid to local governments and nonprofit organizations, as well as entitlement payments to individuals. Reductions from the prior projections for local assistance spending are expected to generate \$1.6

² Includes transfers

³ Includes Extraordinary Aid

⁴ Includes transfers

⁵ Includes Extraordinary Aid

billion in General Fund savings. Savings are expected from both targeted actions and continuation of prior-year cost containment.

- Capital Projects/Debt Management: Beginning in State Fiscal Year 2017-2018, approximately 3,000 Full-Time Equivalents whose job duties are related to the maintenance, preservation, and operation of facilities (e.g., Plant Utilities Engineers, General Mechanics, Electricians, etc.) will be paid from capital projects funds. This spending reclassification would result in a \$227 million increase in personal service and related costs in the capital budget. In addition, SFY 2017-18 debt service savings reflect the payment of \$280 million of SFY 2018-2019 expenses in SFY 2016-17, as well as expected refundings, continued use of competitive bond sales, and other debt management actions.
- Tax Actions: The majority of this category (\$683 million) is derived from the renewal of the personal income tax surcharge for high-income earners.

General Fund Gap Closing Plan for SFY 2017-18 (Amounts in Millions)	
GENERAL FUND (GAP) ESTIMATE	-\$3,533
SPENDING CHANGES	
Agency Operations	2,705
Executive Agency Operations	624
Agency Financial management Plans	209
NYRA Repayment	500
Elected Officials Budget Request	193
Reserve for Potential Labor Agreements	-44
Local Assistance	1,623
Health Care	596
Education	271
Higher Education	103
Human Services/Housing	135
Mental Hygiene	68
STAR – Program Conversion	277
STAR - Other Actions	94
All Other	79
Capital Projects/Debt Management	580
Initiatives/Investments	-122
Juvenile Justice Reform (“Raise the Age”)	0
Excelsior Scholarship	-71
DREAM Act	-19
Indigent Legal Services	0
All Other	-32
Adhere to 2% Future Spending Benchmark	n/a
RESOURCE CHANGES	
Tax Revisions	-2
Miscellaneous Receipts/Transfers	-415
STAR Conversion	413
	0
SURPLUS AVAILABLE FROM FY 2017	
	0
Tax Actions	
PIT – Top Rate Extension	830
Other Tax Extenders	683
On Line Marketplace	42
Transportation Network Companies	64
Other Tax Actions	12
	29
EXECUTIVE BUDGET SURPLUS/(GAP)	0

General Fund Receipts (Millions of Dollars)

	Estimated SFY 2016-17	Forecast SFY 2017-18	\$ Change	% Change
<i>Personal Income Tax</i>				
Withholding	37,575	39,359	1,784	4.7%
Estimated Payments	15,306	17,025	1,719	11.2%
Final Returns	2,615	2,836	221	8.5%
Other Payments	1,358	1,418	60	4.4%
Gross Collections	56,854	60,638	3,784	6.7%
STAR Special Revenue Fund	-3,208	-3,228	109	3.3%
Refunds/Offsets	-9,215	-9,534	-208	-2.2%
Revenue Bond Tax Fund	-11,910	-12,940	-717	-6.1%
Net Collections	32,521	35,406	2,885	8.9%
<i>User Taxes and Fees</i>				
Sales and Use	6,479	6,892	432	6.1%
Cigarette/Tobacco	345	348	3	0.9%
Alcoholic Beverage	258	263	5	1.9%
Total	7,082	7,514	432	6.1%
<i>Business Taxes</i>				
Corporation Franchise	3,334	3,827	493	14.8%
Corporation and Utilities	568	559	-9	-1.6%
Insurance	1,346	1,407	61	4.5%
Bank	323	162	-161	-49.8%
Total	5,571	5,995	384	6.9%
<i>Other Taxes</i>				
Estate and Gift	1,114	949	-165	-14.8%
Pari-Mutuel	17	17	0	0.0%
Other	3	3	0	0%
Total	1,134	969	-165	-14.6%
Total Tax Collections	46,308	49,844	3,536	7.6%
Miscellaneous Receipts	3,374	2,298	-1,076	-31.9%
Federal Grants	0	0	0	0.0%
Total Receipts	49,682	52,142	2,400	5.0%
Source: New York State Division of the Budget (DOB)				

All Funds Receipts (Millions of Dollars)

	Estimated 2016-17	Forecast 2017-18	\$ Change	% Change
Personal Income Tax	47,093	49,888	2,867	6.1%
User Taxes and Fees				
Sales and Use	13,318	13,877	599	4.2%
Cigarette/Tobacco	1,224	1,226	2	0.2%
Motor Fuel Tax	491	488	-3	-0.6%
Alcoholic Beverage	254	258	4	1.6%
Highway Use Tax	155	143	-12	-7.7%
Auto Rental Tax	126	128	2	1.6%
Taxicab Surcharge	72	70	-2	-2.8%
Total	15,641	16,194	553	3.5%
Business Taxes				
Corporation Franchise	5,069	4,487	-582	-11.5%
Corporation and Utilities	767	762	-5	-0.7%
Insurance	1,557	1,484	-73	-4.7%
Bank	(92)	203	295	320.7%
Petroleum Business Tax	1,105	1,082	-23	-2.1%
Total	8,406	8,018	388	-4.6%
Other Taxes				
Estate and Gift	1,446	965	-481	-33.3%
Real Estate Transfer Tax	1,147	1,138	-9	-0.8%
Pari-Mutuel	18	18	0	0.0%
Other	2	3	0	0.0%
Total	2,613	2,124	-489	-18.7%
MTA Payroll Tax Total	1,331	1,388	57	4.3%
Total Tax Collections	75,084	77,684	2,600	3.5%
Miscellaneous Receipts	26,035	24,159	-1,876	-7.2%
Total State Receipts	101,196	101,843	647	.63%
Source: New York State Division of the Budget (DOB)				

Overview of Major Tax and Revenue Actions in SFY 2017-18 Executive Budget

Personal Income Tax Surcharge: The top PIT bracket is scheduled to sunset on December 31, 2017. The Executive Budget extends the current top bracket and associated tax rate for three years. The current personal income tax income tax rate surcharge for high-income earners would be extended for three years, through calendar year (CY) 2020. The current rate has been in place since January 1, 2012, when the top rate was cut from 8.97 percent to 8.82 percent. The measure extends the current rate structure for three years.

State Fiscal Impact: Increases All Funds State revenue by \$4.5 billion annually when fully effective.

Child and Dependent Care Credit: The Budget increases middle class benefits under the New York State Child and Dependent Care Credit. This credit provides households who qualified for the Federal Child and Dependent Care Credit the ability to claim a percentage of the Federal credit on their State income taxes. The Budget increases the benefit by an average of 123 percent for tax filers with New York Adjusted Growth Income (AGI) between \$50,000 and \$150,000. For a family with an income of \$70,000 and childcare costs of \$3,000, the expansion of this credit will lower out-of-pocket childcare expenses by an average of \$240. This credit is refundable.

State Fiscal Impact: Reduces State revenue by \$42 million annually when fully effective.

High Income Charitable Contribution Deduction: The Executive Budget makes permanent the existing charitable contribution deduction limitation of 25 percent. Currently scheduled to expire at the end of tax year 2017, the limitation on tax deductions for State and New York City taxpayers with adjusted gross income over \$10 million has had no noticeable impact on charitable giving.

State Fiscal Impact: Increases State revenue by \$140 million annually when fully effective.

Real Estate Tax Loophole (Mansion Tax): Certain transfers of residential real property valued in excess of \$1 million are subject to an additional 1% NYS Real Estate Transfer Tax (RETT). To avoid this taxation, some taxpayers are splitting building contracts for new homes into two contracts (land, house), each worth less than \$1M and agreeing to pay inflated prices for land if the current owner tears down an existing structure before the sale. The Executive Budget provides the Commissioner of Taxation and Finance explicit authority to treat as subject to tax any transfer of an interest in real property that has been formulated so that the primary purpose of the formulation is to avoid or evade the additional RETT.

State Fiscal Impact: Increases State revenue by \$2 million annually when fully effective.

Online Sales Tax Collection: Online providers such as Amazon and eBay supply a marketplace for sellers from outside of the online provider to sell their products to consumers. Currently, such outside sellers are required to collect sales tax from New York residents if they are located in

New York. Many marketplace providers agree to collect the tax for the outside seller in this instance. The Executive Budget requires a marketplace provider to collect the tax when it facilitates the sale to residents, whether the seller is located within, or outside, New York.

State Fiscal Impact: Increases State revenue by \$136 million annually when fully effective.

Warrantless Wage Garnishment: The Executive Budget makes permanent the authorization for Department of Taxation and Finance (DTF) to garnish wages of delinquent taxpayers without filing a warrant with the Department of State (DOS) or County Clerks. The current program, set to expire on April 1, 2017, has been successful in eliminating the unfunded mandate on counties to receive warrants from DTF. Similarly, the program is somewhat taxpayer-friendly, since warrants appear on an individual's credit report for seven years, even if the delinquency has been resolved.

State Fiscal Impact: Increases State revenue by \$15 million annually when fully effective.

Taxation of Cigars: The Executive Budget replaces the current distributor level percentage tax (wholesale price/75%) on large cigars with a new 45 cent per cigar flat tax. The current tax structure, which is the result of litigation, has resulted in revenue losses and relies on an industry pricing survey to determine the tax on a product produced by the same industry.

State Fiscal Impact: Increases State revenue by \$23 million annually when fully effective.

Taste NY: The Executive Budget also proposes to expand Taste-NY stores by allowing up to 10 Taste-NY operators to obtain a special license to sell craft beverages along with food and souvenir items. Currently only vintners, brewers, and distillers that own Taste-NY stores can sell both alcohol and other products. In 2016, Taste-NY sales benefitting New York food and beverage producers doubled to more than \$10.5 million.

State Fiscal Impact: Minimal State fiscal impact.

Alcohol Sales in Movie Theaters: The Executive Budget would authorize the State Liquor Authority to issue an alcohol license to movie theaters. Currently, only movie theaters with kitchens may serve alcohol. Only customers holding tickets to movies rated PG-13 or higher could purchase alcohol. Only one drink could be sold to a customer at a time.

State Fiscal Impact: Increases State revenue by \$125,000 annually.

Vapor Products: The Executive Budget taxes and regulates vapor products for the first time. The Executive Budget expands the definition of tobacco products to include vapor products used in electronic delivery systems such as e-cigarettes, hookah pens, and vape pens, and imposes a tax rate of ten cents per milliliter.

State Fiscal Impact: Increases State revenue by \$5 million annually when fully effective.

Empire State Film and Post-Production Tax Credits: The Executive Budget extends the Empire State Film and Post-Production Tax Credits for Three Years. The credit is extended for three years through 2022 with an annual allocation of \$420 million. The extension includes the enhanced Upstate credit for wages and salaries.

State Fiscal Impact: Decreases State revenue by \$31 million in SFY 2021-22. The revenue loss would increase thereafter.

New York Youth Jobs Program: Regarding the Youth Works Tax Credit Program, The FY 2018 Budget extends this program with a \$50 million annual allocation over the next five years, through 2022, and formally changes the name to the New York Youth Jobs Program, recognizing the availability of this opportunity throughout the State.

State Fiscal Impact: Decreases State Revenue by \$50 annually when fully effective.

Life Sciences Credit: This measure extends the benefits of the Excelsior Jobs Program Act to life sciences and adds two new refundable tax credits applicable specifically to life sciences companies that are new businesses: research and development tax credits for life sciences companies; and, an angel investor tax credit for taxpayers that invest in life sciences companies. The Program will be allocated \$10 million of credits annually from the existing Excelsior Program credit allocation.

State Fiscal Impact: Decreases State revenue by approximately \$5 million annually when fully effective.

Pre-Paid Phone Service: This bill would amend the Tax Law to impose the Public Safety Communications Surcharge on the sale of each prepaid wireless communication service or device. This bill also would amend the County Law to authorize any county or city that is currently authorized to impose an Enhanced Emergency Telephone System Surcharge on wireless communications service to adopt a local law to impose such surcharge on the sale of each prepaid wireless communications service or device within that locality. This bill would require sellers to collect a surcharge on the sale of each prepaid wireless communications service or device sold within this State. The market shift from contract plans to prepaid wireless, which is not currently subject to the surcharge, is leading to a steady decline of revenue. The surcharge currently imposed on postpaid wireless communications service is \$1.20 on each device per month. The prepaid surcharge would be imposed on the sale of each prepaid service or device at the rate of \$0.60 per retail sale that is \$30 or less, and \$1.20 per retail sale over \$30.

State Fiscal Impact: Increases State revenue annually by \$26 million when fully effective.

NYC STAR PIT Rate Reduction Benefit Conversion: The proposal to convert the rate reduction benefit to a nonrefundable New York State PIT credit for New York City taxpayers with incomes below \$500,000 will not affect STAR benefits, but will result in Lower General Fund tax collections. This action is consistent with the conversion of the NYC STAR PIT credit from a NYC credit to a State credit in the SFY 2016-17 Enacted Budget.

Other Resource Changes: Other changes include updated estimates of various miscellaneous receipts and transfers from other funds and reimbursement for Mental Hygiene services in excess of debt service spending, and a reduction across Financial Plan categories, reflecting the refinement of cautious estimates included in the Financial Plan to create an informal reserve against risks. In addition, the Budget proposes increasing fees for a new automobile title from \$50 to \$75, and for duplicate title from \$20 to \$40 (to adjust for inflation); and the establishment of a special license to sell craft beverages along with food and souvenir items at certain Taste-NY stores.

New Statewide Capital Spending Efficiency Plan

As part of the SFY 2017-18 Agency Financial Management Plan, agencies will be implementing a capital efficiency plan that results in a 5% reduction in capital spending plan across the five-year capital plan. Recognizing that most capital spending is under contract in the near term, the 5% reductions are assumed to take effect in SFY 2018-19 and each year thereafter. This will require agencies to administer their capital contracts in SFY 2017-18 (and beyond) to meet these spending reductions. These reductions are needed to maintain compliance with the State's statutory debt cap and have been assumed in the SFY 2017-18 Executive Budget.

The objective is not to eliminate projects, but to prioritize those that are essential and defer non-essential projects that will not affect an agency's core mission. A project would be deemed essential if failure to complete it would:

1. Present an immediate, demonstrable threat to public health and safety;
2. Directly violate a court order or Federal, State, or local law; or,
3. Result in a substantial reduction in Federal Aid.

This Plan is expected to reduce bonded-capital spending by approximately \$1.5 billion across the Five-Year capital plan. Specific spending reductions are reflected in the Debt Reform Act Limit section of the Capital Program and Financing Plan.

New Uses of Monetary Bank Settlements

The Executive Budget Financial Plan reflects the Executive's intention to continue applying the majority of the settlements to fund capital investments and nonrecurring expenditures. The SFY 2016-17 Enacted Budget Financial Plan reflected the authorized transfer of \$6.5 billion in monetary settlements over a five-year period to DIIF to finance various appropriated purposes

(\$6.4 billion), and to the Environmental Protection Fund (EPF) (\$120 million).

The Executive Budget recommends allocating an additional \$1.4 billion in unbudgeted monetary settlements to support the following measures:

- Buffalo Billion Phase II (\$400 million): The Executive Budget invests \$400 million as part of an overall \$500 million commitment to support the second phase of the Buffalo Billion. The goal of the second phase is to energize entrepreneurship and innovation; activate the lake and river waterfront to attract tourists and residents; revitalize the urban core, with a focus on the East Side, and the downtown cores of cities, towns and villages in Greater Buffalo; target investment in key transportation infrastructure projects; ensure inclusive economic growth, particularly by targeting and connecting workforce development and educational opportunities to engines of job growth; and attract regional, national, and international companies in life sciences, technology, and advanced manufacturing with sustainable development that makes Buffalo a world-class city.
- Security and Emergency Response Preparedness (\$203 million): The budget commits \$203 million over the next four years to continue counter-terrorism efforts in New York City including increased security and anti-terror exercises at nine Metropolitan Transportation Authority (MTA)-operated bridges and tunnels and to sustain the increased deployment of National Guard at transportation hubs that began in September 2014.
- Health Care Capital Grants (\$200 million): The Budget proposes \$500 million in new health care capital grants, of which \$200 million will be funded from monetary settlements.
- Downtown Revitalization (\$100 million): The Budget provides an additional \$100 million for the Downtown Revitalization Initiative to fund housing, economic development, transportation, and community projects to attract and retain residents, visitors, and businesses to downtowns. The existing program provides \$100 million to ten communities that are currently experiencing population loss and/or economic decline to develop revitalization plans for their downtown areas, developed in collaboration with policy and planning experts. The Budget proposes to expand this initiative by providing an additional \$100 million for ten new communities, bringing the total program funding to \$200 million.
- Life Sciences (\$300 million): The Budget commits \$300 million from monetary settlement funds to support the State's multi-year \$650 million Life Sciences Initiative. The State will provide \$200 million to support state-of-the-art laboratory space, equipment, and technology. Furthermore, \$100 million will be provided in investment capital for early stage life science firms, which is expected to be matched by private sector partners.
- DMNA Armories (\$20 million): The Executive Budget includes \$20 million for

improvements to armories and readiness centers. This will allow the State to maintain these facilities in a state of good repair, and to best position the New York National Guard to respond as emergencies arise across the State.

- Rainy Day Fund Deposit (\$150 million): The Budget proposes to deposit \$150 million to the Rainy Day Fund in SFY 2017-18, if fiscal conditions permit.

BUDGET IN FOCUS

Highlights and

Analysis of the

2017–2018

Executive Budget

Education Fact Sheet

Appropriations

- **School Aid:** The SFY 2017-18 Executive Budget recommends School Aid funding of \$25.6 billion, reflecting an increase of \$960.8 million, or 3.9%.
- **Foundation Aid:** The Executive Budget proposal would increase Foundation Aid from \$16.4 billion to \$16.9 billion. This increase of \$427.8 million or 2.6% is based on student needs, successful school model and local ability to raise revenue. The Executive eliminates the State obligation for future Foundation Aid. Funding predictability, which was a characteristic of the 2007-2008 formula, would now be replaced with year-to-year updates.
- **Community Schools:** The Executive Budget proposal increases the community school set-aside within Foundation Aid by \$50 million, providing \$150 million in total funding for community schools.
- **Universal Prekindergarten:** The Executive proposes to merge the State's prekindergarten programs into a single program beginning in School Year 2017-18.
- **Charter School Transitional Aid:** The Executive recommends the creation of a fourth Tier of charter school transitional aid starting in School Year 2018-19. This new Tier would help school districts with 5% or more of the resident public enrollment or 5% of the Total General Fund expenditure dedicated to charter schools.
- **Public Libraries:** The Executive Budget proposal provides \$91.6 million in funding for Aid to Public Libraries, a reduction of \$4 million from the SFY 2016-17 Enacted Budget.

Article VII

- **Foundation Aid:** The Executive proposal would make significant changes to the Foundation Aid formula by freezing the Foundation Aid baseline amounts for the 2018-19 SY and thereafter at 2017-18 SY levels; eliminating the current calculations used to determine what districts would receive under a full phase-in of Foundation Aid; and updating definitions used to reflect student poverty and district income wealth.
- **Charter Schools:** The Executive proposal would remove the regional cap distinction on New York City charters; allow for charters that closed after July 1, 2015 to be reissued under the cap; provides a new, fourth tier of Charter School Transition Aid for non-New York City school districts; allow charter school tuition to be unfrozen; and allow for additional space accommodations to be made for New York City charters.

- **Mayoral Control:** The Executive proposal would extend mayoral control of the New York City School District for an additional three years.
- **Prekindergarten Program Consolidation:** The Executive proposal would begin consolidating the State-funded prekindergarten programs, starting with merging the 2013 Priority Full-day Prekindergarten and Expanded Half-Day Prekindergarten Grant Program for High Need Students into the Universal Prekindergarten program beginning in the 2017-18 school year.
- **Recovery High Schools:** The Executive proposal would authorize BOCES to enter into contracts with the Office of Alcoholism and Substance Abuse Services to operate two recovery high schools that will enroll students who have been diagnosed with substance abuse disorder and have demonstrated a commitment to recovery.

EDUCATION AGENCY DETAILS

Education Agency All Funds Appropriations				
Agency	Available SFY 2016-17	Executive Recommended SFY 2017-18	\$ Change	% Change
State Education Department	\$34,589,471,850	\$35,142,211,850	\$552,740,000	1.60%

Overview

The State Fiscal Year 2017-2018 Executive Budget Proposal recommends \$35.1 billion in All Funds appropriations for the State Education Department. This is an increase of \$552.7 million or 1.6% from SFY 2016-17 levels.

2017-2018 School Aid Proposal

The Executive Budget Proposal for School Year (SY) 2017-2018 provides an overall increase of \$960.9 million or 3.9%. This brings total State Aid to Schools from \$24.6 billion to \$25.6 billion. The increase is a consequence of several factors including:

- \$768.4 million increase of formula-based aids;
- \$7.4 million decrease of Grants and Other Aid categories;
- \$194.4 million increase in performance grants; and,
- \$150 million for a new fiscal stabilization fund.

Foundation Aid: The Executive Budget recommendation would increase Foundation Aid from \$16.4 billion to \$16.9 billion. This increase of \$427.8 million is based on a successful schools' model, student needs, and local ability to raise revenue. Of the \$427.8 million increase in Foundation Aid, approximately 81% provides funding for High-Needs School Districts, 16% for Average Needs School Districts and 3% for Low-Need districts.

The Executive Budget recommendation would guarantee that each school district would receive a minimum year-to-year Foundation Aid increase of 1%. The maximum increase over the 2016-17 base is 15%.

Community Schools: The Executive Budget proposal provides an overall community schools appropriation of \$150 million. This is an increase of \$50 million over last year's Executive appropriation. Community schools funding is a set-aside of Foundation Aid funding. The set-aside funding targets failing and persistently failing schools and districts with an extraordinary growth in English Language Learners.

Universal Prekindergarten: The Executive Budget recommendation would consolidate the State's Universal Prekindergarten (UPK) into one program. The Executive would begin this process by merging the current \$385 million formula-driven UPK program with the \$30.5 million

Priority Prekindergarten program. This action increases funding to \$415.5 million. For additional information on New York State’s UPK programs, see below:

Universal Prekindergarten Funding in New York State			
Category	Amount	Provided	Enacted
Priority Full-Day Prekindergarten and Expanded Half-Day Prekindergarten Programs for High Need Students	\$32.8 million	Competitive Grant for 3 years	2013-14
Statewide Universal Full-Day Prekindergarten Program	\$340.0 million per year	Fourth of Five Year \$1.5 billion plan	2014-15
Expanded Prekindergarten for 3-4 Year Olds in High Need School Districts	\$30.0 million	Competitive Grant for 3 years	2015-16
Formula Based-State Aid	\$385.0 million	Every Year	Every Year
Empire State Prekindergarten	\$22.0 million	Competitive Grant	16-17
Total	\$809.8 million		

Expense-Based Aids: Expense –Based Aids are an important part of the funding received by school districts. These funds reimburse school districts for costs already incurred in areas such as transportation, school construction, special education, and cooperative services. For SY 2017-2018, the Executive Budget submission provides current law funding for all expense-base aids at \$321.7 million, an increase of 4.9%.

Expense-Based Aids Comparison				
School Aid Category	SY 16-17	SY 17-18	\$ Change	% Change
Transportation	\$1,734,918,123	\$1,830,425,106	\$95,506,983	5.50%
Building Aid	\$2,910,262,069	\$3,088,595,065	\$178,332,996	6.13%
BOCES	\$866,818,295	\$880,999,128	\$14,180,833	1.64%
Public High Excess Cost	\$596,274,601	\$607,521,144	\$11,246,543	1.89%
Private Excess Cost	\$376,691,827	\$399,133,398	\$22,441,571	5.96%
Total	\$6,484,964,915	\$6,806,673,841	\$321,708,926	4.96%

Charter School Transitional Aid: The Executive Budget provides \$38.8 million for this school aid category, an increase of \$5.9 million over SY 2016-2017. This proposal includes a new Tier IV to help school districts cover charter school tuition payments costs.

New Executive Initiatives: The Executive Budget provides \$50 million in new initiatives. This year’s proposal includes funding for the following programs:

- \$35 million for the Empire State After-School Program: this program would provide 22,000 after school slots for students. Those school districts within the 16 Empire State

Poverty Reduction Initiative communities would benefit from this program. This program includes the cities of Syracuse, Binghamton, Oneonta, Buffalo, Utica, Elmira, Jamestown, Oswego, Troy and Albany. Other areas of the State include the Bronx, Hempstead, Newburgh, Niagara Falls, Oswego, Rochester, and Watertown.

- \$5.3 million for the expansion of Early College High Schools.
- \$5 million to expand the State's investment in prekindergarten for 3 and 4 year-olds.
- \$2 million to fund the remaining Advanced Placement exams costs for New York state students.
- \$2 million to fund additional Master Teacher Program awards for 115 master teachers.
- \$400,000 to fund the second round of Empire State Excellence in Teaching awards.
- \$300,000 to fund an anti-cyberbullying campaign and other forms of online harassment.

Fiscal Stabilization Grants: The Executive Budget includes \$150 million in fiscal stabilization grants for distribution pursuant to a Chapter of the Laws 2017.

Special Education: The Executive Budget proposal includes funding for the following Special Education programs:

- Private Excess Cost Aid provides reimbursement for public school children with more severe disabilities who are placed in private school settings or in the State-operated schools in Rome and Batavia. The Executive budget provides \$399.1 million for SY 2017-2018, an increase of \$22.4 million.
- Public Excess Cost-High Cost Aid provides reimbursement for the additional costs associated with providing resource-intensive special education programs for student with disabilities. The Executive Budget proposal includes \$607.5 million for SY 2017-18, an increase of \$11.2 million.
- Private Schools for the Blind and Deaf will be funded at \$100.8 million in SY 2017-18, the same amount as in last year's Enacted Budget.
- Targeted Special Education Teacher Salary Adjustment allows private special education providers to target salary adjustments for retention and recruitment of teachers and to prevent excessive teacher turnover. The Executive Budget submission provides \$4 million in federal Individual with Disabilities Education Act (IDEA) funds to support this program.
- Preschool Special Education funds 59.5% of the overall costs associated with Section 4410 of the Education Law with counties paying for the remaining 40.5%. New York State will provide \$1.04 billion in State funding for SY 2017-18.
- Summer School Programs provide services to students on a year-round basis associated with Section 4408 of the Education Law. The Executive Budget submission provides \$364.5 million for SY 2017-18, the same amount of funding the program received last year.

Non-Public School Aid

The Executive Budget proposal includes \$181 million to reimburse the actual expenditures, as approved by the Commissioner of Education, incurred by nonpublic schools for specified State

testing and data-collection activities, pursuant to the provisions of Chapters 507 and 508 of the Laws of 1974.

Nonpublic School Safety Equipment: The Executive Budget includes \$15 million for nonpublic schools for school safety equipment, the same as last year.

Academic Intervention for Nonpublic Schools: A total of \$922,000 will continue to support a program of academic intervention services to enhance the educational performance of students attending nonpublic schools.

Grant Programs and Additional Aid Categories

The Executive Budget increases funding for the following programs:

- \$61 million for the Education of Office of Mental Health and Office for People with Developmental Disabilities, an increase of \$1 million for SY 2017-18;
- \$46.2 million for the Education of Native Americans, an increase of \$820,000 for SY 2017-18;
- \$30.2 million for the Education of Homeless Children, an increase of \$41 million for SY 2017-18; and,
- \$17.5 million for Aid for Incarcerated Youth, an increase of \$250,000 for SY 2017-18.

The Executive Budget provides level funding for the following programs in SY 2017-18:

- \$96 million for the Employment Preparation Education (EPE);
- \$25 million for the Teachers of Tomorrow;
- \$24.3 million for the Extended Day/School Violence Prevention;
- \$15.5 million for Bilingual Education Grants;
- \$12 million for the Roosevelt School District;
- \$7.9 million for the Urban-Suburban Transfer;
- \$6.3 million for Adult Literacy Education;
- \$3.3 million for Learning Technology Grants;
- \$1.87 million for Small Government Assistance to school districts;
- \$1.84 million for Basic Education for Public Assistance Recipients;
- \$1.47 million for the Smart Scholars Early College High School;
- \$2 million for the Teacher-Mentor Intern;
- \$1.3 million for Math and Science High Schools; and,
- \$400,000 for bus driver safety training grants.

The Executive Budget proposal reduces funding for the following programs:

- \$75 million appropriation for a one-time funding for community schools;
- \$2.4 million each for school health services in the Buffalo City and Rochester City School

Districts;

- \$9.9 million reduction for the Teacher Center Program;
- \$1.5 million reduction for the Consortium for Worker Education; and
- \$1 million increase for NYC specialized high school's admission test waivers; and,
- \$1 million increase for NYC outreach counselors.

Office of Higher Education and the Professions

The Executive Budget proposes \$111.4 million in All Funds appropriations for Aid to Localities. The Executive Budget proposal reduces funding for many higher education scholarship and grant programs included by the Legislature in the SFY 2016-2017 Enacted Budget. The Executive reduces funding for the following initiatives:

- -\$3 million for the Liberty Partnership Program, bringing total funding to \$15.3 million;
- -\$5.9 million for the Higher Education Opportunity Program, bringing total funding to \$29.6 million;
- -\$2.6 million for the Science and Technology Entry Program, bringing total funding to \$13.1 million;
- -\$1.9 million for the Collegiate Science and Technology Entry Program, bringing total funding to \$9.9 million;
- -\$1.5 million for the Foster Youth Initiative, bringing total funding to \$1.5 million.

Cultural Education: The Executive Budget modifies the Enacted Budget for SFY 2016-2017 by reducing funding for the following programs:

- -\$4 million for aid to public libraries bringing total funding to \$91.6 million; and,
- -\$500,000 for Public TV and Radio bringing total funding to \$14.2 million.

Adult Career and Continuing Education Services Program: The Executive Budget provides funding for the following programs:

- \$54 million for case services;
- \$15.1 million for time-limited services or long-term support services;
- \$14.3 million for Independent Living Centers;
- \$6.3 million for competitive grants for Adult Literacy and Adult Education for public Assistance recipients, a reduction of \$1 million from last year's Enacted Budget; and,
- \$294,000 for college readers.

Article VII

- **Foundation Aid:** The Executive proposal would make significant changes to the Foundation Aid formula eliminating most of the current formula used to determine what

districts would receive under a full phase-in of Foundation Aid, and replace it with a new formula that would guarantee that each school district would receive a minimum year to year increase of 1%. Foundation Aid amounts for the 2018-19 SY and thereafter would be frozen at 2017-18 SY levels. The base increase would include differences in pupil needs and a regional cost index. The formula would also update definitions used to reflect student poverty and school district income wealth. A \$150 million set aside for community schools would be included in the Foundation Aid calculation for districts that contain at least one designated Struggling or Persistently Struggling School, or have a qualifying ELL population level.

- **Charter Schools:** The Executive proposal would remove the regional cap on charter school growth in New York City, and would allow that for any charter that was closed after July 1, 2015 to be reissued; the overall cap on charters would still remain at 460.

The Executive proposes that when new and expanding NYC charter schools are awarded rent in privately-leased space, that New York City must pay the actual *total facility* rental cost, or a 30% addition to tuition. Currently, the city pays actual rent costs, or a 20% addition to tuition. Co-location sites would be required to provide sufficient space to accommodate the following approved grade levels within the same building: grades K-4; 5-8; and 9-12. This would include grade levels not yet in operation, but included in the charter's planned grade configuration.

The proposal would also create a new tier of Charter School Transitional Aid to provide school districts with support in making tuition payments to charter schools for aid payable in the 2018-19 SY through the 2020-21 SY in order to offset increases in charter school tuition as a result of charter tuition being unfrozen. The offset would phase down from 90%, to 60%, to 30%, and to 0% in 2021-22 SY and thereafter.

