NEW YORK STATE SENATE
Democratic Conference

Staff Analysis of the 2016-17 Executive Budget

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January 25, 2016

Dear Colleagues:

On Wednesday, January 13th, Governor Cuomo proposed his SFY 2016-17 Executive Budget. The Executive Budget presents the Governor's plan for closing an anticipated General Fund gap of $1.78 billion. The recommended Budget proposal closes this gap primarily through cost control measures saving $2.0 billion, partially offset by somewhat smaller than expected available Federal and State revenue.

The overall proposed All Funds budget is $154.1 billion. This represents a 1.6 percent increase over the current year's budget, with most of the increase coming from Federal funds regarding implementation of the Federal Affordable Care Act, capital spending funded through monetary settlements, school aid, and Department of Health Medicaid spending.

This year's budget gap is similar to the gaps the State faced in previous years. It is clear that the Senate will still face extremely difficult choices in achieving a balanced budget that meets the needs of New Yorkers, particularly in the challenging economic times we are still facing.

In addition to closing the budget gap, the Governor has proposed a number of significant policy changes in the SFY 2016-17 Executive Budget that the Senate will need to evaluate and carefully consider. For example, these proposed changes include enacting the New York State Dream Act, increasing the minimum wage, raising the age of juvenile jurisdiction, modifying New York City's local funding contribution under the Medical Assistance Program, establishing the Criminal Justice Reform Act of 2016, and establishing paid family leave.

The data and analyses prepared by the Senate Finance Committee staff included in this document will provide insights into these and other proposals in the Executive Budget which can inform the difficult decisions the Senate faces. 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,

Liz Krueger

Liz Krueger
Ranking Minority Member
Senate Finance Committee

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As prepared by Senate Democratic Conference Counsel and Finance Staff

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2016 JOINT LEGISLATIVE BUDGET HEARING SCHEDULE

Legislative Office Building

Hearing Room B

January 20	9:30 AM	Transportation Environmental Conservation
January 25	9:30 AM	Health/Medicaid
January 26	10:00 AM	Local Government Officials/ General Government
January 27	9:30 AM	Elementary & Secondary Education
January 28	9:30 AM	Environmental Conservation
February 1	10:00 AM	Housing
February 2	9:30 AM	Taxes
	1:00 PM	Economic Development
February 3	9:30 AM	Mental Hygiene
	1:00 PM	Workforce Development
February 4	9:30 AM	Public Protection
February 8	10:00AM	Higher Education
February 9	9:30AM	Human Services

HIGHLIGHTS OF THE STATE FISCAL YEAR 2016 – 2017 EXECUTIVE BUDGET

SFY 2016-17 EXECUTIVE BUDGET OVERVIEW

EDUCATION

Foundation Aid

The Foundation Aid formula was established in the 2007-2008 School Year (SY) 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 Court of Appeal's *Campaign for Fiscal Equity* (CFE) decision. The Executive Budget proposes the first Foundation Aid increase as part of an Executive Budget since SY 2008-2009. This Foundation Aid recommendation would provide an increase of $266 million for SY 2016-2017 from $15.9 billion to $16.1 billion. The new Foundation proposal is based on students needs and local ability to raise revenues for education. The Executive's proposal provides approximately 90% of the overall increase to High-Need School Districts.

The Foundation Aid full phase-in was halted due to the State's financial crisis in 2009-2010. The Foundation Aid phase-in increase was limited to 37.5% of the difference between the 2006-2007 base amount and the calculated 2010-2011 Foundation Aid. For the next four school years the Foundation Aid formula was frozen at $14.89 billion or the 2008-2009 level. The Legislature provided minor increases in the amount of $112 million in SY 2012-2013, $171 million in SY 2013-2014, $251 million in SY 2014-2015, and $428 million in SY 2015-2016. Even though these increases were welcomed by school districts it had a limited impact on student achievement and closing the educational gap.

NRC	Amount of Foundation Aid Owed to School Districts SY 15-16	Amount of Foundation Aid Owed to School Districts including Executive Proposal for SY 16-17
Average Need	$734,614,210	$715,736,594
Big Four	$341,112,177	$317,781,328
Low Need	$280,599,051	$280,306,864
NYC	$1,811,505,621	$1,642,673,298
Rural	$260,930,632	$242,741,081
Urban Suburban	$954,414,442	$925,545,753
Grand Total	**$4,383,176,133**	**$4,124,784,918**

The State of New York still owes almost $4.4 billion in Foundation Aid increases to school districts. Of this amount, $3.36 billion or 77% of the total are owed to High-Need School Districts, while the City of New York is still owed $1.8 billion.

Gap Elimination Adjustment

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 Aid, Building Aid Reorganization Aid and Universal Prekindergarten. Over the last five years the GEA amount has been left frozen at the Enacted Budget level. The Legislature has reduced the GEA original reduction in the amount of $2.8 billion to $603 million in School Year 2015-2016. Overall, the Legislature has restored 84% of the original GEA although the remaining GEA varies by school district.

NRC	Original GEA Reduction 11-12	16-17 Executive GEA Restoration for SY 16-17	Remaining GEA for SY 17-18
Average Need	-$1,045,584,125	$85,196,827	$148,427,574
Big Four	-$122,430,249	$2,989,834	$2,776,390
Low Need	-$247,099,897	$30,819,034	$68,200,332
NYC	-$891,439,001	$64,185,710	$23,095,336
Rural	-$212,299,144	$2,698,383	$963,509
Urban Suburban	-$266,942,448	$3,516,066	$730,670
Total	**-$2,785,794,864**	**$189,405,854**	**$244,193,811**

The Executive Budget submission for SY 2016-2017 restores $189.4 million. The remaining GEA in the amount of $244 million would be eliminated in SY 2017-2018. The Governor's restoration for SY 2016-2017 would completely eliminate the GEA for 200 school districts. Of the 200 school districts, 89 districts are High Need Urban Suburban and High Need Rural school districts while 3 of the Big Four City school districts would see their GEA completely eliminated in SY 2016-2017. GEA restorations for the City of New York and the City of Yonkers would be eliminated in SY 2017-2018 according to the Governor's proposal. Almost $216.6 million or 89% of the $224.1 million needed to eliminate the GEA would fund Low Need and Average Need School Districts.

Need Resource Category	GEA Eliminated in SY 16-17 as Proposed by Executive	School Districts with GEA for 2016-2017 as Proposed by Executive	Total
NYC	0	1	1
Big Four	3	1	4
Urban Suburban High Need	37	8	45
Rural High Need	141	12	153
One more year of GEA	19	317	336
Low Need	0	135	135
Total	**200**	**474**	**674**

For a timeline of the GEA reduction and restorations by School Year see next page.

Gap Elimination Adjustment Timeline

2011-2012	
GEA Reduction: **$2.786 B**	GEA Restoration: $229.3 M

2012-2013	
GEA Reduction: **$2.556 B**	GEA Restoration: $400.1 M

2013-2014	
GEA Reduction: **$2.156 B**	GEA Restoration: $517.4 M

2014-2015	
GEA Reduction: **$1.639 B**	GEA Restoration: $602.1 M

2015-2016	
GEA Reduction: **$1.036 B**	GEA Restoration: $603 M

2016-2017 Executive Proposal	
GEA Reduction**: $433.5 M**	GEA Restoration: $189 M

Universal Prekindergarten

New York State has five different Universal Prekindergarten programs: three of those programs are competitive in nature and have provided funds in the amount of $32.8 million over three years, $30 million over three years and $1.5 billion over five years. Of the remaining two programs, one is funded at $385 million through the State Aid formula and the remaining program was proposed by the Executive for SY 2016-2017. In 2007-2008, several programs such as the Targeted Pre-K program, Supplemental Pre-kindergarten and the regular State Aid UPK were consolidated into one funding source. However, the recent allocations in 2013-2014, 2014-2015, and 2015-2016 have been allocated outside the school aid formula and distributed in a competitive manner.

Universal Prekindergarten Funding

Category	Amount	Provided	Enacted
Priority Full-Day Prekindergarten and Expanded Half-Day Prekindergarten Programs for High Need Students	$33 M	Competitive Grant for 3 years	2013-2014
Statewide Universal Full Day Prekindergarten Program	$340 M	Third Year of Five Year $1.5 billion plan	2014-2015
Expanded Prekindergarten for 3 and 4 Yr Old Students in High Needs School Districts	$30 M	Competitive Grant for 3 years	2015-2016
Formula Based-State Aid	$385 M	Every Year	Every Year
Empire State Prekindergarten	$22 M	Competitive Grant	16-17 Executive Proposal
Total	**$809.8 M**		

Community Schools

The Executive Budget recommendation for SY 2016-2017 includes $100 million for community schools. Funds are distributed through the school aid formula. Tier 1 aid in the amount of $75 million would be provided for school districts with Failing Schools or Persistently Failing Schools. An additional $25 million will be distributed to other high need school districts. Funding for this program should support the transformation of school buildings into community hubs to deliver co-located or school-linked academic, health, mental health, nutrition, counseling, legal and/or other services to students and their families, including but not limited to providing a community school site coordinator, or to support other costs incurred to maximize students' academic achievement.

Tier 1 Aid

School District	2015-16 Failing Schools Enrollment	2016-17 Public Enrollment Estimate	% of Total Enrollment in Failing Schools	Community Schools Tier 1 Aid
NEW YORK CITY	34,302	1,062,473	3.23%	$28,491,241
BUFFALO	15,079	41,320	36.49%	$12,524,617
SYRACUSE	12,264	21,972	55.82%	$10,186,478
ROCHESTER	9,180	32,813	27.98%	$7,624,908
YONKERS	5,161	26,550	19.44%	$4,286,726
HEMPSTEAD	3,760	9,141	41.13%	$3,123,056
ALBANY	3,246	10,731	30.25%	$2,696,127
POUGHKEEPSIE	2,104	4,413	47.68%	$1,747,582
NEWBURGH	1,008	11,268	8.95%	$837,244
CENTRAL ISLIP	783	7,401	10.58%	$650,359
SCHENECTADY	774	9,809	7.89%	$642,884
MOUNT VERNON	623	9,002	6.92%	$517,463
WYANDANCH	484	2,595	18.65%	$402,010
AMSTERDAM	440	3,675	11.97%	$365,464
ROOSEVELT	425	3,695	11.50%	$353,005
TROY	334	4,806	6.95%	$277,420
UTICA	329	10,511	3.13%	$273,267
Total	**90,296**	**1,272,175**	**7.1%**	**$74,999,851**

Tier 1 schools account for 7.1% of the overall enrollment statewide. However, these school districts account for almost 48% of the total enrollment estimated for School Year 2015-2016.

For a breakdown of Tier 2 schools by Region and County see the following pages.

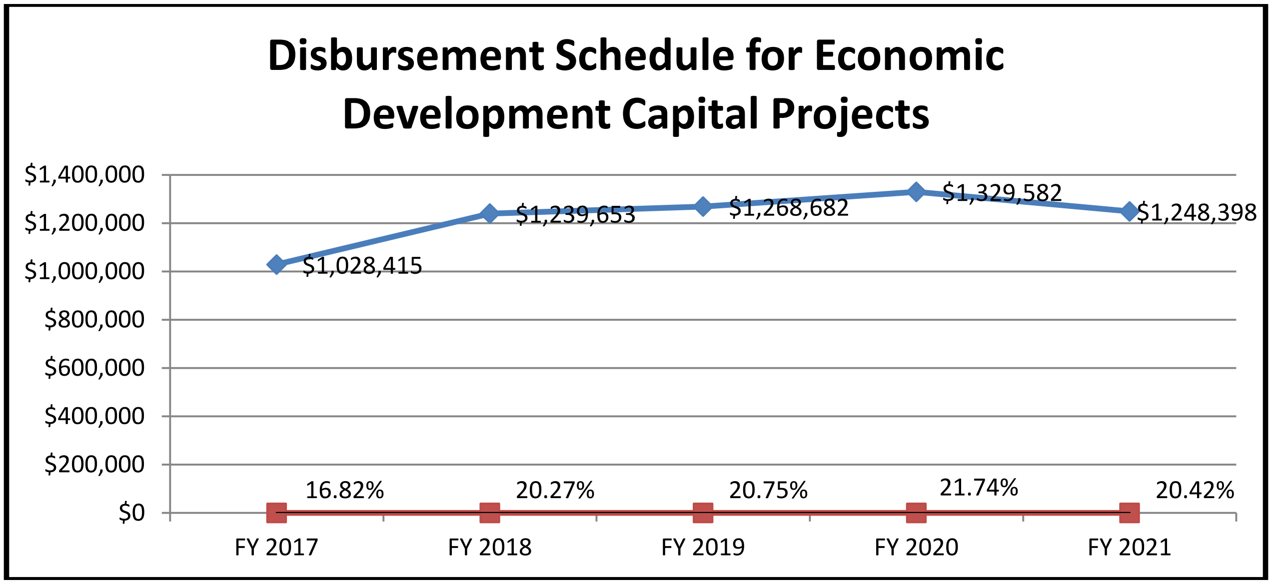
Tier 2

Region/County	Community Schools Tier 2	Region/County	Community Schools Tier 2
Capital District	**$1,017,833**	**Mohawk Valley**	**$2,262,773**
Albany	$222,502	Fulton	$355,878
Columbia	$86,263	Herkimer	$594,219
Greene	$69,599	Madison	$208,598
Rensselaer	$244,696	Montgomery	$251,261
Warren	$104,425	Oneida	$744,537
Washington	$290,348	Schoharie	$108,280
Central NY	**$1,354,172**	**North Country**	**$3,627,923**
Cayuga	$211,759	Clinton	$339,736
Cortland	$350,371	Essex	$152,180
Onondaga	$85,506	Franklin	$618,585
Oswego	$706,536	Jefferson	$974,626
Finger Lakes	**$1,762,558**	Lewis	$316,541
Genesee	$116,085	St. Lawrence	$1,226,255
Livingston	$260,990	**Southern Tier**	**$4,227,371**
Ontario	$146,409	Broome	$983,571
Orleans	$307,024	Chemung	$501,348
Seneca	$194,991	Chenango	$666,156
Wayne	$606,654	Delaware	$310,333
Yates	$130,405	Otsego	$362,387
Hudson Valley	**$2,635,279**	Schuyler	$70,110
Dutchess	$87,748	Steuben	$907,230
Orange	$872,731	Tioga	$365,238
Rockland	$360,848	Tompkins	$60,998
Sullivan	$471,641	**Western NY**	**$3,795,016**
Ulster	$370,088	Allegany	$669,184
Westchester	$472,223	Cattaragus	$911,181
Long Island	**$4,278,229**	Chautauqua	$1,119,891
Nassau	$1,246,152	Erie	$361,430
Suffolk	$3,032,077	Niagara	$733,330
Grand Total			**$24,961,154**

ECONOMIC DEVELOPMENT

The Executive Budget recommendation for SFY 2016-17 provides $904.7 million in capital projects funding associated with the Urban Development Corporation. Of this amount, nearly 49% or $440 million is related with SUNY Polytechnic Institute College of Nanoscale Science and Engineering and related projects.

The Executive also includes $4.50 billion in reappropriations including last year's $1.5 billion for the Upstate Revitalization Initiative modeled after the "Buffalo Billion" initiative. The Executive's Capital and Program and Financing Plan show disbursements for the current State Fiscal Year and the subsequent fiscal year up to FY 2021 in the amount of $6.11 billion. This excludes estimated current year disbursements in the amount of $641 million. It is expected that capital project funds will be disbursed as follows: 16.8% in FY 2017, 20.2% in FY 2018, 20.7% in FY 2019, 21.7% in FY 2020 and 20.4% in FY 2021.



Source: New York State Division of the Budget, FY 2017 Capital Program and Financial Plan, 2016, p. 193.

The Executive Budget recommendation continues prior year proposals for economic development projects in the amount of $4.5 billion. In Fiscal Year 2017, the Executive expects $1.03 billion or 16.8% of the available funding to be disbursed for capital projects. Most of the funds disbursed in FY 2017 are associated with the Economic Development account which includes all program categories displayed in this year's $904.7 million appropriation (see prior page).

Program	FY 2017 Disbursements	% by Fund
Economic Development	**$590,574**	**57.4%**
NYS Capital Assistance Program	**$35,741**	**3.5%**
NYS Economic Development Assistance Program	**$40,478**	**3.9%**
New York Works	**$140,650**	**13.7%**
Regional Development	**$92,922**	**9.0%**
Upstate Revitalization	**$128,050**	**12.5%**
Total	**$1,028,415**	**100.0%**

ENVIRONMENT

The Executive Budget recommendation provides an overall appropriation of $1.32 billion for the Department of Environmental Conservation (DEC), a net increase of $69.2 million or 5.5% for State Fiscal Year 2016-17. This increase in funding for SFY 2016-17 is associated with a reduction of $7.7 million in State Operations funding, a $9.7 million elimination of all legislative in Aid to Localities and an $86.7 million increase in Capital Projects.

The Environmental Protection Fund (EPF) will be funded at the $300 million level in SFY 2016-2017. Funding for the EPF comes from several funding sources including a General Fund transfer in the amount of $146 million or 48.7% of the total revenue for EPF, $119.1 million or 39.7% of the overall EPF revenue from the Real Estate Transfer Tax (RETT), and $23 million or 7.7% of the EPF revenue from the Bottle Bill. The remaining 3.9% is collected through a variety of fees and fines collected by DEC and other State Agencies.

Environmental Protection Fund Revenue			
	Actual SFY 14-15	SFY 2015-16	SFY 2016-17
Appropriation	**$162,000**	**$177,000**	**$300,000**
Opening Balance	**$11,163**	**$30,587**	**$27,287**
Real Estate Transfer Tax	$119,100	$119,100	$119,100
Bottle Bill	$23,000	$23,000	$23,000
General Fund Transfer	$5,000	$23,000	$146,000
Water Withdrawal Fees	$0	$0	$0
Wetland Application Fees	$402	$300	$300
Pesticide Applicator Fees	$5,000	$5,000	$5,000
Hazardous Waste Fees	$1,747	$1,500	$1,500
E-Waste	$584	$150	$150
Freshwater Wetlands Fines	$135	$100	$100
Mineral Resources Fines	$221	$100	$100
Surplus Property/ DMV	$4,962	$4,350	$4,350
Interest	$58	$100	$100
Total Revenue	**$160,209**	**$176,700**	**$299,700**
Disbursements	$140,785	$180,000	$200,000
Transfer Supported by Bond Proceeds	$0	$25,000	$0
Closing Balance	**$30,587**	**$27,287**	**$126,987**

Source: New York State Division of the Budget.

