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RANKING MINORITY MEMBER  
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COMMITTEES:

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HIGHER EDUCATION  
HOUSING, CONSTRUCTION  
& COMMUNITY DEVELOPMENT  
MENTAL HEALTH &  
DEVELOPMENTAL DISABILITIES  
RULES

January 30, 2015

Dear Colleagues:

On Wednesday, January 21st, Governor Cuomo proposed his Executive Budget for the 2015-16 Fiscal Year. The Executive Budget presents the Governor's plan for closing an anticipated gap of \$1.81 billion. The budget proposal closes this gap primarily through cost control measures saving \$1.44 billion and \$373 million in additional resources.

The overall proposed All Funds budget is \$149.9 billion. This represents a 4.9 percent increase over the current year's budget, with most of the increase coming from \$1.75 billion in Federal Funds for Hurricane Sandy recovery and \$6.1 billion for the implementation of the Federal Affordable Care Act.

In the current State Fiscal Year (SFY), New York State received extraordinarily large cash infusions via monetary settlements. The State expects to receive a total of \$5.7 billion in SFY 2014-15 from these settlements. Specific details regarding the disposition of these funds is included in this edition of the Blue Book.

In addition to closing the budget gap, the Governor has proposed a number of significant policy changes that the Senate will need to evaluate. These proposed changes include an increase in the minimum wage, an education tax credit, juvenile justice reform ("Raise the Age"), the Dream Act, Charter School Supplemental; Tuition, and the SUNY/CUNY Performance Incentive.

The data and analyses prepared by Counsel and Finance Committee staff included in this document will provide insights into State programs and other proposals in the Executive Budget which can provide some insight on the difficult decisions the Senate faces this State Fiscal Year. 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". The signature is written in a cursive, flowing style.

Liz Krueger  
Ranking Minority Member  
Senate Finance Committee

# **Staff Analysis of the SFY 2015-16 Executive Budget**

**As prepared by Senate Democratic Conference  
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# **2015 JOINT LEGISLATIVE BUDGET HEARING SCHEDULE**

## **Legislative Office Building**

### **Hearing Room B**

**January 28** 9:30 AM Environmental Conservation

**January 29** 9:30 AM Transportation

**February 2** 10:00 AM Health/Medicaid

**February 3** 9:30 AM Elementary & Secondary Education

**February 4** 9:30 AM Human Services

**February 5** 9:30 AM Housing

**February 9** 9:30 AM Taxes

1:00 PM Economic Development

**February 10** 9:30 AM Higher Education

**February 25** 9:30 AM Local Government Officials/ General Government

1:00 PM Workforce Development

**February 26** 10:00AM Public Protection

**February 27** 9:30AM Mental Hygiene





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**HIGHLIGHTS  
OF THE STATE  
FISCAL YEAR  
2014 – 2015  
EXECUTIVE  
BUDGET**

## SFY 2015-16 EXECUTIVE BUDGET OVERVIEW

### Current Fiscal Year (SFY 2014-15) Update

General Fund receipts, including transfers from other funds, are expected to total \$69.1 billion in SFY 2014-15, an increase of \$1.3 billion from the estimate in the Mid-Year Update. Since the Mid-Year Update, DOB has increased its estimate of payments expected from monetary settlements by \$587 million. The full list of settlements is described in "Monetary Settlements" herein. Excluding the settlements, General Fund receipts have been revised upward by \$666 million. The estimate for tax receipts has been increased by \$738 million, mainly reflecting stronger than expected Personal Income Tax (PIT) collections to date. The increase in estimated tax receipts is offset by a \$72 million reduction to the estimate for miscellaneous receipts (excluding settlements) and transfers. Both changes are based on a review of current-year results. General Fund disbursements, including transfers to other funds, are expected to total \$63.5 billion, an increase of \$353 million from the estimate in the Mid-Year Update. Excluding the prepayments described below, spending has been revised upward by \$143 million, reflecting additional costs for Mental Hygiene based on updated claims of \$99 million, and General Fund support for School Aid due to lower than expected lottery and Video Lottery Terminal (VLT) receipts, \$97 million. These increases are offset by lower spending across a range of programs based on operating results to date and other information.

As a result of these changes to receipts and disbursements, DOB estimates that the **State will end the current fiscal year with a General Fund operating surplus of \$525 million on a cash basis of accounting.** The surplus calculation excludes the impact of the monetary settlements. The State plans to make a \$315 million deposit to its rainy day reserves at the end of the current fiscal year, the maximum amount allowable under current law. The planned deposit would be the third since SFY 2011-12, and would bring the balance in the rainy day reserve to \$1.8 billion. The remaining operating surplus from SFY 2014-15 is expected to be used to pay, in the current year, \$210 million in debt service that is due in SFY 2015-16.

The Executive Budget Financial Plan reduces spending in SFY 2015-16 by a net of \$1.441 billion compared to prior projections. The savings are recurring and are expected to grow in value in subsequent years. In future years, the Governor asserts that he will abide by the 2% State Operating Funds spending cap.

**State Agency Operations:** Since Governor Cuomo took office in January 2011, State agency operating costs have been significantly reduced through ongoing State agency redesign and cost-control efforts. These efforts have included closures and consolidations of facilities to reduce excess capacity; strict controls on attrition and hiring; enterprise-wide consolidation of procurement, information technology, and workforce management functions; and a range of operational measures to improve efficiency. The SFY 2015-16 Executive Budget generally holds Executive agency operations at a fixed level of spending over the Financial Plan period. In addition, the

State's projected costs for health insurance and pensions have been lowered based on market conditions. Savings are estimated at \$92 million.

**Local Assistance:** General Fund savings are expected from the consolidation of certain local aid programs, targeted reforms to STAR, and updated cost estimates for a range of State programs, among other things, which reflects the impact of cost-containment and spending controls enacted in prior years. Medicaid and School Aid are the State's largest local aid programs, comprising over 40% of the State Operating Funds budget. Medicaid will grow at the indexed rate of 3.6%, consistent with the statutory index (Global Cap). In addition, the State will invest \$1.4 billion in capital resources to improve the State's health care delivery system. School Aid is recommended to increase by \$1.1 billion, or 4.8% on a school year basis. The proposed increase, which is in excess of the unusually low indexed rate of 1.7 %, is tied to the implementation of education reforms. Savings are estimated at \$1.40 billion.

**Capital Projects/Debt Management:** Savings are expected through continued use of competitive bond sales, refundings, and consolidation of debt issuances. Savings are estimated at \$121 million.

**Initiatives/Investments:** The new Executive Budget also proposes new initiatives that have a budgetary impact. Among the most significant is juvenile justice reform, which will raise, over time, the age of juvenile jurisdiction to 18, establish a continuum of diversion services, and treat youth in age-appropriate Office for Children and Family Services (OCFS) facilities rather than in adult facilities. In addition, the Budget proposes a new student loan forgiveness program that will allow New York residents who graduate from college and continue to live in the State to make no, or limited, payments on their student loans for the first two years out of school if their income is not high enough to cover their student debt burden without significant financial hardship. Increased spending from these new initiatives is projected at \$176 million.

**GENERAL FUND FINANCIAL PLAN PROJECTIONS (\$ billions)**

State Fiscal Year	Surplus/Before (projected)	Net Tax Action Reduction Values	Surplus After Tax Actions (as recommended)
SFY 2015-16	0	0	0
SFY 2016-17	.552	.386	.166
SFY 2017-18	1.799	.989	.810
SFY 2018-19	2.122	1.492	.630

The table above summarizes the projected budget surpluses estimated prior to any actions proposed in the SFY 2015-16 budget and the surpluses remaining if those actions as proposed by the Governor are actually enacted.



**SFY 2015-16 STATE RECEIPTS (\$ billions)**

<b>Funding Source</b>	<b>Enacted SFY 2014-15</b>	<b>Executive Recommendation SFY 2015-16</b>	<b>Annual Change</b>	<b>Change</b>
General Fund	69.507	66.090	(3.417)	(4.9)%
State Funds	101.163	99.472	(1.691)	(1.7)%
All Funds	148.133	149.267	1.131	0.8%

**SFY 2015-16 DISBURSEMENTS (\$ billions)**

<b>Funding Source</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>Annual Change</b>	<b>Change</b>
All Funds***	143.033	149.993	6,960	4.9%
State Funds*	98.698	102.551	3.853	3.9%
General Fund**	63.524	70.629	7.105	11.2%

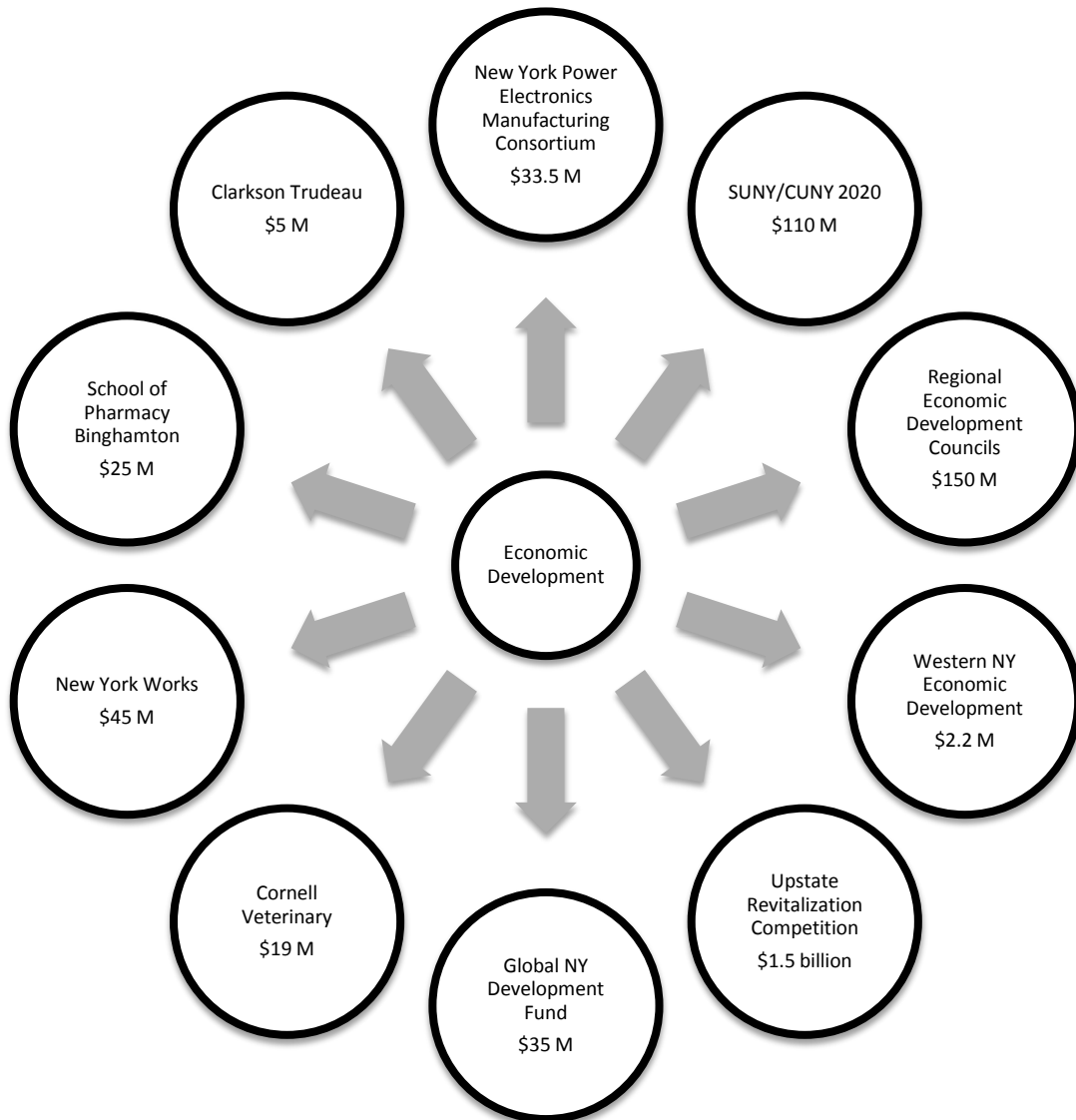
\* Includes Capital Funds

\*\* Includes transfers

\*\*\* Includes Extraordinary Aid

## Economic Development

The Executive Budget recommendation for SFY 2015-16 provides \$1.889 billion in capital project funding associated with economic development initiatives. Of this amount, nearly 80% is associated with a new \$1.5 billion Upstate Revitalization Fund, modeled on the “Buffalo Billion” initiative. Seven regions are eligible to compete for one of three \$500 million upstate revitalization awards: Mid-Hudson, Capital Region, Mohawk Valley, Central New York, North Country, Southern Tier and Finger Lakes.



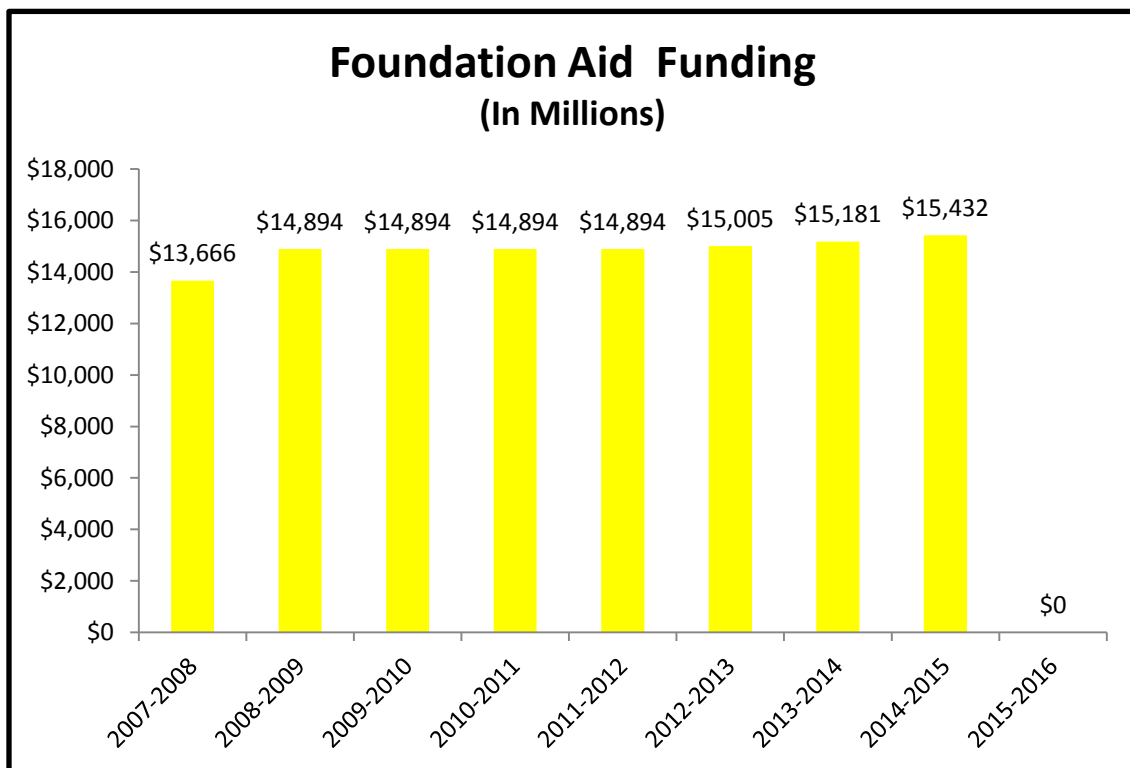
The Upstate Revitalization Fund will target investment via a competitive process to a set of economically-distressed upstate metropolitan areas and their surrounding regions, focusing on catalytic infrastructure projects, as well as quality of life initiatives, to make upstate New York a better place to live, work, and visit. The Upstate Revitalization Fund harnesses the existing expertise and structure of the Regional Councils to develop regional investment plans that identify existing assets, highlight needs and recommended investment areas. This program would be funded by bank settlement funds.

## Education

The Executive proposes a \$1.1 billion or 4.8% increase in State Aid from \$22.07 billion in School Year 2014-2015 to \$23.14 billion in 2015-2016. This includes a \$377 million personal income growth increase and \$636 million in additional undistributed State Aid. This additional school aid increase is contingent on the implementation of the Governor's education reforms. In order for a school district to receive State funding, the Director of the Budget must notify to the Commissioner of Education by March 31<sup>st</sup> of 2015 that the Legislature has enacted identical proposals to those proposed by the Governor. Then, School Districts will have until September 1<sup>st</sup> of the current year (2015) to provide to the Commissioner of Education documentation which certifies that such reforms have been implemented at the district level. The Executive will not release a school aid run as part of this proposal unless his reforms are enacted by the Legislature.

## Foundation Aid

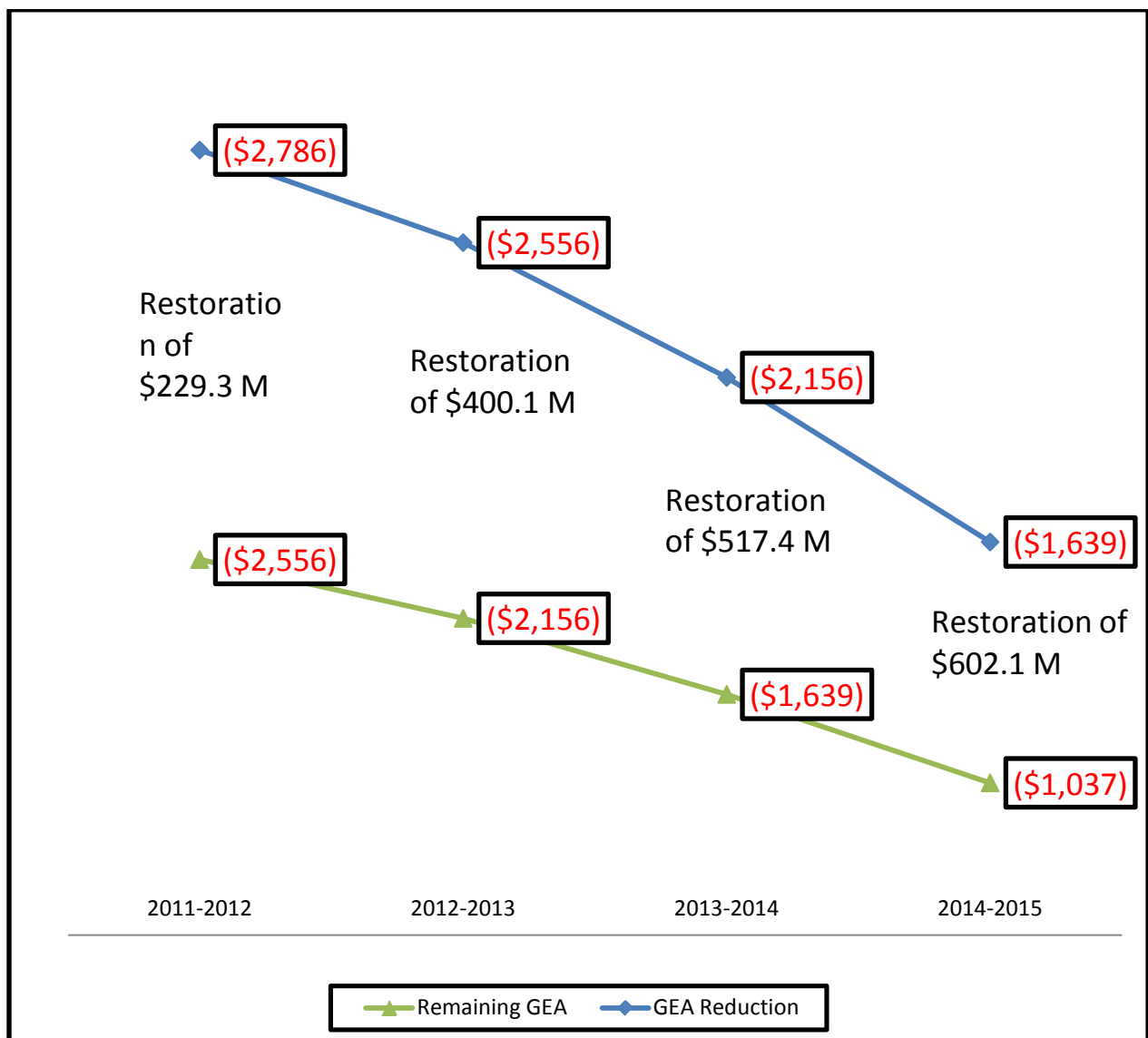
The Foundation Aid formula was established in the 2007-08 school year and acts as a mechanism to ensure that educational resources are distributed to schools in a comprehensive and equitable manner, pursuant to the New York State Court of Appeal's *Campaign for Fiscal Equity* (CFE) decision. The Enacted Budget for 2014-2015 School Year provided \$15.43 million in Foundation Aid. This was an increase of \$250 million from the prior year. The Executive Budget proposal does not include an actual amount of State Aid that would directly fund Foundation Aid for School Year-2016.



## Gap Elimination Adjustment (GEA)

The Gap Elimination Adjustment (GEA) formula reduces State Aid to school districts. The reduction is taken from the total overall State Aid of a school district, except Building, Building Reorganization and Universal Pre-Kindergarten. Funding reductions are achieved through a formula that takes into consideration several factors including high need relative to fiscal capacity and the number of Kindergarten through 6<sup>th</sup> grade pupils who qualify for Free and Reduced Price Lunch (FRPL). Gap Elimination Adjustment restorations reduce the amount of the overall cut of State Aid.

The Enacted Budget for School Year 2014-2015 included a Gap Elimination Adjustment Restoration in the amount of \$602.1 million bringing the GEA down to \$1.037 billion. The 2015-16 Executive Budget proposal does not include an actual amount of State Aid that would directly fund additional restorations for School Year 2015-16.



## FINANCIAL PLAN

### Current Fiscal Year (SFY 2014-15) Update

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### SFY 2015-16 Budget Actions

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- **Capital Projects/Debt Management:** Savings are expected through continued use of competitive bond sales, refundings, and consolidation of debt issuances. Savings are estimated at \$121 million.
- **Initiatives/Investments:** The new Executive Budget also proposes new initiatives that have a budgetary impact. Among the most significant is juvenile justice reform, which will raise, over time, the age of juvenile jurisdiction to 18, establish a continuum of diversion services, and treat youth in age-appropriate Office for Children and Family Services (OCFS) facilities rather than in adult facilities. In addition, the Budget proposes a new student loan forgiveness program that will allow New York residents who graduate from college and continue to live in the State to make no, or limited, payments on their student loans for the first two years out of school if their income is not high enough to cover their student debt burden without significant financial hardship. Increased spending from these new initiatives is projected at \$176 million.

<b>General Fund Gap Closing Plan for SFY 2015-16 (Amounts in Millions)</b>	
<b>MID-YEAR BUDGET SURPLUS (GAP) ESTIMATE</b>	<b>(\$1,814)</b>
<b>SPENDING CHANGES</b>	<b>1,441</b>
<b>Agency Operations</b>	<b>92</b>
Executive Agency Operations	32
Fringe Benefits/Fixed Costs	102
University Systems	14
Judiciary	(56)
<b>Local Assistance</b>	<b>1,404</b>
Education	305
STAR	248
Mental Hygiene	292
DOH Global Cap – Statewide Medicaid Savings	200
Medicaid/HCRA	84
Social Services/Housing	124
Higher Education	77
All Other	74
<b>Capital Projects/Debt Management</b>	<b>121</b>
<b>Initiatives/Investments</b>	<b>(176)</b>
Juvenile Justice Reform (“Raise the Age”)	(25)
Enhance Services for High Risk Individuals	(22)
DREAM Act	(19)
Charter School Supplemental Tuition	(10)
DOH Global Gap	(30)
“Get on Your Feet” Loan Forgiveness Program	(5)
SUNY/CUNY Performance Incentive	(22)
Debt Service for New Initiatives	(8)
Master Educator Scholarship	(3)
Public Financing of Campaigns	0
All Other	(32)
Adhere to 2% Spending Benchmark	<b>n/a</b>
<b>RESOURCE CHANGES</b>	<b>163</b>
Tax Reestimates	257
Tax Extenders	38
Miscellaneous Receipts/Non-Tax Transfers	(132)
<b>SURPLUS AVAILABLE FROM FY 2015</b>	<b>210</b>
<b>SURPLUS/(GAP) ESTIMATE BEFORE TAX ACTIONS</b>	<b>0</b>
<b>Tax Actions</b>	<b>0</b>
Real Property Tax Credit	0
Other Tax Credits	0
<b>SURPLUS/(GAP) ESTIMATE AFTER TAX ACTIONS</b>	<b>0</b>

### GENERAL FUND FINANCIAL PLAN PROJECTIONS (\$ billions)

State Fiscal Year	Surplus/Before (projected)	Net Tax Action Reduction Values	Surplus After Tax Actions (as recommended)
SFY 2015-16	0	0	0
SFY 2016-17	.552	.386	.166
SFY 2017-18	1.799	.989	.810
SFY 2018-19	<b>2.122</b>	<b>1.492</b>	<b>.630</b>

The table above summarizes the projected budget surpluses estimated prior to any actions proposed in the SFY 2015-16 budget and the surpluses remaining if those actions as proposed by the Governor are actually enacted.

### SFY 2015-16 STATE RECEIPTS (\$ billions)

Funding Source	Enacted SFY 2014-15	Executive Recommendation SFY 2015-16	Annual Change	Change
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State Funds	101.163	99.472	(1.691)	(1.7)%
All Funds	148.133	149.267	1.131	0.8%

### SFY 2015-16 DISBURSEMENTS (\$ billions)

Funding Source	SFY 2014-15	SFY 2015-16	Annual Change	Change
All Funds***	143.033	149.993	6,960	4.9%
State Funds*	98.698	102.551	3.853	3.9%
General Fund**	63.524	70.629	7.105	11.2%

\* Includes Capital Funds

\*\* Includes transfers

\*\*\* Includes Extraordinary Aid



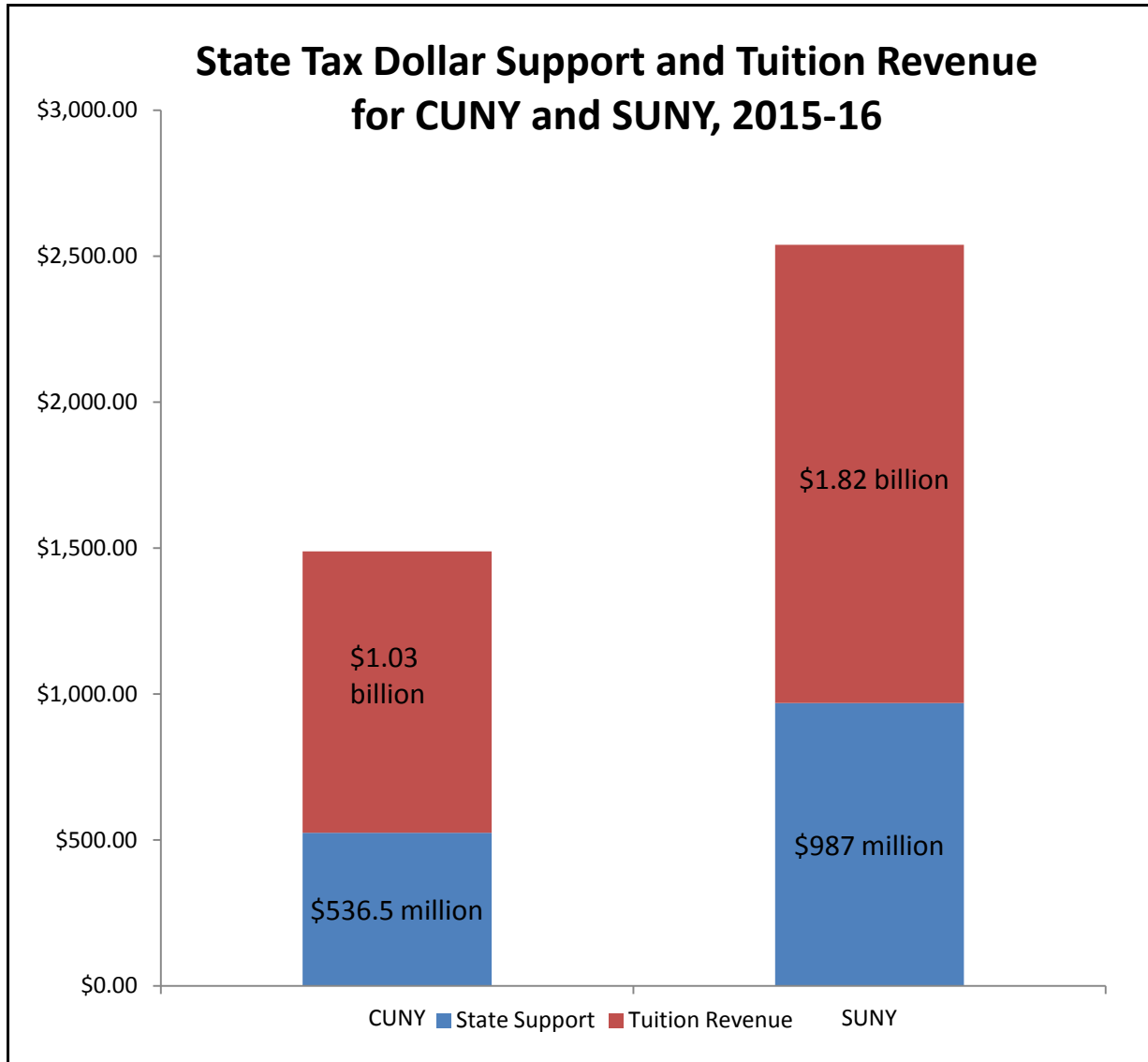
## HIGHER EDUCATION

The Executive Budget recommendation provides appropriation funding in the amount \$13.7 billion for CUNY and SUNY. This funding reflects an overall appropriation of \$4.1 billion for CUNY and \$9.65 billion for SUNY. The greatest decrease in funding is associated with capital projects. This is reflected in the capital project reductions of \$291.7 million and \$356.8 million for CUNY and SUNY, respectively.

### CUNY and SUNY All Funds Comparison for AY 2014-2015 and AY 2015-2016

<b>CUNY</b>	<b>All Funds Appropriation 2014-15</b>	<b>All Funds Appropriation 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
State Operations	\$2,433,340,900	\$2,504,020,900	\$70,680,000	2.90%
Aid to Localities	\$1,419,169,190	\$1,436,080,490	\$16,911,300	1.19%
Capital Projects	\$452,611,000	\$160,908,000	(\$291,703,000)	-64.45%
<b>Total</b>	<b>\$4,305,121,090</b>	<b>\$4,101,009,390</b>	<b>(\$204,111,700)</b>	<b>-4.74%</b>
<b>SUNY</b>	<b>All Funds Appropriation 2014-15</b>	<b>All Funds Appropriation 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
State Operations	\$8,842,024,800	\$8,710,274,100	(\$131,750,700)	-1.49%
Aid to Localities	\$485,787,100	\$484,996,000	(\$791,100)	-0.16%
Capital Projects	\$819,227,000	\$462,427,000	(\$356,800,000)	-43.55%
<b>Total</b>	<b>\$10,147,038,900</b>	<b>\$9,657,697,100</b>	<b>(\$489,341,800)</b>	<b>-4.82%</b>
<b>Total Overall Higher Education</b>	<b>All Funds Appropriation 2014-15</b>	<b>All Funds Appropriation 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
State Operations	\$11,275,365,700	\$11,214,295,000	(\$61,070,700)	-0.54%
Aid to Localities	\$1,904,956,290	\$1,921,076,490	\$16,120,200	0.85%
Capital Projects	\$1,271,838,000	\$623,335,000	(\$648,503,000)	-50.99%
<b>Total</b>	<b>\$14,452,159,990</b>	<b>\$13,758,706,490</b>	<b>(\$693,453,500)</b>	<b>-4.80%</b>

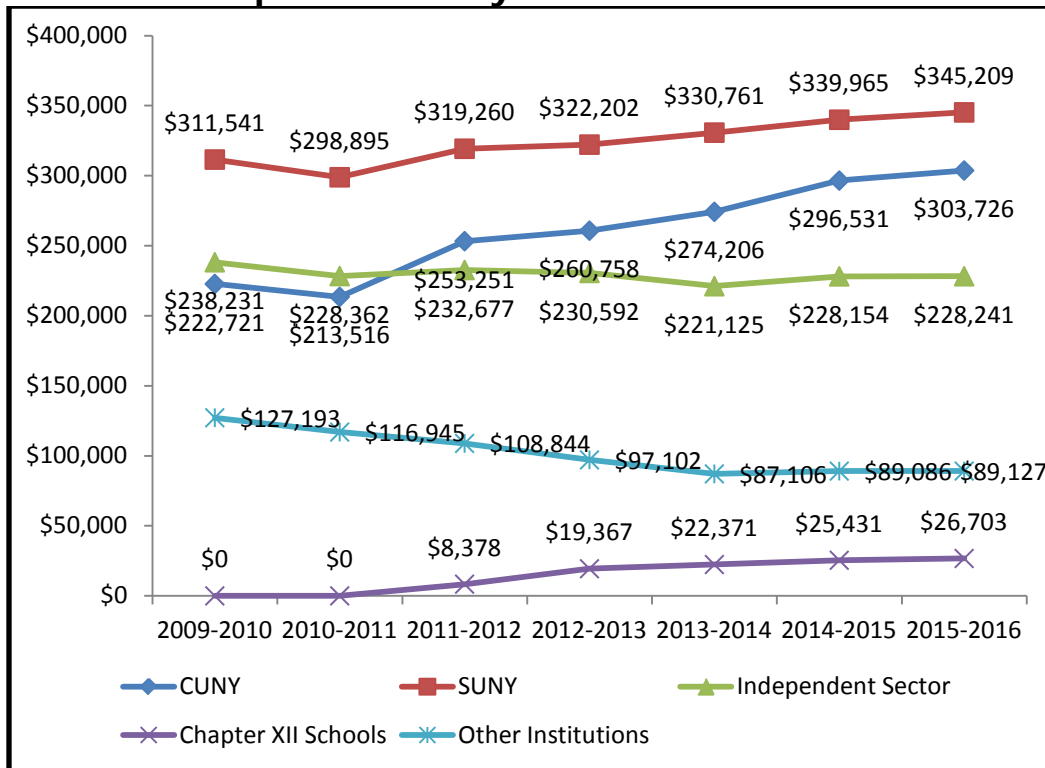
The Executive Budget recommendation for Academic Year 2015-2016 increases SUNY's and CUNY's dependence on tuition revenue. Although State Tax Dollar Support has remain flat since the enactment of the NY SUNY 2020 legislation, tuition revenue now accounts for more than 65.1% or \$2.85 billion of all of CUNY's and SUNY's overall operating budget. For an analysis of the share of State Tax Dollar Support and Tuition Revenue see below:



## Higher Education Services Corporation

The DREAM Act will provide access to the Tuition Assistance Program (TAP). Built into the \$27 million estimated cost were the projected applicability to 6,000 students receiving on average a \$4,500 award. To be eligible, the student must have attended a NY high school for 2 or more years, graduated from a NY high school, lived in NY continuously while attending that high school, applied for attendance at an institution of higher education for undergraduate study, and attended within 5 years of receiving a NY high school diploma, or high school equivalency diploma. The student without lawful immigration status will be required to file an affidavit with the higher education institution stating that he or she has filed an application to legalize his or her immigration status, or will file one as soon as eligible to do so. This Article VII proposal would provide an additional \$2 million for the higher education opportunity program related to the Dream Act. These programs are funded through the State Education Department.

### TAP Expenditures by Institution 2009-2016



Note: Chart does not include Dream Act impacts on institutions of higher education.

Tuition Assistance Program: The Executive provides \$1.02 billion for the Tuition Assistance Program (TAP), an increase of \$46.62 million from the SFY 2014-15 enacted budget. The projected growth stems from the continued tuition increases at SUNY and CUNY community colleges that will generate higher TAP awards in the amount of \$12.3 million, a 5% increase in the number of FTEs recipients at the Chapter XXII schools are in the amount of \$2.2 million as well as the addition of \$27 million for the DREAM Act.

## State Settlement Proceeds

The State expects to receive a total of \$5.7 billion in SFY 2014-15 from monetary settlements. The SFY 2014-15 Enacted Budget Financial Plan assumed \$275 million in receipts from financial settlements in SFY 2014-15, leaving \$5.4 billion in unbudgeted settlements. To date, the State has received approximately \$4.3 billion of the money expected from settlements in the current year. This Financial Plan continues to assume settlements of \$250 million in SFY 2015-16, and \$100 million in both SFY 2016-17 and SFY 2017-18, unchanged from the SFY 2014-2015 State Enacted Budget Financial Plan.

### Uses of State Settlements

The SFY 2015-16 Executive Budget recommends using the one-time resources to fund one-time purposes, rather than using them for recurring expenditures, which would create difficulties when balancing future budgets. Most of the settlement resources will be used to fund new capital investments. The Executive Budget proposes establishing a new capital fund called the Dedicated Infrastructure Investment Fund. The Fund will have two distinct accounts: Special Infrastructure (\$3.1 billion) and Upstate Revitalization (\$1.5 billion). The Plan recommends specific allocations as follows:

**Special Infrastructure Account (\$3.1 Billion):** The Special Infrastructure Account will fund a range of investments from large-scale, complex infrastructure projects to smaller, strategic investments across New York State. Account funds may be used to provide grants or loans. The Account will also provide funding to address the structural challenges being encountered by both health care delivery systems and municipalities. The Account also provides resources for disaster preparedness and response.

**Upstate Revitalization Account (\$1.5 Billion):** The Upstate Revitalization Account will support the Upstate New York Economic Revitalization Competition, whereby \$500 million grants will be awarded to three upstate regions, for a total appropriation of \$1.5 billion. Seven regions of the State are eligible to compete for one of three \$500 million grants: Mid-Hudson, Capital Region, Mohawk Valley, Central New York, North Country, Southern Tier, and Finger Lakes.

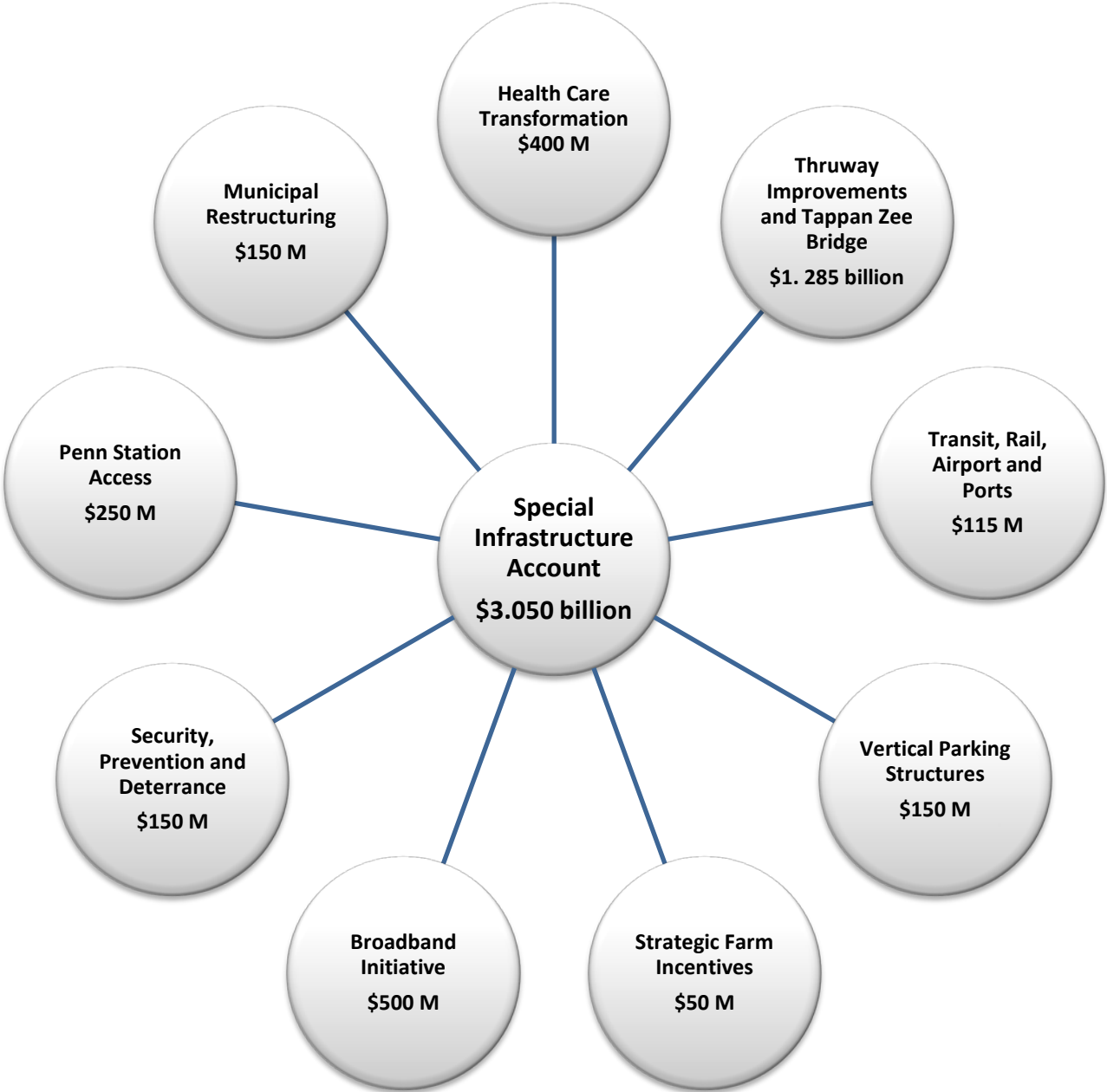
**Financial Plan Reserves (\$850 million):** The new Executive Budget sets aside \$850 million in settlement funds for potential Financial Plan risks.

**OASAS:** The Budget assumes that \$5 million of settlement funds will be used to expand services provided by OASAS to individuals with dependencies on alcohol, drugs, or who have gambling problems. In addition to the settlement money, the Budget also continues \$2.8 million in funding designed to combat the growing heroin and opioid epidemic in communities across the State. Combined, these funds will continue to support treatment and prevention programs targeted toward opiate abuse, residential service opportunities, and public awareness and education activities. The Executive Budget also supports the movement by OASAS to establish a more coordinated system of care that addresses the behavioral and physical health care needs of individuals with substance use disorders and mental illness.

<b>Summary of Settlements Between Regulators And Financial Institutions</b>	
<b>(millions of dollars)</b>	
<b>Monetary Settlements Known/Expected</b>	<b><u>\$5,680</u></b>
BNP Paribas	3,591
Department of Financial Services (DFS)	2,243
Asset Forfeiture (DANY)	1,348
Credit Suisse AG	715
Bank of Tokyo Mitsubishi	315
Bank of America	300
Standard Chartered Bank	300
Bank Leumi	130
Ocwen Financial	100
Citigroup (State Share)	92
MetLife Parties	50
American International Group	35
PricewaterhouseCoopers	25
AXA Equitable Life Insurance Company	20
Other Settlements (TBD)	7
<b>Settlements Budgeted in FY 2015 Financial Plan</b>	
Transfer to Support OASAS Chemical Dependence Program	<b>-275</b>
<b>Proposed Use of Available Settlements</b>	<b><u>(\$5,400)</u></b>
Special Infrastructure	-3,050
Upstate Revitalization	-1,500
Reserve for Risks	-850

# Infrastructure Capital Funding

The Executive Budget recommendation for SFY 2015-2016 proposes the creation of a Dedicated Infrastructure Investment Fund. The Capital Projects Budget Bill (S. 2004 and A. 3004) includes a \$3.050 billion appropriation for the Special Infrastructure Account. This appropriation is funded as follows:



## **Program Descriptions:**

**New York State Thruway Authority:** This program would receive funds to support critical repairs and maintenance. Part of these funds would offset the costs associated with the construction of the Tappan Zee Bridge; and alternative transit options.

**New NY Broadband Program:** This program would incentivize the private sector to expand high-speed broadband access into underserved or unserved areas. Broadband providers and communities will utilize this funding to deliver service in a given area. According to the Governor, broadband providers seeking to utilize this funding must provide at least a 1:1 financial match, which will push the size of the program above \$1 billion. The State's investment will serve to stimulate competition in the broadband market where none or little exists; improving affordability and quality of service. In addition, broadband providers must provide internet speeds of at least 100 Mbps, with funding priority given to those delivering the highest speeds at the lowest cost. In certain limited cases, providers may offer 25 Mbps speeds to the most remote unserved and underserved areas of the state (more than three times the current standard) scalable to 100 Mbps or more - if this provides the best means of achieving universal broadband access to the region. Finally, building on the successful Connect NY model, each Regional Economic Development Council (REDC) will submit a comprehensive plan to the State that: identifies unserved and underserved areas; aggregates demand across residential, institutional and business sectors; details the most cost-effective means to provide universal access; and leverages state-owned assets where possible;

**Health Care Transformation:** This program would support debt restructuring and other capital projects to promote regional consolidations or mergers among health care providers. An essential health care provider is a hospital or hospital system that offers health services in a region deemed to be underserved by the Health Commissioner;

**Penn Station Access:** This proposal would provide new rail service to underserved and growing portions of the Bronx to the West Side of Manhattan and to growing jobs centers in Westchester and beyond. The State will build four new stations in the Bronx—Co-op City, Morris Park, Parkchester, and Hunts Point. The project will also serve one of the largest concentrations of medical facilities in the United States at the Morris Park station;

**Vertical Parking Structures:** This proposal intends to alleviate congestion due to area growth, by investing in the development of vertical parking facilities at the Ronkonkoma and Nassau Hub locations on Long Island, and at Lighthouse Landing in Tarrytown, Westchester County;

**Strategic Farm Investments:** This proposal will launch two strategic farm preservation initiatives. The Southern Tier initiative will make available \$30 million to help landowners maintain, develop and grow farm, agricultural and related businesses. The Hudson Valley strategic initiative would protect farmland, agriculture and related businesses by making \$20 million available to purchase farmland conservation easements and ensure farming's future in the region;

**Municipal Restructuring:** This program intends to help finance innovative shared services and government efficiency proposals submitted to satisfy year two requirements of the property tax freeze;

**Security, Prevention and Deterrence:** This program would provide \$40 million to support a counter-terrorism surge, \$50 million for vehicles deployable for emergency responses, and \$60 million for a Statewide program that would provide replacement vests for police officers, body cameras and bullet-proof glass for police vehicles; and,

**Transit, Rail, Airport and Ports:** This proposal would support undefined transportation, upstate transit, rail, airport, port and other infrastructure improvements or economic development projects.



## LOCAL GOVERNMENT ASSISTANCE

Selected Local Government Aid Programs	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
AIM Cities Towns and Villages Outside of New York City	\$715,000,000	\$715,000,000	\$0	0.00%
Citizen Empowerment Tax Credits and Grants	\$35,000,000	\$35,000,000	\$0	0.00%
Local Government Performance and Efficiency Award	\$40,000,000	\$40,000,000	\$0	0.00%
Local Government Efficiency Grants	\$4,000,000	\$4,000,000	\$0	0.00%
Small Government Assistance	\$217,300	\$217,300	\$0	0.00%
<b>Total</b>	<b>\$794,217,300</b>	<b>\$794,217,300</b>	<b>\$0</b>	<b>100.0%</b>

*Local Government Assistance programs provide a range of State aid and assistance for all classes of local governments. Key General Fund-supported programs include the Aid and Incentives for Municipalities (AIM) program, which allocates unrestricted State aid to cities, towns and villages. Additionally, the Citizen Empowerment Tax Credits, Citizens Re-Organization Empowerment Grants, and the Local Government Efficiency Grant program, provide grants to local governments to encourage increased efficiency, municipal shared services and/or governmental consolidation.*

### Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year 2015-2016 is maintained at last **year's funding levels for the great majority of Local Assistance programs.** **These programs are funded as follows:**

- \$715 million for the Aid and Incentives for Municipalities (AIM) program: this program provides unrestricted aid to cities, towns and villages;
- \$40 million for the Local Government Performance and Efficiency Program: This program provides competitive one-time awards of up to \$25 per resident for recipient municipalities, with a maximum award of \$5 million. The program recognizes local governments that have achieved efficiencies and performance improvements. The funding is awarded for costs related to projects which reduce the long-term cost of local government and school district services, including the projects identified in the Government Efficiency Plans. The program is currently administered by the Department of State;

- \$35 million for the Citizens Reorganization Empowerment Grants –This program provides grants of up to \$100,000 for local governments to cover costs associated with studies, plans, and implementation efforts related to local government reorganization activities. The Executive anticipates that only \$2.6 million or 7.4% of this appropriation will be disbursed in SFY 2015-2016;
- \$4 million for the Local Government Efficiency Grants: This program helps cover costs associated with local government efficiency projects, such as: planning for and/or implementation of a functional consolidation, shared or cooperative services, and regionalized delivery of services. This program requires a local matching funds, if a local government implements a previously completed planning project, the local match from the planning project would be refunded (up to the local share for implementation). These grants are for local governments to use towards planning or implementing a functional consolidation, shared or cooperative services, and regionalized delivery of services;
- The Executive Budget proposal also continues the Citizen Empowerment Tax Credits – This program is part of the Citizens Reorganization Empowerment Grants program and is only available to municipalities that received a reorganization grant and completed a consolidation. This program provides an incentive for municipalities to consolidate by providing tax credits equal to 15% of the newly combined local government's tax levy, of which at least 70% of such amount must be used for direct relief to property taxpayers; and,
- \$27.2 million for Video Lottery Terminal Impact Aid for municipalities, a decrease of \$2 million or 7.1% from SFY 2014-2015. This decrease is associated with the elimination of a one-time legislative add. For a breakdown by facility and county see below.

<b>VLT Funding</b>					
<b>VLT Facility</b>	<b>Municipality</b>	<b>14-15 Enacted Budget</b>	<b>15-16 Proposed Budget</b>	<b>\$ Change</b>	<b>% Change</b>
Yonkers	City of Yonkers	\$19,600,000	\$19,600,000	\$0	0.00%
Batavia Downs	City of Batavia	\$440,788	\$346,334	(\$94,454)	-21.43%
Batavia Downs	Town of Batavia	\$160,388	\$126,019	(\$34,369)	-21.43%
Batavia Downs	Genesee County	\$200,392	\$157,451	(\$42,941)	-21.43%
Fairgrounds (Buffalo)	Town of Hamburg	\$865,678	\$680,176	(\$185,502)	-21.43%
Fairgrounds (Buffalo)	Erie County	\$288,560	\$226,726	(\$61,834)	-21.43%
Finger Lakes	Town of Farmington	\$1,777,571	\$1,396,664	(\$380,907)	-21.43%
Finger Lakes	Ontario County	\$591,174	\$464,494	(\$126,680)	-21.43%
Monticello	Village of Monticello	\$291,205	\$228,804	(\$62,401)	-21.43%
Monticello	Town of Thompson	\$634,505	\$498,540	(\$135,965)	-21.43%
Monticello	Sullivan County	\$308,570	\$242,448	(\$66,122)	-21.43%
Saratoga	City of Saratoga Springs	\$2,325,590	\$1,827,251	(\$498,339)	-21.43%
Saratoga	Saratoga County	\$775,197	\$609,084	(\$166,113)	-21.43%
Vernon Downs	Village of Vernon	\$137,103	\$107,724	(\$29,379)	-21.43%
Vernon Downs	Town of Vernon	\$231,788	\$182,119	(\$49,669)	-21.43%
Vernon Downs	Oneida County	\$256,797	\$201,769	(\$55,028)	-21.43%
Tioga Downs	Town of Nichols	\$160,846	\$126,379	(\$34,467)	-21.43%
Tioga Downs	Tioga County	\$285,008	\$223,935	(\$61,073)	-21.43%
<b>Total County</b>		<b>\$2,705,698</b>	<b>\$2,125,907</b>	<b>(\$579,791)</b>	<b>-21.43%</b>
<b>Total</b>		<b>\$29,331,160</b>	<b>\$27,245,917</b>	<b>(\$2,085,243)</b>	<b>-7.11%</b>

Source: New York State Association of Counties and the New York State County Executives Association, Executive 2015-2016 State Budget Proposal County Impact Summary (January 2015), p. 15

### **Other Local Government Related Proposals in the Executive Budget Recommendation**

The Executive Budget Proposal would:

- Maintain community college base-aid at last year's level of \$2,497 per FTE, the same level as in the Enacted Budget for SFY 2014-2015;
- Provide mandate relief from local Medicaid spending for local governments. As part of a program started in the SFY 2013-14 Enacted Budget that establish a hard local Medicaid spending cap, the SFY 2015-16 Executive Budget includes

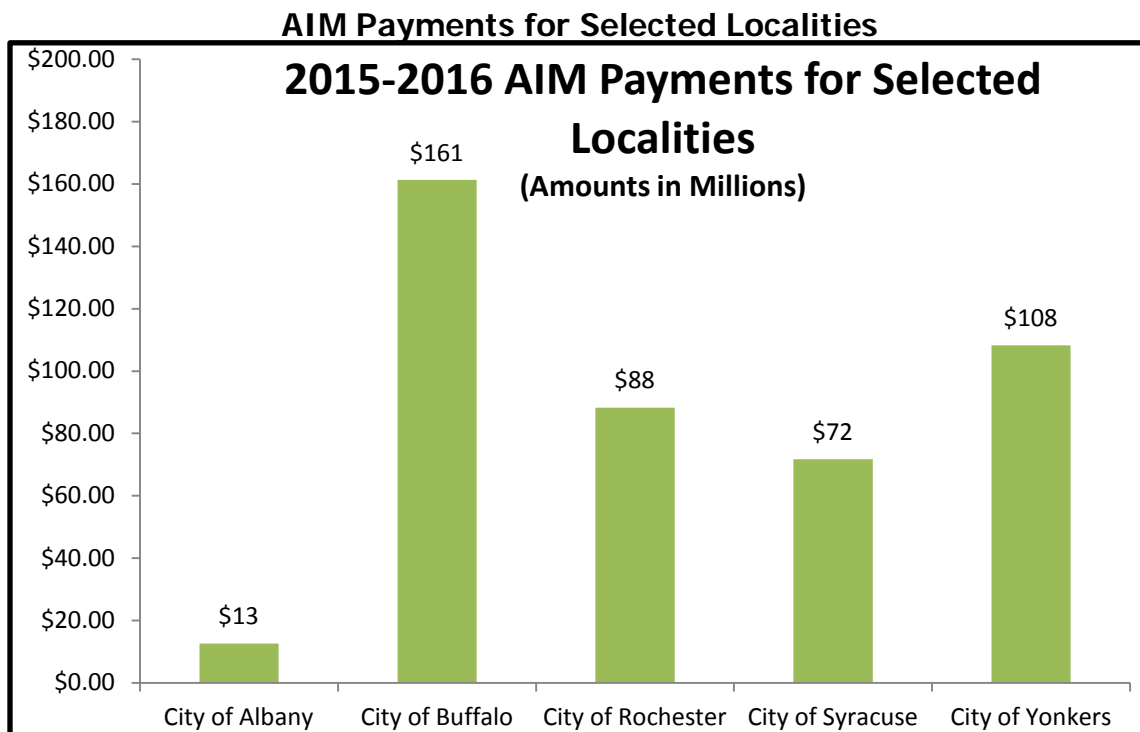
\$369 million in Medicaid spending savings as follows: \$260.4 million for New York City; and \$109.2 million for the rest of State;

- Establish a New York City share for the Emergency Assistance to Needy Families (EAF) Expenditures. This is a federally funded program which provides a cash grant to deal with a crisis situation threatening a family with children, used to meet urgent needs resulting from a sudden occurrence or set of circumstances requiring immediate attention. The Governor’s proposal would require NYC to pay a 10% local share. In 2011-2012, NYC had an EAF local share of 25%; and,
- The Executive Budget caps the youth facility chargeback on counties and New York City for the operation of New York State Office of Children and Family Services juvenile facilities at \$55 million annually through 2018-19. Under this proposal, any county and NYC are required to pay for the cost of housing a juvenile in an OCFS facility.

According to the Executive Budget proposal local governments will benefit from auditing the New York State Health Insurance Program dependent eligibility and will receive \$5 million in grants for local water fluoridation systems.

### New Initiatives

The Executive Budget proposal provides up to \$150 million in funding from recent financial settlements with the State will be invested in municipal restructuring. This funding will be used to assist and encourage local governments and school districts to implement shared services, cooperation agreements, mergers, and other actions that reduce operational costs and related property tax burdens on a permanent basis. Funding would also cover existing grant and aid programs that encourage local government and school district restructuring and efficiency.



## LABOR AND WORKFORCE

The Executive Budget estimates a total net increase in the State workforce of 846 Full Time Equivalents (FTEs). This increase is achieved from 1,887 attritions and 2,743 new fills. The total estimate of employees is 180,965 by the end of the 2015-2016 State Fiscal Year. The breakdown of the net change in FTEs is below, and a State agency detailed breakdown is listed on the following pages.

Category	3/31/14 Actual	Starting 3/13/15 Estimate	Change in Numbers	Net Change Attrition/New Fills	Ending Estimate 3/31/16
Workforce Subject to Executive Control	118,492	118,304	-188	856	119,160
University Systems	57,336	57,339	3	0	57,339
Independently Elected Agencies	4,213	4,476	263	-10	4,466
<b>Grand Total</b>	<b>180,041</b>	<b>180,119</b>	<b>78</b>	<b>846</b>	<b>180,965</b>

The greatest shifts in the State's workforce are associated with:

- 325 new FTEs in the Department of Health intended to provide staff to support the fourth year of the phased takeover of local government administration of the Medicaid program, realignment of the Office of the Medicaid Inspector General (OMIG) staff, and the continued operations of the New York Health benefit exchange -- New York State of Health;
- 190 new FTEs to the Office of General Services most of which are associated with the transfer State Agency employees to the Business Services Center; and'
- 189 new FTEs in the Office of Mental Health to help address overtime concerns.

The greatest declines in State workforce are related with:

- 113 FTEs reduction in the Labor Department primarily related to declining Federal unemployment insurance administration grant revenues; and,
- 95 FTEs reduction in the State Police associated with the transfer of human resource an finance functions to the Business Services Center in the Office of General Services.

Last year's budget allocated \$5 million for a training pilot program to retrain employees affected by the closure of State facilities. The Executive Budget proposes a reappropriation of the entire \$5 million. Almost all employees have been placed through the Agency Reduction Transfer List (ARTL) process, which continues to place employees at present.