- **Mayoral Control of New York City Schools:** The Executive proposal would extend mayoral control of the New York City School District for an additional three years (until June 30, 2020).
- **Prekindergarten Program Consolidation:** The Executive proposal would begin consolidating the State-funded prekindergarten programs, starting with merging the 2013 Priority Full-day Prekindergarten and Expanded Half-Day Prekindergarten Grant Program for High Need Students (PPK) into the Universal Prekindergarten program beginning in the 2017-18 School Year. Districts would be eligible to receive a grant equal to the sum of the amount received under current UPK funding plus the amount awarded to the district for the 2013 PPK during the 2016-17 SY. Curriculum standards must be consistent with the NYS Prekindergarten Early Learning Standards, and the length of day for full and half -day programs must be at least five hours and two hours in duration, respectively. In order to receive funding under this consolidation program, districts must adopt approved quality indicators within two years. SED would be required to report to

the legislature and governor annually on the total number of students in all federal, state, and locally operated and funded prekindergarten programs.

- **McKinney-Vento Homeless Assistance Act Alignment:** The Executive proposes amending the Education Law to conform to recent Federal changes to the McKinney-Vento Homeless Assistance Act in regards to various provisions relating to definitions, school selection, designation forms, tuition reimbursement and transportation. The proposal would also add additional provisions relating to dispute resolution and privacy of homeless records. Districts were already required to implement changes by October 1, 2016, but State law needs to reflect these changes to be in compliance with federal law.
- **Recovery High Schools:** The Executive proposal would authorize BOCES to enter into contracts with the Office of Alcoholism and Substance Abuse Services to operate two recovery high schools that will enroll students who have been diagnosed with substance abuse disorder and have committed to a recovery program. Only two such schools may be authorized statewide. Program and administrative costs would be eligible expenses under BOCES aid. Non-component districts, including city school districts, may enter into a MOU with a BOCES to participate in a recovery high school.
- **Contracts for Excellence:** The Executive proposal would continue the Contract for Excellence program by requiring all 15 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.
- **Special Education Waivers:** The Executive proposal would 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. 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.
- **NYC Test Scores Notice:** The Executive proposal would require the Chancellor of the New York City School District to include in the official score report of all students receiving an “Advanced” score on the 8th grade ELA and Math examinations a notice informing the student of application opportunities for admission to New York City’s Specialized High Schools.
- **Textbook Expenditures:** The Executive proposal would allow districts that use electronic textbook materials provided to the district without charge in lieu of traditional textbooks to use the expenditure amount received under textbook aid instead on high-quality professional development expenditures instead.

- **Juvenile Delinquency Proceedings Referrals:** The Executive proposal would allow superintendents to refer a student under the age of 17 who brought a weapon or firearm to school to a presentment agency for a juvenile delinquency proceeding beginning January 1, 2019, and for a student under the age of 18 beginning January 1, 2020.
- **Direct Certification Data:** The Executive proposal would require the commissioner to include direct certification data for the three most recently available school years in the updated electronic data file containing actual and estimated data related to apportionments due during the current school year as required of the commissioner to complete periodically.
- **Preschool Integrated Class Programs:** The Executive proposal would provide that beginning with the 2018-19 SY, integrated special class preschool programs would be reimbursed for services based on an alternative methodology for reimbursement established by the commissioner and approved by DOB.
- **Gifted Pupils Programs:** The Executive proposal would require any district offering a gifted pupils program to provide the opportunity to administer diagnostic tests or other evaluation mechanisms for all students in a grade.
- **School Food Procurement:** The Executive proposal would allow school districts to purchase from associations of ten or fewer producers or growers or to make purchases of less than \$100,000 without applying for permission from the commissioner of education when no other producers or growers have offered to sell to such school. The current threshold is \$25,000.
- **East Ramapo Monitor:** The Executive proposal would continue to allow the Commissioner of Education to appoint up to three state monitors to the East Ramapo Central School District to provide oversight, guidance and technical assistance related to the educational and fiscal policies, practices, programs and decisions of the school district, as well as supplementary funding. The district would be required to annually revise its long term strategic plan by October 1st of each year.
- **Miscellaneous Items:** Included in ELFA, Part A, the Executive proposal would also:
 - Extend additional building aid to school districts for one year, for the purchase of stationary metal detectors, security cameras or other security devices that increase the safety of students and school personnel;
 - Freeze certain school aid formulas to SFY 2017-18 levels;
 - Maintain existing provisions for the Teachers of Tomorrow program in the New York City School District for the 2017-18 school year;
 - Make a technical amendment to designate Limited English Proficiency students as English Language Learners in state funding;

- Maintain special education class size waivers for school districts;
- Provide for the continuation of a Consortium for Worker Education (CWE) allocation within the Employee Preparation Education (EPE) program;
- Continue the current provisions relating to the conditional appointment of school employees in school districts, BOCES and charter schools through the next school year;
- Extend provisions that conform to the federal No Child Left Behind requirements, as well as make technical amendments to conform with the federal Elementary and Secondary Education Act;
- Continue provisions for the school bus driver training grant program;
- Continue existing provisions for the Chapter 1 Advance which relates to the payment of lottery proceeds to certain districts;
- 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;
- Continue the authorization for the Rochester City School District to purchase health services from BOCES; and continue existing set aside provisions for Magnet Schools, Attendance Improvement and Dropout Prevention, and Teacher Support Aid within Foundation Aid; and
- Continue miscellaneous extenders for one year.

Higher Education Fact Sheet

Appropriations

- **SUNY and CUNY Tuition:** The Executive Budget includes a SUNY and CUNY rational tuition policy that increases funding for SUNY by \$69.5 million for a total of \$1.91 billion in SFY 2017-18, and increases CUNY funding by \$42.8 million dollars for a total of \$1.1 billion.
- **Tuition Assistance:** The Executive proposes \$1.1 billion for Tuition Assistance Programs, an increase of \$51 million for DREAM Act and the Excelsior Scholarship. The Executive proposes \$65.1 million for scholarships and awards, a reduction of \$9.8 million.
- **Community Colleges:** The Executive Budget does not include Community College Community Schools funding, but does include \$35 million in supplemental aid.
- **SUNY Hospitals:** The Executive Budget includes \$2.7 billion for SUNY Hospitals, an increase of \$68.4 million. The Executive Budget also includes \$49.9 million for Long Island Veteran’s Home, an increase of \$722,000.

Article VII

- **Excelsior Scholarship—Free-Tuition Plan:** The Executive proposes the establishment of the Excelsior Scholarship, a supplemental aid program to the existing tuition assistance program (TAP), for students earning 15 credits per semester at SUNY, CUNY and community colleges that would be phased in over three years. In year three, students of families with an adjusted gross income equal to or less than \$125,000 would be eligible for the scholarship program.
- **SUNY and CUNY Predictable Tuition Plan:** The Executive proposal would allow SUNY and CUNY to continue to increase the New York resident tuition rate up to \$250 per year for the next five years, through Academic Year (AY) 2021-22.
- **TAP Restrictions:** The Executive restricts students from using TAP awards at colleges and universities that exceed the tuition and mandatory fee threshold of \$500 or the three-year average of the final higher education price index, whichever is greater.
- **DREAM Act:** The Executive proposal includes the DREAM Act, a substantially similar proposal to previous Executive budget proposals.
- **CUNY Foundation Resources:** The Executive proposal would require the CUNY Board of Trustees, beginning in the 2017-18 AY, to annually collect 10% of annual revenue received by affiliated CUNY nonprofit organizations or foundations for the purpose of funding tuition assistance initiatives for students attending CUNY.

- **SUNY and CUNY Foundations and Organizations:** The Executive proposal would expand oversight by the State Inspector General to include nonprofit organizations and foundations affiliated with SUNY and CUNY. The Executive proposal would also require the State Inspector General to oversee the adoption of significant written financial control policies by affiliated SUNY and CUNY nonprofit organizations and foundations in order to prevent financial mismanagement.

HIGHER EDUCATION AGENCY DETAILS

Higher Education Agencies All Funds Appropriations				
Agency	Available SFY 2016-17	Executive Recommended SFY 2017-18	\$ Change	% Change
State University of New York	\$9,994,983,100	\$10,543,412,100	\$10,543,412,100	5.5%
City University of New York	\$4,273,290,900	\$4,814,934,200	\$541,643,300	12.7%
Higher Education Service Corporation	\$1,200,386,000	\$1,241,006,000	\$40,620,000	3.4%
Council of the Arts	\$47,177,000	\$46,883,000	-\$294,000	-.6%
Total	\$15,515,837,000	\$16,646,235,300	\$1,130,398,300	6.8%

Overview

The SFY 2017-18 Executive Budget recommends an All Funds appropriation of \$16.6 billion for higher education programs; an increase of \$1.13 billion, or 7.3%, from SFY 2016-17 levels.

CUNY Operating Aid: The Executive Budget proposes State Operating Aid support in the amount of \$542 million, which is flat funding from SFY 2016-17. Tuition revenue increases by \$42.8 million for a total of \$1.1 billion. This is associated with the new \$250 rational tuition plan. Overall, the total core operating budget for CUNY is \$1.27 billion.

SUNY Operating Aid: The Executive Budget proposes State Operating Aid support in the amount of \$996.8 million, which is flat funding from SFY 2016-17. Tuition revenue increases by \$69.5 million for a total of \$1.91 billion. This is associated with the new \$250 rational tuition plan. Overall, the total core operating budget for SUNY is \$2.84 billion.

HESC/TAP Funding: The Executive Budget proposes a \$1.2 billion in All Funds appropriation for Higher Education Services Corporation (HESC). This includes \$1.1 billion for Tuition Assistance Program (TAP), an increase of \$51 million over last year. This TAP appropriation includes \$27 million to fund the DREAM Act as well as \$86.6 million to fund the first phase of the Excelsior Scholarship (free-tuition proposal).

Community Colleges

The Executive recommendation maintains base aid for community colleges at \$2,697 per Full-Time Equivalent student, the same amount included in the Enacted State Budget for SFY 2016-2017. This will result in an overall community college base aid in the amount of \$234.7 million for CUNY and \$454.7 million for SUNY. The community college base aid appropriation maintains funding of \$5 million for the New York Jobs Linkage Program. The appropriation language requires CUNY and SUNY to submit a plan for the allocation of these funds to the Director of the

Budget by December 1, 2017.

City University of New York

The Executive Budget proposes funding for the following CUNY programs:

- \$23.4 million for the Search for Education, Elevation and Knowledge (SEEK) program, a \$4.7 million reduction from SFY 2016-17;
- \$1.5 million for CUNY LEADS, a \$250,000 reduction;
- \$8.9 million for building rentals;
- \$813,100 for child care centers, a \$902,000 reduction from SFY 2016-17;
- \$1.1 million for College Discovery Program, a \$225,000 reduction;
- \$1.9 for Workforce Development and contract courses;
- No appropriation was made for the Accelerated Study in Associate Programs (ASAP), or the CUNY Pipeline Program at the Graduate Center. In SFY 2016-17 ASAP was funded at \$2.5 million, and the CUNY Pipeline Program was funded at \$187,500.

State University of New York

The Executive Budget proposes funding for the following SUNY programs:

- \$26.8 million for the Educational Opportunity Programs (EOP), a reduction of \$5.4 million dollar;
- \$55 million for the Educational Opportunity Centers (EOCs), a reduction of \$7.0 million from SFY 2016-17;
- \$2.0 million for Small Business Development Centers; a reduction of \$1.5 million;
- \$6.0 million for Graduate Diversity Fellowships, a reduction of \$600,000;
- \$11.6 million for building rental aid, no change from last year;
- \$1.0 million for childcare centers, a reduction of \$1.1 million;
- \$1.9 for Workforce Development, no change from last year;
- No appropriation was made for the Graduate Achievement and Placement Program (GAPP). GAPP was funded at \$1.5 million in SFY 2016-17.

Higher Education Capital Plan

The Executive Budget provides CUNY with \$284.22 million for critical maintenance projects, which is an increase of \$141.22 million from SFY 2016-17. The Executive includes an additional appropriation of \$80.35 million for the state's 50% share of projects at CUNY Community Colleges.

The Executive Budget provides SUNY with \$550 million for critical maintenance projects, which is an increase of \$290 million from SFY 2016-17. The Executive includes an additional appropriation of \$53.08 million for the state's 50% share of projects at SUNY Community

Colleges.

Additional funds for capital construction associated with the SUNY 2020 and CUNY 2020 proposal will be funded through the Empire State Development Corporation. These funds will total \$110 million and will be allocated as \$55 million to each SUNY and CUNY.

NYS Council on the Arts

The Executive Budget proposes an All Funds appropriation of \$46.9 million. This includes \$42.2 million in Aid to Localities funding for arts grants and financial assistance to nonprofit cultural organizations. This is a decrease of \$260,000 from SFY 2016-2017, reflecting the elimination of prior year legislative adds.

Article VII

- **Excelsior Scholarship (Free-Tuition Plan):** The Executive proposes the establishment of the Excelsior Scholarship, an award program that would be made available for full-time students at SUNY, CUNY and community colleges that would be phased-in over three years. The scholarship would be available to students of families with an adjusted gross income equal to or less than \$100,000 in the 2017-18 AY, \$110,000 in 2018-19 AY and \$125,000 in 2019-20 and thereafter.

Students must earn 15 credits per semester and complete undergraduate study in four years, or in two years if attending a community college program to be eligible. Students must also achieve a minimum GPA requirement, certified by the school, to remain eligible for the scholarship. Awards would be determined after consideration of the student's existing TAP award, Pell grant, and other scholarship award amounts. Students who receive awards that already cover the full cost of tuition would be ineligible for the program.

Tuition rates for Excelsior recipients would be frozen at 2016-17 AY levels, even though tuition would be able to rise by \$250 annually under the Executive's predictable funding plan for SUNY and CUNY.

- **TAP Restrictions:** The Executive restricts students from using TAP awards at colleges and universities that exceed the tuition and mandatory fee threshold of \$500 or the three-year average of the final higher education price index, whichever is greater. In such circumstances, students who first received an award in the 2017-18 AY or earlier would continue to be eligible for TAP awards if the student continues to meet the eligibility requirements.
- **Predictable Funding Plan for SUNY and CUNY:** The Executive proposal would allow SUNY and CUNY to continue to increase the New York resident tuition rate up to \$250 per year

for the next five years, through Academic Year (AY) 2021-22. Any increased tuition revenues could only be used to support investments in faculty, instruction, initiatives to improve student success, and the current tuition credit. The Executive continues to provide a tuition credit to TAP eligible students to apply toward tuition. The CUNY and SUNY boards of trustees would be required to submit a report to the Assembly and Senate Finance Chairs detailing the trustees' five-year tuition plan for undergraduate tuition rates by November 30, 2017.

The Executive does not include previous Maintenance of Effort provisions requiring the State to maintain operating support in this proposal, as it was originally included in Chapter 260 of the Laws of 2011.

- **CUNY Foundation Resources:** The Executive proposal would require the CUNY Board of Trustees, beginning in the 2017-18 AY, to annually collect 10% of annual revenue received by affiliated CUNY nonprofit organizations or foundations, including the CUNY Research Foundation, for the purpose of funding tuition assistance initiatives for students attending CUNY. Such organizations would include any entity formed for the benefit of or controlled by CUNY that manages or receives \$50,000 or more annually, including alumni associations.
- **DREAM Act:** The Executive proposal would enact the DREAM Act, which would 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. This proposal is substantially similar to previous Executive budget DREAM Act proposals.
- **Establish SUNY and CUNY Foundation Financial Controls:** The Executive proposal would provide that the State Inspector General require SUNY and CUNY affiliated nonprofit organizations and foundations that manage over \$50,000 to adopt written financial control policies, including bylaws, to prevent any conflicts of interest or fiscal mismanagement within the organizations. The State Inspector General would be able to appoint compliance officers from within the staff at SUNY and CUNY to assist in oversight and monitoring of these policies. Failure to comply would render the organization to be ineligible for state aid or any assistance from SUNY or CUNY, and would be subject to an Article 78 review under Civil Practice Law and Rules.

Health and Mental Hygiene Fact Sheet

Appropriations

- **Medicaid:** The Executive Budget provides \$65.2 billion for the New York State Medicaid program, with a total enrollment projection of approximately 6.1 million individuals. The Medicaid global spending cap is extended for one year and the Executive includes phase VII recommendations that would result in \$382 million in financial plan relief.
- **Health Care Reform Act:** The Executive Budget extends the HCRA program for three years and projects \$5.7 billion in revenue.
- **Minimum Wage:** The Executive Budget provides \$225 million in funding for the 2018 Minimum wage increase to help pay healthcare workers.
- **Early Intervention:** The Executive Budget provides \$171.1 million in General Fund support for early intervention services. It is estimated that this level of support would provide services to 68,000 children.
- **New York State of Health:** The Executive Budget provides \$553 million for the state's health exchange and would provide coverage assistance to more than 3.7 million New Yorkers.
- **Essential Health Care Providers:** The Executive Budget provides \$500 million in capital funding for essential health care providers including \$300 million for community based providers. In addition, approximately \$50 million of this capital appropriation would be available to Montefiore Medical Center Bronx, New York
- **OPWDD:** The Executive Budget continues the transition from institutional types of care to community based support services and housing, and invests new funding to expand crisis services.
- **OMH:** The Executive Budget provides resources to transform State Operated mental health facilities to eliminate duplicative services, and proposes a Jail Based Restoration program.
- **Opioid Epidemic:** The Executive Budget includes \$200 million in funding to combat the Heroin/Opioid Epidemic.

Article VII

- **Pharmaceutical Price Controls:** The Executive Budget includes a provision that authorizes the Drug Utilization Review Board to set a benchmark price for certain high-priced drugs,

and authorizes a supplemental rebate in the amount above the benchmark price to be paid to the state Medicaid program. Any drugs sold at a price above the benchmark price would also be subject to a surcharge; the revenue would be returned proportionally to insurers, to be credited to customers' policies. Additionally, the price increase threshold for generic prescription drugs that triggers a mandatory rebate is reduced from a 300 percent increase to a 75 percent increase threshold.

- **Fighting the Opioid Epidemic:** The Executive Budget contains several provisions that modify the Medicaid program to continue the State's efforts to combat the opioid crisis in New York. These proposals include: making the inappropriate prescribing of opioids an unacceptable provider practice under the Medicaid program; aligning Medicaid prescription refill controls with New York Controlled Substance Law; repealing prescriber prevails to "reduce inappropriate prescribing;" and authorizing physicians and nurse practitioners to voluntarily establish written protocols for comprehensive medication management to patients with a chronic disease.
- **Test and Monitor Drinking Water:** The Executive Budget contains provisions to maintain and improve drinking water supplies in New York. This proposal requires every public water system serving at least 25 residents to test drinking water every three years for the presence of contaminants designated by DOH and other unregulated contaminants established by the Federal Safe Drinking Water Act and notify residents of the results. Every new private drinking water well would be tested for contaminants, all private water supplies would be tested for contaminants as a condition of sale for residential property, and leased residential properties must be tested for contaminants once every five years and the residents must be notified of the results.
- **Capital Financing for Essential Health Care Providers:** The Executive Budget provides an additional \$500 million to support capital projects, debt retirement, working capital and other non-capital projects that facilitate health care transformation for essential health care providers. At least \$30 million of this funding must go to community-based providers. This amount also includes \$50 million for Montefiore Medical Center to support its expansion of healthcare services.

HEALTH AND MENTAL HYGIENE AGENCY DETAILS

Health and Mental Hygiene All Funds Appropriations				
Agency	Available SFY 2016-17	Executive Recommended SFY 2017-18	\$ Change	% Change
Department of Health	\$138,647,162,254	\$1476,648,868,100	\$9,001,705,846	6.5%
Office of Medicaid Inspector General	\$54,073,000	\$50,021,000	-\$4,052,000	-7.5%
Total All Health	\$138,701,235,254	\$147,698,889,100	\$8,997,653,846	6.5%
Office for People with Developmental Disabilities	\$4,430,827,500	\$4,494,840,000	\$64,012,500	1.4%
Office of Mental Health	\$4,006,597,000	\$4,114,444,000	\$107,847,000	2.7%
Office of Alcoholism and Substance Abuse Services	\$656,392,000	\$693,339,000	\$36,947,000	5.6%
Justice Center for the Protection of People with Special Needs	\$54,969,000	\$54,544,000	-\$425,000	-0.8%
Developmental Disabilities Planning Council	\$4,772,000	\$4,760,000	-\$12,000	-0.3%
Department of Mental Hygiene	\$600,000,000	\$600,000,000	\$0	0.0%
Total All Mental Hygiene	\$9,753,557,500	\$9,961,927,000	\$208,369,500	2.1%
All Agency Totals	\$148,454,792,754	\$157,660,816,100	\$9,206,023,346	6.2%

Department of Health

The SFY 2017-18 Executive Budget recommends \$147.6 billion in All Funds support for the Department of Health. This level of funding reflects an increase of \$9 billion or 6.5 % over SFY 2016-17 Enacted levels. This Level of funding would support 5,082 FTEs, an increase of 163 FTEs from the SFY 2016-17 Enacted levels.

Medical Assistance (Medicaid) Program: The Executive Budget extends, until SFY 2018-19, the Medicaid Global Spending Cap and includes \$65.2 billion in All Funds support for the Medicaid program, which reflects an increase of \$2 billion or 3.2% over SFY 2016-17 Enacted levels. The SFY 2017-18 State share of Medicaid spending under the cap would be \$18.3 billion, an increase of \$567 million over last year's spending cap of \$17.7 billion.

In addition, the Executive Budget includes \$225 million associated with increased costs from the 2018 minimum wage increase for health care workers. These health care workers provide services reimbursed under the Medicaid program.

The Executive Budget also provides more than \$734.9 million in fiscal relief to local governments as a result of the State's full takeover of Local Medicaid growth. The distribution of local fiscal relief is as follows:

- \$517.7 million for New York City; and
- \$217.1 million for the rest of State.

Medicaid Redesign Team (MRT): The Executive Budget includes phase VII of MRT recommendations, which would result in State savings of \$382 million to New York State's Medicaid program. Highlights of the Executive's spending plan for Medicaid programs are detailed below:

Pharmaceutical Initiatives: The Executive Budget includes several proposals that would control the rising costs of prescriptions drugs under the Medicaid program and result in \$92.55 million in State savings. These proposals include:

- \$1.45 million in savings from enhanced program integrity for controlled substances;
- \$55 million in savings by establishing a price ceiling for certain high cost drugs and by collecting additional rebates for any drug that exceeds the benchmark prices as established by the Drug Utilization Review Board (DURB);
- \$21.00 million in savings from reducing inappropriate Prescribing/Prescriber Prevalis;
- \$6.3 million in savings from reduced coverage for over the counter (OTC) drugs; and
- Imposing regulations on Pharmacy Benefit Managers (PBMs) to ensure that they are not acting improperly and contributing to the rising costs of prescription drugs.

Managed Care Initiatives: The Executive Budget includes several cost saving initiatives that would result in State savings of \$60.5 million. Cost saving measures include requiring Medicare coverage as a condition for Medicaid eligibility and reducing payments to plans for facilitated enrollment.

Long Term Care Initiatives: The Executive Budget proposes several initiatives to reform long term care services, resulting in State savings of \$83.15 million, including:

- \$10 million in State savings by requiring Spousal Support;
- \$5.75 million in State savings by restricting Managed Long Term Care Program to only nursing home eligible and ban MLTC marketing;
- \$4.4 million in State savings from eliminating Medicaid reimbursement for hospice services that is covered by Federal Medicare reimbursement; and
- \$11 million in State savings from eliminating bed hold payments.

School Supportive Health Services: The Executive Budget proposes to develop a plan that would improve the Medicaid claiming of School Supportive Health Services in New York City. Under this proposal, New York City, in consultation with the Department of Health, would attempt to maximize federal funding and reduce State and local costs for these services. Failure by New York City to achieve the targeted savings could result in the State reducing administration payments to the City -resulting in \$50 million in State savings and loss of revenue to New York City.

Federal Actions or Fiscal Pressures on the Medicaid Global Cap: The Executive Budget provides other funding under the Medicaid program that includes:

- \$175.5 million for Medicare Part B and D premium increases; and
- \$118 million for a Federal disallowance as a result of an ACA overpayment.

Other Cost Saving Initiatives: The Executive Budget also includes various cost savings that would contain Medicaid spending growth and result in State savings of \$127.7 million, including:

- \$5 million in savings by reducing funding for the Hospital Quality Pool;
- \$20 million in savings by reducing funding for Supportive Housing;
- \$20 million in savings by reducing avoidable emergency room visits by 25%.

Public Health

New York State of Health (Exchange): The New York State of Health (Exchange) was established in 2013 by Executive Order #42. The Exchange began accepting enrollees on October 1, 2013 and to date approximately 3.4 million people have enrolled in this program. The Executive Budget includes \$553 million for the operation of New York State of Health.

Early Intervention (EI) Program: The Executive Budget proposes several initiatives that would reform the Early Intervention Program (EI) and result in State savings of \$3.9 million in SFY 2017-18, and increasing to \$14.3 million in SFY 2018-19. These proposals include: facilitating the collection of insurance information; maximizing appeals of insurer payment denials; requiring insurance companies to reimburse the EI program for services covered under the child's health policy and to adhere to current prompt payment requirements. Local governments, who also share in the costs of providing EI services would realize fiscal and administrative savings of \$74 million over a five-year period.

Roswell Park Cancer Institute: The Executive Budget transfers \$10.5 million from local assistance spending to capital appropriations. This action would result in total capital funding of \$36 million and maintain Roswell's subsidy level at \$102.6 million.

End of AIDS: The Executive Budget continues the \$200 million multi-year commitment to the

“End of AIDs” initiative by including \$50 million in this year’s proposed budget.

General Public Health Works (Article VI) Program: The Executive Budget proposes to reduce funding to New York City by reducing the reimbursement amount under the General Public Health Works (GPHW) Program. Under this proposal, reimbursement for core public health services provided by the City would be lowered to 29% from the current 36% that is provided to all local county health departments. This proposal would realize State savings of \$11 million and result in a loss of funding for the City of New York.

Other Public Health Initiatives: The Executive Budget recommends several proposals, including the following:

- \$8.5 million in State funding for the Spinal Cord Injury Research (SCIRP) Program;
- \$5 million in Family Planning funding is transferred to the insurance assessment account under the Department of Financial Services; and
- \$3.1 million in State savings by eliminating the 2018 Cost of Living Adjustment (COLA)

Program Consolidations: The Executive Budget consolidates 39 public health programs into four separate funding streams for similarly functioning programs. This consolidation would result in State savings of \$24.6 million and 20% reduction in funding.

Health Care Reform Act (HCRA): The Executive Budget extends HCRA for three years until March 31, 2020. Specifically, the Executive extends the following:

- HCRA surcharges and the inpatient reimbursement methodology;
- Covered lives assessment;
- Various programs traditionally funded out of HCRA such as Area Health Education Centers (AHEC), the Empire Clinical Research Investigator Program (ECRIP), and Doctors Across New York (DANY).

Capital Funding: The Executive Budget provides \$500 million in new capital funding for essential health care providers including \$30 million for community based providers. These capital funds could be used for capital projects, retiring debt, and any other capital or non-capital projects that would transform the delivery of health care in New York State. In addition, approximately \$50 million of these capital dollars would be available to Montefiore Medical Center (Bronx, New York) to expand the availability of affordable health care. Including the SFY 2017-18 proposed appropriation of \$500 million, the total amount of capital transformation dollars available over a four-year period is \$3.3 billion.

The Executive Budget includes \$150 million for a joint venture between the Department of Health and Empire State Development that would establish a Life Science Laboratory Public Health Initiative that would develop life science research, innovation and infrastructure.

The Executive Budget includes funding for technology initiatives, as follows:

- \$30 million for the Statewide Health Information Network (SHIN-NY); and
- \$10 million for the All Payer Claims Database (APD).

Office of Medicaid Inspector General

The Executive Budget recommends \$50.0 million in All Funds support for the Office of Medicaid Inspector General, reflecting a decrease of \$4.1 million, or 7.5%, from the SFY 2016-17 Enacted Budget. This reduction is achieved by the elimination of 27 FTEs through attrition. The targeted workforce for the agency would decrease from 453 FTEs to 426 FTEs. This level of funding would allow the agency to continue its fraud, waste abuse control activities.

Mental Hygiene

The Executive Budget recommends \$10 billion in All Funds support for Mental Hygiene Services, a \$208.4 million, or 2.1%, increase for all State Agencies in the mental hygiene functional area from SFY 2016-17 levels.

Office for People With Developmental Disabilities (OPWDD)

The Executive Budget includes \$4.5 billion in All Funds support for OPWDD, an increase of \$64.0 million, or 1.4%, over SFY 2016-17 levels. This level of funding would support 18,602 FTES, a 253 FTE reduction from SFY 2016-17 levels. This workforce reduction would be accomplished through attrition.

Community Services Program

- The Executive Budget includes \$60 million in State funds and generates \$120 million in total funding when fully annualized for community services. This increase would be used to: increase certified housing supports communities; provide support for additional independent living services; increase the availability of Day Programs and Employment opportunities; and increase the availability of respite services.
- The Executive Budget includes \$10.8 million for costs associated with the 2018 fiscal year minimum wage increase.
- The Executive Budget realizes \$18.1 million in State savings through the elimination of the .8% Cost of Living (COLA) for direct care workers that was enacted as part of the SFY 2015-16 Adopted Budget.
- The Executive Budget realizes \$6.2 million in State savings as a result of facility downsizing for developmental centers (DC). This amount represents a full annualization of this

downsizing effort that began during SFY 2016-17 and effected 52 individuals in developmental centers and 100 individuals that are residents of ICF's. The Executive Budget recommends reinvesting \$3 million of those savings into community based services for those individuals.

- The Executive Budget proposes an investment of \$21 million, an increase of \$12 million over the SFY 2016-17 Enacted Budget, to expand the Systemic Therapeutic Assessment Respite and Treatment (START) program into the downstate area. This program aims to address the need for available community based crisis preventative and intervention services to individuals with developmental disabilities.
- The Executive Budget includes \$24 million to assist with the transition of individuals from institutional type of care to community based settings. In order to facilitate this transition, the Executive would continue to use a combination of not-for-profit and State –operated services to create appropriate community based services developed for individual needs.
- The Executive Budget proposes to establish a Blue Ribbon Panel for the Institute for Basic Research in Developmental Disabilities on Staten Island. This panel would examine the feasibility of transitioning the institute from OPWDD to the City University of New York (CUNY) College of Staten Island (COSI).
- The Executive Budget eliminates \$2.4 million in SFY 2016-17 Legislative funding as follows:
 - Research Foundation for Mental hygiene, Inc., \$600,000;
 - Data collection and reporting platform, \$250,000;
 - Opportunities Unlimited of Niagara Foundation, Inc., \$125,000;
 - Special Children Center, \$50,000;
 - Chautauqua County Chapter of NYSARC, Inc., \$750,000;
 - Jawonio, Inc, \$125,000;
 - Cerebral Palsy Associations of New York State, \$75,000;
 - NYSARC, Inc., Rockland County, \$70,000;
 - Community Mayors, Inc., \$25,000;
 - NYSARC Inc. New York City Chapter, Howie Stone Adult Day Center, \$156,000; and
 - Syracuse University, \$150,000.

Capital: The Executive Budget provides \$15 million in new capital funding to develop housing for independent living housing capacity for individuals with developmental disabilities.

Office of Mental Health

The Executive Budget includes \$4.1 billion in All Funds support for the Office of Mental Health, an increase of \$107.8 million, or 2.7%, over SFY 2016-17 levels. This funding level would support

13,847 FTEs which is a 353 FTE reduction from SFY 2016-17 levels. This workforce reduction is a result of actions taken within the Executive Budget. Reductions are as follows:

- -56 FTEs, from the establishment of Jail Based Restoration;
- -140 FTEs, due to 100 vacant inpatient beds;
- -140 FTEs due to the reconfiguration of State Operated Residential clinics;
- -105 FTEs as a result of the transformation of OMH State Operated Outpatient clinics;
- -80 FTEs as a result of revamping Hutchings Children and Youth Services and SOMTA efficiencies.

These FTE reductions are offset by increases of 168 FTEs, attributed to combating overtime within the Agency and for the expansion of forensic services.