This year the EPF has a new category for Climate Change Mitigation and Adaptation Program, as well as several DEC Aid to Localities programs that were absorbed by the EPF. For a breakdown of EPF funding, see the following:

Environmental Protection Fund			
Open Space Program	**SFY 2015-16 Enacted**	**SFY 2016-17**	**$ Change**
Open Space / Land Conservation	**$26,550**	**$40,000**	**$13,450**
Cons. Partnership Program/LTA	$2,000	$2,000	$0
Urban Forestry	$1,000	$1,000	$0
Cities with population 65,000	$500	$500	$0
Projects in DEC regions 1-3	$1,000	$1,500	$500
Farmland Protection	$15,000	$20,000	$5,000
Ft. Drum Buffer	$1,000	$1,000	$0
Cornell University Land Class/Master Soils List	$0	$70	$70
Agricultural Waste Management	$1,500	$1,500	$0
Municipal non-point source pollution	$4,800	$8,000	$3,200
Ag. non-point source pollution control	$14,200	$19,000	$4,800
Cornell Pro-Dairy Program	$0	$224	$224
Cornell Integrated Pest Management Program	$0	$1,000	$1,000
Hudson River Estuary Management	$4,700	$5,000	$300
Mohawk River Action Plan	$800	$800	$0
Peconic Bay Estuary Program	$200	$0	($200)
Biodiversity Research and Stewardship	$500	$1,000	$500
Habitat Conservation Plans	$0	$500	$500
Albany Pine Bush Commission	$2,475	$2,675	$200
Long Island Pine Barrens Commission	$1,600	$1,800	$200
LI South Shore Estuary Reserve	$900	$900	$0
Finger Lakes/Lake Ontario Alliance	$1,750	$1,979	$229
Lake Erie Watershed Protection Alliance	$250	$250	$0
Invasive Species	$5,850	$10,000	$4,150
Lake George	$450	$450	$0
Eradication Grants	$1,000	$1,000	$0
Oceans and Great Lakes Initiative	$6,050	$15,000	$8,950
Peconic Estuary Program	$0	$200	$200
Water Quality Improvement Program	$8,000	$20,000	$12,000
Suffolk Co./DEC Nitrogen Reduction efforts	$3,000	$3,000	$0
Suffolk Co. Sewer Improvement Projects	$0	$2,000	$2,000
Nassau Co. Bay Park Sewage Plant Outfall Pipe	$0	$5,000	$5,000
Soil and Water Conservation Districts	$5,275	$9,000	$3,725
Water Resources Commissions*	$0	$746	$746
Susquehanna River Basin Commission	$0	$259	$259
Delaware River Basin Commission	$0	$359	$359
Ohio River Basin Commission	$0	$13	$13
Great Lakes Commission	$0	$60	$60
Interstate Environmental Commission	$0	$15	$15
New England Interstate Commission	$0	$38	$38
Sub-Total	**$100,000**	**$156,850**	**$56,850**

Open Space Program	**SFY 2015-16 Enacted**	**SFY 2016-17 Enacted**	**$ Change**
Parks and Recreation Program			
State Land Stewardship	$18,500	$28,000	$9,500
Belleayre Mountain	$500	$500	$0
Parks & Trails NY Grants Program	$500	$500	$0
Hudson River Valley Trail Grants	$100	$250	$150
Waterfront Revitalization	$12,500	$15,000	$2,500
Inner city/Underserved	$6,250	$10,000	$3,750
Towns of Minerva, Indian Lake & Newcomb	$0	$660	$660
Municipal Parks	$15,750	$20,000	$4,250
Inner city/Underserved	$7,875	$10,000	$2,125
Hudson River Park	$2,500	$800	($1,700)
ZBGA	$12,450	$13,000	$550
Sub-Total	**$61,700**	**$76,800**	**$15,100**
Solid Waste Program			
Municipal Recycling	$7,500	$14,000	$6,500
Secondary Materials Markets	$1,000	$1,000	$0
Pollution Prevention Institute	$3,250	$4,000	$750
Pesticide Program	$1,200	$1,200	$0
Long Island Pesticide Prevention	$200	$200	$0
Natural Resource Damage Assessment	$1,000	$1,950	$950
Landfill Closure/Gas Management	$250	$700	$450
Essex County	$0	$300	$300
Hamilton County	$0	$150	$150
Environmental Justice*	$0	$7,000	$7,000
Community Impact Grants Program	$1,100	$2,000	$900
Lead Paint Inspection Erie County	$100	$0	($100)
Environmental Health*	$0	$2,000	$2,000
Children’s Environmental Health Centers	$0	$1,000	$1,000
Brownfield Opportunity Area Grants*	$0	$2,000	$2,000
Sub-Total	**$15,300**	**$33,850**	**$18,550**
Climate Change Mitigation and Adaptation Program*			
Greenhouse Gas Reduction outside power sector*	$0	$3,000	$3,000
Resiliency Planning*	$0	$4,500	$4,500
DEC grants for mitigation*	$0	$2,000	$2,000
Vulnerability Assessments*	$0	$2,500	$2,500
Smart Growth Grants	$600	$2,000	$1,400
Adaptive Infrastructure*	$0	$23,000	$23,000
Resiliency Planting Program	$250	$500	$250
NYSSWCD Committee Climate Resilient Farms	$500	$2,000	$1,500
Climate Smart Communities Grants*	$0	$20,000	$20,000
Sub-Total	$0	$32,500	$32,500
Total EPF	**$177,000**	**$300,000**	**$123,000**

HIGHER EDUCATION

State Tax Dollar Support and the SUNY/CUNY 2020 Law

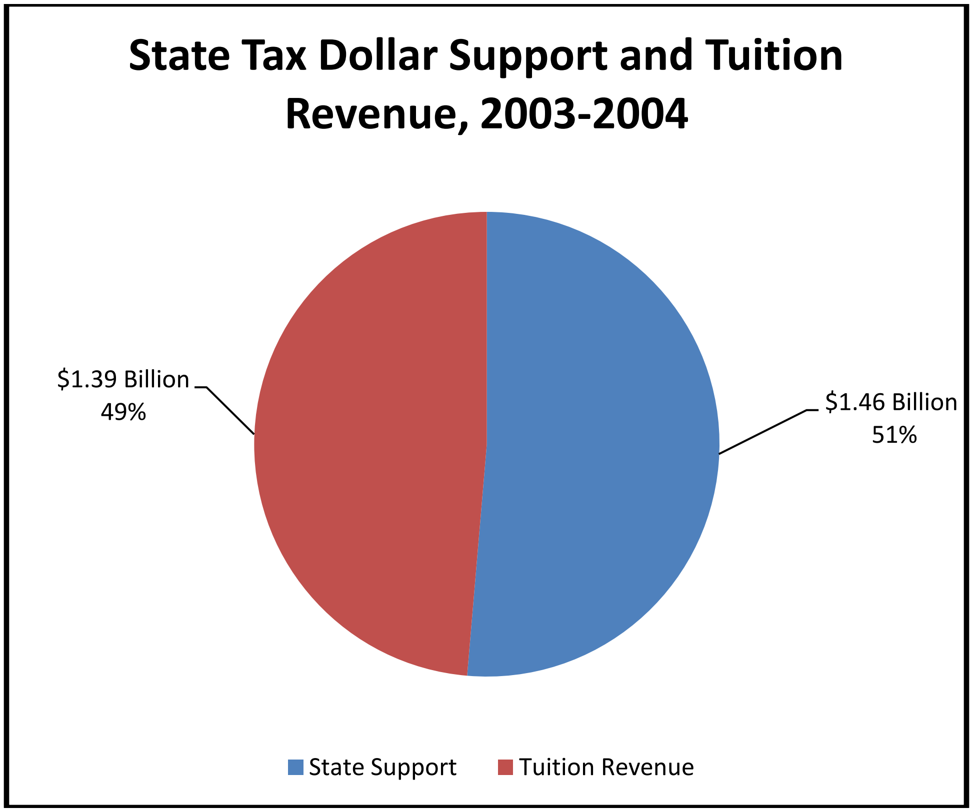
The Executive Budget recommendation for Academic Year 2016-17 proposes to extend the SUNY/CUNY 2020 legislation. Enacted in legislative session 2011, Chapter 260 provided for a rational tuition plan that allowed SUNY and CUNY campuses to raise tuition by $300 per year for five years, replacing an era of sudden tuition increases with a system that is predictable and allows students and parents to plan for college expenses. The law maintained included tuition credits, which required SUNY and CUNY to apply a credit against the tuition charged to a student. The amount of the applicable tuition credit is based on the level of a student's tuition assistance program (TAP) award. Both SUNY and CUNY utilized some of the tuition revenue to cover the costs of the TAP tax credit.

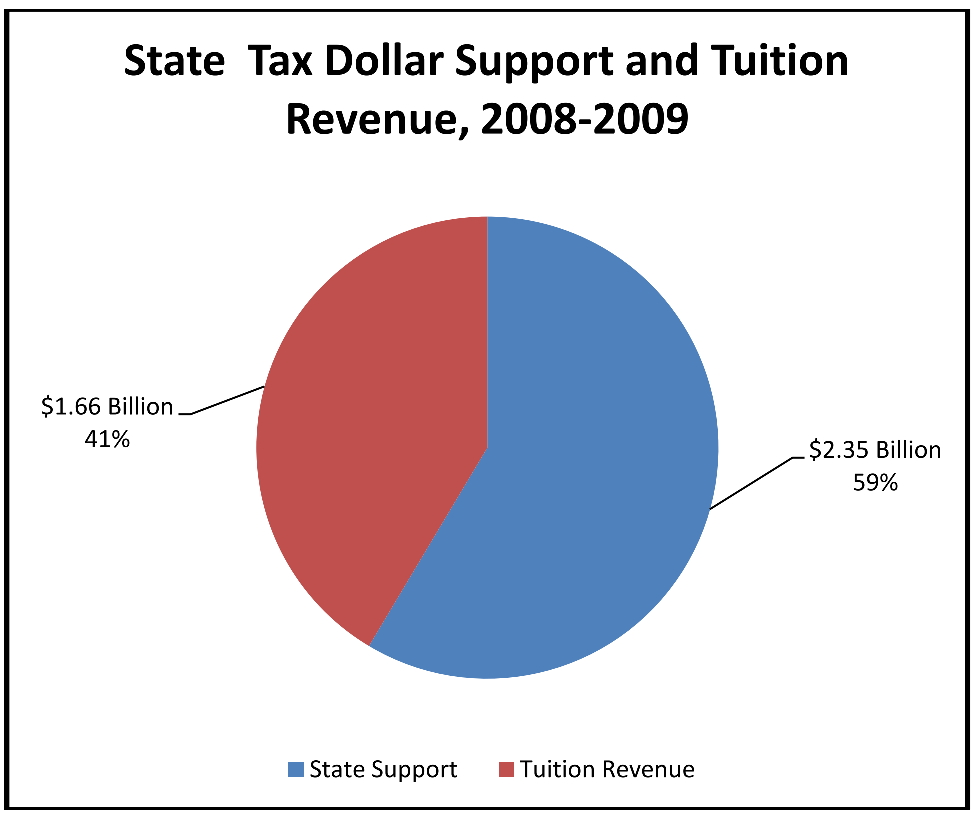
The Maintenance of Effort (MOE) requirement included within the SUNY/CUNY 2020 legislation maintained State Tax Dollar Support at the 2011-2012 level. In 2015 the Legislature passed legislation that would strengthen the provisions of the original 2020 legislation. This legislation vetoed by the Governor amended section §355 and section §6206 of the education law by adding SUNY health science centers to clarify that these facilities are included in the SUNY's maintenance of effort provision. It also adds building rentals and fringe benefits to items which should be included in the Maintenance of Effort for the SUNY and CUNY systems. This bill attempted to make the MOE permanent and disconnect it from the Tuition Increase included in Chapter 260 of 2011.

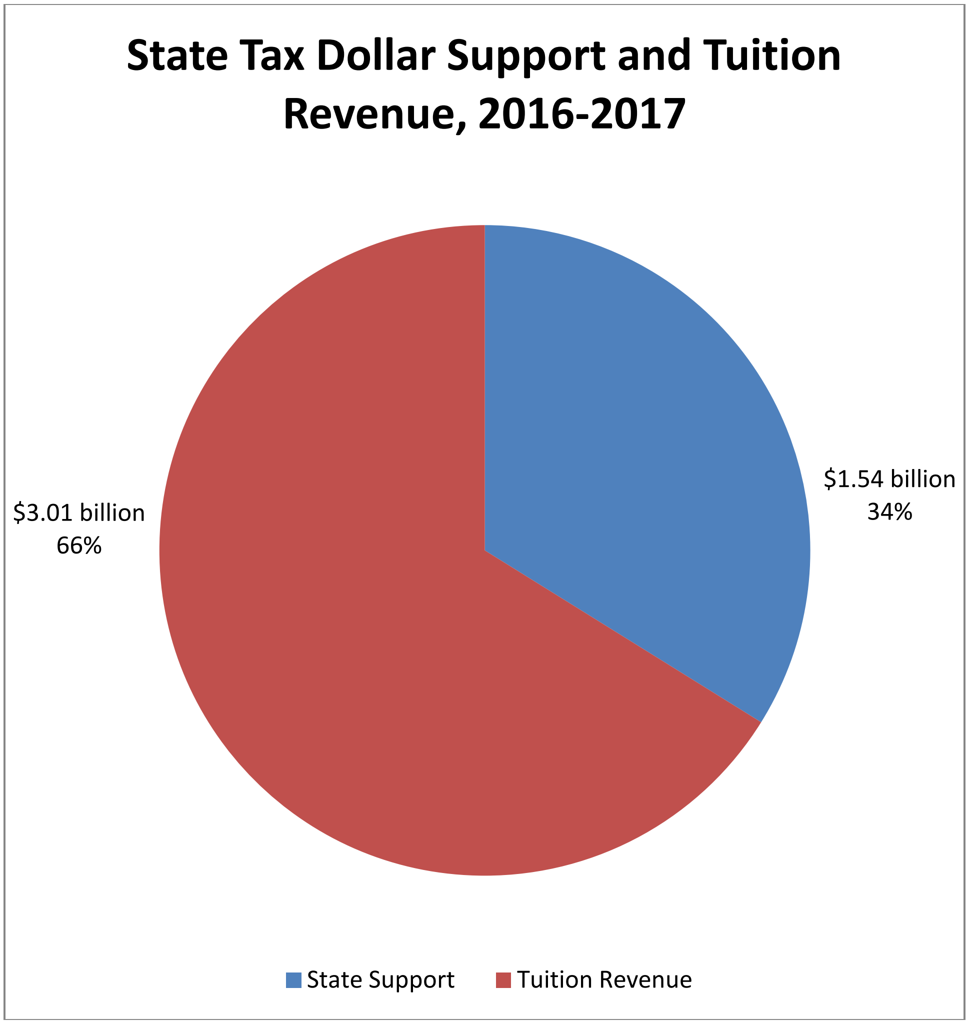
The Executive veto message argued that the legislation would impose new MOE requirements on the State, effective beginning in the 2016-17 State Fiscal Year. These new requirements would obligate the State to continue General Fund support for SUNY hospitals and various other operating costs at the levels enacted in the prior year -- including any increases. According to the Executive, this issue should be addressed in the context of the State Budget process. This year's Executive Budget recommendation would allow the CUNY and SUNY Board of Trustees to increase tuition up to $300.000 annually. SUNY and CUNY would be required to demonstrate efforts in the following areas in order to receive authorization for such tuition increases:

- reducing spending;
- providing an appropriate rationale for the increases:
- Targeting new revenue to student services, faculty support and educational improvements.

Both SUNY and CUNY have become dependent on tuition revenue since Academic Year 2003-2004. Tuition Revenue accounted for 49% of the overall higher education funding for SUNY and CUNY while 51% of the revenue was funded through State Tax Dollar Support. In 2008-2009, State Tax Dollar support accounted for 59% of the overall funding for SUNY and CUNY and tuition revenue was 41%. New York State would hit the largest financial crisis in 2009-2010 and 2010-2011 reducing the State Tax Dollar support to the MOE level of 2011-2012(see next page for comparison).


State Tax Dollar Support and Tuition Revenue, 2003-2004
$1.39 Billion
49%
$1.46 Billion
51%
State Support
Tuition Revenue


State Tax Dollar Support and Tuition Revenue, 2008-2009
$1.66 Billion
41%
$2.35 Billion
59%
State Support
Tuition Revenue

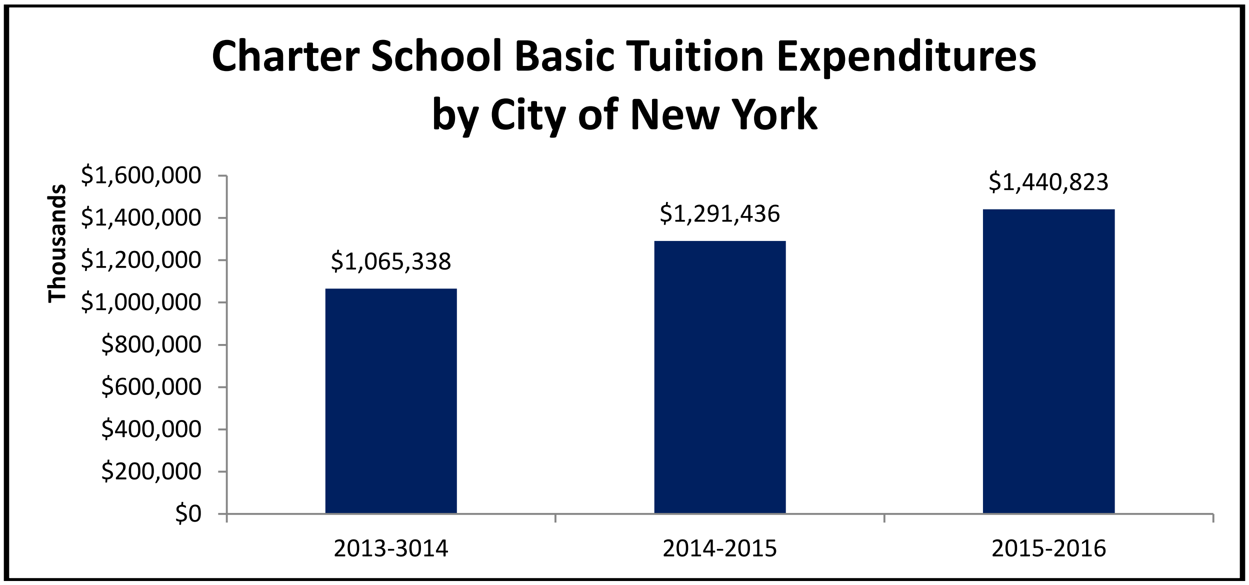


In Academic Year 2016-2017, tuition revenue will account for almost 66% of all SUNY and CUNY revenue while State Tax Dollar supports only 34% of the overall funding for the State's public higher education institutions.

IMPACT OF THE EXECUTIVE BUDGET ON THE CITY OF NEW YORK

Education

The Executive Budget submission would unfreeze the formula for New York City charter schools. This proposal would require the City of New York to dedicate a larger share of education funding towards charter schools. Over the last three years the City of New York has increased charter school basic tuition by almost $200 million per year. The financial impact of this legislation is difficult to predict as the data required for such a task will not be available until May of this year. Even more important, these data are dependent upon enrollment changes that could dramatically alter the calculation of the cost.



Higher Education

The Executive SFY 2016-17 Budget requires NY City to assume a 30% share of CUNY's senior college net operating and debt service expenses ($393 million in SFY 2016-17), commensurate with New York City's participation in the governance of CUNY beginning July 1, 2016. The State would continue to fund the remaining 70% of the net operating and debt service expenses. Currently, the State pays for 98% of net operating and debt service expenses for CUNY senior colleges, while controlling only 60% of the Board of Trustees. In exchange for an increase in the City share of CUNY funding, the Executive would provide a one-time $240 million add to address the CUNY and Professional Staff Congress labor dispute.

Health

The SFY 2016-17 Executive Budget proposes to amend the local contribution for Medicaid expenditures. Under this proposal, the local Medicaid expenditure cap for New York City (NYC) would be changed to allow for the re-institution of the growth factor for Medicaid expenditures. Effective October 2016, NYC's Medicaid spending would increase by 3.6% and increase to 5.8% for SFY 2017-18. Every year thereafter, NYC's Medicaid expenditure would increase by 2.2%. As a result of this proposal, by SFY 2017-18 NYC's Medicaid expenditures would be restored to its 2005 spending levels. The estimated savings to the State (costs to NYC) are as follows $180 million in SFY 2016-2017, $475 million in SFY 2017-2018, and $129 million in SY 2018-2019 and thereafter.

Human Services

The Executive submission for SFY 2016-2017 would require the City of New York to offset Safety Net claims before it could submit new claims for Safety Net shelter supplements. In addition, the Executive Budget would reduce reimbursement for the City of New York for any expenses incurred by the State related to the operation of any human services program. New York City is the only area of the State that would be impacted by such a proposal.