Major Agencies	Starting Estimate (03/31/15)	Ending Estimate (03/31/16)	Net Change
Children and Family Services, Office of	2,994	3,059	65
Corrections and Community Supervision, Department	28,821	28,919	98
Education Department, State	2,672	2,692	20
Environmental Conservation, Department of	2,910	2,946	36
Financial Services, Department of	1,373	1,393	20
General Services, Office of	1,658	1,848	190
Health, Department of	4,814	5,139	325
Information Technology Services, Office of	3,605	3,586	-19
Labor, Department of	3,233	3,120	-113
Mental Health, Office of	14,380	14,569	189
Motor Vehicles, Department of	2,163	2,159	-4
Parks, Recreation and Historic Preservation, Office of	1,734	1,746	12
People with Developmental Disabilities, Office for	18,605	18,655	50
State Police, Division of	5,632	5,537	-95
Taxation and Finance, Department of	4,368	4,359	-9
Temporary and Disability Assistance, Office of	1,972	1,968	-4
Transportation, Department of	8,304	8,304	0
Workers' Compensation Board	1,186	1,204	18
<b>Subtotal - Major Agencies</b>	<b>110,424</b>	<b>111,203</b>	<b>779</b>
<b>Minor Agencies</b>	<b>7,880</b>	<b>7,957</b>	<b>77</b>
<b>Subtotal - Subject to Direct Executive Control</b>	<b>118,304</b>	<b>119,160</b>	<b>856</b>

University Systems	Starting Estimate (03/31/15)	Ending Estimate (03/31/16)	Net Change
City University of New York	13,611	13,611	0
State University Construction Fund	152	152	0
State University of New York	43,576	43,576	0
<b>Subtotal - University Systems</b>	<b>57,339</b>	<b>57,339</b>	<b>0</b>
<b>Independently Elected Agencies</b>			
Audit and Control, Department of	2,643	2,633	-10
Law, Department of	1,833	1,833	0
<b>Subtotal - Independently Elected Agencies</b>	<b>4,476</b>	<b>4,466</b>	<b>-10</b>
<b>Grand Total</b>	<b>180,119</b>	<b>180,965</b>	<b>-191</b>

Minor Agencies	Starting Estimate (03/31/15)	Ending Estimate (03/31/16)	Net Change
Adirondack Park Agency	54	54	0
Aging, Office for the	95	95	0
Agriculture and Markets, Department of	476	475	-1
Alcoholic Beverage Control, Division of	127	127	0
Alcoholism and Substance Abuse Services, Office of	761	735	-26
Arts, Council on the	28	30	2
Budget, Division of the	262	261	-1
Civil Service, Department of	345	347	2
Correction, Commission of	32	32	0
Criminal Justice Services, Division of	427	436	9
Deferred Compensation Board	4	4	0
Economic Development, Department of	152	159	7
Elections, State Board of	80	80	0
Employee Relations, Office of	37	37	0
Executive Chamber	136	136	0
Financial Control Board, New York State	13	13	0
Gaming Commission, New York State	406	405	-1
Higher Education Services Corporation, New York State	285	276	-9
Homeland Security and Emergency Services, Division of	433	444	11
Housing and Community Renewal, Division of	683	683	0
Hudson River Valley Greenway Communities Council	1	1	0
Human Rights, Division of	164	164	0
Indigent Legal Services, Office of	11	19	8
Inspector General, Office of the	71	71	0
Interest on Lawyer Account	8	8	0
Judicial Conduct, Commission on	50	50	0
Justice Center for the Protection of People with Special Needs	327	424	97
Labor Management Committees	77	77	0
Lieutenant Governor, Office of the	7	7	0
Medicaid Inspector General, Office of the	480	453	-27
Military and Naval Affairs, Division of	344	344	0
Prevention of Domestic Violence, Office for	28	28	0
Public Employment Relations Board	33	33	0
Public Ethics, Joint Commission on	45	45	0
Public Service Department	513	515	2
State, Department of	540	544	4
Statewide Financial System	139	139	0
Tax Appeals, Division of	27	27	0
Veterans' Affairs, Division of	98	98	0
Victim Services, Office of	74	74	0
Welfare Inspector General, Office of	7	7	0
<b>Subtotal - Minor Agencies</b>	<b>7,880</b>	<b>7,957</b>	<b>77</b>

## **Article VII**

### **Civil Service**

This proposal allows the Department of Civil Service (DCS) to reclassify various FTEs who have been transferred from home agencies to the new Office of Information Technology Services, which will provide IT support for state agencies from a central hub. This new authority for DCS would allow these titles to be changed from and to competitive, non-competitive, and exempt titles where applicable.

### **Employee Relations**

The Governor proposes a four-year plan to increase the salaries of managerial/confidential employees (i.e. employees exempt from collective bargaining). This salary increase is in addition to a previously enacted 2% raise in April 2015, and will take effect over the next four years as follows: July 1, 2015: 2%; April 1, 2016: 2%; April 1, 2017: 2%; and, April 1, 2018: 1%. Cumulatively, the Executive calculates the total raise as a 7.18% raise over 4 years excluding the April 2015 raise, or a 9.33% raise including the April 2015 raise.

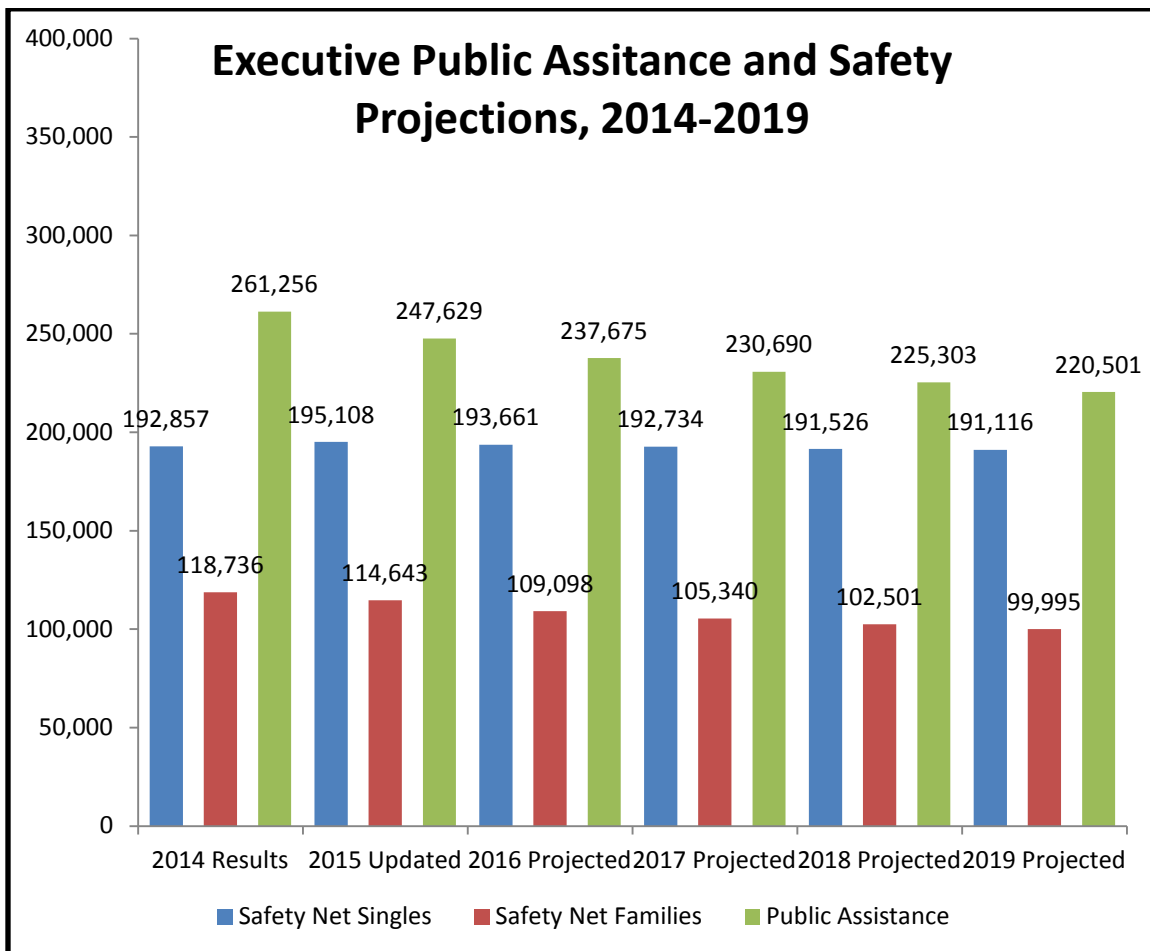
### **Raises the Minimum Wage Statewide to \$10.50/hr and \$11.50/hr in New York City**

The Executive Budget would increase the minimum wage to \$10.50 per hour, effective on December 31, 2016. On the same date, the minimum wage for New York City would be increased to \$11.50 per hour. This minimum wage proposal would build off current law, which will provide for a minimum wage increase from the current \$8.75 per hour at present, to \$9.00 per hour on December 31, 2015. Unlike previous proposals supported by the Administration and the Senate Democratic Conference, no further increases tied to inflation would be provided and a municipality (including the City of New York) could not individually increase the minimum wage, nor enforce its higher wage within its own borders.



## Public Assistance

The Executive Financial Plan for SFY 2015-2016 makes several assumptions for the next four years. According to the Executive, public assistance case loads will decrease considerably over the next four years. According to the Executive projections it is expected that Public Assistance recipients' caseload will be reduced from 261,256 in FY 2014 to 220,501 in FY 2019. This is a reduction of 40,755 recipients or 15.5%. Safety Net Program for Families will follow a similar path. The caseload forecast for Safety Net Families shows a reduction from 118,736 to 99,995 in FY 2019. This is a caseload reduction of 15.7% or 18,741 recipients. The Safety Net-Singles program will decrease at a much slower rate than Safety-Families and Public Assistance. The projected reduction is just of 1,741 recipients. This is a reduction of less than 1%. Overall, the Public Assistance caseload will be reduced by 10.7% or 61,237 over the next four years according to the Finance Plan.



Source: New York State Division of the Budget, FY 2016 Executive Budget Financial Plan, January 2015, 78.

## Temporary Assistance for Needy Families

The Temporary Assistance for Needy Families (TANF) program provides temporary financial assistance for pregnant women and families with one or more dependent children. TANF provides financial assistance to help pay for food, shelter, utilities, and expenses other than medical. The Executive provides \$1.3 billion in funding for TANF benefits and \$1.3 billion in other TANF funding commitments. Under the Executive's proposal, many TANF initiatives have sustained funding cuts, with the exception of a child care subsidies increase to make up for the loss of General Fund dollars. Major TANF funding changes are associated with a reduction of \$54.6 million for public assistance benefits and an increase of \$40 million for child care subsidies.

<b>TANF Programs:</b>	<b>2014-15</b>	<b>2015-16 Proposal</b>	<b>\$ Change</b>
Public Assistance Benefits	\$1,127,079	\$1,072,395	(\$54,684)
Emergency Assistance to Needy Families (EAF)	\$227,452	\$227,452	\$0
State Operations	\$30,000	\$30,000	\$0
<b>TANF Base Total</b>	<b>\$1,384,531</b>	<b>\$1,314,847</b>	<b>(\$69,684)</b>
ACCESS - Welfare-to-Careers	\$800	\$0	(\$800)
Advanced Technology Training and Information Networking (ATTAIN)	\$5,000	\$0	(\$5,000)
Advantage Schools	\$500	\$0	(\$500)
Bridge	\$102	\$0	(\$102)
Career Pathways	\$1,000	\$0	(\$1,000)
Caretaker Relative	\$500	\$0	(\$500)
Centro of Oneida	\$25	\$0	(\$25)
Child Care CUNY	\$141	\$0	(\$141)
Child Care Demonstration Projects (UPS)	\$2,676	\$0	(\$2,676)
Child Care Demonstration Projects (NYC)	\$4,589	\$0	(\$4,589)
Child Care Subsidies	\$283,811	\$323,000	\$39,189
Child Care SUNY	\$193	\$0	(\$193)
Community Solutions for Transportation	\$112	\$0	(\$112)
Educational Resources	\$250	\$0	(\$250)
Emergency Homeless	\$500	\$0	(\$500)
Flexible Fund for Family Services	\$964,000	\$964,000	\$0
Food Banks (NYS)	\$2,000	\$0	(\$2,000)
Non-residential Domestic Violence	\$2,460	\$0	(\$2,460)
Nurse Family Partnership	\$3,000	\$0	(\$3,000)
Preventive Services	\$1,000	\$0	(\$1,000)
Rochester-Genesee Regional Transportation Authority	\$82	\$0	(\$82)
Settlement House	\$2,000	\$0	(\$2,000)
Strengthening Families through Stronger Fathers	\$200	\$0	(\$200)
Summer Youth	\$27,500	\$30,000	\$2,500
Wage Subsidy	\$950	\$0	(\$950)
Wheels for Work	\$144	\$0	(\$144)
<b>TANF Initiatives Total</b>	<b>\$1,303,535</b>	<b>\$1,317,000</b>	<b>\$13,465</b>
<b>TOTAL TANF Commitment</b>	<b>\$2,688,066</b>	<b>\$2,631,847</b>	<b>(\$56,219)</b>

# Agency Details

## ADIRONDACK PARK AGENCY

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$4,385,400	\$4,563,000	\$177,600	4.50%
Special Revenue-Federal	\$700,000	\$700,000	\$0	0.00%
<b>Total</b>	<b>\$5,085,400</b>	<b>\$5,263,00</b>	<b>\$177,600</b>	<b>4.50%</b>

The Adirondack Park Agency was created by the State Legislature to develop long-range land use plans for both public and private lands within the Park, and to issue permits in order to complete approved projects. The agency consists of approximately 72 staff and an 11-member board, and is responsible for carrying out the regulatory functions of the Park. The boundary of the Park encompasses approximately six million acres, nearly half of which belongs to the people of New York State and is constitutionally protected to remain "forever wild" as a forest preserve.

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation totaling \$5.3 million for SFY 2015-2016. This \$177,600 increase over the SFY 2014-15 Enacted Budget results from additional General Fund expenditures for negotiated salary increases as well as Agency technology upgrades.

## AGING, OFFICE FOR THE

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$122,636,000	\$127,769,500	\$5,133,500	4.19%
Special Revenue-Federal	\$124,739,000	\$124,739,000	\$0	0.00%
Special Revenue-Other	\$1,230,000	\$1,230,000	\$0	0.00%
Enterprise Funds	\$100,000	\$100,000	\$0	0.00%
<b>Total</b>	<b>\$248,705,000</b>	<b>\$253,838,500</b>	<b>\$5,133,500</b>	<b>2.06%</b>

*The State Office for the Aging (SOFA) is responsible for promoting, coordinating and administering State, Federal and local programs and services to the elderly aged 60 and over, and the families or other caregivers. SOFA provides leadership and direction to 59 local Area Agencies on Aging (AAAs) and various other local programs and providers that comprise the networks of services to the elderly.*

### Overview of Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends an All Funds allocation of \$253.8 million for SOFA. This is an increase of \$5.1 million above SFY 2014-15 allocations. The net increase is associated with a \$6.5 million cost-of-living adjustment for certain aging providers and \$1.1 million decrease related to the elimination of legislative adds SFY 2014-15. The Executive Budget also reflects a \$640,000 decrease achieved through State operating efficiencies and realigning of Federal matching requirements.

The Executive Budget recommends a workforce of 95 FTEs for the agency; although total FTEs remain unchanged from SFY 2014-15. The Executive Budget recommends shifting support for 7 FTEs from the General Fund to Federal funds in order to maximize the use of existing Federal resources.

### Article VII

Part N of the Health and Mental Hygiene Article VII legislation authorizes SOFA to seek public input for the creation of an Office of Community Living (OCL) to address the expansion of community living integration services for older adults and disabled individuals. Specifically, the legislation would require the Director of SOFA, in collaboration with other State agencies, to consult with stakeholders, providers, and advocates to gather data and information on the creation of an OCL.

## AGRICULTURE AND MARKETS, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	60,188,000	52,479,000	(\$7,709,000)	-12.81%
Special Revenue-Federal	49,644,000	49,644,000	\$0	0.00%
Special Revenue-Other	33,649,000	33,649,000	\$0	0.00%
Enterprise Funds	21,261,000	21,261,000	\$0	0.00%
Fiduciary Funds	1,836,000	1,836,000	\$0	0.00%
Capital Projects	\$5,500,000	\$5,500,000	\$0	0.00%
<b>Total</b>	<b>\$172,078,000</b>	<b>\$164,369,000</b>	<b>(\$7,709,000)</b>	<b>-4.48%</b>

*The Department of Agriculture and Markets is charged with fostering a competitive and safe food and agricultural industry in the State of New York to benefit and protect both producers and consumers. The Department's major responsibilities include oversight and regulation of the State's agricultural and food industry by administering inspection and testing programs associated with food safety, animal and plant health, and accurate labeling; as well as the preservation of agricultural resources by supporting programs that improve soil and water quality. The Department is also responsible for operating the annual New York State Fair.*

### Overview of the Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$164.4 million for the Department. This is a decrease of \$7.7 million from the SFY 2014-15 budget. The change reflects reductions in local assistance that are partially offset by a contractual increase in personal service costs.

The Executive Budget recommends a workforce of 475 FTEs for the Department, a decrease of 1 FTEs related to the transition of human resource services into the Business Services Center.

Funding of \$1.1 million is continued for the "Taste-NY" program. The program promotes locally grown or produced food and beverages by making them readily available across the State at high traffic retail venues located at rest areas, airports and train stations. In addition to this innovative retail concept, Taste-NY also fosters increased demand for these products via strategic branding and marketing efforts.

The Executive recommends continuing \$350,000 in funding for the Fresh Connect farmers' market program. This program benefits farmers and consumers alike by awarding competitive grants to create and expand farmers' markets in underserved communities throughout New York.

## Agriculture & Markets Local Assistance Grants

The Executive Budget provides for an appropriation of \$18.70 million in Local Assistance funding, a reduction of \$8.2 million from the 2014-15 enacted budget. Multiple Local Assistance grants were reduced by the Executive including Farm Viability Institute, NYS Apple Growers Association, Farm Family Assistance and Cornell Diagnostic Lab's Rabies program. Local assistance funding is eliminated for the Maple Producers Association, the Tractor Rollover Protection Program, Northern NY Agricultural Development, and the Eastern Equine Encephalitis program, in addition to multiple other legislative adds from the SFY 2014-15 Enacted Budget.

Cornell Diagnostic Lab	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
"Core" Diagnostic Lab	\$5,425,000	\$4,425,000	\$1,000,000	-18.43%
NYS Cattle Health Assurance	\$360,000	\$360,000	\$0	0.00%
Quality Milk (Mastitis)	\$1,174,000	\$1,174,000	\$0	0.00%
Johnes Disease	\$480,000	\$480,000	\$0	0.00%
Rabies	\$510,000	\$50,000	(\$460,000)	-90.20%
Avian Disease	\$252,000	\$252,000	\$0	-18.43%
<b>Total</b>	<b>\$8,201,000</b>	<b>\$6,741,000</b>	<b>\$1,471,000</b>	<b>17.58%</b>

Cornell Ag Education Programs	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
Ag in Classroom	\$80,000	\$80,000	\$0	\$0
Future Farmers of America	\$350,000	\$192,000	\$158,000	-45.14%
Ass'n of Ag Educators	\$66,000	\$66,000	\$0	0.00%
<b>Total</b>	<b>\$496,000</b>	<b>\$338,000</b>	<b>\$158,000</b>	<b>-31.85%</b>

Other Cornell Programs	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
Farm Family Assistance	\$600,000	\$384,000	(\$216,000)	-36.00%
Geneva Exp St Seed Program	\$128,000	\$128,000	\$0	0.00%
Golden Nematode	\$62,000	\$62,000	\$0	0.00%
Geneva Exp St Hops Eval/Test	\$200,000	\$40,000	(\$160,000)	-80.00%
Integrated Pest Management	\$500,000	\$500,000	\$0	0.00%
Pro-Dairy	\$822,000	\$822,000	\$0	0.00%
<b>Total</b>	<b>\$2,808,000</b>	<b>\$2,274,000</b>	<b>(\$376,000)</b>	<b>-16.26%</b>

Other Programs	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
Ag. Child Care (Migrant)	\$7,521,000	\$6,521,000	\$1,000,000	-13.30%
Local Fairs	500,000	340,000	(160,000)	-32.00%
Wine / Grape Foundation	\$1,000,000	\$713,000	(\$287,000)	-28.70%
Farm Viability Institute	\$1,500,000	\$400,000	(\$1,100,000)	-73.33%
Dairy Profit Teams	\$150,000	\$150,000	\$0	0.00%
Dairy Profit Teams / Farm Viability Institute	\$220,000	\$0	(\$220,000)	-100.00%
NYS Apple Growers Ass'n	\$750,000	\$206,000	(\$544,000)	-72.53%
Maple Producers Ass'n	\$150,000	\$0	(\$100,000)	-100.00%
Tractor Rollover Protection Program	\$100,000	\$0	(\$100,000)	-100%
Northern NY Agriculture Development	\$500,000	\$0	(\$500,000)	-100%
Eastern Equine Encephalitis	\$150,000	\$0	(\$150,000)	-100%
Turfgrass Env Stewardship	\$150,000	\$0	(\$150,000)	-100%
North Country Low Cost Vaccine	\$20,000	\$0	(\$20,000)	-100%
NY Christmas Tree Farmers	\$100,000	\$0	(\$100,000)	-100%
NYS Berry Growers Ass'n	\$200,000	\$0	(\$200,000)	-100%
Long Island Farm Bureau	\$200,000	\$0	(\$200,000)	-100%
Genesee County Ag Academy	\$100,000	\$0	(\$100,000)	-100%
Island Harvest	\$20,000	\$0	(\$20,000)	-100%
Taste NY	\$1,100,000	\$1,100,000	\$1,100,000	100%
NY Corn & Soybean Grower	\$75,000	\$0	\$75,000	100%
Connell honeybee Research	\$50,000	\$0	\$50,000	100%
Farm to School	\$0.00	\$250,000	\$250,000	-
Cornell Maple Research	\$105,000	\$0	(\$105,000)	-100%
Apple & Maple Research	\$500,000	\$0	(\$500,000)	-100%
Cornell Onion Research	\$50,000	\$0	(\$50,000)	-100%
Cornell Vegetable Resea.	\$100,000	\$0	(\$100,000)	-100%
Wood Product Devlp.	\$100,000	\$0	(\$100,000)	-100%
Animal Care & Control of NYC	\$250,000	\$0	(\$250,000)	-100%
<b>Other Programs Total:</b>	<b>\$15,881,000</b>	<b>\$9,680,000</b>	<b>(\$6,201,000)</b>	<b>-39.05%</b>
<b>Ag &amp; Markets Aid to Localities Total:</b>	<b>\$26,890,000</b>	<b>\$18,695,000</b>	<b>(\$8,195,000)</b>	<b>-35.39%</b>



## **Capital Appropriations**

The Executive proposes to use \$50 million in settlement funds to undertake farmland protection initiatives in the Southern Tier (\$30 million) and the Hudson Valley (\$20 million). This appropriation is in addition to the \$14 million appropriated annually for farmland protection through the Environmental Protection Fund. The Hudson Valley portion of the funding will be directed toward the purchase of easements on farmland, while the Southern Tier portion is used for more varied measures to help landowners maintain, develop, and grow farm, agricultural, and related businesses.

The Executive proposes \$55.5 million for NYS Fairground upgrades to reinvigorate the grounds into a year-round destination. This appropriation includes \$50 million supported by settlement funds in addition to the continuation of a \$5.5 million capital appropriation for State Fairground infrastructure upgrades.

## **Article VII**

### **TED Part V**

The Executive Budget recommends Article VII language that eliminates fees associated with eight agricultural licenses that in many cases are of nominal value, and in aggregate generate less than \$30,000 annually for the State General Fund. License fees are eliminated for such activities as refrigerated warehouse operation, commercial feed manufacturing, and liming material, and soil and plant inoculant sales, among others. This proposal also regularizes license renewal schedules for a number of these licenses, as well as chain stores with multiple separately licensed facilities. All licensing provisions and procedures currently required by the Department of Agriculture and Markets will remain in place for these licenses.

## ALCOHOLIC BEVERAGE CONTROL

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue Funds - other	\$18,065,000	\$18,065,000	\$0	0.0%
<b>Total</b>	<b>\$18,065,000</b>	<b>\$18,065,000</b>	<b>\$0</b>	<b>0.0%</b>

*The Division of Alcoholic Beverage Control operates under the direction of the State Liquor Authority (SLA), a three member board appointed by the Governor with the advice and consent of the Senate. The Division regulates and controls the manufacture, sale, and distribution of alcoholic beverages within the State; issues licenses and permits to manufacturers, distributors, wholesalers, and retailers; works with local law enforcement agencies and localities across the State to ensure compliance with the Alcoholic Beverage Control Law; and regulates trade and credit practices for the sale and distribution of alcoholic beverages.*

### **Overview of Executive Budget Proposal**

The Executive Budget recommends funding for the SLA at \$18.1 million. This represents no change from the SFY 2014-15 budget. A workforce of 127 FTEs is recommended, the same FTEs level as last year.

## ARTS, COUNCIL ON THE

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$39,974,000	\$45,174,000	\$5,200,000	13.01%
Special Revenue-Federal	\$1,513,000	\$1,513,000	\$0	0.00%
Special Revenue-Other	\$196,000	\$196,000	\$0	0.00%
<b>Total</b>	<b>\$41,683,000</b>	<b>\$46,883,000</b>	<b>\$5,200,000</b>	<b>12.48%</b>

*The New York State Council on the Arts (NYSCA) is an Executive Agency dedicated to preserving and expanding New York State's rich and diverse cultural resources and expanding access to arts and cultural institutions statewide. For 50 years, NYSCA has been responsible for providing access to the visual, performing and literary arts, preserving cultural assets and promoting public awareness and appreciation for the State's cultural heritage.*

### Overview of Executive Budget Proposal

The Executive Budget proposal recommends an All Funds appropriation totaling \$41.68 million for SFY 2015-2016, an increase of \$5.2 million from SFY 2014-2015 level. The increase in State Operations is associated with increases in grant funding, two additional FTEs, and additions to personal service. The \$5 million increase in Aid to Localities would provide additional funds for art grants.

## AUDIT AND CONTROL, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$159,370,000	\$159,370,000	\$0	0.00%
Special Revenue-Other	\$18,628,000	\$18,471,000	(\$157,000)	-0.84%
Internal Service Funds	\$22,887,000	\$23,187,000	\$300,000	1.31%
Fiduciary Funds	\$106,729,000	\$106,729,000	\$0	0.00%
<b>Total</b>	<b>\$307,614,000</b>	<b>\$307,757,000</b>	<b>\$143,000</b>	<b>0.05%</b>

*The Department of Audit and Control, also known as the Office of the State Comptroller (OSC), is responsible for all financial transactions of the State of New York. This includes managing the retirement fund for State and local government employees; investing State funds in New York-based businesses, issuing bonds and notes for investment in the State agencies; and supervising the fiscal affairs of local governments and helping them find support through State programs.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of \$307.8 million in SFY 2015-16, representing an increase of \$143,000 over the prior year. This appropriation corresponds to a workforce of 2,633 FTEs, a reduction of 10 FTEs, and a shift of the responsibilities for the Oil Spill Compensation Fund administration responsibilities to DEC.

## BUDGET, DIVISION OF THE

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$29,811,000	\$29,251,000	(\$560,000)	-1.88%
Special Revenue-Other	\$19,290,000	\$19,283,000	(\$7,000)	-0.04%
Internal Service Funds	\$1,650,000	\$1,650,000	\$0	0.00%
<b>Total</b>	<b>\$50,751,000</b>	<b>\$50,184,000</b>	<b>(\$567,000)</b>	<b>-1.12%</b>

*The Division of the Budget (DOB) assists the Governor in the development of the Budget and executes the Budget as adopted by the Legislature. The DOB serves as the Governor's advisor on fiscal matters.*

### Overview of the Executive Budget

The Executive Budget recommends an All Funds appropriation of \$50.2 million, a reduction of \$567,000 from the prior fiscal year. This reduction is associated with \$560,000 decrease in membership dues for the Council of State Governments, National Conference of State Legislators and the National Conference of Insurance Legislators. The remaining decrease is related to the elimination of one FTEs position at a savings of \$7,000 for a total FTE count of 261. The reduction is the result of the transfer of staff to the Human Resource Center at OGS.

## CITY UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$1,419,169,190	\$1,436,080,490	\$16,911,300	1.19%
Special Revenue-Other	\$175,400,000	\$175,400,000	\$0	0%
Capital Projects	\$452,611,000	\$160,908,000	(\$291,703,000)	(64.44%)
Fiduciary Funds	\$2,433,340,900	\$2,504,020,900	\$70,680,000	2.90%
<b>Total</b>	<b>\$4,305,121,090</b>	<b>\$4,101,009,390</b>	<b>(\$204,111,700)</b>	<b>(4.74%)</b>

*The City University of New York (CUNY) has its origins in the Free Academy, established in 1847 under the auspices of the New York City Board of Education, and today is the nation's largest urban public university system. The University's mission is to provide affordable higher education with a focus on the urban community of New York City.*

*The City University of New York (CUNY) is the nation's third largest public university system educating more than 232,000 students in the urban community of New York. The City University of New York has 11 senior colleges, a Graduate School and University Center, a Graduate School of Journalism, a Law School and six community colleges. The City University's operating budget supports an estimated 13,275 full time equivalent positions supported through a combination of State tax dollars and tuition revenues and 336 positions supported through other funds. Community college staffs are not included in these totals as they are not employees of the State.*

### Overview of Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends an All Funds appropriation of \$4.10 billion for the CUNY Senior Colleges, a decrease of \$204.1 million, from SFY 2014-15 levels. General Fund appropriations for the CUNY system increase by \$16.9 million or 1.19% from \$1.41 billion to \$1.43 billion. The Special Revenue-Other category remains at last year's level of \$175.4 million, associated with appropriation authority to disburse self-generated revenue. Fiduciary funding representing aid to CUNY from the City of New York increases by \$70.68 million or 2.9% from SFY 2014-15.

The SFY 2015-16 Executive Budget proposes State Tax Dollar support in the amount of \$536.5 million, an increase of \$9.9 million. Tuition revenue increases by \$60.8 million or 6% over the prior year for a total of \$1.09 billion. In addition, the Executive Budget recommendation proposes a \$12 million proposed performance incentive program. As a part of the program, each college will be required to create and submit a plan for improvements, including but not limited to, increasing educator effectiveness, developing research commercialization opportunities, and increasing student success. 10% of each colleges' state-supported funds will be allocated when the submitted plans are approved by the board of trustees, by December 31, 2015.

The tuition revenue increase of \$60.8 million is associated with the rational tuition policy included as part of the SUNY/CUNY 2020 legislation. Overall, total core operating budget for CUNY is \$1.62 billion.

### **Funding for Opportunity and Financial Aid Programs**

The SFY 2015-16 funding for the Search for Education, Elevation and Knowledge (SEEK) Program is recommended at \$17.8 million, a decrease of \$1.12 million from last year's funding level of \$18.92 million. The SEEK program provides supplemental financial aid, academic support, counseling and mentoring services for students at CUNY's Senior Colleges.

### **Community Colleges**

The Executive recommendation maintains base aid for community colleges at \$2,497 per Full-Time Equivalent (FTEs) student. This will result in an overall community college base aid in the amount of \$206.04 million. The community college base aid allocation maintains funding of \$2 million for performance associated with the New York Job Linkage Program. In addition, 10% of community college base aid is withheld pending the submission of a performance improvement plan.

The recommended SFY 2015-16 Executive Budget includes appropriations for workforce development in the amount of \$1.88 million, \$813,100 for child care centers, a reduction of \$544,000, and \$883,390 for College Discovery, a reduction of \$54,000. Spending for CUNY's community college rental aid would total \$8.94 million, the same amount as last year. The Executive eliminated funding provided by the Legislature in the amount of \$1.7 million for the Accelerated Study in Associated Degree (ASAP) program.

The Executive proposes \$1.00 million for the Community College Community Schools program. This program would award \$500,000 in grants to colleges that use their facilities as hubs to deliver certain services such as child care, and health care to students and their families.

### **Back Office Consolidation Plan**

The Executive includes language within the services and expenses for system administration appropriation which requires the chancellors of SUNY and of CUNY to develop a back office consolidation plan. The plan must lay down expeditious implementation timelines and include the combination of administrative offices including but not limited to, human resources, financial management, and information technology services. It is to be submitted to the SUNY and CUNY Boards of Trustees, and must also be submitted to the Division of Budget Director for approval by November 1, 2015.

### **Capital Plan**

The Executive proposes a capital projects appropriation of \$160.9 million, a decrease of \$291.70 million from SFY 2014-15 levels. The Executive Budget provides \$103 million for critical maintenance projects. This is associated with a disbursement of \$200 million over 5 years rather than a full lump appropriation as in previous years. This decrease is also

due to the removal of legislative additions. The appropriation also includes \$20.9 million to provide for the state's 50% share of projects at CUNY Community Colleges as well as a \$15.98 million for the appropriation CUNY Construction Fund. Additional funds for capital construction associated with the CUNY 2020 proposal will be funded through the Empire State Development Corporation.

The Executive Budget includes a capital appropriation of \$21 million to allow hard dollar capital financing to reimburse the City University of New York Construction Fund (CUCF).



## **Article VII**

### **Close Low-Performing Teacher Programs**

The governor is proposing to require SED to de-register and suspend the operation of any teacher education program that has more than 50% of its graduates failing to pass any state certification exam in a given year in 3 consecutive years unless a written appeal to the commissioner is granted.

### **Campus Safety: Affirmative Consent Policy**

The Governor has proposed to codify a sexual assault prevention and response policy previously adopted by the State University of New York, applying the provisions to all colleges and universities, public and private, in New York State. All 64 SUNY campuses adopted the policy in December 2014. The CUNY system has also adopted a similar policy.

The legislation will include:

- A statewide definition of affirmative consent, an abridged version defines consent as a clear, unambiguous, and voluntary agreement between the participants to engage in specific sexual activity;
- A statewide amnesty policy, to ensure that students reporting incidents of sexual assault or other sexual violence are granted immunity for certain campus policy violations, such as drug and alcohol use;
- A Sexual Violence Victim/Survivor Bill of Rights, which campuses will be required to distribute to all students in order to specifically inform sexual violence victims of their legal rights and how they may access appropriate resources. The Bill of Rights clearly states that students are given the right to know they can report sexual assaults to outside law enforcement, including the State Police; and
- Comprehensive training requirements for administrators, staff, and students, including at new student orientations.

## CIVIL SERVICE, DEPARTMENT OF

Funding Source	Adjusted Appropriations 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$14,033,000	\$14,533,000	\$500,000	3.56%
Special Revenue-Other	\$1,896,000	\$1,896,000	\$0	0%
Internal Service Funds	\$34,445,000	\$34,445,000	\$0	0%
<b>Total</b>	<b>\$50,374,000</b>	<b>\$50,874,000</b>	<b>\$500,000</b>	<b>3.56%</b>

*The Department of Civil Service (DCS) manages the public workforce for State agencies and 100 municipal agencies throughout the State. The Department also administers employee benefits and provides workforce services to State agencies and job seekers, including recruitment, testing into competitive civil service employment, and training.*

The Executive Budget proposal recommends an All Funds appropriation totaling \$50.87 million for SFY 2015-16, an increase of \$.50 million from the SFY 2014-15 level. This increase to State Operations appropriation is associated with 3 new FTEs and non-personal services for a Civil Service reform pilot program. This program would involve up to five pilot agencies and develop strategies to reform the Civil Service System. The pilot program would evaluate recruitment and retainment strategies, succession planning, and skills development. One FTE will transfer to OGS as a part of the ongoing development of the Business Services Center.

### Article VII

**Allows for Reconfiguration of Employees Transferred to the Office of Information Technology Services** This proposal allows the Department of Civil Service to reclassify various FTEs who have been transferred from home agencies to the new Office of Information Technology Services (OITS), which provides IT support from a central hub. This new authority for DCS would allow these titles to be changed from and to competitive, non-competitive, and exempt titles where applicable. The goal is to align titles within the agency to allow for training and promotion lines. The Governor also proposes vesting DCS with the authority to fill temporary exempt titles with OITS for positions relating to data communications, database, and systems programming, which the Executive argues are so specific and technical as to require exempt, non-civil service examination fills.

## CORRECTION, COMMISSION ON

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$2,894,000	\$2,894,000	\$0	0.00%
<b>Total</b>	<b>\$2,894,000</b>	<b>\$2,894,000</b>	<b>\$0</b>	<b>0.00%</b>

*The State Commission on Correction (SCOC) is an Executive Department with correctional and juvenile justice oversight and technical services agency. The Commission advises the Governor on correctional policy; monitors, adjusts, and enhances prison and jail population capacity; oversees new jail facility development; provides staffing services; investigates prisoner mortality; and assists jails in the implementation of new correctional technologies. The Agency's mission is to provide a safe, stable, and humane correctional system while maintaining the accountability of corrections officials. The Commission is comprised of a three member board appointed by the Governor, with one member designated as chairperson.*

*State Commission on Correction continues to regulate and oversee the operation and management of State and local correctional facilities, and secure youth facilities operation by the Office of Children and Family Services. The Commission's main role is to promote a safe, secure and stable correctional system and to provide for the accountability of corrections officials.*

### **Overview of Executive Budget Proposal**

The Executive Budget proposes State Operations funding to remain at \$2.9 million, the same amount as last year. The Executive recommends a workforce of 32 FTEs, representing no change from the Enacted SFY 2014-2015 Budget.

## CORRECTIONS AND COMMUNITY SUPERVISION, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$2,626,779,000	\$2,742,779,000	\$116,000,000	4.42%
Special Revenue-Federal	\$40,500,000	\$40,500,000	\$0	0.00%
Special Revenue-Other	\$32,355,000	\$32,355,000	\$0	0.00%
Capital Projects Fund	\$15,000,000	\$15,000,000	\$0	0.00%
Internal Service Funds	\$75,122,000	\$72,122,000	(\$3,000,000)	-3.99%
Enterprise Funds	\$43,343,000	\$43,343,000	\$0	0.00%
<b>Total</b>	<b>\$2,833,099,000</b>	<b>\$2,946,009,000</b>	<b>\$113,000,000</b>	<b>3.99%</b>

*The Department of Corrections and Community Supervision (DCCS) is responsible for the safe and secure confinement of convicted felons, preparing these individuals for successful reintegration into the community upon release, setting conditions of release, supervising offenders in the community, and assisting parolees toward successful completion of their sentence.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an estimated \$2.95 billion for the Department of Corrections and Community Supervision which includes \$2.72 billion in General Fund monies. This represents an increase of \$102 million or 3.9% in State Operations from the prior year plus an additional \$11 million increase for Aid to Localities. This net increase is attributed to:

- \$75 million increase personal service costs associated with 27<sup>th</sup> pay period;
- \$35.6 million increase from collective bargaining agreements;
- \$24 million increase for non-personal service costs related with the purchase of Hepatitis C drugs;
- \$20 million decrease associated with overtime reduction controls;
- \$9.9 million decrease related to the elimination of supportive services personnel;
- \$1.7 million decrease associated with OMH staff involvement with weekend observation cells;
- \$1 million decrease related with medical parole revision; and
- \$11 million in ATL increases

The Executive Budget recommends a workforce of 28,919 FTEs for the Department, an increase of 98 FTEs associated with the Department's efforts to fill programmatic vacant positions.

## CRIMINAL JUSTICE SERVICES, DIVISION OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$136,772,000	\$121,345,000	(\$15,427,000)	-11.28%
Special Revenue-Other	\$32,343,000	\$32,463,000	\$120,000	0.37%
Special Revenue-Federal	\$25,400,000	\$29,900,000	\$4,500,000	17.72%
<b>Total</b>	<b>\$262,898,000</b>	<b>\$251,691,000</b>	<b>(\$11,207,000)</b>	<b>-4.26%</b>

*The Division of Criminal Justice Services (DCJS) is charged with increasing the effectiveness of the criminal justice system. The Division manages the DNA databank and criminal fingerprint files; maintains computerized criminal history and statistical data for Federal, State and local law enforcement agencies; provides training and management services to municipal police and peace officers; and distributes local aid to various components of the criminal justice system including prosecution, defense services, and local law enforcement.*

### Overview of the Executive Budget Proposal

The Executive Budget recommends a \$251.7 million in an All Funds appropriation which represents a decrease of \$11.2 million from the 2014-15 Budget. This net decrease is associated with :

- A reduction of \$15.2 million in Aid to Localities funding related with legislative adds;
- A net increase of \$240,000 from several funds including the medical marihuana trust fund;
- A reduction of \$65,000 related with the end of the Juvenile Accountability incentive Block Grant;
- An increase of \$4.5 million in the federal funds associated with miscellaneous discretionary funds and the Violence Against Women Account; and
- An increase of \$250,000 for State Operations related to the Violence Against Women Account.

The Executive Budget recommends a workforce of 436 FTEs for the Division. This represents an increase of 9 FTEs from SFY 2014-15.

It should be noted that the Executive has appropriated \$200,000 to seed the Medical Marihuana Trust Fund. The Medical Marihuana Trust Fund was established in Section 89-h of the State Finance Law. This provides funding from the proceeds of the excise tax. Five percent of the moneys collected are directed to the Division of Criminal Justice Services. These funds would be used for a discretionary grants program for state and local law enforcement agencies that demonstrate a need relating to the medical use of marihuana.

<b>General Fund Local Assistance Funding Funding and Program Assistance</b>			
<b>Aid to Localities Funding</b>	<b>SFY 2014-15 Enacted Budget</b>	<b>SFY 2015-16 Executive Recommendation</b>	<b>\$ Change</b>
NYS Defenders Association	\$1,089,000	\$1,089,000	0
Add'l NYS Defenders Association	\$1,000,000	0	(\$1,000,000)
New York State Prosecutors Training Institute	\$2,304,000	\$2,304,000	0
Aid to Defense	\$5,507,000	\$5,507,000	0
Aid to Prosecution	\$10,680,000	\$10,680,000	0
Special Narcotics Prosecutor	\$825,000	\$825,000	0
District Attorney Salary Reimbursement	\$4,212,000	\$4,212,000	0
Aid to Crime Labs	\$6,635,000	\$6,635,000	0
Soft Body Armor	\$513,000	\$513,000	0
Westchester County Policing Program	\$1,984,000	\$1,984,000	0
Witness Protection	\$304,000	\$304,000	0
Operation IMPACT/GIVE	\$15,219,000	\$15,219,000	0
Drug Diversion	\$618,000	0	(\$618,000)
Re-Entry Task Forces	\$3,063,000	\$3,063,000	0
Probation Aid Block Grant	\$44,876,000	\$44,876,000	0
ATI [200% of Poverty (TANF)]	\$2,622,000	\$2,622,000	0
ATI Consolidated Appropriation ATI and Employment: continuation of existing contracts	\$11,994,000	\$11,994,000	0
ATI (NYC and Counties) Probation Classification and ATI	\$5,518,000	\$5,518,000	\$0
Substance Abuse Treatment Programs	\$1,914,000	0	(\$1,914,000)
Additional ATI (NFP's)	\$266,307	0	(\$266,307)
Probation Violation Centers	\$1,000,000	\$1,000,000	0
Legislative Additions	\$12,542,000	0	(\$12,542,000)
SNUG: Bronx, Queens, Rockland, and Onondaga	\$1,000,000	\$1,000,000	0
SNUG	\$2,000,000	\$2,000,000	0
Law Enforcement Initiatives: Executive	\$1,000,000	0	(\$1,000,000)
<b>Total</b>	<b>\$136,772,000</b>	<b>\$121,345,000</b>	<b>(\$15,427,000)</b>

Legal Services Assistance Account Fund Appropriations- Special Revenue	SFY 2014-2015 Enacted Appropriations	SFY 2015-16 Executive Recommendations	\$ Change
Aid to Prosecution	\$2,592,000	\$2,592,000	0
Aid to Defense	\$2,592,000	\$2,592,000	0
Attorney Loan Forgiveness	\$2,430,000	\$2,430,000	0
Prisoner Legal Services: Statewide Indigent Legal Services - Reentering Communities from State Facilities	\$1,000,000	\$1,000,000	0
<b>Legislative Line-outs and Lump Sums</b>	\$5,580,000	\$5,580,000	(\$80,000)
<b>Total</b>	<b>\$14,194,000</b>	<b>\$14,114,000</b>	<b>(\$80,000)</b>

Edward Byrne Justice Assistance Grant (JAG) Program			
Special Revenue-Federal Aid to Localities	SFY 2014-2015 Enacted Appropriations	SFY 2015-16 Executive Recommendation	\$ Change
Juvenile Justice Delinquency Prevention Formula Account (JJDP)	\$2,050,000	\$2,050,000	\$0
Juvenile Justice Delinquency Prevention Formula Account (Title V)	\$100,000	\$100,000	\$0
Juvenile Accountability Block Grant Account (JAIBG)	\$1,750,000	0	(\$1,750,000)
Violence Against Women Account	\$6,000,000	\$6,500,000	\$500,000
Edward Byrne Memorial Grant/JAG	\$5,000,000	6,000,000	\$1,000,000
Senate/Assembly Edward Byrne Memorial Grant/JAG	\$1,000,000	0	(\$1,000,000)
Miscellaneous Discretionary	\$7,250,000	\$13,000,000	\$5,750,000
Crime Identification Technology Account	\$2,250,000	\$2,250,000	\$0
<b>Total Federal Aid to Localities:</b>	<b>\$25,400,000</b>	<b>\$29,900,000</b>	<b>\$4,500,000</b>

## DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Federal	\$4,750,000	\$4,750,000	\$0	0
Internal Service Funds	\$10,000	\$10,000	\$0	0
<b>Total</b>	<b>\$4,760,000</b>	<b>\$4,760,000</b>	<b>\$0</b>	<b>0</b>

*The New York State Developmental Disabilities Planning Council is fully funded under the Federal Developmental Disabilities Assistance and Bill of Rights Act. The Act, originally signed into law in 1975, authorizes the Council to prepare, implement and monitor a plan for improving the quality of life for people with developmental disabilities.*

### Overview of the Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$4.76 million in All Funds support which is consistent with funding levels included as part of the SFY 2014-15 Enacted Budget. This level of funding would provide sufficient resources to support 18 FTEs in performing the duties and functions of the Council.



## ECONOMIC DEVELOPMENT, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$ 70,150,330	\$68,612,330	(\$1,538,000)	(2.19%)
Special Revenue-Federal	\$8,000,000	\$8,000,000	\$0	0.00%
Special Revenue-Other	\$ 3,458,000	\$ 3,458,000	\$0	0.00%
<b>Total</b>	<b>\$81,608,330</b>	<b>\$80,070,330</b>	<b>(\$1,538,000)</b>	<b>(1.88%)</b>

*The Department of Economic Development (DED) works closely with the Urban Development Corporation (UDC), also known as the Empire State Development (ESD), to provide advice to the Executive regarding economic development policy. The Department also aids the development of the State's economic development strategies. Working with ESD, the Department provides technical and financial assistance to businesses through its network of regional offices located throughout the State – helping to coordinate the efforts of other State agencies, authorities, organizations and local governments in developing and implementing economic development projects. DED is also responsible for administering the State's tourism and marketing programs, including the I ♥ NY Program, as well as aiding with Empire Zones program management.*

### **Overview of the Executive Budget Proposal**

The Executive proposes \$80.07 million for the Department of Economic Development in SFY 2015-16. This is a decrease of \$1.54 million or 1.9% decrease from the SFY 2014-15 budget. The reduction primarily reflects decreased spending resulting from the non-recurrence of one-time SFY 2014-15 legislative adds; offset by an increase in operational support for Minority and Women-Owned Business Enterprises (MWBE) activities.

The Executive Budget recommends a workforce of 159 FTEs for the DED, which is a net increase of 7 FTEs from SFY 2013-14 levels. This increase is due to additional staffing for MWBE initiatives, offset by the transfer of one FTEs to the Business Services Center. Major budget actions include:

### **Increase the State Goal from 20% to 30% MWBE State Contracting Utilization**

The Executive Budget includes \$750,000 in new funding to support eight new FTEs and other operating costs to meet the Governor's goal of expanding MWBE participation in State contracting to 30%.

### **Centers of Excellence Program**

The Executive Budget includes \$8.72 million in new Aid to Localities funding to continue support for the expanded Centers of Excellence Program, the same level of funding as last year. Ten projects will receive \$872,333, same level as last year:

- Buffalo Center of Excellence in Bioinformatics and Life Sciences
- Greater Rochester Center of Excellence in Photonics and Microsystems
- Syracuse Center of Excellence in Environmental and Energy Systems
- Albany Center of Excellence in Nanoelectronics
- Stony Brook Center of Excellence in Wireless and Information Technology
- Binghamton Center of Excellence in Small Scale Systems Integration and Packaging
- Stony Brook Center of Excellence in Advanced Energy Research
- Buffalo Center of Excellence in Materials Informatics
- Rochester Center of Excellence in Sustainable Manufacturing
- Rochester Center of Excellence in Data Science

### **New York State Innovation Hot Spots and New York State Incubators Program**

The Executive Budget includes \$5 million in new Aid to Localities funding to support expenses of the Innovation Hot Spots and Incubators Program, an increase of \$1.25 million from SFY 2014-15. Designated Hot Spots and Incubators will serve as high technology innovation incubators providing growth support funding for start-up companies.

### **Market New York Program**

The Executive Budget includes \$5 million in new Aid to Localities funding to support an advertising competition for the best regional marketing plans, the same level of funding as last year.

### **"I ♥ NY" Program**

A \$2.5 million State Operations appropriation is recommended for "I ♥ NY" tourism advertising, the same level of funding as last year.

### **Tourism Matching Grants**

\$3.8 million in Aid to Localities funding is provided to assist local tourism promotion agencies, the same level of funding as last year.

### **International Trade**

A \$700,000 State Operations appropriation is recommended for international trade activities and offices, the same level of funding as last year.

### **Article VII**

Extend the authorization for the MWBE statutes and the due date of the Disparity Study. This bill would extend for one year the authorization of Article 15-A of the Executive Law and the due date of the MWBE Disparity Study. In order to complete a legally defensible study, this bill would extend the due date of the Disparity Study by one year. In connection with the extension of the due date of the Disparity Study, this

bill would also extend the sunset for the authorization of Article 15-A of the Executive Law by one year. This bill also includes \$3 million in reappropriations to support the MWBE Disparity Study. This bill would take effect immediately. An award was made to Mason Tillman Associates, Ltd. on January 16, 2015 to conduct the study. The study is beginning now and will take 18-24 months to complete. The previous study took 24 months to complete. The vendor for the 2010 MWBE Disparity Study was NERA Economic Consulting.

## EDUCATION DEPARTMENT

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$41,455,508,850	\$42,077,470,850	\$621,962,000	1.50%
Special Revenue-Federal	\$4,701,734,000	\$4,735,044,000	\$33,310,000	0.71%
Special Revenue-Other	\$10,802,762,000	\$9,773,067,000	-\$1,029,695,000	-9.53%
Internal Service Funds	\$33,663,000	\$33,663,000	\$0	0.00%
Capital Projects	\$4,022,400,000	\$17,400,000	-\$4,005,000,000	-99.57%
<b>Total</b>	<b>\$61,016,067,850</b>	<b>\$56,636,644,850</b>	<b>\$4,379,423,000</b>	<b>-7.18%</b>

*The State Education Department (SED) is the administrative agency of the Board of Regents. The Department oversees public elementary and secondary education programs throughout New York. The mission of the Department is to raise the knowledge, skill, and opportunity of all the people in New York.*

### Overview of the Executive Budget Proposal

The SFY 2014-2015 Executive Budget recommends an All Funds appropriation in the amount of \$56.63 billion; a decrease of \$4.37 billion or 7.18% from SFY 2014-2015. This decrease is associated with the elimination of two appropriations in the amount of \$2 billion each for the Smart Schools Bond Act. Although the Smart Schools Bond Act is only limited to the amount of \$2 billion, Bond Acts require two appropriations: one for the bond and another for the actual program appropriation. These funds are now included in reappropriations.

The State Education Department (SED) workforce will increase by 20 FTEs positions in SFY 2015-16. The increase is associated with employees who oversee the licensing of professions for the Office of Higher Education and the Professions. The overall SED workforce for SFY 2015-16 is 2,672 FTEs.

State Operations-General Fund resources for the State Education Department remained at 8% of the Total State Operations funding. Aid to Localities comprises the largest share of the All Funds spending, with \$55.49 billion, a net increase of \$834.60 million from the prior year. The Capital Projects Budget legislation includes two different appropriations for the Smart Schools program, each in the amount of \$2 billion: one in the capital projects fund in which the State spending will occur in the first instance, and the other in the bond fund that will then reimburse the capital projects fund using the proceeds of the bonds sold to finance the Smart Schools program. However, the actual cost of the Smart Schools programs is \$2 billion.

## **School Aid**

The Executive proposes a \$1.1 billion or 4.8% increase in State Aid from \$22.07 billion in School Year 2014-15 to \$23.14 billion in 2015-2016. This increase includes \$377 million for current law funding and a \$687 million increase in State Aid contingent on the implementation of the Governor's education reforms. In order for a school district to receive State funding, the Director of the Budget must notify the Commissioner of Education by March 31<sup>st</sup> of 2015 that the Legislature has enacted identical proposals to those proposed by the Governor. Then, School Districts will have until September 1<sup>st</sup> of the current year to provide to the Commissioner of Education documentation which certifies that such reforms have been implemented at the district level. The Executive has not and will not release a school aid run as part of this proposal unless his reforms are enacted by the Legislature.

Education Law §1608 establishes the guidelines and due dates for different stages in the development of a school district budget vote process. According to the State Education Department school budget deadlines for 2015 are as follows:

## **Universal Prekindergarten**

The Executive Budget recommendation for SFY 2015-16 continues to fund the second year of a \$1.5 billion five-year plan to implement a statewide full-day universal prekindergarten (UPK) program. The second year of funding in the amount of \$340 million would reimburse school districts for incurred costs with a similar amount available in 2016-17. Funding for the second year allocated \$300 million for NYC and \$40 million for the Rest of the State.

## **New Initiatives**

The Executive Budget recommendation includes a new round of competitive programs in the amount of \$50 million. Funds are distributed as follows:

- \$25 million for a 3 year-old Universal Prekindergarten program;
- \$8 million for the development of a turnaround model for failing schools based on the Massachusetts education receivership model;
- \$5 million for a Master Teacher Program;
- \$3 million for a Teacher Residency Program;
- \$3 million for a P-Tech expansion;
- \$3 million for a teacher loan forgiveness program; and
- \$3 million for a QUALITY-starsNY program.

The Executive Budget proposal maintains funding for 2015-16 at 2014-15 levels for the following programs:

- \$96 million for Employment Preparation Education (EPE) Aid
- \$25 million for Teachers of Tomorrow;
- \$13.50 million for Bilingual Education Grants;
- \$3.29 million for Learning Technology Grants;
- \$2 million for Teacher-Mentor Intern;
- \$1.38 million for Math and Science High Schools; and
- \$400,000 for Bus Driver Safety.

The Executive Budget proposal reduces funding in 2015-16 for the following programs:

- \$1.5 million for the Consortium for Worker Education, for total funding of \$11.5 million;
- \$1.2 million for School Health Services, for total funding of \$13.84 million;
- \$14.2 million in funding for the Teacher Centers Program;
- \$5.3 million for supplemental valuation grants; and
- \$1.5 million for a New York City Community Learning Schools

### **Charter Schools**

The Executive Budget recommendation includes \$28.2 million to reimburse school districts for Charter School Basic Tuition. The Executive proposes to increase the Supplemental Charter School Basic tuition from the current \$350, to \$425 per pupil in 2015-16 and \$500 per pupil to \$575 per pupil in 2016-17.

### **Other State Aid Programs:**

#### **Non-Public School Aid**

The Executive proposes \$166.4 million in SFY 2015-16, a \$7.62 million or 4.8% increase from SFY 2014-15. This funding will continue to support nonpublic school compliance with State mandates and continued with a multi-year agreement to pay for prior year outstanding claims.

- \$922,000 for Academic Intervention for Nonpublic Schools;
- Nonpublic Safety Equipment: The Executive maintains appropriation authority of \$4.5 million for this program.

The Executive Budget proposal provides funding for the following programs:

- \$24.34 million for Extended School Day/School Violence Prevention;
- \$3.05 million for the Summer Food Program;
- \$1.3 million for Targeted Prekindergarten;
- \$740,000 for the Center for Autism and Related Disabilities at SUNY Albany, a decrease of \$500,000;
- \$691,000 for the Health Education Program; and
- \$466,000 for the New York State Center for School Safety

### **Special Education**

- **Preschool Special Education:** The Executive recommendation includes a proposal to establish regional rates for preschool special education. This proposal would provide \$20 million in savings every year for the next four years. The Executive provides overall funding in the amount \$1.02 billion.
- **Targeted Special Education Teacher Salary Supplement:** Funding in the amount of \$4 million is provided in 2014-15 for this program. Funds are allocated from the federal Individuals with Disabilities Education Act (IDEA) to allow private special education providers to target salary adjustments for retention and recruitment, and to prevent excessive teacher turnover.

## Office of Higher Education and the Professions

The SFY 2014-15 Executive Budget proposes an Aid to Localities appropriation of \$103 million, an increase of \$1.4 million, or 1.4% from SFY 2014-15 levels. Increases in funding are associated with Executive Budget recommendation to allow undocumented immigrant students to receive State funded tuition assistance. The proposed funding levels for the various programs are as follows:

Programs	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
Liberty Partnership Program	\$13,306,260	\$13,755,860	\$449,600	3.38%
Bundy Aid	\$35,129,000	\$35,129,000	\$0	0.00%
HEOP	\$25,745,040	\$26,614,920	\$869,880	3.38%
STEP	\$11,458,030	\$11,845,180	\$387,150	3.38%
CSTEP	\$8,682,520	\$8,975,890	\$293,370	3.38%
Teacher Opportunity Corps	\$450,000	\$450,000	\$0	0.00%
High Needs Nursing	\$941,000	\$941,000	\$0	0.00%
National Board for Professional Teaching Standards	\$368,000	\$368,000	\$0	0.00%
Native American Post Second.	\$598,000	\$0	-\$598,000	-100.00%
<b>Total</b>	<b>\$96,677,850</b>	<b>\$98,079,850</b>	<b>\$1,402,000</b>	<b>1.45%</b>

### Cultural Education Program

- The Executive Budget recommends \$86.62 million in funding for Library Aid, the same level of funding provided in the SFY 2014-15 Enacted Budget;
- \$14 million for local library construction;
- \$1.30 million for reimbursement of the Metropolitan Commuter Transportation Mobility Tax; and
- \$14 million in funding for Public Television and Radio Aid, same amount of aid as last year.

### Adult Career and Continuing Education Services Program

The Executive Budget proposal maintains funding in SFY 2015-16 at SFY 2014-15 levels for the following programs:

- College Readers at \$294,000;
- Case Services at \$54 million;
- Independent Living Centers at of \$12.36 million;
- Time Limited and Long Term Support Services at \$15.16 million; and
- Literacy and Basic Education for public assistance recipients at \$1.84 million.

## **Article VII**

### **Master Teacher Program**

This \$5 million program would extend eligibility to those teachers who hold a certificate or other qualifications necessary to teach English Language Learners, and those teachers who are dual certified in Special and General Education. Stipends are in the amount of \$15,000 per year over four years to high-performing teachers, administered by SUNY.

### **New York Teacher Residency (NYTR)**

The \$1.5 million program would be a statewide teacher residency model that will integrate graduate teacher education programs with rich practical classroom experience. The NYTR will weave together Masters coursework with a full year of supervised residency in an eligible school similar to doctors in training.

### **School District Mandate Relief**

The bill would create a new waiver process that would allow school districts, BOCES and approved private special education programs to petition the State Education Department for flexibility in meeting certain special education requirements.

### **Initial and Continuing Licensure Process**

Starting in SY 2015-16, teachers shall be required by SED to recertify their license every five years. This would strengthen ongoing certification requirements by reducing the number of hours required for the holder of a professional teaching certificate from 175 to 100, and require SED to create standardized continuing teacher education programs.

### **Teacher and Principal Tenure**

Starting July 1, 2015, teachers and principals would only be granted tenure when they achieve five consecutive years of Effective or Highly Effective ratings. By majority vote, the board of education may appoint tenure to any or all of the persons recommended by the superintendent of schools. If no affirmative action is taken by the board of education to terminate the teacher or principal, they shall remain in probationary status for one additional year to achieve the five-year requirement.

### **Takeover and Restructuring Failing Schools and School Districts**

A school district will be deemed eligible for a failing school district designation when they score in the lowest 2.5% of school districts statewide. Schools would need to be in the lowest achieving 5% of public schools in the state for at least three years. The metrics for making such determination shall be based on regulations to be prescribed by the commissioner of education. Such metrics may include performance on state assessments, graduation rates, and drop-out rates. A district review team will be appointed by the commissioner to assess and report on the reasons for chronic underperformance and the prospects for improvement. Upon review of the findings of the district review team, the commissioner may declare such district as failing and a receiver shall be appointed with the following powers, including all the powers vested in the superintendent, the board of education, and shall have the authority to supersede any decision by them and the power to review and modify proposed budgets. Schools



are designated as failing by SED and a receiver is appointed thereafter. The receiver, who can be a non-profit entity, another school district, or an independent individual, is tasked with creating a district turnaround or school intervention plan after consultation with a wide variety of local stakeholders. The receiver would then create community schools within the district to expand health, mental health, and other services to the community; expand, alter, or replace the curriculum; replace unqualified teachers and administrators; limit, suspend or change provisions of any contract or collective bargaining agreement in the district; fire all staff and faculty who are not tenured at failing schools within the district and require them to reapply for their jobs. In addition, the receiver has the discretion to convert district schools to charter schools.