State Operations

- The Executive Budget proposes to establish a Jail Based Restoration Program for Certain Defendants. This program would create separate units within County jails and provide an array of mental health services including competency restoration services, assessments and psychiatric stabilization services. The SFY 2017-18 Executive Budget includes \$850,000 to assist County jails with infrastructure improvements to create the separate treatment units. In addition, the SFY 2017-18 Executive Budget realizes \$2.1 million in savings through the reduction in hospitalizations and other costlier services options.
- The Executive Budget proposes to eliminate funding for 100 vacant inpatient beds throughout the State realizing \$5.3 million in savings.
- The Executive proposes to authorize OMH to evaluate services provided at Hutchings Children and Youth Services and develop a plan to realize efficiencies within the facility realizing \$966 million in savings.
- The Executive Budget proposes to transform State Operated Clinics under OMH. Under this proposal, OMH would review treatment services at all State-operated clinics to eliminate duplication of services and ensure that the services provided by the various clinics to ensure that they have sufficient capacity to meet the needs of the communities they serve. The SFY 2017-18 Executive Budget includes \$3.9 million in savings from this action.
- The Executive Budget proposes to achieve operational efficiencies under the sex offender management and treatment act (SOMTA). This efficiency exercise would be performed in cooperation with the Department of Corrections and Community Supervision (DOCCS) and would result in \$1.1 million in savings.
- The Executive Budget proposes to reconfigure 140 State operated residential beds and

transform these beds into supportive housing units. This reconfiguration would result in \$5.3 million in savings.

Local Assistance

- The Executive Budget includes \$11 million in new funding to expand community based services thereby reducing the need for costlier institutional beds. The community based services would be provided on a regional basis and with input from stakeholders. Once fully implemented, the total investment for community based services would be \$92 million annually.
- The Executive Budget includes \$2.9 million in funding associated with the cost of the fiscal year 2018 minimum wage increase.
- The Executive Budget includes \$10 million in increased funding to provide enhanced supports for residential programs. These funds would be used for supportive housing and single residence occupancy programs.
- The Executive Budget invests \$2.3 million in funding to develop 280 community based, scattered site supported housing units that would be required as a result of the reconfiguration of 140 State operated beds.
- The Executive Budget eliminates \$6.5 million in SFY 2016-17 Legislative funding as follows:
 - \$175,000, South Fork mental health Initiatives;
 - \$500,000, Crisis Intervention Teams;
 - \$300,000, Farm Net;
 - \$100,000, Mental Health Association in New York State;
 - \$100,000, North Country Behavioral Health Care Network;
 - \$500,000, Children's Prevention and Awareness Initiative;
 - \$100,000, Jewish Board of Children and Family Services, Inc.;
 - \$100,000, Riverdale Mental Health Association;
 - \$74,000, Mental health Association of Rockland County;
 - \$200,000, Communilife, Inc.;
 - \$2,780,000, Joseph P. Dwyer Veteran Peer to Peer Services;
 - \$450,000, Veteran's Mental Health Training Initiatives;
 - \$175,000, Local Mental Hygiene Director's, Inc. Chapter; and
 - \$1,000,000, Crisis Intervention services and diversion programs.

Capital: The Executive Budget includes \$374.5 million, which is an increase of \$51 million or 15.8% over SFY 2016-17 Enacted levels. This increase in funding reflects the full annualization of projects enacted as part of prior years' budgets.

Office of Alcoholism and Substance Abuse Services

The Executive Budget includes \$693.3 million in All funds support, which represents an increase of \$36.9 million or 5.6% over the SFY 2016-17 Adopted Budget. This level of funding would support 741 FTEs which is consistent with SFY 2016-17 Adopted Levels.

Local Assistance

- The Executive Budget includes \$200 million to support efforts to combat the heroin epidemic. This level of funding represents an increase of \$30 million over SFY 2016-17 Adopted levels. This level of funding would be used to support various initiatives, including: providing 80 new residential beds; increasing opioid treatment programs (OTP) by 600 additional slots; establishing 10 new regional community coalitions and partnerships; establishing 10 new family support navigator programs; establishing 10 peer engagement programs; establishing 8 new adolescent clubhouses; establishing 5 new community and outreach centers; opening 10 24/7 Urgent Access Centers to offer round the clock access to substance abuse disorders (SUD) treatment services; and initiating a pilot program to establish recovery High Schools which are “Schools within a School” that educate student in recovery in a substance free and supportive environment.
- The Executive Budget includes \$3.8 million in funding associated with the cost of the fiscal year 2018 minimum wage increase.
- The Executive Budget includes \$3.3 million in new appropriation authority attributed to the NYS Commercial Gaming Fund Revenues.
- The Executive Budget eliminates \$2.0 million in SFY 2016-17 Legislative funding as follows:
 - \$2,000,000, Substance Abuse Prevention and Intervention Specialists; and
 - \$25,000, Rockland Council on Alcoholism, Inc.

Capital: The Executive Budget includes \$68 million in capital funding, an increase of \$35 million over SFY 2016-17 Enacted levels. This increase in funding is attributed to the need for additional appropriation authority to support the continuation of bed development that began in prior years.

Justice Center for the Protection of People with Special Needs

The Executive Budget includes \$54.5 million in All Funds support for the justice Center, a decrease of \$425,000, or .8%, from the SFY 2016-17 Levels. This reduction is attributed changes in General fund support for personal services. The Executive proposes a workforce of 441 FTEs, which is consistent with SFY 2016-17 levels.

Developmental Disabilities Planning Council

The Executive Budget recommends \$4.8 million in All Funds support for the Developmental Disabilities Planning Council, which is consistent with the SFY 2016-17 Enacted levels. This level of funding would support 18 FTEs in performing the functions of the agency.

Article VII

Department of Health

- **Reforms To Early Intervention Services Reimbursements-** Streamlines insurance reimbursement procedures and coverage determinations for early intervention services by requiring insurers to accept written orders, referrals or recommendations for EI services by a primary healthcare provider, cover services regardless of the location where the services are provided, pay for early intervention services that are covered by the child's insurance policies (including for autism spectrum disorder) and require better notification of coverage determinations.
- **State Reimbursements to NYC-** This proposal would reduce state reimbursements to New York City for the General Public Health Work Program from 36% to 29%, a savings for the state of \$11 million in 2018, and \$22 million when fully annualized. This program provides reimbursement to localities for services related to family health, communicable disease control, chronic disease prevention, community health assessment, emergency preparedness, and environmental health. While no other locality would have its reimbursement reduced, the Governor argues that New York City is uniquely situated to absorb this reimbursement rate cut because it receives more funding from other sources than other localities in the state.
- **Increased Cost-Sharing For Some Essential Plan Enrollees-** This part requires \$20 monthly premiums for individuals with incomes between 138-200% of the Federal Poverty Level who are enrolled in the Essential Plan. Currently, only those people enrolled in the Essential Plan whose incomes are between 150-200% of the Federal Poverty Level are required to pay a \$20 monthly premium. In addition, beginning in 2018, the premiums for those with incomes between 138-200% would increase by the growth of the Medical Consumer Price Index. The proposed savings to the state are \$5.2 million in FY 2018 and \$20.9 million in 2019.
- **Medicaid-** This part includes several provisions relating to changes in the Medicaid program including pharmaceutical price controls and fighting the opioid epidemic.
 - *Pharmaceutical Price Controls:* Authorizing the Drug Utilization Review Board to set a benchmark price for certain high-priced drugs and subject these drugs to supplemental rebates for the Medicaid program. These high-priced drugs would also be subject to a surcharge that would be collected and managed by the

Department of Financial Services and returned proportionally to insurers, to be credited to customers' policies. Additionally, the price increase threshold for generic prescription drugs, that triggers a mandatory rebate, gets reduced from a 300 percent increase threshold to a 75 percent price increase trigger.

- *Fighting the Opioid Epidemic*: The proposal contains several provisions that modify the Medicaid program to continue the State's efforts to combat the Opioid crisis in New York. These proposals include making the inappropriate prescribing of opioids an unacceptable provider practice under the Medicaid program; aligning Medicaid prescription refill controls with New York Controlled Substance Law; repealing prescriber prevails to "reduce inappropriate prescribing"; and authorizing physicians and nurse practitioners to voluntarily establish written protocols for comprehensive medication management to patients with a chronic disease.
- **Medicaid Redesign**- This part includes provisions relating to the Medicaid Redesign Team's recommendations for long-term care reforms, including restricting enrollment in managed long term care plans to enrollees who require nursing home level of care, eliminating reimbursements to nursing homes for when they have to "hold" a bed for residents who temporarily leave the nursing home, and requiring spousal support contributions towards the cost of long-term care for spouses living together.
- **Extends the Medicaid Cap**- Extends the Medicaid Global Cap for one year, through 2019, and includes a provision to give the Director of Budget the authority to adjust the Global Cap in the case of changes to the availability of federal Medicaid moneys or Medicaid eligibility criteria. This part also requires New York City to enter into a joint savings allocation plan with the State to increase billing to Medicaid by \$100 million for school-based health supportive services. If the City has not made sufficient progress in billing these services to Medicaid, or doesn't implement a savings plan, the Medicaid administrative reimbursement payments to New York City is decreased by \$50 million a year.
- **HCRA**- The Health Care Reform Act (HCRA) is reauthorized through March 31, 2020.
- **Licensure of Pharmacy Benefit Managers**- This section requires pharmacy benefit managers (PBM) to register with the State Department of Financial Services (DFS) by June 1, 2017 and be licensed by DFS by January 1, 2019. The PBMs must disclose any financial incentive or benefit they receive for promoting certain drugs or drug classes, as well as any pricing information for fee arrangements and rebates. DFS would have the authority to revoke or suspend any PBM license for violations of licensure requirements.
- **Capital Projects**- Authorizes up to \$500 million for capital project for eligible health care providers for the purpose of supporting capital projects, debt retirement, working capital, and other non-capital projects that facilitate health care transformation and expand

access to health care services. Fifty million dollars of this funding would be allocated specifically for Montefiore Medical Center, and at least \$30 million of this funding must be allocated to community-based health care providers.

- **Health Care Modernization Team-** Establishes the Health Care Regulation Modernization Team made up of representatives from the Public Health and Planning Council, legislature (including one appointee by the Senate Minority Leader), and health service delivery stakeholders. The Team shall issue a report by December 31, 2017 on ways to modernize healthcare regulations in the State including Certificate of Need reforms, streamlining regulations, licensing and scope of practice reforms, delivery of primary care in mental health settings, aligning care models in community based services, regional differences in regulations, and pilot program implementation.
- **Water Contamination-** Part M establishes the Emerging Contamination Monitoring Act. This requires every public water system (which serve at least 25 residents) to test drinking water every three years for the presence of certain emerging contaminants designated by DOH and other unregulated contaminants established by the Federal Safe Drinking Water Act and to notify residents of the results. Part N establishes the Residential Well Testing Act. This section requires every new private drinking water well be tested for contaminants and that all private water supplies be tested for contaminants as a condition of sale for residential property. Residential properties that are leased must have their private wells tested once every five years and the residents must be given written notification of the results.

Mental Hygiene

- **Jail-based Restoration To Competency-** This section authorizes counties to opt-in to a program to develop residential mental health pods within local jails for the housing, treatment, and eventual restoration of felony defendants to mental competency as they await trial. The Department of Corrections and Community Supervision would also be authorized to develop similar restoration units in New York State-run correctional facilities.
- **COLA Deferral-** This section would defer the .8% cost-of-living adjustment for human services (DOH, OMH, OPWDD, OASAS, SOFA) for one year (until April 1, 2018) and extends the COLA to be effective from April 1, 2018 until March 31, 2021.

Campaign Finance and Ethics Fact Sheet

- **Require Members of the Legislature to Obtain an Advisory Opinion Before Earning Outside Income:** The Executive is proposing legislation which amends the Public Officer's Law to require all legislators to seek an advisory opinion from the Legislative Ethics Commission ("LEC") before earning any outside income in excess of \$5,000 per year.
- **Close the So-Called "LLC Loophole":** This proposal would define Limited Liability Corporations ("LLCs") as corporations, effectively reducing their contribution limits to \$5,000 in the aggregate each year.
- **Requires Local Elected Officials to File Financial Disclosure Requirements:** This bill requires local elected officials who earn more than \$50,000 per year in a government salary, as well as all County Executives, County Managers, and all Chairs of County Boards of Supervisors to file the same financial disclosure statements that state employees file.
- **Implements Various Campaign Finance Reforms & Public Financing:** Part D would make the following changes to the state's campaign finance laws:
 - Enact a voluntary system of full public financing;
 - Reduce campaign contribution limits;
 - Lower contribution limits to soft money "housekeeping accounts" from unlimited to \$25,000;
 - Lower "hard money contributions to party accounts from \$62,500 to \$25,000;
 - Require additional disclosure by "bundlers" of campaign contributions;
 - Limit party or constituted committee transfers and spending limits on behalf of individual candidates to \$5,000 per election, except under limited circumstances;
 - Require contributions or loans in excess of \$1,000 be reported within sixty days; and
 - Require additional disclosure of loans.
- **Comprehensive FOIL Reform:** This proposal incorporates the state legislature into the provisions of FOIL, expedites FOIL appeals, and amends the attorney's fees provisions and when they can be awarded during FOIL litigation, among other things.
- **Inspector General ("IG") Jurisdiction Over Procurements:** Amends the Executive Law to make it clear that the IG has jurisdiction to investigate contracted parties with the state in agency procurements when there are allegations of fraud, corruption, criminal activity or conflicts of interest.
- **Appointment of a Chief Procurement Officer:** The Executive is proposing the creation of a Chief Procurement Officer ("CPO") to oversee the integrity and uniformity of procurement practices across the state, and ensure state procurement staff are prepared and positioned to conduct effective and ethical procurements.

- **Prohibits Campaign Contributions by Those Seeking State Procurements:** Amends the Election Law to prohibit individuals, organizations or business entities (as well as any subsidiaries directly or indirectly controlled) 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.
- **Automatic Voter Registration:** These provisions would create a system of automatic voter registration for qualified individuals who apply for a driver's license, renewal, or identification card.
- **Early Voting:** This proposal establishes a system of early voting throughout the state.
- **Establish Limits on Outside Income for Members of the State Legislature:** The Executive proposals a constitutional amendment that restricts any outside earned income a member of the state legislature could earn to 15% beyond the member's statutorily set salary. The earliest time in which this amendment could take effect is 2019.
- **Same-Day Voter Registration:** This constitutional amendment would allow New Yorkers to register and vote on the same day. Thirteen other states and the District of Columbia allow same-day registration. The earliest time in which this amendment could take effect is 2019.
- **Term Limits for Elected Officials:** This constitutional amendment proposal creates four-year legislative terms for members of the Senate and the Assembly. The amendment would also impose eight-year term limits for members of the legislature, governor, lieutenant governor, attorney-general, and comptroller. The earliest time in which this amendment could take effect is 2019.

CAMPAIGN FINANCE AND ETHICS REFORM

The Executive has once again re-introduced a stand-alone article VII bill that contains many of the same ethics and campaign finance reform proposals he has included in his annual state-of-the-state messages and executive budget submissions over the past several years. Nearly all of these proposals are old. None of these proposals has been acted upon by the Senate.

- **Require Members of the Legislature to Obtain an Advisory Opinion Before Earning Outside Income:** The Executive is proposing legislation which amends the Public Officer's Law to require all legislators to seek an advisory opinion from the Legislative Ethics Commission ("LEC") before earning any outside income in excess of \$5,000 per year. A designee from the Office of Court Administration ("OCA") would also serve on the commission solely for the purpose of reviewing and responding to requests for formal advisory opinions on issues pertaining to outside income.
- **Close the "So-Called" "LLC Loophole:"** This proposal amends the Election Law to define Limited Liability Corporations ("LLCs") as corporations, effectively reducing their contribution limits to \$5,000 in the aggregate each year. The bill also requires the identity of all direct and indirect LLC owners/contributors be disclosed and any contributions made by the LLC be attributed to each member, in proportion to that member's ownership interest. Such information must be filed with the State Board of Elections by December 31st of each year.
- **Requires Local Elected Officials to File Financial Disclosure Requirements:** This bill requires local elected officials who earn more than \$50,000 per year in a government salary, as well as all County Executives, County Managers, and all Chairs of County Boards of Supervisors, to file the same financial disclosure statements that state employees file. The forms would be filed with the Joint Commission on Public Ethics ("JCOPE"). Municipal employees would provide the same information in their financial disclosure statements as state employees, including his or her spouse's or partner's income.
- **Implements Various Campaign Finance Reforms & Public Financing:** This section would make the following changes to the state's campaign finance laws:
 - Enact a voluntary system of full public financing;
 - Reduce campaign contribution limits;
 - Lower contribution limits to soft money "housekeeping accounts" from unlimited to \$25,000;
 - Lower "hard money" contributions to party accounts from \$62,500 to \$25,000;
 - Require additional disclosure by "bundlers" of campaign contributions;
 - Limit party or constituted committee transfers and spending limits on behalf of individual candidates to \$5,000 per election, except under limited circumstances;
 - Require contributions or loans over \$1,000 be reported within sixty days; and
 - Require additional disclosure of loans.

- **Public Financing:** This proposal would create a new Public Financing System (PFS), and Public Financing Unit (PFU) within the State Board of Elections (BOE). This new unit would be responsible for administering and enforcing a new system of public campaign financing. The proposal also establishes new contribution limits for participating and non-participating candidates.

Limitations and Definitions

- *For PFS Participating Committees or Candidates:* Contributions are limited to \$6,000 in the aggregate for the primary of a candidate or committee, and \$6,000 in the aggregate for any general election to statewide office. State Senate candidates are limited to \$4,000 for primary or general elections, and State Assembly candidates are limited to \$2,000 for primary or general elections (currently \$4,500 for both). Participating candidates for any office may contribute 3 times the applicable limit of their own money to their own authorized committee.
- *For Non-Participating Committees or Candidates:* Statewide office contributions are limited to \$10,000 for primary and \$15,000 for general elections. State Senate candidates are limited to \$5,000 for primary or general elections for a total of \$10,000. The limits for Assembly candidates, which are currently \$4,500 for primary or general elections, are \$3,000 for each for a total of \$6,000. The limit that any non-family contributor can make to any party or constituted committee is lowered from \$62,500 to \$25,000. No family limit contribution could exceed \$100,000.
- *Transfers* are limited to \$5,000 in cash and support from parties, except that an unlimited amount can be transferred or spent in support from funds comprising no more than \$500 from each contributor a party accepts.

New Title II to the Election Law

- This section of the bill creates the PFS, justified through Legislative findings that reform of the campaign finance system is critical to the restoration of, and public confidence in, the state's democratic process. A voluntary public finance system will encourage qualified candidates to participate in the electoral process.
- Under the PFS, any primary, special or general election for the four statewide offices and the Senate and Assembly will be covered. The new system will begin with elections occurring in 2019. Participating candidates benefit from a 6-1 contribution match with public funds - \$6.00 for every \$1.00 of eligible contributions for the first \$175.00 of eligible private funds per contributor, up to

the limits.⁶

NYS Campaign Finance Fund – Revenue and Payments

- The legislation would establish the NYS Campaign Finance Fund (CFF) in the joint custody of the State Comptroller and the Commissioner of Tax and Finance. The CFF will receive revenues from an personal income tax check-off, the abandoned property fund, the General Fund, and “any other moneys transferred to the Fund,” as well as private contributions.
- Beginning with the taxable year starting on January 1, 2017, a CFF \$40 check-off will appear personal income tax forms, which, if checked, will reduce the individual tax liability by this amount. In addition, in January of each general election year, or 6 weeks prior to any special state election, the Comptroller will transfer all moneys from the APF to the CFF. Any excess remaining on March 31st following the general election will be transferred back.
- Funds are to be paid out to participating committees by the Comptroller on vouchers approved by the BOE within 4 days of receipt in by the Comptroller’s Office. Any shortage in the CFF is to be paid by the Comptroller through General Fund – again within 4 days of receipt. Beginning in 2017, any surplus in the CFF that exceeds 25% of disbursements over the 4-year election cycle reverts to the General Fund.

Eligibility and Matchable Contributions

- A candidate may have *only one* authorized committee. He/she must: be running in a covered election with an opponent; be certified by the BOE in the form of an affidavit setting forth acceptance of agreement to comply with terms and conditions, *submitted at least four months prior to the election*; meet all requirements to have his/her name on the ballot; not make use of personal funds or property, or that jointly held with a spouse or unemancipated child (see above); and continue to abide by post-election requirements.
- Further, candidates must raise a certain amount in *matchable contributions* to meet the *eligibility threshold*” for the office they seek.⁷ Matchable contributions are any contribution or portion of a contribution for a covered election in the same elections cycle by a natural person who is a US citizen and resident of NY State, that has been reported in full to the BOE. The eligibility threshold for the respective office must be reached, as follows:
 - Governor: \$650,000 in matchable contributions, with at least 6,500 in

⁶ Contributions must be verified by the Public Financing Unit within 4 days of receiving the reported contribution. Payments will be made electronically into the committee account.

⁷ Ad candidate who meets the requirements for the primary will be deemed eligible for any other election for the same office in the same calendar year.

- amounts between \$10 and \$175 per contributor from residents of NYS;
 - Lieutenant Governor (LG), Attorney General (AG), and Comptroller: \$200,000/2,000 from NYS residents of amounts between \$10-\$175;
 - Senate: \$20,000/200 of amounts between \$10-\$175 from residents of the district; and
 - Assembly: \$10,000/100 of amounts between \$10-\$175 from residents of the district.
- *Non-matchable contributions include:*
 - in-kind contributions;
 - contributions in the form of a purchase paid for an item with intrinsic or enduring value;
 - transfers from a party or constituted committee;
 - contributions from a previous election cycle;
 - illegal contributions;
 - contributions from minors;
 - contributions from vendors for campaigns;
 - contributions from registered lobbyists; and
 - unitemized contributions.

Caps on Public Financing Matching Funds⁸

- The aggregate amount of matching funds that a candidate may receive is limited, depending on the office sought. Those limitations are as follows:
- Limits in a primary election for respective offices
 - Governor: not to exceed (“nte”) \$8,000,000
 - LG, AG, Comptroller: nte \$4,000,000
 - Senate: nte \$375,000
 - Assembly: nte \$175,000
- Limits in a general election for respective offices:
 - Governor and LG combined: nte \$10,000,000
 - AG, Comptroller: nte \$4,000,000
 - Senate: nte \$375,000
 - Assembly: nte \$175,000

Restrictions on Expenditures

- The use of public funds is restricted for the following expenditures:
 - any expenditure that would violate the law;
 - in excess of fair market value for services, materials or other things of value;

⁸ Total amount to the candidate’s authorized committee in the election cycle.

- made after the candidate has been finally disqualified from the ballot;
- made after the candidate's opponent has been disqualified from the general or special election ballot;
- cash payments;
- in support of another committee or candidate;
- in support or opposition to any other candidate or committee outside the office sought;
- gifts, except brochures, buttons, signs or other printed campaign material;
- legal fees to defend a criminal charge;
- payments to immediate family members; or
- made to challenge the validity of any petition.

Reporting and Review

- Any contribution or loan of \$1,000 or more must be disclosed within 48 hours, in addition to its inclusion on the next applicable statement. In addition to the reporting requirements already provided in Election Law, each authorized and political committee (participating or non-participating) must report every March 15th and May 15th of each election year.
- For all committees (participating or non-participating), every contribution of \$500 or more must include the occupation and business address of each contributor, lender and intermediary.
- Participating candidates have the option of filing as often as once a week to receive matching funds at the earliest possible time.

Audits, Reports and Enforcement

- Sections 14-208 through 14-210 provide for the powers and duties of the BOE. Under those provisions, the Public Financing Unit of the Board will work with the Enforcement Unit to enforce provisions that include rendering advisory opinions, developing a program of public information and candidate education, promulgating rules and regulations; and maintaining an interactive, searchable database to be put on the website.
- The BOE must also audit all candidates receiving public funds within 2 years of the election – cost borne by the committee, using public, private or combination of funds. Candidates who run in both primary and general must maintain 3% balance of public funds to comply with audit. The audit can find overages, requiring repayment by committee, unless the overage was the BOE's fault, in which case it will be deducted from any future payment by the BOE to the committee. If Fund payments exceed committee expenses in the same calendar year, committee must repay the Fund no later than 27 days after all committee liabilities are paid,

or on the day the final audit is complete⁹.

- The BOE must also review and evaluate the effect of public financing on elections, and submit a report to the Legislature every 3 years, beginning on January 1, 2019, to include a list of candidates, contributions, loans and expenditures, the amount of matching funds made, spent and repaid, an analysis of effects on private financing, and recommendations.
- Violations of any provision are subject to civil penalty of up to \$15,000. The knowing and willful submission of a false statement constitutes criminal conduct – a misdemeanor, in addition to any other penalty under this or any other section of law. Issues are to be contested in the Supreme Court of Albany County.
- **Comprehensive FOIL Reform:** This proposal incorporates the state legislature into the provisions of FOIL, expedites FOIL appeals, and amends the attorney’s fees provisions and when they can be awarded during FOIL litigation, amongst other things. The proposal would also apply FOIL and the Open Meetings laws to the Joint Commission on Public Ethics (“JCOPE”) and the Legislative Ethics Commission (“LEC”).

Specifically, the bill amends the definition of “state legislature” in the Public Officers Law to include any members, officers, representatives and employees. A new definition is added for the term “Respective house of the state legislature” as well. Such term is defined to mean, “the New York state senate, New York state assembly, and any corresponding committee, subcommittee, joint committee, select committee, or commission thereof, and any members, officers, representatives and employees thereof.” The bill then incorporates these two terms into current law to make the current FOIL law effectively applicable to the state legislature. Each respective house would be responsible for promulgating rules and regulations effectuating these changes.

The bill adds several new exceptions to FOIL disclosure requirements including contracts between labor unions and public employers, for critical infrastructure, communications between legislators and constituents, as well as certain materials exchanged within the state legislature that do not fit into several enumerated categories.

The bill also adds an affirmative duty on agencies and the state legislature to publish online, to the extent practicable, records or portions of records that would be available to the public. Agencies and the legislature would also be able to determine when said records could be removed when they are no longer of substantial interest. The committee on open government would be responsible for promulgating regulations on this issue.

The bill amends the circumstances under which attorneys-fees can be awarded.

⁹ The candidate and Treasurer are jointly and severably liable for any repayments to the BOE.

Specifically, courts would now be required to assess reasonable attorneys fees against a losing party when the litigant has substantially prevailed and the court finds that the agency, “denied access in clear disregard of the exceptions to the rights of access and had no reasonable basis for denying access.”

Any notice of appeal to the Appellate Division would be entitled to a preference. Any appeal of an adverse determination would have to be brought on for argument on appeal within 45 days. A notice of appeal would have to be filed within 15 days of service on the other party or filing of the notice of entry. In no event shall an appeal take more than 60 days. Finally an appeal would be deemed abandoned if a record and brief are not served and filed within 30 days of any appeal.

- **Inspector General (“IG”) Jurisdiction Over Procurements:** This proposal would amend the Executive Law to make it clear that the IG has jurisdiction to investigate contracted parties with the state in agency procurements when there are allegations of fraud, corruption, criminal activity or conflicts of interest.
- **SED Inspector General:** The Executive proposal would create a new Inspector General specifically dedicated to oversight of the State Education Department (SED) to investigate allegations of corruption, fraud, criminal activity, conflicts of interest, or abuse within SED. The SED Inspector General would have investigatory powers similar to those held by the State Inspector General over other agencies and would report to the Board of Regents. The Inspector General would also review SEDs policies and procedures, release written reports to the public of any investigations, and determine whether allegations should result in disciplinary action, prosecution, or further investigation by a federal, state or local agency. The Inspector General would be appointed to serve a five-year term by mutual agreement between the Senate and Assembly beginning June 1, 2017. Removal of the Inspector General for substantial neglect of duty would require concurrent resolution of the legislature.
- **Expand State Inspector General Jurisdiction to Include Affiliate Organizations of SUNY and CUNY:** The Executive proposal would expand oversight by the State Inspector General to include nonprofit organizations and foundations affiliated with SUNY and CUNY, including SUNY and CUNY’s research foundations, that earn over \$50,000 annually. Student-run organizations would not be included under the State Inspector General’s oversight.
- **Appointment of a Chief Procurement Officer:** The Executive is proposing the creation of a Chief Procurement Officer (“CPO”) to oversee the integrity and uniformity of procurement practices across the state and ensure state procurement staff are prepared and positioned to conduct effective and ethical procurements. He or she would be appointed by, and serve at the pleasure of the Executive. The CPO would also serve as the 22nd member of the state procurement council.

The CPO will spearhead a comprehensive review of current procurement practices across all state entities and relevant affiliates in order to establish best practices and implement uniform policies and procedures. The CPO would also lead the development of additional statewide procurement training and knowledge sharing opportunities and coordinate with the State Inspector General on the integrity of the process.

- **Port Authority Inspector General:** This legislation creates a New York-specific inspector general (IG) responsible for investigating illegal behavior for New York-related conduct, requiring New York-based commissioners and management to report any potential conflicts or criminal activity to this new office holder, and for making recommendations to remediate. The Executive would house, appoint, and fund the IG's office, and have control over the IG's salary. The inspector general would also be treated as a district attorney for purposes of the Criminal Procedure Law. This proposal also empowers the Executive to make recess appointments to the Port Authority Board of Commissioners if the Senate is scheduled to reconvene more than seven days after adjournment. The Port Authority has had an inspector general's office since 1992. Additionally, New Jersey and New York's legislatures unanimously passed legislation which would have subjected the Port Authority to reforms modeled after laws applied to other public authorities, which the Executive vetoed on December 27, 2014.
- **Prohibits Campaign Contributions by Those Seeking State Procurements:** This proposal would prohibit individuals, organizations or business entities (as well as any subsidiaries directly or indirectly controlled) 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. This prohibition would start when the bid or RFP is released, continue while the decision is pending, and for six months following the award. This prohibition would extend to any officeholder or candidate for state government, such as the Senate or Assembly. The state contracting agency would be responsible for including notice of this prohibition as well as the date when the restriction commences on written forms. A person who evinces an intent to violate this law would be subject to a civil penalty the greater of up to \$10,000, or 200% of the contribution.
- **Improved Transparency of Vendors:** This part directs OGS, OITS, the State Comptroller, and Attorney-General to work together in an attempt to address how feasible it would be to assign single identifying codes to contractors, vendors, and other payees as well as track such entities. The study would be due to the Governor and legislature on or before September 1, 2017.
- **Automatic Voter Registration:** These provisions would create a system of automatic voter registration for qualified individuals who apply for a driver's license, renewal, or identification card. Applications would be automatically forwarded to local boards of elections, unless an applicant affirmatively chose to opt out of registering. Declinations to

register would be kept confidential and apply when the applicant affirmatively checks a box indicating he or she does not wish to be registered to vote next to their signature.

The State Board of Elections (“SBOE”) and DMV would be responsible for jointly developing a new form that would serve as the actual application. The bill prohibits the new forms from containing duplicative information. These new forms would require specific statutory information currently required when registering such as an attestation, eligibility requirements, and information on potential penalties for perjury. Statements would also include information about an applicant’s right to privacy as well as information requesting help and on how to file complaints.

The forms would also effectively act as a “change of address” for voters already registered who have moved to a different part of the state. The DMV would be responsible for bearing the costs of these new forms. The DMV must transmit the voter registration portion of the form to the appropriate board of elections within 10 days of receipt. Forms received closer to election dates would have to be transmitted in an expedited fashion. Registrants would be entitled to vote so long as a local Board received the application at least 20 days prior to any given election. The applicable local Board of Elections would be responsible for thereafter notifying applicants that their application has been received and either processed or rejected.

The State Board of Elections would be empowered to develop rules and regulations to further carry out these requirements. The SBOE would also be responsible for developing training and promotional materials on this new program. The DMV commissioner would have to designate a specific employee to oversee statewide implementation at the local DMV level as well.

- **Early Voting:** This proposal establishes a system of early voting in each county throughout the state. Currently, New York is one of only thirteen states where early voting is not available and an excuse is required to vote via absentee ballot.

At least one polling location would have to be made available with additional locations, up to 7, for each 50,000 registered voters in each respective county. Local Boards could always establish more than 7 sites and a BOE office can qualify as an early voting location. Upon a majority vote of any Board however, the number of early voting sites may be reduced if a reasonable determination is made that the number is still sufficient to meet voter demand.