New York City Sales Tax Intercept

Public Protection/General Government, Part N/Section 46

Section 46 of this bill would permit the State to realize refunding savings on debt funded with State resources. In 2004, the Sales Tax Asset Receivable Corporation (STARC) issued $2.5 billion in debt to refinance certain obligations related to the New York City fiscal crisis. The STARC bonds are secured by $170 million in State sales tax paid to NYC as local aid, which the City has assigned to STARC bondholders. In October 2014, STARC refunded the outstanding debt, generating about $650 million in debt service savings that, due to structuring provisions, accrued to New York City. Given the unique structure of the bonds, the State would realize the savings it is due over the next three state fiscal years through the adjustment of sales tax receipts otherwise payable to New York City. If enacted, this measure would increase State revenue by approximately $200 million annually. It would also decrease NYC revenue $200 million annually for three years.

Expansion of Small Business Definition

Revenue Article VII, Part R

This measure expands the definition of a small business to include a limited liability company, a partnership or an S corporation that has a gross income less than $1.5 million. If enacted, corporate tax revenue in NYC would be reduced by $13 million annually.

This provision is part of the newly proposed (SFY 2016-17) Private Activity Bond Allocation Act of 2016. This in itself is not a surprise. The proposed measure replaces the old Private Activity Bond Allocation Act of 2014. Generally, this Act's language provides for the smooth functioning and financing of the State's Capital Plan at both the State and local levels. The newly added language (Section 17) provides for PACB approval for any financing or bond issuances that utilize the local bond allocation set aside. These set asides, generally, provide for the allocation of Federal, State, and local financial resources to fund a particular project. "Local" could mean or be any number of localities across the State during the course of the year. Invariably, many of these projects, like virtually all projects are considered by the PACB, draw on many sources of funding. If LIHTC's, e.g., are part of a final financing package, all these projects would fall under the purview of the PACB and would be subject to the monthly PACB agenda and voting approval process, instead being processed administratively by the Executive.

NEW YORK STATE SPECIAL INFRASTRUCTURE ACCOUNT

The SFY 2016-17 Executive Budget proposes to use the majority of available monetary settlement resources to fund new capital investments. The FY 2017 Executive Budget recommends the allocation of $2.3 billion of remaining settlement funds such that $2.0 billion goes towards capital projects ($1.84 billion for the Dedicated Infrastructure Investment Fund and $120 million from the EPF) and $340 million for the three-year Thruway Toll Reduction Plan.

PROPOSED USE/RESERVE OF AVAILABLE SETTLEMENTS (millions of dollars)	
TOTAL SETTLEMENTS (FY 2015 – FY 2017)	**(8,332)**
Financial Plan – Purposes (FY 2015 – FY 2017)	(627)
FY 2016 Enacted Budget Initiatives	(5,405)
FY 2017 Executive Budget Proposed Uses	**(2,300)**
Transfer to Dedicated Infrastructure Investment Fund	(1,840)
New York State Thruway Toll Credit	(340)
Transfer to Environmental Protection Fund	(120)

PROPOSED USE OF STATE MONETARY SETTLEMENTS (SFY 2016-17)

The NYS Department of Financial Services (DFS), NYS Department of Law, and the Manhattan District Attorney's Office have reached financial settlements with a number of banks and other associated entities for violations of New York banking laws, and with a number of insurance companies and other associated entities for violations of New York insurance laws. The State has received a total of $8.3 billion from monetary settlements since the beginning of SFY 2014-15. Of this amount, $5.4 billion was programmed in the SFY 2015-16 Budget and $627 million has been set aside for Financial Plan operations, as planned. The SFY 2016-17 Executive Budget proposes using another $2.3 billion of settlement money for investments that supplement State activities, including the following:

- $900 million for transportation;
- $640 million for homeless and affordable housing;
- $255 million for economic development;
- $25 million to expand anti-poverty initiatives; and
- $20 million to promote municipal consolidation.
- $1.84 billion to be transferred from the General Fund to the Dedicated Infrastructure Investment Fund (DIIF) during SFY 2016-17.

State resources are proposed to be transferred to DIIF to fund the following specific initiatives:

- $700 million for the Thruway Stabilization Plan: The Executive Budget invests in thruway infrastructure, on top of last year's commitment of $1.3 billion. This two-year investment of nearly $2 billion will support both the New NY Bridge project and other transportation infrastructure needs for the rest of the Thruway's core system across the State. Further, it will allow the Thruway to be able to freeze tolls for all drivers until at least 2020;
- $200 million for the Transportation Capital Plan: The Executive Budget allocates settlement funds towards transportation infrastructure projects across the State, consistent with the $22.1 billion five-year State Transportation Capital Plan. This plan will improve roads, bridges, airports, rail facilities, ports, and transit systems funded through the Department of Transportation (DOT) budget and make State-funded investments in the Thruway;
- $640 million for the Housing and Homeless Plan: The Executive Budget establishes a comprehensive multi-year investment in affordable housing, services and other housing opportunities for individuals and families who are homeless or at risk of homelessness. Funds will be invested over the next five years to create new housing opportunities for individuals and families in need of supportive services, and to assist vulnerable populations in securing stable housing. In SFY 2016-17, it is proposed that $640 million of settlement funds be directed towards this effort, including $590 million for capital projects and $50 million for other service costs;
- $255 million for Economic Development: The Executive Budget includes $170 million to continue support of the revitalization of Upstate New York through a competitive process. An additional $85 million to continue the economic development strategy across the State;
- $25 million for the Empire State Poverty Reduction Initiative: The Budget includes new funding to significantly expand the anti-poverty initiative begun in 2015. Planning grants totaling $5 million will be available in ten communities with high concentrations of poverty. In addition, $20 million will be available for grants to match private sector and foundation funding; and
- $20 million for the Municipal Consolidation Competition: The Executive Budget proposes funding to encourage the reduction of costs through a competitive process, to be administered by the Department of State. The DIIF legislation permits the use of available funds in case of economic downturn, or to cover disallowances or settlements related to overpayment of Federal Medicare and Medicaid revenues in excess of $100 million.

Other uses of the DIIF include:

- $340 million for the Thruway Toll Credit: Proposes monetary settlement resources to fund a tax credit to eligible Thruway motorists, such as frequent travelers, small businesses, and farmers; and
- $120 million to the EPF: Proposes monetary settlement resources be directed toward the EPF. These and other EPF resources would provide dedicated funding to communities throughout New York State to improve the environment, combat climate change, and reduce greenhouse gas emissions.

Use of Monetary Settlements (Amounts in Millions)			
	FY 2016 Enacted Budget	FY 2017 Executive Budget	Two Year Total
Capital Purpose	**$4,550,000**	**$1,960,000**	**$6,510,000**
Thruway Stabilization Program	$1,285,000	$700,000	$1,985,000
Upstate Revitalization Initiative	$1,500,000	$170,000	$1,670,000
Affordable and Homeless Housing	$0	$590,000	$590,000
Broadband Initiative	$500,000	$0	$500,000
Health Care	$355,000	$0	$355,000
MTA Capital Plan (Penn Station Access)	$250,000	$0	$250,000
DOT Capital Plan Contribution	$0	$200,000	$200,000
Municipal Restructuring and Consolidation	$150,000	$20,000	$170,000
Security and Emergency Response	$150,000	$0	$150,000
Long Island Transformative Projects	$150,000	$0	$150,000
Environmental Protection Fund	$0	$120,000	$120,000
Upstate Infrastructure and State Fair	$115,000	$0	$115,000
Other Economic Development Projects	$0	$85,000	$85,000
Southern Tier & Hudson Valley Farmland	$50,000	$0	$50,000
Emergency Homeless Housing	$0	$50,000	$50,000
Empire State Poverty Reduction	$0	$25,000	$25,000
Community Health Care Revolving Loans	$19,500	$0	$19,500
Roswell Park Cancer Institute	$15,500	$0	$15,500
Behavioral Health Care Grants	$10,000	$0	$10,000
Non-Capital Purpose	**$1,482,000**	**$340,000**	**$1,822,000**
Federal Audit Disallowance	$850,000	$0	**$850,000**
Thruway Toll Credit	$0	$340,000	**$340,000**
Financial Plan/ Budget Relief	$627,000	$0	**$627,000**
OASAS Services	$5,000	$0	**$5,000**
Total	**$6,032,000**	**$2,300,000**	**$8,332,000**

WORKFORCE AND LABOR

The Executive Budget estimates a total net increase in the State workforce of 253 Full Time Equivalents (FTEs). This increase is achieved from 1,773 attritions, 2,026 new fills. The total estimate of employees is 180,505 by the end of the 2016-2017 State Fiscal Year. The breakdown of the net change in FTEs is below, and a State Agency detail breakdown is listed on the following pages.

Workforce Overall Summary				
Workforce	**FY 2015 Actual (03/31/15)**	**Starting Estimate (03/31/16)**	**Net Change**	**Ending Estimate (03/31/17)**
Subject to Direct Executive Control	117,807	118,311	227	118,538
University Systems	57,540	57,465	0	57,465
Independently Elected Agencies	4,273	4,476	26	4,502
Grand Total	**179,620**	**180,252**	**253**	**180,505**

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

- 243 new FTEs in the Department of Health provide staff to support the fifth year of the phased takeover of local government administration of the Medicaid program, and support for federal survey and certification activities, and the continued operations of the New York health benefit exchange the New York State of Health;
- 220 new FTEs in the Department of Corrections and Community Supervision reflecting several Governor's initiatives including the Governor's Executive Order 150 to appropriately house and serve younger offenders and reforms related Special Housing Unit, and to fill critical positions;
- 115 new FTEs in the Office of General Services The increase of 115 FTEs from the FY 2016 level reflects agency transfers into the Business Services Center; and,
- 79 new FTEs in the Office of Children and Family Services mostly associated with 50 new FTEs for the youth facilities and 20 new FTEs for other administrative functions including the Human Services Contact Center to handle call volume from additional phone lines it has recently taken over.

The greatest declines in the State workforce are related with:

- 255 FTEs in the Office of People with Developmental Disabilities associated with attrition;
- 122 FTEs in the Office of Mental Health as the State continues its transition to community-base services; and,
- 92 FTEs in the Department of Taxation and Finance associated with attrition.

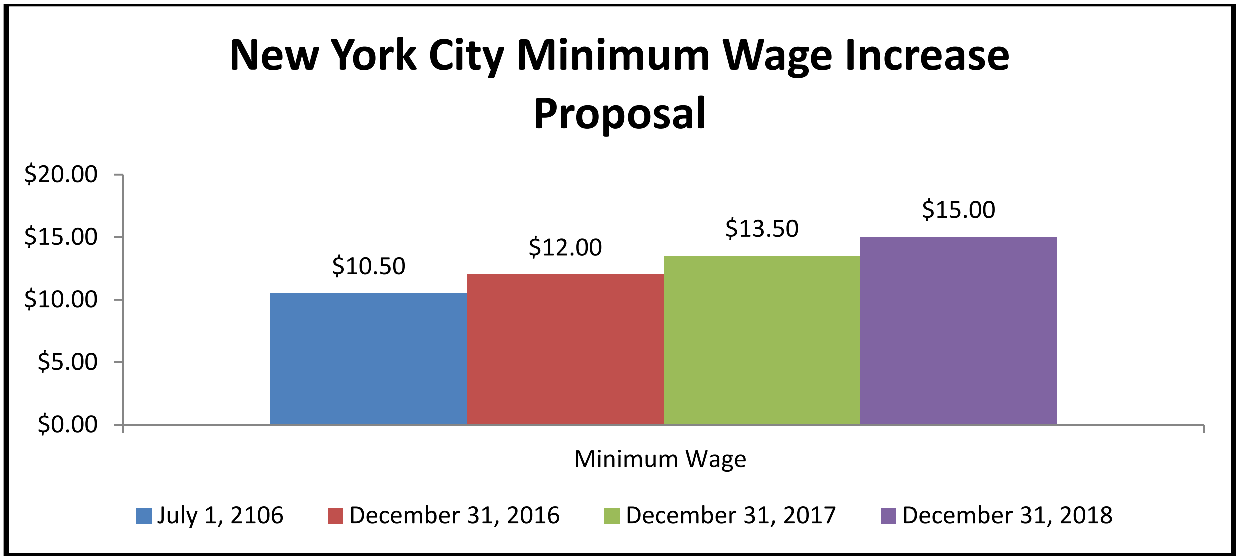
State Workforce Breakdown by Agency				
	FY 2015 Actual (03/31/15)	Starting Estimate (03/31/16)	Ending Estimate (03/31/17)	Net Change
Major Agencies				
Children and Family Services, Office of	2,986	2,875	2,954	79
Corrections and Community Supervision, Department of	28,673	28,869	29,089	220
Education Department, State	2,643	2,672	2,692	20
Environmental Conservation, Department of	2,869	2,946	2,946	0
Financial Services, Department of	1,334	1,382	1,382	0
General Services, Office of	1,588	1,754	1,869	115
Health, Department of	4,839	4,926	5,169	243
Information Technology Services, Office of	3,592	3,585	3,585	0
Labor, Department of	3,111	2,992	2,992	0
Mental Health, Office of	14,528	14,400	14,278	(122)
Motor Vehicles, Department of	2,153	2,159	2,149	(10)
Parks, Recreation and Historic Preservation, Office of	1,747	1,735	1,735	0
People with Developmental Disabilities, Office for	18,528	18,655	18,400	(255)
State Police, Division of	5,667	5,608	5,608	0
Taxation and Finance, Department of	4,395	4,359	4,267	(92)
Temporary and Disability Assistance, Office of	1,946	1,953	1,953	0
Transportation, Department of	8,559	8,228	8,258	30
Workers' Compensation Board	1,130	1,165	1,165	0
Subtotal - Major Agencies	**110,288**	**110,263**	**110,491**	**228**
Minor Agencies	**7,519**	**8,048**	**8,047**	**(1)**
Subtotal - Subject to Direct Executive Control	**117,807**	**118,311**	**118,538**	**227**
City University of New York	13,703	13,645	13,645	0
State University Construction Fund	145	152	152	0
State University of New York	43,692	43,668	43,668	0
Subtotal - University Systems	**57,540**	**57,465**	**57,465**	**0**
Audit and Control, Department of	2,526	2,643	2,663	20
Law, Department of	1,747	1,833	1,839	6
Subtotal - Independently Elected Agencies	**4,273**	**4,476**	**4,502**	**26**

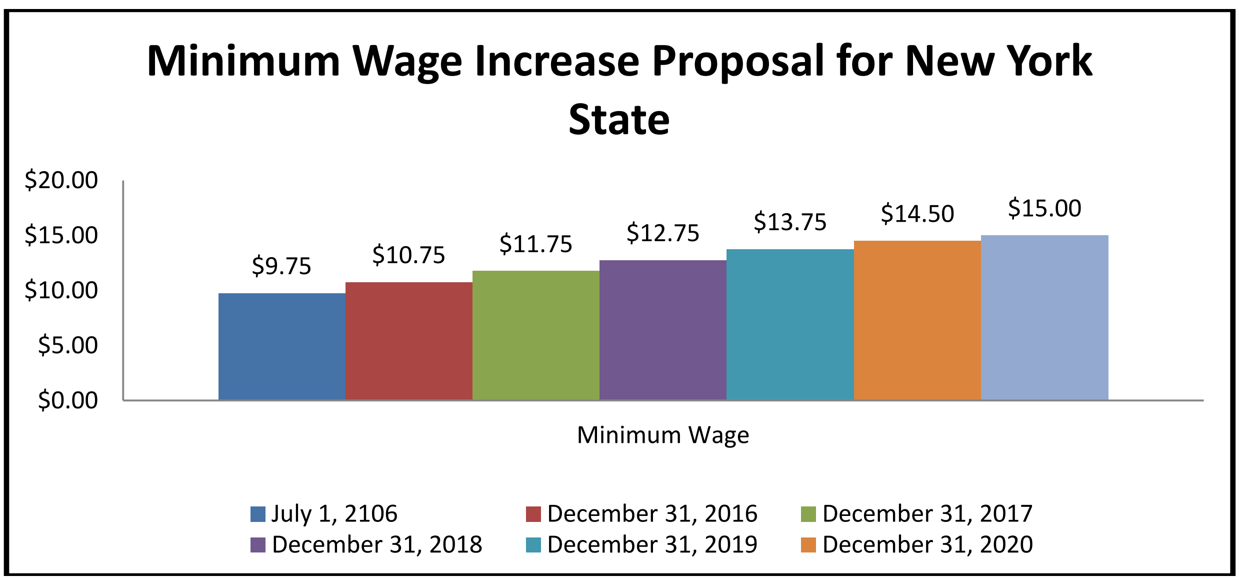
Minor Agencies	FY 2015 Actual (03/31/15)	Starting Estimate (03/31/16)	Ending Estimate (03/31/17)	Net Change
Adirondack Park Agency	54	54	54	0
Aging, Office for the	93	95	95	0
Agriculture and Markets, Department of	475	476	476	0
Alcoholic Beverage Control, Division of	112	127	127	0
Alcoholism and Substance Abuse Services, Office of	750	741	741	0
Arts, Council on the	24	30	30	0
Budget, Division of the	239	261	261	0
Civil Service, Department of	305	347	347	0
Correction, Commission of	28	32	32	0
Criminal Justice Services, Division of	413	436	436	0
Deferred Compensation Board	3	4	4	0
Economic Development, Department of	142	158	153	(5)
Elections, State Board of	70	80	80	0
Employee Relations, Office of	28	37	37	0
Executive Chamber	129	136	136	0
Financial Control Board, New York State	12	12	12	0
Gaming Commission, New York State	376	405	405	0
Higher Education Services Corporation, New York State	267	250	250	0
Homeland Security and Emergency Services, Division	406	466	478	12
Housing and Community Renewal, Division of	666	683	683	0
Hudson River Valley Greenway Communities Council	1	1	1	0
Human Rights, Division of	148	164	164	0
Indigent Legal Services, Office of	10	19	19	0
Inspector General, Office of the	66	109	109	0
Interest on Lawyer Account	8	8	8	0
Judicial Conduct, Commission on	45	50	50	0
Justice Center for the Protection of People with Special Needs	354	428	450	22
Labor Management Committees	65	77	77	0
Lieutenant Governor, Office of the	3	7	7	0
Medicaid Inspector General, Office of the	457	479	453	(26)
Military and Naval Affairs, Division of	338	337	354	17
Prevention of Domestic Violence, Office for	24	28	28	0
Public Employment Relations Board	29	33	33	0
Public Ethics, Joint Commission on	40	58	58	0
Public Service Department	517	525	508	(17)
State, Department of	512	543	539	(4)
Statewide Financial System	130	139	139	0
Tax Appeals, Division of	25	27	27	0
Veterans' Affairs, Division of	84	98	98	0
Victim Services, Office of	65	81	81	0
Welfare Inspector General, Office of	6	7	7	0
Subtotal - Minor Agencies	**7,519**	**8,048**	**8,047**	**(1)**

Article VII

Minimum Wage

The Executive Budget submission would increase the minimum wage to $15 per hour over the next three to six years. The propose increase would be gradual and fully implemented by July 1, 2021. This increase would bring the minimum wage more in line with the cost of living and the wage required to lift a family out of poverty. The Executive Budget includes provisions to further increase the minimum wage to $10.50 in New York City and $9.75 in the remainder of the State, effective July 1, 2016, gradually increasing the minimum wage to $15.00 in New York City on December 31, 2018 and across the rest of the State on July 1, 2021.





Research has shown that raising the minimum wage boosts consumer spending, increasing the demand that drives economic growth. A 2011 study by the Chicago Federal Reserve Bank found that minimum wage increases raise incomes and increase consumer spending, especially in car purchases. The authors examine 23 years of household spending data and find that for every dollar increase for a minimum wage worker results in $2,800 in new consumer spending by his or her household over the following year.

On Election Day in November 2014, in Arkansas, Alaska, South Dakota, and Nebraska, voters by very wide margins approved ballot initiatives to raise their states' minimum wage. And a national poll released in January 2015 showed that 75% of Americans—representing all demographics—support raising the federal minimum wage to over $12 per hour.