### **Teacher Evaluation Update**

The governor proposes to set the scoring bands for both the student growth measure and the observation portion of the score at the state level. The law will also state that if a teacher is rated Ineffective in either portion of the score, he or she cannot receive a rating of Effective or Highly Effective. Instead of two student growth measures, the local measure will be eliminated. In the new system, 50% of the score will be based on state tests, or, in the case of teachers in non-tested grades or subjects, a student growth measure that measures one year of academic growth. The remaining 50% of the score will be determined by rigorous observations of the educator in action; of this, 35 points will be determined by independent observations and 15 points will be determined by supervisor observations. The scoring bands currently used in the tallying of summative ratings vary across the State. Districts set their own cut offs and the 100 point scale encourages backing into a result.

### **Teacher Tenured Hearings: Discipline and Termination 3020-a Hearings**

The intent of this update is to streamline the hearing process, shift the presumptions, and strengthen evidentiary standards, including:

- In the case of a teacher accused of physical or sexual abuse of a child, there will be an expedited hearing with a decision rendered within 60 days. The teacher alleged to have engaged in abuse will be suspended without pay, pending the outcome of the hearing, and will receive retroactive pay if the hearing officer finds in his or her favor. In addition, a teacher convicted of a violent felony against a child will automatically have his or her teaching certificate revoked.
- On or after April 1, 2015, teachers and principals brought to a disciplinary hearing a 3020-a hearing will be conducted before a single hearing officer and that such a pattern of ineffective teaching or performance by a principal is prima facie evidence of incompetence and just ground for removal. Such a presumption can only be rebutted by clear and convincing evidence that calculation of their ineffective rating for APPR purposes was fraudulent. All witnesses must now be made known by both parties.
- The current legal requirement that administrators must attempt to “rehabilitate” teachers who are incompetent or engage in misconduct is eliminated.
- The update provides for a removal of the requirement that children must testify in person and will allow them to testify via sworn written or video statements.
- The update provides for a clarification to existing law that a non-tenured teacher may be dismissed at any time for any reason. The update proposes new

legislation that prevents a student from being assigned two ineffective teachers in consecutive school years.

### **Charter Schools**

Students who receive free or reduced price lunch (FRPL), those who attend schools designated as failing, and those children of charter school employees would receive preference in the charter school lottery. Another 100 slots to the charter cap and the regional limit would be removed. Now both SED and SUNY could authorize charters without a cap. The governor is also proposing “anti-creaming” legislation that requires charters to submit enrollment rates to SED for FRPL students, English Language Learners and students with disabilities multiple times per year during the five-year period in between reauthorizations so the State can better track both enrollment and retention of these students. In addition, they would need to submit end-of-year enrollment data by August 1, then bi-monthly data for the current year. And authorizers must consider any pattern of noncompliance with enrollment targets when making renewal decisions.

### **New York City Mayoral Control**

Extend mayoral control in New York City for three years and consider the possibility in other cities.

### **The Education Tax Credit (ETC)**

The Education Tax Credit program would make available \$100 million in credits annually. Both businesses and individuals would be eligible to participate in the tax credit program. Taxpayers would receive a tax credit of 75% of their authorized donation. The maximum annual credit for an individual taxpayer or business would be \$1.00 million. The bill directs the State Education Department (SED) and the Department of Taxation and Finance (DTF) to oversee and monitor various aspects of the program. SED would certify and monitor organizations eligible to receive donations through this program. DTF will administer and manage credits provided within the program cap. ESO and other eligible organizations receiving contributions must disburse at least 90% of contributions received each year. The maximum permitted credits for qualified contributions shall be allocated 50% to public education entities, school improvement organizations, and local education funds and 50% to ESO.

Under the ETC program, contributions may be made to approved Educational Scholarship Organizations (ESO) that will, in turn, award scholarships for eligible students choosing to attend non-public schools, or public schools outside of their districts of residence. Scholarship eligibility is based on family income. Students residing in a household of up to two dependent children and a federal Adjusted Gross Income (AGI) of \$250,000 or less would qualify. This threshold will increase by \$10,000 for each additional dependent child, up to a maximum allowable AGI of \$300,000. Further, the bill requires ESO to award at least half of the scholarships to students whose family income does not exceed 150% of the income qualifications required for reduced price school lunches under the National School Lunch Act. There is no maximum scholarship award for a student.

## ELECTIONS, STATE BOARD OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$8,140,000	\$8,140,000	\$0	0.00%
Special Revenue-Other	\$33,000,000	\$3,000,000	(\$30,000,000)	-90.91%
<b>Total</b>	<b>\$41,140,000</b>	<b>\$11,140,000</b>	<b>(\$30,000,000)</b>	<b>-66.88%</b>

*The New York State Board of Elections (SBE) executes and enforces all laws relating to the elective franchise and oversees the disclosure of campaign financing and practices.*

### Overview of the Executive Budget Proposal

The Executive Budget proposal for SFY 2015-16 provides an All Funds appropriation of \$11.1 million, a decrease of \$30 million from SFY 2014-15. This reduction is associated with a \$30 million appropriation of funds allocated for a Comptroller Election Campaign Finance Program. The \$11.1 million appropriation includes funding for 80 FTEs, and \$3 million for the testing of voting machines. This money will be used to pay for independent testing of new software upgrades made to the State's various voting systems to ensure the upgrades conform to State and Federal standards, funding in the amount of \$4.26 million is provide for the new Office of Election Enforcement housed within the State Board of Elections

### Article VII

#### Campaign Finance Proposal

Part E of the Public Protection Article VII bill contains the Governor's campaign finance proposals as well as language to enact a system of public financing of elections. Specifically, the Executive recommendation proposes a public financing system modeled after New York City's, where contributions of up to \$175 are matched \$6 to \$1. There is no corresponding appropriation for this proposal since it would not take effect until 2018. It should be noted these proposals are very similar to the Governor's proposal in the SFY 2014-15 Executive Budget. The Division of the Budget estimates the cost to publically finance a four year election cycle of primary and general elections to be \$166 million, or \$41.5 million per year. Additional costs to administer the program and develop technology solutions are estimated to average \$14.3 million over the four year election cycle. In addition, \$3 million in start up costs are estimated. Costs would peak in SFY 2018-19, related to the statewide election in 2018.

#### Repeals Certain Printing and Publication Requirements in Election Law

Part F of the Public Protection Article VII bill is a proposal to repeal the printing and publication requirements for certain information currently required by various provisions within the Election law in favor of publishing said information on the web for no less than three days. Estimated savings from this proposal would be \$350,000 statewide.

## EMPLOYEE RELATIONS, OFFICE OF

Funding Source	Adjusted Appropriations 2014-2015	Executive Recommendation 2015-2016	Change	% Change
General Fund	\$2,863,000	\$2,863,000	\$0	0%
Internal Services Funds	\$1,947,000	\$1,947,000	\$0	0%
<b>Total</b>	<b>\$4,810,000</b>	<b>\$4,810,000</b>	<b>\$0</b>	<b>0%</b>

*The Office of Employee Relations (OER) represents the Executive in collective bargaining negotiations with the states union-represented employees and is responsible for implementing and negotiating those agreements. OER also undertakes initiatives to improve workforce productivity, skills training, and any general workforce policy changes.*

### Overview of Executive Budget Proposal

The Executive Budget for SFY 2015-16 provides the same amount of funding as in last year's Enacted Budget.

### Article VII

#### Provides Salary Increases to Managerial/Confidential Employees

The Governor proposes a four-year plan to increase the salaries of Managerial/Confidential Employees (i.e. employees exempt from collective bargaining). This salary increase is in addition to a previously enacted 2% raise in April 2015, and will take effect over the next four years as follows: July 1, 2015: 2%, April 1, 2016: 2%, April 1, 2017: 2%, and April 1, 2018: 1%

Cumulatively, the Executive calculates the total raise as a 7.18% raise over 4 years excluding the April 2015 raise, or a 9.33% raise including the April 2015 raise. Taken together, these increases are intended to provide parity for 3% and 4% raises received by union titles in 2009 and 2010 but withheld from M/C titles. The failure to provide the 2009-2010 M/C raises has led to various efforts over the past three years to impose an M/C pay commission to provide similar raises. Because these raises are substitutes for the withheld raises, this proposal would also prohibit employees who received raises while working at union titles from receiving raises in their current M/C title (for any such employee who went from a union to a non-union title from 2009-2010 to 2015).

## ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Other	\$16,230,000	\$0	(\$16,230,000)	(100%)
Capital Projects	\$12,100,000	\$12,500,000	\$400,000	3.31%
<b>Total</b>	<b>\$28,330,000</b>	<b>\$12,500,000</b>	<b>(\$15,830,000)</b>	<b>(55.88%)</b>

*The New York State Energy Research and Development Authority (NYSERDA), established in 1975, develops and implements energy programs to increase the use of renewable energy, improve energy conservation, manage energy resources and harness research and development to solve energy and environmental problems, as well as create economic opportunity. NYSERDA is a Public Benefit Corporation, governed by a 13-member board, all appointed by the Governor including four ex-officio members: the commissioners of the departments of Transportation and Environmental Conservation, and the chairs of the Public Service Commission and the Power Authority of the State of New York.*

### Overview of the Executive Budget Proposal

The Executive Budget recommends \$12.5 million for NYSERDA in SFY 2015-16. This is a decrease of \$15.83 million or 55.9% from SFY 2014-15. This decrease is due to the elimination of \$16.23 million in appropriations from Special Revenue—Other. However, through Article VII legislation, NYSERDA will continue to receive revenue from a special assessment on gas and electric corporations for expenditures related to the energy research, development and demonstration program, local grants, the energy policy and planning program, and the Fuel NY program. As per the legislation, this revenue, not to exceed \$19.7 million, will be remitted directly to the Authority and will not be appropriated through the State budget.

The Executive Budget provides for the continued support of the Department of Environmental Conservation's climate change office and the University of Rochester's Laboratory for Laser Energetics. The 2015-16 Executive Budget recommends \$12.5 million in Capital appropriations 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

#### **Authorizes the Comptroller to Deposit to the General Fund to \$913,000 from the NYSERDA**

This bill would authorize and direct the Comptroller to receive for deposit to the credit of the General Fund a payment of up to \$913,000 from NYSERDA from unrestricted corporate funds. The \$913,000 transfer would help offset New York State's debt service requirements related to the Western New York Nuclear Service Center (West Valley).

Chapter 57 of the Laws of 2014 provided a similar one year authorization. This bill would take effect immediately.

### **Authorizes NYSERDA to Obtain Revenue for Certain Programs From Assessment**

The bill would authorize NYSERDA to finance its research, development and demonstration program, policy and planning program, and Fuel NY program (reserve fuel and backup generators to prepare for emergencies and severe weather events) and to finance the DEC climate change program, from a special assessment on gas corporations and electric corporations. This special assessment is in addition to the assessment under Section 18-a of the Public Service Law which the Department of Public Service is authorized to assess gas and electric corporations for expenses related to administering Public Service Law programs. A similar bill has been proposed annually as an Article VII provision, and was last enacted as Part K of Chapter 57 of the Laws of 2014. This bill would authorize collection of an amount not to exceed \$19.7 million in assessments to fund NYSERDA's research, development and demonstration, and policy and planning programs, and DEC's climate change program. This bill would take effect immediately.

### **Regional Greenhouse Gas Initiative Funds Transfer**

Section 20 of this bill would authorize the transfer of up to \$36 million from the Regional Greenhouse Gas Initiative (RGGI) proceeds to offset a State Financial Plan impact for the continuation of several green energy tax credits to bolster Environmental Protection Fund (EDF) programs that contribute to carbon reduction.

### **Establish a New York Clean Energy Fund**

The Governor proposes a \$5 billion "Clean Energy Fund" to be spent over ten years to support NYSERDA's clean energy programs, focusing its resources on enabling markets to accelerate New York's transition to a clean economy. The Clean Energy Fund will fund, among other initiatives, the full capitalization of NY-Sun and NY Green Bank. The Clean Energy Fund will deliver strategies to reduce greenhouse gas emissions, increase the deployment of energy efficiency and renewables, increase private investment, and provide more value to customers. This proposal was first announced in September 2014 and is not in the 2015-14 Executive Budget. This proposal requires the approval of the NYS Public Service Commission.

### **Establish 76West**

NYSERDA will launch 76West, the first-of-its-kind \$20 million clean energy business competition to bring new jobs to the Southern Tier. As part of the competition, entrepreneurs and companies will be challenged to present their ideas and compete for funding, technical assistance, and other services to help turn their proposals into real opportunities.

### **Zero Emissions Vehicle Pilot Program**

DEC, in collaboration with NYSERDA and NYPA, will initiate a pilot program in 2016 to ensure that at least 50 percent of new, administrative use vehicles will be zero emission vehicles, including battery electric, plug-in electric, or hydrogen fuel cell vehicles.

## ENVIRONMENTAL CONSERVATION, DEPARTMENT OF

Fund Type	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$121,532,200	115,058,000	\$6,474,200	-5.33%
Special Revenue Funds - Federal	79,198,000	81,198,000	\$2,000,000	2.53%
Special Revenue Funds - Other	265,826,800	274,717,000	\$8,890,200	3.34%
Internal Service Funds	\$95,000	\$95,000	\$0	0.00%
Capital Projects	\$451,400,000	\$566,900,000	\$115,500,000	25.59%
<b>Total</b>	<b>\$918,052,000</b>	<b>\$1,037,968,000</b>	<b>\$119,916,000</b>	<b>13.06%</b>

*The Department of Environmental Conservation (DEC) is responsible for conserving, improving, and protecting the State's natural resources and environment. The Department supports programs that work to control land, water, and air pollution to enhance the health, safety and welfare of New York State residents. The Department is also responsible for the administration of the environmental programs funded from the Clean Water/Clean Air Bond Act of 1996 as well as the Environmental Protection Fund (EPF), the State's dedicated environmental fund.*

### Overview of Executive Budget Proposal

The Executive Budget recommends total appropriations of \$1.0 billion for the DEC, an increase of \$120 million from the SFY 2014-15 Enacted Budget. The increase primarily reflects an additional \$10 million for the Environmental Protection Fund and the inclusion of \$100 million for the continuation of the State Superfund program.

The Executive Budget recommends a workforce level of 2,946 FTEs for the DEC in SFY 2015-16, an increase of 36 FTEs. This increase reflects 18 new FTEs for habitat and conservation projects associated with an Article VII proposal to restructure the Fish and Game Trust Fund and 8 new FTEs associated with expanded DEC oil spill preparedness and response activities.

### Aid to Localities

The Executive Budget recommends \$1.2 million in local assistance funding, a decrease of \$9 million from the SFY 2014-15 Enacted Budget. This reduction is due to the full expenditure of prior year legislative initiatives such as \$5 million for upgrades to a Suffolk County sewage treatment facility and the transfer of Environmental Justice Grant to the Environmental Protections Funds.

## **Capital Funds**

The Executive provides a capital appropriation of \$100 million for the one-year support of the State Superfund Program with a portion of this appropriation dedicated to the Environmental Restoration Program, which provides grants for municipal Brownfield cleanups. The Executive recommended the same appropriation in the SFY 2014-15 proposal but it was omitted in the Enacted Budget. In prior years the State Superfund Program was financed by a 10-year, \$1.2 billion bonding authority that was fully appropriated, concluding in SFY 2012-13. The program has been financed through reappropriations since this time.

The Executive Budget recommends a \$40 million capital appropriation for the DEC under the New York Works statewide capital infrastructure program. The DEC funding will be used for air monitoring infrastructure investments; remediating legacy environmental contamination; investing in needed information technology; and performing repairs and maintenance required to ensure the safety and viability of state infrastructure, including dams, state lands and fish hatcheries.



## Environmental Protection Fund (EPF)

The Executive Budget recommends appropriations of \$172 million for the programs supported by the Environmental Protection Fund, an increase of \$10 million from the SFY 2014-15 budget. Appropriations include \$15.2 million for solid waste programs, \$60.2 million for Parks and Recreation and \$96.6 million for open space programs.

EPF capital appropriations provide funding for priority environmental infrastructure projects including three new lines: Environmental Justice Grant, Tivoli Park and Friends Groups Capacity Grant, and the transfer of Environmental Justice Grants from DEC's local assistance budget to the EPF. The graphs below indicate a breakdown of EPF category funding:

Solid Waste	Enacted 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
Landfill Closure/Gas Management	\$250,000	\$250,000	\$0	0%
Municipal Recycling	\$7,000,000	\$7,500,000	\$500	7.14%
Pollution Prevention Institute	\$3,250,000	\$3,250,000	\$0	0%
Secondary Marketing	\$1,000,000	\$1,000,000	\$0	0%
Natural Resource Damages	\$1,000,000	\$1,000,000	\$0	0%
Environmental Justice Grant*	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>0%</b>
Pesticide Database	\$1,200,000	\$1,200,000	\$0	0%
<b>Solid Waste Total:</b>	<b>\$13,700,000</b>	<b>\$15,200,000</b>	<b>\$1,500,000</b>	<b>10.95%</b>

Parks and Recreation	Enacted 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
Waterfront Revitalization	\$12,500,000	\$12,500,000	\$0	0.00%
<i>Inner City/Underserved</i>	\$6,250,000	\$6,250,000	\$0	0.00%
Municipal Parks	\$15,500,000	\$15,750,000	\$250,000	1.61%
Tivoli Park*	\$0	\$250,000	\$250,000	100%
<i>Inner City/Underserved</i>	\$7,750,000	\$7,875,000	\$125,000	1.61%
Hudson River Park	\$3,000,000	\$2,000,000	(\$1,000,000)	-33.33%
Public Access & Stewardship	\$17,350,000	\$18,500,000	\$1,150,000	6.63%
Friends Groups Capacity Grant*	\$0	\$500,000	\$500,000	100%
<i>Belleayre</i>	\$500,000	\$500,000	\$0	0.00%
ZBGA	\$11,350,000	\$11,450,000	\$0	0.00%
<b>Parks and Rec Total:</b>	<b>\$59,700,000</b>	<b>\$60,200,000</b>	<b>\$500,000</b>	<b>0.84%</b>

Open Space	Enacted 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
Land Acquisition	\$21,650,000	\$25,500,000	\$3,850,000	17.78%
<i>Land Trust Alliance</i>	\$2,000,000	\$2,000,000	\$0	0.00%
<i>Urban Forestry</i>	\$1,000,000	\$1,000,000	\$0	0.00%
<i>Resiliency Planting Program*</i>	250,000	\$250,000	\$0	0.00%
Smart Growth	\$400,000	\$600,000	\$200,000	50.00%
Farmland Protection	\$14,000,000	\$14,000,000	\$0	0.00%
Agricultural Waste Management	\$1,500,000	\$1,500,000	\$0	0.00%
Biodiversity Stewardship	\$500,000	\$500,000	\$0	0.00%
Albany Pine Bush Commission	\$2,125,000	\$2,125,000	\$0	0.00%
Invasive Species	\$4,700,000	\$5,700,000	\$1,000,000	21.28%
<i>Lake George</i>	\$550,000	\$450,000	(\$100,000)	-18.18%
LI Pine Barrens Commission	\$1,250,000	\$1,250,000	\$0	0.00%

<b>Open Space</b>	<b>Enacted 2014-15</b>	<b>Executive Recommendation 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
Oceans & Great Lakes Initiative	\$5,050,000	\$6,050,000	\$1,000,000	19.80%
Water Quality Improvement Program	\$7,000,000	\$8,000,000	\$1,000,000	14.29%
<i>Suffolk County</i>	\$3,000,000	\$3,000,000	\$0	0.00%
LI South Shore Estuary Reserve	\$900,000	\$900,000	\$0	0.00%
Non-Point Source Poll Cont	\$18,700,000	\$19,000,000	\$300,000	1.60%
<i>Agricultural</i>	\$14,200,000	\$14,200,000	\$0	0.00%
<i>Non-Agricultural</i>	\$4,500,000	\$4,800,000	\$300,000	6.67%
Soil and Water Conservation Districts	\$4,725,000	\$5,275,000	\$550,000	11.64%
Agricultural Climate Adaptation*	\$0	\$500,000	\$500,000	-
Finger Lake - Lake Ontario Watershed	\$1,500,000	\$1,500,000	\$0	0%
Hudson River Estuary Plan	\$3,800,000	\$4,700,000	\$900,000	23.68%
<i>Mohawk River</i>	\$800,000	\$800,000	\$0	0.00%
Open Space Total:	\$88,600,000	\$96,600,000	\$8,000,000	9.03%
<b>Total EPF:</b>	<b>\$162,000,000</b>	<b>\$172,000,000</b>	<b>\$10,000,000</b>	<b>6.17%</b>

\*New EPF Expenditures

## **Article VII TED Part X**

The Executive recommends Article VII language that increases the fee or surcharge assessed per barrel on oil imported for use in the State or transferred within the State, and also increases the cap on the New York Environmental Protection and Spill Compensation Fund (Oil Spill Fund) from \$25 million to \$40 million. Additionally, this proposal moves all Oil Spill Fund administration to the DEC. There is currently dual administration with the State Comptroller's Office.

Fees are projected to increase Oil Spill Fund revenues by \$9 million annually which will allow the state to better respond to and remediate more than 16,000 petroleum spills reported each year. This proposed fee increase will also allow the DEC to add 8 new staff to its Spill Response Division and with the acceptance of proposed authorizing

language, expand oil spill response beyond the agency to include the provision of equipment, supplies and training for state and local government entities, response drilling and exercises, and preventative analysis, mapping and planning. This proposal is intended to increase the state's readiness for disaster mitigation associated with the growing prevalence of crude oil transfer by rail throughout the State.

### **Pollution Base Permit Fees**

The Executive recommends Article VII language that establishes base permit fees and increases additional volume-based fees for air and water pollution emitting facilities, while also indexing future fee rates to growth in the Consumer Price Index. Federal Clean Air Act provisions require permit fees to be set at levels sufficient to cover state program oversight costs. New York's permit fees, in most cases, were last increased in 2009. This proposal is projected to increase revenue for DEC Air (Title V and State Facility) and Water (SPDES) program oversight by \$8 million.

### **Elimination of Fee**

The Executive recommends Article VII language that eliminates the \$10 annual fee associated with a water well driller certificate of registration. This fee elimination would result in a \$50,000 General Fund decrease.

### **Habitat Conservation and Access Transfer**

The Executive recommends Article VII language that transfers up to \$1.5 million annually from the State Fish and Game Trust Account, funded by lifetime sporting license sales, to a new Habitat Conservation and Access account that would fund habitat protection and restoration initiatives as well as increase access for non-boating anglers through the construction of fishing piers and water-side structures. This proposal would support 8 new DEC staff and is expected to leverage federal funds supporting up to 10 additional staff.

### **Brownfield Redevelopment Extender**

The Executive recommends Article VII language that extends the Brownfield Redevelopment Program and associated tax credit for ten years until December 31, 2025. To address the financial impact of these refundable tax credits, the Governor proposes to restrict tax credit-eligible site-preparation costs to those needed specifically for cleanup, and restrict tangible property (redevelopment) tax credits to sites that are located in a high-poverty, high-unemployment area; result in affordable housing construction; or consist of parcels who's property value is upside down. Additional reforms create a fast track program that provides a liability release without tax credits, amend timeframes for when tax credits may be claimed, and amend the Brownfield Opportunity Area program (Brownfield planning grants) administered by the Department of State.

## EXECUTIVE CHAMBER

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$17,854,000	\$17,854,000	\$0	0.00%
<b>Total</b>	<b>\$17,854,000</b>	<b>\$17,854,000</b>	<b>\$0</b>	<b>0.00%</b>

*The Executive Chamber is the Office of the Governor and includes the immediate staff that assists in managing State government.*

### Overview of the Executive Budget

The Executive Budget proposes no changes to the SFY 2014-15 appropriation of \$17.9 million. Funding will continue to support 136 FTEs.

## LIEUTENANT GOVERNOR, OFFICE OF THE

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$630,000	\$630,000	\$0	0.00%
<b>Total</b>	<b>\$630,000</b>	<b>\$630,000</b>	<b>\$0</b>	<b>0.00%</b>

*The Office of the Lieutenant Governor, in addition to other projects, is responsible for assisting the Governor in leading the Regional Economic Development Councils that bring together stakeholders from labor, business, academia, and communities to develop long-term strategic plans based on their regions' unique resources and specific priorities.*

### Overview of the Executive Budget

The Executive Budget recommends an appropriation of \$630,000 for the office of the Lieutenant Governor, the same amount as in last year's Enacted Budget. Likewise, there is no change in the proposal for 7 FTE's.

**FAMILY ASSISTANCE, DEPARTMENT OF CHILDREN AND FAMILY SERVICES, OFFICE OF**

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$2,293,922,500	\$2,269,434,700	-\$24,487,800	-1.07%
Special Revenue-Federal	\$1,485,153,000	\$1,485,153,000	\$0	0.00%
Special Revenue-Other	\$78,848,000	\$78,848,000	\$0	0.00%
Capital Projects Fund	\$37,675,000	\$147,675,000	\$110,000,000	74.49%
Internal Service Funds	\$13,577,000	\$13,577,000	\$0	0.00%
Enterprise Funds	\$475,000	\$475,000	\$0	0.00%
<b>Total</b>	<b>\$3,909,650,500</b>	<b>\$3,995,162,700</b>	<b>\$85,512,200</b>	<b>2.14%</b>

*The Office of Children and Family Services (OCFS) is responsible for strengthening services for and promoting the well-being and safety of children and families. The Office provides services for children, vulnerable youth, adults and families in New York State.*

**Overview of Executive Budget Proposal**

The SFY 2015-16 Executive Budget recommends \$3.99 billion for OCFS. This net increase of \$85.5 million is associated with a \$110 million increase in capital funds related to Raising the Age, a \$20.4 million decrease of SFY 2014-15 legislative adds and a \$2.04 million decrease in State Operations for systems support.

The Executive Budget recommends a workforce of 3,059 FTEs. This is an increase of 65 FTEs from the SFY 2014-15 Executive Budget and reflects the following: an increase of 38 FTEs for the Human Services Contact Center to handle calls for the various phone lines it taken over during the previous year, an increase of 33 FTEs that were scheduled to be filled during SFY 2014-15 but will now be filled during SFY 2015-16, and a decrease of 6 FTEs that will be transferred to the Business Services Center.

Major budget actions include:

- An allocation of \$794 million for child care. This is the same amount allocated in SFY 2014-15.
- Implementation of the Commission on Youth, Public Safety and Justice recommendations to raise the age of juvenile jurisdiction from age 16 to age 18. First year investments total \$25 million to plan, create and expand services for 16 and 17 year old youth who will be involved in the juvenile justice system and to place newly sentenced 16 and 17 year old youths in OCFS facilities. Full implementation costs are estimated at \$375 million in SFY 2020-21. Capital investments of \$110 million are also included to address the need for additional OCFS facility capacity.

- Continued implementation of the Close to Home initiative. New York City is working with OCFS on a plan to take custody of its youth that require a limited secure placement. This phase of Close to Home is expected to be implemented during SFY 2015-16.
- Sharing the cost of the 2% salary increase for foster and adopted parents, as well as direct care and direct care support workers at nonprofits with Local Social Service Districts (LSSD). The SFY 2015-16 Executive Budget continues the commitment made in SFY 2014-15 to provide a 2% salary increase by including a \$9 million increase to the Foster Care Block Grant in order to finance an estimated 50% of the cost of the increase. The remaining cost will be supported by LSSD.
- Increasing funding for home-based child care provider representatives to support professional development and to improve the quality of child care. In 2014, New York State reached a new \$44 million agreement with United Federation of Teachers (UFT) and is currently negotiating a new agreement with Civil Service Employees Association (CSEA) for the same amount to cover the four year period from October 2013-September 2017. The SFY 2015-16 Executive Budget includes \$6.5 (1 year) for UFT and \$12.4 million (2 years) for CSEA for professional development and grants to improve the quality of care.
- Supporting Investment in Homeless Services. The Executive proposes to cap OCFS youth facility billings to LSSD at \$55 million per year, cumulative at \$275 million through 2019, saving LSSD approximately \$425 million. There are currently 12 youth facilities located throughout the State. Under the Executive's proposal, New York City would be required to invest its share of savings, estimated at \$220 million, in rental assistance programs or other homeless services to address the homeless population.

## **Article VII**

Part J of the Executive's Education, Labor and Family Assistance Article VII legislation proposes to raise the age of juvenile jurisdiction from 16 to 18 years of age and establish the services necessary to improve outcomes for youth. See Public Protection section for additional information.

Part J also expands services that Boards of Cooperative Educational Services (BOCES) may provide in an OCFS operated facility to include special education services at youth facilities on permanent basis and would authorize new contracts for foreign languages, music, art, career and technical skills.

Part K of the Executive's Education, Labor and Family Assistance Article VII legislation provides for the issuance of adoption assistance payments for the private adoption of children with special needs only when the adoptive parents reside in New York State at the time of application. Currently, New York State pays adoption assistance for the private adoption of children with special needs when the child is located in New York State, regardless of where the adoptive parents are located. Federal child welfare policy was clarified to advise that the state where the prospective adoptive parent resides shall make the adoption assistance payments.

This legislation would also codify existing practice where the State, rather than the LSSD, enters into agreements and makes payments for the private adoption of children

with special needs who are placed for adoption by voluntary authorized agencies. OCFS had previously administratively relieved LSSDs of this responsibility since they have no legal relationship with these types of children.

Part L of the Executive's Education, Labor and Family Assistance Article VII legislation proposes to make statutory changes in State law to comply with the Federal Preventing Sex Trafficking and Strengthening Families Act (the Act). The Act, signed into law on September 29, 2014, is intended to help reduce the incidence of sex trafficking among youth in foster care, help ensure that foster children participate in age or developmentally appropriate activities to promote normalcy in their lives and help increase the speed with which permanency for foster youth is achieved.

Specifically, this legislation would enact provisions to conform State law to the Act, which is required for the State and LSSDs to continue receiving approximately \$600 million in Federal funding under Title IV-E of the Social Security Act (SSA).

Consistent with those requirements, this legislation would:

- Allow a missing child report to be made and reported to the National Crime Information Center (NCIC) database of the Federal Bureau of Investigation for any youth under 21 years of age who OCFS or a LSSD has reasonable cause to believe is, or is at risk of being, a sex trafficking victim;
- Authorize kinship guardianship assistance payments to be made to a successor guardian upon the death or incapacity of the child's relative guardian;
- Decrease the age at which a permanency hearing must address whether a foster child is receiving services to help transition him or her to independent living from 16 to 14 years of age;
- Require that a foster child be at least 16 years of age to have a permanency goal of another planned permanent living arrangement (APPLA);
- Require caseworkers to document the intensive, ongoing and unsuccessful efforts made to secure an alternative permanency plan to APPLA and the steps being taken to ensure that foster children have regular and on-going age or developmentally appropriate activities;
- Require that foster children be asked about their desired permanency outcome at hearings where APPLA is the requested permanency goal; and
- Authorize OCFS or a LSSD to obtain a certified copy or transcript of a birth certificate for a foster child in its care and to extend to other foster children the current provision authorizing OCFS and the LSSD to obtain free copies of birth certificates for juvenile delinquents.

This legislation would take effect on September 1, 2015, except the provisions pertaining to successor kinship guardianship would take effect immediately and the provision related to reporting missing children to the NCIC would take effect on January 1, 2016.



## TEMPORARY AND DISABILITY ASSISTANCE, OFFICE OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$1,427,424,000	\$1,409,884,000	-\$17,540,000	-1.23%
Special Revenue-Federal	\$3,957,198,000	\$3,937,275,000	-\$19,923,000	-0.50%
Special Revenue-Other	\$22,400,000	\$22,400,000	\$0	0.00%
Capital Projects Fund	\$63,000,000	\$63,500,000	\$500,000	0.79%
Fiduciary Funds	\$10,000,000	\$10,000,000	\$0	0.00%
<b>Total</b>	<b>\$5,480,022,000</b>	<b>\$5,443,059,000</b>	<b>-\$36,963,000</b>	<b>-0.67%</b>

*The Office of Temporary and Disability Assistance (OTDA) works in collaboration with the Office of Children and Family Services and other agencies to assist needy adults and families achieve economic self-sufficiency through employment and job training opportunities. OTDA also provides economic assistance to aged, blind, and disabled individuals who are unable to work, supportive services to low-income households to prevent welfare dependency, and transitional support to public assistance recipients while they are working toward self-sufficiency.*

### Overview of Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$5.44 billion for OTDA. This is a decrease of \$37 million from the SFY 2014-15 Executive Budget. The decrease primarily reflects reduced Federal authority due to updated public assistance (PA) caseload projections. The Executive Budget projects a PA caseload decrease of 3% (16,946 recipients) for SFY 2015-16. The SFY 2015-16 PA caseload is estimated at 540,431 recipients compared to the SFY 2014-15 PA caseload of 557,380 recipients.

The Executive Budget recommends a workforce of 1,968 FTEs for OTDA, which reflects a decrease of 4 staff who will be transferred to the Office of General Services (OGS) Business Services Center.

Major budget actions include:

- Establishing a New York City Share for Emergency Assistance to Needy Families (EAF) Expenditures. The Executive Budget establishes a 10% local share for New York City to support the EAF program, which provides short-term assistance to eligible families earning less than 200% of the Federal poverty level to address crisis situations. The program is currently fully supported only with Federal TANF funds. Prior to SFY 2011-12 all local social services districts (LSSDs), including New York City, had a 25% share in the EAF program. Between SFY 2011-12 and SFY 2013-14, when no local share was in place, New York City EAF expenditures increased 110%. This cost shift action will cost New York City approximately \$15 million in SFY 2015-16.

- Capping youth facility billings to provide local fiscal relief and support for homeless services. The Executive Budget caps OCFS youth facility billings to LSSDs at a \$55 million per year for four years through SFY 2018-19. New York City is required to invest its share of savings, estimated at \$220 million through SFY 2018-19, in rental assistance programs or other homeless services to address the growing homeless population.
- Funding a portion of homeless programs using Mortgage Insurance Fund (MIF) resources. The Executive Budget recommends utilizing \$16.34 million from MIF in SFY 2015-16 to support OTDA's consolidated homeless programs.

Temporary Assistance to Needy Families (TANF): The Executive Budget recommendation provides \$1.3 billion in funding for TANF benefits and \$1.3 billion in other TANF funding commitments. Under the Executive's proposal, many TANF initiatives have sustained funding cuts, with the exception of a child care subsidies increase to make up for the loss of General Fund dollars, the Flexible Fund for Family Services which maintains the same funding as SFY 2014-15, and the Summer Youth Employment Program, which received increased funding in the amount of \$2.5 million to cover the cost of the increased minimum wage of \$9.00/hr to be paid to program participants. Among the programs that have sustained cuts are SUNY and CUNY child care, emergency homeless, nurse-family partnership, non-residential domestic violence, wage subsidy and settlement houses. There is no funding allocated for these programs at this stage of the budget process.

TANF Child Care: The SFY 2015-16 Executive Budget recommends a \$39.2 million funding increase above the enacted SFY 2014-15 funding level of \$283.8 million to a level of \$323 million. This increase in TANF funding compensates for the loss of General Fund child care dollars in this year's budget.

Summer Youth Employment Program (SYEP): In SFY 2014-15, the enacted budget included \$27.5 million in TANF funding that allowed the SYEP to serve close to 18,000 teens with summer employment. The SFY 2015-16 Executive Budget proposal allocates \$30 million in total program funding, which is an increase of \$2.5 million over SFY 2014-15 funding. This increase will cover approximately the same number of youth receiving the recently increased minimum wage of \$9.00/hr.

Flexible Fund for Family Services (FFFS): The SFY 2015-16 Executive Budget proposal recommends \$964 million in funding for the FFFS. This is the same amount of funding that was included in the SFY 2014-15 Enacted Budget.

TANF Funding Commitments (Thousands)			
	Adjusted Appropriation 2014-2015	Executive Recommendation 2015- 2016	\$ Change
Public Assistance Benefits	\$1,127,079	\$1,072,395	-\$54,684
Emergency Assistance to Needy Families (EAF)	\$227,452	\$227,452	\$0
State Operations	\$30,000	\$30,000	\$0
<b>TANF Base Total</b>	<b>\$1,384,531</b>	<b>\$1,314,847</b>	<b>-\$54,684</b>
ACCESS - Welfare-to-Careers	\$800	\$0	-\$800
Advanced Technology Training and Information Networking (ATTAIN)	\$5,000	\$0	-\$5,000
Advantage Schools	\$500	\$0	-\$500
Bridge	\$102	\$0	-\$102
Career Pathways	\$1,000	\$0	-\$1,000
Caretaker Relative	\$500	\$0	-\$500
Centro of Oneida	\$25	\$0	-\$25
Child Care CUNY	\$141	\$0	-\$141
Child Care Demonstration Projects (UPS)	\$2,676	\$0	-\$2,676
Child Care Demonstration Projects (NYC)	\$4,589	\$0	-\$4,589
Child Care Subsidies	\$283,811	\$323,000	\$39,189
Child Care SUNY	\$193	\$0	-\$193
Community Solutions for Transportation	\$112	\$0	-\$112
Educational Resources	\$250	\$0	-\$250
Emergency Homeless	\$500	\$0	-\$500
Flexible Fund for Family Services	\$964,000	\$964,000	\$0
Food Banks (NYS)	\$2,000	\$0	-\$2,000
Non-residential Domestic Violence	\$2,460	\$0	-\$2,460
Nurse Family Partnership	\$3,000	\$0	-\$3,000
Preventive Services	\$1,000	\$0	-\$1,000
Rochester-Genesee Regional Transportation Authority	\$82	\$0	-\$82
Settlement House	\$2,000	\$0	-\$2,000
Strengthening Families through Stronger Fathers	\$200	\$0	-\$200
Summer Youth	\$27,500	\$30,000	\$2,500
Wage Subsidy	\$950	\$0	-\$950
Wheels for Work	\$144	\$0	-\$144
<b>TANF Initiatives Total</b>	<b>\$1,303,535</b>	<b>\$1,317,000</b>	<b>\$13,465</b>
<b>TOTAL TANF Commitment</b>	<b>\$2,688,066</b>	<b>\$2,631,847</b>	<b>-\$56,219</b>

## **Article VII**

Part I of the Executive's Education, Labor and Family Assistance Article VII legislation authorizes the pass-through of any Federal Supplemental Security Income (SSI) Cost of Living Adjustment (COLA) which becomes effective on or after January 1, 2016.

The COLA is expected to range between \$2.00 and \$18.00 depending on recipient's living costs according to Sections 131-o and 209 of the New York State social services law. This law establishes specific amounts for the monthly Personal Needs Allowance (PNA) and the monthly SSI standard of need (the maximum combined federal and State benefit) for recipients in various living arrangements. This legislation would amend those sections of law to set forth the actual 2016 PNA amounts and the standard of need for eligibility and payment of additional State payments. This legislation would also authorize those amounts to be automatically increased in 2016 by the percentage of any federal SSI COLA which becomes effective within the first half of calendar year 2016.

## FINANCIAL SERVICES, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Other	\$552,196,823	\$425,341,963	(\$126,854,860)	-22.97%
<b>Total</b>	<b>\$552,196,823</b>	<b>\$425,341,963</b>	<b>(\$126,854,860)</b>	<b>-22.97%</b>

*The Department of Financial Services (DFS) was created in 2011, by the merger of the Department of Banking and the Department of Insurance. The combined department has now assumed the prior responsibilities of both departments, which are set out below.*

*The Banking Department has been charged with protecting the public interest and promoting a desirable business climate by regulating and supervising over 4,000 State-chartered banking institutions with total assets approximating \$2.35 trillion. The Banking Department also approved acquisitions of other banking institutions, branch expansions, mergers and other forms of consolidation. Among its many responsibilities, it levied fines, and orders cessation of unsound financial practices and had the authority to replace management if it became necessary, as well as to take possession of failing institutions to either operate or liquidate assets for the benefit of depositors and creditors. The operating budget, banking examiners and other DFS staff are funded through assessments charged to regulated financial institutions and organizations. The balance of the Department's budget was funded by fees related to applications for licensure or State charters.*

*The Insurance Department, which was established in 1860, had been charged with regulating the insurance industry and with balancing the interest of insurance consumers, companies, and producers. Specific statutory responsibilities included: approving the formation, consolidation or merger of insurance organizations and all new insurance products, monitoring the financial stability of insurers, overseeing the testing and licensing of agents, adjusters, consultants and insurance intermediaries and disciplining licensees who violate the Insurance Law or regulation*

### **Overview of the Executive Budget**

The Executive Budget recommends an All Funds appropriation of \$425.3 million for SFY 2015-16, representing a decrease of \$126.9 million in SFY 2014-15. The Executive Budget attributes this decrease primarily to substantial savings in health insurance programs which are administered by DFS. The proposal also calls for an increase of 20 FTEs, for a total of 1,393. Banking functions will increase by 8 FTEs, and insurance functions by 12 FTEs.

## GAMING COMMISSION, NEW YORK STATE

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Other	\$114,551,000	\$146,233,000	\$31,681,900	27.65%
<b>Total</b>	<b>\$114,551,000</b>	<b>\$146,233,000</b>	<b>\$31,681,900</b>	<b>27.65%</b>

*Chapter 60 of the Laws of 2012 created the New York State Gaming Commission (Commission). The Commission merges the functions and responsibilities of the former Division of the Lottery and the former Racing & Wagering Board. The Commission supervises four divisions created to carry out responsibilities related to the regulation and enforcement of various gaming activities - 1) Division of the Lottery; 2) Charitable Gaming; 3) Gaming (including Indian Gaming and Video Lottery Gaming); and 4) Horse Racing and Pari-Mutuel Wagering. By consolidating various regulatory functions into a single oversight body, the Commission ensures the continued growth of the gaming industry while maintaining public confidence and trust in the credibility and integrity of all legalized state gaming activities. In addition, the law also consolidated the administration of the New York Thoroughbred Breeding & Development Fund and the Agriculture and New York State Horse Breeding Development Fund into the Office of Racing Promotion & Development under the umbrella of the Gaming Commission.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation in the amount of \$146.2 million. This is an increase of \$31.7 million or 27.7% from the amount appropriated in SFY 2014-15. The increase is due to a new local assistance appropriation of \$34.2 million. State Finance Law section §97-nnnn requires the State provide local host governments of commercial casinos with 10% of the State's commercial gaming tax revenue and non-host counties within the gaming region with an additional 10% of the commercial gaming revenue. It should be noted that this figure includes funding for a fourth casino license, although to date only three have been issued. The license fees for Lago in Seneca County, Montreign in Sullivan County and Rivers Casino & Resort in Schenectady County are each \$50 million, or \$150 million collectively. While the license fee for a soon to be announced Southern tier casino will be \$35 million.

The Executive Budget recommends a workforce of 405 FTEs for the Commission, a decrease of 1 FTEs from the SFY 2014-15 budget due to the transition of Human Resource (HR) services into the Business Services Center (BSC).

### Article VII

#### Simulcasting Rate Extender

Part NN of the Revenue Article VII budget bill 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, and as such they were subsequently extended for another one year period. This proposal continues the one year extension from the past several years.

**Redefines Video Lottery Gaming**

Part OO of the Revenue Article VII budget bill expands electronic games at VLT facilities by redefining the term video lottery gaming ("VLG"). By doing so, expanded games could be introduced into VLT facilities that involve both chance and skill. The Division of Budget estimates that proposal will raise over \$40 million. This is a new proposal.

**NYRA Reorganization Board of Directors Term Extender**

Part PP of the Revenue Article VII budget bill extends the term of the NYRA Reorganization Board of Directors from three years to four years. According to DOB this extension is necessary in the event the current reorganization board is unable to enact a new governing structure prior to the board's statutory authority sunset.

## GENERAL SERVICES, OFFICE OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$154,982,000	\$156,730,000	\$1,748,000	1.13%
Special Revenue-Federal	\$8,230,000	\$8,230,000	\$0	0.00%
Special Revenue-Other	\$30,194,000	\$30,194,000	\$0	0.00%
Internal Service Funds	\$828,516,000	\$830,186,000	\$1,670,000	0.20%
Enterprise Funds	\$1,304,000	\$1,766,000	\$462,000	35.43%
Fiduciary Funds	\$750,000	\$750,000	\$0	0.00%
<b>Total</b>	<b>\$1,113,976,000</b>	<b>\$1,269,856,000</b>	<b>\$155,880,000</b>	<b>13.99%</b>

*The Office of General Services (OGS) provides an array of support services for New York State government. The agency supports cost-effective operations by providing State agencies, local governments, and non-profit organizations with innovative solutions, integrated service, and best values. OGS offers centralized contracting services in various areas and continually strives to improve service and increase efficiencies.*

### Overview of the Executive Budget

The Executive Budget recommends an All Funds appropriation of \$1.27 billion for SFY 2015-16. This is an increase of \$156 million from the prior year's appropriation. The \$155.9 million increase is associated with a \$152 million increase in capital projects related to the Harriman Campus Strategic Action Plan and a \$3.88 million net increase in several personnel related costs. The transfers of State employees to the Business Service Center (BSC) has resulted in a proposed increase of 190 FTEs for a total of 1,848 FTEs.

### Article VII

#### State Police Non- Essential Personnel Transfer to Business Services Center

The Executive Budget recommendation would transfer non-essential personnel from the State Police to the Business Services Center in the Office of General Services. The BSC was established in 2012 to streamline financial and human-resources functions. The Executive cites the potential for cost savings as a result of this transfer.

#### Emergency Contracting Authority

The Executive Budget also proposes in Part M of the PPGG Article VII to extend the authority of OGS to enter into construction projects without competitive bidding, and in times of emergency, from June 30, 2015 to June 30, 2017. Currently, OGS has statutory "emergency contracting authority" which allows it to proceed without bids where there has been a fire, explosion or other casualty, equipment failure or breakdowns on state property, etc. This proposal increases the ceiling for such



contracts from \$300,000 to \$1,000,000. The Executive contends that the elimination of delay brought about by the standard bidding process would result in great savings to the State.

### Increases OGS Authority

The Executive Budget also proposes in Part N of the PPGG to increase of the authority of OGS to delegate small capital construction projects from under \$50,000 to under \$150,000. This “small capital project delegation authority” began in 1992. It allows agencies to carry out small projects without OGS having to be involved. The Executive cites the efficiency in having an agency work on small construction projects as justification for the increase in the ceiling.

Office of General Services Harriman Campus Strategic Action Plan (2015-2019)				
Location	Project	Total Project (000's)	Estimated Design Complete	Estimated Construction Complete
Building 2	Demolition; Relocate NYS Department of Corrections and Community	\$4 million	Jul-15	Dec-16
Building 3	Renovate and upgrade to consolidated daycare operations	\$13 million	Mar-15	Sep-16
Building 4	Renovate for use as the permanent consolidated headquarters of DOCCS	\$60 million	Oct-15	Feb-18
Building 7	Renovate for relocation of Department of Transportation (DOT)	\$44 million	Jun-16	Feb-18
Building 9	Replace roof and renovate the fourth floor for relocation of Tax and Finance	\$7 million	Aug-14	Oct-15
Miscellaneous	Upgrade and repair the electric, water, steam, sewer and waste systems throughout the campus	\$24 million	Apr-16	Mar-19
<b>Total</b>		<b>\$152 million</b>		

## HEALTH, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$35,935,110,954	\$36,791,485,100	\$856,374,146	2.38%
Special Revenue-Federal	\$79,086,114,000	\$84,607,778,000	\$5,521,664,000	6.98%
Special Revenue-Other	\$11,780,559,400	\$11,894,442,000	\$113,882,600	0.97%
Capital Projects	\$1,360,600,000	\$1,150,600,000	(\$210,000,000)	-15.43%
<b>Total</b>	<b>\$128,162,384,354</b>	<b>\$134,444,305,100</b>	<b>\$6,281,920,746</b>	<b>4.90%</b>

*The Department of Health (DOH) is charged with the protection and promotion of the health of New Yorkers through prevention, science and the assurance of quality health care delivery. The Department is the principal State agency that oversees the Medicaid programs and other public health insurance programs.*

*The Department operates health care facilities including Helen Hayes, four veteran's nursing homes and the Wadsworth Laboratories. Additionally, DOH conducts oversight of health professionals and all other health care facilities to ensure that high quality cost effective, health care alternative are provided throughout the State.*

### Overview of the Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$62.05 billion in All Funds support for Medicaid spending, which is \$3.29 billion or 5.60% over projected SFY 2014-15 Medicaid spending. The estimated State share of the Medicaid spending for SFY 2015-16 is \$17.57 billion which is an increase of \$600 million or 3.60% over SFY 2014-15 projected spending levels. The SFY 2015-16 Executive Budget proposes to codify in statute the Medicaid Global Cap that was originally enacted as part of the SFY 2011-12 Budget and extends for an additional year.

The SFY 2015-16 Executive Budget also includes \$4.5 billion in All Funds support for all other Department of Health (DOH) spending, reflecting an increase of \$255 million or 6.20% over SFY 2014-15 Enacted levels.

### Medical Assistance (Medicaid) Program

The SFY 2015-16 Executive Budget includes \$62.05 billion in All Funds support for Medicaid spending. Of this amount \$17.57 billion is attributed to the State share of Medicaid spending reflecting an increase of \$60 million or 3.60% over SFY 2014-15 enacted levels.

As part of mandate relief proposal for Local governments, the SFY 2013-14 Enacted Budget included the implementation of a hard local Medicaid spending cap to be phased in over a five year period. Under this proposal the State would assume a percentage of

the localities Medicaid spending growth until the spending growth was zero percent. Under the SFY 2015-16 Executive Budget, localities would receive \$369 million in Medicaid spending savings as follows: \$260.4 million for New York City and \$109.2 million for the rest of State.

### **Medicaid Redesign Team (MRT) Proposals**

The SFY 2015-16 Executive Budget continues reforming New York's health care system by including many of the proposals offered by the MRT. This year's Executive Budget includes Phase V of the MRT proposals. Highlights of the Executive's recommendations are detailed below:

#### **Vital Access Program**

New York State provides assistance to health care providers that are in financial distress but are considered vital in their communities. The SFY 2015-16 Executive Budget recommends \$290 million in additional funding for this program and also proposes to expand the program to include single public performing provider systems (PPS).

#### **Basic Health Plan**

The SFY 2015-16 Executive Budget proposes to implement a basic health plan (BHP), which was authorized under the Affordable Care Act (ACA). The BHP would provide health insurance coverage for low income individuals. The Executive proposes to transition Medicaid immigrants into the BHP effective April 1, 2016. In addition, the Executive would provide the Department of Health with the authority to establish the rates for the BHP. According to the Executive, this proposal would realize savings of \$644 million.

#### **Coverage of Undocumented Immigrants**

On November 20, 2014, President Obama issued an Immigration Accountability Executive Action which, among other things, would provide temporary status to certain undocumented individuals. Therefore the SFY 2015-16 Executive Budget includes \$38 million to provide coverage for this population in accordance with the President's Executive Order.

#### **Long Term Care Continuum**

The SFY 2015-16 Executive Budget includes \$72 million in State funds to reform, expand and develop long term care services for the residents of New York State. Of the amounts available for long term care, \$25 million would be for Alzheimer's services and programs. Details of the proposals under the long term care continuum are:

- \$8 million to expand Alzheimer's services including \$4 million for the Alzheimer's Caregivers Program and \$4 million for the Alzheimer's Disease Assistance Centers;
- \$15 million to provide grants on a regional basis to develop and expand the availability of supportive and respite services;
- \$1.5 million to provide smaller grants for the provision of supportive and respite services;
- \$500,000 for the evaluation of other initiatives and for contract oversight;
- \$23 million for a Nursing Home Advance Training initiative;

- \$14.9 million to increase the rates paid under the Traumatic Brain (TBI) Injury program and the Nursing Home Transition and Diversion (NHTD) Waiver Program;
- \$8.2 million to expand the New York Connects Program and the continued development of the “No Wrong Door” initiative.

### **Hospital Reimbursement Investments**

The SFY 2015-16 Executive Budget recommends \$100 million in new funding for hospital quality and rural provider investments. Under this proposal, funds would be used to provide enhanced reimbursements for hospitals and nursing homes.

### **Drinking Water Fluoridation**

The 2013-2017 NYS Health Prevention Agenda identified tooth decay as one of the childhood diseases that has high medical costs. The Prevention Agenda identified the “drinking water fluoridation program” as one of the solutions to this problem. The SFY 2015-16 Executive Budget includes \$5 million to create a “drinking water partnership fund,” which would assist communities with the cost of improving their fluoride water systems. As part of the “drinking water fluoridation program the Executive proposes to require local governments to notify the public and the Department of Health if they intend to discontinue water fluoridation program.

### **Medical Assistance (Medicaid) Savings Proposals**

The SFY 2015-16 Executive Budget also proposes Medicaid cost containment initiatives. Details of these proposals are:

#### **Pharmaceutical Initiatives Supplemental Rebate**

New York receives rebates from pharmaceutical companies in order for them to participate in the Medicaid Program. According to the State Comptroller, New York State is not receiving its full share of supplemental rebates from those pharmaceutical companies participating in the Medicaid program. The Commissioner of Health would be authorized to pursue all supplemental rebates. This proposal would result in \$41.4 million in savings for the Medicaid program.

#### **Prior Authorization for Non-Medically Acceptable Indicators for Prescription drugs**

This proposal would dramatically reduce reimbursement for the off-label prescribing of drugs and realize SFY 2015-16 State savings of \$5.3 million.

#### **Brand Name Drugs - Average Wholesale Price Discount**

This proposal would reduce the AWP from minus 17% to minus 23%. In addition, the Executive proposes to increase the fee paid to pharmacists for dispensing drugs from \$3.50 to \$8.00 per prescription. These proposals would result in a net State savings of \$18 million.

### **340-B Pricing in the Managed Care program**

This proposal would require that 340-B providers bill the managed care plans for their actual costs of the drugs. This proposal would result in State savings of \$10.9 million.

### **Managed Care Pharmacy Efficiencies**

Under this proposal the Executive would implement several administrative actions, including lower reimbursement that would provide SFY 2015-16 savings of \$13.4 million.

### **Other Cost Containment Initiatives**

- **Spousal Support:** Under this proposal a person would be prohibited from refusing to contribute any of the assets towards the cost of long term care being provided to their spouse that is applying for services. The SFY 2015-16 Executive Budget includes \$10.7 million in State savings for this proposal.
- **Advanced Home Health Aides:** The SFY 2015-16 Executive Budget includes an exemption to the Nurse Practice Act to authorize advanced home health aides to perform advanced tasks such as the administration of medications in home care and hospice settings, under the direct supervision of a registered professional nurse.
- **Rebase Certified Home Health Agencies (CHHAs):** The SFY 2015-16 Executive Budget proposes to update (rebase) the rate of payments paid to CHHA(s) and realizes State savings of \$15 million.
- **Managed Long Term Care Transportation Carve-out:** The SFY 2015-16 Executive Budget proposes to remove transportation services from the rates paid under managed care plans. This proposal would result in State savings of \$7.4 million.
- **Private Equity Pilot Program:** The Executive proposes to create a pilot program that authorizes up to 5 business corporations to participate in a private equity demonstration program to encourage investment of private capital for restructuring health care delivery systems for capital investment. These private companies would be able to acquire, construct, reconstruct, rehabilitate and improve health care institutions, with DOH oversight.
- **Fiscal Plan Savings:** The SFY 2015-16 Executive Budget includes \$200 million in financial plan relief as a result of actions under the Medicaid Global Cap.
- **Affordable Care Act (ACA) Increased Federal Matching Assistance Program (FMAP):** As part of the ACA, New York State would receive an enhanced FMAP for providing coverage to eligible childless adults. As of result of this enhanced FMAP, the SFY 2015-16 Executive Budget realizes \$294 million in lower Medicaid spending.

## **Other Medicaid Proposals:**

- **Medicaid Transportation Fee Enhancement**  
The SFY 2015-16 Executive Budget proposes to improve the rate of payment for transportation services under the Medicaid program and provides \$5 million in additional funding.
- **Health Home Management care for Children**  
The SFY 2015-16 Executive Budget invests \$22.5 million to expand the health home model to provide care for children.
- **Health Home Criminal Justice Initiative**  
The SFY 2015-16 Executive Budget continues to expand health home projects for individuals in the criminal justice system. The expansion of this program would enable the State to award infrastructure grants to health home programs that serve the criminal justice system. The Executive provides \$2.5 million for this initiative.
- **Support 1115 Waiver Activities**  
New York State's 1115 Waiver was approved by the Federal Government and \$8 billion was awarded to transform its health care delivery system. The SFY 2015-16 Executive Budget includes \$100 million to support the operational activities of this waiver.
- **The 53<sup>rd</sup> Medicaid Cycle**  
The Medicaid program for SFY 2015-16 has an additional payment cycle which would result in increased spending. As a result, the SFY 2015-16 Executive Budget includes \$207 million in additional funding.
- **Supportive Housing**  
The SFY 2015-16 Executive Budget includes \$100 million in funding to support the expansion of supportive housing that was enacted as part of prior year's budget.

## **Public Health:**

The SFY 2015-16 Executive Budget includes several program changes for Public Health. Details of these program changes are as follows:

### **Child Health Plus (CHP) Program**

The Children's Health Plus (CHP) program provides health insurance coverage to children under 19 years of age if their families' income makes them eligible. The SFY 2015-2016 Executive Budget seeks to stabilize the payments under this program to providers by aligning the CHP reimbursement rates for ambulatory behavioral health services with current Medicaid ambulatory patient group rates. The rates would be effective through December 31, 2016 for patients in New York City and through December 31, 2017 for all others patients.

### **Hospital Audits**

Currently, the DOH is required to conduct audits of the working hours of Medical residents to ensure they are not working more than authorized under federal regulations. This audit is also performed by the Federal government and is therefore

duplicative and administratively burdensome. The SFY 2015-16 Executive Budget eliminates this audit requirement and realizes \$1.1 million in State savings.

### **Ending the AIDS Epidemic**

In June 2014, Governor Andrew Cuomo announced a three part plan to end the AIDS epidemic in New York State. The SFY 2015-16 Executive Budget includes funding to identify individuals with AIDS and direct them towards treatment and other services including access to medications. The Executive proposes legislation that would reduce the barriers to treatment and promote risk remediation. In addition, the SFY 2015-16 Executive budget includes provisions that eliminate the requirement for informed written consent for HIV testing at correctional facilities and amend the penal law to prohibit the possession of a condom or hypodermic needle obtained through a State or hospital exchange program from being used as evidence in a criminal proceeding.

### **Other Public Health Initiatives:**

- **Consolidation of Public Health Awareness Programs**

The SFY 2015-16 Executive Budget recommends the consolidation of 41 public health programs into 5 appropriation pools. Under this proposal, there would no longer be separate appropriations for 41 individual public health programs instead these programs would be grouped under 5 newly established categories and funding would be provided based on an evaluation process to be established by the Department of Health. The 5 public health funding pools are: Chronic Disease Prevention; Maternal and Child Health; Infectious Diseases; Public Health Workforce; and Health Outcomes and Advocacy. The SFY 2015-16 Executive Budget recommends \$120.55 million in funding for these programs, representing a reduction of \$21.33 million or 15% from SFY 2014-15 Enacted levels.

- **Spinal Cord Injury Research Support**

The SFY 2015-16 Executive Budget includes \$7 million in State support for the Spinal Cord Injury Research Program, which is consistent with SFY 201-15 Enacted Levels.

- **Enhancing the Quality of Adult Living (EQUAL)**

The SFY 2015-16 Executive Budget proposes to eliminate the EQUAL program and reinvest a portion of those savings for supportive housing opportunities for individuals with severe mental illness currently residing in Adult homes.

- **Criminal Background Check for Adult Care Employees**

The SFY 2014-15 Enacted Budget included \$1.3 million in additional funding to support the expansion of criminal background checks to include employees of adult care facilities. The SFY 2015-16 Executive Budget maintains this \$1.3 million.