Early voting locations would have to be opened for a period of 13 days prior to any special, primary, or general elections and staffed equally on a bi-partisan basis. Early voting would end the second day prior to any election. Polls would have to be opened at least 8 hours between 7 a.m. and 8 p.m. each week day with at least one polling place remaining open until 8 p.m. at least 2 week days in each week leading up to an election. Moreover, polls

would be required to remain open on weekends for at least 5 hours between 9 a.m. and 6 p.m. on each Saturday, Sunday and legal holidays before an election.

Voters would be qualified to vote for all offices he or she is qualified and entitled to at an early voting location throughout their respective county. Local boards of elections would be responsible for including information about early voting in publications and also through online publication. Local boards of elections would have to develop early voting procedures, subject to approval by the SBOE.

Early voting locations and hours of operation for each general election must be designated by May 1st of each year and no later than 45 days before any primary or special election. Any ballots cast during early voting would not be canvassed or examined until after the close of the polls on election day. The local board of elections would be responsible for securing all ballots and scanners at the close of each day of early voting.

Finally, the SBOE would be given wide latitude to enact any rule or regulation necessary for the implementation of early voting.

Stand-Alone Constitutional Amendments

- **Establish Limits on Outside Income for Members of the State Legislature:** The executive proposal effectively restricts any outside earned income a member of the state legislature could earn to 15% beyond the member's statutorily set salary.
- **Same-Day Voter Registration:** This constitutional amendment would allow New Yorkers to register and vote on the same day. Thirteen other states and the District of Columbia allow same-day registration.
- **Term Limits for Elected Officials:** This constitutional amendment proposal creates four-year legislative terms for members of the Senate and the Assembly. The amendment would also impose eight-year term limits for members of the legislature, governor, lieutenant governor, attorney-general, and comptroller.

Aging, Human Services and Housing Fact Sheet

Appropriations

- **Cost of Living Adjustment (COLA):** The SFY 2017-18 Executive Budget calls for a one-year deferral of the human services cost of living adjustment (COLA) for the period beginning April 1, 2017 and ending March 31, 2018, and the discontinuation of the direct care worker and service provider COLA.
- **Community Services for the Elderly (CSE):** The Executive Budget proposes to maintain aging supports by continuing the \$1 million increase for the CSE program from SFY 2016-17, consolidating \$1.1 million in distinct transportation funding into CSE, and removing the exemption on the county share of 25%.
- **NY Connects:** The Executive Budget proposes shifting support for the NY Connects program to the Federal Balancing Incentive Program grant and the Medicaid Global Cap to achieve savings to the State.
- **Raise the Age:** The Executive Budget includes capital investments of \$110 million to address the need for additional OCFS facility capacity under the Raise the Age Proposal.
- **Restructure Funding for Children with Special Needs in NYC:** The Executive Budget proposes a restructure of funding for residential placements of children with special needs in New York City (NYC) to better align fiscal responsibilities with the entity that makes the placement decisions.
- **Reducing Foster Care Block Grant (FCBG) Allocations:** The Executive Budget proposes to balance State and local shares at 50%, net of Federal funding.
- **Federal Title XX funding:** The Executive Budget would require that \$27 million in discretionary Title XX funding be used specifically to support childcare subsidy costs.
- **Reauthorization of the Child Welfare Financing Structure:** The Executive Budget includes a proposal to reauthorize the current child welfare financing structure, which has helped to incentivize reductions in the foster care population, until the year 2022.
- **Affordable and Homeless Housing Plan:** The Executive Budget continues funding to support the full implementation of the five-year investment for the affordable and homeless plan which is aimed towards creating new housing opportunities for individuals in need of supportive services and providing resources to support vulnerable populations in securing housing.
- **Public Assistance Lottery Intercept:** The Executive Budget includes a proposal to authorize the state to recoup 50% of lottery winnings for public assistance recipients with winnings over \$600 in order to pay back any cash assistance received by the recipient in the last 10 years.

- **Summer Youth Employment Program (SYEP):** The Executive Budget includes an additional \$5 million in TANF funding to ensure that the State can continue to serve the approximately 18,750 youths that were employed in 2016, taking into account the increase in the minimum wage.
- **Shelter Supplement Pilot Program:** The Executive Budget proposes a shelter supplement pilot program for formerly incarcerated individuals, aimed at stopping the cycle of recidivism and homelessness among that specific population.
- **Temporary Assistance to Needy Families (TANF):** The Executive Budget eliminates funding for various TANF initiatives.
- **\$2.5 Billion for Housing Programs:** The Executive Budget includes \$2.5 billion in funding for key housing programs that includes: \$950 million for 6,000 supportive housing units; \$100 million for NYCHA Capital Repairs; \$22.9 million for the Rural Rental Assistance Program; \$4.5 million for Tenants through the Office of Rent Administration; \$41 million for Mitchell-Lama; and \$12 million for Rural/Neighborhood Preservation Programs.

Article VII

- **Child Welfare Financing:** The Executive Budget proposes a five-year extension of the Child Welfare Financing Reform Act and proposes a change in funding structure for residential placement for children with special needs and tuition for children in foster care in New York City. The proposal would eliminate the State share of funding for each.
- **Definition of “Abused Child”:** The Executive proposes to amend the definition of “abused child” to include sex trafficking and severe forms of trafficking to comply with federal funding eligibility standards.
- **Services for Runaway and Homeless Youth:** The Executive Budget proposes authorizing municipalities to extend the amount of time youths can stay in crisis shelters and residential transitional independent living support programs. It also defines “homeless young adult” as between 21- and 24-years-old and authorizes municipalities to serve those individuals in residential RHY programs.
- **Health Care Services for Children in Foster Care:** The Executive proposes to authorize the Commissioner of Health to license voluntary foster care agency health facilities for limited health-related services so that they can be reimbursed for related expenses when those children in foster care transition to Managed Care in 2019.
- **State Intercept of Lottery Winnings for Public Assistance Recipients:** The Executive proposes an increase in the amount the State can recoup in lottery winning from people on Public Assistance from 50% to 100%.

- **Cost of Living Adjustment (COLA) for Benefits:** The 2017-2018 Executive Budget proposes a COLA for Supplemental Security Income (SSI) benefits.
- **Protections for Children in Emergency Family Shelters:** The Executive proposes that emergency family shelters conduct two enhanced background checks for employees who will be in contact with children.
- **Affordable New York Housing Program (421-a replacement):** The 2017-2018 Executive Budget reinstates the expired 421-a real property tax abatement program under a new name, enacts the Memorandum of Understanding agreed to by real estate developers and construction labor unions on construction wages and implements some reforms, for new residential construction with at least 300 rental units located below 96th Street in Manhattan and the waterfront areas in Brooklyn and Queens.
- **Encourage Recent College Graduates to Become First-Time Homeowners in Upstate Communities:** Governor Cuomo proposes establishing a \$5 million “Graduate to Homeownership Program” to provide recent college graduates with additional first-time homebuyer assistance. The program will only be available in select communities with the intent of keeping recent graduates in upstate New York, especially in downtown areas. The program would include online or on-campus financial and homebuyer education courses, as well as a subsidized low-interest first-time homebuyer loan through the State of New York Mortgage Agency (SONYMA).

AGING, HUMAN SERVICES AND HOUSING AGENCY DETAILS

Human Services and Housing Agencies All Funds Appropriations				
Agency	Available SFY 2016-17	Executive Recommended SFY 2017-18	\$ Change	% Change
State Office for the Aging	\$260,362,000	\$247,668,500	-\$12,693,500	-4.9%
Division of Human Rights	\$18,000,000	\$18,000,000	\$0	0.0%
Office of Children and Family Services	\$3,938,415,927	\$3,848,366,927	-\$90,049,000	-2.3%
Office of Temporary and Disability Services	\$5,629,798,000	\$5,644,156,000	\$14,358,000	0.3%
Office of the Welfare Inspector General	\$1,300,000	\$1,300,000	\$0	0.0%
Division of Housing and Community Renewal	\$2,245,763,000	\$805,149,000	-\$1,440,614,000	-64.1%
State of New York Mortgage Agency	\$192,308,241	\$209,428,740	\$17,120,499	8.9%
Total Aging, Human Services and Housing	\$12,285,947,168	\$10,774,069,167	-\$1,511,878,001	-12.3

Overview

The SFY 2017-18 Executive Budget proposal recommends an All Funds appropriation of \$10.8 billion for agencies comprising the Aging, Human Services and Housing functional area, a decrease of \$1.5 billion or 12.3% for all Aging, Children and Families, Public Assistance, Housing and Human Rights programs. This decrease largely reflects the shift of \$2 billion Affordable and Homeless Housing Plan appropriation from SFY 2016-17 into reappropriations for SFY 2017-18.

New York State Office for the Aging (SOFA)

The Executive Budget recommends an All Funds allocation of \$247.7 million for SOFA, which is a decrease of \$12.7 million, or -4.9%, from the SFY 2016-17 Enacted Budget. This change is the result of the maximization of Federal funds, discontinuation of underutilized funding streams, modification in the Federal grant awards, and discontinuation of one-time legislative adds. The Executive Budget also recommends a workforce of 95 FTEs for the agency, which remains unchanged from SFY 2016-17.

Budget Proposals include:

- Elimination of the State Fiscal Year (SFY) 2018 increase to the cost of living adjustment (COLA) consistent with other human services agencies. Projected savings associated with the elimination are \$1.6 million annually.
- Discontinuation of the direct care worker and service provider COLA consistent with the

Department of Health (DOH). Projected savings associated with the discontinuation are \$2 million annually.

- Maintaining Aging supports by continuing the \$1 million increase for the Community Services for the Elderly (CSE) program from SFY 2016-17, consolidating \$1.1 million in distinct transportation funding into CSE, and removing the exemption on the county share of \$3.5 million in funding which has been invested in CSE over the past two fiscal years.
- Shifting support for the NY Connects program to the Federal Balancing Incentive Program grant and the Medicaid Global Cap. The shift is projected to provide \$3.4 million in savings to the State.

Division of Human Rights (DHR)

The Executive Budget recommends an All Funds appropriation of \$18 million, which is unchanged from SFY 2016-17 funding levels. The Executive Budget also recommends that the SFY 2016-17 staffing level of 164 FTEs remain unchanged in SFY 2017-18.

Office of Children and Family Services (OCFS)

The Executive Budget recommends an All Funds appropriation of \$3.8 billion for OCFS, which is a decrease of \$90 million or, -2.3%, from the SFY 2016-17 budget. This decrease primarily reflects recommended budget actions in foster care, committee on special education placements, youth programs, the use of Federal Title XX funds, collective bargaining salary increases, and the elimination of legislative adds. The Executive recommends a workforce of 2,965 FTEs, which is an increase of 11 FTEs necessary to meet the staffing needs at the Human Services Call Center. Budget proposals include:

- A capital investment of \$110 million to address the need for additional OCFS facility capacity under the Raise the Age Proposal.
- A restructure of funding for residential placements of children with special needs in New York City (NYC) to better align fiscal responsibilities with the entity that makes the placement decisions. Under the proposal, NYC would pay tuition costs associated with NYC foster care placements. Currently, only the State pays for education costs.
- A proposal to reduce Foster Care Block Grant (FCBG) allocations. Currently, the FCBG provides State reimbursement for local social services districts' costs for children in foster care. The State share has increased from 46% to 54% since 2011, and is projected to reach 57% by SFY 2021. At the same time, the local share has decreased from 39% to 33%. The Executive's proposal aims to balance State and local shares at 50%, net of Federal funding.
- Requiring the use of Federal Title XX funding to cover the cost of child care subsidies. New

York State receives \$98 million in annual Federal Title XX funding for allocation to counties. Of that amount, \$66 million is set aside for adult protective and domestic violence services, \$5 million supports training activities for county and state staff, and \$27 million is for all other services, which counties can use at their discretion to fund various services. The Executive's proposal would require the \$27 million now be used to support child care subsidy costs, to enable the State to maintain the current level of child care subsidies while reducing general fund costs for the program.

- A five year reauthorization of the current child welfare financing structure, which has helped to incentivize reductions in the foster care population by providing open-ended 62% state reimbursement for child protective and preventive services, and a fixed block grant for more expensive foster care placements. The proposal also maintains a 62% open-ended state share for adoption administration and independent living. The reauthorization extends the current structure through the year 2022.

Office of Temporary and Disability Services OTDA

The Executive Budget recommends an All Funds appropriation for \$5.6 billion for OTDA, an increase of \$14.4 million, or 0.3%, from SFY 2016-17. The Executive recommends a workforce of 2,026 FTEs for OTDA, an increase of 73 FTEs over SFY 2016-17 workforce levels. Additional staff will support increased emergency shelter oversight responsibilities in the new Division of Shelter Oversight and Compliance. Budget proposals include:

- The Executive continues funding to support the full implementation of the five-year investment for the affordable and homeless plan which is aimed towards creating new housing opportunities for individuals in need of supportive services and providing resources to support vulnerable populations in securing housing.
- A proposal to authorize the state to recoup 50% of lottery winnings for public assistance recipients with winnings over \$600 in order to pay back any cash assistance received by the recipient in the last 10 years. The proposal also authorizes the state to recoup the remaining 50% of such winnings over \$600, up to the amount of cash assistance provided.
- A \$5 million increase in Summer Youth Employment Program (SYEP) TANF funding to ensure that the State can continue to serve the approximately 18,750 youths that were employed in 2016, taking into account the increase in the minimum wage.
- An appropriation in the amount of \$200,000 for a shelter supplement pilot program for formerly incarcerated individuals. The funding would be used for case management services, in an effort to stop the cycle of recidivism and homelessness among that specific population.
- Elimination of funding for various TANF initiatives. (See TANF chart below)

Program	TANF Initiatives		\$ Change	% Change
	16-17 Enacted Budget	17-18 Executive Proposal		
ACCESS - Welfare-to-Careers	\$800,000	\$0	-\$800,000	-100.0%
Advanced Technology Training and Information Networking (ATTAIN)	\$4,000,000	\$0	-\$4,000,000	-100.0%
Career Pathways	\$2,850,000	\$0	-\$2,850,000	-100.0%
Centro of Oneida	\$25,000	\$0	-\$25,000	-100.0%
Child Care CUNY	\$141,000	\$0	-\$141,000	-100.0%
Child Care Demonstration Projects (UPS)	\$2,676,000	\$0	-\$2,676,000	-100.0%
Child Care Demonstration Projects (NYC)	\$6,236,000	\$0	-\$6,236,000	-100.0%
Child Care Subsidies	\$403,127,000	\$369,327,000	-\$33,800,000	-8.4%
Child Care SUNY	\$193,000	\$0	-\$193,000	-100.0%
Flexible Fund for Family Services	\$964,000,000	\$964,000,000	\$0	0.0%
Non-residential Domestic Violence	\$3,000,000	\$3,000,000	\$0	0.0%
Nurse Family Partnership	\$0	\$3,000,000	\$3,000,000	100.0%
Preventive Services	\$1,570,000	\$0	-\$1,570,000	-100.0%
Rochester-Genesee Regional Transportation Authority	\$82,000	\$0	-\$82,000	-100.0%
Strengthening Families through Stronger Fathers	\$200,000	\$0	-\$200,000	-100.0%
Summer Youth	\$31,000,000	\$36,000,000	\$5,000,000	16.1%
Wage Subsidy	\$47,500	\$0	-\$47,500	-100.0%
Wheels for Work	\$144,000	\$0	-\$144,000	-100.0%
Total TANF Initiatives	\$1,420,519,000	\$1,375,327,000	-\$45,192,000	-3.2%

Office of the Welfare Inspector General (OWIG)

The Executive Budget recommends All Funds appropriation of \$1.3 million for OWIG, which is unchanged from SFY 2016-17. The Executive Budget also recommends that the SFY 2016-17 staffing level of 7 FTEs remain unchanged in SFY 2017-18.

Housing

Division of Housing and Community Renewal

The Executive Budget recommends \$805 million in All Funds appropriations for the Division of Housing and Community Renewal, a decrease of \$1.4 billion from the SFY 2016-2017 level. The Executive includes \$2 billion in re-appropriations targeted for the Affordable and Homeless Housing Plan, which was part of the SFY 2016-2017 enacted budget commitment to a multi-year statewide investment in affordable housing services and housing opportunities for the homeless.

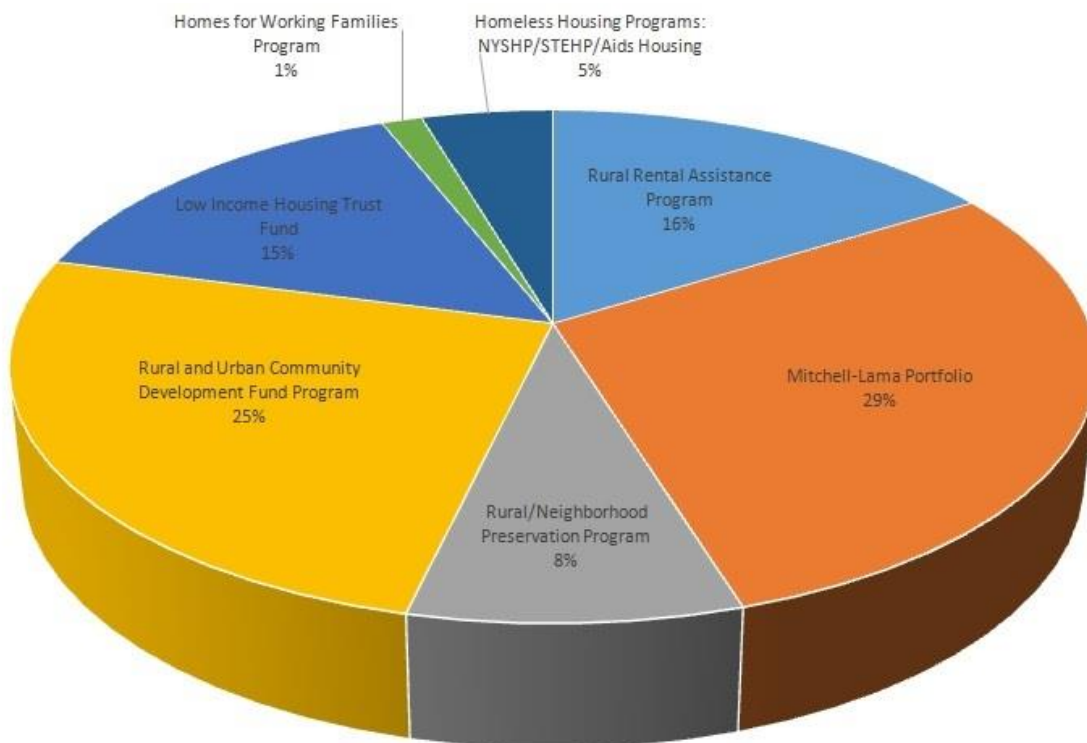
The Executive eliminates the \$2 billion Memorandum of Understanding for Affordable and Homeless Housing Plan from the SFY 2016-2017 Enacted Budget but wholly preserves the funding associated with this appropriation within reappropriations in the SFY 2017-18 Executive Budget. In Addition, the Executive adds \$527 million to the Affordable and Homeless Housing Plan; providing a total of \$2.5 billion in funding to support the following programs:

1. \$950 million for 6,000 supportive housing units throughout the state over the next five years.
2. \$601 million for new construction or adaptive reuse of rental housing affordable to households that earn up to 60% of area median income (AMI).
3. \$125 million for developing or rehabilitating affordable housing targeted to low-income seniors, aged 55 and above.
4. \$45 million for rural and urban community investment fund program.
5. \$150 million new construction, adaptive reuse, or reconstruction of rental housing affordable to households that earn up to 130 % of AMI.
6. \$177 million for substantial or moderate rehabilitation of site-specific multi-family rental housing.
7. \$100 million for providing capital subsidies to preserve and improve Mitchell-Lama properties
8. \$125 for substantial or moderate rehabilitation and/or the demolition and replacement through new construction of site-specific multi-family rental housing currently owned by public housing authorities outside of New York City.
9. \$62.5 million for substantial or moderate rehabilitation and/or the demolition and replacement through new construction of buildings of 5 to 40 units.
10. \$41.4 million for promoting home ownership among families of low and moderate income.
11. \$13 million for mobile and manufactured home programs.
12. \$10 million for stimulating reinvestment in properties located within mixed-used commercial districts located in urban, small town, and rural areas of the State.
13. \$100 million for state approved projects and other improvements related to housing developments owned or operated by the New York City Housing Authority.

Housing Aid to Localities: The Executive Budget utilizes \$141 million in Aid to Localities excess reserves from the Mortgage Insurance Fund to support Neighborhood and Rural Preservation Programs and the Rural Rental Assistance Program through the Housing Trust Fund Corporation, as well as homeless housing programs through the Homeless Housing and Assistance Corporation. Program funding is proposed as follows:

- Rural Rental Assistance Program: \$22.9 million;
- Mitchell-Lama Portfolio: \$41 million;
- Rural/Neighborhood Preservation Program: \$12 million;
- Rural and Urban Community Development Fund Program: \$36 million;
- Low Income Housing Trust Fund: \$21 million;
- Homes for Working Families Program: \$2 million; and
- Homeless Housing Programs: NYSHP/STEHP/Aids Housing: \$6.5 million.

Housing Aid to Localities Programs



Tenant Protection Unit: The Executive Budget provides \$47 million in State Operations for the Office of Rent Administration (ORA). In prior years, ORA has used its discretion to fund the Tenant Protection Unit (TPU) at \$4.5 million, but there is no office-specific appropriation.

State of New York Mortgage Agency

The Executive Budget provides \$209 million in All Funds support for State of New York Mortgage Agency (SONYMA), an increase of \$17 million over SFY 2016-17. This increase reflects an expected increase in receipts from the Mortgage Insurance Fund Reimbursement Program, funded through the MTA and Niagara Frontier Transportation Authority. All SONYMA programs and operations are supported by special revenue funds, consisting of mortgage income, application fees, insurance premiums and investment proceeds. SONYMA receives no direct operating support from the State.

Article VII

Office of Children and Family Services

- **Child Welfare Financing** The Executive Budget proposal reauthorizes the Child Welfare Financing Reform Act for five years through June 30, 2022. It would also change the funding structure for residential placements of children with special needs and tuition expenditures for foster care placements in New York City by eliminating the State's share for each and moving an equal share of funding to other entities. In the case of special needs residential placements, 18.4% would be shifted to the school district. And, in the case of tuition expenditures for foster care, 50% would be shifted to the New York City Social Service District. The decrease in State funding would be \$19 million and \$23 million respectively for SFY 2018.
- **Definition of "Abused Child":** The Executive Budget proposes to amend the definition of "abused child" under the Family Court Act to expressly include children whose parents or guardians permit or commit actions that result in the child becoming a victim of sex trafficking or "severe forms of trafficking in persons" under the federal Trafficking Victims Protection Act of 2000. This would maintain the State's eligibility for federal Child Abuse and Neglect Prevention Treatment Act funding, which is about \$3 million annually.
- **Services for Runaway and Homeless Youth:** The Executive Budget proposal would authorize municipalities establishing plans for runaway and homeless youth (RHY) to let youths age fourteen or older stay in crisis shelters for up to 60 days instead of thirty, or 120 days with the agreement of the parent, guardian or custodian when authorized by the municipality's county comprehensive plan. It would further extend the maximum length of stay in residential transitional independent living support programs from 18 to 24 months. The proposal defines "homeless young adult" as a person between the ages of 21- and 24-years-old and would allow municipalities the option to serve 21- to 24-year-olds in residential programs for RHY. The budget proposal maintains Runaway and Homeless Youth Act (RHYA) funding at \$4.84 million.
- **Health Care Services for Children in Foster Care:** The Executive Budget proposal

authorizes the Commissioner of Health in conjunction with the Office of Children and Family Services to issue licenses to voluntary foster care agency health facilities for limited health-related services. As part of the Governor's Medicaid Redesign Team, all children in foster care placed with voluntary agencies would transition to Managed Care in January 2019, from the existing fee-for-service based model. This would allow providers to be reimbursed for health related expenses after that transition, as managed care plans can only enter into contracts with organizations licensed to provide health services. There are currently 93 such voluntary agencies providing services to 15,500 children in foster care.

Office of Temporary and Disability Assistance

- **State Intercept of Lottery Winnings for Public Assistance Recipients:** The Executive Budget proposal increases the amount of lottery winning that the State can recoup from a person who has received public assistance in the last ten years and who has won \$600 or more. The proposal would increase this amount from no more than 50% of the winnings to up to 100%. The budget proposal states that the savings from this would be approximately \$1.8 million in SFY 2018: \$1 million in total State savings (\$700,000 Federal Temporary Assistance to Needy Families; \$300,000 State General Fund), and savings of \$750,000 for local districts (\$530,000 in New York City; \$220,000 in the rest of the state).
- **Cost of Living Adjustment (COLA) for Benefits:** The budget proposal would authorize Federal Supplemental Security Income (SSI) benefits to be increased in 2018 by the percentage of any COLA for SSI. It would amend the amount of maximum combined Federal and State benefits for recipients for monthly Personal Need Allowance (PNA) as established in Sections 131-o and 209 of the Social Services Law.
- **Protections for Children in Emergency Family Shelters:** The budget proposal would define publicly funded emergency shelters for families with children by amending Sections 412 and 413 of the Social Services Law. It would also add employees of those shelters to the list of people required to report cases of suspected child abuse or maltreatment to the Statewide Central Register for Child Abuse and Maltreatment (SCR). And, it would require family shelters to conduct two enhanced background checks for prospective employees whose position would require regular and substantial contact with children in the shelter. The first background check would be conducted against the SCR, and the second would be with the Division of Criminal Justice Services (DCJS).

Housing and Community Development

- **Affordable New York Housing Program (421-a replacement):** The 2017-2018 Executive Budget reinstates the expired 421-a real property tax abatement program under a new name, the Affordable New York Housing program but otherwise maintains the 421-a framework. This proposal is the final outcome of the 421-a wage MOU between labor and developers announced in November, 2016. Developers of new residential projects with

300 units or more in certain areas in Manhattan, Brooklyn and Queens would be eligible for a full real property tax abatement for 35 years if the project sets aside a specific number of affordable rental units and meets minimum average wage requirements. Projects with at least 300 rental units developed outside of the new “enhanced affordability areas” may opt-in as well. The affordable units would have to remain affordable for 40 years.

In addition to the 421a real property tax abatement affordability options A, B, C, & D previously passed in 2015, developers would have new additional affordability options (options E, F, G) for their new construction as explained in the following details:

Option E:

- Within enhanced eligibility areas (Manhattan below 96th, Brooklyn Community Boards 1 & 2, Queens Community Boards 1 & 2)
- 25% of the units must be affordable: 10% of the units for households with a combined annual income of up to 40% AMI; 10% of the units at 60% AMI; and 5% of the units at 120% AMI; and
- The project cannot receive significant support from other subsidy programs except tax-exempt bonds and 4% tax credit.

Option F:

- Within enhanced eligibility areas (Manhattan below 96th, Brooklyn Community Boards 1 & 2, Queens Community Boards 1 & 2)
- 30% of units must be affordable: 10% of the units at 60% AMI; and 20% of the units at 130% AMI.

Option G:

- Within enhanced eligibility areas (Brooklyn Community Boards 1 & 2, Queens Community Boards 1 & 2)
- 30% of the units at 130%, and
- The project cannot receive significant support from other subsidy programs except tax-exempt bonds and 4% tax credit.

Under this proposal, developers would be required to pay labor an average of \$60 per hour including benefits and overtime, if the building will include 300 new units or more and the building is located in Manhattan, south of 96th Street. Additionally, developers would be required to pay labor an average of \$45 per hour including benefits and overtime, if the building will include 300 units or more and the building is within one mile of the waterfront in Brooklyn Community Board regions 1 & 2 and Queens Community Board regions 1 & 2 (including Williamsburg, Greenpoint, Brooklyn Heights, Fort Greene, Astoria, and Long Island City). There would be 5% increases to the average wage every 3 years. The wage requirement does not apply if the project commits to reserving at least half of the new units for below-market-rate tenants or agrees to a 40-year affordability

term; if any portion of a project is owned and operated as a condominium or cooperative; or if there is a project labor agreement between developers and unions that sets a different minimum average hourly wage.

In order to enforce these wage reforms contractors would be required to submit contractor certified payroll reports and developers would have to hire independent licensed accountant monitors. The New York City Housing Preservation & Development (HPD) would implement a third party fund administrator to monitor the wage mandate, and impose penalties for wage violations.

- Benefits provided to developers through the Affordable New York Housing Program would not be revocable for failure to meet wage requirements. Depending on the degree of the violation, developers would be fined heavily. Fines will be used to support other public or affordable housing development. This proposal eliminates the authority of the city to enact additional restrictions, limitations or conditions for benefits.
- **Protect Consumers Utilizing Reverse Mortgage Products:** The 2017-2018 Executive Budget amends the Real Property Actions & Proceedings Law pertaining to notice conditions to commence a foreclosure action by adding loans secured by a reverse mortgage to the definition of home loans that require heightened protection from foreclosure proceedings. Under this proposal, reverse mortgage holders would have the same protections as traditional home loan holders, including mandatory settlement conferences that provide an opportunity to reach a resolution and avoid foreclosure.
- **Mortgage Insurance Fund Utilization:** The Mortgage Insurance Fund (MIF), a division of the State of New York Mortgage Agency (SONYMA) would be authorized by the 2017-2018 Executive Budget to distribute up to \$141 million from its reserves to the rural rental assistance programs; the Mitchell-Lama Portfolio; neighborhood and rural preservation; various affordable housing capital programs; and homeless housing programs.

Transportation Fact Sheet

Appropriations

- **DOT Capital:** The SFY 2017-18 Executive Budget recommends \$5.5 billion for the third year of the Department of Transportation’s capital program. This funding will aid in the improvements of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities.
- **Capital Aid for Localities:** The Executive budget includes a preservation level of \$477.8 million in funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program. The budget also recommends \$100 million each for PAVE NY and BRIDGE NY programs.
- **MTA Transit Aid:** The Executive Budget proposal includes \$5 billion in operating support to transit systems. The budget includes \$4.5 billion for the MTA, an increase of \$30 million compared to SFY 2016-17 estimated disbursements. To compensate for the revenue losses incurred by the MTA from payroll tax changes for schools and small businesses made in December 2011, the budget includes a \$244 million contribution from the General Fund, a \$65 million reduction from the SFY 2016-17 Enacted Budget. The budget maintains the commitment of \$8.3 billion in State resources for the MTA’s 2015-19 capital plan with a new appropriation of \$1.5 billion.
- **Upstate Transit Aid:** The Budget provides \$199 million in operating support for upstate transit systems, and continues to provide \$20 million in dedicated upstate capital support, continuing a roughly \$85 million annual capital commitment for non-MTA systems. Funding for downstate non-MTA transit operating assistance is also flat, at \$303 million.
- **Aviation Revitalization:** The Executive Budget continues the \$200 million Upstate Airport Economic Development and Revitalization Competition program introduced in SFY 2016-17. The budget includes \$564 million of new State bonded resources to improve access to and from the John F. Kennedy International Airport.

Article VII

- **Ridehailing/Ridesharing:** The Executive proposes legislation granting special authorization for transportation network companies (TNCs) to operate outside of New York City without obtaining traditional for-hire licensing and insurance. This includes licensing and regulation by DMV; establishing standards for background checks and driver exclusion, notice to potential drivers; requiring certain ride disclosures; setting insurance coverage minimums; requiring TNC drivers to be covered under a TNC injury compensation fund; mandating non-binding zero-tolerance and anti-discrimination policies; and creating a non-binding task force to study accessibility needs.