Across the country, there is overwhelming momentum in favor of raising wages for our nation's lowest-wage workers. Twenty-nine states and the District of Columbia, as well as 21 cities and counties, set their minimum wages above the inadequate federal rate of $7.25. As a result of their actions, cities such as Seattle, San Francisco, Syracuse and others have raised their minimum wages to $15.00 per hour, and some of the nation's largest employers have raised wages despite the absence of federal action.

In the State of the State Governor Cuomo explained that the current minimum wage represents less than one-third of the average hourly wage in the State, which is almost $29. Eight states and the District of Columbia currently have a higher minimum wage than New York. A reasonable minimum wage increases the standard of living for workers, reduces poverty, and results in fairer business practices. Since low-income individuals spend a larger percentage of their income on basic needs, salary increases in low-wage occupations lead to increased demand for goods and services and help spur economic growth.

Paid Family Leave

The Executive Budget recommendation proposes a paid family leave program. Under this program, employees would be eligible for twelve weeks of paid family leave when caring for an infant or ill family member. The maximum paid benefit would grow to 50% of the State's Average Weekly Wage by 2021.

SFY 2016-17 EXECUTIVE BUDGET OVERVIEW

Current Fiscal Year (SFY 2015-16) Update

General Fund receipts, including transfers from other funds, are expected to total $70.1 billion in SFY 2015-16. General Fund disbursements, including transfers to other funds, are expected to total $72.6 billion. Department of Budget (DOB) expects the General Fund will end SFY 2015-16 with a balance of $4.8 billion. Disbursements exceed receipts by $2.5 billion in the current year, due almost exclusively to the planned use of settlement money received in SFY 2015-16 and transferred (or expected to be transferred) to other funds. Excluding the impact of transactions related to settlement money, disbursements exceed receipts by $239 million in the current year. This reflects the planned uses of the fund balance for Financial Plan purposes ($190 million), retroactive labor settlements ($35 million), and community projects fund purposes related to reappropriations ($14 million).

DOB has increased the estimate for General Fund receipts by $456 million compared to the Midyear Update. The estimate for tax receipts has been increased by $512 million, mainly reflecting stronger than expected PIT and business tax collections to date. This increase is offset by an increase in the level of PIT refunds that will be paid in the current fiscal year of $250 million. The estimate for lower non-tax receipts (excluding settlements) has been lowered based on a review of current year results. In addition, DOB has increased the estimate of payments expected from monetary settlements by $225 million based on actual receipts to date.

Estimated General Fund disbursements have been revised upward by $245 million from the Midyear Update. Local assistance and agency spending have been revised downward across a range of programs based on operating results to date and other information. Transfers to other funds have been increased to reflect the prepayment of debt service, increased capital funding due to the timing and availability of bond proceeds, and a downward revision to the expected level of Federal resources available to fund mental hygiene services.

DOB expects the General Fund will end SFY 2015-16 with a balance of $4.8 billion, an increase of $211 million compared to the Midyear estimate. The change reflects the increase in monetary settlements offset by the use of $14 million from the Community Projects Fund balance for spending against reappropriations.

Risks to the current estimates remain. For example, while tax receipts have exceeded expectations, collections are subject to significant volatility in the final quarter of the fiscal year. In addition, there can be no assurance that Federal aid for health care, mental hygiene and other purposes will be received at the levels or on the timetable assumed in the Financial Plan.

OVERVIEW OF SFY 2016-17 EXECUTIVE BUDGET ACTIONS

In order to adhere to the 2% State Operating Funds spending cap and realize a General Fund balanced budget, State Operations, Aid to Localities, and Debt Service Program spending reductions are necessary when constructing the SFY 2016-17 Executive Budget. The projected DOB operating gap for SFY 2016-17 is $1.8 billion. The major cost savings actions (net totals) that reduce this gap are as follows:

Agency Operations

Operating costs for State agencies include salaries, wages, fringe benefits, and non-personal service costs (i.e., supplies, utilities). These costs have significantly declined over the past several years through ongoing State agency redesign and cost-control efforts. Reductions from the prior projections for agency operations contribute $397 million to the General Fund gap closing plan.

Local Assistance

Local Assistance spending includes financial aid to local governments and nonprofit organizations, as well as entitlement payments to individuals. Reductions from the prior projections for local assistance spending are expected to generate $1.3 billion in General Fund savings in SFY 2016-17. Savings are expected from both targeted actions and continuation of prior-year cost containment.

Capital Projects/Debt Management

Savings are expected to be achieved through a variety of debt management actions, including the prepayment of $550 million of SFY 2016-17 expenses in SFY 2015-16 and $60 million of SFY 2017-18 expenses in SFY 2016-17; refunding of higher-cost debt, management of bondable resources; and efficiency savings through the continued use of competitive bond sales.

These program reductions are partially offset by specified new initiatives totaling $121 million and changes in available Federal resources.

SFY 2016-17 Executive Budget Gap Closing Plan:

General Fund Gap Closing Plan for SFY 2016-17 (Amounts in Millions)	
Midyear Budget Surplus (Gap) Estimate	**($1,781)**
Spending Changes	**2,048**
Agency Operations	**397**
Executive Agency Operations	215
Fringe Benefits/Fixed Costs	181
University Systems	19
Judiciary	(18)
Local Assistance	**1,333**
Health Care	308
STAR	240
Mental Hygiene	215
Human Services/Housing	154
Higher Education	176
All Other	240
Capital Projects/Debt Management	**439**
Initiatives/Investments	**(121)**
Juvenile Justice Reform ("Raise the Age")	(2)
DREAM Act	(19)
Continue Charter School Tuition Funding	0
SUNY/CUNY Performance Incentive	0
Public Financing of Campaigns	0
All Other	(100)
Adhere to 2% Future Spending Benchmark	**n/a**
Resource Changes	**(284)**
Tax Revisions	(229)
Federal DSHP Resources	(250)
STARC Debt Refunding Savings	200
STAR Conversion	0
All Other	(5)
Surplus Available From FY 2016	**0**
Tax Actions	**17**
Small Business Tax Rate Reduction*	0
Thruway Toll Credit*	0
Use of Monetary Settlements for Thruway Toll Credit*	0
Education Tax Credit*	0
Other Tax Extenders/Credits	17
Executive Budget Surplus/(Gap)	**0**

*State Financial Plan impact begins in SFY 2017-18

FINANCIAL PLAN TABLES BY FUND (SFY 2016-17 EXECUTIVE BUDGET)

Annual Spending Growth

The Executive Budget holds SFY 2016-17 annual spending growth in State Operating Funds to 1.7%, below the 2% spending benchmark. All Funds spending, which includes spending from capital funds and Federal funds, is expected to increase by 1.2% from the level estimated for SFY 2015-16, excluding extraordinary aid. The growth is driven, in large part, by increased capital investments.

SFY 2016-17 STATE RECEIPTS ($ billions)

Funding Source	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund**	$70.071	$68.786	($1.285)	(1.8)%
State Operating Funds	$95.038	$94.975	($.63)	(.66)%
All Funds***	$148.133	$149.267	$1.131	0.8%

SFY 2016-17 DISBURSEMENTS ($ billions)

Funding Source	SFY 2014-15	SFY 2015-16	$ Change	% Change
General Fund**	$72.575	$70.639	($1.936)	(2.7)%
State Operating Funds	$94.282	$95.885	$1.603	1.7%
All Funds***	$152.084	$154.517	$2,433	1.6%

** Includes transfers

***Includes Extraordinary Aid

CLOSING GENERAL FUND BALANCE FOR SFY 2016-17

DOB projects that the General Fund will end SFY 2016-17 with cash balance of $2.9 billion, a decrease of $1.9 billion from the SFY 2015-16 closing balance. The decline reflects the planned transfers of $2.1 billion in monetary settlements, the use of $16 million of the Community Projects Fund, and $15 million of the Collective Bargaining Reserve to fund the recent labor agreements. This decrease is partly offset by the planned set aside of $240 million for potential retroactive labor agreements with CUNY unions, which is contingent upon enactment of the changes in financial responsibilities for CUNY senior colleges proposed in this Executive Budget.

Substantial positive balances in the State’s principal "rainy day" reserves, the Tax Stabilization Reserve Fund and Rainy Day Reserve Fund, are expected to remain unchanged in SFY 2016-17.

The Executive Budget Financial Plan also maintains a reserve of $500 million for debt management purposes in SFY 2016-17, unchanged from the level held at the end of SFY 2015-16. DOB will decide on the use of these funds based on market conditions, State Financial Plan needs, and other factors.

OVERVIEW OF MAJOR EXECUTIVE SFY 2016-17 REVENUE/TAX ACTIONS

The Executive Budget presents five tax cuts and credits that will provide $444 million in direct tax relief by SFY 2017-18, growing to $594 million when fully annualized. The financial impact of these tax reductions on the State Financial Plan will commence in SFY 2017-18.

Small Business Tax Reduction

The Budget reduces the net income tax rate from the current 6.5% to 4% effective January 1, 2017 for small businesses that file under Article 9-A. For the purpose of this tax cut, the definition of "small business" is a business with net income below $390,000 and less than 100 employees.

Small Business Tax Reduction/PIT Filers

For small businesses whose members pay taxes via the personal income tax, the Budget provides new and expanded tax cuts. The existing 5% sole proprietor and farm business income AGI subtraction, available to taxpayers with small business income of $250,000 or less, is increased to 15%. As an example, a farmer or sole proprietor with net business income of $240,000 in the current year and an effective tax rate of 6% would exempt 5% of his net income to save $720.

Enhance the Urban Youth Jobs Program Tax Credit

This program encourages businesses to hire unemployed, disadvantaged youth, ages 16 to 24, living in the cities and towns with the highest poverty and unemployment rates. The annual allocation is increased from $20 million to $50 million for hiring years 2016 and 2017, of which $10 million annually may be allocated statewide.

Establish Thruway Toll Tax Credits

To lower the cost of traveling the New York State Thruway for commuters and other heavy users, and to lower the cost of bringing products to market for businesses, the Executive Budget provides a nonrefundable credit for Thruway tolls paid electronically. Drivers of passenger vehicles who spend at least $50, annually, and businesses and commercial account holders who spend between $100 and $9,999 in Thruway tolls, annually, would receive a tax credit worth 50% of tolls paid. For farmers, the Budget provides a 100% nonrefundable credit, regardless of usage, for farm vehicle use on the Thruway. Over the three years, drivers will save $340 million.

Establishes the Education Tax Credit

The new credits provide $150 million in tax relief annually through the Parental Choice in Education Act. An aggregate total of $50 million is dedicated to a 75% nonrefundable credit for charitable contributions to educational scholarship organizations that provide support to low-income students seeking to attend a nonpublic school or a public school outside of the student's district. Corporation franchise and individual taxpayers may claim this credit, up to a maximum annual credit of $1 million. Another $20 million is dedicated to a credit for contributions to public education entities, school improvement organizations, and local education funds, based on the same parameters as the credit for contributions to educational scholarship organizations. The Act also establishes a refundable tax credit worth an aggregate $70 million, against the personal income tax, for up to $500 in tuition costs per pupil for families with New York Adjusted Gross Income below $60,000.

LOCAL GOVERNMENT ASSISTANCE

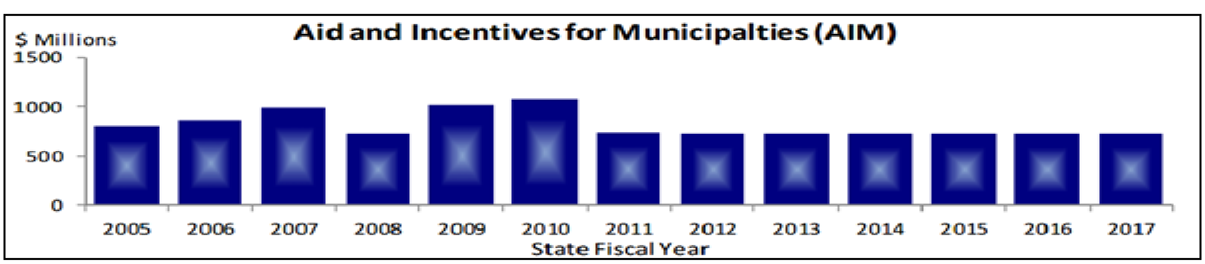
Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$843,893,967	$786,048,467	($57,845,500)	-7%
Fiduciary Funds	$30,000,000	$30,000,000	$0	0%
Total	**$873,893,967**	**$816,048,467**	**($57,845,500)**	**-7%**

Local Government Assistance programs provide a range of State aid and assistance for all classes of local governments. Key General Fund-supported programs provides Aid to local governments through various programs including Aid and Incentives for Municipalities (AIM), part of which is an unrestricted revenue sharing program, and other efficiency programs to promote and assist the efforts of local governments to merge, consolidate and share services. The Aid and Incentives for Municipalities (AIM) program 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 SFY 2016-17 includes $816 million in All Funds appropriations to fund miscellaneous state aid and assistance programs, including $784 million in General Fund support to local governments under several programs. Included in the All Funds appropriations, the Budget recommends $2.5 million in General Fund State Operating support for the Financial Restructuring Board for Local Governments and $30 million in Fiduciary Funds to cover contingency appropriation requirements. Overall, this represents a decrease of $58 million from SFY 2015-16 in All Funds appropriation levels, primarily due to reductions in the Local Government Performance and Efficiency Program.

The Executive Budget for SFY 2016-17 provides $715 million in unrestricted AIM for cities (outside of New York City), towns, and villages unchanged from the SFY 2015-16 Enacted Budget . The AIM program was created in SFY 2005-06 to consolidate various unrestricted local aid funding programs and to provide unrestricted aid that could be utilized at the discretion of the local entity.



In addition, $39 million in appropriations for Citizen Empowerment Tax Credits, Citizens Re-Organization Empowerment Grants, and the Local Government Efficiency Grant program are continued under the Executive proposal.

The Executive Budget eliminates a one-time $40 million appropriation for the Financial Restructuring Board through the Local Government Performance and Efficiency Program. This budget eliminates $15.8 million in the General Fund for Miscellaneous Financial Assistance. The Executive Budget also eliminates the Village Per Capita Aid of $2 million.

The SFY 2016-17 Budget maintains appropriations of $15 million to a Special Account for the Municipal Assistance Corporation for the City of Troy and maintains allocations for the Small Government Assistance programs totaling $217,300 for the Counties of Essex, Franklin, and Hamilton.

The existing programs eligible for Municipal Restructuring proposals are as follows :

- 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;
- 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 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 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,

SFY 2016-17 Executive Budget---Aid and Incentives for Municipalities Proposal

Municipality	Amount	Municipality	Amount
BUFFALO	161,285,233	ITHACA	2,610,398
YONKERS	108,215,479	TONAWANDA	2,602,104
ROCHESTER	88,234,464	OSWEGO	2,451,698
SYRACUSE	71,758,584	GLOVERSVILLE	2,302,592
NIAGARA FALLS	17,794,424	PEEKSKILL	2,219,384
UTICA	16,110,473	OLEAN	2,239,826
ALBANY	12,607,823	ONEONTA	2,231,857
TROY	12,279,463	CORTLAND	2,018,330
SCHENECTADY	11,205,994	GENEVA	1,942,613
BINGHAMTON	9,249,457	BATAVIA	1,750,975
ROME	9,083,340	OGDENSBURG	1,708,659
MOUNT VERNON	7,155,691	SARATOGA SPRINGS	1,649,701
NEW ROCHELLE	6,162,927	ONEIDA	1,700,877
LACKAWANNA	6,309,821	FULTON	1,626,822
WHITE PLAINS	5,463,256	GLENS FALLS	1,607,009
AUBURN	4,982,093	DUNKIRK	1,575,527
WATERTOWN	4,703,208	BEACON	1,537,478
JAMESTOWN	4,572,280	CORNING	1,499,556
NEWBURGH	4,464,656	HORNELL	1,497,788
ELMIRA	4,578,801	HUDSON	1,456,991
POUGHKEEPSIE	4,248,021	PORT JERVIS	1,406,263
NORTH TONAWANDA	4,335,111	JOHNSTOWN	1,388,910
LONG BEACH	3,152,704	WATERVLIET	1,210,193
KINGSTON	3,069,151	RYE	1,208,024
GLEN COVE	2,837,667	RENSSELAER	1,137,317
AMSTERDAM	2,866,670	CANANDAIGUA	1,119,304
MIDDLETOWN	2,705,826	NORWICH	1,089,279
COHOES	2,742,886	SALAMANCA	928,131
LOCKPORT	2,650,525	LITTLE FALLS	866,034
PLATTSBURGH	2,648,880	MECHANICVILLE	662,392
		SHERRILL	372,689
Cities Total			**647,093,629**
Towns			**47,783,780**
Villages			**19,854,292**
Total			**714,731,701**

Public Protection and General Government

DIVISION OF ALCOHOLIC BEVERAGE CONTROL

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$13,313,000	$13,313,000	$0	0%
Special Revenue- Other	$4,752,000	$0	($4,752,000)	-100%
Total	**$18,065,000**	**$13,313,000**	**($4,752,000)**	**-26%**

The Division of Alcoholic Beverage Control operates under the direction of the State Liquor Authority, a three-member board consisting of a Chairperson, who acts as the agency administrator, and two Commissioners, 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 SFY 2016-17 Executive Budget recommends a General Fund budget of $13.3 million. This is a $4.7 million decrease. The Executive Budget will streamline agency operations by converting from a Special Revenue funding structure to General Fund.

The Executive recommends a workforce of 127 FTEs, unchanged from last year.

AUDIT AND CONTROL/OFFICE OF STATE COMPTROLLER

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$159,370,000	$161,592,000	$2,222,000	1%
Special Revenue-Other	$18,984,000	$19,484,000	$500,000	3%
Internal Service Funds	$31,362,500	$35,063,000	$3,700,500	11.8%
Fiduciary Funds	$106,729,000	$106,729,000	$0	0%
Capital Projects	$0	$6,000,000	$6,000,000	100%
Total	**$316,445,500**	**$328,868,000**	**$12,422,500**	**4%**

The Department of Audit and Control, also known as the Office of the State Comptroller (OSC), was created in 1926. The Department 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. The Department is responsible for paying the State's bills and payrolls; verifying all financial transactions of the State; reviewing the financial and management practices of State agencies; supervising the fiscal affairs of local governments and helping them find support through State programs; investing State funds and issuing bonds and notes; and administering the retirement program from the State and most local government employees.

Overview of Executive Budget Proposal

The SFY 2017 Executive Budget recommends $328.9 million in All Funds for the OSC, an increase of $12.4 million from SFY 2016. This funding is associated with a $1.3 million increase for operations center fixed costs, $1.1 million for additional unclaimed funds and Medicaid auditors, $3.7 million to reflect reimbursement for shared IT services, and $6.3 million associated with the upgrade and expansion of the State's payroll system (PayServ).

Additionally, the Executive proposes a $500,000 increase to support 9 FTEs to perform additional audits in the Office of Unclaimed Funds, along with $624,000 and 8 FTEs for additional auditors for the State's Medicaid Program.

The Executive recommends a workforce of 2,663 FTEs, an increase of 20 FTEs associated with additional auditors (16 FTEs) and payroll system staff (4 FTEs).

DIVISION OF THE BUDGET

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$29,778,000	$29,251,000	($527,000)	-2%
Special Revenue- Other	$19,283,000	$19,283,000	$0	0%
Internal Service Funds	$1,650,000	$1,650,000	$0	0%
Total	**$50,711,000**	**$50,184,000**	**($527,000)**	**-1%**

The Division of the Budget is responsible for assisting the Governor in the development of the Executive Budget and executes the budget as adopted by the Legislature. The Division also serves as one of the Governor's primary advisors on such fiscal matters as local government and public authority finances.

Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of $50.2 million, a decrease of $527,000 from SFY 2015-16. The proposal eliminates $527,000 related to membership dues, including $469,000 for the Council of State Governments, $48,000 for the National Conference of Insurance Legislators, and $10,000 for the National Conference of State Legislators.