### **Indian Health**

The SFY 2015-16 Executive Budget includes \$6.4 million in additional funding for Indian Health Program resulting in total available funding of \$22.5 million. This increase in funding is provided to reflect the actual historical cost of operating the program.

## **Program Shifts**

The SFY 2015-16 Executive Budget propose the transfer of several programs into other State agencies. The proposed transfer are as follows:

- Rape Crisis Services into the Office of Victim Services;
- Lead Prevention Programs into the Department of Financial Services;
- Obesity Prevention from the Department of Financial Services into the Department of Health.

## **Reducing Overtime Spending**

The SFY 2015-16 Executive Budget includes two proposals that would reduce overtime costs for the Department of Health. These proposals are as follows:

- **Institutions**  
The Executive proposes to add 53 staff under the certified nursing assistant title. This increase in staff would result in \$1.1 million in State savings.
- **Wadsworth Laboratory**  
The Executive proposes to eliminate security officers. These position reductions would be achieved through attrition and realize savings of \$320,000 for SFY 2015-16 and \$1.2 million on a full annual basis.

## **Elimination of the Physician Profile Website**

The Department of Health currently maintains profile information, including complaints and malpractice information, of all New York State physicians. The Department of Health contends that the information contained in New York State physician profile website is maintained elsewhere and is therefore duplicative. The SFY 2015-16 Executive Budget proposes to eliminate this website and realizes savings of \$1.1 million.

## **Discontinue Pilot Health Insurance**

Currently the Department of Health evaluates and tests various public health programs through the pilot health insurance program. Due the establishment of the health exchange this program is no longer necessary. Therefore the SFY 2015-16 Executive Budget eliminates this program and realizes \$1.1 million in State savings.

## **State Operation Efficiencies**

The SFY 2015-16 Executive Budget achieves \$15.9 million in State savings through attrition and other efficiencies.

## **Health Care Reform Act (HCRA)**

The SFY 2015-16 Executive Budget includes several proposals under the HCRA account. Details of those proposals are detailed below:

### **Indigent Care Payments**

The Executive proposes to extend Indigent Care payments to providers for an additional 3 years. In addition, the Executive proposes modifications to the payments that will be required as a result of future reduction due to provisions of the ACA.

### **Consolidation of Workforce Training Programs**

The SFY 2015-16 Executive Budget consolidates several workforce and training programs that are funded through HCRA and the General Fund and realizes State savings of \$57.5 million.



## **Roswell Park Cancer Institute (RPCI)**

The SFY 2015-16 Executive Budget consolidates two appropriations for RPCI that were included as part of the SFY 2014-15 Enacted Budget and reduces the available funding by 15%, realizing savings of \$15.5 million. The total available funding provided in the SFY 2015-16 Executive Budget is \$87.1 million.

## **The New York State of Health**

- This health exchange was established in 2013 by Executive Order #42 and began accepting enrollees October 1, 2013. As of this time, more than 1.9 million New Yorkers have enrolled in coverage through the marketplace. The SFY 2015-16 Executive Budget proposes to change the health insurance premiums for coverage both in and out of the exchange. This premium change would provide a dedicated and sustainable revenue source to support the continued operation of NY State of Health. The Executive Budget includes \$69 million in new revenues for operation of the exchange.

## **Capital Funding**

The SFY 2015-16 Executive Budget includes \$1.15 billion in Capital Funds. To continue the transformation of New York State's health care delivery system, the Executive proposes \$1 billion in "complimentary" capital funds for the following projects:

- **Brooklyn Health Care**

\$700 million is provided to assist the communities of east and central Brooklyn in the stabilization of their health care delivery system. These funds would be used to reduce unnecessary patient beds in the community while improving the quality of patient care at both outpatient and inpatient facilities, and improving access to primary care and preventative services.

- **Oneida County Health Care**

\$300 million is provided to reduce unnecessary inpatient beds while expanding access to primary care services through the creation of an integrated health care delivery system in Oneida County.

To improve New York's Health Information Technology by encouraging greater data collection and sharing amongst regions and providers to ensure more efficient allocation of resources. The SFY 2015-16 Executive Budget includes \$55 million in capital funding as follows:

- \$10 million for All Payers Claims Database (APCD).
- \$55 million for the Statewide Health Information Network (SHIN)
- For Federal funds for the safe drinking water revolving fund, the SFY 2015-16 Executive Budget includes \$70 million in Capital funds.

It should be noted that the SFY 2015-16 Executive Budget does not include a capital appropriation for the \$400 million that would assist rural communities in transforming their health care delivery system. These funds would be used to assist facilities in debt restructuring and other capital projects that promote regional consolidations. This proposed capital project would be supported through the use of the surplus funds achieved from the various settlement proceeds.

## MEDICAID INSPECTOR GENERAL, OFFICE OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$22,886,000	\$21,893,000	(\$993,000)	-4.34%
Special Revenue-Federal	\$33,942,000	\$33,062,000	(\$880,000)	-2.59%
<b>Total</b>	<b>\$56,828,000</b>	<b>\$54,955,000</b>	<b>(\$1,873,000)</b>	<b>-3.30%</b>

*The Office of the Medicaid Inspector General (OMIG) was created as part of the SFY 2006-07 Enacted Budget. The mission of the agency is to eliminate fraudulent activities in New York State's Medicaid Program. OMIG is charged with the responsibility of working cooperatively with other State agencies such as the Department of Health and the Department of Law to prevent fraud, waste, and abuse control activities in the Medicaid program.*

### **Overview of the Executive Budget Proposal**

The SFY 2015-16 Executive Budget recommends \$54.96 million in All Funds support reflecting a decrease of \$1.87 million or 3.30% from SFY 2014-15 Enacted levels. This decrease of \$1.87 million is attributed to the realignment of personal service spending. The SFY 2015-16 Executive Budget proposes to transfer the cost of 26 FTEs to the Medicaid cap.

## HIGHER EDUCATION SERVICES CORPORATION

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$1,042,334,000	\$1,105,639,000	\$63,305,000	6.07%
Special Revenue-Federal	\$12,747,000	\$11,009,000	(\$1,738,000)	13.63%
Special Revenue-Other	\$113,933,000	\$80,142,000	(\$33,791,000)	29.66%
<b>Total</b>	<b>\$1,169,014,000</b>	<b>\$1,196,790,000</b>	<b>\$27,776,000</b>	<b>2.38%</b>

*Established in 1974, the Higher Education Services Corporation (HESC) administers the State Tuition Assistance Program (TAP), the Federal Family Assistance Program, and other State and Federal aid programs. The Corporation is governed by a 15-member Board of Trustees, 10 of whom are appointed by the Governor to six-year terms. The Corporation's Chief Executive Officer is the President, who is appointed by the Governor, subject to Senate confirmation. The President's responsibilities include administrative oversight of key program areas including legal counsel, data processing, operations, grants and scholarships, loans and research. Agency administrative operations are located in Albany.*

### Overview of Executive Budget Proposal

The SFY 2015-16 Executive Budget provides an All Funds appropriation of \$1.19 billion, an increase of \$27.76 million or 2.8% from SFY 2014-15. The Agency presently employs 285 Full-Time Equivalents (FTEs), almost all of whom are supported by revenues from Special Revenue-Other account. The recommended General Fund support totals \$1.10 billion, an increase of \$63.30 million or 6.07% from the current year.

TAP expenditures have increased considerably over the last few years due to increases in enrollment and the DREAM Act proposal. Most of the TAP beneficiaries attend public and private higher education institutions in the State, particularly SUNY and independent colleges and universities.

The Executive provides \$1.02 billion for the Tuition Assistance Program (TAP), an increase of \$46.62 million from the SFY 2014-15 enacted budget. The projected growth stems from the continued tuition increases at SUNY and CUNY community colleges, as well as the addition of the DREAM Act. \$14.35 million has been appropriated for Aid for Part-Time Study.

The Executive Budget proposes \$66.02 million to fund the various scholarship program HESC administers. This is an increase of \$19.98 million. This appropriation includes the funds for the Get on Your Feet Loan Forgiveness Program, as well as the Science, Technology, Engineering and Mathematics Incentive Program.

## **Article VII**

### **Get on Your Feet Loan Relief**

The Get on Your Feet Student Loan Forgiveness Program will allow NYS residents who graduate from college and continue to live in New York to pay nothing on their student loans for the first two years after enrollment in the program. This program will supplement the federal Pay As You Earn (PAYE) income based loan repayment program. To qualify, the student must participate in the PAYE program and make less than \$50,000 annually. The student must have graduated from high school as well as an undergraduate program in NYS and continue to live in the state. The student must apply for the program within 2 years of undergraduate graduation and work in NY, if employed. It is estimated that 7,100 graduates will enroll in the program within the first year, 24,000 students will enroll annually by 2019-2020. When fully implemented, the program's expected cost is \$41.70 million. The promulgation of rules and regulations to implement this program shall be determined later by HESC in the future.

### **DREAM Act/Education Tax Credit Bundle**

The DREAM Act will provide access to the Tuition Assistance Program (TAP) to undocumented students. Built into the \$27 million estimated cost were the projected applicability to 6,000 students receiving on average a \$4,500 award with \$2 million of the estimated costs going towards opportunity programs. To be eligible, the student must have attended a NY high school for 2 or more years, graduated from a NY high school, lived in NY continuously while attending that high school, applied for attendance at an institution of higher education for undergraduate study, and attend within 5 years of receiving a NY high school diploma, or high school equivalency diploma. The student without lawful immigration status will be required to file an affidavit with the higher education institution stating that he or she has filed an application to legalize his or her immigration status, or will file one as soon as they are eligible to do so.

### **Standardize Financial Aid Letters**

This bill would amend the Banking Law to authorize the Superintendent of Financial Services, in consultation with the President of HESC, to develop a standard financial aid award letter by December 31, 2015 for colleges and vocational institutions to use in responding to financial aid applicants for the 2016-2017 academic year and thereafter. The standardized financial aid award letter authorized under this bill would provide information to prospective students on the total costs of an education, how much aid they will receive and how much needs to be repaid. The letter would also include data regarding institutional performance in the areas of student access, degree completion and post-graduation success.

### **Master's in Education Teacher Incentive Scholarship Program**

Students from an approved master's degree in education program at a NYS public institution of higher education leading to a career as a teacher of public elementary or secondary education will be eligible for a scholarship, provided the applicant has an undergraduate degree from a NYS college; was a NYS resident while earning such degree; academically, as defined by the corporation in regulation; enrolls in a full-time study; signs a contract with the corporation agreeing to teach in a classroom setting, full-time, for five years in a public school, including charter schools; and complies with

any additional promulgated regulations. Up to 500 awards may be granted annually for not more than two academic years of graduate study. The scholarship would convert into a student loan should such terms be violated.

### **Graduate Teacher Education Program**

The Governor proposes providing full scholarships for SUNY and CUNY graduate education programs for the top candidates who are New York residents and agree to teach in New York for 5 years following completion of their degrees. Admissions requirements shall include minimum scores on the GRE to be determined by the graduate degree granting institution and a GPA of 3.0 or higher from the candidate's undergraduate program.

## HOMELAND SECURITY AND EMERGENCY SERVICES, DIVISION OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$1,600,000	\$4,800,000	3,200,000	66%
Special Revenue-Federal	\$17,111,000	\$35,411,000	\$18,300,000	52%
Special Revenue-Other	\$41,613,000	\$26,393,000	(\$15,220,000)	-37%
Capital Projects	\$130,000,000	\$15,000,000	(\$115,000,000)	-88%
Internal Service Funds	\$2,000,000	\$0	\$0	-100%
<b>Total</b>	<b>\$1,030,855,000</b>	<b>\$935,355,000</b>	<b>(\$95,500,000)</b>	<b>-9%</b>

*The Division of Homeland Security and Emergency Services (DHSES) was established in July 2010 through the merger of several existing state entities. Today, it is comprised of: the Office of Counter-Terrorism, the Office of Emergency Management, the Office of Fire Prevention and Control, the Office of Cyber Security, and the Office of Interoperable and Emergency Communications. Legislation accompanying the Executive Budget transfers the Office of Cyber Security to the Office of Information Technology Services, which will assume responsibility for monitoring the State's networks.*

### Overview of Executive Budget Proposal

The Executive Budget recommends \$935 million in support for the Division of Homeland Security and Emergency Services. The decrease of \$95.5 million is offset by reappropriations, the transfer of the Citizen Preparedness Interchange to the Division of Military and Naval Affairs, and the transfer of cyber functions to Office of Information and Technology Services (OITS). There is \$853,751 in Aid to Localities.

### SUNY Albany College of Emergency Preparedness

The Executive proposes the SUNY Albany College of Emergency Preparedness, Homeland Security, and Cyber security with a \$15 million capital appropriation for the cost of studies, site selection, construction, reconstruction, renovation, and equipment for the creation of an interdisciplinary college. The college would provide an advanced degree, specializing in both academic and professional aspects of law enforcement, security, public and international affairs, counterterrorism, emergency management, cyber security, and forensics. It should be noted that this proposal was proffered last year and failed.

### Statewide Emergency Management and Response System

The Executive proposes to establish a Statewide Emergency Management and Response system with new protocols, business processes and enterprise solutions to ensure coordinated responses to emergencies – specifically weather-related emergencies. Local governments will be trained on new processes and systems to ensure seamlessly

integrated efforts with the state and federal agencies. This project will be supported by the State's IT Innovation Capital Fund.

### **Citizen Emergency Preparedness**

The Executive proposes to continue to fund courses and training to Prepare Citizens for Emergencies. The Executive's goal is to train 100,000 citizens in emergency preparedness and management. Last year approximately 37,800 residents participated in the program in-person and 2,800 completed the online course. The Executive Budget provides \$3.2 million in new funding to support this program.

### **Enhance Training for Oil Spill Preparedness**

The Office of Fire Prevention and Control will receive funding for crude oil spill preparedness. Six new fire training specialists will train local career fire departments to combat oil spills. Emergency equipment and supplies (15 foam dispensing trailers and foam) will be purchased and positioned along rail lines.

### **Increase Counter Terrorism Efforts**

The Executive proposes to boost counter terrorism efforts by increasing the size of National Guard's Joint Task Force Empire Shield and continuing to deploy uniformed State Police troopers to patrol train platforms, stations, and trains in NYC. The fiscal impact to the state of \$40 million attributed to this increase in police presence and related costs will be absorbed by the Special Infrastructure Account.

## **Article VII**

### **Executive Criminal Justice Reform Act of 2015 Proposal**

#### **Independent Monitor**

This bill would create a Governor-appointed "independent monitor" responsible for review in certain grand jury investigations where the facts involve a police officer or peace officer, while acting in his or her official capacity, who may or may not be charged by a grand jury- causes the death of an unarmed civilian. The independent monitor is charged with referring the case to the Governor for the purposes of appointing a special prosecutor. The fiscal impact of the creation of this office is unknown at this time.

#### **Grand Jury Report**

This proposal would amend the Criminal Procedure Law to require a district attorney to create a grand jury report where a grand jury dismisses charges or declines to return an indictment in instances where the subject of the investigation is a police officer or peace officer charged with causing the death of an unarmed civilian.

#### **Change of Venue**

This legislation would establish an expedited appeals process directly to the Court of Appeals in cases where the Appellate Division declined a motion for a change of venue.

#### **Reporting by Law Enforcement Agencies**

This bill would require all state law enforcement agencies to annually report to the Division of Criminal Justice Services (DCJS): the number of arrests made for violations

and misdemeanors; the number of instances where police conduct may have resulted in the death of a person during the course of executing an arrest for a violation or a misdemeanor; and file an annual report with DCJS containing information about the subject of each appearance ticket/summons including but not limited to his or her age, sex, race, and ethnicity.

### **Statewide Use of Force Policy**

The proposal would require the Municipal Police and Training Council (MPTC) to create and promulgate statewide, a model "use of force" policy for State and local law enforcement agencies. Additionally, statewide law enforcement would be required to adopt their own use of force policy and may use the MPTC model as a guide.

### **Search Warrant Application**

This bill would require that in every application for a search warrant, the applicant must provide the judge with information about whether the search warrant had previously been submitted to that judge or any other judge, the result of the previous submissions, and the name/names of other judges who acted on such submissions.

### **Limit Immunity from Prosecution for Testimony Before a Grand Jury**

It should be noted that this piece of legislation was previously within the Public Trust Act of 2013 and proposed in 2014 but was not in the final bill. This bill limits immunity granted to witnesses to "use" immunity and provides that a witness who testifies before a grand jury investigating a crime would only receive immunity for statements given under oath. Therefore, the witness who may or may not also be part of the criminal transaction under investigation may still be prosecuted for his or her role if the prosecutor develops evidence other than, and independent of, the evidence given by the witness.

## **Part J of the Education, Labor, and Family Assistance Bill**

### **Executive Comprehensive Proposal to Raise the Age of Criminal Responsibility**

The Governor supports the recommendations proposed by the Commission on Youth, Public Safety and Justice to raise the age of criminal responsibility from 16 to 18 years of age. It is proposed that the implementation of this multi-year comprehensive reform proposal be seeded with \$25 million from the General Fund. The effective date of the proposed legislation raising the age from 16 to 17 would be January 1, 2017 and then to age 18 on January 1, 2018.

## **Article VII**

### **Medical Parole Determination**

The Executive has proposed granting authorization to the Commissioner of the Department of Corrections and Community Supervision to make a final determination regarding medical parole release for certain non-violent offenders who are terminally ill.



### **Statutory Provision Extensions**

The Executive has proposed to extend numerous criminal justice and public safety statutory provisions for two more years including: expanding the geographic area relating to employment of police officers; determinate sentencing; incarceration, parole and probation fees; mandatory surcharge and crime victim assistance fees; alternatives to incarceration; armory rent; ignition interlock program for individuals convicted of alcohol-related violations; electronic court appearances; mandatory arrest in cases of domestic violence; protective measures for child witnesses authorizing the use of closed-circuit television and other protective measures for child witnesses; and authorization for the disposition of monies recovered by county district attorneys before the filing of an accusatory instrument.

### **Transfer of Certain State Police Personnel to Office of General Services**

The Executive recommends the transfer of Division of State Police employees engaged in certain finance and human resource functions to the Office of General Services as part of the statewide centralization of finance and human resource functions within OGS's Business Services Center pursuant to legislation enacted in 2012.

## HOUSING AND COMMUNITY RENEWAL, DIVISION OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	21,721,000	16,910,000	(\$4,811,000)	-22.15%
Special Revenue-Federal	86,769,000	86,769,000	\$0	0.00%
Special Revenue-Other	68,386,000	76,386,000	\$8,000,000	11.70%
Capital Projects	91,200,000	91,200,000	\$0	0.00%
Fiduciary Funds	312,366,643	439,549,965	\$127,183,322	40.72%
<b>Total</b>	<b>\$580,442,643</b>	<b>\$710,814,965</b>	<b>\$130,372,322</b>	<b>22.46%</b>

*The Division of Housing and Community Renewal (DHCR) is responsible for the supervision, maintenance, and development of affordable low- and moderate-income housing in New York State. The Division currently performs a number of activities in fulfillment of this mission, including oversight and regulation of the State's public and publicly assisted rental housing; administration of the State's rent regulations; and administration of housing development and community preservation programs, including State and Federal grants, loans and tax credits to housing developers to finance construction and renovation of affordable housing.*

### Overview of the Executive Budget Proposal

The Executive Budget recommends \$710.8 million for the Division. This is an increase of \$130.4 million from the SFY 2014-15 Budget. The growth primarily reflects the full commitment of \$439.5 million of JP Morgan settlement proceeds and full funding for the Office of Rent Administration which administers the New York City Rent Regulation program.

### Housing Programs

The Executive Budget utilizes \$50 million in excess reserves from the Mortgage Insurance Fund in the amount of \$486 million to support the 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.

### Fund the Neighborhood and Rural Preservation Programs (NPP/RPP) and Rural Rental Assistance Program (RRAP) with Mortgage Insurance Fund (MIF) Resources

The Budget will fully continue funding the following programs with \$33.7 million:

- Neighborhood Preservation Program (\$8.5 million)
- Rural Preservation Program (\$3.5 million)
- Rural and Residential Assistance Program (\$21.6)

This funding provides financial support and assistance including, but not limited to, housing rehabilitation, home buyer counseling, tenant counseling, landlord/tenant mediation, community rehabilitation and renewal, crime watch programs, employment programs, legal assistance, and Main Street Development.

### **Continue to Expand Affordable Housing Opportunities**

The Executive Budget invests \$486 million in affordable and supportive housing. The House NY Program will receive \$289 million in total capital. The Executive budget will commit \$439.5 million of the JP Morgan settlement funds including \$257 million for affordable housing and community renewable purposes.

<b>Details:</b>	<b>Amount</b>
NY/NY IV Supportive Housing Program	\$116 million
Middle Income Repairs and Revitalization	\$50 million
Mitchel-Lama repairs and revitalization	\$50 million
ESD Restore New York Communities Initiative	\$50 million
NYC Rental Assistance Program (LINC1)	\$40 million
HIV/Aids Rent Cap	\$27 million
NYCHA Capital Repairs	\$25 million
SONYMA Mortgage Rate Reduction and Repair program-	\$22 million
Access to Home	\$20 million
NPP and RPP	\$20 million
Community Development Financial Institution Fund (CDFI)	\$15 million
HCR Restore/Home Program and Expansion	\$5 million

### **Continuation of the House NY Program**

The program was initiated in the SFY 2013-14 Budget. It is designed to invest \$1 billion over five years to preserve and create 14,300 units of affordable housing. The program includes an expenditure of \$706 million to modernize 44 Mitchell Lama developments and \$231 million to preserve and create over 5,000 affordable housing units through a variety of housing programs and other initiatives.

The Executive Budget adds \$40 million in capital resources for the construction and renovation of housing for low income and homeless individuals and families. (\$33 million of this is an increase to \$63 million for the Homeless Housing Assistance Program administered by the Office of Temporary and Disability Assistance.) The House NY Program will also be expanded with the investment of \$100 million of Federal storm recovery funds to create and preserve 3,000 units of multi-family affordable housing.

## **Article VII**

### **Utilize Excess Mortgage Insurance Fund Reserves**

This bill would utilize \$125 million in excess Mortgage Insurance Fund (MIF) (\$486 million base) reserves. MIF is currently projected to have over \$125 million in reserves through SFY 2015-16, this reserve can be accessed without negatively affecting the Fund's credit rating. The funding will be utilized as follows over a 5 year period:

<b>Rural Rental Assistance Program</b>	\$21.6 million
<b>Mitchel-Lama Portfolio</b>	\$42 million
<b>Neighborhood and Rural Preservation Programs</b>	\$12 million
<b>Various affordable housing capital program</b>	\$33 million
<b>Rural and Urban Community Development Program</b>	\$17 million
<b>Low-Income Housing Trust Fund Program</b>	\$7.5 million
<b>Working families Program</b>	\$8.5 million
<b>Homeless Housing Programs</b>	\$16.3 million

## MORTGAGE AGENCY, STATE OF NEW YORK

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$191,789,000	\$176,973,178	(\$14,815,822)	-7.73%
<b>Total</b>	<b>\$191,789,000</b>	<b>\$176,973,178</b>	<b>(\$14,815,822)</b>	<b>-7.73%</b>

*The State of New York Mortgage Agency (SONYMA) is a public benefit corporation created in 1970 to increase the affordability of homeownership for low-to-moderate income residents of New York State. This is accomplished by the Agency's issuance of taxable and tax-exempt bonds and the use of proceeds to purchase low-interest rate mortgage loans. In 1978, the Agency's mission was expanded to include the issuance of mortgage insurance to promote the stabilization of neighborhoods throughout the State. In 2009, the Agency's existing authority to issue tax-exempt bonds to finance education loans was modernized and expanded to authorize the Agency to implement a program to finance education loans for higher education costs for students attending schools in New York State.*

### Overview of Executive Budget Proposal

All State of New York Mortgage Agency programs and operations are supported by Agency funds, consisting of mortgage income, application fees, insurance premiums and investment proceeds. These dry appropriations are required by various statutes providing additional security for bondholders relative to prior year bond transfers and to guarantee mortgages insured by the MIF, and have no cash assumptions behind them.

The Executive Budget recommends \$177 million in appropriations in 2015-16 to satisfy this requirement, although no cash disbursements are projected to be made from this appropriation. The Aid to Localities Appropriation is required by Section 20-a of Chapter 13 of the Laws of 1987. The amount is equal to the payments made to both the MTA and the Niagara Frontier Transportation Authority under Section 261(2) of the Tax Law. The amount of the appropriation has decreased from FY 2015 because the amount of those payments has decreased due to a lower volume of single family mortgage originations.

## HUMAN RIGHTS, DIVISION OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$12,010,000	\$12,010,000	\$0	0%
Special Revenue-Federal	\$6,000,000	\$6,000,000	\$0	0%
<b>Total</b>	<b>\$18,010,000</b>	<b>\$18,010,000</b>	<b>\$0</b>	<b>0%</b>

*The Division of Human Rights (DHR) enforces the New York State Human Rights Law which prohibits discrimination against others because of their race, sex, age, disability, marital status, and membership in other specified classes. Protection under this law also includes prohibiting discrimination based on sexual orientation and military status. The Division is responsible for enforcing the Human Rights Law through investigation and prosecution or by advancing policies or legislation that would better protect the civil rights of New Yorkers.*

### Overview of Executive Budget

The SFY 2015-16 Executive Budget recommends an All Funds appropriation of \$18 million, which is unchanged from SFY 2014-15 funding levels. The Executive Budget also recommends that the SFY 2014-15 staffing level of 164 FTEs remain unchanged in SFY 2015-16. Programs funded through the DHR protect civil rights in the areas of employment, housing, public accommodations, education and credit.

**INDIGENT LEGAL SERVICES, OFFICE OF**

Funding Sources	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Other	\$82,900,000	\$86,900,000	\$4,000,000	4.6%
<b>Total</b>	<b>\$82,900,000</b>	<b>\$86,900,000</b>	<b>\$4,000,000</b>	<b>4.6%</b>

*Created as part of the SFY 2010-11 Enacted Budget, the Office of Indigent Legal Services and the associated Indigent Legal Services Board is responsible for studying, overseeing and improving the quality of legal representation provided to indigent defendants in New York State.*

**Overview of Executive Budget Proposal**

The Executive Budget recommends \$86.9 million for the Office, an increase of \$4.00 million from last year. The increase is due to the start of the implementation of Hurrell-Harring Settlement which requires the state to provide Counsel for indigent defendants at arraignment in 5 affected Counties (Onondaga, Ontario, Suffolk, Washington and Schuyler).

To implement the agreement, the Office will be adding 8 FTEs (\$315,000 in PS and \$185 in NPS) to the current staff of 10 FTEs. The Budget also includes \$500,000 for the development of a tracking system to provide the Court and the Plaintiffs with proof that the agreement is being implemented. The total addition for this component is \$1.00 million in personal service and non- personal service costs.

The Executive Budget also recommends \$3.00 million in aid to the affected Counties to implement the Settlement agreement.

**INFORMATION TECHNOLOGY SERVICES, OFFICE OF**

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$456,587,000	\$513,167,000	\$56,580,000	12.39%
Special Revenue-Other	\$30,000,000	\$30,000,000	\$0	0.00%
Capital Projects	\$115,700,000	\$85,700,000	(\$30,000,000)	-25.93%
Internal Service Funds	\$349,465,000	\$301,064,000	(\$48,401,000)	-13.85%
Enterprise Funds	\$4,000,000	\$4,000,000	\$0	0.00%
<b>Total</b>	<b>\$955,752,000</b>	<b>\$933,931,000</b>	<b>(\$21,821,000)</b>	<b>-2.28%</b>

*The Office for Information Technology Services (OITS), provides centralized technology services, sets the state's technology standard, and coordinates statewide technology initiatives and governance of those initiatives with the goal of improving New York State government efficiency.*

**Overview of the Executive Budget**

The Executive Budget recommends an All Funds appropriation of \$933 million in SFY 2015-16. This is a decrease of \$21.8 million in SFY 2015-16. The Executive Budget also recommends a decrease of 19 FTE's, for a total of 3,586 FTEs for SFY 2015-16. This represents actual fill levels.

**Article VII**

**Transfer of Department of Civil Services Employees to OITS**

In Part G of the Public Protection-General Government bill, the Executive proposes to transfer certain employees of the Department of Civil Services to OITS. These employees are currently in competitive, non-competitive, or exempt titles and will be placed in position-appropriate titles in OITS. This is a continuation of the transfer of certain state employees performing ITS functions in different agencies to OITS. This process began in SFY 2012-13.



## INSPECTOR GENERAL, OFFICE OF THE STATE

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$6,894,000	\$6,894,000	\$0	0%
<b>Total</b>	<b>\$6,894,000</b>	<b>\$6,894,000</b>	<b>\$0</b>	<b>0%</b>

*The Inspector General's Office is entrusted with the responsibility of ensuring that State government, its employees and those who work with the State meet the highest standards of honesty, accountability, and efficiency. The Office of the State Inspector General is assigned the responsibility to detect, investigate, deter, and eliminate corruption, fraud, criminal activity, conflicts of interest, abuses of office, and waste in the State entities under its jurisdiction. These include executive branch agencies, departments, divisions, offices, boards, commissions, public authorities, and public benefit corporations.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an appropriation of \$6.89 million, the same amount as last year. The Executive recommends staffing of 65 FTEs for the coming fiscal year.

## INTEREST ON LAWYER ACCOUNT

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Other	\$1,841,000	\$1,841,000	0	0%
<b>Total</b>	<b>\$46,889,000</b>	<b>\$46,841,000</b>	<b>0</b>	<b>0%</b>

*The Interest on Lawyer Account (IOLA) was established in 1983 to finance civil legal services for the indigent. Revenues are derived from the interest earned on small trust accounts held by attorneys for their clients. Banks transfer the interest earned on these accounts to IOLA, which in turn funds grants to organizations that provide civil legal services to the indigent, elderly and disabled.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an appropriation of \$46.80 million the same amount as in SFY 2014-15. Funding for the program is backfilled by the Office of Court Administration (OCA) in the amount of \$15 million every year.

## JUDICIAL CONDUCT, COMMISSION ON

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$5,552,000	\$5,552,000	\$0	0%
<b>Total</b>	<b>\$5,552,000</b>	<b>\$5,552,000</b>	\$0	0%

*The Commission on Judicial Nomination and the Judicial Screening Committees screen potential nominees for judicial appointments by the Governor. The Commission on Judicial Conduct investigates and acts upon allegations of judicial misconduct.*

### **Overview of Executive Budget Proposal**

The Executive Budget recommends \$5.55 million for the three Judicial Commissions, which is unchanged from the prior year.

## JUSTICE CENTER FOR THE PROTECTION OF PEOPLE WITH SPECIAL NEEDS

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$37,334,000	\$42,334,000	\$5,000,000	13.39%
Special Revenue-Federal	\$1,921,000	\$1,921,000	\$0	0%
Special Revenue-Other	\$9,860,000	\$9,789,000	(\$71,000)	(.72%)
Enterprise Funds	\$527,000	\$500,000	(\$27,000)	(5.12%)
<b>Total</b>	<b>\$49,642,000</b>	<b>\$54,544,000</b>	<b>\$4,902,000</b>	<b>10.01%</b>

*The Justice Center for the Protection of People with Special Needs (Justice Center) established under Chapter 501 of the laws of 2012 has a core mission to protect the health and safety of vulnerable individuals in the State's care. The Justice Center has primary responsibility for tracking, investigating, and pursuing serious abuse and neglect complaints at State facilities and provider-operated facilities that are certified or licensed by the following six agencies: Office of Mental Health (OMH), Office for Persons with Developmental Disabilities (OPWDD), Office of Alcoholism and Substance Abuse Services (OASAS), the Department of Health (DOH), the Office of Children and Family Services (OCFS), and the State Education Department (SED).*

### Overview of the Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$53.89 million in All Funds support, reflecting an increase of \$4.90 million or 10.01% over SFY 2014-15 levels. This level of funding would support 429 FTEs in performing the major duties of the agency.

### State Operations

The SFY 2015-16 Executive Budget recommends \$53.90 million in State Operations funding, reflecting an increase of \$4.91 million over SFY 2014-15 Enacted levels. This increase in funding is attributed to \$5 million in increased funding is related to the transfer of functions and staff from the Office of Mental Health (OMH) and the Office for People with Developmental Disabilities (OPWDD). During SFY 2015-16, the Justice Center will assume the responsibility for investigating all cases of abuse and neglect in State-operated or licensed facilities. Therefore, approximately 102 staff from other agencies would be transferred to the Justice Center. The increase is also attributed to an increase in funding of \$5 million is offset by \$98,000 in reductions in other funds. The SFY 2015-16 Executive Budget proposes to eliminate two special revenue accounts as follows:

- o The elimination of the Conference Fee Account, resulting in a \$71,000 revenue loss.
- o The elimination of the Technology Related Assistance for Individuals with Disabilities (TRAID) resulting in a \$27,000 revenue loss.

### Local Assistance

The SFY 2015-16 Executive Budget recommends \$649,000 in Local Assistance Funding, which is consistent with SFY 2014-15 Enacted levels.

## LABOR, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$12,971,000	\$285,000	(\$12,686,000)	-97.80%
Special Revenue-Federal	\$757,650,000	\$742,437,000	(\$15,213,000)	-2.01%
Special Revenue-Other	\$72,740,000	\$72,740,000	\$0	0.00%
Internal Service Funds	\$5,254,000	\$4,338,000	(\$916,000)	-17.43%
Enterprise Funds	\$3,740,000,000	\$3,280,000,000	(\$460,000,000)	-12.30%
<b>Total</b>	<b>\$4,588,615,000</b>	<b>\$4,099,800,000</b>	<b>(\$488,815,000)</b>	<b>-10.65%</b>

*The Department of Labor (DOL) is the primary agency that implements unemployment insurance, provides workforce development, and enforces state Labor Law. The Department offers services to both businesses and workers to promote compliance with wage and occupational health and safety laws, and trains workers through a variety of initiatives.*

### Overview of Executive Budget Proposal

The SFY 2015-2016 Executive Budget recommends an All Funds appropriation of \$4.1 billion, a decrease of \$488.81 million from SFY 2014-2015 funding levels. The vast majority of these cuts are due to a reduction in Federal funds for unemployment insurance and worker training due to improving economic conditions and a decrease in the unemployment rate.

### Employment and Training Programs

The Executive Budget proposes an appropriation of \$236.98 million for the Workforce Investment Act (WIA), a decrease of \$5.77 million from SFY 2014-2015. This decrease is associated with a reduction in federal funding. The Workforce Investment Act is a federal law which 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. The direct training programs funded by this program are generally controlled by regional WIA Boards, as State Administrative Funds had been phased out in recent years. Last year's federal reauthorization led to a renaming of the Workforce Investment Act, the Workforce Innovation and Opportunity Act (WIOA). Furthermore, 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 \$12.6 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, the Chamber of Commerce "On-The-Job" program and various programs.

## **Unemployment Insurance (UI) Administration**

Due to a decrease in the total unemployment rate, total funding for unemployment insurance has been decreased. These decreases resulted in a loss of \$460.00 million in enterprise funds for the payment of UI benefits to individual unemployed beneficiaries, as well as a reduction of \$9.44 million in UI administrative and job training appropriations. Of this amount, \$60 million in reductions is due to decreasing payments by the State to the UI trust fund, due to the State's borrowing from the federal government during the recession to pay for benefits in excess of the State's on-hand funding.

## **Article VII**

### **Raises the Minimum Wage to \$10.50/hr or \$11.50/hr in New York City**

The Executive Budget would increase the minimum wage to \$10.50 per hour, effective on December 31, 2016. On the same date, the minimum wage for New York City would be increased to \$11.50 per hour. This minimum wage proposal would build off current law, which will provide for a minimum wage increase from \$8.75 per hour at present, to \$9.00 per hour as of December 31, 2015. Unlike previous proposals supported by the Administration and the Senate Democratic Conference, no further increases tied to inflation would be provided and a municipality (including the City of New York) could not individually increase the minimum wage, nor enforce its higher wage within its own borders.

### **Provides Unpaid Leave for Medical Personnel Who Volunteer to Fight Ebola**

This new legislative proposal would provide a right for certain medical personnel to take an unpaid leave of absence from work to help fight against Ebola abroad. If a physician, P.A., nurse practitioner, registered nurse, or other nurse titles designed by the Commissioner of Labor volunteered to work abroad in a country designated by the Centers for Disease Control as having widespread transmission of Ebola, such an individual could not be disciplined or fired from their job while taking an unpaid leave of absence.

In cases where an employer would experience undue hardship, such as interference with the safety or effectiveness in the workplace, the employer could deny this request lawfully. Any leave of absence taken under this section must begin before December 31, 2016 and must conclude by December 31, 2017.

### **Renames the Youth Works Tax Credit to the Urban Youth Jobs Tax Credit and Expands Various Provisions**

Under the Governor's Executive Budget, the preexisting Youth Works Tax Credit is rebranded as the Urban Youth Jobs Tax Credit. The Governor would expand the tax credits from \$10 million a year to \$20 million a year through 2018, and would change the jurisdictional criteria for employers. Only localities in counties with high rates of youth poverty (i.e. the rate of 16-24 year olds living below the U.S. poverty line) would be eligible. In practice, changing this definition may eliminate White Plains and the Town of Hempstead from eligibility and provide more of the total tax credits to New York City, Buffalo, Syracuse, Rochester, and Albany.

## Repeals Certain Department of Labor Regulatory Fees

The Executive Budget proposes to eliminate 21 small regulatory fees currently assessed by the Department of Labor for various industrial inspections and permit applications. The DOL plans to administratively waive 9 other fees. The total cost of the fee waiver will be \$243,000 in yearly revenue (\$134,000 in legislatively imposed fees, and \$109,000 in administrative fees). The 21 fees to be eliminated by Article VII legislation are below:

Fee	Description	Cost
External/Internal Antique Boiler Inspections (2)	Yearly inspections of antique steam engines	\$25
Miniature Boiler Inspection	Yearly inspection assessed to owner	\$50
Commissary Operator Permit	Yearly permit for migrant farm worker camp or processing plant commissary operation	\$40
Defense Dispensation	Defense contractors who apply for labor exemptions	\$40
Workweek Exemption	Employer exemption from 1 day of rest per week law	\$40
Farm Grower Permit	Yearly permit to hire +5 non H2A farm workers	\$40
Farm Labor Contractor Permit	Yearly permit to transport and provide non-H2A migrant farm workers to an employer	\$200
Industrial Home Work: Employer	Yearly fee for businesses who distribute unfinished industrial material (clothing/jewelry) to employees for completion at home	\$100
Industrial Home Work: Employee	Yearly fee for employee who take unfinished industrial material (clothing/jewelry) home for completion	\$25
Professional Employer Organization Registration	Initial registration for employer/organization to be allowed to lease employees to NY businesses	\$1,000
Professional Employer Organization Renewal	Renewal fee for leasing employees to NY businesses	\$500
Professional Employer Organization Exemption	Exemption from leasing employee application and full fees in certain cases	\$250
Workplace Safety Certificate	Certification to consult on workplace safety	\$1,000
Workplace Safety Specialist Certificate	Certification as a specialist in consulting on workplace safety	\$800
Workplace Safety Specialist Recertification	Recertification as a specialist in consulting on workplace safety every three years	\$600
Workplace Safety Inspection by DOL	DOL staff acting as workplace safety consultants on behalf of an employer; fee is charged per day	\$350
Written Assurances	Yearly application for apparel contractor regulatory compliance	\$100
Slot Machine Repair License Per Machine	Per machine payment for repairs of slot machines in the apprenticeship program, paid every 6 months	\$500
Slot Machine Repair License Per Person	Per apprentice payment for repairs of slot machines in the apprenticeship program, paid every 6 months	\$100
Building Plans Exam	Review of building/altering place of public assembly	\$200

## LAW, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$102,823,000	\$102,823,000	\$0	0.0%
Special Revenue-Federal	\$27,300,000	\$27,300,000	\$0	0.0%
Special Revenue-Other	\$67,300,000	\$67,300,000	\$0	0.0%
General State Charges	\$26,500,000	\$27,600,000	\$1,100,000	4.00%
<b>Total</b>	<b>\$223,900,000</b>	<b>\$225,000,000</b>	<b>\$1,100,000</b>	<b>.500%</b>

*The Department of Law was established in 1926 and is headed by the State Attorney General, who is elected by the people. The Department protects the legal rights of New York State and its citizens by representing the State in litigation and in other legal affairs.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an essentially zero growth budget with the only increases due to a \$1.10 million increase in General State Charges (fringe benefits due to contracts).

There is a Capital Appropriation of \$1 million for technology improvements such as case management and the \$9 million from last year is reappropriated. Local Assistance Funds for foreclosure avoidance and amelioration (\$81.5 million) are reappropriated, as part of the JP Morgan settlement. \$1 million in funds for expert witnesses will continue to be available in the Division of the Budget Appropriation.

## MENTAL HYGIENE, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Other	\$600,000,000	\$600,000,000	\$0	0.00%
<b>Total</b>	<b>\$600,000,000</b>	<b>\$600,000,000</b>	<b>\$0</b>	<b>0.00%</b>

*The Department of Mental Hygiene operates through three independent agencies – the Office of Mental Health, the Office of People with Developmental Disabilities, and the Office of Alcoholism and Substance Abuse Services (OASAS). All three agencies provide services directly to their clients through State – operated facilities and receive reimbursement for these services primarily with Medicaid funds.*

### Overview of the Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$600 million in funding which is consistent with the funding provided as part of the SFY 2014-15 Enacted Budget. The \$600 million appropriated for the Patient Revenue Account may be allocated to any of the three agencies for the costs associated with debt service for mental hygiene bonds. Any remaining funds from the patient revenue account may also be used to provide services for patients of any of the three agencies under the Department of Mental Hygiene.



## ALCOHOLISM AND SUBSTANCE ABUSE SERVICES, OFFICE OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$28,393,000	\$25,523,000	(\$2,870,000)	(10.11%)
Special Revenue-Federal	\$141,170,000	\$141,170,000	\$0	0%
Special Revenue-Other	\$406,612,000	\$420,302,000	\$13,690,000	3.37%
Capital Projects	\$6,000,000	\$9,500,000	\$3,500,000	58.33%
<b>Total</b>	<b>\$582,175,000</b>	<b>\$596,495,000</b>	<b>\$14,320,000</b>	<b>2.46%</b>

*The mission of the Office of Alcoholism and Substance Abuse Services (OASAS) is to improve the lives of all New Yorkers by leading a comprehensive premier system of addiction services for prevention, treatment, and recovery.*

### Overview of the Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$596.49 million in All Funds support reflecting an increase of \$14.32 million or 2.46% over SFY 2014-15 enacted levels. This level of funding provides sufficient resources to support 735 FTEs which is a reduction of 26 FTEs that will be transferred to the Justice Center.

Of the \$596.49 million in All Funds support, \$471.72 million is provided for local assistance funding, representing an increase of \$10.82 million over SFY 2014-15 enacted levels. This increase of \$10.82 million is primarily attributed to the following:

- \$5 million in additional funding to support treatment and prevention programs targeted at opiate abuse, residential service opportunities and initiatives that increase public awareness of heroin abuse. This \$5 million is in addition to \$2.8 million added by the June 2014 legislation aimed at combating heroin and opiate addiction.
- \$5.8 million is available to provide a 2% salary increase for staff of not-for-profit entities. The SFY 2014-15 Enacted Budget provided salary increases for direct care staff beginning January 1, 2015. Effective April 1, 2015, direct care and clinical staff will receive an additional 2% salary increase. The \$5.8 million in additional funding represents the cost of these increases.
- \$100,000 is available for costs associated with the implementation of the medical marijuana program that was enacted during the 2014 Legislative session.

The SFY 2015-16 Executive Budget recommends utilizing the resources appropriated for OASAS to expand community based services. The Executive proposes to expand community services by funding 80 new congregate care beds associated with the NY/NYIII program.

Within the amounts appropriated in the SFY 2015-16 Executive Budget, \$3.88 million would be disbursed as follows:

- \$1.47 million for the costs associated with collective bargaining and performance awards for employees at the Agency.
- \$1.33 million is earmarked for the 27<sup>th</sup> pay period for employees that are on the institutional pay cycle.
- \$1.08 million for increased non-personal service costs as a result of inflation, as well as increased indirect agency costs and fringe benefits.

### **Capital**

The SFY 2015-16 Executive Budget recommends \$9.5 million in funding, reflecting an increase of \$3.5 million or 58.33% over SFY 2014-15 enacted levels. This increase in capital funding is attributed to the following:

- \$3 million for preservation of facilities; and
- \$500,000 for design and construction projects.

## MENTAL HEALTH, OFFICE OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$394,778,000	\$394,778,000	\$0	0.00%
Special Revenue-Federal	\$44,597,000	\$48,348,000	\$3,751,000	8.41%
Special Revenue-Other	\$3,108,815,500	\$3,157,158,000	\$48,342,500	1.56%
Capital Projects	\$90,165,000	\$312,472,000	\$222,307,000	246.56%
Internal Service Funds	\$2,597,000	\$2,597,000	\$0	0.00%
Enterprise Funds	\$8,606,000	\$8,606,000	\$0	0.00%
<b>Total</b>	<b>\$3,649,558,500</b>	<b>\$3,923,959,000</b>	<b>\$274,400,500</b>	<b>7.52%</b>

*The New York State Office of Mental Health (OMH) promotes the mental health and well being of all New Yorkers. Its mission is to facilitate recovery for individuals receiving treatment for serious mental illnesses, to support children and families in their social and emotional development, to facilitate early identification and treatment of serious emotional disturbances, and to improve the capacity of communities across New York to achieve these goals.*

### Overview of the Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$3.92 billion in All Funds support reflecting an increase of \$274.40 million or 7.52% over SFY 2014-15 Enacted levels. This increase is primarily attributed to an additional \$222.31 million in Capital appropriations reflecting an increase in bonded appropriations for the South Beach Psychiatric center as well as other ongoing facility projects. In addition, the SFY 2015-16 Executive Budget proposes an increase of \$3.75 million under the Special Revenue-Federal fund which would support additional federal monies under the Community Mental Health Block Grant program. Finally, the Executive proposes an increase of \$48.34 million appropriation in Special Revenue-Other for various services and programs.

The SFY 2015-16 Executive Budget includes funding for proposals that would transform the delivery of mental health services by improving community based services. Highlights of these programs are:

- The SFY 2015-16 Executive Budget includes \$68 million to improve community services. Using funding from the BIP program, OMH will develop programs and services that achieve the following:
  - Transition OMH client into managed care programs;
  - Expand the capacity of the health home program;
  - Utilize 250 home and community based services (HCBS) waiver slots and increase the number of children's community services;
  - Provided additional funding for community residencies; and

- Provide additional funding for the Personalized Recovery Oriented Services Program (PROS).
- The SFY 2015-16 Executive Budget includes \$22 million to create and expand services for individuals at risk of violence. In an effort to reduce the number of individuals who have a mental illness and are incarcerated, OMH would provide more intensive services that would reduce recidivism, such as more prison assessments, improved discharge planning and more aggressive community services, and supportive housing.
- The SFY 2015-16 Executive Budget includes \$10 million from the JP Morgan settlement to strengthen existing supportive housing units. These funds would be used to increase rental subsidy amounts by roughly \$750 annually for the approximately 13,000 existing supported housing units.
- The SFY 2015-16 Executive Budget includes an additional \$20 million for new community residential opportunities, such as supportive apartments, that would transition approximately 400 individuals from adult homes and 100 individuals from nursing homes. In addition, approximately 1,200 congregate care beds under NY/NYIII would be available to reduce homelessness.

### **Local Assistance**

- The SFY 2015-16 Executive Budget realizes \$6.67 million in savings from the elimination of Legislative initiatives included as part of the SFY 2014-15 Enacted Budget.
- The SFY 2015-16 Executive Budget invests \$7.5 million for community based services. This \$7.5 million available for investing, would be achieved as a result of the elimination of 137 inpatient beds. Once this census decline is fully annualized, \$15 million in funding would be available for community based supportive services.
- The SFY 2015-16 Executive Budget includes \$18.9 million in increased funding for new and expanded community services. This increase in funding for SFY 2015-16 was generated from the census decline that was included as part of the SFY 2014-15 Enacted Budget.
- The SFY 2015-16 Executive Budget includes \$18.42 million for the two percent salary increase for staff of not-for-profit entities. The SFY 2014-15 Enacted Budget provided salary increases for direct care staff beginning January 1, 2015. Effective April 1, 2015, direct care and clinical staff will receive an additional 2% salary increase.

### **Article VII**

The SFY 2015-16 Executive Budget includes Article VII language that would extend for three years the provision that authorizes facility directors of State operated facilities to use patient funds to pay for the cost of their care and treatment.

The SFY 2015-16 Executive Budget also includes Article VII language that would extend OMH's authority to recover Medicaid exempt income from providers of community residences licensed by OMH until June 30, 2016.

## METROPOLITAN TRANSPORTATION AUTHORITY

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Other	\$2,303,636,000	\$2,336,636,000	\$33,000,000	1.43%
Capital Projects-Other	0	\$750,000,000	\$750,000,000	N/A
<b>Total</b>	<b>\$2,303,636,000</b>	<b>\$3,086,636,000</b>	<b>\$783,000,000</b>	<b>33.99%</b>

*The Metropolitan Transportation Authority (MTA) is the public authority that is responsible for the operation, maintenance and improvement of public transportation in the 12-county Metropolitan Commuter Transportation District which consists of New York City (NYC) as well as Nassau, Suffolk, Westchester, Dutchess, Orange, Putnam, and Rockland counties. The Authority operates the bus and subway systems in NYC, the commuter railroads that run throughout the 12-county region, and the seven bridges and two tunnels in NYC.*

### Overview of Executive Budget Proposal

The SFY 2015-16 Executive Budget proposal provides for three types of State-supported funding to the MTA:

- Transit operating aid appropriations, which are provided through the budget of the State Department of Transportation (DOT);
- Capital program, which are provided through capital contributions made by the State; and
- Contingency appropriations, which provide no direct financial aid to the Authority in SFY 2015-16. These appropriations are intended to provide operating aid to the MTA in the event that the SFY 2015-16 budget is not passed by the April 1<sup>st</sup> deadline established by the State Constitution.

Overall, about \$4.35 billion will be made available to the Authority in transit operating assistance in SFY 2015-16 through the Department of Transportation, along with \$750 million in appropriations to be made available to the MTA for capital investments in its 2015-19 Capital Program and \$620 million in reappropriations for the 2010-14 Capital Program. Additionally, the MTA will be receiving up to \$400 million in capital aid from the Special Infrastructure Account established to distribute funds recovered from settlements related to litigation with banks and financial institutions. Finally, the Executive proposes to repurpose \$104.13 million of operating revenue streams for long-term capital purposes.

### State Transit Operating Aid for the MTA

Transit operating aid provided to the Authority in the State Budget is channeled through the Department of Transportation. Thus, all transit operating assistance appropriations for the MTA are located within the DOT budget. As a result, the Agency Summary Table provided above does not reflect MTA transit operating assistance appropriations.

In SFY 2015-16, the Executive proposes nearly \$4.36 billion in transit operating aid for the Authority. This represents an increase of more than \$37 million, or approximately .85% above disbursement levels in the SFY 2014-15 Adjusted Budget. This includes General Fund support of \$309.25 million to offset the revenue impact of the 2011 additional payroll tax exemptions on the MTA's 2015 fiscal year.

The SFY 2015-16 Executive Budget Proposal maintains an appropriation of approximately \$25.25 million to offset the costs to the MTA for the Reduced Fare for School Children Program for New York City.

The Executive also prohibits MTA operating assistance from being used to extend the Verrazano Narrows Bridge residential and commercial toll rebate program unless 50% of the appropriations needed are provided by legislative sources. The program's 2014 estimated cost was \$14 million.

### **Capital Funding for the MTA**

The SFY 2015-16 Executive Budget Proposal contains \$750 million in authority-backed capital appropriations to assist the MTA in completing its \$29 billion 2015 five-year capital program. In 2012, the Enacted Budget appropriated \$770 million of similar bonding authority to provide the State's share of assistance for the final three years of the MTA's \$22 billion 2010-14 Capital Program. The MTA is also scheduled to receive nearly \$386 million in reappropriations from 2005 Bond Act funds.

### **New Five-Year Capital Program**

The MTA released its 2015 Capital Program draft in September 2014, seeking \$29 billion for its core program. This includes \$23.50 billion for renewal and enhancement projects, along with \$5.50 billion for expansion projects like Phase II of the Second Avenue Subway, East Side Access, and Penn Station Access.

In his State of the State, Governor Cuomo again declared his support for the roughly \$1 billion Penn Access plan, which would add four new commuter rail stops in the East Bronx to connect the Metro-North's New Haven Line with Penn Station. He also intends to have the MTA and Port Authority work together to finance and construct an Air Train connecting the 7-Line and Long Island Rail Road (LIRR) in Willets Point, Queens with LaGuardia Airport to provide rail access to the airport. The current fiscal projection for this 1.5-mile monorail-style proposal is \$450 million, with a potential project delivery timeline of five years. The Executive Budget does provide any specific financing assistance for the Air Train.

### **Settlement Funds to MTA Capital**

The Executive Budget appropriates \$250 million of Special Infrastructure Account funds for MTA and Metro-North, its commuter rail subsidiary, for the Penn Access project. It also appropriates \$150 million for transit-oriented development, including structured parking facilities at Nassau and Ronkonoma hubs. At his State of the State, the Governor discussed his intention for this funding to assist with mixed-use development around commuter rail hubs, and included Tarrytown, a Metro-North station, as well as the two previously mentioned LIRR hubs.

### Capital Investments Fund

The Executive Budget also appropriates \$121.55 million for transit capital purposes for downstate public transportation properties, including \$104.13 million for the MTA. These funds are being repurposed from revenue streams that were established to assist with transit operating expenses.

### New MTA-Related State Capital Appropriations in Executive Budget

Purpose	Appropriation
State Contribution toward 2015-19 Capital Program	\$750 million
One-time Capital Investments Fund for long-term capital	\$104.13 million
Penn Access Contribution	\$250 million (out of ~\$1 billion total cost)
Transit-Oriented Development Hubs (likely located around MTA Commuter Rail stations)	\$150 million

### Contingency Appropriations

Contingency appropriations are typically dry appropriations, not supported by cash, which are intended for the purpose of providing authorization for state agencies or public entities to draw on state funds to pay for unforeseen or extraordinary expenses.

The Executive proposes two contingency appropriations for the MTA that together total nearly \$2.34 billion in the SFY 2015-16 Executive Budget:

- The first contingency appropriation provided to the Authority totals \$590.24 million, a decrease of \$22.29 million, or about 3.64%, from the SFY 2014-15 Enacted Budget from the Dedicated Mass Transportation Fund. This is due to an anticipated reduction in Petroleum Business Tax receipts in future years.
- The second contingency appropriation is for over \$1.74 billion. This represents a roughly 3.00% increase from the SFY 2014-15 Enacted Budget. This contingency appropriation is required pursuant to the new Section 92-ff of State Finance Law which was enacted as part of Chapter 25 of the Laws of 2009 (the MTA Bailout).
- These contingency appropriations are provided to support operating costs and debt service payments of the MTA in SFY 2015-16 in the event that the state budget for the next fiscal year is not enacted on time.

### Article VII

#### Downstate Transit Capital Account

The Executive Budget includes legislation creating a downstate assistance for transit capital account so that \$121.5 million in appropriations can be provided to downstate transit authorities for long-term capital purposes. This enables, and specifically mandates, the MTA and other downstate transit authorities to use a portion of funds previously devoted to operations for capital expenditures instead. Non-MTA downstate operators' state operating appropriations are held flat in the Executive Budget.

### **Strengthens Toll Collection Enforcement Measures against Toll Evaders**

The Executive Budget includes legislation strengthening public authorities' ability to enforce their toll collections; a similar proposal had been proposed in the 2014-15 Executive Budget and excluded from enactment. More information on this proposal is included in the Appendix.

### **Extends Transit Procurement Rules**

The Executive Budget includes legislation to extend existing RFP procurement rules for MTA and NYC Transit for four years to 2019. This authorization provides MTA and NYC Transit exemption from lowest responsible bid requirements for supply and material contracts costing less than \$15,000 and public works contracts costing less than \$25,000.

### **MMTOA Debt-Service Sweep**

The Public Protection and General Government legislation contains language that would transfer \$20 million from the Metropolitan Mass Transportation Operating Assistance account (MMTOA) to the State's General Debt Service Fund, to assist the state in providing debt service payments for MTA capital borrowing that it had agreed to reimburse in prior years. This is half the amount authorized in the SFY 2014-15 Enacted Budget, and equal to the amount authorized in SFY 2013-14.

### **Capital Contribution Authorization**

Authorizes the Empire State Development Corporation, Dormitory Authority, and Thruway Authority to borrow \$750 million for contribution to the MTA's 2015-19 Capital Program on behalf of the state.



## PAY FOR SUCCESS CONTINGENCY RESERVE

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$53,000,000	\$69,000,000	\$16,000,000	30.19%
<b>Total</b>	<b>\$53,000,000</b>	<b>\$69,000,000</b>	<b>\$16,000,000</b>	<b>30.19%</b>

*Under Pay for Success, up front financing for programs is provided by private sector or philanthropic investors. Government return on investment payments are only made if the programs achieve agreed upon outcomes as verified by an independent validator and if public sector savings exceed costs. In 2013-14 New York launched the nation's first state-led Pay for Success project to train and employ approximately 2,000 formerly incarcerated individuals. New York subsequently issued a request for proposal (RFP) for additional Pay for Success projects and is working towards two additional projects in the areas of juvenile justice and health care.*

### Overview of Executive Budget

The SFY 2015-16 Executive Budget includes \$69 million to continue support of Pay for Success Initiatives, an increase of \$16 million from SFY 2014-15. The increased funding is necessary to support additional projects. Payments under Pay for Success contracts will generally occur several years after services are delivered.

## PEOPLE WITH DEVELOPMENTAL DISABILITIES, OFFICE FOR

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$1,827,220,000	\$1,733,967,500	(\$93,252,500)	-5.10%
Special Revenue-Federal	\$751,000	\$751,000	\$0	0.00%
Special Revenue-Other	\$2,543,215,500	\$2,636,468,000	\$93,252,500	3.67%
Capital Projects	\$48,910,000	\$18,000,000	(\$30,910,000)	-63.20%
Internal Service Funds	\$348,000	\$348,000	\$0	0.00%
Enterprise Funds	\$2,657,000	\$2,657,000	\$0	0.00%
<b>Total</b>	<b>\$4,423,101,500</b>	<b>\$4,392,191,500</b>	<b>(\$30,910,000)</b>	<b>0.70%</b>

*The mission of the Office for People with Developmental Disabilities (OPWDD) is to help people with developmental disabilities live richer lives. The agency's mission is to ensure that people with developmental disabilities enjoy meaningful relationships with family, friends, and others in their lives; experience personal health and growth; and live in homes and fully participate in the communities of their choice.*

### Overview of the Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$4.39 billion in All Funds support reflecting an decrease of \$30.91 million or .70% from SFY 2014-15 Enacted levels. This decrease is attributed to the reduction of \$30.91 million in Capital projects funding. The reduction in Capital funding reflects the availability of sufficient reappropriations from prior years and would not have any impact on current projects. The SFY 2015-16 Executive Budget also proposes to transfer \$93.25 million in General Fund spending to Special Revenue – Other spending.

The SFY 2015-16 Executive Budget includes proposals that would continue the transition of care and services into community based services. The Executive proposes to utilize \$177 million in funding from the Balancing Incentive Program (BIP) for services that would transform the long term care service delivery system for those with physical, behavioral health and or developmental disabilities. Under BIP, the State must transform the delivery of long term services towards community based care, while promoting enhanced consumer choice. Ultimately, New York State must improve access to community long term services in the least restrictive setting. Some of the services that would be funded from the \$177 million of BIP funds include:

- Developing electronic health records;

- Developing self directed programs;
- Incentivizing employment opportunities; and
- Transitioning to a standardized reimbursement methodology.