- **Design-Build Expansion and Reauthorization:** The Executive proposes legislation permanently authorizing all State agencies and authorities, including SUNY and CUNY, to enter into design-build contracts on capital projects valued at no less than \$1.2 million. It also permits all counties to enter into design-build contracts, except for counties contained in the City of New York.
- **Toll Enforcement:** The Executive proposes legislation strengthening public tolling authorities' ability to enforce their toll collections by: permitting the DMV to enter into reciprocity agreements with other states and jurisdictions to facilitate registration sanctions against out-of-state motorists who refuse to pay tolls; by adding unpaid use of toll highways, parkways, roads, bridges, or tunnels to the "theft of services" penal statute; and by further penalizing concealment or distortion of vehicle plates.
- **Port Authority Inspector General:** The Executive proposes legislation creating a New York-specific inspector general responsible for investigating illegal behavior for New York-related conduct, requiring New York-based commissioners and management to report any potential conflicts or criminal activity to this new officeholder, and for making recommendations to remediate. This proposal also empowers the Executive to appoint and fund this new office, and to make recess appointments to the Port Authority Board of Commissioners.
- **Motorist Safety Effort:** The Executive proposes legislation requiring driver education regarding bicyclists and pedestrians, providing a statutory definition of "drug" for purposes of impairment and intoxication, clarifying that motorists cannot use electronic devices while stopped at traffic lights, prohibiting all electronic device use by probationary drivers, and mandating backseat seat belt use by all passengers.
- **NYC Traffic Adjudication Sweep:** The Executive proposes to transfer \$3 million of fines assessed by the City of New York Traffic Violations Bureau to the General Fund.
- **50-100% DMV Title Fee Increases:** Increases the vehicle title certificate fee 50% from \$50 to \$75, and doubles the duplicate title certificate fee from \$20 to \$40.
- **MTA Sweeps:** Reduces annual aid to offset 2011 MTA Payroll Tax modifications by \$65 million, and transfers \$121.5 million from downstate transit operating aid to the Capital Projects Fund.

TRANSPORTATION AGENCY DETAILS

Transportation Agencies All Funds Appropriations				
Agency	Available SFY 2016 -17	Executive Recommendation SFY 2017-18	\$ Change	% Change
Department of Transportation	\$10,878,802,300	\$11,627,950,300	\$749,148,000	6.9%
Metropolitan Transportation Authority	\$5,308,184,000	\$3,930,085,000	-\$1,378,099,000	-26.0%
Department of Motor Vehicles	\$326,602,000	\$342,379,000	\$15,777,000	4.8%
Total All Funds	\$16,513,588,300	\$15,900,414,300	-\$613,174,000	-3.7%

Overview

The SFY 2017-18 Executive Budget provides an All Funds Transportation Budget of \$15.9 billion, a net reduction of \$613.1 million or 3.7% from SFY 2016-17 appropriation levels.

Department of Transportation

The Executive Budget recommends an increase in All Funds spending of \$749.1 million or 6.9% over SFY 2016-17 levels for the Department of Transportation. The Executive Budget includes a workforce of 8,453 FTEs for the Department, an increase of 86 over the amount funded in SFY 2016-17. This increase primarily supports engineering personnel associated with implementing the 5-year capital plan.

Capital Plan: The Executive Budget provides \$5.5 billion in funding for the third year of the Department of Transportation's \$ 27.1 billion capital plan that began in SFY 2015-16. This funding will continue to support improvements to highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. The disbursement of this \$5.5 billion is projected to be as follows:

Transportation Obligations (Amounts in \$ Millions)			
Obligations	2016-17 Estimated	2017-18 Proposed	YR-To-TR Change
Core Highway Program (including Design/Build Contracts)	2,250	3,133	883
JFK Highway Access Improvements	-	564	564
Administration w/ Aviation Bureau	79	77	-2
State Forces Engineering/Program Management	438	465	27
Preventive Maintenance	368	373	5

Maintenance Facilities	18	18	-
Other Federal Programs	25	25	-
Rail Development	72	72	-
Aviation Systems	217	17	-200
Non-MTA Transit	85	85	-
Capital Aid to Localities	478	478	-
Local Pave NY/Bridge NY	200	200	-
Legislative Acceleration	150	-	-150
Executive Budget	4,380	5,507	1,127

Capital Aid to Localities: The Executive Budget includes \$200 million to fund Bridge NY and Pave NY (\$100 million each), two initiatives introduced in SFY 2015-16. The Executive Budget maintains funding levels for the Consolidated Highway Improvement Program (CHIPS) by providing \$438.1 million, the same as SFY 2015-16. The Executive Budget also maintains SFY 2015-16 funding by providing \$37.8 million to the Marchiselli program. The CHIPS program provides aid to cities, counties, towns and villages on a formula basis, while the Marchiselli program helps local government meet required matching requirements on Federally funded projects. The BRIDGE NY and PAVE NY programs were created in the SFY 2016-17 budget, and provide additional State aid for the local bridge and highway projects.

Additional Funding to the Capital Plan: The Executive Budget includes an additional, approximate \$1.2 billion in funds, to the \$27.1 billion provided in the Five Year Capital Plan, to assist in the acceleration of projects within the Capital Plan. The Executive Budget provides \$564 million of new state bonded resources to improve accessibility to John F. Kennedy (JFK) International Airport. This funding addresses roadwork to the Van Wyck and at the Kew Gardens Interchange to improve the roadways leading to JFK. The Executive Budget also identifies \$600 million in federal funds to accelerate projects including a new Amtrak station in Schenectady; study options to transform I-81 in Syracuse; replacement of the Scajaquada Expressway in Buffalo; complete the replacement of the Kosciuszko Bridge in Brooklyn and Queens; and revitalize the Route 32/Route 17 Interchange near Woodbury Common Premium Outlets.

Upstate Airport Economic Development and Revitalization Competition Program: The Executive Budget continues the Upstate Airport Economic Development and Revitalization Program, established in SFY 2016-17. The competition included \$190 million to support airport projects and \$10 million allocated through the Governor's Aviation Capital Grant Program in SFY 2015-16. The winners of the second round have been announced with Plattsburgh International Airport receiving \$38 million and Syracuse Hancock International Airport receiving \$35.8 million. Round one had previously awarded \$40 million to the Elmira Corning Regional Airport and nearly \$40 million to the Greater Rochester International Airport.

State Transit Operating Aid and Mass Transit Initiatives in SFY 2017-18: The Executive Budget appropriates \$5.1 billion to all transit systems in SFY 2017-18, a reduction of \$35 million from the

SFY 2016-17 Enacted Budget. However, cash disbursements remain flat for non-MTA systems located both upstate and downstate, while cash support to the MTA increases by nearly \$30 million over SFY 2016-17 levels.

The Executive Budget provides \$199 million in operating support for upstate transit systems, \$303 million for non-MTA downstate transit systems, and continues to provide \$20 million in dedicated upstate capital support. Overall, capital support for all non-MTA transit reaches nearly \$85 million. This funding is provided to continue recipients' 5-year capital plans and is provided at the same funding level as SFY 2016-17.

State Transit Operating Assistance, SFY 2017-18 Executive Budget				
Downstate Aid				
Operator	Adjusted Appropriation 16-17	Executive Proposal 17-18	\$ Change	% Change
MTA Total ¹⁰	\$4,456,027,000	\$4,486,027,000	\$30,000,000	0.7%
Rockland	\$3,365,900	\$3,365,900	\$0	0.0%
Staten Island Ferry	\$32,835,300	\$32,835,300	\$0	0.0%
Westchester	\$55,112,600	\$55,112,600	\$0	0.0%
Nassau	\$66,657,800	\$66,657,800	\$0	0.0%
Suffolk	\$25,927,400	\$25,927,400	\$0	0.0%
NYC DOT	\$87,747,100	\$87,747,100	\$0	0.0%
Formulas	\$31,829,100	\$31,829,100	\$0	0.0%
Non-MTA Total	\$303,475,200	\$303,475,200	\$0	0.0%
Downstate Subtotal	\$4,759,502,200	\$4,789,502,200	\$30,000,000	0.6%
Upstate Aid				
CDTA	\$35,142,100	\$35,725,100	\$0	0.0%
CNYRTA	\$32,610,900	\$32,610,900	\$0	0.0%
RGRTA	\$39,593,300	\$39,593,300	\$0	0.0%
NFTA	\$51,436,600	\$51,436,600	\$0	0.0%
Formulas	\$39,323,200	\$39,323,200	\$0	0.0%
Upstate Subtotal	\$198,692,100	\$198,692,100	\$0	0.0%
STOA Total	\$4,958,194,300	\$4,988,194,300	\$30,000,000	0.6%

Metropolitan Transportation Authority

The Executive Budget Proposal recommends a decrease in All Funds spending of \$3.9 billion or - 26.0% for the Metropolitan Transportation Authority. This reflects the capital disbursement schedule agreed to in the 2016 "IOU" statute, continuing the State's \$8.3 billion commitment to fund the \$26.6 billion 5-year MTA Capital Plan.

¹⁰ This reflects a cash disbursement schedule.

Capital Funding for the MTA: The \$26.6 billion 2015-2019 MTA capital plan includes a total commitment of \$8.3 billion in State support. The capital plan includes improvements to capital facilities operated by the New York City Transit Authority, Long Island Rail Road, Metro-North Railroad, MTA Bus Company, and other system-wide initiatives. In addition to the \$2.9 billion authorized in the SFY 2015-16 appropriation, the SFY 2014-15 budget appropriated \$1 billion: \$750 million to support the MTA's 2015-19 core capital program, and \$250 million to advance the MTA's Penn Station Access Project. This year, in accordance with the above mentioned "IOU" language, the State's appropriation is \$1.5 billion.

State Transit Operating Aid for the MTA: In SFY 2017-18, the Executive Proposes nearly \$4.5 billion in transit operating aid for the Authority. This represents an increase of \$30 million, or approximately .67% from SFY 2016 – 17 levels. Appropriations include a \$244 million contribution from the General Fund to partially offset revenue losses incurred by the MTA from payroll tax changes for schools and small businesses made in December 2011. This represents a \$65 million reduction of General Fund support from SFY 2016-17 levels. Additionally, there is a \$125 million transfer from downstate transit operating assistance to the State Capital Projects Fund.

The Executive Budget maintains an appropriation of approximately \$25.3 million to offset MTA costs for the Reduced Fare for School Children Program for New York City.

The Executive Budget also provides \$10.3 million in General Fund appropriations to continue the Verrazano Bridge residential and commercial toll rebate program that includes \$3.3 million for an additional 24 cent rebate to residents (roughly 5%) and the rest of the funding will go towards the current 86 cent residential rebate and commercial rebate program. This is equal to the amount appropriated in SFY 2016-17. The Governor has stated that this program would be permanent although there is no budget language to this effect.

Department of Motor Vehicles

The Executive Budget recommends All Funds appropriations of \$342 million for the Department of Motor Vehicles, this is an increase of approximately \$15 million, or 4.8%, from SFY 2016-17 levels. This increase primarily reflects increased staffing costs associated with the upcoming license renewal peak; the implementation of Real ID; and the Governor's proposed expansion of ridesharing services. The Executive Budget recommends a workforce of 2,256 FTEs for the Department, an increase of 107 FTEs from SFY 2016 levels.

Dedicated Highway & Bridge Trust Fund: Under the Executive Budget, the Dedicated Highway and Bridge Trust Fund (DHBTF) would support over \$231.3 million of DMV's expenses. This represents an increase of approximately \$14.8 million over support provided by DHBTF in the SFY 2016-17 Enacted Budget. DMV fees provide more than \$1.8 billion annually to the State and localities, including approximately \$750 million for the DHBTF.

The DHBTF is the primary source of State funding for the transportation capital infrastructure investment. The appropriation from the DHBTF for the Department of Motor Vehicles would primarily support expenses associated with the Department's administrative functions and initiatives. The DHBTF received a \$539 million subsidy from the General Fund in SFY 2016-17, and is expected to receive a \$643 million subsidy during SFY 2017-18.

Article VII

- **Ridehailing/Ridesharing:** This legislation grants transportation network companies (TNCs) special authorization to operate without obtaining for-hire licensing and insurance. This includes:
 - Licensing and regulation of TNCs through DMV, along with DMV regulation of background checks, complaint processing, and potential biannual audits of ride samples. Five FTEs are budgeted to accommodate DMV's new regulatory responsibilities. Also imposes potential liability on TNCs for failure to implement background checks according to statutory mandates;
 - Requiring annual background checks to ensure TNC license conformance;
 - Requiring ride transparency for consumers with respect to driver identification and vehicle details and fare estimates;
 - Setting minimum insurance coverage rates at \$50,000/\$100,000 for bodily injury or death and \$25,000 for property damage while the digital application is engaged (Phase 1) and at \$1 million from ride acceptance until completion (Phase 2). The Assembly's 2016 proposal (A.8195-B) set rates at \$1.5 million during Phase 2 and at \$100,000/\$300,000 – the minimum rate for for-hire vehicles in New York City – during Phase 1;
 - Prohibiting mandatory arbitration clauses for insurance policies, but not for customer "terms and conditions" agreements;
 - Requiring creation of a TNC Drivers Fund, effectively providing TNC drivers with workers' compensation;
 - Requiring TNCs to adopt a zero-tolerance drug and alcohol policy, as well as an anti-discrimination policy. It is unclear what consequences are associated with these policies for TNCs or drivers for non-compliance;
 - Exempting TNCs from local regulations and fees, with the exception of local traffic and parking rules and interjurisdictional reciprocity agreements that generally cover interjurisdictional airport pick-ups and drop-offs;
 - Prohibiting pick-ups in New York City by this new class of TNC vehicles;
 - Creating an Accessibility Task Force to review accessibility needs in the state and make non-binding recommendations for TNCs. Funding and agency staff assistance for the Task Force are currently unclear;
 - Exempting TNCs from state and local sales taxes – generally around 8% - and instead establishing a 5.5% State Assessment Fee on each TNC ride. 27.27% of revenues would be directed to a local transit assistance fund in support of non-MTA transit systems, operations or projects that will be disbursed according to a

plan developed by the Budget Director and DOT Commissioner, while the remainder would be retained in the General Fund. For-hire vehicles like black cars and limousines continue to pay the sales tax.

- **Design-Build Expansion/Extension:** This legislation permanently extends and expands the authorization to enter into design-build contracts to include all State agencies and authorities. This legislative authorization would also include SUNY and CUNY, and all counties except for those within the city of New York. Design-build contracts can be used on capital projects valued at no less than \$1.2 million. New exemptions are added to notwithstanding Comptroller approval of public authorities contracts, competitive procurement requirements, DASNY financing requirements for special act school districts, municipal preemption and Wicks Law requirements for City Construction Fund projects, lowest responsible bidding laws, and OGS procurement statutes.

One change relative to previous Executive proposals is an authorization to allow government entities subject to the Wicks Law to pass the separate specification preparation requirement onto the general contractor. The Executive previously attempted to expand design-build to all agencies and authorities under the pretext of speeding up Superstorm Sandy work in 2013, and again in 2015; the Legislature rejected these efforts. The State extended authorization for the DOT, Thruway Authority, Bridge Authority, DEC, and Department of Parks and Recreation to enter into design-build contracts in the 2015 Enacted Budget; current authorization sunsets in mid-April 2017.

- **Motor Carrier Safety Compliance:** This legislation makes a variety of adjustments to the dimensions for trucks and carriers generally, expanding the lengths of different combination vehicles and tractor-trailers and permissible overhang. Also makes an exception to the 80,000-pound weight limit for three-axled vehicles to permit natural gas-powered vehicles to weigh 82,000 pounds. Also exempts tow trucks from various weight limits based on tire and axle type. Finally, requires the DMV to suspend motor carrier registrations if an out of service order has been issued by the Federal Department of Transportation.
- **Toll Enforcement:** This legislation strengthens public tolling authorities' ability to enforce their toll collections by permitting DMV to enter into reciprocity agreements with other states and jurisdictions to facilitate registration sanctions against out-of-state motorists who refuse to pay tolls, similar to past Executive Budget proposals. Adds to existing prohibitions on license plate concealment by enhancing the penalty for toll evasion to \$100-\$500 per violation, and more clearly prohibits unpaid use of toll highways, parkways, roads, bridges, or tunnels in the Penal Code under "theft of services" statute. Through DMV, the Executive has implemented two sets of regulations on toll "scofflaws" in an effort to facilitate all-electronic tolling (AET). DMV is now empowered to suspend the vehicle registration of motorists with three or more violations within a five-year period, as well as commercial vehicles that fail to pay \$200 or more in tolls within five

years.

- **PTOA Revenue Extender:** Permanently extends the split of Transportation and Transmission Tax revenues between upstate and downstate transit operating systems. These revenues were originally been directed solely to the downstate transit fund; the revenue sharing was established in 2013 and would otherwise expire in 2018.
- **Divisible Load Permits:** This legislation would increase – on a graduated scale - the number of divisible load permits for overweight vehicles requiring special permit from 25,000 to 35,000 by 2025. It provides additional permanent authorization for the Commissioner to issue as many as 2,000 permits per year. While current law requires a one-year suspension for weight violations, the Executive proposal would permit the DOT to impose a civil penalty not to exceed \$5,000 and/or suspend or revoke a permit for up to one year. Estimated revenues are expected to increase by \$10.8 million over the next five years; these fees are directed to the DHBTF.
- **Public Transportation Safety Board Enforcement:** This legislation would empower the Public Transportation Safety Board (PTSB) to withhold transit operating assistance funds from public transportation systems that fail to comply with a PTSB order. The Executive proposes this legislation in an effort to comply with federal law requiring transportation safety boards’ safety oversight programs to adopt and enforce relevant state and Federal laws.
- **NYC Annual Transfer:** This legislation proposes a \$3 million annual transfer of fines collected in New York City under its traffic adjudication program, which is administered by the DMV. This revenue would be deposited in the State General Fund, ostensibly to offset DMV’s IT expenses related to the program.
- **Waives Replacement Free for Non-Driver ID Card:** This legislation permits the DMV to waive the replacement fee for a duplicate non-driver identification card for a victim whose card was lost or destroyed as a result of crime. The fee is currently \$3 plus photographic costs. Drivers already have this option for licenses.
- **Out-of-State License Reinstatement Fee Increase:** This legislation increases the fee for non-residents whose licenses were revoked due to DUI-related convictions or mandatory revocation from \$25 to \$100.
- **DMV Title Fee Increases:** This legislation increases the fee for filing a certificate of title application by 50% from \$50 to \$75. It also increases the fee for filing a duplicate title certificate application by 100%, from \$20 to \$40. These revenues – projected to generate up to \$81 million in revenue per year – are directed to the DHBTF.
- **Charges Additional \$5 Fee for Real ID-Compliant IDs:** This legislation would assess an

additional \$5 fee for licenses and non-driver identification cards that comply with Federal Real ID requirements. It is anticipated that the State will potentially no longer receive Real ID compliance waivers after October 2020; DMV identification is used by many as their primary form of identification to board domestic airplane trips. New York already charges enhanced license and non-driver applicants an additional \$30 fee, on top of the roughly \$65 base fee for a conventional license or the \$9-13 for a non-driver identification card. Approximately 102 new FTEs are budgeted for the Real ID transition and license application peak.

- **Motorist Safety Effort:** This legislation attempts to address electronic distraction and substance-related impairment by motorists, encourage shared roadway use, and mandate seat belt use. This includes language proposed in a number of bills that have passed or been introduced to the Senate in 2016. The omnibus bill includes:
 - Mandatory education on bicyclists and pedestrians in driver licensing;
 - Expanding the definition of “drug” for purposes of vehicle-related impairment and intoxication;
 - Replacing authorization to grant drugged driving offenders for restricted use licenses with conditional licenses, and increasing the revocation length for chemical test refusals;
 - Clarifying that drivers cannot use electronic devices while stopped at traffic control devices;
 - Prohibiting all electronic device use (including with headsets) by probationary drivers; and
 - Expanding backseat seat belt requirements.

- **DASNY Design & Construction Management Extender:** This legislation permanently extends the Dormitory Authority’s (DASNY’s) authorization to enter into design and construction management agreements with the DEC and ORPHP. Enacted in 2012, this authorization was intended to expedite implementation of the New York Works capital investments program for these two agencies.

- **NYPA/Canal Corp/DOT Shared Services:** This legislation authorizes the Power Authority (NYPA), Canal Corporation, and DOT to enter into shared services agreements for emergency or extreme weather situations, as well as to permit DOT to provide operations and maintenance support to the canal system. A somewhat similar shared services agreement was enacted in the 2015 Budget between the Thruway Authority and DOT for emergency weather situations; the Executive’s proposal is more expansive in potentially authorizing NYPA to shift Canal Corporation expenses back to DOT, which last maintained it in the 1990s. The 2016 Enacted Budget shifted control of the canal system from the Thruway Authority to NYPA. The workforce and fiscal impact to DOT taking back partial responsibility for the canal system is currently unclear.

Economic Development and Energy Fact Sheet

Appropriations

- **Centers of Excellence Program:** The Executive Budget provides a \$8.73 million Aid to Localities appropriation for the Centers of Excellence Program, a reduction of \$1.3 million due to the non-recurrence of one-time SFY 2016-17 Legislative adds.
- **Tourism Matching Grants Program:** The Executive Budget provides \$3.8 for the Tourism Matching Grants Program, a reduction of \$500,000 from last year.
- **Capital Projects Funding Increase:** The Executive Budget provides a \$2.5 billion Capital Projects appropriation for the Urban Development Corporation, an increase of \$347.5 billion, or 17.1% over last year.
- **Regional Economic Development Councils:** The Executive Budget provides a \$150 million Capital Projects appropriation for the Seventh Round of the Regional Economic Development Councils, along with \$70 million in Excelsior Jobs Credits to fund regional priority projects.
- **NYSUNY 2020 and NYCUNY 2020:** The Executive Budget provides a \$110 million Capital Projects appropriation to launch a new round of NYSUNY 2020 and NYCUNY 2020 Capital Projects.
- **MWBE Lending Program:** The Executive Budget provides a \$635,000 Aid to Localities appropriation for the MWBE Lending Program, this is the same level as last year. This program provides financial assistance to Minority and Women-Owned Business Enterprises (MWBE) in the State, as well as to projects and programs that assist the development of entrepreneurship among minority persons and women in New York State.
- **Buffalo Billion:** The Executive Budget includes a new funding initiative to provide a \$400 million Capital Projects appropriation to support the \$500 million total State commitment to the second phase of the Buffalo Billion investment plan.
- **Moynihan Station Project:** The Executive Budget includes a new funding initiative to provide a \$700 million Capital Projects appropriation for a multi-year commitment for the Moynihan Station Project, a world-class transportation hub with more space than Grand Central's main concourse. This new Train Hall will house passenger facilities for the LIRR and Amtrak and feature 112,000 square feet of retail space and over 500,000 square feet of office space.
- **Investment in Life Sciences:** The Executive Budget proposes a new funding initiative to

provide a \$300 million Capital Projects appropriation over ten years to support the State's multi-year \$650 million Life Sciences Initiative. The State will provide \$200 million to support investment in wet-lab and innovation space, and \$100 million in investment capital and support for early stage life science initiatives.

- **Orlando Terrorist Attack Memorial Maintenance:** The Executive Budget provides a \$1 million Capital Projects appropriation for the construction, maintenance and to commemorate the June 12, 2016 terrorist attack targeting the lesbian, gay, bisexual, and transgender (LGBT) community in Orlando, Florida. This project is currently in the planning stage.
- **West Valley Nuclear Fuel Processing Plant:** The Executive Budget provides a \$15.6 million All Funds appropriation, an increase of approximately \$2.1 million to meet the State's requirements of a Federal cost sharing agreement with the U.S. Department of Energy for the management and administration of the nuclear fuel reprocessing plant at West Valley.

Article VII

- **MWBE Authorization:** The Executive proposes to extend authorization for the MWBE program for an additional year until December 31, 2018.
- **Excelsior Business Program:** The Governor rebrands START-UP NY as the Excelsior Business Program and includes various reforms, including ownership restrictions, expansion of eligible campus properties, and higher thresholds for business to demonstrate eligibility for the broad tax-benefits available.

ECONOMIC DEVELOPMENT AND ENERGY

Economic Development/Energy Agency All Funds Appropriations				
Agency	Available SFY 2016-17	Executive Recommended SFY 2017-18	\$ Change	% Change
Department of Economic Development	\$88,451,000	\$88,215,330	-\$235,670	-0.2%
Urban Development Corporation	\$2,155,986,000	\$2,493,361,000	\$337,375,000	15.6%
Total Economic Development	\$2,244,437,000	\$2,581,576,330	\$337,139,330	15.0%
Department of Public Service	\$93,480,000	\$101,422,000	\$7,942,000	8.5%
New York State Energy Research and Development Authority	\$13,450,000	\$15,575,000	\$2,125,000	15.8%
Total Energy	\$106,930,000	\$116,997,000	\$10,067,000	9.5%
All Agency Totals	\$2,351,367,000	\$2,698,573,330	\$347,206,330	14.76%

Overview

The Executive Budget proposes \$2.6 billion in All Funds appropriations for state agencies within the economic development functional area in SFY 2017-18, a \$337.4 million, or 15.0% increase from available SFY 2016-17 levels. This increase largely reflects major new capital funding in the Urban Development Corporation.

The Executive Budget proposes \$117 in All Funds appropriations for state agencies within the energy functional area in SFY 2017-18, a \$10.1 million, or 9.5% increase from available SFY 2016-17 levels. This increase largely reflects additional funding for the Department of Public Service.

Department of Economic Development

The Executive Budget proposes a net \$88.2 million All Funds appropriation for the Department of Economic Development, a decrease of \$235,000 from SFY 2016-17 due to the reduced spending from the non-recurrence of one-time Legislative adds offset by an increase in Federal funding.

The Executive Budget proposes a workforce of 148 Full-Time Equivalent (FTEs) for the Department, which is a net decrease of 5 FTEs from SFY 2016-17 levels. The decrease reflects operational efficiencies achieved by the Department.

Centers of Excellence Program: The Executive Budget proposes a \$8.73 million Aid to Localities appropriation for the Centers of Excellence Program, a decrease of \$1.3 million due to the non-

recurrence of one-time SFY 2016-17 Legislative adds.

Innovation Hot Spots and Incubators Program: The Executive Budget proposes a \$5 million Aid to Localities appropriation for the Innovation Hot Spots and Incubators Program, the same level as last year.

Market New York Program: The Executive Budget includes a \$7 million Aid to Localities appropriation to support an advertising competition for the best regional marketing plans, a \$2 million increase over last year.

Tourism Matching Grants Program: The Executive Budget proposes a \$3.8 million Aid to Localities appropriation for Tourism Matching Grants Program, a decrease of \$500,000 from last year due to the non-recurrence of one-time SFY 2016-17 Legislative adds.

I Love NY Program: The Executive proposes a \$2.5 million Aid to Localities appropriation for the I Love NY Program, the same level as last year.

Urban Development Corporation

The Executive Budget proposes a \$2.49 Billion All Funds appropriation for the Urban Development Corporation (UDC), also known as the Empire State Development Corporation (ESDC), an increase of \$337.4 million, or 15.6% from SFY 2016-17 largely due to new capital initiatives.

Buffalo Billion: The Executive Budget proposes a new program to provide a \$400 million Capital Projects appropriation (funded from monetary settlements) to support the \$500 million total State commitment to the second phase of the Buffalo Billion investment development plan. The second phase of the program will disburse funds over five years.

Investment in Life Sciences: The Executive Budget proposes a new program to provide a \$300 million Capital Projects appropriation (funded from monetary settlements) to support the State's multi-year \$650 million Life Sciences Initiative. The State will provide \$200 million to support investment in wet-lab and innovation space, and \$100 million in investment capital and support for early stage life science initiatives. This program will provide funding over the next ten years.

Life Sciences Laboratory Public Health Initiative: The Executive Budget proposes a new program to provide a \$150 million Capital Projects appropriation to support a life sciences laboratory public health initiative, which will develop life science research, innovation, and infrastructure through a joint effort between Empire State Development and the Department of Health.

Moynihan Station Project: The Executive Budget proposes a new program to provide a \$700 million Capital Projects appropriation for a multi-year commitment for the Moynihan Station Project, a world-class transportation hub with more space than Grand Central's main concourse.

Kingsbridge National Ice Center: The Executive Budget proposes a new program to provide a \$108 million Capital Projects appropriation to support the redevelopment of the currently vacant Kingsbridge Armory in the Bronx into an ice-sports facility. This program would provide funding to the Kingsbridge National Ice Center.

Cultural, Arts and Public Spaces: The Executive Budget proposes a new program to provide a \$10 million Capital Projects appropriation dedicated to increasing business and tourism in downtowns through a Cultural, Arts and Public Spaces Development Fund.

Strategic Projects Program: The Executive Budget proposes a new program to provide a \$207.5 million Capital Projects appropriation for the Strategic Projects Program to support investments in strategic economic development projects that create or retain jobs, and support innovation.

Drinking Water Upgrade for the City of Auburn and the Town of Owasco: The Executive Budget proposes a new initiative to provide a \$2 million Capital Projects appropriation for upgrades to the City of Auburn and the Town of Owasco drinking water treatment systems to effectively remove toxins associated with harmful algal blooms from the finished drinking water.

Retention of Professional Football in Western New York (Buffalo Bills): The Executive Budget provides a \$2.28 million Capital Projects appropriation for this initiative, an increase of \$27,000 over last year. The Executive Budget proposal also provides \$4.6 million Aid to Localities appropriation, an increase of \$48,000 over last year.

New York Works Economic Development Program: The Executive Budget provides a \$199 million Capital Projects appropriation, the same level of funding as last year. This program provides capital grants to support projects that facilitate an employer's ability to create new jobs, retain existing jobs, fund infrastructure investments necessary to attract new businesses, or to expand existing businesses.

Market NY: The Executive Budget provides a \$8 million Capital Projects appropriation to support tourism marketing plans and projects that best demonstrate regional collaboration among counties and promote regional attractions. This program is part of the Market NY Program.

Entrepreneurial Assistance Program: The Executive Budget provides a \$1.8 million Aid to Localities appropriation for the Entrepreneurial Assistance Program, the same level of funding provided last year. The Entrepreneurial Assistance Program establishes Entrepreneurial Assistance Centers in local communities to provide instruction, training, technical assistance and support services to individuals who have recently started their own business or are interested in starting a business.

Urban and Community Development Program: The Executive Budget provides a \$3.4 million Aid to Localities appropriation for the Urban and Community Development Program, the same level

of funding provided last year. This program offers assistance with preference given to projects located in highly distressed communities and for projects where other public or private funding sources are not available.

New York Power Electronics Manufacturing Consortium: The Executive Budget provides a \$33 million Capital Projects appropriation to complete the State's \$135 million multi-year commitment to support the New York Power Electronics Manufacturing Consortium development and commercialization of the use of wide bandgap power electronic devices. This level of funding is at last year's Enacted Budget levels.

Clarkson-Trudeau Partnership: The Executive Budget provides a \$5 million Capital Projects appropriation, the same level as last year, to support the partnership between the State, Clarkson University, and the Trudeau Institute to form a world-class biotech enterprise.

Promote NY Tourism: The Executive Budget provides a \$69.5 million Aid to Localities appropriation, a \$3 million increase from last year, to support efforts to promote New York State as a tourism destination; attract and expand business investment and job creation; and support economic development initiatives through the Open for Business Program, Global NY Initiative, and the Excelsior Business Program (formerly START-UP NY). No more than 60% of these funds will be used for advertising and promotion outside New York State.

Federal Community Development Financial Institutions Program: The Executive Budget provides a \$1.5 million Aid to Localities appropriation for the Federal Community Development Financial Institutions Program, a decrease of \$300,000 from last year. The purpose of ESD's Community Development Financial Institution (CDFI) Assistance Program is to strengthen and expand the capacity, products, and services of certified CDFIs' lending programs for small businesses and/or minority and women-owned business enterprises, minority and women business enterprises throughout New York State.

Empire State Economic Development Fund: The Executive Budget provides a \$26.2 million Capital Projects appropriation, a decrease of \$5 million from last year, for the Empire State Economic Development Fund. This is a flexible program, providing a range of assistance to businesses, municipalities, IDAs and other economic development organizations to ensure that the diversity of business needs are being met by the State.

Department of Public Service

The Executive Budget proposes \$101.4 million in All Funds appropriations for the Department of Public Service, an increase of \$7.9 million, or 8.5% from SFY 2016-17 budget levels. The increase will be used to reconcile the Department's outstanding General State Charges. Workforce levels of 520 FTEs are unchanged from last year.