The Executive recommends a workforce of 261 FTEs for the Division of Budget, unchanged from SFY 2016.

DEPARTMENT OF CIVIL SERVICE

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$14,533,000	$14,533,000	$0	0%
Special Revenue- Other	$1,896,000	$1,896,000	$0	0%
Internal Service Funds	$34,455,000	$39,009,000	$4,554,000	13%
Total	**$50,884,000**	**$55,438,000**	**$4,554,000**	**9%**

The Department of Civil Service (DCS) manages the public workforce for State agencies and 100 municipals 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.

Overview of the Executive Budget Proposal

The Executive Budget proposal recommends an All Funds appropriation totaling $54.4 million for SFY 2016-17, a $4.6 million increase from SFY 2015-16. This increase to State Operations appropriation is associated with an increase in the Personnel Benefit Services Program.

Article VII

Increases Premiums for Future Retiree Healthcare

The Executive Budget proposes a change in the premium rates for future State retiree health care. Under this plan, retirees enrolled in the New York State Health Insurance Plan (NYSHIP) would have their premiums increase substantially for those with less than 30 years in state service. Current premium rates are set at 12% or 16% of costs (the higher amount for higher paid employees). The Governor's plan would raise individual contribution and dependant contribution rates for anyone who retires with less than 30 years of service. Special benchmarks would occur at ten and twenty years of service. Every year from 10 to 20 years of service the employee premium cost upon retirement would decrease by 2% per year, and every year from 20 to 30 years of service would decrease by 1% per year. The following chart provides the graduated premium rate proposed under this plan:

State Service	Current Single Premiums		Proposed Single Premiums		Current Dependant Premiums		Proposed Dependant Premiums	
	Low-Income	*High-Income*	*Low-Income*	*High-Income*	*Low-Income*	*High-Income*	*Low-Income*	*High-Income*
10 Years	12%	16%	46%	50%	27%	31%	61%	65%
15 Years	12%	16%	36%	40%	27%	31%	51%	55%
20 Years	12%	16%	22%	26%	27%	31%	37%	41%
25 Years	12%	16%	17%	21%	27%	31%	32%	36%
30 Years	12%	16%	12%	16%	27%	31%	27%	31%

There are several categories of employees who are exempt from this proposal and would maintain the same rates for future retirement. Excluded employees include: a) any member of the Police and Fire Retirement System; b) uniformed personnel in the Department of Corrections and Community Supervision (DOCCS) or those in hospital treatment security assistants titles; c) any employee who retires pursuant to an ordinary, disability, or performance of duty retirement benefit; or d) any individual who retires before October 1, 2016.

The Executive estimates a year 1 savings of $3 million, $24.5 million per year by SFY 2020-2021. In year one only 2,815 retirees and dependants would be affected, but that number would increase to 20,597 over the next five years.

Reduces Reimbursement for State Retirees Enrolled in Medicare
The Executive Budget proposes two reductions in reimbursements for state retirees enrolled in Medicare, i.e. those over the age of 65. First, the Executive proposes an elimination of reimbursements for higher-income retirees, who pay a federally mandated additional premium known as the Income Related Monthly Adjustment Amount (or IRMAA). The total breakdown of IRMAA premiums can be found in the following chart:

Single Retirees	**Married Retirees**	**Regular Premium**	**IRMAA Premium**	**Total Premium**
Up to $85,000	Up to $170,000	$104.90	N/A	$104.90
$85,001-$107,000	$170,001-$214,000	$104.90	$42.00	$146.90
$107,001-$160,000	$214,001-$320,000	$104.90	$104.90	$209.80
$160,001-$214,000	$320,001-$428,000	$104.90	$167.80	$272.70
Over $214,000	Over $428,000	$104.90	$230.80	$335.70

Additionally, the Executive proposes a freeze on future reimbursements of the general premiums all beneficiaries pay at the current amount of $104.90 per month. By setting this amount in statute, this proposal would reverse the state's current policy of reimbursing the full amount, which can change year-to-year due to various inflation factors. As a result, future federal increases to the Medicare premiums would not be reimbursed for state retirees and there would be a de-facto increase in the retiree co-pay for their health benefits.

The Executive estimates a total budget savings in year one of $7.2 million, of which $6.2 million would be associated with IRMAA and the remainder associated with capping growth in Medicare standard premiums. By the fifth year, the Executive estimates a savings of $16.6 million, as well as a growth of total affected retirees from approximately 10,000 retirees to more than 40,000 retirees.

	IRMAA Savings (in millions)	Affected Retirees	Medicare Standard Savings (in millions)	Affected Retirees	Total Savings (in millions)
FY 2017	$6.20	5,352	$0.94	4,647	$7.2
FY 2020	$9.70	8,148	$6.9	34,016	$16.6

STATE COMMISSION OF CORRECTION

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$2,894,000	$2,894,000	$0	0%
Total	**$2,894,000**	**$2,894,000**	**$0**	**0%**

The Commission (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 SCOC'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.

Overview of the Executive Budget Proposal

The State Commission of 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.

The Executive Budget proposes State Operations funding to remain flat at $2.9 million. The Executive also recommends a workforce of 32 FTEs, representing no change from the SFY 2015-16 Enacted Budget.

DEPARTMENT OF CORRECTIONS AND COMMUNITY SUPERVISION

Funding Source	Adjusted Appropriation 2015-2016	Executive Recommendation 2016-2017	$ Change	% Change
General Fund	$2,722,586,000	$2,661,078,000	($61,508,000)	0.02%
Special Revenue-Federal	$40,500,000	$40,500,000	$0	0%
Special Revenue-Other	$32,355,000	$33,855,000	$1,500,000	0.05%
Capital Projects Fund	$15,000,000	$310,000,000	$295,000,000	19.7%
Internal Service Funds	$64,122,000	$64,122,000	$0	0%
Enterprise Funds	$43,343,000	$43,343,000	$0	0%
Total:	**$2,946,099,000**	**$3,182,391,000**	**$236,292,000**	**8.02%**

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

Overview of Executive Budget Proposal

The Executive Budget recommends an estimated $3.2 billion for the Department of Corrections and Community Supervision representing an increase of $236.3 million from SFY 2015-16. This increase is attributed in large part to the restoration of capital appropriations in the amount of $310 million to prior year levels.

It should be noted that there is a continuing increase to the health services and community supervision funds primarily attributable to sky-rocketing cost of Hepatitis C drugs totaling close to $23 million for SFY 2016-2017.

The Executive Budget recommends a workforce of 29,089 FTEs for the Department, an increase of 220 FTEs from SFY 2015-16. This workforce level increase reflects the Department's efforts to meet SFY 2016-2017 initiatives including the Governor's Executive Order 150 to appropriately house and serve offenders age 16-and 17 by August 2016 as well as reforms related to Special Housing Units. These FTE vacancies reflect critical programmatic, civilian and security positions.

DIVISION OF CRIMINAL JUSTICE SERVICES

Funding Source	Adjusted Appropriation 2015-2016	Executive Recommendation 2016-2017	$ Change	% Change
General Fund	$175,213,000	$178,677,000	$3,464,000	2%
Special Revenue Fund-Federal	$51,350,000	$67,350,000	$16,000,000	31.2%
Special Revenue Fund-Other	$41,059,000	$26,759,000	($14,300,000)	-34.8%
Total	**$267,622,000**	**$272,786,000**	**$5,164,000**	**1.9%**

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 the Sex Offender Registry; preserves all 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 $272.8 million All Funds appropriation for the Division which represents a modest increase of $5.2 million from the 2015-2016 SFY Budget. This total reflects $178.7 million from the General Fund, $67.4 million from federal funds, and $26.7 million from Special Revenue-Other. The change is attributed to lower appropriations in Aid to Localities, due to the elimination of non-recurring programs.

The Executive Budget has allocated an additional $1 million to expand the use of alternatives to incarceration programs and an additional $1 million to expand County Re-Entry Task Forces to provide enhanced case coordination to high-risk individuals for the following services: transitional housing, connections to employment; and provide seamless provisions of medical and mental health services from prison to the community. The Executive eliminates $12.8 million in prior year legislative adds, bringing Local Assistance- General Funds to $140.6 million, an increase of $3.4 million.

The Executive Budget recommends a workforce of 436 FTEs for the Division representing no change from previous year.

Local Assistance Programs-DCJS			
Programs	SFY 2015-2016 Enacted	SFY 2016-2017 Executive	$ Change
Aid to Prosecution	$10,680,000	$10,680,000	$0
New York State Prosecutors Training Institute (NYPTI)	$2,304,000	$2,304,000	$0
Witness Protection Program	$304,000	$304,000	$0
District Attorney Salary Reimbursement	$4,212,000	$4,212,000	$0
Special Narcotics Prosecutor	$825,000	$825,000	$0
Crime Laboratories	$6,635,000	$6,635,000	$0
Westchester Policing Program	$1,984,000	$1,984,000	$0
Additional Westchester Policing Program Funding*	$316,000	$0	($316,000)
Soft Body Armor	$513,000	$513,000	$0
Re-entry Task Force	$3,063,000	$4,063,000	$1,000,000
GIVE Program	$15,219,000	$15,219,000	$0
Aid to Defense Services	$5,507,000	$5,507,000	$0
New York State Defender Association	$1,089,000	$1,089,000	$0
Probation Aid	$44,876,000	$44,876,000	$0
Alternatives to Incarceration (ATI)	$5,518,000	$5,518,000	$0
ATI and Demonstration Programs	$11,994,000	$0	($11,994,000)
Temporary Assistance For Needy Families (TANF) 200%	$2,622,000	$0	($2,622,000)
ATI and Demonstration Programs / TANF 200%	$0	$14,616,000	$14,616,000
Probation Violation Centers	$1,000,000	$1,000,000	$0
ATI Assessment	$0	$1,000,000	$1,000,000
SNUG/ Bronx, Queens, Rockland and Onondaga	$1,000,000	$0	($1,000,000)
SNUG	$2,000,000	$3,315,000	$1,315,000
Rape Crisis Centers*	$2,700,000	$0	($2,700,000)
Rape Crisis Centers	$0	$2,700,000	$2,700,000
Crimes Against Revenue Program (CARP)	$0	$14,300,000	$14,300,000
Additional ATI funding*	$715,267	$0	($715,267)
Groundswell*	$75,000	$0	($75,000)
Make the Road*	$150,000	$0	($150,000)
Friends of the Island Academy*	$150,000	$0	($150,000)
Brooklyn Defender*	$175,000	$0	($175,000)
Bailey House Project FIRST*	$100,000	$0	($100,000)
Legal Aid Society - Immigration Law Unit*	$150,000	$0	($150,000)
John Jay College*	$100,000	$0	($100,000)
Legal Action Center*	$180,000	$0	($180,000)
Community Service Society - Record Repair Counseling Corp*	$250,000	$0	($250,000)
Vera Institute of Justice: Immigrant Family Unity Project*	$200,000	$0	($200,000)
Osborne Association*	$31,000	$0	($31,000)
Bergen Basin Community Development Corporation*	$26,000	$0	($26,000)
Vera Institute of Justice: Common Justice*	$200,000	$0	($200,000)
Consortium of Niagara Frontier*	$175,000	$0	($175,000)
Greenpoint Outreach Domestic and Family Intervention*	$150,000	$0	($150,000)
Brooklyn Legal Services Corp A*	$250,000	$0	($250,000)
Correctional Association*	$127,000	$0	($127,000)
Jacob Riis Settlement House*	$20,000	$0	($20,000)

Local Assistance Programs-DCJS			
Programs	SFY 2015-2016 Enacted	SFY 2016-2017 Executive	$ Change
Fortune Society*	$100,000	$0	($100,000)
Legal Services - NYC Dream Clinics*	$150,000	$0	($150,000)
Elmcor Youth and Adult Activities Program*	$19,000	$0	($19,000)
Legal Education Opportunity Program*	$200,000	$0	($200,000)
NYPD Training: Museum of Tolerance NY Tools for Tolerance Program*	$200,000	$0	($200,000)
NYU Veteran's Entrepreneurship Program*	$30,000	$0	($30,000)
Mohawk Consortium*	$50,000	$0	($50,000)
Exodus Transitional Community Center*	$50,000	$0	($50,000)
Goddard Riverside Community Center*	$118,733	$0	($118,733)
Legal Aid Society of Staten Island*	$250,000	$0	($250,000)
Queens Child Guidance*	$250,000	$0	($250,000)
Albany Law School - Immigration Clinic*	$150,000	$0	($150,000)
Harlem Mothers SAVE*	$50,000	$0	($50,000)
Additional NYS Defenders Association*	$1,000,000	$0	($1,000,000)
Domestic Violence (Assembly)*	$609,000	$0	($609,000)
Domestic Violence (Senate)*	$1,609,000	$0	($1,609,000)
Law Enforcement, Anti-Drug, Anti-Crime/Crime Control and Prevention*	$2,891,000	$0	($2,891,000)
Finger Lakes Law Enforcement*	$500,000	$0	($500,000)
Law Enforcement, Emergency Services - Equipment and Technology*	$604,000	$0	($604,000)
Neighborhood Initiatives Development Corporation*	$100,000	$0	($100,000)
NYPD - Community-Police Relations in County of Bronx*	$100,000	$0	($100,000)
District Attorney Office - Queens County*	$100,000	$0	($100,000)
District Attorney Office - Richmond County*	$100,000	$0	($100,000)
District Attorney Office - Rockland County*	$65,000	$0	($65,000)
SNUG - Bronx, Jacobi Medical Center Auxiliary*	$315,000	$0	($315,000)
TOTAL	**$137,196,000**	**$140,660,000**	**$3,464,000**

Legal Services Assistance Account Fund Appropriations- Special Revenue	SFY 2015-2016 Enacted Appropriations	SFY 2016-2017 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	$2,200,000	$2,200,000	0
Legislative Line-outs and Lump Sums	$4,380,000	$4,380,000	0
Grand Total:	**$14,194,000**	**$14,194,000**	**0**

Edward Byrne Justice Assistance Grant (JAG) Program			
Special Revenue-Federal Aid to Localities	**SFY 2015-2016 Enacted Appropriations**	**SFY 2016-2017 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
Violence Against Women Account	$6,500,000	$6,500,000	$0
Edward Byrne Memorial Grant/JAG	$6,000,000	$6,000,000	$0
Miscellaneous Discretionary	$13,000,000	$13,000,000	$0
Crime Identification Technology Account	$2,250,000	$2,250,000	$0
Total Federal Aid to Localities:	**$29,900,000**	**$29,900,000**	**$0**

OFFICE OF VICTIM SERVICES

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
Aid to Localities	$101,871,000	$106,725,000	$4,854,000	5%
Special Revenue- Federal	$4,212,000	$6,212,000	$2,000,000	47%
Special Revenue- Other	$6,446,000	$6,446,000	$0	0%
Total	**$112,529,000**	**$119,383,000**	**$6,854,000**	**6%**

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 the Executive Budget Proposal

The Executive recommends $119.3 Million in all Funds support, an increase of $6.9 million from 2015-16 levels. The increase is primarily due to a $4.9 million increase in the Federal Crime Victim's Assistance Account. The Executive maintains funding in the amount of $2.8 million for rape crisis centers.

State Operations is increased by $2 Million which consists new Federal Money of $1.4 Million in Federal Victim Assistance Training and $600,000 from the Federal Crime Victim's Assistance Account.

DEFERRED COMPENSATION BOARD

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$111,000	$111,000	$0	0%
Special Revenue Fund-Other	$781,000	$781,000	$0	0%
Total	**$892,000**	**$892,000**	**$0**	**0%**

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 Deferred Compensation Board rules.

Overview of Executive Budget

The Executive Budget recommends an All Funds appropriation of $892,000 to the Deferred Compensation Board, the same amount of funding as in the SFY 2015-16 Enacted Budget.

STATE BOARD OF ELECTIONS

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$8,482,000	$8,482,000	$0	0%
Special Revenue- Other	$3,000,000	$3,000,000	$0	0%
Total	**$11,482,000**	**$11,482,000**	**$0**	**0%**

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. The Board is responsible for reviewing the practices of all 62 local boards of elections; facilitating access to the ballot for State offices; approving voting systems for use within the State; maintaining the statewide voter registration database; conducting compliance reviews of campaign financing disclosure practices; training filers; and implementing various Federal voting programs including the Help America Vote Act, National Voter Registration Act, and the Military and Overseas Voter Empowerment Act.

Overview of the Executive Budget Proposal

The Executive Budget proposal for SFY 2016-17 provides an All Funds appropriation of $11.5 million, unchanged from the SFY 2015-16. This includes $8.5 million in General Fund and $3 million in Other Funds. In addition, the Budget provides a workforce of 80 FTE's, also unchanged from last year. Reappropriations of $46.3 million continue to be available to meet ongoing Federal election mandates.

Election Law Article VII proposals by the Executive are addressed in the Appendix under a separate title.

OFFICE OF EMPLOYEE RELATIONS

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$2,863,000	$2,863,000	$0	0%
Internal Service Funds	$1,947,000	$1,947,000	$0	0%
Total	**$4,810,000**	**$4,810,000**	**$0**	**0%**

The Office of Employee Relations (OER) represents the Executive in collective bargaining negotiations with the State's 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 proposes a flat budget for the Office of Employee Relation in SFY 2016-17, maintaining funding in the amount of $4.8 million.

EXECUTIVE CHAMBER

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$17,854,000	$17,854,000	$0	0%
Total	**$17,854,000**	**$17,854,000**	**$0**	**0%**

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

Overview of Executive Budget Proposal
The Executive recommends no change to the appropriation of $17.9 million for the operation of the Executive Chamber. There is no change to the number of 136 FTEs for the Executive Chamber.

LIEUTENANT GOVERNOR

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$630,000	$630,000	$0	0%
Total	**$630,000**	**$630,000**	**$0**	**0%**

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 Executive Budget Proposal
The Executive Budget recommends no change to the appropriation of $630,000 for the operation of the Office of the Lieutenant Governor. There is no change in the 7 FTE workforce.

GENERAL STATE CHARGES

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$3,298,289,000	$5,487,347,000	$2,189,058,000	66%
Fiduciary Funds	$300,500,000	$300,500,000	$0	0%
Total	**$3,598,789,000**	**$5,787,847,000**	**$2,189,058,000**	**61%**

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 the Executive Budget
The Executive recommends an All Funds appropriation of $5.8 billion in SFY 2016-17, a $2.2 billion, or 61% increase over last year's appropriations. It is important to note that there is no increase in spending for General State Charges (GSC). In previous years the Pension Escrow Account ($751.7 million) and SUNY Fringe Benefits ($1.4 billion) were reduced from the General State Charges' budget as negative appropriations. These amounts are not counted against the All Funds appropriations in SFY 2016-17, causing the appearance of a substantial increase. An appropriation for SUNY Fringe benefits is also included within the SUNY budget.

DEPARTMENT OF FINANCIAL SERVICES

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
Special Revenue-Other	$425,591,963	$410,959,963	($14,632,000)	-3%
Total	**$425,591,963**	**$410,959,963**	**($14,632,000)**	**-3%**

The Department of Financial Services (DFS) was created in 2011 by the consolidation of the NYS Department of Banking and the NYS Department of Insurance. The purpose of consolidating the agencies and creating the Department of Financial Services was to modernize regulations by allowing the agency to oversee a broader array of financial products and services, to foster the growth of the financial industry in New York and to spur state economic development through judicious regulation and vigilant supervision. This department was created to reform the regulation of financial services in New York to keep pace with the rapid and dynamic evolution of these industries, to guard against financial crises and to protect consumers and markets from fraud. The combined department has now assumed the prior responsibilities of both departments, which are outlined below.

Overview of Executive Budget Proposal

The SFY 2016-17 Executive recommends an All Funds appropriation of $410.9, a decrease of $14.6 million from the SFY 2015-16 Enacted Budget. This decrease is reflective of substantial savings in health insurance programs administered by DFS. These health programs are experiencing a natural migration of enrollees from the DFS Health Insurance subsidized programs (Healthy NY and HMO), to the NYS Health Exchange. The Executive proposes to transition these enrollees to new coverage through the New York Health Benefit Exchange.