The Executive provides \$42 million to continue to transition individuals from segregated settings into appropriate community based programs with supportive services. The SFY 2015-16 Executive Budget proposal would provide services to approximately 149 individuals that are currently in developmental centers and 100 individuals that are receiving services at Intermediate Care Facilities (ICF). This proposal would also fund an OPWDD pilot program utilizing 100 State employees to provide these patient centered services.

The Executive provides \$60 million in funding for new OPWDD supportive services for individuals with developmental disabilities. This level of funding is expected to provide new and expanded services for 3,500 individuals. The services provided would be based on a patient centered model of care, including personal needs assessments and a planning process. When fully annualized the available funding for these services would increase to \$120 million.

### **State Operations**

The SFY 2015-16 Executive Budgets recommends \$2.13 billion in appropriation authority reflecting an increase of \$100 million over SFY 2014-15 Enacted Budget. This increase in appropriation authority would support increased spending for the 27<sup>th</sup> pay period for employees that are on the institutional pay cycle.

On a cash basis, the SFY 2015-16 Executive Budget recommends \$1.97 billion in spending which is a decrease of \$16.07 million from SFY 2014-15 Enacted levels. This reduction in spending is attributed to the following:

- \$58 million in savings is realized from the facilities' census decline that began in prior State fiscal years; and
- \$11.60 million in savings is realized from SFY 2015-16 facilities census decline that would take place as a result of the development or expansion of new community based services.

These savings are offset by increased spending of \$53.53 million as follows:

- \$43.74 million in increased spending is attributed to the 27<sup>th</sup> pay period for employees that are on the institutional pay cycle; and
- \$9.79 million in increased spending is attributed to the impact of collective bargaining, fringe benefits, and transfers to the Office of Information Technology Services (OITS).

### **Local Assistance**

The SFY 2015-16 Executive Budget recommends \$2.24 billion in appropriation authority reflecting a decrease of \$100 million from SFY 2014-15 enacted levels. Details of the appropriation decrease are as follows:

- \$144.05 million appropriation reduction is attributed to year to year reduction in General Fund State share transfers; and

- \$101.33 million appropriation reduction is attributed to a re-estimate of the Option for People Through Services (OTPS) program. This re-estimate resulted in lower projected caseloads.

These reductions in appropriations are offset by \$145.39 million in increased appropriations. Details are as follows:

- \$50.80 million is to support the two percent salary increase for staff of not-for-profit entities. The SFY 2014-15 Enacted Budget provided salary increases for direct care staff beginning January 1, 2015. Effective April 1, 2015, direct care and clinical staff will receive an additional 2% salary increase; and
- \$94.59 million is to support additional spending from the BIP program for residential day programs, family support services and day training.

On a cash basis, the SFY 2015-16 Executive Budget recommends \$1.14 billion in spending reflecting a decrease of \$338.18 million from SFY 2014-15 enacted levels. This reduction in spending is attributed to the following:

- \$111 million reduced spending reflects SFY 2014-15 retro payments for Intermediate Care Facilities (ICF) that will not reoccur during SFY 2015-16;
- \$200 million in reduced spending is attributed to lower Medicaid dollars from the global cap;
- \$162.40 million in reduced spending reflects the utilization of BIP dollars to offset spending under OPWDD; and
- \$32.5 million in reduced spending is as a result of re-estimates of the OTPS program.

These spending reductions are offset by increased spending as follows:

- \$60 million is provided for new supportive services for individuals with developmental disabilities;
- \$50.80 million to support the cost of 2% salary increases for direct care workers.
- \$34.3 million to support new and expanded community based services for individuals transitioning from segregated settings; and
- \$30 million to support increased SFY 2015-16 Medicaid spending as a result of the 53<sup>rd</sup> cycle.

## MILITARY AND NAVAL AFFAIRS, DIVISION OF

Funding Source	Adjusted Appropriations 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$23,666,000	\$25,354,000	\$1,688,000	7.13%
Special Rev. – Federal	\$42,780,000	\$42,780,000	\$0	0.00%
Special Rev.- Other	\$9,577,000	\$9,277,000	(\$300,000)	3.13%
Capital Projects	\$ 39,200,000	\$39,200,000	\$0	0.00%
<b>Total</b>	<b>\$115,923,000</b>	<b>\$ 117,511,000</b>	<b>\$1,585,000</b>	<b>1.37%</b>

*The Division of Military and Naval Affairs (DMNA) maintains a well trained military force ready to respond to civil emergencies, natural disasters, and threats to the nation's security.*

### Overview of the Executive Budget

The Executive recommends an All Funds appropriation of \$1.58 million. The Executive Budget recommends a decrease of \$300,000 in SRO Funds that are now coming out of the General Fund as part of the \$117.5 million in All Funds support for DMNA. Most of the increase in General Fund Support is caused by a new Federal salary cap on several positions in the Federal Air National Guard. Traditionally, these titles have been 75% to 100% federally funded. The 82 DMNA employees who are in excess of the Federal cap of salaries need to be funded by the state because of state raises and collective bargaining. Aid to Localities remains unchanged at \$900,000. The workforce level of 344 FTEs remain the same as SFY 2014-15.

## MOTOR VEHICLES, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Federal	\$39,626,000	\$40,739,000	\$1,113,000	2.80%
Special Revenue-Other	\$79,171,000	\$79,649,000	\$478,000	0.60%
Capital Projects	\$194,314,000	\$199,255,000	\$4,941,000	2.54%
Internal Service Funds	\$5,300,000	\$5,300,000	0	0%
<b>Total</b>	<b>\$318,411,000</b>	<b>\$324,943,000</b>	<b>\$6,532,000</b>	<b>2.05%</b>

*The Department of Motor Vehicles (DMV) is responsible for a number of activities that help promote traffic safety, protect consumers, and provide informational services to New York State drivers and the general public. These activities include licensing drivers; registering vehicles to authorize use and establish identification; issuing titles to establish vehicle ownership; and licensing and regulating the motor vehicle industry. The DMV Traffic Violations Bureau is also responsible for helping to adjudicate traffic infractions. The Department collects fees and other non-tax revenue to provide financial support for these activities, as well as for transportation capital expenses and the general expenses of the State.*

### Overview of Executive Budget Proposal

The Executive Budget proposes approximately \$325 million in appropriations for SFY 2015-16, an increase of \$6.53 million or about 2% from the SFY 2014-15 Enacted Budget. This increase reflects increased personnel costs and an increased amount of traffic safety grants.

The Executive Budget recommends a workforce of 2,159 FTEs for the Department, a decrease of 46 FTEs from SFY 2014-15. This is due to attrition related to increasing usage of the Department's online platform and automated kiosks, and a transfer of four Human Resources employees over to the Business Services Center in the Office of General Services.

### DMV Expenses Appropriated From the Dedicated Highway & Bridge Trust Fund

Under the SFY 2015-16 Executive Proposed Budget, the Dedicated Highway and Bridge Trust Fund (DHBTF) would support over \$199 million of DMV's expenses. This represents an increase of approximately \$4.94 million or 2.54% from the appropriation made from the DHBTF in the SFY 2014-15 Enacted Budget.

The DHBTF is the primary source of State funding for 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. Overall, the DHBTf appropriation in the SFY 2015-16 Executive Proposed Budget represents more than 61% of the total value of appropriations made to DMV.

The DMV is projected to collect more than \$1.70 billion in revenue for the State and localities in SFY 2015-16.

## **Article VII**

### **Customer Service Initiative**

DMV continues its customer service overhaul that began in SFY 2013-14, which includes use of self-service kiosks in the busiest DMV offices for simpler transactions, updated website and application increased online transactions, expedited vision registry, more convenient office hours in certain locations, and greeters to assist customers and expedite their trip. DMV is also overhauling its call center to expedite prearranged office visits.

### **Modernizing Inspection Filing Fee Process**

The Executive proposes legislation to replace a \$50 inspection filing fee for new trucking companies, movers, ambulette providers and charter bus operators. This proposal also creates a \$100 inspection fee for ambulettes, private motor carriers like double-decker buses and transit vans, as well as airport service and limousines and empowers the Commissioner to deny future inspection for failure to pay the fee within 90 days. This is expected to generate \$3.5 million for the Department per year, which is intended to be deposited into the Highway and Bridge Trust Fund and offset inspection costs.

### **Streamlining Overweight Vehicle Registration**

The Executive proposes legislation to eliminate the requirement that overweight vehicles (with a maximum weight exceeding 80,000 pounds) receive second, corrected registration from the DMV after receiving an overweight vehicle permit from the DOT. It is estimated that lost registration amendment fees will cost the DMV about \$107,000, which may be offset by reduced DMV processing costs. DOT's current charges for overweight vehicles range from \$360-\$1000, depending on the number of axles and type of permit being provided. This fee schedule will not change.

### **Compliance with Motor Carrier Safety Improvement Regulations**

The Executive proposes legislation to modify New York's commercial motor trucking requirements, including amending recordkeeping requirements related to Commercial Driver's License (CDL) learner's permits, redefining tanker truck licenses, clarifying CDL learner's permits' validity for no more than 180 days without DMV approval, imposing one year revocation of CDL or CDL learner's permit for making a false statement on a licensing or permit application, removing requirement that certain CDL holders notify DMV of out-of-state moving violation convictions, adding "Learner's Permit" to most CDL requirements, and prohibiting companies from permitting individuals without CDLs or permits or with suspended or revoked CDLs or permits from driving.

***Nonprofit Infrastructure Capital Investment Program***

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
Capital Projects	\$0	\$50,000,000	\$0	0.00%
<b>Total</b>	<b>\$0</b>	<b>\$50,000,000</b>	<b>\$0</b>	<b>0.00%</b>

*The SFY 2015-16 Executive Budget authorizes the establishment of the Office of Faith-Based Community Services to assist and maximize community and faith-based organizations in providing education, health, workforce training, food programs and social services to communities.*

**Overview of Executive Budget**

The SFY 2015-16 Executive Budget also creates a \$50 million Nonprofit Infrastructure Capital Investment Program to make targeted investments in capital projects that will improve the quality, efficiency, and accessibility of eligible nonprofit human services organizations that provide direct services to New Yorkers. Targeted areas of investment include, but are not limited to, renovations or expansions of space used for direct program services; technology upgrades related to improving electronic records, data analysis, and/or confidentiality; modifications to provide for sustainable, efficient spaces that would result in overall energy and cost savings; and accessibility renovations.



## OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$4,168,000	\$4,318,000	\$150,000	3.6%
Special Revenue-Other	\$150,000	\$150,000	(\$0)	0%
Capital Projects	\$6,900,000	\$7,500,000	\$600,000	8.7%
<b>Total</b>	<b>\$11,218,00</b>	<b>\$11,968,000</b>	<b>\$750,000</b>	<b>12.3%</b>

*The Olympic Regional Development Authority was established by the New York State Legislature in 1981, in order to create a program to manage and promote the sports facilities used for the 1980 Olympic Winter Games. These facilities include: Whiteface Mountain Ski Area; Belleayre Mountain: the Olympic Training Center; the Mt. Van Hoevenberg bobsled, cross country ski trails and biathlon range; Intervale Ski Jumping Complex; Olympic Ice Rinks and the Olympic Speed Skating Oval; and Gore Mountain Ski Center. The State and local governments work together cooperatively to protect the public's investment in the previously mentioned facilities.*

### **Overview of the Executive Budget Proposal**

The Executive Budget recommends an All Funds appropriation of \$11.9 million for SFY 2015-16, an increase of 600,000 from the SFY 2014-15. This increase results from additional capital funding to support ongoing energy efficiency upgrades and renovation projects that will allow ORDA to reduce operating cost at facilities and venues.

## PARKS, RECREATION AND HISTORIC PRESERVATION, OFFICE OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$132,964,700	\$132,464,700	(\$500,000)	-0.38%
Special Revenue-Federal	\$91,001,900	\$91,001,900	\$0	0.00%
Special Revenue-other	\$13,415,900	\$13,415,900	\$0	0.00%
Capital Projects Fund	\$148,700,000	\$173,700,000	\$25,000,000	17%
<b>Total</b>	<b>\$386,082,500</b>	<b>\$410,582,500</b>	<b>\$24,500,000</b>	<b>6.35%</b>

*The goal of the Office of Parks Recreation and Historic Preservation (OPRHP) is to provide and maintain safe, pleasurable, recreational opportunities and programs for all New York State residents and visitors. The Office of Parks, Recreation and Historic Preservation also acts as a responsible guardian of the State's valuable natural, historic, and cultural resources. The Office is responsible for the operation and maintenance of 180 State parks and 35 historic sites which include a number of performing arts centers, golf courses, marinas, beaches, cabins, swimming pools, campgrounds, and a variety of restaurants, and other historic sites.*

### Overview of Executive Budget Proposal

The Executive Budget recommends \$411 million for OPRHP, an increase of \$25 million from the SFY 2014-15 Budget. This increase results primarily from a \$20 million increase in the Parks New York Works capital program.

The Executive Budget recommends a workforce of 1,746 FTEs for OPRHP, an increase of 12 FTEs from SFY 2014-15. The increased staffing level results from the expansion of services statewide due to completed New York Works capital projects and the new Buffalo Harbor State Park.

### Parks Capital Spending

The Executive continues NY Works funding for state park infrastructure upgrades with \$110 million in new capital appropriations, an increase of \$20 million from the SFY 2014-15 Enacted Budget. This additional capital funding builds on prior year support to rehabilitate state park facilities and amenities.

## PREVENTION OF DOMESTIC VIOLENCE, OFFICE FOR THE

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	\$ Change	% Change
General Fund	\$1,728,000	\$1,728,000	\$0	0.00%
Special Revenue-Other	\$41,000	\$41,000	\$0	0.00%
Special Revenue-Federal	\$1,100,000	\$1,100,000	\$0	0.00%
Internal Service Funds	\$890,000	\$890,000	\$0	0.00%
<b>Total</b>	<b>\$4,944,000</b>	<b>\$4,944,000</b>	<b>\$0</b>	<b>0.00%</b>

*Office for the Prevention of Domestic Violence continues to lead New York State's efforts to respond to and prevent domestic violence; advise the Governor and Legislature; develop statewide policies; conduct domestic violence training for judges, prosecutors, police, attorneys, probation and parole personnel, social services and health care providers; and serve as a clearing house of information and guidance on domestic violence for the entire State.*

### Overview of Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends \$4.90 million for the Office for the Prevention of Domestic Violence. There is \$1.18 million Aid to Localities and a reappropriation of \$1.13 million from SFY 2014-15. The office has 28 FTEs the same number of FTEs as last year.

## PUBLIC EMPLOYMENT RELATIONS BOARD

Funding Source	Adjusted Appropriations 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$3,600,000	\$3,600,000	\$0	0.00%
Special Revenue Fund- Other	\$384,000	\$384,000	\$0	0.00%
<b>Total</b>	<b>\$3,984,000</b>	<b>\$3,984,000</b>	<b>\$0</b>	<b>0.00%</b>

*The Public Employment Relations Board (PERB) was created by the Public Employees Fair Employment Act of 1967 and resolves labor disputes between public employers and employees. PERB provides mediation, fact-finding and arbitration in contract disputes for approximately 4,800 public sector negotiating units in New York State. A small number of private sector matters are also covered after the administrative merger of PERB with the State Employment Relations Board (SERB) in 2010.*

### Overview of Executive Budget

The Executive Budget recommends no changes in funding to the Public Employment Relations Board.

## PUBLIC ETHICS, JOINT COMMISSION ON

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	%Change
General Fund	\$4,382,000	\$4,382,000	\$0	0.00%
<b>Total</b>	<b>\$4,382,000</b>	<b>\$4,382,000</b>	<b>\$0</b>	<b>0.00%</b>

*The mission of the Joint Commission on Public Ethics (JCOPE) is to ensure compliance with financial disclosure and ethical standards to foster public trust and confidence in government. Established in 2011 by the Public Integrity Reform Act, JCOPE succeeds the Commission on Public Integrity and assumes responsibility for administering and enforcing the State's ethics and lobbying statutes along with anti-nepotism laws and the New York State "little Hatch Act." The scope of the new agency is broadened to include responsibility for not only executive branch employees and elected officials, but also legislative employees.*

*The Commission is comprised of 14 appointed members and has jurisdiction over 190,000 statewide officials, state officers and employees, and candidates for statewide elected office and political party chairs. These individuals annually file over 27,000 financial disclosure statements. Additionally, approximately 6,600 lobbyists representing 4,100 clients reported spending \$200 million in 2010 on their lobbying efforts. The Commission is responsible for issuing formal and informal advisory opinions to those under its jurisdiction, providing comprehensive outreach and education programs, administering a website that offers online filing, and conducting investigations and holding hearings to enforce the laws under the commission's mandate.*

### Overview of Executive Budget Proposal

The Executive Budget proposes a \$4.32 million appropriation, the same as SFY 2014-15. The Executive Budget continues to use \$200,000 of the All Funds appropriation to fund the staffing of a sexual harassment hotline. The workforce at JCOPE stays the same at 45 FTEs.

## PUBLIC SERVICE, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Federal	\$3,500,000	\$3,500,000	\$0	0.00%
Special Revenue-Other	\$86,662,000	\$86,662,000	\$0	0.00%
<b>Total</b>	<b>\$90,162,000</b>	<b>\$90,162,000</b>	<b>\$0</b>	<b>0.00%</b>

*The Department of Public Service (DPS), the staff arm of the Public Service Commission (PSC), which consists of five members appointed by the Governor, has four major areas of responsibility: regulating the State's public utilities, including electric, gas, steam, telephone and water rates and services; ensuring natural gas and liquid petroleum pipeline safety; regulating the cable television industry; and overseeing electric and gas facilities and transmission line siting.*

### Overview of the Executive Budget Proposal

The Executive Budget recommends \$90.2 million for the Department of Public Service in SFY 2015-16, same level as last year. The Executive Budget provides funding for the Department of Public Service to carry out its role in utility regulation and ratemaking, as well as storm response and public safety oversight. The Executive Budget also recommends a workforce of 515 employees, an increase of 2 employees from SFY 2014-15 levels.

### Article VII

#### **Authorize the Department of Health to Finance Certain Activities with Revenues Generated from an Assessment on Cable Television Companies:**

This bill would authorize the Department of Health (DOH) to finance public service education activities with revenues generated from an assessment on cable television companies. Section 217 of the Public Service Law authorizes DPS to assess cable television companies for DPS costs associated with the regulation of cable television companies. This bill would make DOH public service education expenses that are charged to the special revenue cable television account eligible for these funds. Chapter 57 of the Laws of 2014 provided similar authorization for SFY 2014-15. This bill would take effect immediately.

#### **Reduce the Cost of Long Island Power Authority's Debt:**

This bill would amend Part B of Chapter 173 of the Laws of 2013 as it relates to the issuance of securitized restructuring bonds by the Long Island Power Authority (LIPA), to permit the issuance of additional securitized restructuring bonds. In 2013, the LIPA Reform Act authorized a single issuance of securitized restructuring bonds by LIPA. LIPA has approximately \$7.5 billion of outstanding debt, including \$2 billion of the debt issued in December 2013 by the Utility Debt Securitization Authority (UDSA) that refinanced LIPA bonds at a lower cost which led to direct ratepayer savings. LIPA has up to \$2.5 billion of additional bonds that may be refinanced for savings using

securitization bonds by 2016. This bill would remove the provision in the LIPA Reform Act which prohibits more than one issuance of restructuring bonds, and would increase the limit of the aggregate principal amount of outstanding restructuring bonds at any time from \$3.5 billion to \$4.5 billion. This bill would also create a second UDSA to be utilized only if it is determined that higher credit ratings, and thus increased ratepayer savings, would be achieved through its use. If additional securitization bonds were authorized to be issued by the UDSA, these bonds would have the highest credit ratings and would reduce the interest paid on LIPA's debt, thereby lowering the cost of electric utility service from what would otherwise be in place starting in 2016. Enactment of this bill is necessary to implement the 2015-16 Executive Budget. Under this legislation, LIPA is expected to save ratepayers \$150 million due to the lower cost of securitization debt that is authorized by this bill in its three year rate plan for 2016, 2017, and 2018. This bill would take effect immediately.

The purpose of Chapter 173 of the Laws of 2013 was to bring accountability and transparency to the delivery of electricity on Long Island and the Rockaway Peninsula in Queens service area by: authorizing the reformulation of the relationship between the Long Island Power Authority (LIPA) and its service provider so that the service provider takes control of utility operation in the service area and LIPA's focus is limited to meeting its statutory, fiduciary, financial and related obligations; creating a new Long Island-based office in the Department of Public Service (DPS) to oversee the core utility operations of the service provider; and authorizing the refinancing of a significant portion of LIPA's outstanding debt at lower interest rates and capping or eliminating certain categories of payments in lieu of taxes, with the savings passed on to ratepayers.

## **New York Power Authority (NYPA)**

### **Article VII**

#### **Authorize Transfers, Temporary Loans, and Amendments to Miscellaneous Capital/Debt Provisions, Including Bond Caps:**

This bill would authorize the transfer of up to \$90 million from NYPA to the credit of the General Fund for energy related initiatives or economic development purposes, with at least \$25 million transferred by June 30, 2015 and the remainder transferred by March 31, 2016. Of the \$90 million transfer, \$50 million is for the "New York Open for Business" advertising campaign.

## STATE, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$26,496,000	\$20,333,000	(\$6,163,000)	-23.26%
Special Revenue Funds - Federal	\$69,395,000	\$69,395,000	\$0	0.00%
Special Revenue Funds - Other	\$22,887,000	\$23,187,000	\$300,000	1.31%
<b>Total</b>	<b>\$139,750,000</b>	<b>\$135,351,000</b>	<b>(\$4,399,000)</b>	<b>-3.14%</b>

*The Department of State (DOS) is the oldest and most diverse State agency. Established in 1778, DOS serves as the State's "Keeper of Records", and the "Great Seal" the agency also serves the financial community, corporations, and attorneys while licensing numerous professions and occupations ranging from real estate and cosmetology to private investigators and notaries. The Department provides a range of services to local governments from public safety through its building and code programs and coastal and waterfront redevelopment programs. It is also home to the Division of Cemeteries; Division of Administrative Rules; Athletic Commission; Commission on Public Access to Records; Commission on Open Government; Appalachian Regional Commission; Lake George Park Commission; Tug Hill Commission; Commission on Uniform State Laws; Office of Regional Affairs; and Community Services among others.*

### Overview of the Executive Budget

The Executive Budget recommends an All Funds appropriation of \$135.4 million for SFY 2015-16. This is a decrease of \$4.4 million from the prior fiscal year. Specifically, the proposal calls for a State Operations appropriation of \$66.57 million and an Aid to Localities appropriation of \$68.77 million. The Executive Budget recommends an increase of 4 FTEs over the last fiscal year, for a total of 544 FTEs.

### Article VII

The Executive Budget in Part T of the TED bill proposes an extender of the authority of DOS to handle document-request orders on an expedited basis, so long as an additional fee is collected. This "special handling" was first provided for in Chapter 21 of the Laws of 2003. Typical requests include expedited processing of certificates of incorporation, as well as certified copies of DOS documents.

The Executive Budget in Part U of the TED proposes changes to §446 of the Real Property Law, which governs the behavior of "apartment information vendors." An apartment information vendor is essentially an apartment broker; one who finds apartments for a fee. This legislation provides that if an apartment information vendor has more than one physical office, each such office must be registered with DOS, but the \$200 filing fee would be eliminated. Likewise, the \$400 filing fee for the vendor's principal office would be eliminated. Further, the registration for such branch offices must be renewed each year. There is also language making part of the statute gender neutral.



## STATE POLICE, DIVISION OF

Category	Adjusted Appropriation 2014-15	Executive Recommendation	Change	Percent Change
General Fund	\$603,102,000	\$609,402,000	\$6,300,000	1.00%
Special Revenue-Federal	\$7,200,000	\$7,700,000	\$500,000	6.94%
Special Revenue-Other	\$55,609,000	\$55,609,000	\$0	0.00%
Capital Projects	\$16,000,000	\$31,500,000	\$15,500,000	17.00%
<b>Total</b>	<b>\$681,911,000</b>	<b>\$704,211,000</b>	<b>\$6,815,000</b>	<b>.09%</b>

*The primary mission of the Division of State Police is to promote highway safety and protect the citizens of New York State. The Division's many responsibilities include patrolling roads and highways outside major urban areas, providing specialty and investigative police services, conducting sophisticated investigations of criminal activities like drug trafficking and child endangerment, and working cooperatively with various levels of law enforcement throughout the State.*

### Overview of Executive Budget Proposal

The Executive Budget recommends \$704.2 million in All Funds for the State Police. This is an increase of \$6.815 million from the prior fiscal year associated with \$5.5 million for facility repairs and \$18 million for replacement of essential equipment, of that appropriation \$15 million is for new vehicles and bulletproof glass. Also included is \$6 million for the design and construction of a Forensic/Evidence Storage Facility at the Troop A Headquarters. The increase is also associated with the annualization of the August 2014 Recruit Class of 228 new Troopers which would maintain the current workforce of 5,439 FTEs for the Division. There is expected to be a new recruit class in the next fiscal year as well.

## STATE UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$1,875,190,100	\$1,893,639,000	\$18,448,900	0.98%
Special Revenue-Federal	\$415,600,000	\$415,600,000	\$0	0.00%
Special Revenue-Other	\$7,016,921,800	\$6,865,431,100	(\$151,490,700)	-2.16%
Capital Projects	\$819,227,000	\$462,427,000	(\$356,800,000)	-43.55%
Internal Service Funds	\$20,100,000	\$20,600,000	\$500,000	2.49%
<b>Total</b>	<b>\$10,147,038,900</b>	<b>\$9,657,697,100</b>	<b>(\$489,341,800)</b>	<b>-4.82%</b>

*The State University of New York (SUNY), the nation's largest public university system, offers academic, professional and vocational programs of study to more than 460,000 students at its 64 campuses. The University is governed by a Board of Trustees consisting of 17 members, with 15 appointed by the Governor to staggered seven-year terms and approved by the Senate, and two ex-officio trustees representing the student assembly and faculty of the State University. The Board oversees the operations of the University's State-operated campuses and also exercises general supervisory authority over the community colleges, which are sponsored by local governments and governed by local boards of trustees. The chief executive officer of the University is the Chancellor who is appointed by the Board of Trustees. Individual college presidents are also appointed by the Board.*

### Overview of Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends an All Funds appropriation of \$9.65 billion for SUNY, a decrease of \$489.34 million from SFY 2014-15 levels. General Fund appropriations for the SUNY system increase by \$18.44 million or .98% from \$1.88 billion to \$1.89 billion. The Special Revenue-Other category decreases by \$151.49 million from \$7.01 billion to \$6.98 billion. This decrease is associated with the transfer of SUNY fringe benefit administration to General State Charges.

Overall, State Tax Dollar Support accounts for 35% (\$987.1 million) of all SUNY support while tuition revenue accounts for almost 65% (\$1.82 billion) of all SUNY funding (see next page). The State Tax Dollar Support appropriation increased by \$18 million from 2014-2015 Enacted Budget. This increase is associated with a newly proposed performance incentive program. As a part of the program, each college will be required to create and submit a plan to make improvements, including but not limited to

increasing educator effectiveness, developing research commercialization opportunities, and increasing student success. 10% of these colleges State-supported funds will be allocated when the submitted plans are approved by the board of trustees, by December 31, 2015.

Tuition revenue increases by \$154.9 million or 6% over the prior year for a total of \$1.82 billion. This increase of \$154.9 million is associated with the rational tuition policy included as part of the SUNY 2020 legislation. Overall, total core operating budget for SUNY is \$2.64 billion.

### **Community Colleges**

The community college based aid per Full-Time Equivalent (FTE) student will remain at \$2,497, the same level as in SFY 2014-15. A total of \$481.07 million is recommended for the SUNY community colleges. Community colleges are also required to submit and have approved a performance improvement plan to receive 10% of their base aid allocation.

The recommended SFY 2015-16 appropriations for community college are as follows:

- \$1.88 million for contract courses, the same amount as last year;
- \$11.57 million for rental aid, the same level as last year;
- \$1.00 million for SUNY child care centers, a decrease of \$653,000;
- \$940,000 for community colleges with low enrollment, the same level as last year;
- \$1.69 million for high need programs, the same amount as last year; and
- \$3.00 million for the New York Job Linkage Program

The Executive eliminated funding provided by the Legislature in the amount of \$1.7 million for the Graduate Achievement and Placement Program (GAPP) program.

### **Back Office Consolidation Plan**

The Executive includes language within the services and expenses for system administration appropriation which the chancellors of SUNY and CUNY to develop a back office consolidation plan. The plan must lay down expeditious implementation timelines and include the combination of administrative offices including but not limited to, human resources, financial management, and information technology services. It is to be submitted to the SUNY and CUNY boards of trustees, and must also be submitted to the Division of Budget director for approval by November 1, 2015.

### **SUNY Hospitals**

The 2014-15 Executive Budget proposal provides \$2.54 billion for the three SUNY teaching hospitals: SUNY Downstate, SUNY Stony Brook, and SUNY Upstate, a decrease of \$279.5 million. This decrease is associated with the elimination of an \$18.5 million legislative addition and the exit of SUNY from the Long Island College Hospital.

### **Capital Plan**

The Executive proposes a capital projects appropriation of \$462.42 million, a decrease of \$356.80 million from SFY 2014-15 levels. The Executive includes \$200 million in

critical maintenance projects. This appropriation includes \$81.17 million to provide for the state's 50 percent share of projects at SUNY Community Colleges and a \$62.15 million appropriation to pay the SUNY Construction Fund costs. Additional funds for capital construction associated with the SUNY 2020 proposal will be funded through the Empire State Development Corporation.

The Executive includes a new capital appropriation in the amount of \$25 million for the development of a School of Pharmacy at SUNY Binghamton.

## **Article VII**

### **Master Teacher Program**

This \$5 million program would extend eligibility to those teachers who hold a certificate or other qualification necessary to teach English Language Learners, and those teachers who are dual certified in Special and General Education. Stipends are in the amount of \$15,000 per year over four years to high-performing teachers, administered by SUNY.

### **Streamline New Education Program Approval**

Any new curriculum or program of study offered by a 4-year college or community college that doesn't require Board of Regents approval of a master plan amendment (that is, when an institution seeks to expand its academic mission, for example, by offering a degree at a new level of study or in a new disciplinary area) and it's approved by the Board of Trustees is deemed as registered with the department. The Trustees shall notify the department within 30 days of any such approvals.

### **Standardize Financial Aid Letters**

This bill would amend the Banking Law to authorize the Superintendent of Financial Services, in consultation with the President of HESC, to develop a standard financial aid award letter by December 31, 2015 for colleges and vocational institutions to use in responding to financial aid applicants for the 2016-2017 academic year and thereafter. The standardized financial aid award letter authorized under this bill would provide information to prospective students on the total costs of an education, how much aid they will receive and how much needs to be repaid. The letter would also include data regarding institutional performance in the areas of student access, degree completion and post-graduation success.

### **Campus Safety: Affirmative Consent Policy**

The Governor has proposed to codify a sexual assault prevention and response policy previously adopted by the State University of New York, applying the provisions to all colleges and universities, public and private, in New York State. All 64 SUNY campuses adopted the policy in December 2014. The CUNY system has also adopted a similar policy.

The legislation will include:

- A statewide definition of affirmative consent, an abridged version defines consent as a clear, unambiguous, and voluntary agreement between the participants to engage in specific sexual activity;
- A statewide amnesty policy, to ensure that students reporting incidents of sexual assault or other sexual violence are granted immunity for certain campus policy violations, such as drug and alcohol use;
- A Sexual Violence Victim/Survivor Bill of Rights, which campuses will be required to distribute to all students in order to specifically inform sexual violence victims of their legal rights and how they may access appropriate resources. The Bill of Rights clearly states that students are given the right to know they can report sexual assaults to outside law enforcement, including the State Police; and
- Comprehensive training requirements for administrators, staff, and students, including at new student orientations.

### **Experiential Learning Required for Graduation from CUNY and SUNY**

This bill would amend Education Law to require the Boards of Trustees of SUNY and CUNY to each pass a resolution making experiential learning or applied learning activities a mandatory requirement for graduation.

## THRUWAY AUTHORITY

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$24,000,000	\$21,500,000	(\$2,500,000)	(10.42%)
Capital Projects	\$2,000,000	\$0	(\$2,000,000)	(100%)
<b>Total</b>	<b>\$26,000,000</b>	<b>\$21,500,000</b>	<b>(\$4,500,000)</b>	<b>(17.31%)</b>

*The New York State Thruway Authority is responsible for the operation and maintenance of the 570-mile toll highway system, officially known as the Governor Thomas E. Dewey Thruway, which stretches from Pennsylvania to New York City. This system includes the 426-mile mainline connecting New York City and Buffalo – New York State’s largest two cities.*

*In addition, the Thruway Authority has jurisdiction over the State canal system through its subsidiary, the New York State Canal Corporation. The Canal Corporation oversees the operations, maintenance, development, and improvement of the 524-mile canal system, including the system’s 57 locks, 16 lift bridges, and various dams, reservoirs, and water control facilities.*

### Overview of Executive Budget Proposal

For SFY 2015-16, the Executive no longer recommends the \$2 million capital appropriation to the Thruway Authority for expenditure on the Canal Development Program. This level of funding had been provided for several years.

The Executive Budget also reduced a \$24 million General Fund appropriation in the State Operations budget for “the cost of goods and services incurred after December 31, 2014 by the New York State Thruway Authority on behalf of the State of New York” by \$2.50 million, or 10.42%. Its continued subsidy of operating expenditures for Troop T, the State Police force patrolling the Thruway, has grown more expensive due to increased personnel costs. Along with a cost recovery fee waiver, this state subsidy is valued at nearly \$86 million per year. These changes were effected in the SFY 2013-14 Enacted Budget as a means of assisting the Thruway Authority to avoid increasing tolls on commercial vehicles.

### Tappan Zee Financing & Capital Program Issues Ahead

In October 2011, after more than a decade of environmental study and planning that resulted in a corridor-wide proposal to reconstruct the Tappan Zee Bridge and incorporate transportation alternatives into the region at a cost of up to \$16 billion. Governor Cuomo worked with the Federal Highway Administration to rescind this plan and start a new one limited to financing only the three-mile Tappan Zee crossing without transportation alternatives. This new proposal was projected to cost approximately \$5 billion. The Governor sought and received “fast-tracked” Federal environmental approval of this plan, and subsequently passed “design-build” legislative changes that sped up the project’s procurement and design. This led to reduced project cost estimates and expedited timelines, with a winning bid of \$3.9 billion and a

projected construction timeline of five years. To partially finance this megaproject, the State applied for a \$2 billion low-interest federal loan through the Transportation Infrastructure Finance and Innovation Act (TIFIA). In October 2013, a \$1.6 billion TIFIA loan was approved for the State. Dredging and pre-construction of trestles began in Spring 2013; construction of the span is still projected to take five years.

It is unknown how the remainder of the bridge will be financed. It is currently projected to cost \$4.8 billion with interest, with the federal loan leaving \$3.2 billion unfunded. The Executive attempted to use \$511 million in low- and zero-interest clean water loans to assist with short-term financing to avert toll increases temporarily, but the majority of the funding approved, was rejected by the Environmental Protection Agency. This decision is currently being litigated.

At the 2015 State of the State Address, the Governor committed \$1.285 billion in bank settlement funds (the Special Infrastructure Account) for a Thruway Stabilization Program, which is intended to prevent toll increases throughout the Thruway System for at least one year – as well as assisting with financing the New Tappan Zee Bridge, maintenance and repair work throughout the Thruway, and implementing the public transit recommendations of the Mass Transportation Task Force. It is currently unclear how much each project will receive in settlement funds, and unclear how the remainder of the New Tappan Zee and its transportation alternatives will be financed.

## **Article VII**

**Strengthens Toll Collection Enforcement Measures against Toll Evaders:** The Executive Budget includes legislation strengthening public authorities' ability to enforce their toll collections by increasing penalties for toll violators and repeat violators, modifies provision of notice requirements, permits additional penalties for hiding license plate information, authorizes imposition of administrative fee, authorizes suspension of vehicle registration, authorizes entry into interstate compacts to enforce toll violations. In addition, the Executive authorizes Bridge and Thruway Authority to establish its own administrative tribunals to adjudicate liability. A similar proposal had been introduced in the 2014-15 Executive Budget and excluded from enactment.

**Preserves Roughly \$85 Million in State Support:** The Executive Budget includes legislation to modify the "additional goods and services" support to the Thruway Authority from \$24 million to \$21.5 million, reflecting increased personnel-related costs incurred by taking on Troop T operational expenses. This legislation would be effective retroactively to January 1, 2015.

**DOT-Thruway Shared Services:** The Executive Budget also includes legislation to authorize the Department of Transportation and Thruway Authority to share services and indemnify those officials in providing mutual aid. This is intended to assist with sharing emergency response burdens.

## TRANSPORTATION, DEPARTMENT OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$98,050,900	\$97,550,800	(\$500,100)	- .51%
Special Revenue- Federal	\$82,986,000	\$82,986,000	\$0	0.00%
Special Revenue- Other	\$4,881,578,800	\$4,925,241,900	\$43,663,100	- .89%
Capital Projects	\$5,090,472,000	\$4,835,076,600	(\$255,395,400)	- 5.01%
Fiduciary Funds	\$50,000,000	\$50,000,000	\$0	0.00%
<b>Total</b>	<b>\$10,203,087,700</b>	<b>\$9,990,855,300</b>	<b>(\$212,232,400)</b>	<b>-2.08%</b>

*The Department of Transportation (DOT) is responsible for maintaining, improving, and rehabilitating New York State's highway and bridge system which is composed of over 38,000 State highway lane miles and over 7,500 bridges. The Department is also responsible for overseeing and administering programs that provide capital funding to local roads and bridges such as the State-funded Marchiselli Program and the Consolidated Local Highway Improvement Program (CHIPS), as well as partially funding rail, airport, and canal programs. DOT further administers State aid provided to regional transit systems for both operating assistance and capital investment.*

*The Department also closely coordinates with other State transportation agencies and authorities with the goal of creating an interconnected statewide transportation system that addresses environmental and community concerns and efficiently moves people and goods throughout New York State.*

### **Overview of Executive Budget Proposal**

The Executive Budget recommends nearly \$10 billion for the Department. This is a decrease of \$212.23 million, or 2.08% from the 2014-15 Adjusted Budget. This change results from disbursement of previously authorized CHIPS and Marchiselli program funds that had been placed on budget last year, and an increase in transit aid revenues.

The Executive Budget recommends a workforce of 8,304 FTEs for the Department, which reflects no change from the 2014-15 Adjusted Budget. However, this represents a decrease of 33 FTEs from the 2014-15 Executive Budget, reflecting reductions achieved over the course of SFY 2014-15.

### **New York Works Infrastructure Investment**

The Executive Budget includes \$375 million of new State funding for infrastructure projects. It includes \$200 million for core infrastructure improvements like highways



and bridges and project engineering,<sup>1</sup> and \$25 million for multi-modal programs like transit, rail, and aviation, an identical amount to the 2014-15 Enacted Budget. However, this year's proposal also includes \$150 million for State and local bridge projects, which is meant to be the first of five equal payments toward the 2015-19 statewide capital program. This funding is intended to accelerate repair of 100 critical state and local bridges.

### Settlement Funds

The Executive proposes to spend \$115 million in bank settlement funds (Special Infrastructure Account) for strategic infrastructure investments, including funds for the State Fair, as well as the Ports of Oswego, Ogdensburg, and Albany.

#### Distribution of Funds as announced during Executive Budget/State of the State Presentation

Project Description	Value
Linking Port of Oswego to Port of New York; additional rail yards in Syracuse and Binghamton	<b>\$40 million</b>
Enhancing Port of Albany to accommodate larger containerized cargo	<b>\$15 million</b>
Enhancing Port of Ogdensburg to accommodate larger ships	<b>\$10 million</b>
Investing in State Fairgrounds	<b>\$50 million</b>

The appropriation language provides that the funds can be spent on "transportation, upstate transit, rail, airport, port or other infrastructure improvements," as well as "economic development projects."

### State Transit Operating Aid and Mass Transit Initiatives in SFY 2014-15

The Executive Budget proposes appropriating nearly \$4.82 billion in transit operating assistance; this represents an increase of more than \$37 million or .77% from 2014-15 Enacted Budget disbursements. The MTA will receive more than \$4.3 billion, an increase of \$37 million from the 2014-15 Enacted Budget. This includes General Fund support of approximately \$309 million to offset the revenue impact of the 2011 MTA payroll tax exemptions. Non-MTA downstate transit systems and upstate systems will be held flat at \$286 million and \$178 million, respectively.

The Executive Budget proposes to use \$121.50 million in one-time capital aid from a downstate transit operating assistance account, with \$104.13 million devoted to the MTA and \$17.37 million devoted to non-MTA downstate transit systems.

The Executive proposes transferring \$20 million from the Mass Transportation Operating Assistance account to pay debt service on bonds previously issued for the MTA capital program. This is a 50% decrease from the \$30 million sweep authorized in the 2014-15 Enacted Budget, and identical to the 2013-14 Enacted Budget.

<sup>1</sup> These had previously been split \$155 million and \$45 million between capital and engineering, respectively.

The Executive also proposes to transfer \$14.88 million from the General Fund to the Public Transportation Systems Operating Account (PTOA), continuing to transfer \$12 million for base operating aid.

The table below outlines the overall amount of transit aid provided to each of the major regional transit systems in the SFY 2015-16 Executive Budget Proposal, as well as the year-to-year change in assistance.

### State Transit Operating Assistance, SFY 2015-16 Executive Budget

Downstate Aid				
Operator	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
MTA	4,355,212,600	4,318,477,600	\$36,735,000	.85%
Rockland	3,172,700	3,172,700	0	0%
Staten Island Ferry	30,950,500	30,950,500	0	0%
Westchester	51,949,000	51,949,000	0	0%
MTA Long Island Bus	62,831,500	62,831,500	0	0%
Suffolk	24,439,100	24,439,100	0	0%
NYC DOT	82,710,200	82,710,200	0	0%
Other Systems	30,002,000	30,002,000	0	0%
<b>Total Non-MTA</b>	<b>\$286,055,000</b>	<b>\$286,055,000</b>	<b>0</b>	<b>0%</b>
<b>TOTAL DOWNSTATE</b>	<b>\$4,641,267,600</b>	<b>\$4,604,532,600</b>	<b>\$36,735,000</b>	<b>.80%</b>
Upstate Aid				
CDTA	32,129,100	32,129,100	0	0%
CNYRTA	29,328,700	29,328,700	0	0%
RGRTA	35,610,500	35,610,500	0	0%
NFTA	46,258,800	46,258,800	0	0%
Other Systems	35,565,000	35,565,000	0	0%
<b>TOTAL UPSTATE</b>	<b>\$178,692,100</b>	<b>\$178,692,100</b>	<b>\$0</b>	<b>0%</b>
<b>Total All Transit</b>	<b>\$4,819,959,700</b>	<b>\$4,783,224,700</b>	<b>\$36,735,000</b>	<b>.77%</b>

Included in the overall amount of transit operating assistance provided to the MTA, is continued funding to the Reduced Fare for School Children Program. The SFY 2015-16 Executive Budget Proposal includes approximately \$25.3 million to offset the costs to the MTA for this Program, maintaining the same level of aid as the prior year.

## **Transportation Capital Infrastructure in SFY 2014-15**

The Executive's proposal includes nearly \$4.84 billion in SFY 2015-16 for Capital Projects. DOT is currently entering what would be the first year of a five-year capital program funding phase.

The recommended core highway investment level for SFY 2015-16 is nearly \$2.03 billion, compared with \$1.93 billion estimated for SFY 2014-15. This increase reflects the Executive's commitment to \$150 million per year of assistance in completing the DOT five-year state capital program, along with a reduction of \$54 million in core program assistance.

The Executive projects \$367 million in SFY 2015-16 obligations for preventive highway maintenance, an increase of \$14 million from SFY 2014-15 proposed spending but in line with 2014-15 estimated spending.

The Executive again incorporates Right of Way and Consultant Engineering expenditures into the Core Highway Program and NY Works lines, due to the linking of design and build processes. This renders comparison of consultant obligations and state forces engineering impossible.

The SFY 2015-16 Enacted Budget holds Consolidated Highway Improvement Program (CHIPS) funding flat at over \$438 million, and holds Marchiselli funding flat at \$39.7 million. The 2014-15 Enacted Budget included \$40 million in local capital assistance to aid in handling snow and extreme weather events from SFY 2013-14. This funding is not included in the 2015-16 Executive Budget.

The most recent five-year Federal Transportation act, SAFETEA-LU, expired in 2009. In July 2012, Congress passed MAP-21, which provides \$105 billion for surface transportation programs through 2014. This was extended through May 2015 in July. The Federal aid appropriation for SFY 2014-15 continues at \$2 billion, which includes provisions for State and local highway and bridges, engineering, rail and community enhancement programs, maintaining the same level of funding as in the prior year. This year's appropriation is broken into \$1.6 billion for construction, reconstruction and preservation projects, along with \$50 million for property acquisition, \$225 million for engineering and environmental work, and \$125 million for private engineering and environmental work.

The Executive proposes \$42 million for non-MTA Transit. This is consistent with SFY 2014-15 estimates, when including NY Works funds.

The Executive also proposes a total of \$64 million for passenger rail and freight projects. This is consistent with SFY 2014-15 estimates, and an increase compared to the \$47 million obligated in 2012. These funds include \$44.33 million to subsidize Amtrak service from Albany to Montreal and Albany to Buffalo and \$10 million for passenger and freight rail projects, as well as an additional \$10 million of NY Works funds. This appropriation has also been changed to permit "port capital" as a potential use of this aid.

The Executive proposes flat spending for additional federal program expenditures at \$25 million. This reflects a \$78 million reduction from SFY 2013-14. This aid level was increased in SFY 2012-13 and SFY 2013-14 to assist the Thruway Authority in fulfilling its capital needs, with DOT obligating an increased percentage of the \$2 billion in annual federal highway aid it receives for Thruway purposes.

The Executive's proposal includes \$14 million in SFY 2015-16 for aviation capital. This is identical to SFY-2014-15 estimates, factoring in NY Works funds.

<b>Executive Proposed DOT 2015-16 Capital Plan Obligations (with 2014-15 comparison)</b> <b>(\$ millions)</b>				
<b>Obligations</b>	<b>2014-15 Estimated</b>	<b>2015-16 Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
Core Highway Program (including any Design / Build contracts and NY Works)	1,933	1,879	(54)	-2.79%
State Contribution to 5-Year Capital Program (Accelerated State and Local Bridges)	0	150	150	N/A
Administration	76	81	5	6.58%
State Forces Engineering/Program Mgmt	394	408	14	3.55%
Preventive Maintenance	367	367	0	0%
Maintenance Facilities	18	18	0	0%
Other Federal Programs	25	25	0	0%
Rail Development	64	64	0	0%
Aviation Systems	14	14	0	0%
Non-MTA Transit	42	42	0	0%
Capital Aid to Locals	478	478	0	0%
<b>Total Obligations</b>	<b>3,411</b>	<b>3,526</b>	<b>115</b>	<b>+3.37%</b>

NOTES: Amounts reflect all phases of work: Construction, Consultant Engineering, and Right of Way.

### **General Fund Transfer to DHBTF**

Over the past several years, the amount of revenue being deposited into the Dedicated Highway and Bridge Trust Fund (DHBTF) has been out-matched by the level of obligated expenditures and debt service payments that have to be made from the Fund. To address this issue, General Fund transfers to the DHBTF have been enacted in order to fill the "gap" in the Dedicated Fund since SFY 2008-09. For SFY 2015-16, the Executive recommends a General Fund transfer of nearly \$686 million. This represents an increase of approximately \$13 million or about 2% compared to the transfer that was recommended for SFY 2014-15. The State financial plan indicates that the DHBTF

had a financing gap of \$660 million in SFY 2014-15, and is expected to have a \$628 million gap in 2016. Further, the plan warns that the total gap for SFY 2015-16 through SFY 2019-20 is expected to reach \$4.00 billion.

## **Article VII**

### **Fleet Snow Upgrades**

The Executive also proposes to invest \$50 million in fleet upgrades to purchase new snow plows and retrofit vehicles for snow removal, along with installing GPS location technology on the vehicles.

### **Fee Extenders**

The Executive Budget includes legislation to extend a number of DMV fees which are set to expire in 2015. The proposal also extends the section authorizing use of Dedicated Highway and Bridge Trust Fund (DHBTF) revenues for DOT and DMV operations permanently. DOT and DMV state operating costs accounted for nearly \$897 million of DHBTF expenditures in SFY 2014-15.

### **Expands and Permanently Extends Infrastructure Investment Act**

The Executive Budget includes legislation to modify and extend the Infrastructure Investment Act. The proposed legislation would permanently authorize design-build and best value contracts, in addition to expanding the purposes for which these alternate procurement methodologies can be used to include public buildings. It would also extend this authority to all State agencies and authorities, as well as SUNY and CUNY. It would specifically exempt several general service, school, and authority-related public bidding regulations. It would also limit the pool of eligible projects by modifying the minimum cost of the project from \$1.2 million to \$5 million. The proposal also requires a Project Labor Agreement (PLA) to be included in the request for proposals on a project expected to cost \$50 million or more, unless a feasibility study determines that the PLA would result in labor cost savings of less than 5%. A previous extender attempt had set the PLA feasibility study requirement at a \$10 million cost threshold. The previously chaptered law expired on December 9, 2014. This proposal would apply the law retroactive to that date. The Executive provides that this expanded authority is intended to assist the Dormitory Authority and Office of General Services.

### **Facilitates Ontario-RGRTA Merger**

The Executive Budget includes legislation which requires Ontario County to contribute to the Rochester-Genesee Transit Authority (RGRTA), rendering the RGRTA eligible to receive additional state transit operating assistance revenues dedicated to Ontario County. This reflects RGRTA's assumption of transit operating responsibilities when they took over Ontario County's transit system in August 2014. This was a result of difficulties the county faced when its private operator lost much of its Medicaid reimbursements related to non-emergency medical transportation during a Medicaid Redesign Team reform in provision of transportation services.

### **Transit Assistance for Capital Investments Fund**

The Executive Budget includes legislation creating a downstate capital account so that \$121.5 million in appropriations can be provided to downstate transit authorities for

long-term capital purposes. This enables, and specifically mandates, the MTA and other downstate transit authorities to use a portion of funds previously devoted to operations for capital expenditures instead.

### **Medicaid “Hold-Harmless” Proposal**

The Executive Budget includes legislation holding transit providers harmless in their Mass Transportation Operating Assistance Fund formula allocation in the wake of reduced ridership, following Medicaid Redesign Team changes shifting ridership to private vehicles. This hold harmless authority can be provided for up to two years under the legislation, and is retroactively effective to April 1, 2014.

### **DOT-Thruway Shared Services**

The Executive Budget also includes legislation authorizing the Department of Transportation and Thruway Authority to share employees and services pursuant to an agreement, which shall indemnify those officers in providing mutual aid. Existing worker protections or immunity would not be affected. This legislation also specifically preserves insurance agreements or workers’ compensation coverage. Entitles the Thruway Authority board members, officers, and employees to indemnification by state. This is intended to assist with sharing emergency response burdens.

### **Local Bus Financing Flexibility**

The Executive Budget finally proposes to amend the Local Finance Law to permit municipalities to finance bus purchases over ten years, clarifying that they have ten rather than five years currently afforded to most motor vehicles to finance the purchases. Transit buses generally have a useful life of roughly twelve years. This is intended to assist Westchester County and other local governments who borrow funds for bus procurement.

## **Article VII**

### **Increases Penalties against Toll Violators; Provides for License Suspensions and DMV Reciprocity among Other Entities**

The Executive also proposes penalty increases for drivers who fail to obey toll regulations (toll evaders). This measure is similar to a proposal submitted in SFY 2014-15, with a few exceptions:

- There are no longer any new criminal penalties assessed for toll violators;
- There are no longer revised burdens of proof;
- This legislation distinguishes between notice of liability and notice of use, to prevent individuals from being given multiple notices of liability for a single chain of events; and
- Vehicle suspension now requires three notices of liability.

Otherwise, the bill:

- Provides that notice of liability shall be sent within four months of the alleged violation; current law is set at one month;
- Provides for establishment of administrative fees and an administrative tribunal for the Thruway and Bridge Authorities to enforce notices of violation, to which half of monetary penalties would be devoted;

- Permits use of electronic notice of liability and videoconferencing of hearings;
- Exempts records from the Freedom of Information Law;
- Authorizes suspension of toll evaders' licenses or registrations based on three offenses, rather than five, and also permits consideration of other jurisdictions' toll violation tickets;
- Increases penalty schedule from \$25-\$200 to \$100-\$500 for drivers who operate vehicles without license plates or have obscured license plates on toll highways, bridges, and tunnels;
- Requires denial of license or renewal based on failure to respond to three or more notices of liability;
- Authorizes the Department of Motor Vehicles to enter into reciprocal agreements or compacts with other states, territories, the District of Columbia, and Canada to suspend drivers' licenses or deny vehicle registration/renewals for failure to appear, failure to pay, and for three or more toll notice violations within eighteen months. The Department would be authorized to treat similar offenses from other states as if they occurred in New York State, and require other states to do the same;
- Applies to all tolling authorities in New York State.

<b>Schedule of Toll Violation Monetary Penalties Under Executive Proposal</b>		
<b>Offense Type</b>	<b>Existing Penalties</b>	<b>Proposed Penalties</b>
1st violation	\$50 or twice the toll value, whichever is greater.	Full toll amount + charges or fees + \$100 penalty or twice the toll value, whichever is greater.
2nd violation within 18 months	\$100 or five times the toll value, whichever is greater.	Full toll amount + charges or fees + \$200 penalty or five times the toll value, whichever is greater.
3 or more violations within 18 months	\$150 or ten times the toll value, whichever is greater.	Full toll amount + charges or fees + \$300 penalty or ten times the toll value, whichever is greater.

## VICTIM SERVICES, OFFICE OF

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
Aid to Localities	\$66,120,000	\$100,971,000	\$34,851,000	1.53%
Special Revenue-Federal	\$3,120,000	\$4,212,000	\$1,092,000	1.35%
Special Revenue-Other	\$6,426,000	\$6,446,000	\$20,000	1.00%
<b>Total</b>	<b>\$75,666,000</b>	<b>\$111,629,000</b>	<b>\$35,963,000</b>	<b>1.47%</b>

*The Office of Victim Services (OVS) is the lead State agency in assisting persons who have been the victims of crime, particularly crimes of a violent nature. The Office's mission is to provide financial assistance to victims for financial losses they suffer as a result of crime. The Office provides grants to local agencies, which assist witnesses and victims and serves as the State's advocate for crime victims' rights, needs, and interests. The Office of Victim Services funds direct services to crime victims via a network of community-based programs; and advocates for the rights and benefits of all innocent victims of crime.*

### Overview of Executive Budget Proposal

The SFY 2015-16 Executive Budget recommends an All Funds appropriation of \$111.6 million, an increase of \$35.9 million from SFY 2014-15 which is directly attributable to additional Federal grant funds that support the Victim and Witness Assistance Program.

The Executive Budget proposal recommends 74 FTEs for 2015-16, the same number of positions as last year.



## WELFARE INSPECTOR GENERAL, OFFICE OF

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-16	\$ Change	%Change
General Fund	\$1,162,000	\$1,162,000	\$0	0%
<b>Total</b>	<b>\$1,162,000</b>	<b>\$1,162,000</b>	<b>\$0</b>	<b>0%</b>

*The Office of the Welfare Inspector General (OWIG) was established in 1992 and is responsible for the prevention, investigation, and prosecution of welfare fraud, waste, and abuse. OWIG also investigates instances where providers of Medicaid, day care, or other social services fraudulently obtain payments from government. The Office works collaboratively with the Office of Children and Family Services, the Office of Temporary and Disability Assistance, and local social services districts in identifying money fraudulently obtained from the different welfare programs and is assisted by the Attorney General with the prosecution of those allegedly involved in fraudulent activity.*

### **Overview of Executive Budget Proposal**

The SFY 2015-16 Executive Budget recommends an All Funds appropriation of \$1.2 million, which is unchanged from SFY 2014-15 funding levels. The Executive Budget also recommends that the SFY 2014-15 staffing level of 7 FTEs remain unchanged in SFY 2015-16.

## WORKERS' COMPENSATION BOARD

Funding Source	Adjusted Appropriations 2014-2015	Executive Recommendation 2015-2016	Change	Percent Change
Special Revenue-Other	\$187,237,000	\$187,237,000	\$0	0%
Capital Projects	\$0	\$60,000,000	\$60,000,000	100.00%
<b>Total</b>	<b>\$187,237,000</b>	<b>\$247,237,000</b>	<b>\$60,000,000</b>	<b>32.04%</b>

*The Workers Compensation Board (Board) reviews claims for compensation payments for workers injured through their employment and assists in resolving disputed claims. The Board also interacts with employers to ensure that employers carry workers' compensation insurance and administers a variety of related fees to cover the costs of compensation.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of \$247.24 million, an increase of \$60 million, or 32.04% over SFY 2014-2015 amounts. The increase in All Funds appropriation can be entirely attributed to a new \$60 million capital project allocation for a technology modernization program as part of the WCB's ongoing Business Process Re-Engineering (BPR) that will allow for electronic filings of various forms and submissions at some point in the future.

### Workers' Compensation Reserves

The Executive Budget includes funding from the General Fund for Workers' Compensation Reserves in the amount of \$12.45 million, a decrease of \$760,000 from SFY 2014-2015 levels. DCS had underpaid on workers' compensation premiums to SIF for multiple years. The payment rates, or owed contributions, were scaled during a settlement agreement between the two parties. The reduction in funding is due to the continued decrease in owed contributions to the State Insurance Fund (SIF) from the Department of Civil Service (DCS).

### Article VII

#### Eliminates Ten Administrative Fees

Ten minor administrative fees would be eliminated under the Executive Budget. The cost of foregoing this revenue is estimated at \$60,000 annually. These fees generally relate to operation of medical bureaus and treatment centers, administration of arbitration, certification of proof of character for relevant entities, and appearances before the Board by party representatives. The Workers' Compensation Board estimates no change in services from decreasing its collection of special revenue funds through the elimination of these fees.

## MISCELLANEOUS – ALL STATE DEPARTMENTS AND AGENCIES:

### DEFERRED COMPENSATION BOARD

Funding Source	Adjusted Appropriations 2014-2015	Executive Recommendation 2015-2016	\$ Change	%Change
General Fund	\$111,000	\$111,000	\$0	0%
Special Revenue Funds- Other	\$781,000	\$781,000	\$0	0%
<b>Total</b>	<b>\$892,000</b>	<b>\$892,000</b>	<b>\$0</b>	<b>0%</b>

*The Deferred Compensation Board administers the New York State Deferred Compensation State Plan, which serves over 126,000 State employees and 63,000 employees of local governments who participate in the Plan. The agency accomplishes this by offering quality investment options and investor education to help build well-diversified portfolios. Approximately 250 local governments sponsor and administer their own deferred compensation plans in compliance with the Deferred Compensation Board rules*

#### Overview of Executive Budget

The Executive Budget proposes a flat spending level of \$892,000 to the Deferred Compensation Board compared to last year's budget.

### GENERAL STATE CHARGES

Funding Source	Adjusted Appropriations 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$3,369,834,000	\$3,298,289,000	(\$71,545,000)	(2.12%)
Fiduciary Funds	\$400,500,000	\$300,500,000	(\$100,000,000)	(24.9%)
<b>Total</b>	<b>\$3,770,334,000</b>	<b>\$3,598,789,000</b>	<b>(\$171,545,000)</b>	<b>(4.54%)</b>

*General State Charges are the cost of providing fringe benefits, such as health insurance, pension benefits, Social Security and Medicare taxes, workers' compensation, and other employee benefits to most State employees. The budget also includes miscellaneous fixed costs for taxes on state-owned lands, Court of Claims judgments, and all other litigation costs.*

#### Overview of Executive Budget

The Executive Budget recommends an All Funds appropriation of \$3.59 billion in SFY 2015-2016, a decrease of \$171.55 million or 4.54% over last year's appropriations. The

reductions in appropriations are attributed by the Executive to decreased payments to the Rate Fluctuation account, thereby requiring the state to contribute less to the reserve funds in order to cover expected litigation and fringe benefit costs during the new fiscal year. Contributions to pensions and Social Security have also decreased as the total cost of the state workforce and its retirement has shrunk with the attrition of higher paid employees and the decrease in pension costs for Tier V and Tier VI members. Certain budget lines under General State Charges have also increased due to the State's takeover of TIAA-CREF and similar fringe benefit payments from the State University of New York.