New York State Energy Research and Development Authority (NYSERDA)

The Executive Budget proposes \$15.6 million in All Funds appropriations for the New York State Energy Research and Development Authority (NYSERDA), an increase of approximately \$2.1 million, or 15.8% from SFY 2016-17 levels, to meet the State's requirements of a Federal cost sharing agreement with the U.S. Department of Energy for the management and administration of the nuclear fuel reprocessing plant at West Valley.

Article VII

- **MWBE Authorization:** The Executive proposes to extend authorization for the MWBE program for an additional year, until December 31, 2018.
- **Excelsior Business Program:** The Governor proposes a number of changes to the program as it currently stands, including:
 - rename the START-UP NY program as the Excelsior Business Program;
 - require qualifying businesses to be organized no more than five years prior to the time it submits an application;
 - require qualifying businesses to not have generated any net income from operations prior to the time it submits an application;
 - restrict businesses from being publicly traded by allowing no more than 5% of the beneficial ownership of the business to be owned, directly or indirectly, by a publicly traded entity;
 - limit business employees to 25 in the four calendar quarters prior to the submission of the application;
 - include buildings owned or leased by a state university campus or by any affiliate of a state university, community college or city university as eligible land;
 - require the business to demonstrate that it is engaged in development or market evaluation for a product or service that will be provided from the tax-free NY area to which the business has applied to locate;
 - require the business to demonstrate that the pre-dominant activity of the business in the tax-free NY area will be development or production of the product or service.
- **Cable Television Assessment:** The Executive Budget proposes to 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 of the Departments of Agriculture and Markets, Environmental Conservation, and State, to be reimbursed by a utility assessment. While the Department of Health provision is the same as last year's Enacted Budget, the remaining provisions are new.
- **Utility Assessment to Fund NYSERDA and for Other Purposes:** The Executive Budget proposes to authorize the New York State Energy Research and Development Authority

(NYSERDA) to finance a portion of its Energy Research, Development and Demonstration Program, and its Energy Policy and Planning Program, as well as the Department of Environmental Conservation's Climate Change Program and the Department of Agriculture and Markets' Fuel NY program, from an assessment on gas and electric corporations not to exceed \$19.7 million, the same as last year.

Banks, Insurance, and Financial Services Fact Sheet

- **Administrative Supervision Proceedings for Failing Insurers:** The Executive’s proposal would authorize the Superintendent to order an insurer into “administrative supervision” proceedings to address the issues presented by a failing insurer.
- **Regulation of Student Loan Servicers:** The Executive’s proposal would authorize the Department to license and regulate student loan servicers.
- **Financial Exploitation:** The Executive proposes legislation empowering banks to place a transaction hold on an account if it believes that a vulnerable adult’s assets may be at risk. The Executive recommends that DFS develop a financial exploitation certification program for banking institutions and issue an adult financial exploitation prevention certificate after completion of the training.
- **Bad Actors:** The Executive would allow the Superintendent of DFS to disqualify an individual when there is reason to believe that an individual has committed an act that has direct bearing on the individual’s fitness or ability. The Superintendent could also impose penalties up to (A) ten thousand dollars for each offense, (B) two times the aggregate damages attributable to the violation, or (C) two times the aggregate economic gain attributable to the violation. The Superintendent may also prosecute individuals/entities or refer the action to the Department of Law for prosecution.

BANKS, INSURANCE, AND FINANCIAL SERVICES AGENCY DETAILS

Banks, Insurance and Financial Services Agencies All Funds Appropriations				
Agency	Available SFY 2016-17	Executive Recommended SFY 2017-18	\$ Change	% Change
Department of Financial Services	\$416,140,963	\$412,893,963	-\$3,247,000	-0.8%
Department of Taxation and Finance	\$460,068,400	\$456,519,400	-\$3,549,000	-.78%
Division of Tax Appeals	\$3,040,000	\$3,040,000	-\$0	0%
Total Banks, Insurance and Financial Services	\$879,249,363	\$872,453,363	\$6,796,000	-0.7%

Department of Taxation and Finance

The SFY 2017-2018 Executive Budget recommends \$456.5 million in All Funds appropriations (\$263.1 million General Fund; \$193.4 million Other Funds) for the Department of Taxation and Finance. This is a decrease of \$3.5 million, or 0.8 percent from SFY 2016-17 levels. The decrease reflects savings from reducing personal service spending related to retroactive PEF costs for SFY 2016-17. The Executive Budget recommends a workforce of 4,267 FTEs for the Department, consistent with SFY 2016-17 levels.

Division of Tax Appeals

The Executive Budget recommends a \$3.0 million General Fund appropriation and a workforce of 27 FTEs for the Division of Tax Appeals, both unchanged from SFY 2016-17.

Department of Financial Services

The Executive Budget proposes All Funds appropriations of \$412.9 million, a decrease of \$3.2 million from SFY 2016-17 levels. This change is reflective of a \$6.1 million decrease in Aid to Localities funding for DFS-administered health insurance programs (Healthy New York and HMO Direct Pay spending) as well as a sub-allocation reduction for Department of Health programs and a planned phase out of a COBRA Entertainment Workers Subsidy. These reductions are offset by \$2.9 million increase in state operations associated with salary growth and fringe costs increases.

The projected workforce of 1,382 FTEs is unchanged from the SFY 2016-17 level.

Article VII

- **Administrative Supervision Proceedings for Failing Insurers:** This proposal would amend the Insurance Law to enhance the Superintendent's authority to address the challenges

posed by troubled insurers. Under the proposal, the Superintendent would have the explicit authority to order an insurer into an “administrative supervision” proceeding. Under current law, there is only one explicit tool for managing the potential harm caused by a failing insurer – a rehabilitation or liquidation court proceeding under Article 74 of the Insurance Law. The Governor’s proposal notes that the Article 74 tool is inflexible and can be inadequate to address the unique issues presented by a failing insurer and that this model has been adopted by a majority of states.

- **Regulation of Student Loan Servicers:** The Executive Budget proposal would authorize the Department of Financial Services to license and regulate student loan servicers, who are currently unregulated and unlicensed. Following from the Student Bill of Rights included in the Presidential Memorandum issued in March 2015, the Departments of Education and Treasury and the Consumer Financial Protection Bureau (CFPB) issued Principles on Student Loan Servicing in September of 2015. As of December 2016 two states, Connecticut and California had passed legislation to regulate servicers. The proposal in the Executive’s Budget would require that student loan services are licensed, outline prohibited practices and penalties for violations. The Superintendent may refuse to issue a license to an applicant if it finds that the applicant has been convicted of a felony or has had a previous license or registration revoked.
- **Registering “Lending Circles”:** The Executive Budget proposal would amend the Banking Law to require nonprofit organizations that exclusively facilitate zero-interest loans, no-fee loans, and credit building loans to register with the Department of Financial Services (DFS). The proposal would establish an exception to licensing requirements and allow lending circles to operate without a license, under the supervision and approval of DFS. Registered and approved organizations would be prohibited from paying net earnings to private shareholders or individuals that receive commissions in connection with its lending.
- **Insurer Reserve Standards:** The proposal would amend Financial Services Law to allow assessments against persons regulated under the Financial Services law to fund the operating expenses of the Department of Financial Services (DFS) regarding those licensees. It would also amend Article 74 of the Insurance Law to conform with a decision by the United States Supreme Court regarding distribution rules for life insurance and to directly reference all insurers. And, it would authorize the Superintendent of DFS to take enforcement actions against an insurer if its surplus to policyholders isn’t sufficient with respect to its outstanding liabilities or if the Superintendent determines that the insurers operations are hazardous to its policyholders, creditors, or the public.
- **DFS Enforcement Powers:** The Executive proposes to allow the Superintendent of the DFS to impose a penalty on individuals who have willfully violated provisions of the Insurance Law, the Banking Law or the Financial Services Law. The penalty may not exceed the greater of (A) ten thousand dollars for each offense, (B) two times the aggregate damages

attributable to the violation, or (C) two times the aggregate economic gain attributable to the violation. The Superintendent may, in her discretion, either prosecute individuals/entities or refer the action to the Department of Law for prosecution.

- **Financial Exploitation:** The Executive proposes legislation empowering banks to place a transaction hold on an account if it believes that a vulnerable adult's assets may be at risk. The Governor also grants immunity to banking institutions and employees from criminal, civil and administrative liability when the hold is placed in good faith. The Executive recommends that DFS develop a financial exploitation certification program for banking institutions and issue an adult financial exploitation prevention certificate after completion of the training.
- **Bad Actors:** The Executive put forth legislation to empower the Superintendent of DFS to ban the continued involvement of bad actors from the banking and insurance industries. The language allows the Superintendent of DFS to disqualify an individual when there is reason to believe that an individual has committed an act that has direct bearing on the individual's fitness or ability. The Superintendent may serve a statement of the charges against the individual and a notice of an opportunity to appear before the Superintendent to show why he or she should not be disqualified.

Labor & Workforce Fact Sheet

Appropriations

- **Unemployment Rates:** Due to a decrease in unemployment rates, total Department of Labor appropriations are reduced by \$100 million in the next fiscal year.
- **Legislative Training Adds:** The Executive does not provide any appropriations for training based on previous years' legislative adds, which had totalled \$12 million last year in support of various training programs throughout the state.

Article VII

- **Partial Unemployment Insurance:** This specific proposal would allow a beneficiary collecting unemployment to earn at least \$100 per week and up to \$168 per week before losing any portion of their unemployment insurance.
- **Protections Against Wage Theft:** The Governor proposes a new remedy making the top ten shareholders of foreign LLCs personally liable for any owed wages and to allow the Department of Labor to sue corporate and LLC owners directly for owed worker wages.
- **New York Youth Jobs Tax Credit:** The Governor proposes an additional five years of funding at \$50 million per year in additional tax credits in the Urban Youth Jobs tax credit program, and rebrands the program as the New York Youth Jobs Tax Credit.
- **Central Administrative Hearings Unit:** The Governor would appoint a new Chief Administrative Law Judge to run a Central Administrative Hearings Unit, staffed by up to 500 ALJs transferred from up to 18 different state agencies.
- **Paid Family Leave Insurance Premiums:** While no benefits from the 2016 paid family leave program shall be received until 2018, the Executive proposes the creation of a Paid Family Leave Risk Adjustment Fund to help smooth out future insurance costs.
- **Public Employment Changes:** The Governor proposes capping the reimbursement of Medicare Part B premiums and IRMAA premiums for seniors enrolled in Medicare, and to lower the reimbursement rates for retirees enrolled in NYSHIP who worked less than thirty years in state service. Additionally, future job applicants could be prohibited from filing a title, if they were found to have past-due tax obligations.
- **Workers' Compensation State Insurance Fund:** The Executive proposes allowing SIF to cancel an employer's insurance policy if the employer refuses to cooperate with a payroll audit in certain cases, and requires SIF to invest more of its surplus funds in diversified index funds.

LABOR & WORKFORCE AGENCY DETAILS

Labor and Workforce Agencies All Funds Appropriations				
Agency	Available SFY 2016-17	Executive Recommended SFY 2017-18	\$ Change	% Change
Department of Labor	\$3,804,651,000	\$3,687,536,000	-\$117,115,000	-3.1%
Office of Employee Relations	\$17,657,000	\$17,657,000	\$0	0.0%
Public Employees Relations Board	\$3,984,000	\$3,984,000	\$0	0.0%
Workers' Compensation Board	\$191,103,000	\$195,430,000	\$4,327,000	2.3%
Department of Civil Service	\$55,488,000	\$55,488,000	\$0	0.0%
Deferred Compensation Board	\$892,000	\$892,000	\$0	0.0%
General State Charges	\$3,831,291,000	\$4,029,362,000	\$198,071,000	5.2%
Total	\$7,905,066,000	\$7,990,349,000	\$85,283,000	1.1%

Overview

The Executive Budget proposes \$7.9 billion in All Funds appropriations, a \$85.3 million, or 1.1%, increase over SFY 2016-17 levels for state agencies comprising the labor and workforce functional area. This increase largely reflects a projected increase in State costs associated with health insurance, workers' compensation, pensions, and litigation -offset by a cost reduction associated with an expected decline in unemployment insurance claims.

Department of Labor

The Executive Budget recommends \$3.69 billion for the Department of Labor (DOL), a decrease of \$117 million from SFY 2016-17, primarily reflecting reductions in estimated unemployment insurance claims from improving economic conditions.

The Executive Budget recommends a workforce of 2,992 FTEs for DOL, unchanged from SFY 2016-17 levels. The Executive Budget also extends the Urban Youth Jobs Program with an annual \$50 million allocation over the next five years, through 2022, and formally changes the name of the program to the New York Youth Jobs Program, recognizing the need for this program throughout State.

Employment and Training Programs: The Executive Budget proposes \$167.5 million in funding

for the Workforce Innovation and Opportunity Act (WIOA), a decrease of \$5 million from SFY 2016-17. This decrease is associated with a reduction in Federal funding. WIOA is a federal law that promotes federal job training in partnership with states and Local Workforce Investment Boards, and is the main vehicle of Federal funding for dedicated worker training programs. Regional boards generally control the direct training programs funded by WIOA. WIOA will eventually provide changes in the method in which its local boards function, and will provide statewide funding for the State WIOA Board.

The Executive also proposes an elimination of \$12 million in funding for various training and workforce development programs, which are historically added into the budget by the Legislature. These training programs include the AFL-CIO Workforce Development Institute, Youth Bill, the Chamber of Commerce “On-the-Job” program and various other programs.

Unemployment Insurance (UI) Administration: The Executive Budget proposes \$2.9 billion in All Funds appropriations for the Unemployment Insurance Administration in SFY 2017-18, a decrease of \$100 million from SFY 2016-17. This decrease corresponds to a decline in the unemployment rate from last year.

Workers' Compensation Board

The Executive Budget recommends \$191.1 million in All Funds appropriations for the Workers' Compensation Board, which is funded entirely by assessments on businesses. This amount is unchanged from the SFY 2016-17 level. The Executive Budget projects a staffing level of 1,165 in SFY 2017-18, which is unchanged from the SFY 2016-2017 level.

Office of Employee Relations

The Executive Budget recommends \$4.8 million in All Funds appropriations and a workforce of 37 FTEs for the Office of Employee Relations, unchanged from SFY 2016-17 levels.

Public Employees Relations Board

The Executive Budget recommends \$4.0 million in All Funds appropriations and a workforce of 33 FTEs for the Public Employees Relations Board, unchanged from SFY 2016-2017 levels.

Department of Civil Service

The Executive Budget recommends \$55.5 million in All Funds appropriations and a workforce of 347 FTEs for the Department of Civil Service in SFY 2016-17, unchanged from SFY 2016-2017 levels.

Deferred Compensation Board

The Executive Budget recommends \$892,000 in All Funds appropriations and a workforce of 4 FTEs for the Deferred Compensation Board, unchanged from SFY 2016-2017.

General State Charges and State Workforce

The Executive Budget recommends All Funds appropriations totaling \$4.0 billion for various charges paid in support of the state workforce and other state expenses. This increase reflects a General Fund appropriation increase of \$198 million from SFY 2016-17 associated with increased costs for health insurance, workers' compensation, pensions, and litigation. The Executive proposes a total State workforce of 181,608 in SFY 2017-18. This is a 136 FTE, or .07%, reduction from the SFY 2016-17 level.

Category	NYS FTEs		Change	
	3/31/17 Est.	3/31/18 Est.	Number	Percent
Subject to Direct Executive Control	118,809	118,673	-136	-0.11%
University System	58,433	58,433	0	0%
State Comptroller	2,663	2,663	0	0%
Attorney General	1,839	1,839	0	0%
Total	181,744	181,608	-136	-0.07%

SFY 2017-18 General State Charges Appropriation Summary			
	SFY 2016-17	SFY 2017-18	\$ Change
Pensions	\$1,859,714,000	\$2,028,400,000	\$168,686,000
Health Insurance	\$3,540,480,000	\$3,806,393,000	\$265,913,000
Social Security	\$863,105,000	\$884,106,000	\$21,001,000
Workers' Compensation	\$356,748,000	\$478,965,000	\$122,217,000
Court of Claims	\$127,400,000	\$142,340,000	\$14,940,000
Public Officers Law	\$34,100,000	\$35,185,000	\$1,085,000

All Other	\$732,580,000	\$739,020,000	\$3,914,000
Gross GF Appropriation	\$7,514,127,000	\$8,114,409,000	\$597,756,000
Fringe Benefit Billings	-\$2,580,505,000	-\$2,769,921,000	-\$189,416,000
SUNY Fringe Benefit Suballocation	-\$1,450,515,000	-\$1,615,626,000	-\$165,111,000
Net GF Appropriation	\$3,482,107,000	\$3,728,862,000	\$245,755,000
Fiduciary Fund Appropriation	\$300,500,000	\$300,500,000	\$0
Total Appropriation	\$3,831,291,000¹¹	\$4,029,362,000	\$198,071,000

General State Charges Financial Plan Actions (thousands)	
Baselevel	\$5,263,641
Executive Budget	\$5,001,656
Savings/Shifts	-\$261,985
Workers' Comp (Additional Reserve Funds from 2016)	-\$105,000
Pensions (Full Payment in April Avoiding Interest)	-\$63,000
Litigation (Market Rate Interest)	-\$6,000
NYSHIP (Assumes Article VII Reductions)	-\$8,747
All Others (Includes Transfer of 3,000 FTEs to Capital)	-\$78,936

Labor Cost Shift to Capital: The Executive Budget proposes several FTE changes within specific agencies, many of which are part of a broad, agency-wide initiative to reclassify 3,000 FTEs from State Operational accounts to Capital Project accounts. Impacted titles include employees that work, to varying degrees, in functions that maintain or oversee State infrastructure. While this shift would not affect the impacted FTEs in any practical sense relating to their duties, this budgetary proposal could have implications on how various state expenses and state spending growth are calculated.

¹¹ 2017 All Funds includes approximately \$47.68 million in catch-up payments for PEF and BCI pay increases.

Other noteworthy changes in state employment include:

- -606 FTEs in the Office of Mental Health and Office for People with Developmental Disabilities as the state continues to downsize its institutional footprint;
- +163 FTEs in the Department of Health for Medicaid-related takeovers;
- +107 FTEs in the Department of Motor Vehicles to comply with the REAL ID Act and to help implement ridesharing;
- +98 FTEs in the Department of Homeland Security to help train airport personnel and firefighters;
- +86 FTEs in the Department of Transportation for design and construction inspection services; and
- +73 FTEs in the Office of Temporary and Disability Assistance to support emergency shelter operations and oversight.

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)
Major Agencies						
Children and Family Services, Office of	2,842	2,954	(201)	212	11	2,965
Corrections and Community Supervision, Dept of	29,094	29,089	(39)	165	126	29,215
Education Department, State	2,700	2,692	0	0	0	2,692
Environmental Conservation, Department of	2,900	2,946	(33)	33	0	2,946
Financial Services, Department of	1,351	1,382	0	0	0	1,382
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
Information Technology Services, Office of	3,596	3,585	(179)	0	(179)	3,406
Labor, Department of	2,880	2,992	0	0	0	2,992
Mental Health, Office of	14,391	14,200	(1,407)	1,054	(353)	13,847
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	(1,860)	1,607	(253)	18,620
State Police, Division of	5,435	5,685	0	26	26	5,711
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
Workers' Compensation Board	1,093	1,165	0	0	0	1,165
Subtotal - Major Agencies	110,236	110,776	(4,179)	3,988	(191)	110,585
Minor Agencies	7,626	8,033	(199)	254	55	8,088
Subtotal - Subject to Direct Executive Control	117,862	118,809	(4,378)	4,242	(136)	118,673
University Systems						
City University of New York	13,681	13,549	0	0	0	13,549
State University Construction Fund	143	152	0	0	0	152
State University of New York	44,250	44,732	0	0	0	44,732
Subtotal - University Systems	58,074	58,433	0	0	0	58,433
Independently Elected Agencies						
Audit and Control, Department of	2,508	2,663	0	0	0	2,663
Law, Department of	1,776	1,839	0	0	0	1,839
Subtotal - Independently Elected Agencies	4,284	4,502	0	0	0	4,502
Grand Total	180,220	181,744	(4,378)	4,242	(136)	181,608

Article VII

- **Partial Unemployment Insurance:** This specific proposal would allow a beneficiary collecting unemployment to earn a certain amount of income before losing their unemployment benefits. Current law requires a beneficiary to forfeit 25% of their weekly unemployment benefit for every day of work for which a beneficiary earns income in a given week. This new change would allow an employee to earn \$100 or 40% of their weekly benefits, whichever is greater (for a worker receiving the maximum benefit, \$168 per week).
- **Protections Against Wage Theft:** The Governor advances new legislation to enhance remedies against wage theft in two ways: 1) by adding a new remedy making the top ten shareholders of foreign LLCs personally liable for any owed wages (matching current law for domestic LLCs and business corporations); and 2) to bring claims on behalf of workers against companies and their top ten shareholders personally for unpaid wages. This second provision would essentially extend a current private-sector remedy for unpaid wages to the Department of Labor, allowing for more robust enforcement when a wage theft case is handled administratively by the Department.
- **New York Youth Jobs Tax Credit:** The Governor proposes additional tax credits in the Urban Youth Jobs tax credit program, which provides employers with a tax credit for hiring at-risk youth in certain urban areas of the state. The proposed expansion would add incentives in 2018-2022. Each new tax year program would be worth up to \$50 million in tax credits. The program would also be rebranded as the New York Youth Jobs Tax Credit. No other changes are proposed.
- **Paid Family Leave Insurance Premiums:** While no benefits from the 2016 paid family leave program shall be received until 2018, the Executive proposes the creation of a Paid Family Leave Risk Adjustment Fund. The Fund will be comprised of insurance premiums assessed through an administrative regulation issued by DFS and shall be paid out as needed. Based on this proposal, it appears that the Governor intends to assess “group-rated” insurance premiums for the paid family leave insurance carrier market, which will socialize insurance costs among all insurers and potentially avoid differences in rates among different insurance carriers.
- **Central Administrative Hearings:** The Governor proposes the creation of a new entity in the Executive Department to be known as the Central Administrative Hearings unit. The unit would be led by a newly appointed Chief Administrative Law Judge, and would be comprised of up to 500 ALJs (and an unspecified number of support staff) currently working for one of 18 different agencies. The exact agencies who would transfer their ALJs to the central unit would be determined by the Executive within six months of the effective date of the budget.

If enacted, this proposal would reduce specialization, as ALJs currently work for one agency and become specialists in their areas. In contrast, the division could smooth out uneven hearing schedules and potential speed up the process in scheduling a hearing. Other details about this plan have not yet been made available.

- **Public Employee Healthcare Costs:** As in the past several years, the Governor advances proposals to increase healthcare costs on current public sector employees and retirees. The Governor proposes capping the reimbursement of Medicare Part B premiums at \$104.90/month (the 2015 maximum rate) for employees who enrolled in Medicare before 2016, and at \$121.80/month (the 2016 maximum rate). This would make future increases in the federal rate subject to a specific budgetary statutory change, or else the increased costs would be borne by the retiree instead of automatically covered by the State under current law. The Governor also proposes the elimination of all reimbursements for Medicare-enrolled retirees who pay the additional premiums for higher income beneficiaries (Income Related Monthly Adjustment Amount or “IRMAA”).

The Governor also proposes increasing the healthcare premium costs for some retired State employees enrolled in NYSHIP (excluding law enforcement and disabled retirees). A retiree would no longer lock in retirement premium rates of 12% or 16% (depending on the salary-grade of the retiree being on the lower-end or higher-end of the scale), but, instead, would start with much higher rates and gain more credit for lower rates with additional years of service, as described in the following chart:

State Service	Current Single Premiums		Proposed Single Premiums		Current Family Premiums		Proposed Family Premiums	
	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
10 Years	12%	16%	46%	50%	27%	31%	61%	65%
15 Years	12%	16%	36%	40%	27%	31%	51%	55%
20 Years	12%	16%	22%	26%	27%	31%	37%	41%
25 Years	12%	16%	17%	21%	27%	31%	32%	36%
30 Years	12%	16%	12%	16%	27%	31%	27%	31%

The Executive estimates a first-year savings of \$15.4 million as a result of these two proposals. Over the long run the Executive estimates savings of \$10.6 billion in other postemployment benefits liabilities, but it is unclear how the Executive calculates such long-term savings.

- **Agency Civil Service Changes:** The Governor would be given the authorization to issue a

term appointment without competitive examination to temporary IT services, for an appointment of up to 5 years and up to 250 FTE appointments. Under this provision, a permanent competitive employee who is qualified for the term appointment can take precedence for the appointment before the term appointment is processed.

- **Tax Liabilities of Future Public Employees:** One new proposal that would affect State employees would require the Department of Taxation and Finance to clear all new state civil service applicants as having no past-due tax liabilities. An individual could be prohibited from taking an examination, or being certified as eligible to fill a title, if they were found to have past-due tax obligations. Local governments would be authorized to impose such standards in a similar fashion. This requirement would not apply to current employees, transfers, and individuals already on title or promotional lists. A prospective employee would be given the opportunity to clear the tax liability and have their application re-submitted after resolution.
- **Workers' Compensation State Insurance Fund:** The Executive advances two proposals to alter the State Insurance Fund, the main insurer in workers' compensation. One proposal would allow SIF to cancel an employer's insurance policy if the employer refuses to cooperate with a payroll audit in certain cases. Another would enhance record-keeping requirements so that employers better track worker misclassification in order to ensure that SIF-insured employers do not misclassify their employees. The other provision would require SIF to invest up to 25% of its surplus funds in nationally-recognized securities (instead of 50%), up to 50% of surplus funds in diversified index funds, and up to 10% of surplus funds in certain American businesses and real property assets as set for non-life insurance surplus asset investment.
- **Health Care Benefits Fund:** This proposal would create a new state account to be made up of surplus funds in any given fiscal year that would be used to pay for future healthcare costs for state employees. The Executive aspires to begin paying for benefits in a more up-front way to send positive fiscal plan signals to bondholders, and anticipates depositing surplus funds into this account from time to time. Once deposited, funds in the healthcare account could not be withdrawn unless 100% of employee healthcare costs are paid for in any given fiscal year.

Public Protection, Legislature and Judiciary Fact Sheet

Appropriations

- **Division of Criminal Justice Services:** The Executive Budget eliminates \$16.5 million in legislative initiatives included as part of the SFY 2016-17 Enacted Budget. The following changes are highlights of the Governor's actions:
 - \$1.9 million for the full elimination of the Westchester County Policing Program;
 - \$829,000 reduction of the Operation GIVE program, formerly known as Operation IMPACT; and
 - \$1.5 million increase to the SNUG program, bringing overall funding to \$4.8 million.
- **Division of Veterans Affairs:** The Executive Budget eliminates \$1.7 million in Legislative initiatives. The following changes are highlights of the Governor's actions:
 - \$500,000 elimination of the Defenders Association Veterans Legal Aid Fund; and
 - \$1.3 million increase for the Veteran's Treatment Courts and access to Justice.
- **Office of Indigent Legal Services:** The Executive Budget eliminates the State Operations portion of the appropriation for the Office of Indigent Legal Services. The Executive provides funding for the Office in the Aid to Localities Budget. Future Hurrell-Harring plans and funding to achieve statewide implementation will require approval by the Director of the Budget.
- **Legislature:** The Legislature proposes a 3% increase, its first budget increase since 2011.

Article VII

- **Raise the Age:** The Governor proposes gradually raising the age of criminal responsibility from 16 to 18 years, and requiring that youths be detained in OCFS-approved facilities.
- **Shifting the cost of public criminal defense to the State:** The Governor proposes devising a plan to increase availability and quality of public defenders, and then to reimburse counties for their costs.
- **Sentencing reform:** The Executive Proposal would eliminate indeterminate sentences for nonviolent felonies.
- **Marijuana decriminalization:** The Executive proposes decriminalizing the public possession of small amounts of marijuana.

- **Expanded Identity Theft and Computer Tampering crimes:** The Governor’s proposal would add more degrees of Identity theft and Computer Tampering to address changes in how those crimes are committed.
- **Reform the Provision of Indigent Criminal Defense Across the State:** The 2017-2018 Executive Budget directs the Office of Indigent Legal Services to develop a plan for providing income-eligible criminal defendants with counsel at arraignment and caseload standards to be implemented by April 1, 2023. The proposal further directs OILS to develop and implement initiatives to improve the quality of indigent defense and to ensure that attorneys receive effective supervision and training; have access to and appropriately utilize investigators, interpreters and expert witnesses on behalf of clients; communicate effectively with their clients; and, in the case of assigned counsel, are assigned to cases accounting for the attorney’s level of experience and caseload/workload by April 1, 2023. The Executive Budget requires all expenses incurred by a county for the provision of counsel and services for indigent criminal defense, and the development and implementation of these reforms, to be reimbursed by the State.
- **Enhance Services Provided Through Veterans’ Treatment Courts And Broaden The Availability Of Such Courts:** The Executive Budget authorizes local criminal courts to share the same veterans treatment court located within the same county or an adjoining county. To the extent practicable, this proposal would authorize the establishment of as many veteran treatment courts as may be necessary to fulfill the purposes of drug courts.
- **Veteran’s Indigent Burial Services:** The Executive Budget includes appropriation authority for the implementation of the indigent burial legislation (S.5752A/2016), which provides for funeral and burial services for indigent veterans to be reimbursed to Congressionally chartered veterans’ organizations by the State.
- **Improve Access to Justice for Veterans Through Law School Partnerships:** The Executive Budget proposes investing \$250,000 to establish “Justice for Heroes”—a competitive awards program to bring this access-to-justice initiative to fruition.
- **Cyber Incident Response Team:** The Executive Budget proposes to create a new Cyber Incident Response Team to be located within the Division of Homeland Security and Emergency Services’ Office of Counter-Terrorism.

PUBLIC PROTECTION, LEGISLATURE AND JUDICIARY AGENCY DETAILS

Public Protection Agencies All Funds Appropriations				
Agency	Available SFY 2016-17	Executive Recommendation SFY 2017-2018	\$ Change	% Change
Commission of Correction	\$2,955,000	\$2,955,000	\$0	0.0%
Correction and Community Services	\$3,195,183,000	\$3,276,446,000	\$81,263,000	2.5%
Department of Law	\$237,586,000	\$241,438,000	\$3,852,000	1.6%
Division of Criminal Justice Services	\$289,758,000	\$268,628,000	-\$21,130,000	-7.3%
Division of Military and Naval Affairs	\$129,511,000	\$139,311,000	\$9,800,000	7.6%
Division of Veterans	\$19,330,000	\$19,157,000	-\$173,000	-0.9%
JCOPE	\$5,582,000	\$5,582,000	\$0	0.0%
Judicial Commissions	\$6,265,000	\$6,265,000	\$0	0.0%
Interest on Lawyer Accounts	\$46,841,000	\$46,981,000	\$140,000	0.3%
Office of Homeland Security and Emergency Services	\$1,519,177,000	\$1,576,977,000	\$57,800,000	3.8%
Office of Indigent Legal Services	\$99,400,000	\$109,640,000	\$10,240,000	10.3%
Office of the Inspector General	\$7,244,000	\$7,244,000	\$0	0.0%
Office for the Prevention of Domestic Violence	\$5,197,000	\$5,597,000	\$400,000	7.7%
Office of Victim Services	\$119,522,000	\$119,698,000	\$176,000	0.1%
State Police	\$873,156,000	\$926,123,000	\$52,967,000	6.1%
Total	\$6,556,707,000	\$6,752,042,000	\$195,335,000	2.98%

Executive Budget

The Executive Budget for the agencies comprising the Public Protection functional area provides \$6.7 billion in All Funds, an increase of \$195.5 million or 2.9% from SFY 2016-17 levels.

Commission of Corrections

The Executive Budget provides \$2.9 million in All Funds for the Commission of Correction, the

same amount of funding as in the SFY 2016-17 Enacted Budget. This funding will support the Commission’s total labor force of 32 Full-Time Equivalents.