The Executive recommends a workforce of 1,382 FTEs, unchanged from SFY 2016 levels.

OFFICE OF GENERAL SERVICES (OGS)

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$157,952,000	$169,502,000	$ 11,550,000	7%
Special Revenue- Federal	$8,230,000	$8,230,000	$0	0%
Special Revenue- Other	$30,194,000	$20,376,000	($9,818,000)	-33%
Enterprise Funds	$1,766,000	$11,994,000	$10,228,000	579%
Internal Service Funds	$830,186,000	$830,186,000	$0	0%
Fiduciary Funds	$750,000	$750,000	$0	0%
Capital Projects	$242,000,000	$90,000,000	($152,000,000)	-63%
Total	**$1,271,078,000**	**$1,131,038,000**	**($140,040,000)**	**-1.16%**

The Office of General Services (OGS) is to manage and lease real property, design, and build facilities, contract for goods, services and technology, and 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 provides a centralized contracting services in various areas and continually makes asserted efforts to improve service and increase efficiencies.

Overview of Executive Budget Proposal

The Executive proposes a $1.13 billion appropriation for the Office of General Services for SFY 2016-17. This appropriation is reflective of an All Funds decrease of $140 million from the SFY 2016 Budget. This decrease reflects the elimination of the $152 million Harriman Campus Strategic Action Plan, of which $149 million has been reappropriated, and an offset by an expansion of enterprise services and annualization of Business Services Center transfers.

The Executive Budget recommends a workforce of 1,869 FTEs. The increase is an increase of 115 positions attributable to the annualization of Business Services Center (BSC) and Human Resource (HR) transfers from 13 State Divisions/Offices.

DIVISION OF HOMELAND SECURITY AND EMERGENCY SERVICES

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$158,000,000	$154,300,000	($3,700,000)	-2.3%
Special Revenue-Federal	$653,774,000	$1,253,774,000	$600,000,000	91.8%
Special Revenue-Other	$109,081,000	$110,881,000	$1,800,000	1.7%
Capital Projects	$15,000,000	$0	($15,000,000)	-100.0%
Total	**$935,855,000**	**$1,518,955,000**	**$583,100,000**	**62.3%**

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 the Executive Budget Proposal

The Executive Budget proposal provides an All funds appropriation in the amount of $1.6 billion for SFY 2016-2017. This is an increase of $583 million or 62.3%. This increase is a result of the transfer of $600 million from the Office of General Services (OGS) to DHSES for the administration of emergency equipment. Overall, the $583 million increase is associated with the following Executive actions:

- $15 million reduction in capital projects associated with the Interoperable Statewide System;
- $3.2 million reduction related with a non-recurring appropriation for Citizen Preparedness kits; and
- $500,000 elimination of a legislative add for the Red Cross.

In addition, the Executive provides funding from Special Revenue Funds and reappropriations from last year including:

- $12.6 billion in reappropriations for Superstorm Sandy recovery efforts and $450 million for capital projects related with damages sustained by State agencies; and
- $500,000 for the Special Revenue Fireworks Account to implement the 2014 Legislation for the registration and fees for the manufacture and sale of fireworks.

The Executive Budget recommends a workforce of 478 FTEs for the Division, an increase of 12 FTEs from FY 2016. The increase in workforce is attributable to 12 federally funded FTEs dedicated to Superstorm Sandy recovery efforts.

Article VII

Revolving Loan Fund Subsidy Suspension

The Executive proposes to suspend the annual transfer of $1.5 million from the Public Safety Account to the Emergency Services Revolving Loan Account for two years. The loan account which assists localities in financing emergency response equipment will have to rely on reappropriation balances in the fund of $12.7 million.

Enhancing the State's Counter-Terrorism Intelligence Gathering & Analysis Operations

The Executive proposes to consolidate counter terrorism programs by moving the Intelligence and Analysis Unit within the Office of Counter Terrorism in the Division of Homeland Security and Emergency Services (DHSES) to the Division of State Police. The transfer would remove the functions and responsibilities of this unit from DHSES so that the intelligence staff would be under one command structure. This consolidation move is in response to forthcoming recommendations from NYC Police Department Commissioner Ray Kelly.

Senate Majority Counsel expressed opposition to this proposal during the briefing because the proposal would not mandate continued operation of the counter terrorism unit within State Police. Their objection was that it was plausible for the State Police to end the unit because they are not required by law to continue the program. DHSES is not a law enforcement agency so their unit is strictly civilian analysts and their involvement is generally limited to operating the terror alert system. The State Police unit is both sworn and civilian, and the merger would allow State Police to operate the alert system while also working more closely with the civilian analysts.

OFFICE OF INDIGENT LEGAL SERVICES

Funding Source	Adjusted Appropriation 2015-2016	Executive Recommendation 2016-2017	$ Change	% Change
Special Revenue Fund-Other	$87,000,000	$99,400,000	$12,400,000	14.3%
Total	**$87,000,000**	**$99,400,000**	**$12,400,000**	**14.3%**

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

The Executive Budget submission proposes $99.4 million for the Office of Indigent Legal Services, an increase of $12.4 million from last year. Of this amount, $12.2 million is associated with programs intended to comply with the Hurrell-Harring Settlement Implementation including:

- $10.4 million represents funding under the terms of the Hurrell-Harring settlement to begin adding staff and other resources necessary for the five settlement counties to come into compliance with caseload/workload standards;
- $1 million for Counsel at Arraignment;
- $800,000 for Counsel at First Appearance; and,
- $200,000 for State Operations to fully annualized several FTE positions hired in the current year for settlement implementation unit.

OFFICE OF THE INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$6,794,000	$6,944,000	$150,000	2%
Special Revenue- Federal	$0	$200,000	$200,000	100%
Special Revenue- Other	$0	$100,000	$100,000	$100%
Total	**$6,794,000**	**$7,144,000**	**$300,000**	**5%**

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 the Executive Budget Proposal

The Executives budget eliminates the suballocation from the Division of the Lottery and has adjusted the General Fund allocation to make up that shortfall. The Special Revenue Federal appropriation reflects the Seized Assets Account that is now required by Internal Revenue Service.

INTEREST ON LAWYERS ACCOUNT

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
Special Revenue- Other	$46,841,000	$46,841,000	$0	0%
Total	**$46,841,000**	**$46,841,000**	**$0**	**0%**

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 the Executive Budget Proposal

The Executive Budget recommends an appropriation of $46.8 million. This funding has remained flat since SFY 2013-14. Funding for the program has been funded by the Office Of Court Administration in the amount of $15 million every year. The fund has recently had a resurgence and is now collecting over $1 million per month. The current fund balance is $20 million.

JUDICIAL COMMISSIONS

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$5,452,000	$5,452,000	$0	0%
Total	**$5,452,000**	**$5,452,000**	**$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 the Executive Budget Proposal

The Executive Budget recommends $5.452 million for the three Judicial Commissions, which is unchanged from the prior year.

DEPARTMENT OF LAW

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$102,823,000	$102,823,000	$0	0%
Special Revenue- Federal	$27,300,000	$38,442,000	$11,142,000	41%
Special Revenue- Other	$67,300,000	$85,517,000	$18,217,000	27%
Capital Projects	$9,000,000	$10,000,000	$1,000,000	11%
Total	**$206,423,000**	**$236,782,000**	**$30,359,000**	**15%**

Note: This table includes both General State Charges and Capitol Projects, which inflates the percentage of change.

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 the Executive Budget Proposal

The Executive Budget recommends zero growth from the General Fund.

The Executive recommends a capital appropriation of $10 million, an increase of $1 million is for technology improvements in areas such as case management. The $9 million appropriation from SFY 2015-16 is reappropriated.

Local Assistance Funds for foreclosure avoidance and amelioration ($81.5 million) are reappropriated. These funds were a part of the JP Morgan settlement. Funds for expert witnesses in the amount of $1 million will continue to be available in the Division of the Budget appropriation.

DIVISION OF MILITARY AND NAVAL AFFAIRS

Funding Source	Adjusted Appropriations 2015-2016	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$23,666,000	$25,354,000	$1,688,000	7.13%
Special Revenue–Federal	$42,780,000	$42,780,000	$0	0
Special Revenue-Other	$9,577,000	$9,277,000	($300,000)	3.13%
Capital Projects	$ 39,200,000	$39,200,000	$0	%
Total	**$116,123,000**	**$ 117,511,000**	**$1,388,000**	**1.1%**

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 Budget recommends a decrease of $300,000 in Special Revenue-Other Funds for DMNA. This decrease is now fulfilled through the General Fund as part of the $117.5 million in All Funds appropriation. Most of the increase in 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 must be funded by the state due to of salary raises and collective bargaining. Aid to Localities remains unchanged at $900,000. The workforce level of 344 FTEs remains flat.

OFFICE FOR THE PREVENTION OF DOMESTIC VIOLENCE

Funding Source	Adjusted Appropriation 2015-2016	Executive Recommendation 2016-2017	$ Change	% Change
General Fund	$2,413,000	$2,613,000	$200,000	8.3%
Special Revenue Fund-Federal	$1,600,000	$1,600,000	$0	0.0%
Special Revenue Fund-Other	$41,000	$41,000	$0	0.0%
Internal Service Funds	$890,000	$890,000	$0	0.0%
Total	**$4,944,000**	**$5,144,000**	**$200,000**	**4.0%**

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 the Executive Budget Proposal

The SFY 2016-17 Executive Budget recommends $4.9 million for the Office for the Prevention of Domestic Violence. The All Funds increase of $200,000 is associated with the establishment of a high risk homicide reduction program.

PUBLIC EMPLOYMENT RELATIONS BOARD (PERB)

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$3,600,000	$3,600,000	$0	0%
Special Revenue Funds-Other	$384,000	384,000	$0	0%
Total	**$3,984,000**	**$3,984,000**	**$0**	**0%**

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 negotiation 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 (SERB) in 2010.

Overview of the Executive Budget

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

JOINT COMMISSION ON PUBLIC ETHICS (JCOPE)

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$5,582,000	$5,582,000	$0	0%
Total	**$5,582,000**	**$5,582,000**	**$0**	0%

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, the 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.

Overview of the Executive Budget Proposal

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.

The Executive Budget makes no changes to JCOPE's budget. The workforce at JCOPE remains unchanged at 45 FTEs.

DIVISION OF STATE POLICE

Funding Source	Adjusted Appropriation 2015-2016	Executive Recommendation 2016-2017	$ Change	% Change
General Fund	$659,228,000	$625,828,000	($33,400,000)	-5.1%
Special Revenue Fund-Federal	$7,700,000	$67,700,000	$60,000,000	779.2%
Special Revenue Fund-Other	$55,609,000	$60,609,000	$5,000,000	9.0%
Internal Service Funds	$0	$58,000,000	$58,000,000	NA
Capital Projects	$31,500,000	$37,500,000	$6,000,000	19.0%
Total	**$754,037,000**	**$849,637,000**	**$95,600,000**	**12.7%**

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 such as drug trafficking and child endangerment, and working cooperatively with various levels of law enforcement throughout the State.

The Executive Budget submission for State Fiscal Year 2016-2017 provides $849.6 million, an increase of $95.6 million from last year's Enacted Budget. This increase is associated with the following Executive initiatives:

- $60 million increase in federal funds associated with a $30 million increase in the Federal Equitable Sharing Justice Account and a $30 million increase in the Federal Equitable Sharing Treasury Account, necessary to comply with new Federal requirements for depositing seized assets and reporting expenditures;
- $58 million in Internal Service Funds for the Thruway Authority to reassume the full costs associated with Troop T including:
    - $34.7 million reduction related to the shift of funding for Troop T costs to the Internal Service Fund from the General Fund;
    - $23.3 million associated with General State Charges and fringe benefits related with 270 FTEs positions; and,
- $6 million increase in capital projects associated with the completion of the new Troop L Headquarters in Nassau County
- $33.4 million decrease in State Operations funding associated with General Fund spending decreases; and,
- $5 million decrease associated with a shift on nonpersonal services from the General Fund to the Public Safety Communications account.

The Executive Budget proposal also includes within the aforementioned appropriations funding in the amount of $4.3 million increase for salary increases and $2 million in funding for the creation of a Commercial Gaming Unit for the New State Casinos.

The Executive Budget makes adjustments to the 2015-2016 Budget by including $40.3 million transfer of collective bargaining funds to General Fund to address the Police Benevolent

Association pay bill and $4.5 million for the creation of a sexual assault unit with 13 FTEs associated to the implementation of the Sexual Assault on Campus Legislation of 2015 enacted last year.

OFFICE FOR INFORMATION TECHNOLOGY SERVICES

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$540,894,800	$595,607,800	$54,713,000	10%
Special Revenue- Other	$30,000,000	$30,000,000	$0	0%
Enterprise Funds	$4,000,000	$4,000,000	$0	0%
Internal Service Funds	$301,064,000	$151,636,000	($149,428,000)	-50%
Capital Projects	$85,700,000	$85,700,000	$0	0%
Total	**$961,658,800**	**$866,943,800**	**$(94,715,000)**	**-10%**

The Office of Information Technology Services (ITS) provides centralized technology services to customer agencies, sets the State's technology standards, and coordinates and governs statewide technology-related initiatives improving the efficiency of New York State government. The mission of ITS is to be a world-class technology service delivery organization leading the State's efforts to enhance service delivery and consolidate operational functions. ITS is also charged with leading the State's transformation efforts by consolidating fragmented infrastructure and networks, expanding enterprise solutions and redesigning the delivery of services to enable agencies to focus on their core mission to serve New York's citizens through innovation solutions.

Overview of Executive Budget Proposal

The Executive proposes an All Funds appropriation of $866.9 million, a decrease of $94.7 million from the SFY 2015-16 level. The Executive proposes General Fund appropriations of $595.6 million, an increase of $54.7 million over SFY 2015-16. The increase is attributable to continued consolidation of other agencies' personal service and non-personal service information technology (IT) related obligations within ITS. The Executive reduces Internal Service Funds by $149.4 million to $151.6 million. The Internal Service Fund appropriation allows ITS to bill other State agencies for IT services performed on their behalf, and this decrease reflects the ongoing conversion from this billing structure to supporting costs directly from the General Fund.

The Executive maintains an $85.7 million appropriation for the Statewide IT Initiative Program for expenses related to technology, software and services, as well as an exploration of lower-cost alternatives. This appropriation is unchanged from SFY 2015-16.

The Executive recommends funding support of 3,585 FTEs, reflecting no change from SFY 2015-16 levels

DIVISION OF VETERANS' AFFAIRS

Funding Source	Adjusted Appropriation 2015-2016	Executive Recommendation 2016-2017	$ Change	% Change
General Fund	$16,815,000	$15,065,000	($1,750,000)	-10.4%
Special Revenue Fund-Federal	$2,466,000	$2,466,000	$0	0.0%
Total	**$19,281,000**	**$17,531,000**	**($1,750,000)**	**-9.1%**

The core mission of the Division of Veterans' Affairs is to link veterans, members of the armed forces, and their families and dependents, to various personal, medical, and financial benefits available to them as the result of active duty military service. The Division's professional counseling staff prepares, presents, and prosecutes claims including applications for monthly compensation and pension awards, education benefits, burial benefits, vocational rehabilitation training, health care, nursing home care, tax exemptions and other services.

Overview of the Executive Budget Proposal

The Executive Budget recommends $17.5 million for the Division. This is a $1.8 million decrease in funding from SFY 2015-16, which reflects the elimination of legislative adds.

The Executive Budget recommends a workforce of 98 FTEs for the Division, unchanged from SFY 2015-16. In SFY 2016-17, the Division will continue to support the Strike Force initiative to address the backlog of claims.

Article VII

Extend Tuition Benefit for New York Army & Air National Guard and the Naval Militia

This bill would extend the Recruitment Incentive and Retention Program (RIRP) that would otherwise sunset in 2016. This program provides direct college tuition to certain eligible service members. The extension would be for 5 years. Eligible students must be matriculated and enrolled at least half-time at a two or four year college or university in New York State. Under the program any active member of the New York National Guard or Naval Militia, in good standing, is eligible to apply to receive tuition assistance up to the cost of the State University of New York's (SUNY) maximum in-state undergraduate tuition rate, at any college, university, or community technical college in the State of New York recognized and approved by the New York State Board of Regents or State University of New York. This program started in 1997.

WORKERS' COMPENSATION BOARD

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$117,000	$0	($117,000)	-100%
Special Revenue Funds- Other	$187,120,000	$189,063,000	$1,943,000	1%
Total	**$187,237,000**	**$189,063,000**	**$1,826,000**	**1%**

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 the Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of $189.1 million, a $1.8 million increase in State Operations from SFY 2015-16.

Workers' Compensation Reserves

The Executive Budget includes funding from the General Fund for Workers' Compensation Reserves in the amount of $11.2 million, a $2 million decrease from SFY 2015-16 levels. The Department of Civil Service (DCS) had underpaid on worker's compensation premiums to the State Insurance Fund (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 SIF from DCS.

Article VII

Paid Family Leave

The SFY 2016-17 Executive Budget proposes a paid family leave program that would provide paid leave from employment to take care of a new child or sick relative. Under the Executive's proposal, employees would be able to take up to 12 weeks of leave in order to bond with a new child (via birth, adoption, or fostering), or to take care of a sick family member (spouse/partner, child, parent, grandparent or grandchild, or sibling). Upon an employee's return to work, he or she would be restored to the same or comparable position as he or she held prior to taking family leave.

The benefits for the paid family leave program would be gradually implemented over 4 years, starting in 2018, and the maximum benefit would be 50% of statewide average weekly wages or 50% of an employee's average weekly wages, whichever is lower. Prior to 2021, the formula would be 35% of average weekly wages or statewide average weekly wages in 2018, 40% in 2019, and 45% in 2020. Based on the current information from the Department of Labor on average weekly wages, the maximum weekly benefit in 2014 dollars would be $443 in 2018, $506 in 2019, $570 in 2020, and $633 thereafter. The minimum benefit would be $100 per week, except for an employee whose weekly wages are less than $100 per week in which case the benefit would be his or her actual weekly wages.

The Executive proposes paying for benefits through employee premiums paid through the workers' compensation system, and would allow for the Superintendant of the Department of Financial Services to set a weekly premium starting in 2017 that would pay for 100% of the costs. Based on internal estimates, the weekly premiums would start at approximately $1/week and rise to approximately $1.50 per week. [1] Under this plan there would be no additional costs to employers for providing paid family leave benefits.

Unlike paid family leave legislation sponsored by Senator Addabbo which has previously passed the Assembly (S.3004), the Executive Budget proposal does not increase the benefit of the pre-existing Temporary Disability Insurance (TDI) program. TDI currently pays for off-work disability benefits and includes some pregnancy-related illness or disability, but only pays a maximum benefit of $170 per week. The lack of an increase to the TDI benefit removes one area where employer costs could have increased, but also provides no new benefit for various conditions and illness to workers. The Governor's paid family leave program also prevents possible double-dipping by requiring workers to explicitly chose if they will be covered under paid family leave or TDI when qualifying for both.

Additional provisions of this proposal would; apply the paid family leave program to all private employers covered under workers' compensation but not require public employers to provide such benefits; allow for leave to be taken to attend to emergency family issues related to a military deployment; apply to employees who have worked for an employer for a minimum of four weeks; allow an employer to require an employee use any available paid leave time available under the employer's internal benefit policy; and prevent an employee from taking leave to care for a family member if another family member has taken leave for the same purpose during the same time period.

As previously mentioned, paid family leave has been introduced in both houses and passed in the Assembly as S.3004/A.3870 (Addabbo/Nolan). Additionally, Senator Klein has previously sponsored an IDC version of paid family leave as S.3301/Klein. The following chart provides a quick comparison between the three proposed paid family leave plans.