## **Article VII**

### **Requires Additional Reporting by State and New York City Pension Systems**

There are currently eight state pension systems recognized under current state law, three administered by the state and five administered solely within New York City. The Executive proposes additional reporting requirements for public employers participating in these retirement systems such as municipalities, school districts, and other public entities. Each retirement system would be required to report estimated pension contributions based on current fiscal year data for both the next fiscal year (as currently required) and for two additional fiscal years thereafter, known as the out years. For school districts, the reports would be based on school years as opposed to fiscal years. All reporting would be due by September 1<sup>st</sup> of each year and be publicized upon receipt of such reports by the Division of Budget as well as the chairperson of the Senate Finance and Assembly Ways and Means committees.

### **Creates an Amnesty Window for NYSHIP Beneficiaries to Disqualify Ineligible Dependents**

The Executive Budget anticipates a future audit of current beneficiaries of the New York State Health Insurance Program (NYSHIP) that will penalize beneficiaries with ineligible dependents (e.g., ex-spouses, children over the age of 26, etc). To help reduce the cost of the audit, the Department of Civil Service will administer an amnesty period for an unspecified amount of time. Any employee who voluntarily identifies ineligible dependents will not be liable for any costs that NYSHIP may seek to recover in the future audit.

## GREEN THUMB PROGRAM

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$3,142,000	\$2,964,000	\$178,000	6.1%
<b>Total</b>	<b>\$3,142,000</b>	<b>\$2,964,000</b>	<b>\$178,000</b>	<b>6.1%</b>

*The Green Thumb Program was developed to allow income-eligible senior citizens of New York State the opportunity to be considered for part-time employment in State agencies.*

### Overview of Executive Budget Proposal

The Executive Budget proposal recommends a General Fund appropriation totaling \$3.2 million for SFY 2015-2016, an increase of \$178,000 from the SFY 2014-15 enacted budget. This increase is due to the state's minimum wage increase.

## GREENWAY HERITAGE CONSERVANCY FOR THE HUDSON RIVER VALLEY

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$166,000	\$166,000	\$0	0%
<b>Total</b>	<b>\$166,000</b>	<b>\$166,000</b>	<b>\$0</b>	<b>0%</b>

*The purpose of the Hudson River Valley Greenway Heritage Conservancy (Heritage Conservancy) is to continue and advance the state's commitment to the preservation, enhancement and development of the world-renowned scenic, natural, historic, cultural and recreational resources of the Hudson River Valley while continuing to emphasize economic development activities and maintaining the tradition of municipal home rule.*

### Overview of Executive Budget Proposal

The Executive Budget proposal recommends a General Fund appropriation totaling \$166,000 for SFY 2015-2016, remaining at the same level as provided in the SFY 2014-2015 Enacted Budget.

## HUDSON RIVER VALLEY GREENWAY COMMUNITIES COUNCIL

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
General Fund	\$321,000	\$321,000	\$0	0%
<b>Total</b>	<b>\$321,000</b>	<b>\$321,000</b>	<b>\$0</b>	<b>0%</b>

*The Hudson River Valley Greenway Communities Council (Greenway Council) was established to coordinate activities associated with the development and enhancement of local land use planning techniques and the creation of a voluntary regional planning compact for the Hudson River Valley with local and county governments to the Greenway Council is made available to Greenway Communities, in the form of planning grants, compact grants and technical assistance through the "Greenway Communities Program."*

### Overview of Executive Budget Proposal

The Executive Budget proposal recommends a General Fund appropriation totaling \$321,000 for SFY 2015-16, remaining at the same level as provided in SFY 2014-15.

## JUDICIARY

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$ Change	% Change
<b>OPERATING BUDGET</b>				
General Fund	\$1,821,881,158	\$1,870,072,991	\$48,191,833	2.57%
Special Revenue-Fed	\$7,500,000	\$8,00,000	\$500,000	6.25%
Special Revenue-Other	\$110,249,640	\$108,577,463	(\$1,672,177)	-1.5%
<b>Total Operating Funds</b>	<b>\$1,939,630,798</b>	<b>\$1,986,650,454</b>	<b>\$47,019,656</b>	<b>2.36%</b>
<b>GENERAL STATE CHARGES</b>				
General Fund	\$642,103,529	\$668,702,070	\$26,598,541	3.97%
Special Revenue-Fed	\$0	\$0	\$0	0%
Special Revenue Other	\$27,030,262	\$27,578,430	\$797,865	1.98%
<b>Total General State Charges</b>	<b>\$669,133,791</b>	<b>\$696,280,500</b>	<b>\$27,146,709</b>	<b>3.89%</b>
<b>Total</b>	<b>\$2,711,142,084</b>	<b>\$2,789,576,538</b>	<b>\$78,434,454</b>	<b>2.81%</b>

*The Judiciary is one of the three branches of New York State Government. Article VI of the State Constitution establishes a Unified Court System (UCS), defines the organization and jurisdiction of the courts and provides for the administrative supervision of the courts by a Chief Administrator on behalf of the Chief Judge of the State of New York. Pursuant to the Unified Court Budget Act, the cost of operating the UCS, excluding town and village courts, is borne by the State. The Judiciary provides a forum for the resolution of civil claims and family disputes, criminal charges and charges of juvenile delinquency, disputes between citizens and their government, and challenges to government actions. It also supervises the administration of estates, considers adoption petitions, and presides over dissolution of marriages, and provides protection for children and the mentally ill. In addition, the Judiciary regulates the admission of lawyers to the New York State Bar and regulates their conduct.*

The Judiciary's General Fund Operating Budget request is \$1.87 billion. The request is an increase of \$48 million, or 2.57% over SFY 2015-16 appropriation. On a cash basis, the requested increase is 2.5% (\$45.30 million).

The Governor and the Office of Court Administration (OCA) have agreed to a \$9.02 million cash reduction in the request submitted to the Executive. This will reduce the percentage increase to 2%. OCA expects to achieve this reduction by improving cash

management and renegotiating contracts with their vendors. They expect to have no reduction in services or reduction in personnel.

In addition, this budget recommendation includes the full year operating costs for the 20 new Family Court Judges and quarter year funding for 5 judges to be elected this year.

The Executive Budget continues the back fill of the shortfall in the Interest on Lawyer Accounts (IOLA) at \$15 million. In addition the Budget includes a \$15 million increase for Civil Legal Services.

Local Assistance is continued at \$2.4 million for the Town and Village JCAP program. Aid to Localities for Court Facility Maintenance is increased from \$99 million in SFY 2014-2015 to \$104.20 million in SFY 2015-16.

## LEGISLATURE

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$217,844,801	\$217,844,801	\$0	0%
Special Revenue-Other	\$1,600,000	\$1,600,000	\$0	0%
<b>Total</b>	<b>\$219,444,801</b>	<b>\$219,444,801</b>	<b>\$0</b>	<b>0%</b>

The recommended General Fund appropriation of \$217.84 million for SFY 2015-16. This represents no change in funds appropriated for each of the last five fiscal years.

The Executive recommended appropriations of \$1.60 million for Special Revenue Fund-Other and \$500,000 for Grants and Bequests Funds for SFY 2015-16 represent no change from the amounts appropriated from the previous fiscal year.



## TRIBAL STATE COMPACT

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-2016	\$ Change	% Change
Special Revenue-Other	\$111,400,000	\$91,700,000	(\$19,700,000)	-17.68%
<b>Total</b>	\$111,400,000	\$91,700,000	(\$19,700,000)	-17.68%

### Overview of the Executive Budget Proposal

#### Tribal State Compact Revenue

State Finance Law requires that, in instances where the State receives Native American casino revenues pursuant to a compact with the respective Tribe, the State must provide local host governments with up to 25% of the State's share of compact revenues and non-host counties within the exclusivity region with 10% of the State's share of compact revenues. Accordingly, the Executive Budget recommends \$91.7 million, which represents the local share of the State's estimated revenues from Native American casinos located in Buffalo, Niagara Falls, Salamanca, Verona and Hogansburg.

The appropriation language submitted contains language that eliminates the requirements for local spending plans from the host governments of the Seneca Allegany and Akwesasne Mohawk Casinos. Host distributions for the Seneca Allegany Casino would be made pursuant to a distribution jointly submitted by the City of Salamanca and the County of Cattaraugus.

#### Video Lottery Terminals

The State allows all seven harness tracks and one thoroughbred 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 revenue derived goes to 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.

<b>Harness Track/VLT Facility</b>			
	<b>No. of VLTs</b>	<b>Commission Rate</b>	<b>Net Win</b>
Batavia Downs Casino (Batavia)	788	35%	\$838,647
Finger Lakes Casino and Raceway (Farmington)	1,549	31%	\$2,123,166
Empire City Casino at Yonkers Raceway (Yonkers)	5,297	30%	\$9,297,142
Hamburg Casino at the Fairgrounds (Hamburg)	940	41%	\$1,204,277
Monticello Casino and Raceway (Monticello)	1,110	41%	\$1,110,869
Resorts World Casino, New York City (Queens)	5,003	38%	\$15,555,208
Saratoga Gaming and Raceway (Saratoga Springs)	1,782	31%	\$2,667,644
Tioga Downs Casino (Nichols)	802	39%	\$1,029,173
Vernon Downs Casino and Hotel (Vernon)	767	41%	\$628,589
<b>Total</b>	<b>18,038</b>		

Note: This chart represents the number of Video Lottery Terminals (VLTs) at each facility as well as commission rate to be split between the state and operator for the week ending 1-17-15.

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.

## **Article VII**

### **VLT Capital Awards Extension**

Part MM of the Revenue Article VII budget bill extends for one additional year the capital awards rate provided to VLT vendors throughout the state. The 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, 2015. 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.

### **VLT Impact Aid Reduction**

Part L of the PPGG Article VII bill reduces video lottery terminal impact aid to municipalities to 2013-14 levels. This proposal will effectively reduce this state aid funding formula across the board by approximately \$2.1 million to 17 eligible municipalities that host the 8 VLT facilities in the State.

## URBAN DEVELOPMENT (EMPIRE STATE DEVELOPMENT CORPORATION)

Funding Source	Adjusted Appropriation 2014-2015	Executive Recommendation 2015-2016	\$ Change	% Change
General Fund	\$52,801,000	\$42,986,000	(\$9,815,000)	(18.59%)
Capital Projects	\$1,304,945,000	\$1,889,723,000	\$584,778,000	44.81%
<b>Total</b>	<b>\$1,357,746,000</b>	<b>\$1,932,709,000</b>	<b>\$574,963,000</b>	<b>42.35%</b>

*The Urban Development Corporation is a public benefit corporation that does official business as the Empire State Development Corporation. Its overall objective is to stimulate economic growth through the creation of jobs by fostering business development, enhancing industrial competitiveness, revitalizing downtown areas, advancing high technology and promoting activities. It engages in three principal activities: economic and real estate development; State facility financing; and housing portfolio maintenance.*

### Overview of the Executive Budget Proposal

The Executive proposes \$1.93 billion for ESD in SFY 2015-16. This is an increase of \$574.96 million (or 42.4% increase) from the SFY 2014-15 budget. The increase primarily reflects the addition of the \$1.5 billion Upstate Revitalization Fund and other strategic economic development capital initiatives. Major budget actions include:

#### Upstate Revitalization Fund

The Executive Budget includes a new \$1.5 billion Upstate Revitalization Fund, modeled on the Buffalo Billion initiative. Seven regions are eligible to compete for one of three \$500 million upstate revitalization funds: Mid-Hudson, Capital Region, Mohawk Valley, Central New York, North Country, Southern Tier and Finger Lakes. The Upstate Revitalization Fund will target investment via a competitive process to a set of economically-distressed upstate metropolitan areas and their surrounding regions, focusing on catalytic infrastructure projects, as well as quality of life initiatives, to make upstate New York a better place to live, work, and visit. The Upstate Revitalization Fund harnesses the existing expertise and structure of the Regional Councils to develop regional investment plans that identify existing assets, highlight needs and recommended investment areas. This program would be funded by bank settlement funds.

#### Regional Economic Development Councils (REDCs)

The Executive Budget provides another \$150 million of capital funding to support a fifth round of new and competitively selected projects to further advance each region's economic development objectives. In addition to these funds, REDCs will have the opportunity to compete for an additional \$70 million of Excelsior Job Credits, as well as funds from other State agencies made available to the Regional Councils via the Consolidated Funding Application process.

### **New York Power Electronics Manufacturing Consortium**

As part of the State's \$135 million three-year commitment, the Executive Budget provides a \$33.5 million initial state investment in capital funding to support the New York Power Electronics Manufacturing Consortium (located at Albany Nanotech) to develop and commercialize the use of wide bandgap power electronic devices. Wide-bandgap semiconductors enable power devices to get smaller, faster and more efficient as silicon reaches its limits. The advantages of silicon carbide (SiC)-based power electronic devices over silicon include the capacity to handle much higher frequencies and temperatures, reducing the size and cost for companion filtering and cooling systems. Also, the devices can be half the size of similar silicon devices, providing increased power density and reliability.

### **Cornell University College of Veterinary Medicine**

The Executive Budget provides \$19 million in capital funding to complete the State investment to support the expansion of the Cornell University College of Veterinary Medicine. Last year's funding was \$5 million.

### **Clarkson-Trudeau Partnership**

The Executive Budget includes \$5 million in capital funding to support the ongoing partnership between the State, Clarkson University and the Trudeau Institute to form a world-class biotech enterprise and further establish the North Country Region as a premier center of biotechnology research and development. Last year's funding was \$10 million.

### **Binghamton University School of Pharmacy**

As part of the State's \$50 million commitment to complete construction of a new Binghamton University School of Pharmacy, the Executive Budget includes \$25 million in new capital funding for ESD. This initiative will help Binghamton continue to build its stature as a premier research university, expand enrollment, create jobs, increase economic activity in the Southern Tier and help meet health care workforce needs.

### **NYSUNY 2020/NYCUNY 2020**

The Executive Budget provides \$110 million in capital funding, the same level as last year, for a new round of NYSUNY 2020 and NYCUNY 2020 grants, including \$55 million for each university system. Funding will continue to be awarded through a bottom-up competitive process through which campuses develop plans for improving academic outcomes, finding efficiencies, and promoting innovation and economic development.

### **New York Works Economic Development Fund**

The Executive Budget includes \$45 million in capital funding for the New York Works Economic Development Fund as part of the New York Works initiative. This Fund will provide capital grants to support projects that create new or retain existing jobs, as well as infrastructure projects needed to attract or retain business across the State.

## **Retention of Professional Football in Western New York at Ralph Wilson Stadium**

The Executive Budget includes an ESD capital appropriation of \$2.223 million for services and expenses related to the retention of professional football at Ralph Wilson Stadium in Buffalo, an increase of \$28,000 over last year's level. The following programs have the same level of Aid to Localities appropriations as last year:

- Minority- and Women-Owned Business Development and Lending Program (\$635,000);
- Community Development Financial Institutions in Economically Distressed and High Distressed Areas (\$1.5 million);
- Entrepreneurial Assistance Program (\$1.76 million);
- Retention of Professional Football in Western New York (\$4.5 million);
- Urban and Community Development Program in Economically Distressed Areas (\$3.4 million); and
- Empire State Economic Development Fund (\$31.18 million)

## **Article VII**

### **UDC Authorization Extender**

This bill would extend the authorization of the UDC to administer the Empire State Economic Development Fund (EDF) for an additional year. This authorization has been renewed annually since 2012 and is currently set to expire on July 1, 2015. The bill would provide for the smooth administration of the EDF, UDC's primary economic development program. Extending the sunset date until July 1, 2016 will permit UDC to fulfill prior commitments made through the EDF and to make new assistance available to businesses and other stakeholders throughout the State without interruption. This bill would take effect immediately.

### **UDC Loan Powers Extender**

This bill would extend the general loan powers of the UDC for an additional year. This authorization has been renewed annually since 1997 and is currently set to expire on July 1, 2015. Absent enactment of this bill, UDC will be authorized to make loans only in connection with certain State-funded economic development programs that grant statutory loan authorization. Absent this legislation, the UDC could not fund approved loans made through economic programs lacking specific statutory authorization. This bill would take effect April 1, 2015.

## **OVERVIEW OF SFY 2015-16 BUDGET ACTIONS**

### **State Settlement Proceeds**

The State expects to receive a total of \$5.7 billion in SFY 2014-15 from monetary settlements. The SFY 2014-15 Enacted Budget Financial Plan assumed \$275 million in receipts from financial settlements in SFY 2014-15, leaving \$5.4 billion in unbudgeted settlements. To date, the State has received approximately \$4.3 billion of the money expected from settlements in the current year. This Financial Plan continues to assume settlements of \$250 million in SFY 2015-16, and \$100 million in both SFY 2016-17 and SFY 2017-18, unchanged from the SFY 2014-2015 State Enacted Budget Financial Plan.

## **OVERVIEW OF MAJOR REVENUE/ TAX ACTIONS**

The SFY 2015-16 Executive Budget proposes a set of tax reductions valued at net \$1.44 billion when fully phased in within three years. The net Financial Plan impact of these newly proposed revenue actions is minimal in SFY 2015-16. Major provisions of Revenue Bill include:

### **Tax Credits**

The Executive Budget presents five tax credit proposals that will provide \$386 million in direct tax relief by SFY 2016-17, with the value increasing to nearly \$1.8 billion when fully annualized.

### **Provide Income Based Property Tax Relief Tied to the Property Tax Cap**

The property tax cap and the property tax freeze credit have been successful in constraining the growth of property taxes, but for many New Yorkers, property taxes remain unaffordable. Building on these programs, the Executive Budget creates a new Real Property Tax Credit available to households with incomes below \$250,000 whose property taxes exceed 6% of their income. The credit is valued at up to 50% of the amount by which property taxes exceed the 6% burden threshold, depending on household income. When fully phased-in, more than 1.3 million State taxpayers will receive an average credit of \$950. Outside of New York City, only the taxes levied by a tax cap-compliant jurisdiction are included in the credit calculation.

The program also includes a renters' credit, based upon the assumption that a significant portion of annual gross rent is attributed to property taxes. The credit is available to taxpayers at incomes up to \$150,000 when the amount of rent attributed to property taxes exceeds 6% of their income.

All facets of the program will be phased in over four years, and only school taxes will apply in the first year. When phased-in, the program will provide \$1.7 billion in direct property tax relief. More than half of the full benefit will be phased-in by Tax Year 2016, and 81% will be phased-in by Tax Year 2017.

### **Establish the Education Tax Credit**

A new Education Tax Credit is created which reflects contributions to public education entities, school improvement organizations, local education funds, and educational scholarship organizations. The educational scholarship organizations must provide benefits to pupils at three or more public or nonpublic schools. Corporation franchise and individual taxpayers will receive a nonrefundable credit equal to 75% of their authorized contributions, up to a maximum annual credit of \$1 million. The program will be capped at \$100 million in aggregate education tax credits annually. Half of the annual cap will be dedicated to public education entities, school improvement organizations, and local education funds.

### **Create the Urban Youth Jobs Program**

This program builds and expands upon the success of the Youth Works Tax Credit Program, which provides a credit to employers who hire unemployed, at risk youth. The annual allocation is doubled to \$20 million for tax years 2015 through 2018 with a focus on jurisdictions with high youth unemployment.

### **Create the Employee Training Incentive Program (ETIP) Tax Credit**

The ETIP would help strategic businesses in New York State meet critical training needs by equipping them with the resources necessary to train employees to fill new jobs or to retrain existing employees to work with new, advanced technology where an employer must make a significant capital investment in order to remain competitive. ETIP incentives will be available to offset employer training costs by providing up to \$5 million in tax credits out of existing Excelsior Jobs Program funding to support 50 % of training costs. To be eligible to apply for the training tax incentive, an employer in a strategic industry must be creating at least 10 net new jobs or make a significant capital investment of at least \$1 million in new business processes or equipment that necessitate "upskilling." Training programs must be approved by the State Department of Labor (DOL).

### **Extend the Excelsior Tax Credit Program to Entertainment Companies**

Eligibility for the Excelsior Jobs Program is expanded to include entertainment companies that create at least 100 net new jobs and makes a significant investment in New York.

### **Tax Reduction and Reform Actions**

The Executive Budget presents seven tax cut and reform proposals that, together, would produce \$44 million in additional tax revenue on an All Funds basis in SFY 2016-17.

### **Reduce the Net Income Tax on Small Businesses**

Small businesses account for 43% of all private sector jobs in New York. The Budget reduces the net income tax rate from the current 6.5% to 2.5% over a three year period for small businesses that file under Article 9-A. The rate will be reduced to 3.25 for tax year 2016, to 2.9% for tax year 2017 and to 2.5% for tax years beginning after 2017. For the purpose of this tax cut, the definition of "small business" is a business with fewer than 100 employees, with net income below \$390,000.

## **Tax Simplification Actions**

The Executive Budget takes a number of actions that will simplify the tax and associated codes and reduce burdens on New York businesses.

### **New York City Corporate Tax Reform**

The Budget updates New York City's corporate tax structure by implementing reforms similar to those the State undertook one year ago. The City's Banking Corporation Tax is merged into the General Corporation Tax to provide tax simplification and relief, and improve voluntary compliance.

### **Combine the DOS Biennial Information Statement and Tax Return Filings and Repeal \$9 DOS Fee**

LLCs and corporations that currently file biennial information statements with the Department of State (DOS) will instead provide the information as part of their tax return. Additionally, the \$9 fee that accompanies the current biennial statement will be repealed.

### **Allow Petroleum Business Tax Refunds for Farm Use of Highway Diesel Motor Fuel**

Farmers who purchase taxable highway diesel fuel will be able to request a refund for the portion used for farm use. This will relieve farmers of the need to maintain separate tanks for taxable and non-taxable diesel fuel.

### **Impose Local Sales Tax on Prepaid Wireless Based on Retail Location**

The local sales tax collection for prepaid wireless will be based on vendor location, not the customer's residential location. This would align the tax treatment of prepaid mobile service and prepaid calling service.

## **Enforcement Initiatives**

The Executive Budget presents a set of 11 enforcement initiatives that will reduce the burden on honest citizens and recover outstanding State debts. These initiatives are expected to recover \$25 million in SFY 2015-16 and \$39 million in SFY 2016-17.

### **Lower the Outstanding Tax Debt Threshold Required to Suspend Delinquent Taxpayers' Driver's Licenses**

The 2013-14 Enacted Budget created a program to aid in the enforcement of past-due tax liabilities by suspending, with certain exceptions, the New York State driver's licenses of taxpayers who owed taxes in excess of \$10,000. This proposal will lower the threshold to \$5,000, which would encompass an additional 11,000 delinquent taxpayers.

### **Allow New York to Enter Reciprocal Tax Collection Agreements with Other States**

Tax authorities in cooperating states (currently Connecticut and California) will attempt to collect New York tax debt from former New York residents in exchange for reciprocal treatment by New York. This will allow New York to bypass the time-consuming and expensive process of seeking a warrant in the court of a cooperating state.



### **Close Certain Sales and Use Tax Avoidance Strategies**

Certain tax loopholes related to the sale for resale exemption, non-resident business purchases and single-owner entity designation will be closed.

\*Require Grantees to be Compliant with State Tax Obligations before Receiving a State Grant from a State or Local Authority. State authorities will be unable to provide a grant to a business which is not compliant with its State tax obligations.

### **Tax Law Extenders**

#### **Make Permanent the Limitation on Charitable Contribution Deductions for High Income New York State and New York City Personal Income Taxpayers**

The current charitable contribution deduction limitation of 25% allowed under State Tax Law is scheduled to expire at the end of tax year 2015. The Budget permanently extends this limitation on charitable contribution deductions for New York State and New York City taxpayers with adjusted gross income over \$10 million. The limitation has had no noticeable impact on charitable giving.

#### **Make Warrantless Wage Garnishment Permanent**

The Budget makes permanent the authorization for DTF to garnish wages of delinquent taxpayers without filing a warrant with the Department of State or County Clerks. The current program, set to expire on April 1, 2015, has been successful in eliminating the unfunded mandate on counties to receive warrants from DTF. The program has also proven to be taxpayer friendly, since warrants appear on an individual's credit report for seven years, even if the delinquency has been resolved.

- Extend and Reform the Brownfield Cleanup Program.

#### **Extend Certain Tax Rates and Certain Simulcasting Provisions for One Year.**

### **School Tax Relief (STAR) Program Actions**

#### **Convert the STAR Benefit into a Tax Credit for New Homeowners**

The Budget simplifies the STAR program by transforming the exemption into a refundable personal income tax credit, allowing school districts to collect revenue without having to wait for reimbursement from the State. This proposal will gradually phase-in for first-time homebuyers and homeowners who move and purchase a new home. Under current law, school districts collect reduced revenue as a result of the STAR exemptions, and the State compensates them for the cost of the exemption.

#### **Cap Annual Growth in Basic and Enhanced Exemption Benefit**

This proposal maintains SFY 2015-16 STAR exemption benefits at the SFY 2014-15 levels. This reform is made possible by the significant reduction in property tax growth resulting from Governor Cuomo's property tax cap.

#### **Eliminate the New York City PIT Rate Reduction Benefit for High Income Taxpayers**

This bill would eliminate the New York City STAR personal income tax rate reduction benefit for New York City taxpayers with incomes above \$500,000 because the State

fully reimburses the City for that benefit. This bill would decrease State expenditures.

\*Recoup Savings Retrospectively from Unlawfully Claimed Exemptions Removed during Re-registration Process. This proposal allows DTF to recapture undeserved STAR benefits for years prior to SFY 2014-15.

**Allow Unenrolled Registrants to Receive the STAR Exemption Benefit for Tax Year 2014**

Allow homeowners who registered for the STAR exemption program with the Department of Taxation and Finance, but failed to file timely exemption applications with their local assessors, to receive the STAR exemption benefit for tax year 2014.

**Gaming Initiatives**

**Extend the Video Lottery Gaming (VLG) Vendor's Capital Awards Program for One Year**

This proposal provides VLG operators one additional year to earn qualifying capital awards, which encourage facility upgrades and improvements.

**Expand Electronic Gaming Offerings at Video Lottery Gaming (VLG) Facilities**

Expands the definition of "video lottery gaming" to include games where an element of skill and player interaction may be incorporated into games that determine winners to a material degree upon the element of chance.

**Extend NYRA Reorganization Board**

<b>General Fund Gap—Closing Plan for SFY 2015-16 (Amounts in Millions)</b>	
<b>MID-YEAR BUDGET SURPLUS (GAP) ESTIMATE</b>	<b>(\$1,814)</b>
<b>SPENDING CHANGES</b>	
<b>Agency Operations</b>	<b>1,441</b>
Executive Agency Operations	92
Fringe Benefits/Fixed Costs	102
University Systems	14
Judiciary	(56)
<b>Local Assistance</b>	<b>1,404</b>
Education	305
STAR	248
Mental Hygiene	292
DOH Global Cap – Statewide Medicaid Savings	200
Medicaid/HCRA	84
Social Services/Housing	124
Higher Education	77
All Other	74
<b>Capital Projects/Debt Management</b>	<b>121</b>
<b>Initiatives/Investments</b>	<b>(176)</b>
Juvenile Justice Reform (“Raise the Age”)	(25)
Enhance Services for High Risk Individuals	(22)
DREAM Act	(19)
Charter School Supplemental Tuition	(10)
DOH Global Gap	(30)
“Get on Your Feet” Loan Forgiveness Program	(5)
SUNY/CUNY Performance Incentive	(22)
Debt Service for New Initiatives	(8)
Master Educator Scholarship	(3)
Public Financing of Campaigns	0
All Other	(32)
<b>Adhere to 2% Spending Benchmark</b>	<b>n/a</b>
<b>RESOURCE CHANGES</b>	
Tax Reestimates	163
Tax Extenders	257
Miscellaneous Receipts/Non-Tax Transfers	38
	(132)
<b>SURPLUS AVAILABLE FROM FY 2015</b>	<b>210</b>
<b>SURPLUS/(GAP) ESTIMATE BEFORE TAX ACTIONS</b>	<b>0</b>
<b>Tax Actions</b>	<b>0</b>
Real Property Tax Credit	0
Other Tax Credits	0
<b>SURPLUS/(GAP) ESTIMATE AFTER TAX ACTIONS</b>	<b>0</b>

## ECONOMIC OUTLOOK

### National Economy

UNITED STATES ECONOMIC INDICATORS					
Calendar Year Percent Change					
	Actual	Estimate	Forecast		
	2013	2014	2015	2016	2017
Real GDP	3.7	4.0	4.4	4.8	5.1
Personal Income	2.0	3.9	4.5	5.4	5.3
Wages	2.8	4.3	4.6	5.1	5.0
Consumption	2.4	2.5	3.3	3.1	3.0
Corporate Profits	4.2	0.5	8.4	5.7	6.0
S&P 500 Price Index	19.1	17.5	8.3	3.6	3.7
Consumer Price Index (CPI)	1.5	1.6	1.0	2.2	2.4
Non-Agricultural Employment	1.7	1.8	2.1	1.9	1.6
Unemployment Rate (%)	7.4	6.2	5.5	5.2	5.0

Source: NYS Division of Budget (DOB), Economic and Revenue Outlook

#### Overview

Generally, DOB presents the national economy as making fairly widespread progress. However, compared with recovery from other recessions, the recovery from the Great Recession has been slow. DOB asserts that the current recovery has been the slowest since the 1930s. It was not until the middle of the fourth year of the recovery that real personal income minus transfers and industrial production finally surpassed pre-recession peaks. Real manufacturing and trade sales will likely have passed peak in the fourth quarter of 2013 or the first quarter of 2014. That leaves employment as the only series that remains significantly below where it was prior to the start of the Recession. But as it is also the only indicator that directly relates to the Federal Reserve's dual mandate, it is likely that monetary policy will remain highly accommodative until employment has comfortably risen above where it was at the end of 2007. The Budget Division projects that employment will surpass its January 2008 peak by the end of the second quarter of this year.

In its SFY 2014-15 Executive Budget presentation, DOB does indicate that the national economy is achieving self-sustainability. Real US GDP growth grew 4.1% in the third quarter of 2012, the steadiest growth since the fourth quarter of 2011. DOB projects real housing growth of 3.7% during the last quarter of 2013, the first quarter above 3% since the final of 2010. Real US GDP growth of 2.4% is estimated for the final quarter of 2013, following 4.1% present growth in the third quarter and 2.5% in the second quarter.

DOB asserts that there are strong reasons to believe that this improvement is sustainable. The most recent jobs data indicates that the labor market is getting stronger. Also, home prices and new residential construction are creating both real estate wealth and jobs, while equity market growth has supported strong growth in financial wealth. Consistently stronger household spending resulting from rising income and wealth should give private business more confidence to invest and hire. Demand for U.S. exports among the nation's largest trading partners, Canada and Mexico has expanded, and the euro-area economy has stopped shrinking, which also bodes well for improved growth among emerging market economies in Latin America and Asia.

Although initial estimates of the projected unemployment rate for fourth quarter of 2013 is the lowest since the fourth quarter of 2008, it is still high from a historical standpoint, implying that a high degree of slack remains in the labor market. A consequence of that slack is continued weak income growth. Labor income has historically tended to rise with productivity. Labor productivity was strong coming out of the recession as employment continued to fall even as output rose. Productivity has since waned, consistent with weak output and investment growth. Correspondingly, there has been very little real earnings growth since the technical end of the recession in mid-2009. By the fourth quarter of 2013, the most recent quarter for which data are available, real earnings were still down 1.0% from the second quarter of 2009. Productivity gains are expected to improve as both investment and output growth accelerate, accompanied by moderate gains in employment.

As usual, there are a number of risks to the forecast. DOB highlights that while the euro-area economy is no longer contracting (in the aggregate), unemployment rates are still rising in some areas and there are concerns about especially low rates of inflation. If the recovery is even slower than expected, the implications for emerging markets and the global economy will generally be negative, and will likely result in slower export and corporate profits growth than reflected in this forecast. The impact will reverberate through U.S. labor and financial markets, resulting in slower growth than anticipated. On the other hand, if the recovery in Europe is stronger than expected, the implications for the forecast will be quite positive.

## New York Economy

NEW YORK ECONOMIC INDICATORS					
Calendar Year Percent Change					
	Actual 2013	Estimate 2014	Forecast		
			2015	2016	2017
Personal Income	1.1	4.3	4.5	5.2	5.1
Wages (Total)	2.1	5.7	4.7	4.7	4.7
Nonfarm Employment (Total)	1.5	1.7	1.4	1.3	1.3
Unemployment Rate	7.7	6.4	6.0	5.7	5.6
Consumer Price Index (CPI)	1.6	1.5	1.1	2.3	2.5
Source: NYS Division of Budget (DOB), Economic and Revenue Outlook					

### Overview

In its SFY 2015-16 Executive Budget presentation, in the Economic and Revenue Outlook, the NYS Budget Division (DOB) asserts that New York State's private labor market continues to enjoy robust growth, exhibiting only a minor loss of the momentum it possessed at the end of the recovery. On a year-to-year basis, private sector NYS employment grew 2.2% in the second quarter of last year. Job Growth was primarily led by the utilities, transportation and the hospitality sectors. However, statewide public sector job losses brought total employment growth down to 1.8% in the second quarter. The Budget Division estimates private sector State employment growth of 1.7% for all of SFY 2014-15 and 1.6% growth in SFY 2015-16, representing five consecutive years of above-average employment growth.

The Budget Division projects total personal income growth of 4.5% for SFY 2014-15, slightly stronger than the 4.3% growth in SFY 2013-14. These growth rates are driven largely by the largest component of personal income, wages. New York State wages are estimated to have risen 5.7% for SFY 2013-14, with growth expected to fall to 4.7% this year. According to DOB, the wage outlook for SFY 2015-16 reflects 6.1% growth in finance and insurance sector bonuses for the SFY 2014-15 bonus season in progress, as well as solid growth in some of the State's other high-wage industries, such as professional and business services. In addition, the government sector is expected to lessen its drag on wage growth than in to past few years. Private sector wages are projected to grow 5.0% for SFY 2014-15, while government sector wage growth is projected to improve to 2.8% in SFY 2014-15 from 1.9% in SFY 2013-14.

Since the end of the Recession, the New York State labor market has enjoyed relatively strong private sector job growth. According to DOB, in the second quarter of CY 2014,

New York led the nation in six labor market sectors: utilities, information, leisure, hospitality and other services; construction; and educational services. The growth in the first sector primarily confirms New York City's status as a shopping and tourist destination that was aided by a weaker dollar. Job growth in the construction industry benefited from a strong real estate market, particularly in New York City. In contrast, the State's utilities, manufacturing and mining, and finance and insurance sectors all experienced declines despite nationwide growth.

In its Budget presentation, the Budget Division projects total State employment growth of 1.4% for SFY 2014-15, following growth of 1.7% for SFY 2013-14. Private sector job growth of 1.7% is projected for SFY 2014-15, after growth of 2.0% in 2014. The State's labor market recovery compares to overall national job growth for SFY 2014-15 of 2.1% and private growth of 2.5%.

### **Federal Reserve Beige Book/Overview**

According to the Federal Reserve's Beige Book, published on January 12, 2015, growth in the Second District's (New York) economy has continued at a moderate pace since the last report. Businesses report that cost pressures overall have abated further, though there are some reports of increased wage pressures; selling prices remain generally stable to up slightly. In general, businesses report that conditions have improved somewhat since the last Beige Book Report.

The Beige Book also reports that, labor market conditions appear to have strengthened further in the final weeks of 2014. Retailers report that holiday season sales were somewhat disappointing and little changed from 2013 levels, though sales increased toward the latter part of December. Auto dealers characterize sales as sluggish in November, though both increased, to varying degrees, in December. According to the Federal Reserve, tourism remained fairly robust in late 2014, and consumer confidence climbed to a multi-year high. Housing markets were mixed but, on balance, somewhat stronger in the final weeks of 2014; multi-family construction has been fairly brisk. Office markets have been generally steady, while the market for industrial space has strengthened a bit. Finally, banks report to the Federal Reserve that reserve increased loan demand—particularly from the commercial sector—as well as narrowing loan spreads; delinquency rates continued to decline for commercial loans and mortgages, but picked up for residential mortgages.

## GENERAL FUND RECEIPTS

General Fund Receipts (Millions of Dollars)				
	Estimated SFY 2014-15	Forecast SFY 2015-16	\$ Change	% Change
<i>Personal Income Tax</i>				
Withholding	35,149	37,049	2,261	6.4%
Estimated Payments	14,108	14,996	888	6.3%
Final Returns	2,191	2,378	187	8.5%
Other Payments	1,266	1,341	75	5.9%
<b>Gross Collections</b>	<b>52,714</b>	<b>56,125</b>	<b>3,411</b>	<b>6.5%</b>
STAR Special Revenue Fund	(3,374)	(3,231)	(143)	4.2%
Refunds/Offsets	(8,376)	(9,237)	(861)	-10.3%
Revenue Bond Tax Fund	(11,085)	(11,722)	(637)	-5.7%
<b>Net Collections</b>	<b>29,879</b>	<b>31,935</b>	<b>2,056</b>	<b>6.9%</b>
<i>User Taxes and Fees</i>				
Sales and Use	6,080	6,355	275	4.5%
Cigarette/Tobacco	319	368	49	15.4%
Alcoholic Beverage	251	256	5	2.0%
<b>Total</b>	<b>6,670</b>	<b>6,979</b>	<b>309</b>	<b>4.6%</b>
<i>Business Taxes</i>				
Corporation Franchise	2,368	3,820	1,452	61.3%
Corporation and Utilities	590	619	29	4.9%
Insurance	1,370	1,433	63	4.6%
Bank	1,188	(38)	(1,226)	-103.2%
<b>Total</b>	<b>5,516</b>	<b>5,834</b>	<b>318</b>	<b>5.8%</b>
<i>Other Taxes</i>				
Estate and Gift	1,149	1,105	(44)	-3.8%
Pari-Mutuel	18	18	0	0.0%
Other	1	1	0	0.0%
<b>Total</b>	<b>1,168</b>	<b>1,124</b>	<b>(44)</b>	<b>-3.8%</b>
<b>Total Tax Collections</b>				
Miscellaneous Receipts	8,861	2,903	(5,958)	-67.2%
Federal Grants	0	0	0	0.0%
<b>Total Receipts</b>	<b>52,094</b>	<b>48,775</b>	<b>(3,319)</b>	<b>-6.4%</b>
Source: New York State Division of the Budget (DOB)				



## ALL FUNDS RECEIPTS

<b>All Funds Receipts</b> (Millions of Dollars)				
	<b>Estimated 2014-15</b>	<b>Forecast 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<i>Personal Income Tax</i>	<b>44,338</b>	<b>46,888</b>	<b>2,250</b>	<b>5.8%</b>
<i>User Taxes and Fees</i>				
Sales and Use	13,034	13,604	570	4.4%
Cigarette/Tobacco	1,282	1,283	1	0.1%
Motor Fuel Tax	487	484	(3)	-0.6%
Alcoholic Beverage	251	256	5	2.0%
Highway Use Tax	136	145	9	6.6%
Auto Rental Tax	119	124	5	4.2%
Taxicab Surcharge	85	85	0	0.0%
<b>Total</b>	<b>15,394</b>	<b>15,981</b>	<b>587</b>	<b>3.8%</b>
<i>Business Taxes</i>				
Corporation Franchise	2,852	4,589	1,737	60.9%
Corporation and Utilities	773	805	32	4.1%
Insurance	1,524	1,604	80	5.2%
Bank	1,428	(10)	(1,438)	-100.7%
Petroleum Business Tax	1,140	1,095	(45)	-3.9%
<b>Total</b>	<b>7,717</b>	<b>8,083</b>	<b>366</b>	<b>4.7%</b>
<i>Other Taxes</i>				
Estate and Gift	1,149	1,105	(44)	-3.8%
Real Estate Transfer Tax	990	1,037	47	4.7%
Pari-Mutuel	18	18	0	0.0%
Other	1	1	0	0.0%
<b>Total</b>	<b>2,158</b>	<b>2,161</b>	<b>3</b>	<b>-0.1%</b>
<i>MTA Payroll Tax Total</i>	1,260	1,337	77	6.1%
<b>Total Tax Collections</b>	<b>70,867</b>	<b>74,450</b>	<b>3,583</b>	<b>5.1%</b>
Miscellaneous Receipts	30,329	25,054	(5,275)	-17.4%
<b>Total Receipts</b>	<b>101,196</b>	<b>99,504</b>	<b>1,692</b>	<b>-1.7%</b>
Source: New York State Division of the Budget (DOB)				

The following State tax receipts information and projections are produced and forecast by the NYS Division of the Budget (DOB) and are contained in the SFY 2015-16 Executive Budget, Economic and Revenue Outlook, ppg. 151-340, published on January 21, 2015.

<b>PERSONAL INCOME TAX</b> (millions of dollars)					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 to SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	28,863	29,879	31,935	2,056	6.9
<b>All Funds</b>	42,961	44,338	46,888	2,550	5.8

## Summary

### General Fund

The personal income tax, New York's largest source of revenue, accounts for almost 60% of General Fund receipts. The tax is imposed at a graduated rate (from 4% to 8.82%) on a taxpayer's taxable income: adjusted gross income less deductions. Following closely to the Federal definitions of adjusted gross income, New York's adjusted gross income is comprised of five major components: wages, capital gains, interest and dividends, taxable pensions, and business and partnership income. Similar to the Federal income tax, taxpayers are allowed to either itemize their deductions which are also closely aligned with Federal deductions or to take the standard deduction which ranges from \$3,000 to \$15,400 depending on the type of filer.

### Special Revenue Funds

As part of the STAR program enacted in 1998, a portion of personal income tax receipts is dedicated to a special revenue fund, the School Tax Relief (STAR) Fund, in order to reimburse localities for lost school tax revenues resulting from the program as well as to pay the Middle Class STAR rebates.

In addition, 25% of personal income tax revenues, net of refunds, are deposited into a debt service fund, the Revenue Bond Tax Fund, to pay the debt service on the State's personal income tax revenue bonds. Deposits in this fund in excess of the required debt service are then transferred back to the General Fund.

### SFY 2015-16 Proposed Legislation

- Make permanent the limitation on charitable contribution deductions for high income New York State and New York City personal income taxpayers;
- Lower the outstanding tax debt threshold required to suspend delinquent taxpayers' driver's licenses;
- Make warrantless wage garnishment permanent;
- Allow New York to enter reciprocal tax collection agreements with other states;

- Extend and reform the Brownfield Cleanup Program;
- Establish the Education Tax Credit;
- Reform the Investment Tax Credit provided for master tapes;
- Authorize a professional and business license tax clearance;
- Require new State employees to be compliant with State tax obligations;
- Require practitioners to be compliant with State tax obligations before receiving excess medical malpractice coverage;
- Convert the STAR benefit into a tax credit;
- Allow the OCFS to share child care data with the DTF;
- Amend the personal income tax, MTA mobility tax, and Credit for Disabled Workers statutes for technical changes;
- Create the Urban Youth Jobs Program Tax Credit;
- Establish the Residential Real Property Tax Credit;
- Create the Employee Training Incentive Program (ETIP) Tax Credit; and
- Make various changes to the STAR program.

## **Receipts**

### SFY 2014-15 Estimates

All Funds receipts through December are \$30,174 million, an increase of \$337 million (1.1%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$44.3 billion, an increase of \$1.4 billion (3.2%) from SFY 2013-14. This primarily reflects moderate growth in withholding, strong growth in current estimated payments for tax year 2014, and a modest decline in total refunds, partially offset by sharp declines in both extension (i.e., prior year estimated) payments for tax year 2013 and final returns. Withholding in SFY 2014-15 is projected to be \$35.1 billion (5.3%) higher compared to the prior year. This reflects the net effect of moderate wage growth offset by reduced revenue attributable to the withholding table inflation adjustment. Total estimated payments are expected to decline by \$529 million (3.6%).

Estimated payments for tax year 2014 are projected to increase by \$1.3 billion (13.5%) in response to strong equities market performance. Extension payments (i.e., prior year estimated) for tax year 2013 are estimated to decline substantially (\$1.8 billion or 34.9%) following a tax year 2012 extension payments base that was inflated by accelerated realization of capital gains in anticipation of rising federal income tax rates in 2013. Delinquent collections are projected to be \$91 million (7.7%) higher, while final return payments are projected to decline by \$204 million (8.5%). The decrease in total refunds of \$238 million (2.8%) reflects declines of \$405 million (7.5%) in prior refunds related to tax year 2013, \$328 million (15.8%) in current year refunds related to tax year 2014, \$27 million (4.4%) in the state-city offset, and \$90 million (16.3 %) in refunds related to tax years prior to 2013, partially offset by \$612 million in advanced credit payments attributable to tax year 2014.

## SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$46.9 billion, an increase of \$2.6 billion (5.8%) from SFY 2014-15.

This increase primarily reflects increases of \$2.3 billion (6.4%) in withholding and \$888 million (6.3%) in total estimated payments, partially offset by an \$861 million (10.3 %) increase in total refunds. The increase in total refunds is primarily attributable to the timing of tax year 2014-related refunds (\$328 million) and a \$272 million year-over-year increase due to legislation included as part of the SFY 2014-15 Enacted Budget (the Enhanced Real Property Tax Circuit Breaker Credit, the Manufacturing Property Tax Credit, and the AGI reduction for length of service awards for volunteer firefighters and volunteer ambulance workers) and reduced estimates of SFY 2014-15 advanced credit payments. The growth in withholding is driven by projected SFY 2015-16 wage growth of 4.7%. The growth in total estimated payments includes increases of \$614 million (5.7%) in estimated payments related to tax year 2015 and \$274 million (8.1%) in extension (i.e., prior year estimated) payments for tax year 2014. The robust growth in extension payments is in response to estimated 2014 net capital gains growth of 30.7%.

Payments from final returns are expected to increase \$187 million (8.5%), also benefitting from the capital gains growth in SFY 2013-14, and delinquent collections are projected to increase by \$75 million (5.9%) compared to the prior year. The projected growth in delinquent collections is inclusive of \$27 million in increases attributable to proposed legislation. The aforementioned increase in total refunds of \$861 million reflects increases of \$716 million (14.4%) in prior year refunds for tax year 2014, \$171 million (27.9%) in advanced credit payments for tax year 2015, and \$24 million (5.2%) in previous years refunds related to tax years prior to 2014, partially offset by a \$50 million (8.5%) decline in the state-city offset.

<b>ALCOHOLIC BEVERAGE CONTROL LICENSE FEES</b> (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2014-15 to SFY 2015-16	
	SFY 2013-14	SFY 2014-15	SFY 2015-16	\$ Change	% Change
<b>General Fund</b>	64.6	56.0	65.0	9.0	16.1
<b>All Funds</b>	64.6	56.0	65.0	9.0	16.1

## Summary

### General Fund

New York State distillers, brewers, wholesalers, retailers, and others who sell alcoholic beverages are required by law to be licensed by the State Liquor Authority. License fees vary depending on type of business, location, purpose, and type of alcoholic beverage sold.

### Special Revenue Funds

Collections from these fees are not deposited into any special revenue funds.

### Proposed Legislation

The Executive has not proposed any new legislation in the SFY 2015-16 Executive Budget.

### Receipts

In SFY 2014-15, receipts from alcoholic beverage control license fees are estimated to total \$56 million, a decrease of \$8.6 million from SFY 2013-14. In SFY 2015-16, receipts from alcoholic beverage control license fees are estimated to total \$65 million, an increase of \$9 million from SFY 2014-15.

<b>ALCOHOLIC BEVERAGE TAXES</b> (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2014-15 to SFY 2015-16	
	SFY 2013-14	SFY 2014-15	SFY 2015-16	\$ Change	% Change
<b>General Fund</b>	250.3	251.0	256.0	5.0	2.0
<b>All Funds</b>	250.3	251.0	256.0	5.0	2.0

### General Fund

New York State imposes an excise tax on liquor, beer, wine and specialty alcoholic beverages. The current tax rates are as follows:

<b>Beer</b>	<b>\$0.14 per gallon</b>
<b>Cider</b>	<b>\$.0379 per gallon</b>
<b>Wine</b>	<b>\$.30 per gallon</b>
<b>Liquor (Less than 24% alcohol per volume)</b>	<b>\$2.54 per gallon</b>
<b>Liquor (More than 24% alcohol per volume)</b>	<b>\$6.44 per gallon</b>

### Special Revenue Funds

Collections from this tax are not deposited into any special revenue funds.

### Proposed Legislation

The Executive has not proposed any new legislation in the SFY 2015-16 Executive Budget.

### Receipts

#### SFY 2014-15 Estimates

All Funds receipts through December are \$188.8 million, the same as the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$251 million, an increase of \$0.7 million (0.3 %) from SFY 2013-14. Estimated growth is primarily based on the continuation of recent wine and liquor consumption trends. Of the total estimated receipts, \$184.7 million is projected to be derived from liquor, \$45.9 million from beer and \$20.4 million from wine and other taxed beverages

#### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$256 million, an increase of \$5 million (2%) from SFY 2014-15. Liquor and wine receipts are expected to grow modestly. Beer consumption is expected to experience marginal growth as craft beer interest continues to revive the beer market to an extent.

Of total projected alcoholic beverage tax receipts, \$189.1 million is projected to be derived from liquor, \$46 million from beer, and \$20.9 million from wine and other specialty beverages.

### General Fund

Currently, all receipts from the alcoholic beverage tax are deposited in the General Fund.

***AUTO RENTAL TAX***  
(millions of dollars)

	Actual	Estimated	Forecast	SFY 2014-15 to SFY 2015-16	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	\$ Change	% Change
<b>General Fund</b>	0	0	0	0	0
<b>All Funds</b>	114.0	119.0	124.0	5.0	4.2

**Summary**

**General Fund**

Collections from this tax are not deposited into the General Fund.

**Special Revenue Funds**

Starting in 1990, the State imposed a 5% tax on charges for the rental or use of a passenger car weighing 9,000 pounds or less. The rate was increased to 6% in 2009. A supplemental tax of 5% was imposed on the receipts from the rental of a passenger car that is rented or used within the Metropolitan Commuter Transportation District (MCTD). The tax does not apply to a car lease covering a period of one year or more.

Receipts from the 6% statewide tax are deposited to the Dedicated Highway and Bridge Trust Fund. Receipts from the supplemental tax are deposited into the Metropolitan Transportation Authority's Aid Trust Account of the MTA Financial Assistance Fund.

**Proposed Legislation**

The Executive has not proposed any new legislation in the SFY 2015-16 Executive Budget.

**Receipts:**

**SFY 2014-15 Estimates**

All Funds receipts through December are \$99.3 million, an increase of \$4.6 million (4.9%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$119 million, an increase of \$5 million (4.4%) from SFY 2013-14. This growth reflects the continuing increase in New York tourism spending.

**SFY 2015-16 Projections**

All Funds SFY 2015-16 receipts are projected to be \$124 million, an increase of \$5 million (4.2%) from SFY 2014-15. This increase reflects projected growth in New York tourism spending.

<b>CIGARETTE AND TOBACCO TAXES</b>					
<b>(millions of dollars)</b>					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 to SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	426.2	319.0	368.0	49.0	15.4
<b>Other Funds</b>	1,027.1	963.0	915.0	(48.0)	(5.0)
<b>All Funds</b>	1,453.3	1,282.0	1,283.0	1.0	0.1

**Summary**

**General Fund**

New York imposes an excise tax on cigarette and tobacco products sold and/or used within the State. Currently New York State imposes a \$4.35 per pack excise tax on cigarettes. The Federal government imposes an excise tax rate of \$1.01 per pack on cigarettes. NYC also imposes a separate \$1.50 per pack excise tax on cigarettes. New York State currently has the highest cigarette tax rate in the country.

The State also imposes separate tax rates on other tobacco products. The levels are as follows: 75% of the wholesale price on tobacco products and cigars, and a tax of \$2.00 per ounce on snuff. Cigars with a weight of less than 4 pounds per 1,000 (little cigars) are taxed at the state rate equivalent to cigarettes.

Currently 29.37% of cigarette tax receipts collected are deposited in the General Fund. Additionally, the General Fund receives 100% of the receipts from the taxes collected on non-cigarette tobacco products.

**Special Revenue Funds**

Beginning in SFY 2005-06, spending related to the Health Care Reform Act (HCRA) was included in the State's financial plan. As a result, a portion of the cigarette tax collections are deposited to the HCRA fund. Following legislation passed in the 2010-11 Enacted Budget, the percentage of cigarette tax being deposited to the HCRA Special Revenue Fund is now 76%.

**Proposed Legislation**

In the SFY 2015-16, no new legislation is proposed with this budget.

**Receipts**

SFY 2014-15 Estimates

All Funds receipts through December are \$1,045.5 million, a decrease of \$108.4 million (9.4%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$1,282 million, a decrease of \$171.3 million (11.8%) from SFY 2013-14. The large decrease is due, in part, to cigar tax refunds.

SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$1,283 million, an increase of \$1 million (0.1 %) from SFY 2014-15.



<b>HIGHWAY USE TAX</b> (millions of dollars)					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	0	0	0	0	0
<b>All Funds</b>	136.2	136.0	145.0	9.0	6.6

### **Summary:**

#### **General Fund**

Collections from the highway use tax are not deposited into the General Fund.

#### **Special Revenue Funds**

Articles 21 and 21-A of the Tax Law imposes a tax on commercial vehicles using the public highways of the State. Highway use tax revenues are derived from three sources: the truck mileage tax, fuel use tax and registration fees. The truck mileage tax is determined by multiplying the weight of the truck and its miles of laden or unladen miles traveled on public highways. The fuel use tax is levied upon fuel that is purchased from out of state, but consumed in state on public highways. The tax rate is the sum of the motor fuel tax component (eight cents per gallon), the State sales tax rate, and the lowest county sales tax rate. Registrations are required for vehicles subject to the highway use tax, and are imposed at \$15 for a three year registration.

#### **Proposed Legislation**

No new legislation is proposed with this budget.

#### **Receipts**

##### **SFY 2014-15 Estimates**

All Funds receipts through December are \$108.2 million, an increase of \$1.5 million (1.4%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$136 million, a decrease of \$0.2 million (0.1%) from SFY 2013-14. Net truck mileage tax receipts are estimated at \$101 million, fuel use tax receipts at \$31 million and registration fees at \$4 million.

##### **SFY 2015-16 Projections**

All Funds SFY 2015-16 receipts are projected to be \$145 million, an increase of \$9 million (6.6 %) from FY 2015. The increase is primarily attributable to triennial registration renewals due in SFY 2015-16.

#### **General Fund**

No highway use tax receipts are deposited into the General Fund.

#### **Other Funds**

Currently, all highway use tax receipts are directed to the Dedicated Highway and Bridge Trust Fund.

<b>MOTOR FUEL TAX (millions of dollars)</b>					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	0	0	0	0	0
<b>All Funds</b>	473.2	487.0	484.0	(3.0)	(0.6)

## **Summary**

### **General Fund**

No collections from the motor fuel tax are deposited into the General Fund.

### **Special Revenue Funds**

Article 12-A of the Tax Law imposes a tax on the sale of motor and diesel motor fuel. The current tax rate is eight cents per gallon. Motor fuel tax revenues are deposited into two funds, the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Fund, with 79% and 21% going to each respectively.

Although the motor fuel tax is imposed on the consumer, the tax is remitted upon importation into New York. This tax-on-first-import system is designed to reduce gasoline tax evasion, which has involved bootlegging from other states and successions of tax-free sales among “dummy” corporations masked by erroneous record keeping and reporting.

Since 1988, taxes on diesel motor fuel have been collected upon the first non-exempt sale in the State. Prior to that time, the diesel motor fuel tax was collected at the time of retail sale or use by a bulk user.

The tax is generally remitted monthly, although vendors whose average monthly tax is less than \$200 may remit quarterly. Chapter 55 of the Laws of 1992 required accelerated remittance of the tax by taxpayers with annual liability of more than \$5 million for motor fuel and petroleum business tax (PBT) combined. These taxpayers are required to remit taxes electronically or by certified check by the third business day following the first 22 days of each month. Taxpayers can choose to make either a minimum payment of three-fourths of the comparable month's tax liability for the preceding year, or 90% of actual liability for the first 22 days. Taxes for the balance of the month are remitted by the twentieth of the following month.

Motor fuel tax collections are a function of the number of gallons of fuel imported into the State by distributors. Gallonage is determined in large part by fuel prices, the amount of fuel held in inventories, the fuel efficiency of motor vehicles and overall State economic performance.

### **Proposed Legislation**

Legislation proposed with this Budget would enhance motor fuel tax enforcement

## Receipts

### SFY 2014-15 Estimates

All Funds receipts through December are \$373 million, an increase of \$10.5 million (2.9%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$487 million, an increase of \$13.8 million (2.9%) from SFY 2013-14.

### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$484 million, a decrease of \$3 million (0.6%) from SFY 2014-15.

## General Fund

No motor fuel tax receipts are deposited into the General Fund.

<i>MOTOR vehicle fees</i> (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2014-15 SFY 2015-16	
	SFY 2013-14	SFY 2014-15	SFY 2015-16	\$ Change	% Change
<b>General Fund</b>	1.7	170.0	170.0	0.0	0.0
<b>Other Funds</b>	1,270.0	1,133.0	1,133.0	0.0	0.0
<b>All Funds</b>	1,217.7	1,303.0	1,303.0	0.0	0.0

## Summary

### General Fund

Motor vehicle fees are imposed under the Vehicle and Traffic Law. These fees are generally based on the weight and purpose of vehicle.

In 2006, the Vehicle and Traffic Law was amended to require the deposit of \$169.4 million in motor vehicle fees to transportation dedicated funds. Any shortfall or surplus from these fees would be paid by or deposited to the General Fund.

Motor vehicle fees are imposed by the Vehicle and Traffic Law. In general, motor vehicles, motorcycles, trailers, semi-trailers, buses, and other types of vehicles operating in New York are required to be registered with the Department of Motor Vehicles. In 2011, 10.7 million vehicles were registered in New York State, including 808,806 commercial vehicles. The Vehicle and Traffic Law also requires drivers to be licensed by the Department of Motor Vehicles. The current license renewal period is eight years. In 2011, New York State had 11.2 million licensed drivers. Numerous other fees, related to the processes of registration or licensing, are also components of motor vehicle fees. Examples are: fees for inspection and emission stickers; repair shop certificates; and insurance civil penalties.

## Special Revenue Funds

Revenues from motor vehicle fees are deposited to the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Trust Fund. In 2009, supplemental registration and license fees were imposed within the Metropolitan Commuter Transportation District (MCTD). Revenues generated from these supplemental fees will go to support the MTA Aid Trust Account of the MTA Special Assistance Fund.

### **Proposed Legislation**

No new legislation is proposed with this Budget.

### **Receipts**

#### SFY 2014-15 Estimates

All Funds receipts through December are \$1,012 million, an increase of \$58 million (6.1%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$1,303 million, an increase of \$31.3 million (2.5 %) from SFY 2013-14. This increase is primarily due to proper accounting of monies from the Driver Responsibility Act (DRA) as motor vehicle fees.

#### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$1,303 million, unchanged from SFY 2014-15.

<b>SALES AND USE TAX</b>					
<b>(millions of dollars)</b>					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	5,884.9	6,100.0	6,355.0	255.0	4.2
<b>Debt Service</b>	5,901.1	6,080.0	6,354.0	274.0	4.5
<b>MTOAF**</b>	801.7	854.0	894.0	40.0	4.7
<b>All Funds</b>	12,587.7	12,595.0	13,603.0	569.0	4.4

\*\*Mass Transportation Operating Assistance Fund

### Summary

The sales and compensating use tax was enacted in 1965 at the rate of 2%. The tax rate was increased to 3% in 1969, to 4% in 1971 and to 4.25 % in 2003. The rate reverted to 4% on June 1, 2005. Please see the "Comparison of New York State Tax Structure with Other States" section for further information on the tax rate.