Department of Correction and Community Supervision

The Executive Budget provides \$3.2 billion in All Funds for the Department of Corrections and Community Supervision. This is a net increase of \$81.2 million or 2.5%. This increase is associated with the following Executive actions:

- \$21.7 million transfer of 979 Full Time Equivalents (FTEs) from State Operations to Capital Projects associated with overtime costs and General State Charges;
- \$36 million transfer of fringe benefits from General State Charges to Capital Projects;
- \$32 million in new Capital Projects for Raise the Age, rehabilitation of current facilities and minor maintenance; and,
- \$8.2 million for additional 165 FTEs associated with security staffing reviews.

Department of Law

The Executive Budget provides \$241.4 million in All Funds for the Department of Law. This is a net increase of \$3.8 million or 1.6%. This increase is net of a State Operations increase in the amount \$8.8 million and a decrease of Capital Projects in the amount of \$5 million. The increase in the Department is primarily due to the implementation of the Public Employees Federation contract and the repayment of furlough monies.

Division of Criminal Justice Services

The Executive Budget provides \$268.6 million in All Funds for the Division of Criminal Justice Services. This is a net decrease of \$21.1 million or 7.2%. This reduction is associated with the elimination of legislative adds included in the Aid to Localities State Budget (see table below). It is important to mention that the SNUG program will receive a funding increase of \$1.5 million for SFY 2017-18, bringing total funding to \$4.8 million. The Westchester County Policing Program is completely eliminated by the Executive Budget recommendation. This elimination is in the amount of \$1.9 million.

Division of Criminal Justice Services Aid to Localities Programs				
Program	SFY 16-17 Enacted	SFY 17-18 Proposed	\$ Change	% Change
Probation Aid	\$44,876,000	\$44,876,000	\$0	0.0%
Legislative Line-outs and Lump Sum Appropriations	\$16,135,000	\$0	-\$16,135,000	-100.0%

Operation Give	\$15,219,000	\$14,390,000	-\$829,000	-5.4%
ATI (200% of poverty level)/ Consolidated Appropriation	\$14,616,000	\$13,819,000	-\$797,000	-5.5%
CARP	\$14,300,000	\$13,521,000	-\$779,000	-5.4%
Aid to Prosecution	\$10,680,000	\$9,957,000	-\$723,000	-6.8%
Aid to Crime Labs	\$6,635,000	\$6,273,000	-\$362,000	-5.5%
ATI (NYC and Counties)	\$5,518,000	\$5,217,000	-\$301,000	-5.5%
Aid to Defense	\$5,507,000	\$5,066,000	-\$441,000	-8.0%
District Attorney Salaries	\$4,212,000	\$4,212,000	\$0	0.0%
SNUG	\$3,315,000	\$4,815,000	\$1,500,000	45.2%
Re-Entry Task Forces	\$4,063,000	\$3,842,000	-\$221,000	-5.4%
Rape Crises	\$2,700,000	\$2,553,000	-\$147,000	-5.4%
DA's/NYPTI	\$2,304,000	\$2,178,000	-\$126,000	-5.5%
Westchester County Policing	\$1,984,000	\$0	-\$1,984,000	-100.0%
NYS Defenders Association	\$1,089,000	\$1,030,000	-\$59,000	-5.4%
Soft Body Armor	\$1,350,000	\$1,350,000	\$0	0.0%
ATI Assessment	\$1,000,000	\$946,000	-\$54,000	-5.4%
Special Narcotics Prosecutor	\$825,000	\$825,000	\$0	0.0%
Probation Residential Centers	\$1,000,000	\$945,000	-\$55,000	-5.5%
Witness Protection Program	\$304,000	\$287,000	-\$17,000	-5.6%
Total	\$157,632,000	\$136,102,000	-\$21,530,000	-13.7%

Division of Military and Naval Affairs

The Executive Budget provides \$139.3 million in All Funds for the Division of Military and Naval Affairs. This is a net increase of \$9.8 million or 7.6%. The increase is attributed to increases in State capital appropriations that utilize settlement funds for armory maintenance projects, and the new assignment of 150 members and 150 National Guardsmen to bolster security and conduct anti-terror exercises at MTA Bridges and Tunnels.

Division of Homeland Security and Emergency Services

The Executive Budget provides \$1.5 billion in All Funds for the Division of Homeland Security and Emergency Services. This is a net increase of \$57.8 million or .9%. This increase is associated with a \$50 million increase in Capital Project funds for the bonding of the Statewide interoperable communication grants; \$2 million in Capital Projects funding for training facilities; \$1 million in

Capital Project funding for the rehabilitation of such facilities; and \$4.8 million in funding for new programs for cybersecurity and emergency preparedness.

Division of State Police

The Executive Budget provides \$921.1 million in All Funds for the Division of State Police. This change reflects an increase of \$53 million associated with new \$26.2 million Capital Project funding for several initiatives that include facility maintenance; Hate Crime Task Force Bureau of Investigation; the transition to the National Incident-Based Reporting System; and projected mid-year Federal grant increases. The Executive Budget also includes \$22.5 million in personal and nonpersonal service funds associated with the New York State Police Investigators Association collective bargaining agreement. In addition, the Executive Budget includes several State Operations initiatives as follows:

- \$2.5 million for 26 new FTEs associated with the maintenance of sexual evidence kits;
- \$1 million for the Hate Crime Task Force as proposed by the Governor in his State of the State; and,
- \$850,000 for the full annualization of the intelligence analyst transfer from Division of Homeland Security to State Police.

Division of Veterans Affairs

The Executive Budget provides \$19.1 million in All Funds for the Division of Veterans Affairs. This is a net decrease of \$173,000 or 0.9%. This net decrease is associated with a net decrease of \$265,000 in Aid to Localities funding offset by a net increase of \$92,000 in State Operations. The Executive makes the following Aid to Localities changes including the elimination of legislative adds:

- \$500,000 for the NYS Defenders Association;
- \$250,000 for the Monroe County additional aid;
- \$200,000 for the Legal Services of the Hudson Valley Veterans and Military Advocacy Project;
- \$200,000 for Warrior Salute;
- \$200,000 for Helmets to Hardhats;
- \$100,000 for Veterans Justice Project;
- \$100,000 for the SAGE Veterans Project;
- \$40,000 for the Vietnam Veterans of America NYS Council; and,
- \$25,000 for the Veterans Miracle Center.

This decrease is offset by three new programs created in the Executive Budget proposal including: continuation several programs funded at last year's level, including:

- \$1 million for Veterans' Treatment Court;

- \$250,000 Access to Justice Program; and,
- \$100,000 for Veterans Indigent Burial.

Joint Commission on Public Ethics

The Executive Budget provides \$5.5 million in All Funds for the Joint Commission on Public Ethics. This is the same amount of funding included in the SFY 2016-17 Enacted Budget.

Judicial Commissions

The Executive Budget provides \$6.2 million in All Funds for the Judicial Commissions. This is the same amount of funding included in the SFY 2016-17 Enacted Budget.

Interest on Lawyer Accounts

The Executive Budget provides \$46.8 million in All Funds for the IOLA. This is the same amount of funding included in the SFY 2016-17 Enacted Budget.

Office of Indigent Legal Services

The Executive Budget eliminates the State Operations portion of the appropriation for the Office of Indigent Legal Services (OILS). However, the Executive provides funding for the Office in the Aid to Localities Budget. Future Hurrell-Harring plans and funding to achieve statewide implementation will need approval by the Director of the Budget. Aid to Localities is fully funded with Hurrell-Harring settlement money at their request of \$23.8 million plus their traditional aid to localities funding of \$81 million.

Office of the Inspector General

The Executive Budget provides \$7.2 million in All Funds for the Office of the Inspector General. This is the same amount of funding included in the SFY 2016-17 Enacted Budget.

Office for the Prevention of Domestic Violence

The Executive Budget provides \$5.5 million in All Funds for Office for the Prevention of Domestic Violence. This is a net increase of \$400,000 or 7.7%. This increase is associated with the expansion of risk reduction (homicides) enhanced response pilot program. The Office for Prevention of Domestic Violence has seed money for new prevention task force initiatives in Troy and Newburgh. This is similar to the one that has been established in Schenectady last year. These new programs were competitively bid out.

Office of Victim Services

The Executive Budget provides \$119.6 million in All Funds for the Office of Victim Services. This

is a net increase of \$176,000 or .1%. This net increase is a result of several federal funding changes associated with the Crime Victims account.

Article VII

- **State to Begin Assuming the Cost of Criminal Public Defender Services:** After vetoing legislation last year with a similar goal, A.10706/Fahy (S.8114/DeFracisco), which passed unanimously in the Senate and the Assembly and has been reintroduced as A.1903/Fahy, the Governor now proposes to shift some of the cost of public criminal defense from the counties and New York City to the State. The proposal would instruct the Division of Criminal Justice Services and the Indigent Legal Services Board to devise a plan to ensure that every criminal defendant has an attorney present at arraignment; to relieve public criminal defense attorneys' caseloads and devise standards for public defender caseloads; and to ensure that public criminal defense attorneys are qualified and appropriately trained for their positions. The plans must be devised by December 1, 2017., and the counties and New York City must implement the plans by April 1, 2023.

The State is to reimburse the counties and New York City for the cost of implementation, and the counties and New York City are not required to begin implementation until funds have been appropriated by the state. In the 2017-2018 budget, \$1.2 million has been appropriated for the purpose of devising the plans, and no funding has been appropriated for implementation. The proposal would raise biannual attorney registration fees by \$50 and contribute the additional funds to the Legal Services Assistance Fund. The proposal would also raise driver license suspension lift fees, but reduce the portion of that fee that is contribute to the general fund, from 50% to one-third.

Currently, five counties (Onondaga, Ontario, Schuyler, Suffolk, Washington) are bound by a legal settlement, commonly called Hurrell-Harring, that requires the state to pay for indigent criminal defense in those counties, and which reaches the goals outlined in the Governor's proposal. The Governor's proposal would bring the rest of the state in line with the Hurrell-Harring counties, although the plans devised by DCJS and OILS could be different than the settlement plan.

- **Sentencing Reform:** The Executive's proposal would shift determinations of conditions of post-release supervision and release on indeterminate sentences from the Boards of Parole to the Department of Corrections and Community Supervision. The Executive also proposes plans for defendants to reduce their periods of post-release supervision by three months for every six months of good behavior, and proposes the addition of programs to an existing policy wherein inmates can qualify for early release after completing certain training programs. The proposal includes lessening sentences for Youthful Offenders. The Governor also proposes raising the level of felony for certain felonies.

The Executive also proposes eliminating indeterminate sentencing except for A-level felonies. A determinate sentence is a set sentence of a number of years, and when the defendant has served that number of years in prison, he or she is released. An indeterminate sentence is a range of years. When the defendant has served the minimum number of years, the parole board determines whether he or she is eligible for release. If denied, the defendant may re-apply for release every two years until he or she reaches the maximum number of years on his or her sentence. The proposed scheme would not change sentencing for violent felonies (for example, Assault in the Second Degree, Robbery), A-level felonies (Murder, Kidnapping in the First degree), second felony offenders, or persistent felony offenders. The proposal would also extend alternative sentencing for first-time offenders who commit C felonies.

- **Raise the Age:** The Governor proposes raising the age of criminal responsibility from 16 years of age to 18 years. This change would occur gradually – initially from 16 to 17, and then increasing from 17 to 18 on January 1, 2020. Youths under the age of criminal responsibility would still be held responsible for specific serious felonies, and those cases (juvenile offender cases) would be handled in a newly-created Youth Part of the Superior Court. The proposal calls for the creation of Family Support Centers to provide increased services to juvenile delinquents and juvenile offenders.

The proposal would require that youth be detained in facilities certified by the Office of Children and Families as a juvenile detention facility, and would bar placement of youth in county jails. This would also occur gradually – the change would apply as of January 1, 2019 for youth under the age of 17, and on January 1, 2020 for youths under the age of 18. As of January 1, 2020, youths under the age of 18 who are housed in DOCCS facilities are to be transferred to OCFS facilities, subject to the Departments’ discretion and to availability. The proposal also outlines how OCFS is to design any new facilities, manners for the inspection of OCFS facilities, and training of the staff at those facilities.

Grants from DCJS will be available to offset the costs of increased probation services provided to minors due to the increase in the number of youths treated as juvenile delinquents under this proposal. Counties will generally be expected to share in the costs of this proposal, but may apply for waivers.

- **Hate Crimes Task Force:** The Governor proposes establishing a task force within the State Police Bureau of Criminal Investigation to prevent, detect, and investigate hate crimes and discrimination, and to inform individuals of rights and remedies regarding hate crimes. The task force will work with the Division of Human Rights to identify trends, practices, and vulnerabilities throughout the state and to issue reports. The first report is due within 90 days of signing. One million dollars has been appropriated to establish the Task Force.

- **Recording of Interrogations:** The Governor proposes requiring that interrogations regarding certain high-level felonies be recorded when conducted in jails, correctional facilities, police stations, District Attorneys' offices, and other "detention facilities," unless there is good cause not to record. The proposal explicitly states that a motion to suppress a defendant's statement cannot be sustained solely on failure to record, but a jury may be instructed to weigh failure to record when deliberating evidence. The recording requirement would apply to certain Family Court juvenile delinquency proceedings. This proposal would build on an existing State Police program.
- **Admissibility of Photo Arrays:** The Executive Proposal would allow for the admission at trial, both in criminal and juvenile delinquent proceedings, of photo array identification under certain circumstances. Photo arrays are currently not admissible. Senator Kennedy introduced legislation intending to allow the admission of photo arrays in 2017 as S.1819, after having introduced the same bill in 2015 and 2016.
- **Expanded Decriminalization of Marijuana:** The Executive proposes changing the definition of Criminal Possession of Marijuana in the Fifth Degree. Similar to S.137-B, introduced by Senator Squadron in 2015, the proposal would make the public possession of burning marijuana a criminal act, but not public possession in and of itself.
- **Expanded Identity Theft and Computer Tampering Crimes:** The Executive Proposal would expand the range of identity theft crimes to include B and C level felony offenses. The existing offenses will have provisions added to address defendants who steal multiple identities, and the new felonies will include theft of high numbers of identities and the theft of or fraudulent obtaining of over \$500,000 and over \$25,000, respectively. The proposal would also include the theft of the identity of an elderly or mentally or physically disabled person in the definition of Aggravated Identity Theft. Further, the Executive proposes expanding Computer Tampering crimes and creating a B felony level of that crime.
- **Expanded Victims Services:** The Executive proposal includes an expanded list of crimes for which victims are eligible for awards for loss of earnings and support, and unreimbursed counseling costs, from the Office of Victims Services, when the victims were not physically injured by the crime. The proposal also expands the list of crimes for which victims may be granted awards for the above losses and for loss of property, security systems, and transportation to court, and would also allow for the reimbursement of costs for securing the crime scene. The Executive also proposes expanding the list of crimes that automatically qualify the victim for victims services to include common domestic violence charges and vulnerable elderly people who suffer a loss of savings. Finally, the Governor's proposal also allows for awards of up to \$30,000 for vulnerable elderly persons or mentally or physically disabled people who suffer a loss of savings due to a financial crime.

Division of Veterans Affairs

- **Enhance Services Provided Through Veterans' Treatment Courts And Broaden The Availability Of Such Courts:** The 2017-2018 Executive Budget authorizes local criminal courts to share the same veterans treatment court located within the same county or an adjoining county. To the extent practicable, this proposal would authorize the establishment of as many veteran treatment courts as may be necessary to fulfill the purposes of drug courts.
 - Felony and misdemeanor cases pending in local criminal court may be removed to another local criminal court in the same or adjoining county that has a veterans treatment court part.
 - Increase funding for peer to peer veteran mentoring services.
- **Veteran's Indigent Burial Services:** The 2017-2018 Executive Budget includes appropriation authority for the implementation of the indigent burial legislation (S.5752A/2016), which provides for funeral and burial services for indigent veterans to be reimbursed to Congressionally chartered veterans' organizations by the state.
- **Improve Access to Justice for Veterans Through Law School Partnerships:** The 2017-2018 Executive Budget proposes investing \$250,000 to establish "Justice for Heroes"—a competitive awards program to bring this access-to-justice initiative to fruition. The competition would be modeled off of the Regional Economic Development Council competition. Law schools would submit proposals declaring how they would use the award money to expand existing programs that address the unmet legal needs of veterans. The applicants would be required to demonstrate a dollar-for-dollar private sector matching funds. A committee will review each proposal and recommend one- year awards of up to \$50,000 for as many as five winning applicants.

Division of Military and Naval Affairs

- **State Police and National Guard Presence in New York City:** The 2017-2018 Executive Budget proposes to increase the state police and National Guard presence in New York City to bolster security and conduct anti-terror exercises at nine MTA-operated bridges and tunnels.
- **Authorize The Transfer Of Division Of Military And Naval Affairs Employees In The Unclassified Service Of The State Of The Office Of General Services:** The 2017-2018 Executive Budget authorizes the transfer of certain human resource employees from the Division of Homeland Security to the Office of General Services to work in the Business Services Center.

Division of Homeland Security and Emergency Services

- **Cyber Incident Response Team:** The 2017-2018 Executive Budget proposes to create a new Cyber Incident Response Team. The team would be located within the Division of Homeland Security and Emergency Services' Office of Counter Terrorism and would assist state agencies, local governments and critical infrastructure including public colleges and school districts, with cyber preparedness, coordination of exercises and make recommendations pertaining to best practices for increased protections. The team would also review cybersecurity policies, conduct vulnerability assessments and provide second-tier support when an incident occurs. The team is a multiagency strike force that will serve as a single point of contact for critical infrastructure and local government entities to report significant cyber incidents.
- **Launch Transportation Security Training Program for Airport Employees:** The 2017-2018 Executive Budget would extend the 8-hour training curriculum for airport civilian employees on active shooter situation and security awareness to airports statewide.
- **Train Local Emergency Responders in State-of-The-Art Counter-Terrorism Preparedness:** The 2017-2018 Executive Budget directs the Division of Homeland Security and Emergency Preparedness to continue Red Team assessments in each of the State's 16 Counter Terrorism Zones and host full-scale active shooter exercises with six major cities, at no cost to the local participating agencies.
- **Construct a One-of-a-Kind Swift Water Rescue Simulator to Train First Responders:** The 2017-2018 Executive Budget would build a swift water rescue operations training simulator at the State Preparedness Training Center in Oriskany. Under this proposal, the Division of Homeland Security and Emergency Services Office of Fire Prevention and Control would develop trainings and facilitate high-angle rope, rough access, and small watercraft rescues for state and local emergency responders, at no cost to the participating agencies.
- **Create an Accreditation Program for Local Emergency Management Offices:** The 2017-2018 Executive Budget develops an accreditation program for local emergency management offices to signify that the office has proper policies, procedures, and equipment in place to effectively respond to emergencies.
- **Train Local Firefighters using State-of-the-Art Crude Oil Training Simulator:** The 2017-2018 Executive Budget provides additional training for first responders at the New York State Fire Science Academy through the use of a crude oil live fire training simulator. The simulator would be an added component of overall improvements to the Fire Academy's grounds, structures, and training environment to improve the State's ability to respond to a crude oil incident.

Miscellaneous

- **NYS Consolidated Laboratory Project Act:** This legislation authorizes the Department of Health (DOH) and the Dormitory Authority of New York (DASNY) to enter into an agreement to consolidate or co-locate new laboratory campus of DOH's laboratory facilities and functions in the Capital Region area. This part would authorize DASNY to use alternative project delivery methods like design-build; it would be subject to prevailing wage, MWBE, and VBE provisions. A similar proposal was advanced in the 30-day amendments in 2014, but was excluded from the Enacted Budget.

Local Government Fact Sheet

Appropriations

- Aid and Incentives to Municipalities (AIM) funding remains flat from SFY 2016-17, but is contingent upon counties adopting a County-wide Shared Services Property Tax Savings Plan.
- The Budget eliminates \$6.6 million in the General Fund for Miscellaneous Financial Assistance and Village Per Capita Aid of \$2 million.
- Proposals to modify School Tax Relief (STAR) result in savings of \$313 million, through capping current benefit levels, requiring income verification for Enhanced STAR, and various additional changes.

Article VII

- **Establishes County-wide Shared Services Property Tax Savings Plans:** The 2017-2018 Executive Budget would require county officials to develop localized plans to find the property tax savings that could be achieved by coordinating and elimination duplicative services and proposing coordinated services to enhance purchasing power.
- **Reduces Interest Paid by the State and Localities on Judgments:** The current rate of 9% interest on court judgments against the state and its subdivisions would be reduced to a floating national that currently sits at approximately 1%.
- **Partial Tax Payments:** A local body could authorize taxpayers to make partial tax payments, in contrast to current law that allows only for full payments to be accepted for general or school property taxes.

LOCAL GOVERNMENT APPROPRIATIONS DETAILS

Local Government All Funds Appropriation Summary				
Program	Available SFY 2016-17	Executive Recommendation SFY 2017-18	\$ Change	% Change
AIM	715,000,000	715,000,000	0	0.0%
CREG and CETC	35,000,000	35,000,000	0	0.0%
Local Government Efficiency Grants	4,000,000	4,000,000	0	0.0%
Aid to Municipalities with Video Lotteries	29,331,167	28,635,313	-695,854	-2.4%
Miscellaneous Financial Assistance	6,845,500	2,250,000	-4,595,500	-32.9%
Small Government Assistance	217,300	217,300	0	0.0%
Village Per Capita Aid	2,000,000	0	-2,000,000	-100.0%
Fiduciary Funds	30,000,000	30,000,000	0	0%
Program Totals	822,393,967	815,102,613	-7,291,354-	-0.9%

The 2017-18 Executive Budget recommends \$815 million in All Funds appropriations, including \$785 million in General Fund support, to Local Governments and \$30 million in Fiduciary Funds to cover contingency appropriation requirements. Overall, this represents a decrease of \$7.3 million from the SFY 2016-17 All Funds appropriation level, largely reflective of the elimination of Village per Capita Aid and Miscellaneous Financial Assistance.

- **AIM Funding:** Aid and Incentives to Municipalities (AIM) funding to cities, towns and villages is maintained at \$754 million, including \$715 million in Base Level Grants to municipalities, \$35 million for Citizen Empowerment Tax Credits (CETC) and Citizens Re-Organization Empowerment Grants (CREG), and \$4 million for the Local Government Efficiency Grant Program (LGEG).
 - Base Level Grants are made contingent upon enactment of a 2017 Chapter Law that amends the Municipal Home Rule Law regarding the Governor’s County-wide Shared Services Property Tax Savings Plan.
 - Funding for Base Level Grant, CETC and CREG may be subject to reduction in the event that State receipts, including but not limited to receipts from the federal government, are less than the amount assumed in the 2017-2018 Financial Plan.
- **Aid to Municipalities with Video Lottery Gaming Facilities:** Funding is decreased by \$696,000, due to a reduction in aid to eligible municipalities other than the City of Yonkers. Aid to the City of Yonkers is maintained at \$19.6 million. These funds may also be reduced in the event that receipts are less than the amount assumed in the 2017-18 Fiscal Plan.
- **Miscellaneous Financial Assistance:** The Budget also includes \$2.3 million to compensate

Madison County for the Yellow Brick Road Casino.

- **Small Government Assistance:** The Executive Budget maintains allocations for the Small Government Assistance programs for the Counties of Essex, Franklin and Hamilton in the amount totaling \$217,300.

SFY 2017-18 Executive Budget Aid and Incentives for Municipalities (AIM)				
Municipalities	2016-17 Executive & Enacted Budgets	2017-18 Executive Budget	\$ Change	% Change
Cities	\$647,093,629	\$647,093,629	0	0%
Towns	\$47,783,780	\$47,783,780	0	0%
Villages	\$19,854,292	\$19,854,292	0	0%
Total AIM	\$714,731,701	\$714,731,701	0	0%

Local Government and Taxes

- **School Tax Relief (STAR):** The Executive Budget includes several proposals to modify the STAR Program. Total spending for the Program is expected to increase by approximately \$58 million, or 1.7%, to \$3.4 billion in the current Fiscal Year. In SFY 2017-18, STAR spending is projected to decrease by \$313 million to \$3.1 billion, or 9.0%, if the Governor’s proposed modifications are implemented. Excluding those measures, the Executive projects that STAR will increase by 1.2%. Executive Budget proposals include:
 - **NYC Personal Income Tax (PIT) Rate Reduction Benefit Conversion:** Currently, property owners in New York City with incomes under \$500,000 receive a rate reduction of their City PIT, for which the State reimburses the City. The Budget proposes converting the reduction into a credit against the taxpayer’s New York State PIT. The credit is comprised of “fixed amount” for all taxpayers with income under \$250,000, and a “rate reduction” that applies to all taxpayers with incomes under \$500,000. The "fixed amount" is \$125 for taxpayers who are married, filing jointly, and \$62.50 for individual filers. The "rate reduction" is determined by income. Because this eliminates the need for State reimbursement of the City, the corresponding section of the State Finance Law is repealed. Projected savings from the conversion are \$277 million in SFY 2017-18, and \$12 million in SFY 2018-19 and SFY 2019-20.
 - **Capping the STAR Benefit:** The Executive Budget caps the benefit that STAR recipients receive at current levels, beginning with the 2017-18 School Year. This provision is projected to save \$50 million in SFY 2017-18, \$98 million in SFY 2018-19, and \$143 million in SFY 2019-20.
 - **Mandatory Income Verification for Enhanced STAR:** The Executive Budget makes participation in the Income Verification Program (IVP) mandatory for seniors

applying for Enhanced STAR. The program is currently voluntary, and applicants must reapply each year. Under the new proposal, those seniors who do not file tax returns may prove their eligibility to the Department of Taxation and Finance through a secure application process. The Department may deny eligibility to an applicant or recipient if it determines their income exceeds the allowable limit for qualification. All applicants for Enhanced STAR and all assessing units must participate in the program. This provision is projected to save \$24 million in of the next two years.

- **Relaxing the Tax Law Secrecy Rules for the STAR Credit:** To ensure that identification of eligible applicants is as efficient and accurate as possible, the Executive Budget makes those who receive the STAR credit, created in the 2016-17 Enacted Budget, subject to the same rules of confidentiality as those who receive the traditional STAR exemption.
- **Technical Fix for the Co-op’s STAR Credit:** Under current law, a co-op owner could possibly receive a STAR credit that exceeds their tax liability. The Executive Budget would create greater communication between the assessor and the Department by requiring the assessor to forward a statement of assessed value attributable to each tenant-stockholder, and any other information necessary to properly calculate the STAR credit, to the Commissioner.

School Tax Relief (STAR) Program (\$ millions)					
	SFY 2015-16 Actual	SFY 2016-17 Estimated	Change	SFY 2017-18 Projected	Change
STAR Total (cash basis)	3,335	3,393	58	3,080	-313
Appropriation	3,335	3,208	-127	2,606	-602
Refunds	-	185	185	474	289
Basic STAR Benefit	1,774	1,808	34	1,785	-23
Appropriation	1,774	1,744	-30	1,661	-83
Refunds	-	64	64	124	60
Enhanced STAR Benefit	943	970	27	956	-14
Appropriation	943	936	-7	890	-46
Refunds	-	34	34	66	32
NYC PIT STAR Benefits	618	615	-3	339	-276
Appropriation	618	528	-90	55	-473
Refunds	-	87	87	284	197

Spending Impact of STAR Provisions in the Executive Budget (<i>\$ millions</i>)				
Proposal	Effective Date	SFY 2018	SFY 2019	SFY 2020
Conversion of NYC PIT benefit into credit	01/01/17	-277	-12	-12
Benefit Cap	04/01/17	-50	-98	-143
Mandatory Income Verification Program	04/01/18	-24	-24	-24
Relax Tax Law Secrecy Rules for STAR Credit	04/01/17	-	-	-
Technical Fix for the Co-op's STAR Credit	07/01/17, 01/01/17	-	-	-
TOTAL		-351	-134	-179

Article VII

- Provide a Market Interest Rate on Court Judgments and Accrued Claims Paid by the State and Certain Subdivisions:** The 2017-2018 Executive Budget amends the General Municipal Law, the Public Housing Law and the State Finance Law to provide that the interest rate on court judgments and accrued claims against the state, municipal corporations, certain public corporations and housing authorities would be determined by the market-based rate of interest (the weekly average one year constant maturity Treasury yield). Currently, the interest rate on judgments and accrued claims is 9%. The market-based interest rate hovers around 1%.
- Establishes Countywide Shared Services Property Tax Savings Plans:** The 2017-2018 Executive Budget amends the Municipal Home Rule Law to require county officials to develop localized plans to find the property tax savings that could be achieved by coordinating and elimination duplicative services and proposing coordinated services to enhance purchasing power. The plans would be put to the voters in a referendum in the November 2017 general election to decide whether to adopt them. The plan will be prepared by the county's Chief Executive Official, such as the County Executive or the County Manager. The plans would be due to each county's legislative body by August 1, 2017, to review the plan within 45 days. If the plan is not approved by the voters the county government would be required to prepare a new plan for the following year. Aid and incentives for municipalities (AIM) payments would be contingent on the enactment of this shared services program.
- Apply the Public Safety Communications Surcharge to Prepaid Devices:** The 2017-2018 Executive Budget authorizes a .60 surcharge on prepaid wireless service or device on a retail sale less than \$30 and \$1.20 per retail sale that exceeds \$30. The revenue from wireless devices is used to pay for public safety communications , and is distributed to the state police, the Division of Homeland Security and Emergency Services, and for the

operation and improvements of local public safety answering points.

- **Allow Taxpayers to Make Partial Tax Payments:** Under current law, real property tax payers generally cannot make partial payments on their general property taxes nor their school property taxes. The 2017-2018 Executive Budget authorizes municipalities to enact a local law for the collection and acceptance of partial payments for general and school property taxes, unless the governing body of the municipality or the governing body of the school district pass a resolution prohibiting partial payments, or limited the conditions for partial payments. Under such circumstances, partial payments would be accepted in accordance with the conditions of the resolution.

General Government Fact Sheet

- **Equine Drug Testing:** Regulatory costs for Gaming Commission operations are funded via assessments on the industry. This proposal continues that trend by assessing costs associated with equine steroid and drug testing from the state onto the racing industry itself.
- **Charitable Gaming Reform:** This proposal repeals various sections of current law governing charitable gaming and consolidates them into one new article in the Racing law.
- **Re-Privatize the New York Racing Association (“NYRA”):** This proposal authorizes NYRA to return to private control. In addition, the proposal authorizes a reduction in the number of winter race dates at Aqueduct, subject to agreement with the respective horsemen and breeders associations and approval of the Gaming Commission. NYRA would also be permitted to run nighttime races up to 11 p.m. at Belmont racetrack.
- **Local Gaming Aid Distribution:** This proposal amends the State Finance Law to provide for a county that hosts a tribal casino, but does not receive a percent of the state share of revenue from that casino, with an annual distribution of \$2.25 million for three years.
- **Establishes “Taste-NY” Alcohol Permit:** A new permit is created to authorize the issuance of *up to ten* special licenses for the sale of alcoholic beverages at retail for consumption off-premises to those individuals with a written agreement with Agriculture and Markets to operate a “Taste NY” store.
- **Creates A New Motion Picture Alcohol Permit:** A new retail on-premises license for consumption would be created to allow for on-premise alcoholic beverage sales in licensed motion picture theaters, under specific conditions.

GENERAL GOVERNMENT AGENCY DETAILS

General Government Agency All Funds Appropriations				
Agency	Available SFY 2016-17	Executive Recommendation SFY 2017-18	\$ Change	% Change
Alcoholic Beverage Control	\$13,435,000	\$13,435,000	\$0	0.0%
Audit and Control	\$335,314,000	\$332,692,000	-\$2,622,000	-0.8%
Department of State	\$142,377,000	\$144,151,000	\$1,774,000	1.2%
Division of the Budget	\$50,711,000	\$50,184,000	-\$527,000	-1.0%
Executive Chamber	\$17,854,000	\$17,854,000	\$0	0.0%
Office of Lieutenant Governor	\$630,000	\$630,000	\$0	0.0%
Office for Information Technology Services	\$848,983,000	\$854,129,000	\$5,146,000	0.6%
Office of General Services	\$1,133,725,000	\$1,281,800,000	\$148,075,000	13.1%
State Board of Elections	\$11,559,000	\$11,559,000	\$0	0.0%
State Liquor Authority	\$13,300,000	\$13,300,000	\$0	0%
Gaming Commission	\$244,000,000	\$330,600,000	\$86,600,000	35.5%
Total	\$2,811,888,000	\$3,050,334,000	\$238,446,000	8.48%

The SFY 2017-18 Executive Budget proposes \$2.8 billion in All Funds appropriations, a \$285 million, or 8.5%, increase over SFY 2016-17 levels for state agencies comprising the general government functional area. This increase is largely reflective of new capital projects within the Office of General Services.