Provision	**S.3004/Addabbo**	**S.3301/Klein**	**Executive Budget**
Employers Covered	All employers subject to general workers' compensation	25 or more employees, all public employers	All private employers, public employers may opt-in
Definition of Family	Child, spouse, domestic partner, parent, grandchild, grandparent, parent-in-law, or sibling	Child, spouse, domestic partner, parent, grandchild, grandparent, or parent-in-law	Child, spouse, domestic partner, parent, grandchild, grandparent, parent-in-law, or sibling
Weeks of Benefits	12	6	12
Weekly Benefit	2/3rds of an employee's AWW, capped at 50% of statewide AWW	50% of an employee's AWW, capped at 50% of statewide AWW	50% of an employee's AWW, capped at 50% of statewide AWW
Phase-In Benefits	Y1: 66% of employee AWW capped at 35% of statewide	Y1: 50% of employee AWW capped at 35% of statewide	Y1: 35% of employee AWW capped at 35% of statewide

[1] The estimated cost is based on an assumed utilization rate of 1% of the private sector workforce utilizing a full 12 weeks at the maximum rate. In practice costs may vary and could be lower due to a lower utilization rate, weekly usage, and total benefit paid.

	AWW Y2: 66% of employee AWW capped at 40% of statewide AWW Y3: 66% of employee AWW capped at 45% of statewide AWW Y4: 66% of employee AWW capped at 50% of statewide AWW	AWW Y2: 50% of employee AWW capped at 40% of statewide AWW Y3: 50% of employee AWW capped at 45% of statewide AWW Y4: 50% of employee AWW capped at 50% of statewide AWW	AWW Y2: 40% of employee AWW capped at 40% of statewide AWW Y3: 45% of employee AWW capped at 45% of statewide AWW Y4: 50% of employee AWW capped at 50% of statewide AWW
Type of Leave Covered	Bonding with a child during birth, adoption, or fostering, caring for sick family, and any other qualifying exigencies due to a spouse or family member being on active duty in the armed forces	Bonding with a child during birth, adoption, or fostering, and caring for sick family	Bonding with a child during birth, adoption, or fostering, caring for sick family, and any other qualifying exigencies due to a spouse or family member being on active duty in the armed forces
Special Leave	Intermittent leave/reduced schedule in certain cases	N/A	Implied that intermittent leave would be payable as long as employee took full day off
Treatment of TDI	Increase in line with paid family leave benefit	N/A	N/A
Cost Burden	Employees, up to 45 cents per week in year 1 and an amount set by DFS in year 2 and thereafter, and employers for additional costs to the TDI program	The state 100% of the costs in year 1, and the state plus employees in an amount set by DFS in year 2 and thereafter	Employees, at a rate set by DFS to cover 100% of the family leave costs, estimated at $1 per week in year 1 and rising up to $1.50 per week in year 5

Workers' Compensation Reform

In addition to from paid family leave, the Executive also proposes various reforms to the Workers' Compensation system, as follows: 1) implementing mandatory caps on permanent partial disability awards; 2) expanding coverage to new medical professions; 3) streamlining and limiting administrative hearings and due process rights; and 4) restructuring the Workers' Compensation Board administration and various other administrative changes.

Caps on Permanent Partial Disability Awards

The Executive Budget proposes an elimination of the deposits by insurance carriers into the so-called Aggregate Trust Fund, and instead requires payments of 2% of premiums over the next ten years to pay current claims. As a result, future beneficiaries would not necessarily have protections for their permanent partial disability payments in the case that an employer or insurer defaults, and the 2007 caps would likely be implemented as originally intended.

Expanding Coverage to New Professions

The SFY 2016-17 Executive Budget proposes an overhaul on current medical practitioner coverage policy in order to align all medical providers along the same standards. The Executive proposes including in coverage for the first time acupuncturists and social workers (or licensed clinical social workers), and merges various provisions that previously covered physicians, physicians' assistants, podiatrists, psychologists, chiropractors, and nurse practitioners.

Limits on Hearings and Due Process

The Executive Budget proposes various changes that would limit various due process rights and hearing remedies for both claimants and carriers. Those changes include:

- Removing the requirement that a claimant stay with the same judge/referee throughout their hearing, which would potentially reduce in-person hearings;
- Allows the Board to designate one attorney or a three-member panel of the full Board membership to hear most appeals of injury orders, and the decision of the hearing agent or the partial board shall be considering the decision for the full Board unless the full Board moves to modify or rescind the initial appellate determination;
- Allows the Workers' Compensation Board to impose a penalty on employers or carriers for filing appeals that the Board deems frivolous, and removing the requirement for a hearing for the Board to impose certain additional penalties on employers;
- Allows the Board to impose penalties on insurers for having a lower performance record than centrally recommended, potentially altering the litigation strategy of carriers to meet standards set by the Board; and
- Allows the Board to limit a medical provider's access to reimbursements for failure to adhere to set authorization agreements or for failing to meet certain competency or quality standards set by the Board, which in practice could be used to limit providers who do not adhere to standard medical treatment guidelines recommended by the Board.

Administrative Changes

The Executive proposes various additional administrative changes to the structure and function of the Workers' Compensation Board. Those changes include the following:

- Reducing the size of the Workers' Compensation Board governing board from 13 to 7;
- Authorizes the Board to lower state workers' compensation costs over the next four years by spending $375 million in reserves, broken down as $140 million in 2016, $100 million in 2017, $100 million in 2018, and $35 million in 2018.
- Limits coverage in the World Trade Center volunteer health benefit program to those who are not covered by federal programs provided for under the Zadroga Act of 2015;
- Authorizes the Board to spend up to $110 million from reserves in 2016, of which $50 million would go towards training and safety efforts and providing additional funding for World Trade Center volunteer health benefits ($9 million for this specific purpose), and $60 million would go to the redesign and reengineering process, which has previously been appropriated for such purposes;
- Increases the required time that an employee stay on a Preferred Provider Organization (which may limit access to an employee's own doctors) when negotiated in a collective bargaining agreement from 30 days to 120 changes;
- Requires insurers to explicitly adhere to the Labor Law and ensure that an employer with a history of workplace injuries is charged various insurance surcharges when issuing a new workers' compensation policy;
- Sets new standards for Self-Insured Pooled Funds, including new capital requirements and deposit fees, and new oversight by the Board and a new advisory committee;
- Allows the Dormitory Authority to use its authority to issue bonds from the pre-existing workers' compensation sources to include debt issuance to cover losses for the Fund for Reopened Cases, which was closed in 2013; and
- Allows Dormitory Authority bonding from 2013 to cover self-insured trust debts to also cover losses from other annual assessments and the Fund for Reopened Cases.

Education, Labor, and Family Assistance

NEW YORK STATE COUNCIL ON THE ARTS

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$45,174,000	$45,174,000	$0	0%
Special Revenue- Federal	$1,513,000	$1,513,000	$0	0%
Special Revenue- Other	$196,000	$196,000	$0	0%
Total	**$46,883,000**	**$46,883,000**	**$0**	**0%**

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 the Executive Budget Proposal

The Executive Budget proposal maintains SFY 2015-16 funding levels with an All Funds appropriation of $46.9 million. This includes $42.1 million in Aid to Localities monies for arts grants and financial assistance to nonprofit cultural organizations.

CITY UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$1,452,147,940	$1,311,684,500	($140,463,440)	-10%
Special Revenue-Federal	$175,400,000	$175,400,000	$0	0%
Fiduciary Funds	$2,335,889,900	$2,402,259,900	$66,370,000	3%
Capital Projects	$160,908,000	$192,641,000	$31,733,000	20%
Total	**$1,788,455,940**	**$1,679,725,500**	**($108,730,440)**	**-6%**

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 is the nation's third largest public university system education more than 232,000 students in the urban community of New York. The City University of New York has 11 senior colleges, six community colleges, a Graduate School of Journalism, a Law School, as well as a Graduate School and University Center. The City University's operating budget supports an estimated 13,645 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 the Executive Budget

The SFY 2016-17 Executive Budget recommends an All Funds appropriation of $1.7 billion for the City University of New York, a $108.7 million (or 6%) decrease from SFY 2015-16 levels. General Fund appropriations for the CUNY system total $1.3 billion, a $140 million decrease. The Special Revenue – Other category totals $175.4 million, equivalent funding levels from SFY 2015-16.

The SFY 2016-17 Executive Budget proposes State Tax Dollar support in the amount of $543.8 million, an increase of $14.9 million. Tuition revenue increases by $51.5 million for a total of $1.1 billion, associated with the rational tuition policy included as part of the CUNY 2020 legislation. Overall, the total core operating budget for CUNY is $1.23 billion.

The Executive proposes New York City assume responsibility for 30% of CUNY senior colleges' costs, or $393 million in SFY 2016-17 ($485 million for Academic and City Fiscal Years). The Executive argues that the City's share should increase as it controls 30% of the CUNY Board of Trustees, and once played a greater role in the funding of CUNY, prior to the City's fiscal crisis 35 years ago. The Executive appropriates $240 million of the funds saved from this reduction for retroactive salary increases for CUNY's labor unions, which are currently in negotiations. Appropriation language requires the "funding parity" to be included in the Adopted Budget for the $240 million appropriation to occur.

Community Colleges

The Executive recommendation maintains base aid for community colleges at $2,597 per Full-Time Equivalent (FTEs) student. This will result in an overall community college base aid in the amount of $220.7 million. This maintains funding of $2 million for the New York Jobs Linkage Program. The appropriation language requires CUNY to submit a plan for the allocation of these funds to the Director of the Budget by December 1, 2016.

The Executive proposes $500,000 for the Community College Community Schools program. The program would award one additional $500,000 grant to a college that uses its facilities as a hub to deliver certain services such as child care, and health care to students and their families. Two of these grants were awarded to CUNY schools last year.

The Executive Budget proposes the following for Aid to Localities programs:

- $813,100 for child care centers, a $902,000 decrease from SFY 2015-16 due to the removal of a legislative add;
- $8.9 million for rental aid, flat from SFY 2015-16;
- $1.12 million for College Discovery, nearly flat from SFY 2015-16; and
- No appropriation was made for the Accelerated Study in Associate Programs (ASAP), or the CUNY Pipeline Program at the Graduate Center. In SFY 2015-16 ASAP was funded at $2.5 million (due to a legislative add), and the CUNY Pipeline Program was funded at $250,000.

The Executive Budget proposes for the following in various State Operations' programs:

- $23.4 million for the Search for Education, Elevation and Knowledge (SEEK) program, a $3.8 million legislative add was not continued;
- $12 million for the Performance Improvement Plan, flat from SFY 2015-16;
- $1.5 million for CUNY LEADS, a $375,000 legislative add was not continued;
- $52.8 million for building rentals, flat from SFY 2015-16;
- $78.6 million for utilities, flat from SFY 2015-16;
- $690.1 million for fringe benefits and social security payments, a $16.6 million increase over SFY 2015-16.

Capital Plan

The Executive proposes a capital project appropriation of $192.6 million, a $31.7 million increase from SFY 2015-16 levels. The Executive Budget provides $103 million for critical maintenance projects, flat from SFY 2015-16. This appropriation also includes $52.7 million to provide for the state's 50% share of projects at 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 $15.9 million to the City University of New York Construction Fund (CUCF).

Article VII

CUNY Funding Shift
The Executive budget proposal requires New York City to assume a 30% share ($485 CFY) of CUNY's senior college net operating and debt service expenses beginning July 1, 2016. Under this proposal, the State would continue to fund the remaining 70% of the net operating and debt service expenses. Currently, the State pays for 98% of the net operating and debt services expenses for CUNY senior colleges.

NYCUNY 2020
The Executive budget proposal extends the NYCUNY 2020 program for five years until July 1, 2021. CUNY is authorized to increase tuition up to $300 annually, provided they are able to demonstrate efforts to reduce spending, and give appropriate reasoning for increases. The increase in funding must be used exclusively for faculty support, instruction, and tuition credits for TAP eligible students. CUNY is required to provide a tuition credit to cover the di

STATE EDUCATION DEPARTMENT

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$43,201,800,850	$44,111,472,850	$909,672,000	2.1%
Special Revenue- Federal	$4,735,044,000	$4,793,404,000	$58,360,000	1.2%
Special Revenue- Other	$9,922,667,000	$9,675,882,000	($246,785,000)	-2.5%
Internal Service Funds	$33,663,000	$33,663,000	$0	0.0%
Capital Projects	$17,400,000	$17,400,000	$0	0.0%
Total	**$57,910,574,850**	**$58,631,821,850**	**$721,247,000**	**1.2%**

Overview of the Executive Budget Proposal

The State Fiscal Year 2016-2017 Executive Budget recommends an All Funds appropriation in the amount of $58.63 billion; an increase of $721.2 million, or 1.2% from SFY 2015-2016. This increase is associated with net increases of $1.3 million in State Operations and $719.9 million in Aid to Localities.

The $1.3 million net increase in State Operations is a result of a $1.7 million increase in personal service, associated with 20 new Full-Time Equivalent (FTE) positions; an increase of $1.2 million in nonpersonal service; an increase of $178,000 for contractual services; and a decrease of $1.8 million in maintenance undistributed in the Office of Pre-kindergarten Through Grade 12. It is important to note that the Executive Budget eliminates funding of $1 million in facilities planning which was used to reduce the backlog of building aid projects.

State Operations General Fund resources for the State Education Department are 9.5% of its overall funding. Only 279 or 10.3% of the 2,692 FTEs within the Department are funded through the General Fund. All remaining 2,413 FTEs are funded through other sources.

The $719.9 million net increase in Aid to Localities (ATL) is a result of several Executive proposals including:

- $1.75 million reduction associated with prior year legislative adds for Public TV and Radio, and the Schomburg Center for Black Culture;
- $1 million reduction for the Office of the Professions and Higher Education;
- $329.4 million decrease in School Tax Relief funds;
- $912.4 million increase in State Aid associated with State Aid increases to school districts and other Executive proposals;
- $56.6 million increase in Special Revenue-Federal funds; and
- $82.1 million increase in Special Revenue Fund-Other funds.

Capital Projects funding remains at last year's level of $17.4 million. This includes $3.4 million for minor rehabilitation projects and $14 million for library construction.

School Aid

The SFY 2016-17 Executive Budget recommends School Aid funding at $24.04 billion, reflecting an increase of $991.1 million, or 4.27%. Formula-based aids including Building Aids will increase by $961 million (or 4.22%) to $23.76 billion. Grant programs will increase by $2 million to $288.96 million.

The $961 million increase in formula-based aids is associated with the following:

- Foundation Aid increase of $266 million;
- Gap Elimination Adjustment (GEA) restoration of $189 million;
- The provision of current law funding in the amount of $405 million for expense-based aids and other school aid categories; and
- $100 million for community schools.

School Aid Comparison for SY 15-16 and SY 16-17				
School Aid Category	**SY 15-16**	**SY 16-17**	**$ Change**	**% Change**
Foundation Aid	$15,856,393,978	$16,122,757,022	$266,363,044	1.68%
Community Schools	$0	$99,998,093	$99,998,093	NA
Charter School Transitional Aid	$32,107,079	$35,142,924	$3,035,845	9.46%
High Tax Aid	$223,298,324	$223,298,324	$0	0.00%
Summer Transportation	$4,997,762	$4,999,843	$2,081	0.04%
Transportation	$1,692,741,793	$1,777,894,472	$85,152,679	5.03%
Building Aid	$2,805,262,870	$3,001,203,592	$195,940,722	6.98%
Building Reorganization Aid	$25,436,994	$24,959,264	**($477,730)**	-1.88%
Operating Reorganization Aid	$7,912,536	$7,626,878	**($285,658)**	-3.61%
Computer Administration	$37,691,422	$38,008,232	$316,810	0.84%
Career Education	$125,954,526	$125,417,159	**($537,367)**	-0.43%
Academic Improvement Aid	$48,298,031	$47,974,948	**($323,083)**	-0.67%
BOCES	$818,839,749	$861,654,306	$42,814,557	5.23%
Public High Excess Cost	$532,919,121	$600,526,480	$67,607,359	12.69%
Private Excess Cost	$320,831,438	$330,814,963	$9,983,525	3.11%
Software Aid	$45,310,856	$46,349,481	$1,038,625	2.29%
Library Materials	$18,854,550	$19,337,952	$483,402	2.56%
Textbook Aid	$176,737,717	$179,412,989	$2,675,272	1.51%
Hardware & Technology	$37,202,105	$38,333,505	$1,131,400	3.04%
Full Day K Conversion Aid	$5,776,847	$1,176,526	**($4,600,321)**	-79.63%
Universal Prekindergarten	$383,682,682	$385,034,734	$1,352,052	0.35%
Supplemental Excess Cost Aid	$4,313,167	$4,313,167	$0	0.00%
Academic Enhancement Aid	$28,271,832	$28,271,832	$0	0.00%
Subtotal	**$23,232,835,379**	**$24,004,506,686**	**$771,671,307**	**3.32%**
GEA	**($433,599,665)**	**($433,599,665)**	$0	NA
GEA Restoration	$0	$189,405,854	$189,405,854	NA
Total After GEA Restoration	**$22,799,235,714**	**$23,760,312,875**	**$961,077,161**	**4.22%**

Foundation Aid

The Executive Budget recommendation would increase Foundation Aid from $15.9 billion to $16.1 billion. This increase of $266 million is based on student needs and local ability to raise revenue. The phase-in factor for Foundation is based on district wealth. Of the $266 million increase in Foundation Aid approximately 90% provides funding for High-Needs School Districts.

Expense-Based Aids

Expense –Based Aids are an important part of the funding received by school districts. These funds reimburse school districts for costs already incurred in areas such as transportation, school construction, special education, and cooperative services. For SY 2016-2017, the Executive Budget submission funds all expense-base aids at $401 million, an increase of 6.4%.

Expense-Based Aids Comparison				
School Aid Category	**SY 15-16**	**SY 16-17**	**$ Change**	**% Change**
Summer Transportation	$4,997,762	$4,999,843	$2,081	0.04%
Transportation	$1,692,741,793	$1,777,894,472	$85,152,679	5.03%
Building Aid	$2,805,262,870	$3,001,203,592	$195,940,722	6.98%
Building Reorganization Aid	$25,436,994	$24,959,264	**($477,730)**	-1.88%
BOCES	$818,839,749	$861,654,306	$42,814,557	5.23%
Public High Excess Cost	$532,919,121	$600,526,480	$67,607,359	12.69%
Private Excess Cost	$320,831,438	$330,814,963	$9,983,525	3.11%
Total	**$6,201,029,727**	**$6,602,052,920**	**$401,023,193**	**6.47%**

Gap Elimination Adjustment

The Executive Budget proposal provides a Gap Elimination Adjustment (GEA) restoration in the amount of $189 million. This restoration would fully eliminate the GEA for 200 school districts in SY 2016-2017. The Governor's proposal would fully eliminate the GEA for the remaining school districts in SY 2017-2018. All districts will receive a restoration of at least 30% of their 2015-2016 GEA amount in SY 2016-2017.

Universal Prekindergarten

According to the National Institute for Early Education Research (NIEER), approximately 1.34 million children participate in State-funded prekindergarten programs, representing about 29% of all 4-year-olds and 4.0% of all 3-year-olds in the nation. State spending on prekindergarten programs totals more than $5.5 billion nationally, a $116 million increase from the prior year.

The New York State Universal Pre-kindergarten (UPK) program was established by Chapter 436 of the Laws of 1997. During the 2004-05 school year, 192 districts (224 eligible) served approximately 57,000 students. In School Year 2015-16, this number increased considerably from 192 to 449 school districts and the number of 4-year olds has increased from 57,000 to 101,700.

The Executive Budget recommendation for SY 2016-17 continues to fund the third year of a $1.5 billion five-year plan to implement a statewide full-day universal prekindergarten program. The third year of funding in the amount of $340 million would reimburse school districts for incurred costs with a similar amount available in 2017-2018. Funding for the third year is allocated as in prior years: $300 million for the City of New York and $40 million for the Rest of the State.