Effective June 1, 2006, the State sales tax rate on motor fuel and diesel motor fuel was capped at 8 cents per gallon.

An additional 5% sales tax is imposed on the receipts from the sale of telephone entertainment services that are exclusively delivered through auditory mechanisms.

Counties and cities are authorized to impose general sales tax rates up to 3%. Of the 57 counties and the 20 cities (including New York City) that impose the general sales tax, 51 counties and 3 cities received legislative authority to impose additional rates of tax above the statutory 3% general sales tax rate. Over 90% of the State's population resides in an area where the tax rate equals or exceeds 8%. Since almost all counties have an additional rate, an Executive Budget proposal would require localities, not the State, to renew this rate every two years by a majority vote of the county legislative body.

### General Fund

Retail sales of tangible personal property are taxed under Article 28 of the Tax Law unless specifically exempted. Services are only taxable if they are enumerated in the Tax Law. The current State sales tax rate is 4%. The sales and use tax, account for approximately 18% of state revenues. The General Fund receives approximately 70% of all sales tax collections.

### Special Revenue Funds

Of the State portion of the Sales Tax, a quarter of it is deposited to the Local Government Assistance Tax Fund (LGAC). These deposits are used to pay the debt service on bonds issued by the Local Government Assistance Corporation. Any receipts in excess of debt service are transferred back to the General Fund. An additional 0.375% tax is imposed on purchases made in the Metropolitan Commuter Transportation District (MCTD). The Mass

Transportation Operating Assistance Fund was created to help finance State public transportation. The receipts from the supplemental MCTD sales and use tax are earmarked for this dedicated fund.

### **Proposed Legislation**

Legislation proposed with the SFY 2015-16 Executive Budget would:

- Expand sales tax collection requirements for marketplace providers;
- Reform the Industrial Development Authority program;
- Extend the wine tasting sales and use tax exemption to other alcoholic beverages;
- Impose local sales tax on prepaid wireless based on retail location;
- Close certain sales and use tax avoidance strategies;
- Exempt solar power purchase agreements from state and local sales tax; and
- Enhance motor fuel tax enforcement.

### **Receipts**

#### SFY 2014-15 Estimates

All Funds receipts through December are \$9,888.5 million, an increase of \$335.7 million (3.5%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$13,034 million, an increase of \$446.3 million (3.5%) from SFY 2013-14. Through December, there has been year-over-year taxable sales growth in most of the industries measured. The three largest sales tax collection industries, food services, motor vehicles and wholesale trade, exhibited growth of 6.5%, 7.6% and 9.8%, respectively. The heightened need for building materials after Superstorm Sandy caused a surge in receipts from this category in SFY 2013-14 and a subsequent 4.1% decline in FY 2014-15. Due to the sales tax cap on motor fuel, the State does not experience any increase or decrease in receipts when fuel prices are above \$2 per gallon. These factors help to explain base growth rates (i.e., growth absent law changes) during the first three quarters of 6.4%, 6% and 5.7%, respectively. Base growth during the final quarter of SFY 2014-15 is estimated to be 3.2%. This equates to total base growth of 5.3 % for SFY 2014-15.

#### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$13,603 million, an increase of \$569 million (4.4%) from SFY 2014-15. This projected growth is based on the economic factors noted earlier. IDA reform, fuel tax enforcement, and tax avoidance loophole closing legislation included in this Budget account for \$10 million of this total. The primary risk factor for the sales and use tax estimate is the economic forecast, which provides the basis for the sales tax estimates. Unexpected slowdowns in income, employment, auto sales, and the associated consumption of taxable goods would adversely impact the level of taxable sales.

<b>BANK TAX</b> (millions of dollars)					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>%Change</b>
<b>General Fund</b>	\$888.3	1,188.0	(38.0)	(1,226.0)	(103.2)
<b>Other Funds</b>	167.0	240.0	28.0	(212.0)	(88.3)
<b>All Funds</b>	1,050.0	1,428.0	(0.0)	(1,438)	(100.7)

### **General Fund**

Under Article 32 of the Tax Law, New York State imposes a tax on banking corporations doing business within the State. The bank tax is calculated on four bases: (1) 7.1% of allocated net income; (2) 3% of alternative minimum income; (3) a tax on asset value; or (4) a fixed dollar minimum tax of \$250. The amount of the tax remitted is the greatest of the bases.

### **Special Revenue Funds**

Banks doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund.

Effective with tax years beginning on and after January 1, 2015, the Bank Tax (Article 32) is merged with the Corporate Franchise Tax (Article 9-A). Chapter 59 of the Laws of 2014 enacted corporate tax reform which established a single modern system of taxation for general business corporations and banking corporations by repealing the separate provisions of the Tax Law for banking corporations (Article 32) and amending the business corporation tax under Article 9-A to accommodate changes in the financial services industry and make other modernization changes.

### **Receipts**

#### **All Funds**

##### SFY 2014-15 Estimates

All Funds receipts through December are \$1,262.6 million, an increase of \$541.3 million (75%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$1,428 million, an increase of \$378 million (36%) from SFY 2013-14. The year-over-year increase is the result of an increase in audit receipts.

All Funds SFY 2015-16 receipts are projected to be negative \$10 million, a decrease of \$1,438 million (100.7%) from SFY 2014-15. This decrease is attributable to the repeal of the bank tax and the resultant imposition of the corporate franchise tax on bank taxpayers, effective for tax year 2015.

### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be negative \$10 million, a decrease of \$1,438 million (100.7%) from SFY 2014-15. This decrease is attributable to the repeal of the bank tax and the resultant imposition of the corporate franchise tax on bank taxpayers, effective for tax year 2015.

### General Fund

General Fund SFY 2014-15 receipts are expected to be \$1,188 million, an increase of \$299.7 million (33.7%) from SFY 2013-14. General Fund collections reflect the same trends impacting SFY 2014-15 All Funds receipts.

For SFY 2015-16, General Fund receipts are projected to be negative \$38 million, a decrease of \$1,226 million (103.2%) from SFY 2014-15. General Fund collections reflect the trends described above for SFY 2015-16 All Funds receipts.

### Other Funds

Bank tax receipts from the business tax surcharge deposited to MTOAF generally reflect the All Funds trends described above. The MCTD business tax surcharge will result in MTOAF deposits of an estimated \$240 million in SFY 2014-15 and a projected \$28 million in SFY 2015-16.

### Proposed Legislation

None



<b>CORPORATION FRANCHISE TAX</b> (millions of dollars)					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 to SFY 2015-16</b>	
	<b>SFY 2013- 14</b>	<b>SFY 2014- 15</b>	<b>SFY 2015- 16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	3,245.1	2,368.0	3,828.0	1,452.0	61.3
<b>All Funds</b>	3,811.7	2,852.0	4,589.0	1,737.0	60.9

### **General Fund**

Under Article 9-A of the Tax Law, New York State levies a tax on corporations doing business within the State. The Corporate Franchise Tax is calculated on four calculation bases: (1) 7.1% of net income apportioned to New York using a single sales factor (small businesses, manufacturers, and high-tech firms are subject to a lower rate of 6.5%); (2) 1.5% of alternative minimum income; (3) 0.15% of allocated business and investment capital with a cap of \$350,000 for manufacturers and \$10 million for all others; and (4) a fixed dollar minimum tax ranging between \$25 and \$5,000 based on New York sourced gross income. The base that yields the greatest tax liability is remitted to the State.

### **Special Revenue Funds**

Corporations doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund.

### **Proposed Legislation**

Legislation proposed with this SFY 2015-16 Executive Budget would:

- Extend and reform the Brownfield Cleanup Program;
- Reform the Investment Tax Credit provided for master tapes;
- Combine the DOS biennial information statement and tax return filings and repeal \$9 DOS fee;
- Amend Excelsior Tax Credit qualifying business language;
- Require Commercial Production Tax Credit economic impact report;
- Create the Urban Youth Jobs Program Tax Credit;
- Reduce the net income tax on small businesses;
- Amend the corporate tax reform statute for technical changes;
- Require grantees to be compliant with State tax obligations before receiving a grant from a State authority;
- Establish the Education Tax Credit; and
- Create the Employee Training Incentive Program (ETIP) Tax Credit.

## **Receipts**

### SFY 2014-15 Estimates

All Funds receipts through December are \$1,768.6 million, a decrease of \$465.8 million (20.8%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$2,852 million, a decrease of \$959.7 million (25.2%) from SFY 2013-14. This decrease is attributable to manufacturing tax reductions enacted in 2013 and 2014, lower audit receipts and higher refunds due to the payback of tax credit claims deferred in tax years 2010-2012.

### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$4,589 million, an increase of \$1,737 million (60.9 %) from SFY 2014-15. This increase is mainly attributable to the repeal of the bank tax and the resultant imposition of the corporate franchise tax on bank taxpayers effective for Tax Year 2015.

## **General Fund**

General Fund SFY 2014-15 receipts are projected to be \$2,424 million, a decrease of \$654 million (21.2%) from SFY 2013-14. The decrease reflects the same trends impacting All Funds receipts for SFY 2014-15.

General Fund SFY 2015-16 receipts are projected to be \$3,820 million, an increase of \$1,452 million (61.3 %) from SFY 2014-15. The increase reflects the same trends impacting All Funds receipts for SFY 2015-16.

## **Other Funds**

The MCTD 17% business tax surcharge will result in MTOAF deposits of an estimated \$483 million in SFY 2013-14 and a projected \$487 million in SFY 2014-15.

**CORPORATION AND UTILITIES TAXES**  
(millions of dollars)

	Actual	Estimated	Forecast	SFY 2014-15 to SFY 2015-16	
	SFY 2013-14	SFY 2014-15	SFY 2015-16	\$ Change	% Change
<b>General Fund</b>	614.5	590.0	619.0	29.0	4.9
<b>All Funds</b>	797.3	773.0	805.0	32.0	4.1

**General Fund**

Under Article 9 of the Tax Law, New York levies taxes and fees on a number of specialized industries including public utilities, newly organized or reorganized corporations, out-of-state corporations doing business in New York State, transportation and transmission companies, and agricultural cooperatives. Each section of the article levies a tax on a different industry:

- Section 180 imposes a tax on newly incorporated or reincorporated domestic businesses.
- Section 181 imposes a license fee on foreign corporations for the privilege of exercising a corporate franchise or conducting business in a corporate or organized capacity in New York State.
- Section 183 imposes a franchise tax on the capital stock of transportation and transmission companies, including telecommunications, trucking, railroad, and other transportation companies.
- Section 184 imposes an additional franchise tax of 0.375% on the gross receipts of transportation and transmission companies.
- Section 185 imposes a franchise tax on farmers, fruit-growers and other agricultural cooperatives.
- Section 186-a imposes a 2% gross receipts tax on charges for the transportation, transmission, distribution, or delivery of electric and gas utility services.
- Section 186-e imposes a 2.5% gross receipts tax on charges for telecommunications services.

**Special Revenue Funds**

Corporations and utilities doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund (MTOAF). Collections from the taxes imposed under sections 183 and 184 are deposited into the MTOAF and the Dedicated Highway and Bridge Trust Fund (DHBTF).

**Proposed Legislation**

Legislation proposed with this SFY 2015-16 Budget would:

- Extend and reform the Brownfield Cleanup Program;
- Impose Sales Tax Refund Requirements on Article 9 Taxpayers; and
- Impose Tax Law Section 184 Tax on Wireless Telecommunications.

## **Receipts**

### SFY 2014-15 Estimates

All Funds receipts through December are \$475.5 million, a decrease of \$10.3 million (2.1%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$773 million, a decrease of \$24.3 million (3%) from SFY 2013-14. The decrease is mainly attributable to the loss of revenue from payments imposed by Section 186 of the Tax Law due to the Long Island Power Authority (LIPA) restructuring that was enacted in 2013.

### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$805 million, an increase of \$32 million (4.1%) from SFY 2014-15. It is expected that tax year 2015 liability payments will grow modestly from the prior year.

## **General Fund**

General Fund SFY 2014-15 receipts are estimated to be \$590 million, a decrease of \$24.5 million (4%) from SFY 2013-14. The decrease reflects the same trends impacting SFY 2014-15 All Fund receipts. General Fund SFY 2015-16 receipts are projected to be \$619 million, an increase of \$29 million (4.9%) from SFY 2014-15. The increase reflects the same trends impacting All Funds receipts for SFY 2014-15.

## **Other Funds**

80% of Section 183 and 184 collections are deposited into the MTOAF and will total an estimated \$60 million for SFY 2014-15 and \$60 million for SFY 2015-16. The remaining portion of section 183 and 184 collections (20%) is earmarked for the DHBTF. DHBTF receipts are estimated at \$15 million in SFY 2014-15 and projected at \$15 million in SFY 2015-16.

Corporation and utilities tax receipts from the business tax surcharge deposited to MTOAF generally reflect the All Funds trends described above. The MCTD 17% business tax surcharge will result in MTOAF deposits of an estimated \$108 million in SFY 2014-15 and a projected \$111 million in SFY 2015-16.

<b>INSURANCE TAXES</b> (millions of dollars)					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 to SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	1,298.0	1,370.0	1,430.0	63.0	4.6
<b>Other Funds</b>	146.4	154.0	171.0	17.0	11.0
<b>All Funds</b>	1,444.4	1,542.0	1,604.0	80.0	5.2

### **General Fund**

Under Article 33 of the Tax Law and the Insurance Law, the State imposes taxes on insurance corporations, insurance brokers and certain insured for the privilege of conducting business or otherwise exercising a corporate franchise in New York. Life and non-life insurers are taxed as follows:

- Non-life insurers are subject to a premiums-based tax. Accident and health premiums received by non-life insurers are taxed at the rate of 1.75% and all other premiums received by non-life insurers are taxed at the rate of 2%. A \$250 minimum tax applies to all non-life insurers.
- The franchise tax on life insurers has two components. The first component is a franchise tax computed under four alternative bases, with tax due based on the highest tax calculated under the four alternative bases. The second component is an additional franchise tax on gross premiums, less returned premiums. The tax rate on premiums is 0.7% and applies to premiums written on risks located or resident in New York. This tax is added to the tax due under the first component.

Under Article 33-A of the Tax Law and the Insurance Law, the State imposes a tax rate of 3.6% of premiums on independently procured insurance. This tax is imposed on any individual, corporation or other entity purchasing or renewing an insurance contract covering certain property and casualty risks located in New York from an unauthorized insurer.

### **Special Revenue Funds**

Insurers doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund.

### **Proposed Legislation**

No new legislation proposed with this SFY 2015-16 Budget.

### **Receipts**

SFY 2014-15 Estimates

All Funds receipts through December are \$898.6 million, an increase of \$46.4 million (5.4%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are

estimated to be \$1,524 million, an increase of \$79.6 million (5.5%) from SFY 2013-14. Strong premiums growth is being partially offset by the impact of the State's transition of the prescription drug, hospital and mental health portion of the Empire Plan to self-insurance on January 1, 2014.

#### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$1,604 million, an increase of \$80 million (5.2%) from SFY 2014-15. Receipts in SFY 2015-16 assume continuing premiums growth.

#### General Fund

General Fund SFY 2014-15 receipts are estimated to be \$1,370 million, an increase of \$72 million (5.5 %) from SFY 2013-14. The increase reflects the same trends impacting SFY 2014-15 All Fund receipts.

General Fund SFY 2015-16 receipts are projected to be \$1,433 million, an increase of \$63 million (4.6%) from SFY 2014-15. The increase reflects the same trends impacting All Funds receipts for SFY 2015-16.

#### Other Funds

Insurance tax receipts from the business tax surcharge deposited to MTOAF generally reflect the All Funds trends described above. The MCTD 17% business tax surcharge will result in MTOAF deposits of an estimated \$154 million in SFY 2014-15 and a projected \$171 million in SFY 2015-16.

<i>Petroleum Business Taxes</i> (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2014-15 to SFY 2015-16	
	SFY 2013-14	SFY 2014-15	SFY 2015-16	\$ Change	% Change
<b>General Funds</b>	0	0	0	0	0
<b>All Funds</b>	1,154.5	1,140.0	1,095.0	(45.0)	(3.9)

#### General Fund

As of April 1, 2001, all Petroleum Business Tax receipts previously deposited in the General Fund are redistributed to the Mass Transportation Operating Assistance Fund and to the Dedicated Funds Pool.

#### Special Revenue Funds

Petroleum Business Taxes (PBT) are imposed on petroleum related businesses based upon the quantity of various petroleum products imported for sale or use in the State. PBT rates are annually indexed on January 1 of each year to reflect the twelve month change in the Petroleum Producers Price Index ending the previous August 31. Rates are limited to a maximum 5% increase or decrease per year.

Of the base PBT collections; 12% are deposited in the Mass Transportation Operating Assistance Fund; 55% are deposited in the Highway and Bridge Trust Fund; 33% are deposited in the Dedicated Mass Transportation Trust Fund.

### **Proposed Legislation**

Legislation proposed with this SFY 2015-16 Executive Budget would:

- Allow petroleum business tax refunds for farm use of highway diesel motor fuel; and
- Enhance motor fuel tax enforcement.

### **Receipts**

#### SFY 2014-15 Estimates

All Funds receipts through December are \$883.2 million, a decrease of \$3.6 million (0.4%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$1,140 million, a decrease of \$14.5 million (1.3%) from SFY 2013-14. The decrease in receipts is primarily due to the 0.8% decrease in the PBT index on January 1, 2014, paired with the 3.2% decrease in the PBT index on January 1, 2015.

#### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$1,095 million, a decrease of \$45 million (3.9%) from SFY 2014-15. Fuel tax enforcement legislation included in this budget accounts for \$3 million of this total. The decrease in receipts is primarily due to the 3.2% decrease in the PBT index, effective January 1, 2015, paired with a projected 5% decrease in the PBT index on January 1, 2016.

### **General Fund**

No PBT receipts are deposited into the General Fund.

<b>ESTATE TAX</b> (millions of dollars)					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 to SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	1,283.3	1,149.0	1,105.0	(44)	(3.8)
<b>All Funds</b>	1,283.3	1,149.0	1,105.0	(44)	(3.8)

### Summary

The computation of New York State estate taxes is a graduated schedule with rates that range from 3.06% on adjusted taxable estates not in excess of \$500,000, to 16% on adjusted taxable estates for New York State of \$10,100,000 or more. Practically however, the tax is not imposed below the threshold as noted in the following paragraph.

The SFY 2014-15 Enacted Budget replaced the unified threshold of \$1 million (associated with the State's prior "pick-up tax" methodology) with an applicable credit equal to the tax on a basic threshold amount equal to \$2,062,500 for those dying in SFY 2014-15; \$3,125,000 in SFY 2015-16; \$4,187,500 in SFY 2016-17; and \$5,250,000 from April 1, 2017 to December 31, 2018. The basic threshold will equal the Federal basic threshold amount with annual indexing for those dying on or after January 1, 2019. The credit, similar to the results under the pick-up tax, phases out in the range from the threshold amount to 5% above the threshold amount (i.e., taxable estates at more than 105% of the threshold pay the full tax calculated on the rate table).

### Special Revenue Funds

Collections from this tax are not deposited into any special revenue funds.

### Proposed Legislation

Legislation proposed with this Budget would amend the estate tax for technical corrections.

### Receipts

SFY 2014-15 Estimates

All Funds receipts through December are \$852.5 million, a decrease of \$120.1 million (12.3%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$1,149 million, a decrease of \$89.3 million (7.2%) from SFY 2013-14. The decrease is mainly the result of a to-date lack of super-large payments and 2014 legislation that raised the estate tax threshold. Small estate (less than \$0.5 million in payments) collections through December are \$387 million, a decrease of \$24.6 million from the comparable period in the prior fiscal year. Small estate SFY 2014-15 receipts are estimated to be \$491 million, an increase of \$14.6 million (3.1%) from SFY 2013-14. Large estate (payments between \$0.5 and \$4 million) payments through December are \$248.7 million, a decrease of \$12.4 million (4.7%) below the comparable period in the prior fiscal year. Large



estate SFY 2014-15 receipts are estimated to be \$328 million, an increase of \$0.9 million (0.3%) from SFY 2013-14. Extra-large (payments between \$4 million and \$25 million) and super-large (payments greater than \$25 million) estate collections through December are \$217.8 million, a decrease of \$131.4 million (37.6%) from the same period in the prior fiscal year. Extra-large estate and super-large estate SFY 2014-15 payments are estimated to be \$330 million, a decrease of \$104.8 million (24.1%) from SFY 2013-14

#### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$1,105 million, a decrease of \$44 million (3.8%) from SFY 2014-15. This decrease is mainly the result of 2014 legislation that raised the estate tax threshold. Large estate SFY 2015-16 receipts are projected to be \$363 million, an increase of \$35 million (10.7%), and collections from small estate payments are projected to be \$432 million, a decrease of \$59 million (12%) from SFY 2014-15. Super-large and extra-large estate SFY 2015-16 receipts are projected to be \$310 million, a decrease of \$20 million (6.1%) from SFY 2014-15.

<i>Real Estate Transfer Tax</i> (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2014-15 to SFY 2015-16	
	SFY 2013-14	SFY 2014-15	SFY 2015-16	\$ Change	% Change
<b>General Fund</b>	0	0	0	0	0
<b>Other Funds</b>	\$911.4	\$990.0	\$1,037.0	\$47.0	4.7
<b>All Funds</b>	\$911.4	\$990.0	\$1,037.0	\$47.0	4.7

#### **DESCRIPTION**

##### **Tax Base and Rate**

The New York State Real Estate Transfer Tax (RETT) is imposed by Article 31 of the Tax Law on each conveyance of real property or interest therein, when the consideration exceeds \$500, at a rate of \$4 per \$1,000 of consideration (price). The tax became effective August 1, 1968. Prior to May 1983, the rate was \$1.10 per \$1,000 of consideration. Effective July 1, 1989, an additional 1% tax was imposed on residential conveyances for which the consideration is \$1 million or more.

##### **Administration**

Typically, the party conveying the property (grantor) is responsible for payment of the tax, either through the purchase of adhesive documentary stamps, by the use of a metering machine, or through other approaches provided by the Commissioner of Taxation and Finance.

##### **Proposed Legislation**

No new legislation is proposed with this Budget

### SFY 2014-15 Estimates

All Funds receipts through December are \$776 million, an increase of \$93.8 million (13.7%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$990 million, an increase of \$78.6 million (8.6%) from SFY 2013-14.

### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$1,037 million, an increase of \$47 million (4.7%) from SFY 2014-15.

### General Fund

The General Fund will receive no direct deposit of real estate transfer tax receipts in 2014-15 or 2015-16. However, the balance of the Clean Water/Clean Air Fund, not needed for debt service, is transferred into the General Fund.

### Other Funds

The statutory annual amount of real estate transfer tax receipts deposited into the Environmental Protection Fund is \$119.1 million.

<i>Pari-Mutuel Tax</i> (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2014-15 to SFY 2015-16	
	SFY 2013-14	SFY 2014-15	SFY 2015-16	\$ Change	% Change
<b>General Fund</b>	16.8	18.0	18.0	0	0
<b>All Funds</b>	16.8	18.0	18.0	0	0

### Summary

The State has levied taxes on pari-mutuel wagering activity conducted at horse racetracks since 1940. Off-track betting (OTB) parlors were first authorized in 1970 and simulcasting was first authorized in 1984. Each racing association or corporation and Off-Track Betting Corporation pays the State a portion of the commission (the "takeout") withheld from wagering pools (the "handle") as a tax for the privilege of conducting pari-mutuel wagering on horse races. There are numerous tax rates imposed on wagering on horse races. The rates vary depending upon the type of racing (thoroughbred or harness), the type of wager (regular, multiple, or exotic) and location at which it is placed (at the track, or off-track through simulcasting or at an Off-Track Betting Corporation). The average effective pari-mutuel tax rate was 0.92% of the handle in 2009. In an effort to support the New York agricultural and breeding industries, a portion of the takeout is allocated to the State's thoroughbred and standard bred (harness) horse breeding and development funds.

With the increase in OTB activity and simulcasting over the last 20 years, off-track bets now account for 75% of the statewide handle. The expansion of OTBs has contributed, in part, to the corresponding decline in handle and attendance at racetracks. To promote growth of the

industry, the State has authorized higher takeouts to support capital improvements at non-New York Racing Association (NYRA) tracks and, more importantly, reduced its on-track tax rates by as much as 90% at thoroughbred and harness tracks, authorized the expansion of simulcasting at racetracks and OTB facilities, allowed in-home simulcasting experiments and telephone betting, lowered the tax rates on simulcast wagering, redirected the State franchise fee on nonprofit racing associations to repay loans from the New York State Thoroughbred Capital Investment Fund, and reduced tax rates on NYRA bets. In 2001, the State authorized the operation of video lottery terminals, at authorized racetracks, and directed a portion of VLT

receipts to be used for purse enhancements and for the breeder's funds.

In 2008, the State awarded a 25 year license to operate the Aqueduct, Belmont, and Saratoga Racetracks to the New York Racing Association. Also, in 2008, the State took over operation of the New York City Off-Track Betting Corporation.

In December of 2010, the New York City Off-track Betting Corporation ceased pari-mutuel wagering operations after the failure to reach an agreement on a restructuring plan to bring the corporation out of bankruptcy.

### **General Funds**

Pari-Mutuel receipts have declined steadily over the years due to competition from nearby casinos and the growth of other gaming venues such as Video Lottery Terminals (VLTs), resulting in a reduction of handle and attendance at on and off track betting locations (OTBs).

### **Special Revenue Funds**

Collections from this tax are not deposited into any special revenue funds.

### **Proposed Legislation**

Legislation proposed with this Budget would extend for one year certain tax rates.

### **Receipts**

SFY 2014-15 Estimates

All Funds receipts through December are \$15 million, an increase of \$1.6 million (11.9%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$18 million, an increase of \$1.2 million (7.1%) from SFY 2013-14.

Receipts from OTBs are estimated at \$5.2 million for SFY 2014-15, equal to receipts during the prior fiscal year. These receipts reflect trend declines in industry handle offset by a full-year of receipt from the market origin fee paid by out-of-state ADWs. Receipts through December from off-track betting are \$4.1 million, an increase of \$0.1 million (0.4%) from SFY 2013-14.

Receipts through December from thoroughbred on-track handle, including simulcasts, are \$10.6 million, an increase of \$1.7 million (18.9%) from the same period last year. Receipts for the fiscal year are estimated at \$12.4 million, an increase of \$1.4 million (12.7%). Pari-mutuel tax receipts from on-track harness wagering are estimated to be \$0.4 million in SFY 2014-15, a decline of \$0.1 million (20%) from SFY 2013-14 levels.

### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$18 million, no change from SFY 2014-15. OTB handle is estimated to continue to decline off-set by increase in in-state track ADW handle.

<i>Racing Admission/Boxing and Wrestling Exhibitions Tax</i> (thousands of dollars)					
	Actual	Estimated	Forecast	SFY 2014-15 to SFY 2015-16	
	SFY 2013-14	SFY 2014-15	SFY 2015-16	\$ Change	% Change
<b>General Fund</b>	1,000	1,000	1,000	0	0
<b>Other Funds</b>	1,000	1,000	1,000	0	0
<b>All Funds</b>	1,000	1,000	1,000	0	0

### Summary

#### General Fund

This category includes the 4% admissions tax placed on racetracks and simulcast theaters and the 3% tax imposed on gross receipts of boxing and wrestling events and exhibitions held in New York State. Year to year revenue collections have historically shown great fluctuations due to one or two high-profile boxing events that generate large incomes. Additionally, some racing facilities have eliminated admission charges due to increased competition from video lottery terminals.

#### Special Revenue Funds

None of the collections from these taxes are deposited to special revenue funds.

#### Proposed legislation:

No new legislation is proposed.

#### Receipts:

##### SFY 2014-15 Estimates

All Funds receipts through December are \$703,000 a decrease of \$173,000 (19.7%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$1 million, consistent with receipts in SFY 2013-14.

### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$1 million, unchanged from SFY 2014-15.

**METROPOLITAN TRANSPORTATION AUTHORITY RECEIPTS**  
(millions of dollars)

	Actual	Estimated	Forecast	SFY 2014-15 to SFY 2015-16	
	SFY 2013-14	SFY 2014-15	SFY 2015-16	\$ Change	% Change
<b>General Fund</b>	0	0	0	0	0
<b>All Funds</b>	1,506.0	1,561.0	1,640.0	79.0	5.4

**Summary**

**General Fund**

All of the MTA receipts are deposited into dedicated funds.

**Special Revenue Funds**

In order to provide financial relief to the MTA, the Mobility payroll tax was established in 2009. This tax was imposed at a rate of 0.34% of a business' payroll. Along with this tax, a sales tax of 50 cents per taxi ride, additional motor vehicle license and registration fees, and the aforementioned auto rental tax were imposed. The collections from these taxes are deposited to the Metropolitan Transportation Authority Financial Assistance Fund.

Effective June 1, 2009, a supplemental tax of 5% was imposed on the rental of a passenger vehicle in the MCTD. The tax base and administration of this tax are the same as the State Auto Rental Tax.

Effective September 1, 2009, there is a supplemental motor vehicle license fee of one dollar per six month interval and a supplemental registration fee of \$25 in the MCTD. The timing and administration of these fees are the same as the State fee.

Effective November 1, 2009, a tax of 50 cents was imposed on taxicab rides that originate in NYC and end within the MCTD. On July 1, 2010, the incidence of the tax was statutorily shifted to medallion owners from taxicab vehicle owners.

**Proposed Legislation**

Legislation proposed with this Budget would amend the personal income tax and MTA mobility tax statutes for technical changes.

**Receipts**

The following table shows the projected receipts from the taxes that are imposed within the MCTD.

<b>PROJECTED RECEIPTS FROM MTA DEDICATED TAXES</b> (millions of \$)		
	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>
MTA Payroll Tax (Mobility)	1,260.0	1,337.0
Motor Vehicle Fees	171.0	171.0
Auto Rental Tax	45.0	47.0
Taxicab Surcharge	85.0	85.0
<b>Total</b>	<b>1,561.0</b>	<b>1,640.0</b>

<b>MISCELLANEOUS RECEIPTS/GENERAL FUND</b> (millions of dollars)					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 to SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	3,219.4	8,861.0	2,903.0	606.4	18.7

### **Summary**

#### **General Fund**

Revenues from miscellaneous receipts are received from a variety of sources, both recurring and non-recurring. The revenues include fees imposed by various State agencies, abandoned property, and income from the investment of the balances of the State's funds, reimbursements from the State's public authorities and municipalities, and transfers from other State entities. Revenues from miscellaneous receipts fluctuate year to year as a result of the amount of "one-shots" in any given fiscal year as opposed to economic conditions.

#### **Proposed Legislation**

Legislation proposed with this Budget would repeal 15 small statutory General Fund fees.

#### **Receipts:**

In SFY 2014-15, General Fund miscellaneous receipts are estimated to total \$8,861 million, an increase \$5,442 million. For SFY 2015-16, General Fund miscellaneous receipts are projected to total \$2,903 million, a decrease of \$5,642 million from SFY 2013-14.

<b>LOTTERY</b> (millions of dollars)					
	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>SFY 2014-15 to SFY 2015-16</b>	
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>SFY 2015-16</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Fund</b>	0	0	0	0	0
<b>Other Funds</b>	3,127.0	3,067.0	3,171.0	104.0	3.4
<b>All Funds</b>	3,127.0	3,067.0	3,171.0	104.0	3.4

## Summary

### General Fund

Collections from lottery sales are not deposited into the General Fund.

### Special Revenue Funds

The New York State Lottery is an independent division of the Department of Taxation and Finance. It was established in 1966 as a result of a voter referendum. The purpose of the Lottery is to raise revenues for education in the State of New York through the sale of Lottery products.

The basic game types include:

- Instant scratch-off games;
- Daily numbers games; twice daily fixed payout games ("Numbers" and Win-4")- which are fixed-odds;
- Nightly "Pick 10" which allows patrons to choose ten numbers from a field of eighty and "Quick Draw" consisting of an on-line game drawn every four minutes;
- Video lottery games, which are lottery games played on video gaming devices. Video Lottery Terminals (VLTs) are authorized only at selected thoroughbred and harness tracks; and
- Lotto games are pick-your-own-numbers games offering large top prizes. These games are comprised of Take-5, Lotto, Sweet Millions, Mega Millions, and Powerball.

### Proposed Legislation

Legislation proposed with this Budget would:

- Expand electronic gaming offerings at Video Lottery Gaming (VLG) facilities; and
- Extend the Video Lottery Gaming (VLG) vendor's capital awards program for one year.

## **Receipts**

### SFY 2014-15 Estimates

All Funds receipts through December are \$2,008.3 million, a decrease of \$92.3 million (4.4%) from the comparable period in the prior fiscal year. All Funds SFY 2014-15 receipts are estimated to be \$3,067 million, a decrease of \$105.7 million (3.3%) from SFY 2013-14. Unspent administrative allowances and miscellaneous income account for \$394 million of receipts. A game-by-game profile follows.

### SFY 2015-16 Projections

All Funds SFY 2015-16 receipts are projected to be \$3,171 million, an increase of \$104 million (3.4%) from SFY 2014-15. Unspent administrative allowances and miscellaneous income account for \$400 million of receipts. All games will benefit from an extra week of sales deposits in SFY 2015-16.

## **Instant Games and Video Lottery Gaming**

Year-to-date, sales of 65% prize-payout instant games have declined while 75% prize payout instant games have grown sharply. Revenue to support education from the sale of Instant Games is estimated to be \$616 million, a decrease of \$10.8 million (1.7%) from SFY 2013-14. VLT machines are currently in operation at Aqueduct, Saratoga, Finger Lakes, Monticello, Buffalo, Batavia, Tioga, Vernon, and Yonkers racetracks. Receipts from gaming operations at VLT facilities are estimated at \$903 million for SFY 2014-15, a decrease of \$22.7 million (2.5%) from the prior year. This decrease reflects declines in handle at all facilities with the exception of the Resorts World Casino at Aqueduct Racetrack and Batavia Downs.



## FINANCIAL SUMMARY TABLE OF TAX/REVENUE ACTIONS

Revenue actions totaling a net \$81 million (All Funds) are recommended to help close the SFY 2015-16 gap as outlined below:

### ALL FUNDS REVENUE ACTIONS

(\$ in Millions)

	2015-16	2016-17	2017-18	2018-19
<b>Personal Income Tax</b>	<b>27</b>	<b>(347)</b>	<b>(977)</b>	<b>(1,593)</b>
Property Tax Relief	0	(350)	(850)	(1,350)
Education Tax Credit	0	0	100	100
Lower Debt Threshold/Licenses	9	3	3	3
Reciprocal Agreements With other States	1	3	3	3
Professional Tax Clearance	0	3	3	3
State Employees/Tax Obligations	1	2	2	2
Tax Obligations/Excess Medical Malpractice	1	2	2	2
OCFS/Child Care Data Sharing	0	2	2	2
Limitation on Charitable Deductions/Permanent	0	70	140	125
Warrantless Wage Garnishment	15	15	15	15
Convert the Star Benefit into a Tax Credit	0	(97)	(197)	(298)
<b>User Taxes and Fees</b>	<b>11</b>	<b>82</b>	<b>82</b>	<b>82</b>
Extend the Wine Tasting Sales Exemption	0	0	0	0
Reform the IDA Program	4	9	9	9
Expand Sales tax Collection for market place Providers	0	59	59	59
Exempt Solar Power Purchase Agreements	0	0	0	0
Impose Local Sales Tax on Prepaid Wireless Based On Retail	0	0	0	0
Close Certain Sales and Use Tax Loopholes	5	10	10	10
Enhance Motor fuel Tax Enforcement	2	4	4	4
<b>Business Taxes</b>	<b>4</b>	<b>(21)</b>	<b>14</b>	<b>11</b>
Extend the Excelsior Tax Credit Program to Entertainment Companies	0	0	0	0
Create the Urban Youth Jobs Credit Program	0	(10)	(10)	(10)
Create the Employee Training Incentive Program (ETIP)	0	0	0	0
Reduce the Net Income Tax on Small Business	0	(26)	(29)	(32)
Reform the ITC Credit/Master Tapes	0	0	15	15
Impose Sales tax refund Requirements on Article 9 Taxpayers	0	0	0	0
Impose Tax Law On Wireless Telecommunications	0	0	0	0
Combine the DOS Biennial Information Statement and Tax return Filings and Repeal Fee	0	0	0	0

	2015-16	2016-17	2017-18	2018-19
Allow PBT Refunds for Farm Use of Highway Diesel Motor	0	0	0	0
NYC Corporate Tax Reform	0	0	0	0
Require Grantees to be Compliant with State Tax Obligations before Receiving a State Grant	1	2	2	2
Enhance Motor Fuel Tax Enforcement	3	6	6	6
Extend and Reform the Brownfields Cleanup Program	0	0	0	0
Require Commercial Production Tax Credit Economic Impact Report	0	0	0	0
Amend State Corporate Tax Reform	0	7	30	3
<b>Other Actions</b>	39	59	59	59
Authorize Multi-Agency Data Sharing	1	1	1	1
Extend Certain Tax rates and Certain Simulcasting provisions for One Year	0	0	0	0
Amend the Estate Tax Statute	0	0	0	0
Amend the Personal Income Tax and MTA Mobility Tax – Technical	0	0	0	0
Extend the VLG Vendor's Capital Awards	0	0	0	0
Expand Electronic Gaming Offerings at VLG	20	40	40	40
Repeal 50 State Fees	(3)	(3)	(3)	(3)
Align DEC with Service Levels	8	8	8	8
Enhance Oil Spill Preparedness	9	9	9	9
Impose Vehicle Safety Inspection Fee	4	4	4	4
<b>TOTAL ALL FUNDS LEGISLATION CHANGE</b>	81	(227)	(822)	(1,441)

	2015-16	2016-17	2017-18	2018-19
<b>Tax Reductions</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>	<b>(196)</b>
Extend and Enhance the Historic Commercial Rehabilitation Properties Tax Credit Program	0	0	0	(20)
Establish the New York Innovation Hot Spots Program	0	0	0	0
Make Technical Amendments to the Tax Classification of Uncompressed Natural Gas	0	0	0	0
Establish Tax-Free Sales at Taste NY Facilities	0	0	(4)	(4)
New York Film production Tax Credit - Extend	0	0	0	173
Establish the Charge-NY Electric Vehicle Recharging Equipment Credit	0	(1)	(1)	(1)
<b>Total All Funds Legislation Net Change</b>	<b>142</b>	<b>259</b>	<b>259</b>	<b>(6)</b>

## **EXECUTIVE SFY 2015-16 ARTICLE VII REVENUE BILL:**

### **S. 2009/A. 3009**

#### **Part A – Cap annual growth in STAR exemption benefit at zero percent**

This bill would cap the actual dollar amount of Basic and Enhanced benefits to property owners under the STAR program, beginning with the 2015-2016 school year.

This bill will amend RPTL §1306-a to cap the amount of tax savings under the STAR Program applicable to school years beginning with 2015-2016. Basic and Enhanced STAR savings will be capped at the 2014-2015 savings amounts for these programs. Existing law allows all savings to grow at a rate not to exceed 2% annually, a limitation that was part of the 2011-12 budget.

**Fiscal Impact:** Reduces General Fund spending by \$54 million in SFY 2015-16.

#### **Part B – Eliminate entirely the NYC STAR PIT rate reduction benefit for taxpayers with incomes above \$500,000**

This bill would eliminate the 6% New York City STAR personal income tax rate reduction benefit for New York City taxpayers with incomes above \$500,000.

In New York City, public education is largely funded through the City's personal income tax. As such, the STAR program contains two benefits that are specifically designed for New York City residents. One of these benefits is a credit against the City's personal income tax established by section 1310(e) of the Tax Law. The other is a 6% reduction of the City's income tax rate, established by section 1304 of the Tax Law and section 11-1701 of the New York City Administrative Code. The State fully reimburses the City for the cost of both subsidies in accordance with section 54-f of the State Finance Law.

In 2010, the 6% tax rate reduction was removed for the portion of the taxpayer's income that exceeds \$500,000 (*see* Part EE of Chapter 57 of the laws of 2010). However, under current law, taxpayers with incomes above \$500,000 are still entitled to receive the 6% rate reduction benefit on their first \$500,000 of income. By contrast, the STAR real property tax exemption authorized by section 425 of the Real Property Tax Law is now totally unavailable to taxpayers whose incomes exceed \$500,000.

This bill would eliminate the 6% New York City rate reduction benefit entirely for taxpayers with incomes above \$500,000. Because the State fully reimburses the City for that benefit, this measure would decrease State expenditures.

**Fiscal Impact:** Reduces General Fund spending by \$41 million in SFY 2015-16.

#### **Part C – Convert current STAR delinquency/offset program into a tax clearance program**

This measure would convert the current STAR delinquency/offset program into a tax clearance program.

This bill would also make permanent the program that makes properties ineligible for the STAR

exemption if one or more of the owners has past-due state tax liabilities.

This bill would also provide that, beginning with the 2015-16 school year, the STAR tax savings would no longer be applied to reduce the taxpayer's past-due state tax liability. Under current law, the dollar value of the lost STAR exemption on the property (i.e., the "STAR tax savings") is applied to reduce the outstanding state tax liability of the property owner or owners. As a result, the property owner with past due tax liabilities experiences no actual change in his or her financial circumstances and may not be inclined to actually pay off his or her tax debt despite the suspension of the exemption. This bill would give property owners a strong incentive to pay down their tax liabilities before their STAR exemptions are suspended. Property owners could reapply for their STAR exemptions once their tax debt is fully paid off.

**Fiscal Impact:** Reduces General Fund spending by \$1 million in SFY 2015-16.

#### **Part D - Convert the STAR benefit into a tax credit**

This measure would gradually convert the School Tax Relief (STAR) program from a program that offers a real property tax exemption into a program that offers a personal income tax credit.

This bill would close the existing STAR exemption program to new applicants and establish a new refundable personal income tax (PIT) credit in its place. Current recipients of STAR exemptions would be permitted to keep those exemptions as long as they continue to own their current homes, but once their homes are transferred to new owners, the new owners would transfer to the PIT credit program. Current STAR recipients would also have the option of giving up their STAR exemptions if they wish to receive the PIT credit instead, but they would be under no obligation to do so.

The eligibility requirements for the new STAR PIT credit would be essentially identical to those of the existing STAR exemption. Most notably, the property would still have to be owned by, and the primary residence of, the applicant(s); the income of the applicants would have to be less than the applicable limit (\$500,000 for Basic STAR, a much lower figure for Enhanced STAR that is annually adjusted for inflation); and for Enhanced STAR, all owners would have to be at least 65 years of age (or 62 for spouses and siblings). Likewise, the value of the STAR credit within each school district would be virtually the same as the value of the tax savings under the STAR exemption. The special eligibility features that have been part of the existing STAR program (e.g., allowing co-op tenant-shareholders and trust beneficiaries to receive the benefits even though they don't own the property) would be carried over into the new STAR PIT program as well.

**Fiscal Impact:** Generates temporary cost savings of \$100 million annually until full conversion is complete.

## **Part E – Recoup improperly granted STAR exemptions**

This bill would authorize the Department of Taxation and Finance (DTF) to recoup improperly granted STAR exemptions.

The STAR Registration Program authorized DTF to direct the removal of Basic STAR exemptions from 2014 assessment rolls for properties that it found to be ineligible (Real Property Tax Law §425(14)). However, DTF is not authorized to remove improperly granted exemptions from assessment rolls filed before 2014. By contrast, local assessors are authorized by current law to recoup improperly granted exemptions on one or more of the six preceding assessment rolls (RPTL §425(12)).

The absence of a look back provision in the registration statute is not just a theoretical concern. After linking the registration data to its income tax records, DTF was able to ascertain that a number of Basic STAR exemptions were improperly granted on 2011, 2012 and 2013 assessment rolls to property owners whose incomes exceeded \$500,000. (There was no income limitation for Basic STAR on assessment rolls filed prior to 2011).

This bill would authorize DTF to use data collected through the registration process to recuperate improperly granted STAR savings on the 2011, 2012 and 2013 rolls along with interest and a penalty. In the future, DTF could go back as far as six years (but never earlier than 2011) to recuperate improperly granted exemptions detected. To protect the property owner from potentially erroneous determinations, the bill would also establish notice and grievance procedures associated with any such recoupment. This recoupment program would be administered solely by DTF; local assessors would have no direct role in it.

**Fiscal Impact:** Increases State revenue by \$1 million annually.

## **Part F – Allow homeowners who registered for the STAR exemption with the Department of Taxation and Finance, but failed to file timely exemption applications with their local assessors, to receive the benefit of the exemption for tax year 2014**

This bill would provide one-time relief to taxpayers who purchased new homes in 2014 and registered for the STAR exemption with the Department of Taxation and Finance (DTF), but failed to file a timely exemption application with their local assessors.

The STAR Registration Program was enacted in 2013 to ensure that the homeowners receiving Basic STAR exemptions truly qualified for them. The program was a great success, with 2.41 million homeowners registering with DTF and retaining their exemptions. That figure represents nearly 90% of the 2.7 million Basic STAR exemptions that had been on the rolls in 2013.

Taxpayer confusion often results from a change in law: a number of individuals who purchased homes during the registration period incorrectly assumed that registering with the State was sufficient to qualify their new homes for STAR. In fact, they needed to file timely applications with their local assessors as required by law (i.e., Real Property Tax Law

§425(6)(a)), and there is currently no process in place to grant a STAR exemption to a homeowner who has not done so. This bill would enable DTF to compensate these homeowners for their lost STAR savings, but still requires homeowners to file with their local assessors, if they have not already done so, in order to obtain their exemptions for 2015.

A second STAR-related technical provision in the bill would remove a number of obsolete references from section 97-rrr of the State Finance Law, which establishes the School Tax Relief Fund that supports the STAR program.

**Fiscal Impact:** One-time cost of about \$1 million in SFY 2015-16.

### **Part G – Create real property tax relief credit (“Circuit Breaker”)**

This bill would provide real property tax relief by adding to and expanding the existing New York State real property tax circuit breaker credits and provide tax relief to homeowners and renters in every county in the State. New York’s circuit breaker credits offer tax relief to help keep New Yorkers in their homes based on their need as determined by household income. Real property tax circuit breakers are “tripped” when the tax as a percentage of household income exceeds a reasonable level.

Under the bill, taxpayers with incomes below \$250,000 would qualify for the credit. Once fully implemented in 2018, the credit would be valued at up to 50% of the amount by which property taxes (or, in the case of renters, a specified percentage of their rent) exceeds the 6% burden threshold. The specific amount of the credit within that 50% would be determined on a progressive income scale, so that New Yorkers with the highest tax burdens and lowest income levels would receive the greatest amount of relief.

Once the credit is fully phased-in, more than 1.3 million taxpayers would receive an average credit of \$950. Outside of New York City, only the taxes levied by a tax cap-compliant jurisdiction would be included in the credit calculation.

**Fiscal Impact:** This measure would reduce State tax revenues by \$350 million in the first year growing to \$1.66 billion when fully phased-in.

### **Part H – Make permanent the limitation on charitable contribution deductions for high income New York State and New York City personal income taxpayers**

This bill would make permanent the charitable deduction limitation under the State and New York City personal income tax for individuals with adjusted gross income of more than \$1 million and less than \$10 million, and for individuals with adjusted gross income of more than \$10 million.

#### **Summary of Provisions and Statement in Support:**

This bill would amend Tax Law § 615(g) to make permanent the current limitation on the itemized charitable contribution deduction for individuals with adjusted gross income of more than \$10 million. Under current law for individuals with adjusted gross income between \$1 million and \$10 million, the NY itemized deduction is limited to 50% of the federal deduction, and individuals with adjusted gross income over \$10 million are limited to 25% of the federal

deduction. These limitations will expire at the end of 2015, after which all individuals with adjusted gross income over \$1 million will be subject to the 50% limitation.

This bill would make permanent the current 50%/25% limitation structure and make conforming amendments to NYC Administrative Code §11-1715(g).

**Fiscal Impact:** Increases All Funds tax receipts by \$70 million in SFY 2016-17; \$140 million in SFY 2017-18; and, \$125 million in SFY 2018-19.

### **Part I – Amend the personal income tax and MTA mobility tax statutes for technical changes**

This bill would amend the enacted 2015-16 Budget Article VII Revenue bill to refine and complete the actions taken by those bills.

Sections 1 through 3 would correct obsolete cross-references to the Internal Revenue Code (IRC) definition of the term “lump sum distribution” for purposes of the PIT subtraction modification for length of service awards for volunteer firefighters (added by Part KK of Chapter 59) and for purposes of the PIT subtraction modification for pensions. Under both of those provisions, the subtraction modification is not allowed if the taxpayer receives a lump sum distribution.

Sections 4 and 5 would make corrections to the enhanced real property tax circuit breaker tax credit enacted by Part K of Chapter 59. Section 4 would correct an obsolete reference to the IRC definition of “qualifying relative”. Section 5 would clarify that, in order to qualify for the credit, the taxpayer’s residence must be in New York City.

Section 6 would amend the original real property tax circuit breaker tax credit to correct the obsolete reference to the IRC definition of “qualifying relative”.

Section 7 would amend section 806 of the Tax Law (which was amended by Part DD of Chapter 59) to clarify that all self-employed taxpayers subject to the MCTMT, and not just New York State residents, could report their MCTMT liabilities on their PIT returns.

Section 8 would correct the newly enacted PIT credit for real property taxes (Part R of Chapter 59) to clarify that the tax credit is limited to real property taxes not deducted from the taxpayer’s New York adjusted gross income. The bill also would delete a reference to a combined return that was inadvertently included in that section. The inclusion of this language, which is inapplicable to the PIT, has caused confusion with some taxpayers.

Section 9 would correct the newly enacted PIT credit for the excise tax on telecommunication services incurred in a tax-free NY area (Part T of Chapter 59) to clarify that the tax credit is limited to telecommunications taxes not deducted from the taxpayer’s New York adjusted gross income.

**Fiscal Impact:** None

### **Part J – Require commercial production tax credit economic impact report**

This bill would institute a new reporting requirement relating to the effectiveness of the Empire State Commercial Production Credit.

**Part J** would create a new annual reporting requirement for the Department of Economic Development with regard to the Empire State Commercial Production Credit. The report would include the total amount of credits allocated, the name and address of each production allocated a tax credit, the total amount of qualified production costs for each production company, the estimated number of employees and credit-eligible man hours and associated wages for each production company allocated a tax credit. Additionally, the report may include recommendations for changes in the calculation, administration and modification of the credit.

Fiscal Impact: Minimal

### **Part K – Amend excelsior tax credit qualifying business language**

This bill would amend the Excelsior Jobs Program to allow entertainment companies to apply for participation in the Program by June 1, 2015.

The bill would amend the Excelsior Jobs Program to allow certain entertainment companies to participate in the program. The term “entertainment company” would include an entity principally engaged in the production or post production of motion pictures, televised commercial advertisements, animated films or cartoons, music videos, and television programs. Certain types of companies would be excluded from this definition, including companies principally engaged in the live performance of events, including, but not limited to, theatrical productions, concerts, circuses, and sporting events.

To qualify for Excelsior tax credits, an entertainment company would need to create or obtain net new jobs. These would include jobs obtained by an entertainment company in this state (i) as a result of the termination of a licensing agreement with another entertainment company, (ii) that the commissioner determines to be at risk of leaving the state, (iii) that are either full-time wage-paying jobs or equivalent to a full-time wage-paying job requiring at least thirty-five hours per week, and (iv) that are filled for more than six months.

Under current law, entertainment companies are not eligible to participate in the Excelsior Jobs Program. Amending the law to allow entertainment companies to participate in the Program would enable the State to safeguard strategic jobs in the entertainment industry that may be at risk of leaving the State.

**Fiscal Impact:** None. Existing available Excelsior Program tax credits will be used.

### **Part L – Reform the Investment Tax Credit provided for master tapes**

This bill would reform the Investment Tax Credit (ITC) to ensure that the investment credit base of a master of a film, television show or commercial only includes those costs incurred in New York State and to ensure that no “double-dipping” occurs with respect to the same costs.

The bill would amend the ITC allowed under the corporate franchise tax and personal income



tax by limiting the investment credit base of a master of a film, television show or commercial to only those costs associated with the creation, production or reproduction of such film, television show or commercial that were incurred solely in New York State and excluding from the base those costs used in the calculation of any other credit allowed under the Tax Law. The corporate franchise tax and personal income tax secrecy provisions would also be amended to allow the Department to disclose information related to such costs claimed on another taxpayer's return. The qualified New York manufacturer provisions would also be amended to exclude the license of a master of a film, television show or commercial from the sale of a good.

Currently, a production company can produce a film with shooting and production activities occurring in locations all over the world. Once filming is completed, the production company or owner of the film can bring what is called the master to New York and use the master for duplication purposes, such as making copies for transmission on the West Coast, syndication, dubbing, etc. When used for duplication purposes, the master is essentially considered the same as a new piece of manufacturing equipment and may be eligible for the ITC. Under current law, the credit reflects the full cost of creating the master, including filming, production and other activities, regardless of whether those activities occur in New York. As a result, a credit meant to encourage manufacturing, investment and job growth in New York currently is being used to support activities that happen outside of the State.

This reform would more effectively target the State's investment to filming and production that occur in New York.

**Fiscal Impact:** Additional State revenue of \$15 million annually beginning in SFY 2017-18.

### **Part M – Create the Urban Youth Jobs Program tax credit**

This bill would rename the Youth Works Tax Credit Program as the Urban Youth Jobs Program tax credit, include new criteria to target the program to youths in areas of high unemployment and poverty, and allocate additional money to the program.

This bill would amend Labor Law Section 25-a to authorize an additional allocation of \$10 million per year for 2015-2017 to be used only for the employment of qualified employees who reside in certain cities and towns with high rates of poverty and unemployment. The name of the Program would be changed from the New York Youth Works Tax Credit Program to the Urban Youth Jobs Program tax credit to reflect the new targeting of the benefits. The bill would also make technical amendments to the Labor Law and the Tax Law to clarify when the tax credits may be claimed.

Budget Implications:

**Fiscal Impact:** Reduce revenues by \$10 million annually in SFY 2016-17 through SFY 2018-19.

## **Part N – Reduce the Net Income Tax on Small Businesses**

This bill would amend the Tax Law to change the calculation of the business income base rate beginning in 2016 for small businesses. The rate for small businesses would be cut in half in tax year 2016 from 6.5% to 3.25%, to 2.9% in 2017, and further to a new permanent rate of 2.5% in 2018 and thereafter. The final rate for small businesses would represent a greater than 60% overall cut in the tax rate on such businesses.

**Fiscal Impact:** Reduces State revenue by \$26 million in SFY 2016-17; \$29 million in SFY 2017-18; and, \$32 million annually thereafter.

## **Part O – Create the Employee Training Incentive Program (ETIP) tax credit**

This bill would provide a new tax credit for employers who procure training for employees.

This bill would establish the Employee Training Incentive Program in the State of New York. Specifically, the bill would provide for a tax credit for employers that procure skills training for their employees necessary to cultivate a talented workforce that will root participating employers to New York State. The tax credit would equal 50% of eligible training costs, up to ten thousand dollars per employee receiving eligible training.

The New York State Department of Economic Development (DED) would administer the program. DED would determine that a business entity meets the eligibility criteria established under the program and will issue Certificates of Tax Credit to business entities upon successful completion. The total amount of tax credits for any taxable year may not exceed five million dollars and will be allotted from the funds available for tax credits under the Excelsior Jobs Program Act.

**Fiscal Impact:** None. Program will utilize existing Excelsior Program resources.

## **Part P – Levy taxes under Tax Law Sections 184 and 184-a on wireless telecommunications businesses**

This bill would impose the taxes in Tax Law §§ 184 and 184-a on mobile telecommunications businesses.

Mobile telecommunications providers are regulated using a different geographic scheme, which does not fit within the taxes imposed by §§ 184 and 184-a. Many mobile telecommunications providers offer their customers nationwide calling plans. As individuals and businesses increasingly replace their traditional local telephone service with mobile telecommunications service, the revenues from these taxes, which are dedicated to providing critical transportation infrastructure repairs and improvements, are diminishing. This bill would preserve the current tax base by specifically imposing the §§ 184 and 184-a taxes on mobile telecommunications businesses.

**Fiscal Impact:** Preserve existing revenue in the current Financial Plan. This revenue stream helps support the Dedicated Mass Transportation Trust Fund.

## **Part Q – Impose sales tax refund requirements on Article 9 taxpayers**

This bill would require Article 9 taxpayers that pass through the economic incidence of a tax to their customers as a separately stated amount to refund such tax to their customers before seeking a refund or credit of that amount from the Department of Taxation and Finance.

Often, entities subject to tax under Article 9 of the Tax Law, generally, transportation, utility and telecommunications companies, pass on the taxes imposed on them as separate line items on bills to customers. However, because these companies, and not their customers, are the taxpayers, the companies can obtain a refund of such amounts without passing on the benefit of that refund to their customers. This bill would prevent these companies from seeking a refund or credit of taxes passed on and separately stated on bills or invoices to customers, unless they first refunded such amounts to their customers. Without this change, these companies receive a windfall by obtaining a refund of these separately stated charges, where their customers bore the economic burden. In addition, the bill would help insulate these companies from class action lawsuits alleging they obtained such a windfall at their customers' expense. This requirement is consistent with the refund provisions of the sales tax.

**Fiscal Impact:** Enactment of this bill is necessary to implement the 2015-16 Executive Budget because it would prevent a negative fiscal impact on the current Financial Plan.

#### **Part R – Extend and reform the Brownfield Cleanup Program**

This bill would extend and improve the Brownfield Cleanup Program (BCP), authorize the Department of Environmental Conservation (DEC) to undertake Environmental Restoration Program (ERP) cleanups on behalf of municipalities, streamline the Brownfield Opportunity Area (BOA) program, and exempt hazardous waste generated at certain sites from fees and special assessments.

This bill would extend the BCP redevelopment tax credits for 10 years and improve the BCP by expanding eligibility, targeting tax credits, and streamlining the administrative process. The BCP tax credits are scheduled to sunset on December 31, 2015. This bill, coupled with other provisions of the Executive Budget, would also ensure continuation of the State Superfund Program and the ERP.

**Fiscal Impact:** Enactment of this bill is necessary to implement the 2015-16 Executive Budget because it will result in more appropriate use of limited tax dollars. This bill would have no fiscal impact in the current Financial Plan period but would provide annual savings outside the Financial Plan period once reforms have an impact.

#### **Part S – Combine the Department of State biennial information statement and tax return filings and repeal \$9 Department of State filing fee**

This bill would allow the Department of Taxation and Finance (Tax Department) to collect information from corporations, LLCs, and LLPs that is currently collected through statements filed with the Department of State (DOS).

Currently, corporations are required to file biennial statements with DOS that confirm corporate contact information needed in the event the Secretary of State is served with

process as agent for the corporation. Similar periodic filing requirements apply to LLCs and LLPs, and all such filings require payment of a nominal fee to DOS.

This bill would authorize the Tax Department and DOS to agree to accept annual filings with the Tax Department in lieu of the periodic required filings with DOS. This would allow corporations, LLCs and LLPs to fulfill these contact update requirements when they submit their annual tax returns, which would simplify and improve compliance with these filing requirements. The Tax Department would be authorized to share with DOS the relevant information collected through these filings, and there would be no fee for filing through the Tax Department.

**Fiscal Impact:** Reduces revenues by \$2.6 million annually beginning in SFY 2015-16.

#### **Part T – Amend the corporate tax reform statute for technical changes**

This proposal makes technical and clarifying amendments to the corporate tax reform statute included in the SFY 2014-15 Enacted Budget.

**Fiscal Impact:** Increases revenue by \$7 million in SFY 2016-17 and \$30 million annually thereafter due to the reintroduction of a sunset date of the financial services ITC.