Alcoholic Beverage Control

The Executive Budget proposes an All Funds appropriation of \$13.3 million and a workforce of 127 FTEs for the Division of Alcoholic Beverage Control in SFY 2017-18. These levels are unchanged from SFY 2016-17 levels.

Audit and Control

The Executive Budget recommends \$332.7 million in All Funds appropriations, a decrease of \$2.6 million from SFY 2016-17 levels. This decrease is net of a \$6 million reduction associated with the elimination of a nonrecurring 2016-17 appropriation for IT upgrades offset by \$3.3 million in increases within state operations.

Department of State

The Executive Budget proposes \$144.2 million in All Funds appropriations for the Department of State. This is an increase of \$1.8 million, or 1.2%, from SFY 2016-17 levels. This net increase results from several actions including: a net decrease in State Operations in the amount of \$3.2

million associated with the elimination of FTE positions through attrition; the elimination of prior-year legislative adds; and an increase in federal grants and personal service funding for the office of Business and Licensing. In addition, Aid to Localities funding increases by a net \$4.9 million, resulting from a \$6 million increase in federal grants offset by the elimination of \$1 million in prior-year legislative adds supporting the Project Utility Law Project (PULP- Dutchess County).

The Executive proposes a workforce recommendation of 525 FTEs, a decrease of 14 FTEs from SFY 2016-17 levels.

Division of the Budget

The Executive Budget recommends All Funds appropriations of \$50.2 million for the Division of Budget, a \$527,000 reduction from SFY 2016-17 levels. This reduction is associated with a \$527,000 decrease in various membership dues (Council of State Governments - \$469,000; National Conference of State Legislators - \$48,000; and National Conference of Insurance Legislators - \$10,000). The Executive Budget recommends 261 FTEs, unchanged from the SFY 2016-17 level.

Executive Chamber

The Executive Budget recommends All Funds appropriations of \$17.9 million and a workforce of 136 FTEs for the Executive Chamber in SFY 2017-18; unchanged from SFY 2016-17 levels.

Office of Lieutenant Governor

The Executive Budget recommends All Funds appropriations of \$630,000 and a workforce of 7 FTEs for the Office of Lieutenant Governor in SFY 2017-18; unchanged from SFY 2016-17 levels.

Office for Information Technology Services

The Executive Budget recommends \$854 million in All Funds appropriations for the Office for Information Technology Services (ITS) in SFY 2017-18, an increase of \$5.1 million, or 0.6%, from SFY 2016-17 levels. This increase is associated with the consolidation of agency IT functions and contractual obligations into ITS. The Executive proposes a workforce of 3,406, a reduction of 179 FTEs from SFY 2016-17. This reduction is due to efficiencies created by technology and process improvements.

Office of General Services

The Executive Budget proposes All Funds appropriations of \$1.3 billion for the Office of General Services in SFY 2017-18, an increase of \$148 million, or 0.6%, from SFY 2016-17 levels. This increase is due to new capital projects, including the Cogeneration Plant/Microgrid and the Office Space Optimization Fund. The Executive recommends a workforce of 1,802 FTEs; unchanged

from SFY 2016-17 levels.

State Board of Elections

The Executive Budget recommends \$11.5 million in All Funds appropriations and a workforce recommendation of 80 FTEs for the State Board of Elections in SFY 2017-18, both of which are unchanged from SFY 2016-17 levels. Re-appropriations totaling \$41.7 million continue to be available to meet ongoing Federal election mandates.

State Liquor Authority

The Executive Budget recommends \$13.3 million in All Funds appropriations for the State Liquor Authority, which is unchanged from the 2016-17 enacted budget.

Gaming Commission/Racing & Wagering

The Executive Budget recommends \$330.6 million in All Funds appropriations for the Commission in SFY 2017-18, an increase of \$86.6 million, or 35.5% over SFY 2016-17 levels. This increase is associated with a new \$86.5 million appropriation for the local share of the State's estimated revenues from the four casinos authorized to open in 2017. The Executive Budget also recommends \$129 million for Tribal State Compact Revenue from Native American Casinos.

Gaming Receipts & Estimates (in millions)					
Component	SFY 2015-16	SFY 2016-17	Difference 2015-16 & 2016-17	SFY 2017-18 (estimated)	Difference 2016-17 & 2017-18
Traditional Lottery Games	2,350.7	2,322.0	-28.7	2,301.0	-21.0
Video Lottery Terminals	961.2	958.2	-3.0	958.2	0.0
Commercial Gaming	151.0	18.4	-132.6	132.2	113.8
Tribal/State Compact	232.7	207.0	-25.7	200.0	-7.0
Fantasy Sports	N/A	3.0	3.0	4.0	1.0
Total:	3,695.6	3,508.6	-187.0	3,595.4	86.8
Education	3,432.7	3,296.3	-136.4	3,344.2	47.9
Local	112.7	82.2	-30.5	124.0	41.8
General Fund	150.2	130.1	-20.1	127.2	-2.9

Harness Track/VLT Facility ¹²	Net Win	No. of VLTs	Commission Rate
Resorts World Casino, New York City (Queens)	\$13,155,233	5,090	38%
Saratoga Gaming and Raceway (Saratoga Springs, NY)	\$2,937,574	1,708	31%
Tioga Downs Casino (Nichols, NY)	\$472,972	292	39%
Vernon Downs Casino and Hotel (Vernon, NY)	\$587,367	767	41%
Nassau Off Tracking Betting at Resorts World (Queens)	\$12,178,560	1,000	35%
Monticello Casino and Raceway (Monticello, NY)	\$916,418	1,110	41%
Hamburg Casino at the Fairgrounds (Hamburg, NY)	\$1,303,255	940	41%
Empire City Casino at Yonkers Raceway (Yonkers, NY)	\$10,780,674	5,222	31%
Finger Lakes Casino and Raceway (Farmington, NY)	\$2,163,064	1,549	31%
Batavia Downs Casino (Batavia, NY)	\$968,003	797	35%
	Total:	18,038	

¹² This chart represents the number of Video Lottery Terminals (VLTs) at each facility as well as commission rates to be split between the state and operator for the week ending 1-14-17. The commission rate includes payments to the VLG facility operator as well as a 7.50% payment to horse race purses and a 1.50% to the breeders fund. The Resorts World Casinos commission also includes a 3% contribution to NYRA Racing Operations and a 4% contribution to NYRA Capital expenditures.

Video Lottery Terminals

The State allows all seven harness racing tracks and one thoroughbred horse track to operate approximately 18,000 Video Lottery Terminals (VLTs) at Video Lottery Gaming (VLG) facilities located on those race facilities. The NYS Gaming Commission owns and operates the VLTs used at the VLG facilities. All State derived revenues pay for the regulation of the VLTs and VLG facilities and to State support for schools. The tracks are also allowed to keep a commission for operating the VLG facility. The names and locations of the facilities, the amount of machines at each facility, the statutory commission percentages paid to each facility operator and the total net win can be found in the VLG Facility Commission Rate chart below.

Pursuant to Tax Law 1617-a(a)(4) Resorts World can designate up to 1,000 VLT machines as Nassau OTB VLTs. Effective on October 15, 2016, Resorts World designated 460 VLTs as such. Actual payments to Nassau OTB by Resorts World are subject to a hosting agreement between both entities.

Article VII

Racing and Gaming

- **Equine Drug Testing:** Regulatory costs for Gaming Commission operations are funded via assessments on the industry. This proposal continues that trend by assessing costs associated with equine steroid and drug testing from the state onto the racing industry itself. Enactment of this proposal would result in approximately \$4.5 million in savings to the state.

In addition, the proposal removes the restriction contained in section 902 of the Racing Law that requires drug testing of race horses be conducted by a state college with an approved equine science program. Currently, because of this language, the contract can only be fulfilled by one entity – Morrisville College. By removing this restriction, the Gaming Commission will be able to entertain bids from other potential testing facilities at potentially lower prices. According to the Division of Budget, the contract is valued at approximately \$3.6 million.

- **Charitable Gaming Reform:** This proposal repeals various sections of current law governing charitable gaming and consolidates them into one new article in the Racing Law. It should be noted, over the past several years the Legislature has passed a variety of bills aimed at modernizing some of the state's charitable gaming laws in a piecemeal fashion. Almost all of those proposals were vetoed by the Executive, who favored addressing this issue through a more comprehensive change, which is what this proposal would do.

The bill also revises the minimum age to play bingo to 18 years and allows for the use of checks, credit and debit cards in games of chance. The number of years a charitable

organization has to be in existence in order to conduct charitable gaming is also reduced from 3 years to 1 year. Charitable prize limits are also increased. Bell Jar maximum prize limits would increase from \$500 to \$1,000 for a single prize, and from \$3,000 to \$6,000 for aggregate prizes. The prize limit for winning a single game of bingo is also increased from \$1,000 to \$5,000. Aggregate bingo prize limits are increased from \$3,000 to \$15,000.

- **Re-Privatize the New York Racing Association (“NYRA”):** Chapter 457 of the Laws of 2012 enacted the "NY State Racing Franchise Accountability & Transparency Act of 2012." The goal of the legislation at the time was to accomplish a state takeover of NYRA via a new board of directors. Legislative intent in the bill noted the State wanted to ensure NYRA continued to work in the public interest in an open and transparent manner. The need for this takeover was justified after multiple year-over-year profit losses, as well as, a major scandal involving a failure to remit to bettors a percentage of the takeout on certain types of wagers. The state takeover of NYRA was intended to sunset on October 18, 2015, however that sunset was extended for one additional year as part of the 2015-16 Enacted Budget. State control was again extended for another year at the end of the 2016 legislative session.

Part NN allows NYRA to return to private control. In addition, the proposal authorizes a reduction in the number of winter race dates at Aqueduct, subject to agreement with the respective horsemen and breeders associations and approval of the Gaming Commission. NYRA would also be permitted to run nighttime races up to 11 p.m. at Belmont racetrack. Races would have to be staggered with Yonkers harness races. Finally, the bill provides additional oversight controls to the state Franchise Oversight Board (“FOB”), in the event NYRA fails to operate at a profit or materially deviates from its adopted financial plan.

The new, private NYRA Board would have fifteen members. The Executive would name six appointees, of which one is at the recommendation of the Temporary President of the Senate, and one on the recommendation of the Assembly Speaker. The remaining seven appointees would be made from recommendation of the current board, with the NYRA President also serving. Members would serve 3- year terms. Board members would be required to apply to, and receive, a racetrack management license from the Gaming Commission as a condition precedent to voting.

- **Monticello VLT Agent Commission Extender:** Part PP of the Revenue budget bill extends the current 41% tax rate for the Monticello VLT facility for one additional year. This rate was extended in last year’s enacted budget as well. Should this extender not be adopted the agent commission rate would be reduced to 37%.
- **Simulcasting Rate Extender:** Part OO extends the state’s current simulcasting rates for another year. The 2013-14 Executive budget proposed making the current rates permanent, which the legislature rejected. Simulcasting rates have been extended on a year-to-year basis in the budget each year thereafter.

- **VLT Capital Awards Rate Extender:** Part QQ extends for one additional year the capital awards program provided to VLT vendors throughout the state. This program allows VLT facilities to keep an additional percentage of winnings to be used exclusively for capital upgrades at the facilities. If not otherwise extended, this program would expire December 31, 2016. The program was first enacted in 2008 and allows VLT facilities to keep up to an extra \$2.5 million a year in VLT receipts to be used exclusively for capital upgrades. The two new VLT facilities authorized under the Upstate Economic Gaming Act of 2013 for Nassau and Suffolk OTB's are not eligible for this program.
- **Local Gaming Aid Distribution:** This proposal would amend the State Finance Law to provide for a county that hosts a tribal casino, but does not receive a percent of the state share of revenue from that casino with an annual distribution of \$2.25 million.

This proposal is intended to specifically assist Madison County, which currently hosts the Yellow Brick Road Casino, operated by the Oneida Indian Nation. Under current law, Madison County does not receive any aid as the host municipality for this gaming facility. When the State, Oneida Indian Nation, and affected counties signed the 2013 agreement establishing local government host aid, the Yellow Brick Road casino was not envisioned in Madison County.

Funding for this new distribution would come from commercial casino non-host regional benefit funds, some from tribal casino non-host regional benefit funds, and some from video lottery terminal impact aid.

State Liquor Authority

- **Establishes "Taste-NY" Alcohol Permit:** A new permit is created to authorize the issuance of *up to ten* special licenses for the sale of alcoholic beverages at retail for consumption off-premises to those individuals with a written agreement with Agriculture and Markets to operate a "Taste NY" store. There are currently thirty-five "Taste-NY" stores in the state, five of which sale NY-made alcoholic products.

An annual license fee of \$500 would have to be paid for this type of permit. No permit could be issued for Taste NY stores located on the state Thruway corridor due to federal law. This license would permit for tastings of select alcoholic products on-premises subject to certain conditions. Licenses would be effective for three years.

- **Creates A New Motion Picture Alcohol Permit:** A new retail on-premises license for consumption would be created to allow for on-premise alcoholic beverage sales in licensed motion picture theaters, under specific conditions. Movie theaters are defined as those buildings that are regularly kept open and used for viewing movies at least 5 out of 7 days or open no less than 6 contiguous weeks and where seating is permanently

affixed to the ground. Movie theaters would also have to have annual gross revenues of 65% or more derived from admission and food and non-alcoholic beverage sales. Municipalities would be given the opportunity to express support or opposition to the issuance of a potential license at any applicants "good cause" hearing.

Alcoholic beverages could only be sold for movies rated PG-13, R, or NC-17. Alcohol sales would be permitted up to one hour before the movie until the conclusion. Those wishing to purchase alcohol would have to provide an acceptable form of identification and present his or her ticket. Only one alcoholic drink could be purchased per transaction.

State Procurement

- **"New York Buy American Act":** This proposal would grant a preference to American-made products when issuing a procurement or entering into contracts. The proposal applies to any state contract issued in excess of \$100,000. Prior to delivery of any product the contractor must certify in writing that the product meets these new statutory guidelines, or if the contractor cannot so state, why said products are exempted from the law.

To qualify as "American-Made" under this proposal, end-manufacturing processes should take place in the United States and more than sixty percent of the components of the manufactured good should be of domestic origin. Exceptions to this requirement include:

- If the specified goods or products are not manufactured or produced in the United States in the quantities required by the state entity or cannot be manufactured or produced in the United States within the entity's specific timeframe;
- If obtaining American-made products would significantly increase the cost of the contract; and
- If the best interests of the state would be served by exempting the procurement from the preference based upon: (1) an immediate or emergency need existing for the item or service; or (2) a need to protect the health, safety, or welfare of the public.

The Executive would maintain broad latitude in ultimately determining whether the Buy American provisions would be utilized or if a qualifying exception applied on a case-by-case basis. This proposal would only apply prospectively to any state contracts and procurements that are executed on or after January 1, 2018.

Environment, Agriculture and Parks Fact Sheet

Appropriations

- **\$2 Billion Clean Water Infrastructure Act:** The Executive Budget proposes \$2 billion in agency bonding authority to fund a broad range of drinking water, wastewater and source-water protection projects; projecting \$400 million in spending over five years.
- **\$300 Million Environmental Protection Fund:** The Executive Budget proposes to maintain EPF appropriations at \$300 million, the same level as SFY 2016-17 which included a \$123 million increase that raised the EPF to its current historic high point.
- **Aid to Locality Program Reductions:** The Executive Budget proposes to reduce funding for agricultural programs by \$9.5 million including the elimination of 25 legislatively added programs. These reductions are partially offset by increases in state assistance for multiple Cornell Agricultural Education programs and a \$500,000 increase to DAM support for the Farm to School program.
- **Additional State Fair Capital:** The Executive Budget proposes a new \$50 million capital appropriation, along with \$20 million in existing reappropriation authority, to complete phase two of State Fairground renovations.
- **\$120 Million NY Works Capital for State Parks:** The Executive Budget proposes \$122.5 million in New York Works capital appropriations, a \$30 million increase from the SFY 2016-17 level, for state park system infrastructure improvements, and designates \$2.5 million for upgrades at the the Olympic Sports Complex.
- **Empire Trail:** The Executive Budget proposes a new Empire Trail initiative to connect existing trail segments within the Hudson River Valley Greenway and the Erie Canal Trailway. The Governor also proposes \$123 million in capital funding for this purpose within Hudson River Valley Greenway Community Council appropriations and an additional \$77 million within New York Power Authority appropriations.

Article VII

- **Clean Water Infrastructure Act of 2017:** The Executive Budget proposes language that enumerates the categories of clean water protection, infrastructure and remediation projects that may be funded through the new \$2 billion State program.
- **Food Donation and Food Scraps Recycling:** The Governor proposes language requiring high-volume food waste generators to donate edible, unsold foods to local charities, and send inedible excess food waste to organics recyclers. This proposal exempts New York City, which passed its own version, but would preempt other localities.

ENVIRONMENT, AGRICULTURE AND PARKS AGENCY DETAILS

Environment, Agriculture and Parks Agency All Funds Appropriations				
Agency	Available SFY 2016 -2017	Executive Recommendation SFY 2017-2018	\$ Change	% Change
Department of Environmental Conservation	\$1,429,892,000	\$3,384,536,000	\$1,954,655,000	136.7%
Department of Agriculture and Markets	\$170,272,000	\$206,993,000	\$36,721,000	21.6%
Office of Parks, Recreation and Historic Preservation	\$393,070,000	\$443,680,000	\$50,610,000	12.9%
Hudson River Valley Greenway Community Council	\$321,000	\$123,321,000	\$123,000,000	38,317.8%
Total Environment, Agriculture and Parks	\$1,993,555,000	\$4,158,530,000	\$2,164,975,000	108.6%

Overview

The Executive Budget proposes \$4.2 billion in All Funds appropriations for the major agencies comprising the Environment, Agriculture and Parks functional area in SFY 2017-18. This is an increase of \$2.1 billion, or 108.6%, over SFY 2016-17 levels and is largely reflective of new significant capital expenses within each department. New capital projects include \$2 billion for clean water infrastructure, \$123 million for Empire Trail construction, \$50 million in new appropriations for further upgrades of the State Fairgrounds; and a \$30 million increase over SFY 2016-17 levels for state park infrastructure modernization.

Department of Environmental Conservation

The Executive Budget proposes \$3.4 billion in All Funds appropriations for the Department of Environmental Conservation (DEC) in SFY 2017-18. This is an increase of \$2.0 billion, or 136.7%, over SFY 2016-17 levels, which almost entirely reflects a new 5-year, \$2 billion water quality capital program appropriation. The Executive Budget also proposes a \$30 million increase in NY Works capital funding over SFY 2016-17 levels that would fund additional access, infrastructure and amenity upgrades at DEC administered lands and campgrounds.

The Executive Budget proposal maintains DEC staffing levels at 2,946 FTEs, the same level as SFY 2016-17.

\$2 Billion Clean Water Infrastructure Act: The Executive Budget proposes a new \$2 billion capital program to address a variety of drinking water and wastewater infrastructure needs as well as source water protection and contaminated water remediation projects. This appropriation would

be disbursed annually in \$400 million tranches over the next five years. Accompanying Article VII language (TED Part II- below) establishes the Clean Water Infrastructure Act of 2017, enumerating the authorized uses of this new capital fund. In addition, the State has authority to award \$175 million in drinking and wastewater infrastructure grants pertaining to the SFY 2017-18 share from the New York State Water Infrastructure Improvement Act of 2015, which, along with additional SFY 2016-17 support, appropriated \$400 million for water projects over three budget years concluding in SFY 2017-18.

\$300 Million Environmental Protection Fund: The Executive Budget proposes to maintain Environmental Protection Fund (EPF) appropriations at \$300 million, the same level as SFY 2016-17, which included a \$123 million increase that raised the EPF to its current historic high point. Specific programs of interest include- Environmental Justice maintained at \$7 million; Nassau County Water Quality Improvement maintained at \$5 million; Hudson River Park increased from \$2.5 million to \$3.8 million; and Waterfront Revitalization, Municipal Parks and Farmland Protection all maintained at SFY 2016-17 funding levels.

The Executive Budget proposes a number of new EPF spending lines that –in certain instances – transfer existing programs from other state agencies into the capital fund. This absorption includes \$625,000 from the Fresh Connect Health program previously funded through Department of Agriculture and Markets reappropriation authority, and \$2 million from state navigation law enforcement that was previously funded through Office of Parks, Recreation and Historic Preservation local assistance.

The Executive Budget proposal also reduces funding for certain EPF programs within the Open Space Account, including a \$7 million reduction to Open Space/Land Conservation Programs (\$33 million in SFY 2017-18) and a \$2 million reduction to Municipal Non-point Source Pollution Control (\$6 million in SFY 2017-18).

EPF Account Summary				
EPF Account	SFY 2016-17 Enacted Budget	SFY 2017-18 Executive Budget	\$ Change	% Change
Solid Waste	\$34,850,000	\$40,935,000	\$6,085,000	17.5
Parks and Recreation	\$81,500,000	\$86,800,000	\$5,300,000	6.5
Open Space	\$161,650,000	\$150,615,000	-\$11,035,000	-6.8
Climate Change Mitigation & Adaptation	\$22,000,000	\$21,650,000	-\$350,000	-1.6
Total EPF	\$300,000,000	\$300,000,000	\$0	0.0

\$23 Million RGGI Sweep: The Executive Budget proposes to transfer \$23 million in NYSERDA proceeds from Regional Greenhouse Gas Initiative (RGGI) carbon auctions to the general fund. This transfer is a \$45 million reduction from the SFY 2016-17 Enacted Budget, which transferred \$68 million from proceeds earmarked for the RGGI Operating Plan, including \$23 million to the general fund; \$15 million to SUNY for energy workforce training programs; and \$30 million to the Urban Development Corporation for aid to municipalities impacted by electric generating facility closures.

Department of Agriculture and Markets

The Executive Budget proposes \$207 million in All Funds appropriations for the Department of Agriculture and Markets (DAM) in SFY 2017-18. This is an increase of \$36.7 million, or 21.6%, over SFY 2016-17 levels, which largely reflects a new \$50 million appropriation for State Fairground improvements.

NY State Fair Capital: The Executive Budget proposes an additional \$50 million in capital appropriations to complete phase two of the NY State Fair renovation project. The Executive also provides \$20 million in existing Empire State Development reappropriation authority for State Fairground improvements, bringing total spending authority to \$70 million. This second installment of state capital investment follows \$50 million approved for this purpose in the SFY 2015-16 Enacted Budget.

Local Assistance Appropriations: The Executive proposes \$21.5 million for DAM local assistance program funding in SFY 2017-18, representing a \$9.5 million, or 30.6%, decrease from SFY 2016-17 Enacted Budget levels. This decrease largely reflects the elimination of prior year ‘legislative adds’ (including the complete elimination of funding for 25 legislatively added programs), offset by a \$700,000 increase to Cornell agricultural education programs, and a \$750,000 appropriation for the Farm to School program.

Department of Agriculture and Markets Local Assistance Appropriations				
Diagnostic Lab Program	Enacted SFY 2016-17	Exec Proposal SFY 2017-18	\$ Change	% Change
Core Diagnostic Lab	\$5,425,000	\$4,425,000	-\$1,000,000	-18.4
Quality Milk	\$1,174,000	\$1,174,000	\$0	0.0
NYS Cattle Health Assurance	\$360,000	\$360,000	\$0	0.0

Johnes Disease	\$480,000	\$480,000	\$0	0.0
Rabies	\$610,000	\$50,000	-\$560,000	-91.8
Avian Disease	\$252,000	\$252,000	\$0	0.0
Subtotal Diagnostic Lab	\$8,301,000	\$6,741,000	-\$1,560,000	-18.8
Cornell Ag Education				
	SFY 2016-17	Exec Proposal SFY 2017-18	\$ Change	% Change
Ag in the Classroom	\$80,000	\$380,000	\$300,000	375.0
Future Farmers of America	\$492,000	\$542,000	\$50,000	10.2
Association of Ag Educators	\$66,000	\$416,000	\$350,000	530.3
Subtotal Ag Education	\$638,000	\$1,338,000	\$700,000	109.7
Other Cornell Programs				
	SFY 2016-17	Exec Proposal SFY 2017-18	\$ Change	% Change
Farm Family Assistance (Farm Net)	\$800,000	\$384,000	-\$416,000	-52.0
Geneva Experiment Station - Seeds ¹³	\$128,000	\$0	-\$128,000	-100.0
Geneva Experiment Station - Hops	\$200,000	\$40,000	-\$160,000	-80.0
Golden Nematode	\$62,000	\$62,000	\$0	0.0
Pro-Dairy	\$1,088,000	\$822,000	-\$266,000	-24.4
Subtotal Cornell Other Programs	\$2,278,000	\$1,308,000	-\$970,000	-42.6
Total Cornell Programs				
	\$11,217,000	\$9,387,000	-\$1,830,000	-16.3

¹³ Program funding shifted to DAM state ops

Other Continuous Ag Programs	SFY 2016-17	Exec Proposal SFY 2017-18	\$ Change	% Change
Ag Migrant Child Care	\$9,275,000	\$8,275,000	-\$1,000,000	-10.8
Taste NY	\$1,100,000	\$1,100,000	\$0	0.0
Wine & Grape Foundation	\$1,020,000	\$713,000	-\$307,000	-30.1
Farm Viability Institute (FVI)	\$1,900,000	\$400,000	-\$1,500,000	-78.9
NYS Apple Growers	\$750,000	\$206,000	-\$544,000	-72.5
Local Fairs	\$500,000	\$340,000	-\$160,000	-32.0
Farm To School	\$250,000	\$750,000	\$500,000	200.0
Dairy Profit Teams	\$150,000	\$150,000	\$0	0.0
Electronic Benefit Transfer Program	\$138,000	\$138,000	\$0	0.0
Subtotal Other Continuous Ag Programs	\$15,083,000	\$12,072,000	-\$3,011,000	-20.0
Legislatively Added Programs	SFY 2016-17	Exec Proposal SFY 2017-18	\$ Change	% Change
FVI Dairy Profit Teams	\$220,000	\$0	-\$220,000	-100.0
FVI Corn & Soybean Growers	\$75,000	\$0	-\$75,000	-100.0
FVI Berry Research	\$60,000	\$0	-\$60,000	-100.0
Cornell Berry Research	\$260,000	\$0	-\$260,000	-100.0
Cornell Honeybee Research	\$50,000	\$0	-\$50,000	-100.0
Cornell Onion Research	\$50,000	\$0	-\$50,000	-100.0
Cornell Vegetable Research	\$100,000	\$0	-\$100,000	-100.0
Cornell Maple Research	\$125,000	\$0	-\$125,000	-100.0
Cornell Veterans Small Farms Program	\$115,000	\$0	-\$115,000	-100.0

North Country Farm to School	\$250,000	\$0	-\$250,000	-100.0
Maple Promotion	\$215,000	\$0	-\$215,000	-100.0
Tractor Rollover Protection	\$250,000	\$0	-\$250,000	-100.0
Apple Research & Development	\$500,000	\$0	-\$500,000	-100.0
NY Christmas Tree Farmers	\$125,000	\$0	-\$125,000	-100.0
Suffolk County Deer Fencing	\$200,000	\$0	-\$200,000	-100.0
Equine Encephalitis	\$175,000	\$0	-\$175,000	-100.0
Genesee Ag Academy	\$100,000	\$0	-\$100,000	-100.0
St. Lawrence-Lewis Ag Academy	\$200,000	\$0	-\$200,000	-100.0
Long Island Farm Bureau	\$100,000	\$0	-\$100,000	-100.0
Island Harvest	\$20,000	\$0	-\$20,000	-100.0
North Country Low-Cost Vaccine	\$25,000	\$0	-\$25,000	-100.0
Jefferson County Cornell Coop Ext	\$600,000	\$0	-\$600,000	-100.0
Turfgrass	\$150,000	\$0	-\$150,000	-100.0
Wood Products Development Council	\$150,000	\$0	-\$150,000	-100.0
Senior Farmers Market Nutrition	\$500,000	\$0	-\$500,000	-100.0
Subtotal Legislatively Added Programs	\$4,615,000	\$0	-\$4,615,000	-100.0
Total Aid To Localities Ag Programs	\$30,915,000	\$21,459,000	-\$9,456,000	-30.6

Office of Parks, Recreation and Historic Preservation

The Executive Budget proposes \$443.7 million in All Funds appropriations for the Office of Parks, Recreation and Historic Preservation (OPRHP), a \$50.6 million, or 12.9% increase over SFY 2016-

17 levels. This increase is largely reflective of a \$30 million increase in NY Works capital appropriations over SFY 2016-17 levels and the transfer of \$20 million in personal service costs to capital.

The Executive Budget proposal maintains OPRHP staffing levels at 1,749 FTEs, an increase of 2 FTE from SFY 2016-17 levels. The Executive proposes to transfer 230 existing positions from state operating funds to a capital account.

\$120 Million NY Works Capital: The SFY 2017-18 Executive Budget proposes \$122.5 million in New York Works capital appropriations for state park infrastructure improvements, a \$30 million increase from SFY 2016-17 levels. Executive Budget documents suggest this appropriation would include \$90 million for ongoing state park health and safety infrastructure upgrades associated with the “Parks 2020” initiative; \$30 million for public-private partnerships to construct or upgrade cabins, marinas and other OPRHP services and amenities; and a \$2.5 million transfer to the Olympic Regional Development Authority. Since SFY 2012-13, New York State has appropriated \$544.3 million for improvements to the state’s 180 parks and 35 historic sites, as well as \$17.5 million for capital projects at the Olympic Sports Complex in Lake Placid, NY.

Hudson River Valley Greenway Communities Council

The Executive Budget proposes \$123.3 million in All Funds appropriations, which is a \$123 million increase to this small, 1 FTE agency that provides local land use planning services and grant distribution. This \$123 million increase is reflective of a \$123 million capital appropriation for projected Empire Trail construction expenses within the Greenway boundaries. Appropriation language authorizes all or a portion of this funding to be suballocated or transferred to other state agencies.

\$123 Million Empire Trail: The Executive Budget proposes a new Empire Trail initiative to connect existing trail segments within the Erie Canal Trailway and the Hudson River Valley Greenway, and then connect to the Canadian border via a new bike trail. This construction would involve paving and grading 350 miles of new trail, linking 40 separate trail segments, and constructing various amenities. The Executive Budget proposes \$123 million in capital appropriations for this purpose in the Hudson River Valley Greenway Community Council’s Budget as well as an additional \$77 million capital appropriation within the New York Power Authority’s budget. Disbursements are projected to reach \$53 million during the SFY 2017-18 budget year to complete phase I of construction.

Article VII

Environmental Conservation

- **Clean Water Infrastructure Act of 2017:** The Executive Budget proposes implementation language that enumerates categories of clean water infrastructure projects that may be

funded by a new \$2 billion water quality program. Eligible expenses include DEC grants for source water protection (land acquisition); DOH grants to municipalities for lead service line replacements (priority for low income communities); DEC functions related to the cleanup and groundwater restoration of improper solid waste disposal sites (costs recoverable from responsible parties); the EFC “NYS Regional Water Infrastructure Grant Program” which will provide grants for traditional EFC drinking and wastewater infrastructure projects; and Technical Assistance Grants (TAG) -an existing DEC program that supports community efforts to interpret technical data concerning local inactive hazardous waste sites.

Agriculture and Markets

- **Food Donation and Food Scraps Recycling (Part KK):** The Executive Budget proposes language requiring high-volume food waste generators to donate edible, unsold foods to local charities, and send inedible excess food waste to organics recyclers (if within 50 miles). Beginning in 2021, this requirement would apply to supermarkets, restaurants, higher educational institutions, hotels, food processors, sports venues, and other large facilities that generate an annual average of two tons per week or more of excess food and food scraps. This bill would not apply to New York City, which recently passed its own similar statute, but would preempt any other local statute, to the same effect.