#### **Part U – Extend the wine tasting sales and use tax exemption to other alcoholic beverages**

This bill would exempt from use tax the beer, cider and liquor used at tastings held in conformity with the Alcoholic Beverage Control Law, as well as several types of items used to package such beverages.

Breweries, distilleries, cideries and wineries are a vital and growing part of New York's economy. For off-premise tastings, a not-for-profit often hosts an event, in which customers are able to have a "tasting" from various New York wine or beer producers. For on premise tastings, a New York producer can offer a sample of their own or another producer's products. These tastings provide the producers with an opportunity to attract new customers and are a key marketing tool.

Under current law, the items that these producers take from inventory to use at these tastings are subject to use tax, including the product (liquor, beer, or cider) being sampled and the packaging materials. This bill would exempt those items from use tax in order to encourage more tastings throughout the State.

The bill would also make technical corrections to the current exemption for wine tastings in section 1115(a)(33) of the Tax Law to clarify that the exemption also extends to bottles, corks, caps, and labels used to package the wine and applies to tastings held off of the winery's premise.

**Fiscal Impact:** Minimal

## **Part V – Impose local sales tax on prepaid wireless based on retail location**

This bill would amend the Tax Law to clarify that sales tax applies to prepaid mobile calling services under the same rules that apply to prepaid telephone calling services.

Consumers are increasingly turning to prepaid wireless plans to obtain mobile telephone services. By including “prepaid mobile calling services” – this bill’s term for prepaid wireless services – in the Tax Law’s definition of prepaid telephone calling services, this bill would clarify that, in determining the incidence of the sales tax and the correct local sales tax rate for a prepaid wireless service, retailers must apply the same rules applied to prepaid telephone calling services. Thus, the rule that the sale is sourced to the location of the retailer where the customer bought the service, whether the customer is initiating the account or recharging an existing account there, would generally apply. Most retailers are currently applying this rule. Finally, the bill would provide retailers with additional flexibility in determining the proper jurisdiction to which to source such sales when they lack the information to use the sourcing rules currently in the law.

**Fiscal Impact:** Minimal

## **Part W – Reform the Industrial Development Authority Program**

This bill would make reforms to the Industrial Development Authority (IDA) program to make IDAs more transparent and accountable.

This bill would require an IDA to obtain approval from the Department of Economic Development (DED) before it provides any State tax exemption benefits to a new project, or before it increases such benefits for an existing project. To obtain approval for State benefits, the IDA’s application must include job creation and investment targets, any construction schedule, and an expenditure plan, as well as other information. The DED would have to approve or deny the application, or conclude it is not complete, within 45 days, or the application would be deemed approved. DED could not approve an application if the IDA failed to comply with applicable General Municipal Law, Public Authorities Law or Public Officers Law requirements, if the IDA intended to give exemptions only from State taxes, or if the proposed benefits would give a competitive advantage to the agent/project operator over an existing business in a similar industry.

With regard to State tax exemptions provided by IDAs, this bill would authorize the Tax Commissioner to audit IDA projects and IDA agents and project operators to ensure they meet job and investment targets and expenditure limitations. If the Tax Commissioner finds that the goals or State tax exemption requirements have not been met or otherwise complied with, the agent or project operator must pay back the amount of State tax exemption benefits taken.

Currently, IDAs are subject to various requirements when they provide financial assistance in the form of exemptions from State sales and compensating use taxes. These requirements include keeping records of the State sales and use tax benefits they provide and making those records available to the Tax Department, recovering State sales and use tax benefits when the agent/project operator does not comply with various requirements, and paying over those recovered amounts to the Tax Department. This bill would extend these requirements to State

imposed mortgage recording and real estate transfer taxes.

An IDA would lose its authority to award State tax benefits, if the IDA and/or its members and officers fail to comply with the Open Meetings Law, the Freedom of Information Law, and other applicable Public Authorities Law and General Municipal Law requirements. IDAs would also have to post certain information on their web sites, including the names of members and officers; notices, agendas, and minutes of its meetings; and other project information. If the Authorities Budget Office (ABO) finds that the IDA has failed to comply with these requirements and the IDA has not come into compliance within 30 days, the ABO will advise DED that such IDA can no longer provide State tax exemption benefits until the IDA satisfies such requirements.

Finally, before an IDA could create a project or provide financial assistance to a project, the IDA would be required to obtain a tax clearance from the Tax Department that the project operator or agent and any "responsible persons" of such operator or agent do not have any past due fixed and final tax liabilities of \$500 or more. If there is any such tax debt, the applicant or responsible person would be required to resolve it by paying it in full or entering into a payment arrangement with the Tax Department and resubmit its application before the IDA could consider the new project or offer financial assistance.

**Fiscal Impact:** Increases State revenue by \$4 million in SFY 2015-16 and \$9 million annually thereafter.

### **Part X – Expand sales tax collection requirements for marketplace providers**

Part X would require marketplace providers to collect sales tax on taxable sales that they facilitate. This Part would require marketplace providers to collect sales tax on the taxable sales they facilitate. It will ease sales tax collection burdens for many small businesses in the State, streamline the tax collection process and improve taxpayer compliance, and result in a level playing field for New York's businesses.

The sales tax is a tax on the customer that is collected by the seller. The Department of Taxation and Finance (DTF) has long had the authority to impose a tax-collection responsibility on a party that facilitates a sale by, among other things, collecting the sales price and tax due from the customer, such as auctioneers, consignment shops and stores with leased departments. This bill improves on that concept by treating all marketplace providers as persons required to collect tax, thereby requiring them to perform all the duties of a vendor, including collecting the tax, filing a tax return, and remitting the tax collected. The bill defines a "marketplace provider" as a person who collects the purchase price, as well as performing one of the other sales functions specified in the bill, such as providing the physical or virtual forum where the transaction occurs. To minimize the number of persons who have tax collection responsibilities, the bill relieves sellers who use unrelated marketplace providers of any such responsibilities, as long as the seller receives in good faith a certification from the marketplace provider on a form authorized by the Department that the marketplace provider is collecting the tax on its behalf. In fact, a seller that uses unrelated marketplace providers for all its sales would have no New York sales tax collection and remittance responsibilities.

**Fiscal Impact:** Increases All Funds receipts by \$59 million annually beginning in SFY 2016-17.

### **Part Y – Close certain sales and use tax avoidance strategies**

This part bill would amend the Tax Law to close certain sales and use tax avoidance strategies.

The bill would curb four ways that taxpayers avoid State and local sales and compensating use taxes and, thus, would preserve revenue for the State and for counties and cities that impose sales and use taxes.

First, under current law, a business can avoid sales tax by creating an out-of-state entity to purchase and bring property into the State for use here: because the out-of-state entity was not a resident at the time it bought the item, it would not owe State and local compensating use tax. This bill provides that, if such an entity was not doing business outside New York for at least six months, then it would owe use tax when it brings the item into New York. This provision would not apply to individuals.

Second, this bill would deem a single member limited liability company (LLC) and the LLC's member to be one person. The purchase or sale by either the LLC or its single member would therefore be deemed to be the purchase or sale by the other; as a result, neither the LLC nor the single member could buy something for resale to the other. This provision would eliminate an abusive sales tax avoidance scheme whereby a single-member LLC makes an otherwise taxable purchase but relies on the resale exemption from sales and use tax because it sells the item to its single member

Third, for leases of tangible personal property between related entities, this bill would require State and local sales tax be due at the inception of the lease on all payments required under the lease. Currently, except for leases of certain motor vehicles, vessels, and airplanes, sales tax is paid each time a lease payment is made. By accelerating the sales tax due on leases between related entities, this bill will prevent one entity from purchasing property for resale without paying sales tax and then creating a lease with a related entity for an extremely long term and low monthly payments in order to delay or avoid payment of sales tax.

Finally, Tax Law § 1111(q) currently prevents tax-free transfers, contributions or distributions of aircraft and vessels between affiliated corporations or partnerships in exchange for stock in the corporation or for an interest in the partnership, or for the corporation or partnership to distribute the property back to a stockholder or partner upon liquidation. This bill would expand this provision to tax-free transfers of any tangible personal property between affiliated corporations or partnerships in exchange for stock in the corporation or for an interest in the partnership, or for the corporation or partnership to distribute the property back to a stockholder or partner upon liquidation. The only exception would be where property is transferred to a corporation in exchange for stock under a merger plan. However, a credit would be allowed against sales or use tax due as the result of a transfer, contribution or distribution for tax paid to New York or another state on the purchase or use of the property.

**Fiscal Impact:** Increases revenue by \$5 million in SFY 2015-16 and \$10 million thereafter.

**Part Z – Exempting solar power purchase agreements from State and local sales tax**

This Part would expand existing sales tax exemptions for solar energy system equipment to include electricity generated by such equipment that is sold under a power purchase agreement (PPA).

This measure would expand the existing exemptions from State and local sales tax for residential and commercial solar equipment to include electricity purchased from a person primarily engaged in the sale of solar energy systems equipment and/or electricity generated by such equipment if the electricity is sold under a written agreement and generated by equipment that is: owned by a person other than the purchaser of the electricity; installed at the purchaser's residence or non-residential premises; and used to provide heating, cooling, hot water or electricity.

The bill would also amend the existing local option provisions to include the expanded exemptions. If a locality has already elected to provide the existing residential and/or commercial solar equipment exemptions, those exemptions would be expanded to include solar-generated electricity purchased under a PPA for residential and/or commercial premises, respectively. The bill would allow sufficient time for localities that currently elect the residential and/or commercial solar equipment exemptions to repeal those exemptions before the expanded exemptions take effect, if they choose to do so.

**Fiscal Impact:** None. There is no fiscal impact because this option simply provides flexibility for consumers who have other tax-free options from which to choose.

**Part AA – Allow petroleum business tax refunds for farm use of highway diesel motor fuel**

This bill would allow reimbursement of the petroleum business tax paid when highway diesel motor fuel is used in farm production.

Under current law, sales of non-highway diesel motor fuel (i.e., dyed diesel fuel) are exempt from the petroleum business tax when such fuel will be used directly and exclusively in the production for sale of tangible personal property by farming and the fuel is not used on public highways other than for access to adjacent farmlands. In addition, farmers can seek reimbursement of the petroleum business tax on limited purchases of motor fuel (i.e., gasoline) when such fuel is similarly used in farm production. This bill would extend this farming reimbursement to highway diesel motor fuel (i.e., undyed diesel fuel) by authorizing reimbursement of the petroleum business tax on limited purchases of such fuel when the fuel is used directly and exclusively in the production for sale of tangible personal property by farming and is not used on public highways other than for access to adjacent farmlands.

Farmers are able to purchase tax-exempt non-highway diesel motor fuel for their farm production activities, but they also need highway diesel motor fuel for their travels on State highways (beyond the limited field-to-field tax exemption exception). Because the cost of



maintaining separate storage tanks for highway and non-highway diesel fuel is prohibitive, many farmers purchase taxed highway diesel motor fuel both for farm production and highway travel purposes in order to assure a supply of the highway diesel motor fuel required for their highway transportation needs. Allowing farmers to seek reimbursement of the business petroleum tax on the highway diesel motor fuel they use in their farm production activities will enable these farmers to purchase and store this undyed fuel in a single storage tank serving both farming and highway fuel needs. These farmers will need to maintain books and records documenting the amount of such fuel used for farm production, as opposed to non-reimbursable highway fuel use.

**Fiscal Impact:** None.

### **Part BB – Amend the Estate Tax to implement technical changes**

This bill would amend the estate tax to make certain technical changes relating to: extending the applicability of the tax rate table to incorporate decedents dying after April 1, 2015; clarifying the gift add back provision to exclude decedents dying after January 1, 2019; and, expressly disallowing a deduction related to intangible personal property for non-resident estates.

**Fiscal Impact:** None

### **Part CC – Enhance Motor Fuel Tax enforcement**

This measure would require wholesalers of motor fuel to register and file information returns. In addition, such wholesalers would be required to make adjustments for prepaid sales tax on motor fuel when purchased and sold in different tax regions.

Currently, wholesalers of motor fuel are not registered and are not required to file motor fuel information returns with the Department of Taxation and Finance (DTF). The lack of registration and information return filing requirements seriously hampers the ability of DTF to monitor motor fuel from importation into this State to the retail station. By not having to register and report purchase and sale information some wholesalers of motor fuel have been able to evade State and local taxes without detection. To close this loophole, it is necessary to require wholesalers of motor fuel to both register and report all their purchases and sales within this State.

This bill would also address a problem that arose when the prepaid sales tax rates on motor fuel were raised in the 2014-15 State Budget. There are now three regions for which motor fuel is prepaid with differing rates. The prepaid sales tax on motor fuel is paid based upon the tax region into which it is imported. Thereafter, wholesalers of motor fuel may move motor fuel from one region to another. This structure has created additional incentives for tax evasion since wholesalers are able to purchase motor fuel in a lower tax region and sell in a higher tax region. This bill would require wholesalers of motor fuel to report purchases and sales and account for any difference in regional rates.

**Fiscal Impact:** Increases State All Funds tax receipts by \$5 million in SFY 2015-16 and \$10 million annually thereafter.

### **Part DD – Make warrantless wage garnishment permanent**

This bill would make permanent the authority for the Commissioner of Taxation and Finance (the “Commissioner”) to serve income executions (wage garnishments) on individual tax debtors and, if necessary, on the employers of such tax debtors, without the necessity of filing a warrant.

Enacted as a part of the SFY 2013-14 Executive Budget, Tax Law § 174-c allows the Commissioner to serve income executions (wage garnishments) on individual tax debtors and, if necessary, on the employers of such tax debtors, without the necessity of filing a public warrant in the appropriate county clerk’s office and with the Department of State. The law authorizing warrantless income executions is set to expire on April 1, 2015. Thus, the enactment of this bill would allow for the Commissioner to continue to serve income executions on individual taxpayers or, if necessary, on their employers, without first filing a public warrant in the appropriate county clerk’s office and with the Department of State, and would make this authority permanent.

**Fiscal Impact:** Increases State All Funds tax receipts by \$15 million annually beginning in SFY 2015-16.

### **Part EE – Lower the outstanding tax debt threshold required to suspend delinquent taxpayers’ driver’s licenses**

This recommendation would amend the Tax Law to reduce the threshold for driver’s license suspensions for delinquent past-due tax liabilities from \$10,000 to \$5,000.

The 2013-14 Enacted Budget authorized the Commissioner of Taxation and Finance (DTF) to establish a new program, in cooperation with the Commissioner of Motor Vehicle (DMV), to aid in the enforcement and collection of past-due tax liabilities by suspending the New York State driver’s licenses of taxpayers who owe \$10,000 or more in past-due tax liabilities. This program has been very successful since its implementation. By lowering the threshold from \$10,000 to \$5,000, more taxpayers with delinquent past-due tax liabilities would be subject to this program, thereby broadening the DTF’s ability to enforce compliance with the Tax Law.

**Fiscal Impact:** Increases revenues by \$9 million in SFY 2015-16 and \$3 million annually thereafter.

### **Part FF - Require practitioners to be compliant with State tax obligations before receiving excess medical malpractice coverage**

This Part bill would authorize the purchase of excess medical malpractice liability coverage, commonly known as the “Section 18 Program,” by the Hospital Excess Liability Pool for eligible physicians and dentists for the policy year beginning July 1, 2015. The bill would maintain existing eligibility requirements, and would add a requirement that physicians and dentists applying for coverage receive a tax clearance from the Department of Taxation and Finance.

**Fiscal Impact:** Increases State revenue by \$1 million in SFY 2015-16 revenue and \$2 million annually thereafter.

**Part GG - Require grantees to be current with State tax obligations before receiving a State grant from a State or local authority**

This bill would amend the Public Authorities Law to require a tax clearance for State or local public authority grant applicants. If a grant applicant is found to have past-due tax liabilities, the grant application will be denied.

This bill follows a series of successful State initiatives to leverage the privilege of receiving a discretionary benefit with the payment of past-due tax liabilities. This bill would provide that an applicant for a grant of State monies from a state or local public authority must receive a clearance of fixed and final tax liabilities of \$500 or more before the applicant may receive a grant. To obtain the grant, the applicant would need to pay the tax debt in full or enter into an installment payment arrangement with the Department of Taxation and Finance (“DTF”).

A tax clearance is an effective and efficient means to enhance tax collections. By using modern processing systems, there would be no inconvenience to applicants without tax liabilities, because these liability checks would run seamlessly in the background as the application for the grant is processed.

**Fiscal Impact:** Increases State revenue by \$1 million in SFY 2015-16 and \$2 million annually

**Part HH - Authorize New York to enter reciprocal tax collection agreements with other states**

This bill would authorize the Commissioner of the Department of Taxation and Finance to enter into reciprocal tax collection agreements with other states.

This bill would aid in the collection of taxes owed to New York State by taxpayers who now reside in or maintain assets or property in another state. The bill would also authorize the Commissioner to enter into reciprocal tax collection agreements with other states that have a reciprocal law. Additionally the bill would authorize the Commissioner to share with other states the information necessary to properly identify the taxpayer with outstanding tax liabilities.

The agreements between the Commissioner and other states would pertain only to taxes owed that are fixed and final and no longer subject to administrative or judicial review. Because a taxpayer would have previously exhausted protest rights for the underlying tax liabilities, the taxpayer would have only a limited right to protest the tax collection action. Any protests would be sent to the state requesting collection for a determination of the protest on its merits in accordance with the laws of such state.

**Fiscal Impact:** Increases State revenue of \$1 million in SFY 2015-16 and \$3 million annually thereafter.

## **Part II - Authorize multi-agency data sharing to enhance enforcement initiatives**

This Part bill would create a mechanism for information sharing among various agencies of the State to enhance agency enforcement initiatives.

This bill would promote improved communication and cooperation among State agencies with respect to the enforcement of statutes, rules and regulations. Any executive agency of the State (a "member agency") would be authorized to share agency data to a secure data base that would be accessible to all other member agencies. The Department of State, the Worker's Compensation Board, the Department of Labor and the Department of Taxation and Finance (the "Interagency Group") would develop the specifics of the information-sharing data base and ensure that the data is used to ensure efficient use of the State's enforcement resources.

The bill would ensure effective oversight and regulation of individuals and entities subject to regulatory jurisdiction. The bill would also maximize agency effectiveness and avoid unnecessary duplication of efforts. The Interagency Group would enter into a memorandum of agreement to implement the bill, including provisions to protect the confidentiality of shared data.

**Fiscal Impact:** Increases State All Funds revenue by a \$1 million annually.

## **Part JJ - Authorize a professional and business license tax clearance**

This bill would create a new program to aid in enforcing past-due tax liabilities by preventing applicants from receiving or renewing professional or business licenses if they owe certain past-due tax liabilities.

NYS State is initiating one of the most comprehensive one-stop electronic licensing initiatives in the country. In return for the privilege of receiving such license, an applicant with fixed and final tax liabilities would be required either to pay the past-due tax liabilities or to enter into a payment agreement with the Department of Taxation and Finance.

The bill would build on the successful driver's license tax clearance program enacted as part of the 2013-14 Budget and on the General Obligations Law § 3-503 license clearance requirements related to delinquent child support obligations. By using modern electronic processing systems, there would be no inconvenience to applicants without tax liabilities, because these liability checks would run seamlessly in the background as the license application is processed. If the applicant's tax clearance is refused, the government agency processing the application would provide notice to the applicant to contact the Tax Department.

**Fiscal Impact:** Increases State revenue by \$3 million annually beginning in SFY 2016-17.

### **Part KK - Require new State employees to comply with State tax obligations**

This bill would require tax clearances for new State employees and, at local option, for new local government employees to verify that these new public employees comply with their tax obligations.

Public employees are charged with administering and enforcing laws, rules and regulations, and those who do not comply with their tax obligations undermine the credibility of government. The bill would require tax clearances from the Department of Taxation and Finance (DTF) to verify that new state employees do not have past-due State tax liabilities for which the employee has not entered into a satisfactory payment arrangement and are in compliance with applicable tax return filing requirements. The bill would also authorize local governments to require such tax clearances for new public employees. If the applicant's tax clearance is refused, the government employer would provide notice to the applicant to contact DTF, which would provide the applicant with details of the tax compliance issues and how they may be resolved.

**Fiscal Impact:** Increases State revenue by \$1 million in SFY 2015-16 and \$2 million annually thereafter.

### **Part LL - Allow OCFS to share child care data with the Department of Taxation and Finance**

This bill would amend the Social Services Law to allow the Office of Children and Family Services (OCFS) to share day care subsidy information with the Department of Tax and Finance (DTF) so that DTF can verify child and dependent care credit claims.

The New York State and New York City child and dependent care credits are refundable income tax credits that provide critical support to parents and other caregivers who are working or looking for work. The credit amounts are determined based upon the claimant's income and the claimant's qualified care expenses.

DTF audits have revealed that many claimants cannot verify their qualifying expenses, while other audits have uncovered fraudulent claims for these refundable credits. The Office of the State Comptroller has recommended that DTF utilize day care subsidy data maintained by OCFS as it reviews child and dependent care credit claims, but the Social Services Law currently does not allow the sharing of this information with DTF. This bill would amend the Social Services Law to permit that sharing, which would help DTF to verify refund claims by subsidy recipients and would help avoid the payment of ineligible claims.

**Fiscal Impact:** Increases State revenue by \$2 million annually beginning in SFY 2016-17.

### **Part MM - Extend the Video Lottery Gaming vendor's capital awards program for one year**

This bill would extend for one year the deadline to receive approval and to complete capital projects that are reimbursed through the Video Lottery Gaming (VLG) vendor's capital award.

**Fiscal Impact:** Maintains existing Program requirements

**Part NN - Extend certain tax rates and certain simulcasting provisions for one year**  
This bill would extend for one additional year various provisions of the Racing, Pari-Mutuel Wagering and Breeding Law (the "Racing Law") which expire during the 2015-16 Fiscal Year.

**Fiscal Impact:** Maintains the existing betting structure in NYS.

**Part OO - Expand electronic gaming offerings at Video Lottery Gaming facilities**  
This bill would clarify the State's authority to operate types of video lottery games that would increase revenue and, thereby, State aid to education.

**Fiscal Impact:** Increases State revenue and aid to education, by \$20 million in SFY 2015-16 and \$40 million annually thereafter.

**Part PP - Extend the term of the Reorganization Board of the New York Racing Association, Inc. for an additional year**

This bill would extend the maximum term of the New York Racing Association, Inc. (NYRA) Reorganization Board of Directors from three years to four years.

This Part would extend the term of the NYRA Reorganization Board of Directors to four years from three years.

**Fiscal Impact:** None

**Part QQ - Implement New York City Corporate Tax Reform**

This bill would modernize the system of taxation for general business corporations and banks that do business in New York City by adopting many of the recent statutory changes to the State's corporate tax that go into effect for tax years beginning on or after January 1, 2015. The proposal would also reduce the corporate tax rate for small businesses and manufacturers that operate in the City. These changes to the City's corporate tax law would apply to general business corporations and banks that are not S corporations under subchapter S of the Internal Revenue Code.

New York City's current corporate tax structure, which dates back many decades, is outdated, unduly complex and vulnerable to aggressive tax avoidance techniques. The current structure taxes similarly-situated taxpayers differently, and in some instances it creates disincentives to increasing a corporation's activities in the City. A particular incongruity has resulted from the dramatic changes in the financial services sector. The City continues to tax banks and other financial corporations under separate subchapters of the City's Administrative Code. Thus, a bank and a non-bank financial institution are taxed differently, even when they conduct activities of a similar nature. Furthermore, many large financial services firms that provide bank and non-bank financial services within the same company are nevertheless subject to multiple tax filings and different rules of taxation for such services under the Administrative Code (see Subchapters 2 and 3 of Chapter 6 of Title 11), creating confusion and undue complexity.

This reform proposal would address these issues by modernizing the City's tax law so that it more accurately reflects the realities of the current business environment, creating clarity and certainty in the most commonly disputed areas of law, and conforming closely to the corporate tax amendments enacted last year by New York State.

In particular, general business corporations and banks would be subject to the same corporate tax, and all taxpayers would source their business receipts to the location of their customers. This receipts sourcing methodology allocates the corporation's taxable income among those jurisdictions where its customers are located, and eliminates factors that would increase the corporation's tax liability if it increased its activity in the City. This removes a previous disincentive to locating in the City.

The greater certainty created by the bill, combined with the elimination of impediments for businesses wishing to expand their activity in the City, will make the City's corporate tax system more competitive. Closely conforming to the New York State corporate tax structure will also make it easier for taxpayers to comply with the City's corporate tax, and will facilitate joint City-State tax audits.

The bill would make the following important reforms and structural changes:

- Provides that the same corporate tax applies to general business corporations and banks (merger)
- Provides for lower rates of tax for small businesses and manufacturers (see below)
- Repeals the tax on subsidiary capital,
- Eliminates the entire net income base and replaces it with a similar business income base.
- Maintains a business capital tax base and a fixed dollar minimum tax to serve as backstops against the business income base. Raises the maximum tax on capital to \$10 million but provides for a subtraction of \$10,000, effectively removing small taxpayers from the capital base.
- Permits New York City and taxpayers to make income allocation adjustments based on New York State income allocation adjustments, under the extended statutes of limitations applicable to federal and New York State changes to income.
- Reducing the tax rate for small non-manufacturers with less than \$1 million in allocated net income from 8.85 % to 6.5 %. Impacted small businesses will see an average benefit of nearly \$800.
- Reducing the tax rate for small manufacturers with less than \$10 million in allocated net income from 8.85 % to 4.425 %. The City will also provide a smaller rate reduction to manufacturers with incomes between \$10 million and \$20 million. Impacted manufacturers will see an average benefit of nearly \$5,300.
- Conform City tax code to State provisions in the most important areas of tax computation. The City will retain the alternative tax base on capital, which will help stabilize revenues in years of low profits for large corporations.
- Adopt a new method for computing net income that broadens the tax base by treating most income as business income. Current tax code provides preferential treatment for certain categories of income.

- Adopt a new method for determining how corporations attribute net income, based on where a firm's markets are located rather than the location of the business operations. This will incentivize businesses to locate their employees – and thus create jobs – in New York City because increasing staff in the city won't increase taxes.
- Adopt unitary combined reporting rules so that economically related business entities that are commonly owned are required to file as one taxpayer. This will prevent the shifting of income and expenses among related entities to inappropriately reduce taxes.
- Broaden the tax base by eliminating certain special deductions and exemptions.

While this plan does not include tax changes for pass-through entities, the New York City Department of Finance will study the City's treatment of S-corporations, partnerships, and LLCs as a next step for possible reform.

The bill is requested by the Mayor of the City of New York.

**Fiscal Impact:** Revenue neutral impact for New York City in New York City SFY 2015-16 and annually thereafter



## REPEALING VARIOUS STATE FEES

The Executive Budget proposes the repeal of 59 nuisance fees charged by seven different State agencies, saving New Yorkers over \$3 million annually beginning in SFY 2015-16, while retaining the necessary functions that those fees supported.

The following fees are recommended to be repealed in the SFY 2015-16 Executive Budget:

- **Department of Agriculture and Markets.** Nine fees will be repealed, saving New Yorkers \$40,000 annually beginning in 2015-16.
- **Commercial Feed License Fee.** This \$100 license fee is collected from manufacturers of commercial feed on an annual basis.
- **Farm Product Dealer's License Fee.** This \$20 license fee is collected annually from farm product dealers.
- **Food Salvage Fee.** This \$100 license fee is collected from Food Salvage Dealers every two years.
- **Liming Brands License Fee.** This \$20 fee is collected from Food Salvage Dealers every two years.
- **Liming Brands License Fee.** This \$20 license fee is collected from suppliers of liming materials every two years.
- **Refrigerated Warehouse Fee.** This \$200 license fee is collected from refrigerated warehouses every two years.
- **Rendering Plants Fee.** This license fee is collected from operators of disposal plants on an annual basis. The annual license fee for disposal plants is \$100, plus an inspection fee of \$10 for each vehicle. The annual license fee for transportation services is \$25, plus an inspection fee of \$10 for each vehicle.
- **Rendering Transportation Fee.** This license fee is collected from rendering (i.e. animal remains) transportation facilities on an annual basis. The fee amount is \$25 per service and \$10 per vehicle.
- **Seed Potato Inspection Fee.** This regulatory fee of \$34 is collected annually for the inspection of both seed potato plants and seed potato tubers for the NY Seed Improvement Project.
- **Soil and Plant Inoculants Fee.** This \$40 license fee is collected every two years for the purpose of selling product brands which contain microorganisms for inoculation purposes.
- **Department of Environmental Conservation.** Two fees will be repealed, saving New Yorkers \$6,000 annually beginning in 2015-16.
- **Flood Control Permit Fee.** This is a \$25 regulatory fee that is levied upon application of a permit to determine if the proposed activity will impair the operation of flood control works or impede the maintenance thereof, including access for operation and maintenance.
- **Water Well Driller Registration Fee.** This is an application fee of \$10 per permit paid at the time of registration with DEC for water well drilling and/or well service companies.
- **Department of Labor.** A total of 30 fees will be repealed, saving New Yorkers \$243,000 annually beginning in 2015-16.

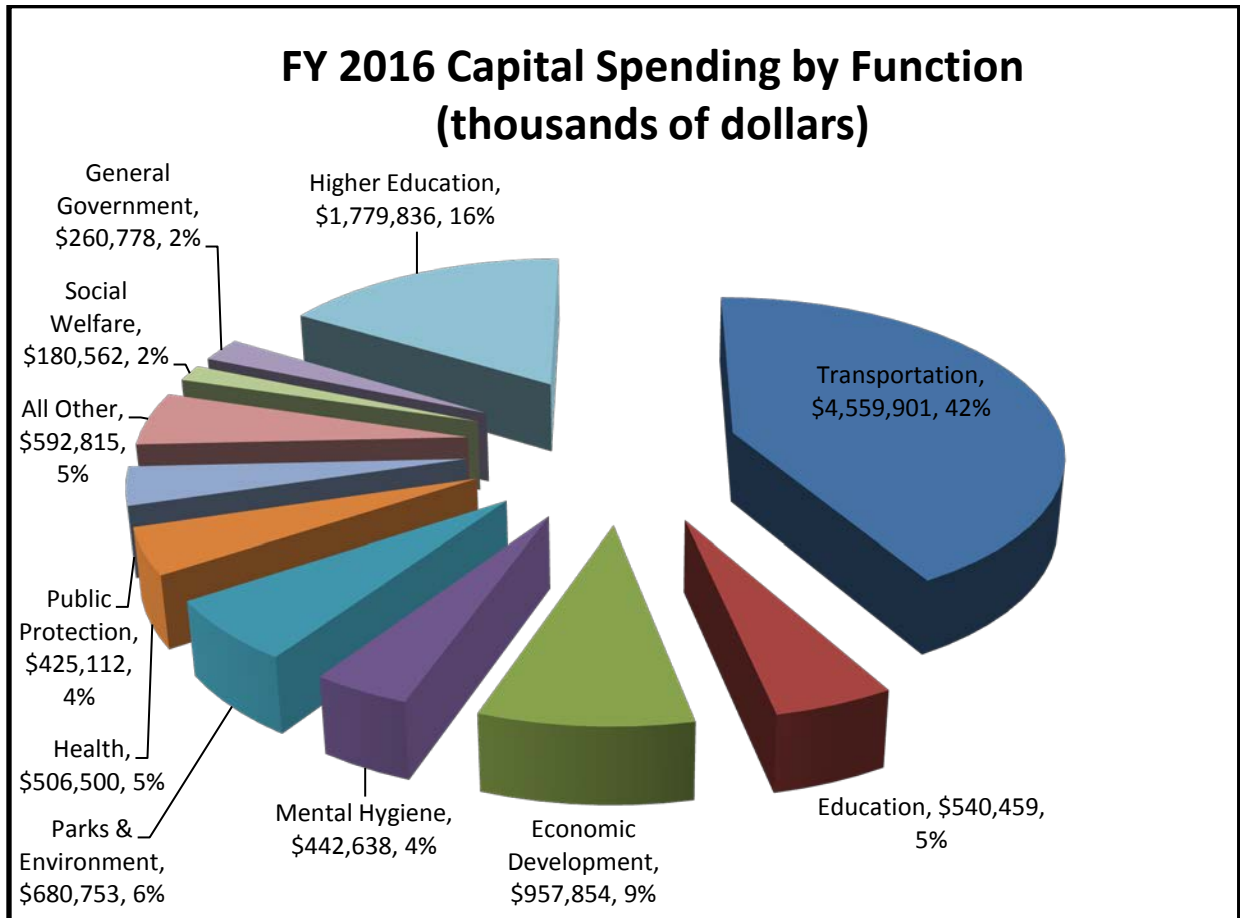
- **Antique Boiler Inspection Fees (2).** These are \$25 fees charged to the owners of antique steam engines and other boilers which must be inspected both internally and externally on an annual basis.
- **Boiler Certificate of Competency Fee.** This is a \$35 regulatory fee charged annually to Inspectors working for authorized insurance companies to obtain a certificate indicating their ability to inspect boilers on behalf of DOL.
- **Boiler Shop Survey Fee.** This is a \$600 regulatory fee charged every three years to boiler manufacturers and repairers upon submission to DOL of the required plan detailing their quality control system.
- **Building Plans Exam Fee.** This is a \$200 fee charged to property owners or contractors who submit plans to DOL for review and approval to build or alter a place of public assembly. The fee is based on the cost of the project with a maximum charge of \$200.
- **Commissary Operator Permit Fee.** This is a \$40 fee charged to commissary operators who apply for a one year permit to operate a commissary that serves migrant farm workers at the camp or processing plant where they are employed.
- **Day of Rest Easement Application Fee.** This is a \$40 fee charged to employers that apply for up to a one year exemption from the day of rest statute, which requires employees be given one 24 hour period off from work in each calendar week.
- **Defense Dispensation Fee.** This \$40 fee is charged to defense contractors and canneries that apply for a dispensation from certain provisions of the Labor Law.
- **Farm Grower Permit Fee.** This is a \$40 fee charged to agriculture growers who apply for a one year permit which allows the grower to employ more than five non-H2A migrant farm workers.
- **Farm Labor Contractor Permit Fee.** This is a \$200 fee charged to farm labor contractors that apply for a one year permit to transport and provide non-H2A migrant farm workers to a grower.
- **Industrial Homework Certificates Employer Application Fee.** This is a \$100 fee charged to manufacturers who apply for a one year permit that allows the manufacturer to distribute unfinished material, such as clothing or jewelry, to employees for completion at their homes.
- **Industrial Homework Certificates Homemaker Application Fee.** This is a \$25 fee charged to individuals who apply for a one year permit which enables the individual to accept and perform industrial work in their homes.
- **Laser Regulation Permit Fee.** This is a \$600 regulatory fee charged every three years to organizations that operate lasers, upon registration of mobile lasers and laser installations with DOL.
- **Miniature Boiler Inspection Fee.** This is a \$50 fee charged to the owners of miniature boilers which must be inspected annually.
- **Professional Employer Organization Exemption Fee.** This is a \$250 fee charged to professional employer organizations annually that are already licensed in another state. The organization must have no office and less than 25 employees in New York to qualify for this exemption.
- **Professional Employer Organization Initial Registration and Renewal Fees (2).** This is a \$1,000 initial registration fee charged to professional employer

organizations to allow the leasing of employees to businesses in New York. An additional \$500 renewal fee is charged annually.

- **Scaffold Plan Examination Fee.** This is a \$1,000 regulatory fee charged to businesses for each required submission of detailed scaffold equipment plans that will be used to perform work on buildings taller than 75 feet. DOL reviews the plans to ensure the safety of the equipment.
- **Ski Tows and Passenger Tramways Fees (2).** These \$50 (ski tow) and \$100 (ski lift) regulatory fees are charged to ski areas and other passenger tramway operators at the time of the annual DOL inspection.
- **Slot Machine Repair License Fees (2).** These fees are charged to approved apprenticeship training programs that possess slot machines for training purposes. These programs must seek a permit from DOL and pay a \$500 fee per machine and an additional \$100 fee per trainee every six months.
- **Workplace Safety and Loss Certification Application Fee.** This is a \$1,000 fee charged to individuals who apply and are certified to conduct workplace safety and loss prevention consultations. Fees are lower when multiple individuals apply.
- **Workplace Safety and Loss DOL Consultation Fee.** This is a \$350 fee charged to clients who receive a workplace safety and loss prevention consultation from DOL staff.
- **Workplace Safety and Loss Incentive Application and Renewal Fees (2).** This is a \$100 regulatory fee charged to individuals or businesses who apply for certification as a workplace safety and loss prevention management specialist and work with employers to reduce workers compensation costs by implementing safety and health, return to work, and/or drug and alcohol prevention programs. The fee is assessed per program for a maximum of \$300 per individual applicant. A \$100 renewal application fee is charged per program every three years for a maximum of \$300.
- **Workplace Safety and Loss Recertification Application Fee.** This is a \$300 regulatory recertification fee charged every three years to individuals certified to conduct workplace safety and loss prevention consultations. Fees are lower when multiple individuals apply.
- **Workplace Safety and Loss Specialist Certification and Recertification Fees (2).** This is an \$800 fee charged to individuals who receive certification as a workplace safety and loss prevention management specialist. A \$600 recertification fee is charged every three years with \$100 charged for each additional recertification. Fees are lower when multiple individuals apply.
- **Written Assurances Fee.** This is a \$100 fee charged to individuals who receive certification as a workplace safety and loss prevention management specialist. A \$600 recertification fee is charged every three years with \$100 charged for each additional recertification. Fees are lower when multiple individuals apply.
- **Written Assurances Fee.** This is a \$100 fee charged to apparel industry manufacturers or contractors when they apply for a one year written assurance from DOL that a subcontractor has complied with certain requirements of the Labor Law.
- **Department of State.** Three fees will be repealed, saving New Yorkers \$2.6 million annually beginning in 2015-16.
- **Apartment Information Vendor License Fee.** This is a \$400 annual fee charged for the licensure of apartment information vendors.

- **Biennial Statement Filing Fee.** This is a \$9 filing fee collected at the time of filing biennial statement amendments.
- **Cease and Desist List License Fee.** This \$10 regulatory fee is collected from persons who wish to be added to the Cease and Desist List which prohibits real estate licensees from contacting or soliciting them.
- **Department of Transportation.** One fee will be repealed, saving New Yorkers \$40,000 annually beginning in 2015-16.
- **Intrastate Authority Application Fee.** This is a one-time \$50 fee paid by new trucking companies, movers, ambulette providers and charter bus operators when applying for certificates or permits.
- **Justice Center for the Protection of People with Special Needs.** Two fees will be repealed.
- **Conference Fee.** This fee was intended to allow the Justice Center (and former CQCAPD) to recoup costs when hosting various conferences or events. The fees were never instituted by the agency, thus never generating any revenue.
- **Technology-Related Assistance for Individuals with Disabilities Enterprise Fee.** This fee was to be paid by various health care, education and advocacy organizations when agency staff made presentations at their facilities. The fees were not instituted by the agency and subsequently generated no revenue.
- **Workers' Compensation Board.** A total of 12 fees will be repealed, saving New Yorkers \$95,000 annually beginning in 2015-16.
- **Chiropractic Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any chiropractic dispute or arbitration of a bill handled by the Board.
- **Claimant's Representative License Fee.** This is a \$100 fee paid from individuals who are licensed with the WCB and represent claimants before the Board.
- **Hospital Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any hospital dispute or arbitration of a bill handled by the Board.
- **Medical Arbitration Request Fee.** This is a \$5 fee paid by a service provider for any medical dispute or arbitration of a bill handled by the Board.
- **Medical Center Authorization License Fee.** This is a \$200 license fee for compensation medical bureaus operated by qualified physicians for the diagnosis and treatment of industrial injuries or illnesses.
- **Medical / X-Ray Bureau Authorization License Fee.** This is a \$200 license fee paid by compensation medical bureaus operated by qualified physicians for the diagnosis and treatment of industrial injuries or illnesses.
- **Podiatry Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any podiatry dispute or arbitration of a bill handled by the Board.
- **Psychology Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any psychology dispute or arbitration of a bill handled by the Board.
- **Publication Fee.** This is a \$5 regulatory fee for purchasing Board publications.
- **Self Insurer's Representative License Fee.** This is a \$100 license fee paid by a third party administrator and/or self-insured employer. These entities represent employers at Board hearings.
- **Subpoena Fee.** This is a \$15 regulatory fee for subpoenas to obtain Board documents.
- **X-Ray Laboratory Authorization License Fee.** This is a \$5 license fee paid for a separate laboratory to engage in X-ray diagnosis or treatment of an injured worker.

## CAPITAL SPENDING AND FINANCING



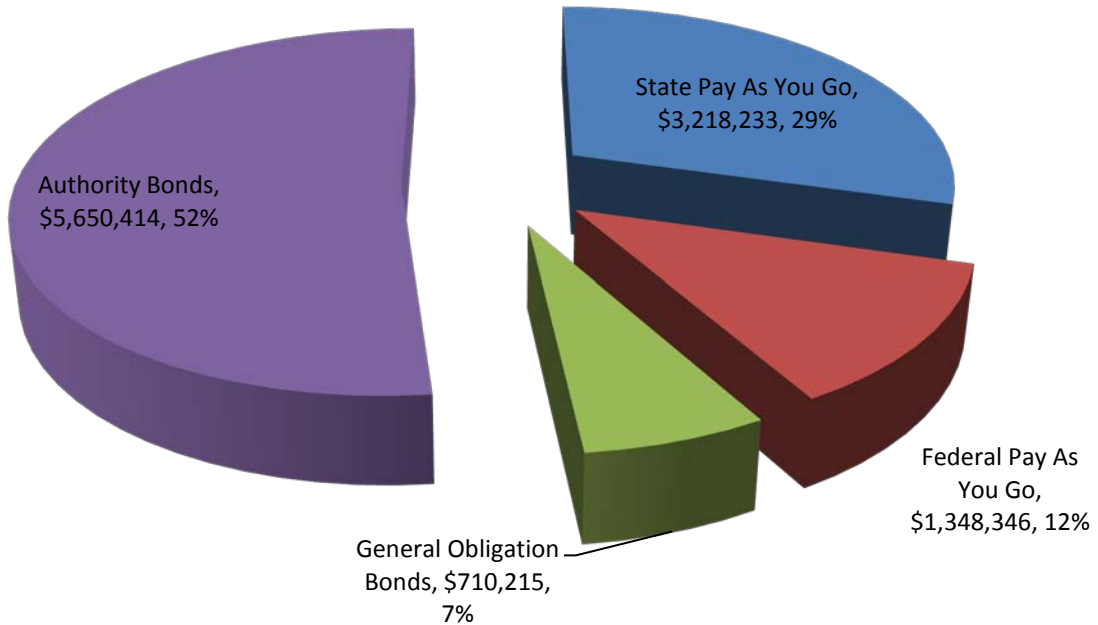
DOB Capital Program and Financing Plan SFY 2015-16 Executive Budget

In SFY 2015-16, transportation spending is projected to total \$4.6 billion, which represents 42% of total capital spending, with higher education comprising the next largest share at 16%. Economic development and government oversight spending represents 9% and spending for parks and the environment represents 6%. Health and other spending, which includes Special Infrastructure Account investments, account for 5% each. The remaining 17% is comprised of spending for mental hygiene, social welfare, public protection, and all other capital programs.

Transportation spending is projected to slightly increase by \$55 million (1%) in SFY 2015-16 due to a variety of factors including increased State spending of existing MTA capital aid sources.

Parks and environment spending will increase 38 million (6%) in SFY 2015-16 reflecting spending from additional capital authority provided in the SPIF, Hazardous Waste Remediation Fund, and EPF.

## FY 2016 Capital Spending by Financing Source (thousands of dollars)

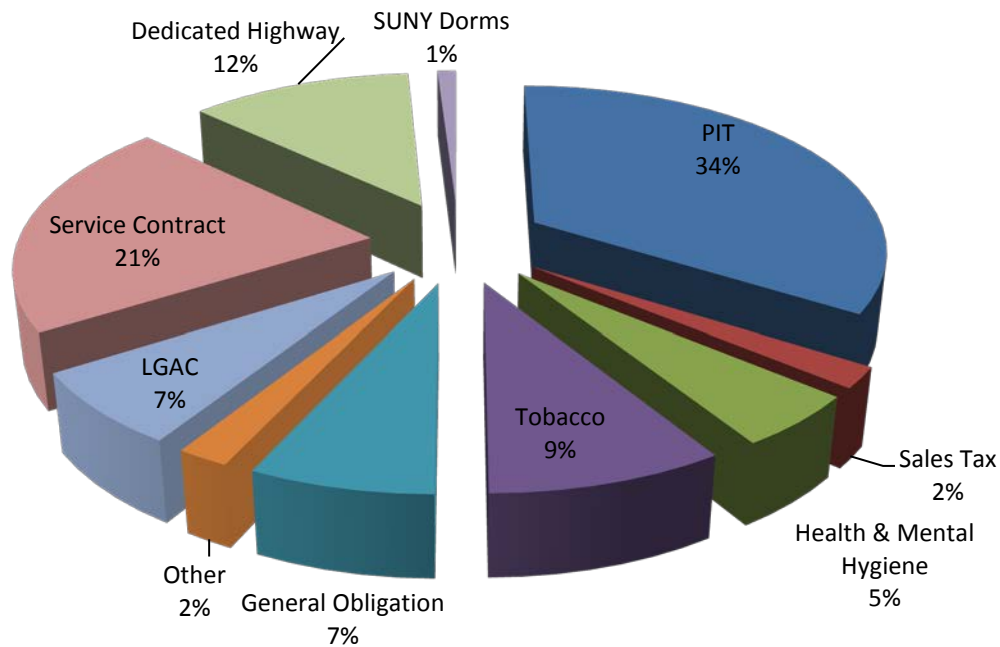


DOB Capital Program and Financing Plan SFY 2015-16 Executive Budget

### Debt Financing

In SFY 2015-16, the State plans to finance 59% of capital projects spending with long-term bonds, most of which will be issued on behalf of the State through public authorities (52%) and the remainder of which will be issued as General Obligation Bonds (7%). Authority bonds do not include debt issued by authorities backed by their own non-State resources or on behalf of private clients. Federal aid is expected to fund 12% of the State's SFY 2015-16 capital spending, primarily for transportation. State cash resources, including financial settlement money, will finance the remaining 29% of capital spending. Year-to-year, total PAYGO support is projected to increase by \$511 million, with State PAYGO increasing by \$867 million and Federal PAYGO support decreasing by \$356 million. Bond-financed spending is projected to increase by \$1.5 billion.

## Total State Related Debt Outstanding by Credit Structure - \$4.2 Billion Projected in FY 2016 Budget



DOB Capital Program and Financing Plan SFY 2015-16 Executive Budget

### Caps on State-Supported Debt

The Debt Reform Act of 2000 statutorily limited the type and amount of debt the State could issue as well as limited the debt service costs associated with these new issuances. Any new debt issued by the State can only be used for capital purposes and is limited to a maturity of thirty years. In addition, new debt issuances and their associated debt service costs are subject to the following statutory caps: 4% of State personal income for new debt outstanding; and 5% of All Funds receipts for new debt service costs. New debt encompasses all debt issued subsequent to the enactment of the Debt Reform Act of 2000.

State-related debt outstanding is projected to total \$56.9 billion in SFY 2015-16, an increase of \$2.0 billion (3.7%) from SFY 2014-15. New debt issuances are expected to total \$6.2 billion in SFY 2015-16, offset by \$4.2 billion in debt retirements. The annual increase in debt outstanding includes \$1.4 billion for education facilities, \$519 million for transportation, \$405 million for health and mental hygiene, and \$291 million for economic development and housing.

Over the period of the Plan, State-related debt outstanding is projected to increase from \$54.9 billion in SFY 2014-15 to \$61.1 billion in SFY 2019-20, or an average increase of 2.2% annually.

<b>New Debt Outstanding/Available Cap</b> (Millions of Dollars)			
<b>SFY</b>	<b>Debt Cap</b>	<b>Actual/Projected</b>	<b>Available Cap</b>
2014-15	44,492	40,824	3,668
2015-16	46,530	44,776	1,754
2016-17	48,918	47,833	1,085
2017-18	51,418	50,567	851
2018-19	53,969	53,365	604
2019-20	56,667	55,905	761

DOB Capital Program and Financing Plan SFY 2015-16 Executive Budget

State-related debt service is projected at \$6.1 billion in SFY 2015-16, a decrease of \$246 million (3.9%) from SFY 2014-15, which is due, in part, to debt prepayments. State-supported debt service, which is the better measure of State resources needed to pay annual debt service, is projected at \$5.5 billion in SFY 2015-16, a decrease of \$300 million (5.2%) from SFY 2014-15. State-related debt service is projected to increase from \$6.3 billion in SFY 2014-15 to \$7.3 billion in SFY 2019-20, an average rate of 3.1% annually.

<b>New Debt Service/Available Cap</b> (Millions of Dollars)			
<u>SFY</u>	<u>Cap</u>	<u>Actual/Projected</u>	<u>Available Cap</u>
2014-15	7,407	3,997	3,410
2015-16	7,463	4,187	3,277
2016-17	7,611	4,603	3,008
2017-18	7,814	5,001	2,814
2018-19	7,967	5,409	2,558
2019-20	8,234	5,821	2,413

DOB Capital Program and Financing Plan SFY 2015-16 Executive Budget



**DEPARTMENT OF TAXATION AND FINANCE**

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	\$Change	% Change
<b>General Fund</b>	\$270,327,000	\$270,452,000	125,000	0.4%
<b>Special Revenue-Other</b>	\$102,382,000	\$106,477,000	4,095,000	4.0%
<b>Special Revenue-Federal</b>	\$5,000,000	\$5,000,000	0	0%
<b>Internal Service Funds</b>	77,442,000	77,442,000	0	0%
<b>Aid to Localities</b>	\$926,000	\$2,926,000	\$2,000,000	215.98%
<b>Total All Funds:</b>	<b>\$456,077,400</b>	<b>\$462,297,400</b>	<b>\$6,220,000</b>	<b>1.0%</b>

*The Department of Taxation and Finance administers State taxes and various local taxes and also manages the State Treasury. The Department executes its mission through eight programs: Audit, Collections and Enforcement, Centralized Operations Support, Office of Conciliation and Mediation, Management, Administration and Counsel, Revenue Processing and Reconciliation, Tax Policy, Revenue Accounting and Taxpayer Guidance; Technology and Information Services, and Treasury Management.*

**Overview of Executive Budget Proposal**

The Executive Budget recommends \$462.3 million All Funds \$271.4 million General Fund and \$190.9 million Other Funds for the Department of Taxation and Finance. This is an increase of \$6.2 million or 1.4% from adjusted SFY 2014-15 levels. The increase reflects the creation of a cigarette strike task force to investigate and prosecute criminal activity associated with the sale and trafficking of illegal cigarettes which will be supported by HCRA funds, a medical marihuana local assistance appropriation to pay State aid to counties who manufacture and dispense medical marihuana in the State, and additional administrative support to administer education investment tax credit.

The Executive Budget recommends a workforce of 4,359 FTEs for the Department. This represents a decrease of 9 FTEs from SFY 2014-15 budget due to the transition of Human Resource (HR) services into the Business Services Center (BSC).

Major budget actions include:

- Establishing a Cigarette Strike Task Force that will collaborate with Federal, State and local law enforcement agencies to investigate and prosecute the trafficking and sales of illegal cigarettes.

- Continuing investment in the Department's successful consolidation of call center operations to provide call center support services for the Executive's proposed Business Express Initiative that will deliver streamlined assistance to entrepreneurs starting businesses in New York.
- Continued expansion of the Returns Processing Center (RPC) to fully onboard the processing of Personal Income, Sales and Corporation Tax returns.
- Implementation of the Education Investment Tax Credit Program. The Budget creates a new Education Tax Credit, which allows taxpayers to contribute to public education entities, school improvement organizations, local education funds, and educational scholarship organizations that provide benefits to pupils from at least three qualified schools in New York. The program will be capped at \$100 million in aggregate education tax credits annually.
- Implementing the local aid component of the Medical Marihuana Program through which participating counties will receive a share of gross receipts from the manufacture and sale of medical marihuana.
- Continuing to expand and enhance the Department's web filing options to drive efficiencies and improve customer service.
- Continuing to expand and enhance the Department's Business Analytics capabilities in order to drive efficiencies, increase revenue collections, and mitigate fraudulent activities.

## DIVISION OF TAX APPEALS

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
General Fund	\$3,121,000	\$3,040,000	(\$81,000)	(2.6%)
Total	\$3,121,000	\$3,040,000	(\$81,000)	(2.6%)

*The Division of Tax Appeals provides the public with a due process system for resolving disputes with the Department of Taxation and Finance. The Division of Tax Appeals is headed by the Tax Appeals Tribunal, which is comprised of three commissioners appointed by the Governor and confirmed by the Senate. Under the direction of the Tax Tribunal, dispute adjudication is provided through small claims hearings, formal hearings, and the Tribunal appeals process.*

### **Overview of Executive Budget Proposal**

The Division of Tax Appeals is supported solely with State tax dollars. The Executive Budget recommends a General Fund appropriation of \$3.04 million which is the same as the current year.

The Executive Budget recommends a \$3.04 million General Fund appropriation and a workforce of 27 FTEs for the Division of Tax Appeals. This represents the same levels of funding and workforce as in SFY 2013-14.

# APPENDIX

## Comparison of Executive Budget Tax Credit Proposal

<b>S. 1976 (Golden)</b>	<b>Governor's Proposal</b>
Tax credit capped at 90% of individual, LLC, S-corporation or partnership taxpayer's total qualified contributions, capped at \$1M.	Tax credit capped at 75% of individual, S-corporation, or partnership taxpayer's total qualified contributions, capped at \$1M. LLCs are excluded.
50% of the annual cap available for <ul style="list-style-type: none"> <li>• public education entities (including charters),</li> <li>• school improvement organizations, and</li> <li>• local education funds (non-profits established for the purpose of supporting educational programs in public schools)</li> </ul>	50% of the annual cap available for <ul style="list-style-type: none"> <li>• public education entities (charters <u>excluded</u>),</li> <li>• school improvement organizations, and</li> <li>• local education funds (non-profits established for the purpose of supporting educational programs in public schools)</li> </ul>
50% of the annual cap available to educational scholarship organizations (non-profits which use 90% of qualified contributions received under this act for scholarships to eligible pupils for use at no fewer than three qualified schools). <ul style="list-style-type: none"> <li>• An ESO will provide the criteria for scholarship awards.</li> <li>• The Board of Regents, Commissioner of Education and the State Education Department shall not require any other information for such application.</li> </ul>	50% of the annual cap available to educational scholarship organizations (non-profits (religious or charter) which use 90% of qualified contributions received under this act for scholarships to eligible pupils for use at no fewer than three qualified schools). <ul style="list-style-type: none"> <li>• An ESO will provide the criteria for scholarship awards.</li> <li>• The Commissioner shall publish criteria used to determine selection and establish an appeals process for unapproved applications.</li> </ul>
"Eligible pupil" means a child who <ul style="list-style-type: none"> <li>• attends a qualified school (public, charter, or religious), and</li> <li>• resides in a household that has a federal AGI of \$500,000 or less. Provided that for households with 3 or more dependent children, such income level is increased by 10,000 per dependent child in excess of two children, not to exceed \$500,000.</li> </ul>	"Eligible pupil" means a child who <ul style="list-style-type: none"> <li>• attends a qualified school (public, charter, or religious, and</li> <li>• resides in a household that has a federal AGI of \$250,000 or less. Provided that for households with 3 or more dependent children, such income level is increased by 10,000 per dependent child in excess of two children, not to exceed \$300,000.</li> <li>• Required to award at least half of the scholarships to students whose family income does not exceed 150% of the income qualifications required for reduced price school lunches.</li> </ul>
<b>Total amount of the credit available:</b> <ul style="list-style-type: none"> <li>• \$150 M in 2016, \$225 M in 2017, \$300 M in 2018 and thereafter</li> </ul>	<b>Total amount of the credit available:</b> <ul style="list-style-type: none"> <li>• \$100 million in credits annually</li> </ul>
Adds two new credits to the tax law: The Home-Based Instructional Materials Credit and The Instructional Materials and Supplies Credit	No additional credits added to the tax law.
Administered by the Department of Taxation and Finance (DTF).	SED would certify and monitor organizations eligible to receive donations through this program. DTF will administer and manage credits provided within the program cap.

## **Elections: Campaign Finance Reform**

### **Public Protection General Government Part E – Title I - Campaign Finance Reform Proposals**

**(1)** Prohibit the bundling of campaign contributions by intermediaries. An exception would be made for contributions received at house parties unless expenses for holding such event exceed \$500;

**(2)** Contributions to “soft money” party committee accounts would go from being unlimited to \$25,000 per year per contributor;

**(3)** Any contribution or loan for \$1,000 or more would have to be reported within 48 hours of receipt;

**(4)** Contribution limits would be lowered for statewide office, senate and assembly. Specifically, if participating in the public financing system limits would be set at:

- Statewide candidate limits would have an aggregate limit of \$12,000 for both the primary and general election.
- Senate candidates would have an aggregate limit of \$8,000
- Assembly candidates would have an aggregate limit of \$4,000

Non-participating public financing limits would be set at:

- Statewide candidates would have an aggregate limit of \$25,000
- Senate candidates would have an aggregate limit of \$10,000
- Assembly candidates would have an aggregate limit of \$6,000

**(5)** Transfers to candidate committees would be limited to \$5,000 per election with a limited exception;

**(6)** Contributions to party committees would be lowered from \$62,500 to \$25,000 annually;

**(7)** The “LLC Loophole” would be closed and the contribution limit lowered to \$1,000 from both corporations and LLCs;

**(8)** Changes are made to address the so called “personal use” of campaign funds by tying their use directly to expenses related to office and public duties.

### **Public Protection General Government Part E - Title II - Public Financing System (PFS)**

Title II of the Governor’s proposal creates the PFS, justified through Legislative findings that reform of the campaign finance system are critical to the restoration public confidence in the state’s democratic process and ensuring accountability. Large contributions under the existing system have created the potential for and appearance of corruption. 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 state-wide offices and the Senate and Assembly will be covered. The new system will begin with the 2018 election cycles. 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.<sup>2</sup>

## **NYS Campaign Finance Fund (CFF)– 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 (APF), the General Fund and “any other moneys transferred to the Fund,” as well as private contributions.

Beginning in January 1, 2018, a CFF \$40 check-off will appear personal income tax form 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 5 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 2018, 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.<sup>3</sup> 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 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;

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<sup>2</sup> 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.

<sup>3</sup> A 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.

- Senate: \$20,000/\$200 from residents of the district; and
- Assembly: \$10,000/\$100 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.

#### **A. Caps on Public Financing Matching Funds<sup>4</sup>**

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: \$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: \$175,000

#### **B. Restrictions on Expenditures**

The use of public funds is restricted. They may not be used for any expenditure:

- in violation of the law;
- in excess of fair market value for services, materials or other things of value;
- 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 payment;
- 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;

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<sup>4</sup> Total amount to the candidate's authorized committee in the election cycle



- payments to immediate family members; or
- made to challenge the validity of any petition.

### **C. 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 15<sup>th</sup> and May 15<sup>th</sup> 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.

### **D. 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 Board 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 complete.<sup>5</sup>

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.

## **Program Funding**

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<sup>5</sup> The candidate and Treasurer are jointly and severably liable for any repayments to the BOE.

A notable change from the initial 2012 public financing proposal is the failure to include one of the main funding mechanisms, which has been deleted from this version. The 2012 bill amended the General Business Law to provide for a 10% surcharge on top of any penalty, damages, or settlement authorized by section 359-g or sections sixty three of sixty three-c of the executive law.

In this proposal the Governor includes language to fund the system through the general fund, a tax check off box, and annual transfers from the state's abandoned property fund pursuant to section 95 (5) of the state finance law.

The Division of the Budget estimates the cost to publically finance a four year election cycle of primary and general elections to be \$166 million, or \$41.5 million per year. Additional costs to administer the bill and develop technology solutions in support of both the public financing program and new disclosure requirements are also estimated to average \$14.3 million over the four year election cycle. In addition, \$3 million in start up costs are estimated. Costs would peak in SFY 2018-19, related to the statewide election in 2018.