The Executive adds new appropriation language for this $1.5 billion program. In the event of oversubscription in any region, a newly proposed Empire State Universal Prekindergarten Board would decide over the oversubscription plan.

The formula-based Universal Prekindergarten Program is funded at $385 million, an increase $1.4 million over last year.

Competitive Grant Funding

The Executive Budget provides $28 million in competitive grant funding. This increase would bring total funding for competitive grants to $175 million in SY 2016-2017. This year's proposal includes funding for the following programs:

- $22 million for the Empire State Prekindergarten Program. This program will expand prekindergarten opportunities to three-year-olds in the highest need school districts. Funding will be available for full-day or half-day programs and determined by an Empire State Prekindergarten Grant Board;
- $4 million for early college high school and Career and Technical Education (CTE); and
- $2 million for the QUALITYstarsNY program for settings identified by different State agencies including the State Education Department as needing extra support.

Community Schools

The Executive Budget recommendation includes a $100 million appropriation for school districts identified by the State Education Department as failing or persistently struggling schools. This proposal provides $75 million for 17 school districts in which these school are located. The remaining $25 million will be distributed to other High-Need School Districts. The Executive Budget recommendation provided $75 million for New York State's persistently struggling schools in SY 2015-2016. These funds were part of a receivership program that included community schools as an option for the school district's turnaround model.

Charter Schools

The Executive Budget submission includes $42.4 million to reimburse school districts for supplemental basic tuition payments made by school districts in the 2015-2016 school year. In addition, the Executive would provide $27.4 million in a new Grants-in-Aid proposal for charter schools. This appropriation is identical to a legislative add included in the SFY 2015-2016 budget by the Senate Republican Conference.

Non Public Schools

The Executive Budget recommendation continues last year's commitment to fund prior year costs of nonpublic schools. Funding in the amount of $174 million, an increase of $2.6 million, will support nonpublic schools. Of this amount, $70 million will support prior year claims and

$104.2 million will provide funding for SY 2016-2017. Funding for safety equipment and Academic Intervention remains at last year's levels of $4.5 million and $922,000.

Special Education

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

- Private Excess Cost Aid provides reimbursement for public school children with more severe disabilities who are placed in private school settings or in the State-operated schools in Rome and Batavia. The Executive budget provides $330.8 million for SY 2016-2017, an increase of $9.9 million.
- Public Excess Cost-High Cost Aid provides reimbursement for the additional costs associated with providing resource-intensive special education programs for student with disabilities. The Executive Budget proposal includes $600.5 million for SY 2016-2017, an increase of $67.6 million.
- Private Schools for the Blind and Deaf will be funded at $98.5 million in SY 2016-2017, the same amount as in last year's Enacted Budget.
- Targeted Special Education Teacher Salary Adjustment allows private special education providers to target salary adjustments for retention and recruitment of teachers and to prevent excessive teacher turnover. The Executive Budget submission provides $4 million in federal Individual with Disabilities Education Act (IDEA) funds to support this program.
- Preschool Special Education funds 59.5% of the overall costs associated with Section 4410 of the Education Law with counties paying for the remaining 40.5%. New York State will provide $1.04 billion in State funding for SY 2016-2017, an increase of $15 million.
- Summer School Programs provide services to students on a year-round basis associated with Section 4408 of the Education Law. The Executive Budget submission provides $364.5 million for SY 2016-2017, the same amount of funding the program received last year.

Grant Programs and Additional Aid Categories

The Executive Budget recommendation increases funding for the following programs:

- $66 million for the Education of Office of Mental health and Office for People with Developmental Disabilities, an increase of $1.5 million for SY 2016-2017;
- $47.9 million for the Education of Native Americans, an increase of $280,000 for SY 2016-2017;
- $26.9 million for the Education of Homeless Children, an increase of $1 million for SY 2016-2017; and,
- $19.5 million for Aid for Incarcerated Youth, an increase of $750,000 for SY 2016-2017.

The Executive Budget submission provides level funding for the following programs in SY 2016-2017:

- $96 million for the Employment Preparation Education (EPE);
- $25 million for the Teachers of Tomorrow;
- $24.3 million for the Extended Day/School Violence Prevention;
- $14.5 million for Bilingual Education Grants;

- $13.8 million for school health services for students in the Big Four City school districts;
- $12 million for the Roosevelt School District;
- $6.6 million for the Urban-Suburban Transfer;
- $6.3 million for Adult Literacy Education;
- $3.3 million for Learning Technology Grants;
- $1.87 million for Small Government Assistance to school districts;
- $1.84 million for Basic Education for Public Assistance Recipients;
- $1.47 million for the Smart Scholars Early College High School;
- $2 million for the Teacher-Mentor Intern;
- $1.3 million for Math and Science High Schools; and,
- $400,000 for bus driver safety training grants.

The Executive Budget proposal would reduce funding for the following program

- $1.5 million reduction for the Consortium for Worker Education; and
- $10.2 million reduction for Teacher Center.

Office of Higher Education and the Professions

The SFY Executive Budget proposes an All Funds appropriation for Aid to Localities in the amount of $111.4 million. Funding for many higher education scholarships and grant programs remain at 2015-2016 levels.

The proposed funding levels for the various programs are as follows:

Programs	15-16	16-17	$ Change	% Change
Direct Institutional Aid for Independent Colleges and Universities (Bundy Aid)	$35,129,000	$35,129,000	$0	0.0%
Higher Education Opportunity Program (HEOP)	$29,605,920	$29,605,920	$0	0.0%
Independent Colleges Nursing Program	$941,000	$941,000	$0	0.0%
STEP	$13,176,180	$13,176,180	$0	0.0%
CSTEP	$9,984,890	$9,984,890	$0	0.0%
Liberty Partnership Program	$15,301,860	$15,301,860	$0	0.0%
Foster Youth Initiative	$1,500,000	$1,500,000	$0	0.0%
Teacher opportunity Corps	$450,000	$450,000	$0	0.0%
National Board for Professional Teaching Standards	$368,000	$368,000	$0	0.0%
Total	**$106,456,850**	**$106,456,850**	**$0**	**0.0%**

Federal funds in the amount of $5 million will continue to support teacher quality programs.

Cultural Education Program

The Executive Budget submission provides funding for the following Cultural Education programs:

- $91.6 million for aid to public libraries, the same level as last year;
- $14 million for Public television and radio, an reduction of $500,000; and,
- $1.3 million for the Metropolitan Transportation Authority commuter transportation mobility tax for libraries.

Adult Career and Continuing Education Services Program

The SFY 2016-2017 Executive Budget provides funding for the following programs:

- $54 million for case services;
- $15.1 million for time-limited services or long term support services;
- $14.3 million for Independent Living Centers;
- $6.3 million for competitive grants for Adult Literacy and Adult Education for public Assistance recipients; and,
- $294,000 for college readers.

Article VII

Contracts for Excellence

The Executive Budget proposal continues the Contracts for Excellence (C4E) program by requiring all school districts that submitted a contract for the SY 2015-16 to submit a contract that maintains at least the same amount of funding for SY 2015-2016 unless all the schools in the district are in good academic standing. Fifteen school districts would still be required to submit a contract for the SY 2016-17.

Community Schools Aid

Eligible school districts include those with at least one school designated as struggling or persistently struggling (known as "Tier One" schools) as classified under the 2015 law related to school receivership, and those that have been designated as high-need by the Commissioner (known as "Tier Two" schools). Tier One schools would be eligible for $75 million in funding, and Tier Two schools would be eligible for $25 million. The proposal requires school districts to use the funding to support the transformation of school buildings into community hubs to deliver co-located or school-linked academic, health, mental health, and other related services.

New York City School Governance

The Executive proposal extends current provisions for school governance for the New York City school district until June 30, 2019.

Charters

The Executive Budget proposal makes permanent the current calculation for charter school facilities aid when a New York City charter school has been awarded rent in a privately owned space after a co-location appeal for charters approved after October 1, 2016. The current calculation provides that New York City pay actual rent or a 20% addition to charter basic tuition, whichever is less, for rent awarded prior to October 1, 2016.

Additionally, the Executive Budget proposal unfreezes charter school tuition funding formula for New York City charters, and maintains the current tuition funding formula for the rest of the state at the SY 2010-11 rate.

Empire State Pre-Kindergarten Grant Board

The Executive Budget proposal establishes a new board to distribute all new grant awards for prekindergarten programs via a competitive RFP process for the following competitive grant UPK programs:

- Priority pre-kindergarten program (2013);
- Statewide full-day program (2014);
- High Need 3 & 4 year olds program (2015); and
- The new Empire State Prekindergarten 3 year olds program (2016).

The three-member board would be appointed by the Governor, of which one member would be upon the recommendation of the Speaker, and another upon the recommendation of the Temporary President of the Senate. Members would serve one-year terms without pay.

The Office of Children and Families (OCFS) would serve as staff for the board, and SED would be responsible for entering into contracts with school districts or other entities awarded grants. The proposal also requires the board to report annually to Governor and legislature on all applications filed by and awards granted to an entity.

QUALITYstarsNY Rating System

For SY 2016-17 and thereafter, the Executive Budget proposal requires that any new or renewed prekindergarten programs receiving state funding that are identified by OCFS, the New York City Department of Health and Mental Health, or SED as “needing extraordinary quality support” must participate in the QUALITYstarsNY rating system, to the extent that funding exists. Current participation in the rating system is on a voluntary basis.

School Emergency Response Plans

The Executive Budget proposal provides that every school district must adopt a building-level school emergency response plan in addition to its district-wide school safety plan that addresses situations requiring lock-downs, evacuations, and sheltering in place. All school districts must certify to the Commissioner that all staff have undergone annual emergency response plan training, which must also include training on violence prevention and mental health measures. The proposal requires superintendents or their designee to act as the district chief emergency officer.

Additionally, the proposal makes changes to current policies regarding fire drills by decreasing the number of fire evacuation drills from twelve per year to eight, and requiring instead that four drills be lock-down drills. The proposal also authorizes the Commissioner to disregard a reduction in state aid for districts that fail to meet the 180-day requirement due to a credible threat to student safety.

Education Tax Credit

The Executive Proposal Establishes The Parental Choice In Education Act, Which Provides A Non-Refundable Education Scholarship and Program tuition tax credit, along with a new refundable tax credit for purchases of classroom supplies and a scholarship program for certain students attending non-public schools. The proposal directs SED and the Department of Taxation and Finance to jointly monitor the programs.

The Executive Proposal provides that $70 million would be made available for the Education Scholarship and Program tax credit. Businesses and individual taxpayers would be eligible to receive a tax credit of 75% of their authorized donation, with a maximum allowable annual credit of $1 million. Of the $70 million, a total of $50 million would be dedicated for charitable contributions to approved educational scholarship organizations (ESOs), who may award students attending non-public schools or public schools outside the student's district of residence. Scholarship eligibility is based on family income; students residing in a household of up to two 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 AGI of $300,000. At least 50% of the scholarships awarded must be to students whose family income does not exceed 150% of the income qualifications required for reduced price school lunches determinations.

Another $20 million is dedicated to a credit for contributions to public education entities, school improvement organizations, and local education funds. Charter schools would not be eligible under this proposal to receive any contributions.

The Executive proposal also establishes a Family Choice Education refundable tax credit for up to $500 in non-public tuition costs per pupil for families with a combined income below $60,000. Additionally, the Executive proposal establishes an Instructional Materials and Supplies tax credit, which provides teachers in public, nonpublic and charter schools with a refundable tax credit for the cost of educational materials of up to $200, capped at $10 million annually.

Special Education Waiver

The Executive proposal authorizes school districts, approved private schools, and BOCES to submit an application to SED for a waiver from certain special education requirements, provided that the waiver would enable the entity to implement an innovative special education program consistent with federal law that will enhance student achievement and/or opportunities for placement in regular classes and programs.

New York State Teen Health Education Fund

The Executive proposal provides technical changes authorizing the State Comptroller joint custody of the Teen Health Education Fund with the Commissioner of Taxation and Finance. The proposal also requires the Commissioner of Education to provide a written report to the legislature and OSC on how the funds were used during the year. The proposal provides that moneys must be payable from the fund on the audit and warrant of the Comptroller on vouchers approved and certified by the Commissioner of Education. Currently, the moneys in the account are to be released by the Commissioner of Tax and Finance, not to OSC.

English Language Learners

The Executive proposal makes conforming changes throughout Education Law to replace "limited education proficiency" students with "English Language Learners."

Libraries

The Executive proposal provides for a proportional reduction of aid among the various formulas in Education Law. Public libraries aid is provided at $91.63, which includes $1.3 million in Metropolitan Commuter Transportation Mobility Tax reimbursement, the same level of funding in the 2015-16 SY.

New Extenders

The Executive proposal extends current provisions related to the 2014 Statewide Full-Day UPK program until June 30, 2017. The Executive proposal also extends current provisions providing for an additional 10% in building aid for school districts to purchase stationary metal detectors, security cameras, or other security devices until July 1, 2017.

OFFICE OF CHILDREN AND FAMILY SERVICES

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$2,285,894,828	$2,180,180,927	($105,713,901)	-4.6%
Special Revenue-Federal	$1,485,153,000	$1,485,153,000	$0	0%
Special Revenue-Other	$78,839,872	$59,840,000	($18,999,872)	-24.1%
Capital Projects Fund	$147,675,000	$147,675,000	$0	0%
Internal Service Funds	$13,577,000	$14,208,000	$631,000	4.6%
Enterprise Funds	$475,000	$475,000	$0	0%
Total All Funds:	**$4,011,614,700**	**$3,887,531,927**	**($124,082,773)**	**-3.1%**

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 2016-17 Executive Budget recommends $3.9 billion in all funds for OCFS, which is a decrease of $124.1 million (or 3.1%) from the SFY 2015-16 Budget. The change primarily reflects a decrease in General Fund support for child care subsidies that resulted from an equal increase in Temporary Assistance For Needy Families (TANF) fund support, the transfer of funds to the Office for Information Technology, and the elimination of legislative adds totaling $20 million. These decreases are partially offset by increased funding to support the 0.2% human services Cost of Living Adjustment (COLA) of $1.4 million, post-adoption services totaling $5 million, and increased child care provider inspection activities totaling $10 million.

The Executive recommends a workforce of 2,954 FTEs. This is an increase of 79 FTEs from the SFY 2015-16 Executive Budget and reflects additional direct care staff (65-66) at OCFS youth facilities, and an increase in staffing (13-14 FTEs) for the Human Services Contact Center to sufficiently handle call volume from additional phone lines it has recently taken over from other agencies, including Workers' Compensation Board (WCB) claims calls. The Executive anticipates that as the WCB continues to transition all claims calls into the Human Services Contact Center, additional FTEs will be needed to handle increased call volume.

Child Care

The SFY 2016-17 Executive Budget provides $903.5 million in funding, consistent with SFY 2015-16 levels. This includes $309 million from the Child Care Block Grant (CCBG), $169 million in General Fund child care subsidies, and $425.5 million in TANF funding. Although the Executive reduces General Fund for child care by $100 million, he increases TANF funding by $100 million, which results in no overall reduction. According to the Division of the Budget (DOB), based on the most recent data available from Federal Fiscal Year 2014, the Executive's proposal is projected to provide 217,000 child care slots.

Increased Support of Child Care Provider Inspection Activities
The SFY 2016-17 Executive Budget includes a $10 million State Operations appropriation to support the child care provider inspection activities necessary to comply with the Federal Child Care and Development Block Grant (CCDBG) Act of 2014. The initial $10 million allocation is not expected to cover the cost of full compliance under the Act, estimated by DOB to be approximately $90 million. There are certain compliance regulations that have yet to be released for public comment by the Federal government. Once the comment period is completed and final regulations are issued, the full implementation costs will be clearer and further allocations are expected to be made to ensure compliance with the Act.

Implementation of the Human Services COLA
The SFY 2016-17 Executive Budget includes $1.4 million to support the 0.2% statutorily required COLA for OCFS programs including the foster care block grant (FCBG), adoption subsidies, committee on special education maintenance, home and community-based waiver, bridges to health and NYNY III.

Adoption Assistance
The SFY 2016-17 Executive Budget maintains the current 62% State share of adoption subsidies at $188 million, while proving an increase in funding of $225,000 for support of the human services COLA.

Foster Care
The SFY 2016-17 Executive Budget recommends $445.5 million for the FCBG, an increase of $674,000 which is associated with the implementation of the human services COLA.

Invest Annual Adoption Savings in Post-Adoption and Preventive Services
The 2016-17 Executive Budget proposes to invest adoption savings in the amount of $5 million in post adoption and preventive services for children at risk of entering foster care. The $5 million in savings is a result of a greater Federal share for adoption assistance costs as income is no longer a factor in determining eligibility for Federal adoption assistance.

Runaway and Homeless Youth
In SFY 2015-16, funding for runaway and homeless youth programs amounted to $4.5 million composed of $2.4 million in baseline funding and a $2.1 million legislative add. The SFY 2016-17 Executive Budget maintains the SFY 2015-16 funding level.

Raise the Age
The SFY 2016-17 Executive Budget includes a capital investment of $110 million to address the need for additional OCFS facility capacity associated with the Executive's Raise the Age proposal.

Close to Home Initiative
The SFY 2016-17 Executive Budget includes $41.4 million for the full implementation of Phase II of the Close to Home initiative. Under the final Phase, New York City will fully take over new admissions for young people in limited-secure placements that began in November 2015.

Article VII

Compliance with Federal Preventing Sex Trafficking & Strengthening Families Act

This legislation proposes several statutory changes in State law to comply with the Federal Preventing Sex Trafficking and Strengthening Families Act (the Act). Signed into law on September 29, 2014, the Act is designed to help decrease the incidence of sex trafficking among youth in foster care, support in creating normalcy and increase the speed with which permanency is accomplished. During the summer of 2015, further guidance from the Federal Administration for Children and Families was issued to provide more information about statutory changes.

Specifically, this legislation would enact provisions to ensure state law is consistent with the federal law, which is required for states and local social services districts (LSSDs) to continue receiving approximately $600 million dollars of federal funding under Title IV-E (Foster Care and Adoption) of the Social Security Act (SSA).

Consistent with those requirements, this legislation would:

- Ensure that the necessary services and assistance are provided to children (age 14 or close) who are transitioning from foster care to adulthood;
- Mandate that the development or revision of a permanency plan for the child in foster care is conducted in consultation with the child and up to two members of the child's permanency planning team, as selected by the child;
- Specify that the two members selected by the child may not be a foster parent, case worker, case planner or case manager for the child;
- Authorize the local commissioner of social services to reject an individual selected by the child, if the commissioner has reason to believe the individual would not act in the best interest of the child;
- Allow one person, as selected by the child, to serve as the child's advisor and advocate as necessary, with respect to the "reasonable and prudent parent standard" to the child;
- Authorize non-recurring kinship guardianship assistance payments for successor guardians, upon the death or incapacity of the child's relative guardian;
- Establish "qualified immunity" from liability for caregivers of foster children, through the application of the "reasonable and prudent parent standard";
    - Under this standard, a caregiver shall not be liable for injuries to the child that occurs as a result of acting within this standard, unless the injuries were caused by gross negligence or willful and wanton misconduct on the part of the caregiver;
- Eliminates disclosure of the results of national criminal background checks by the Office of Children and Families (OCFS) to authorized agencies;
- Permits OCFS to review and evaluate the results of national criminal background checks for prospective foster parents, prospective adoptive parents, and any individuals over the age of 18 who resides in the home of the applicant; and
- Permits OFCS to notify authorized agencies whether the applications may be approved, denied or held pending further notification from OCFS. In the event OCFS directs an authorized agency to deny the application of a prospective foster or adoptive parent, OCFS shall also notify the prospective parent or other individual who was the basis for the denial.

This legislation would take effect immediately, except for the provisions pertaining to elimination of disclosure of national criminal background check results would take effect 90 days after enactment.

Contracts for Excellence

The Executive budget proposal continues the Contracts for Excellence program by requiring all school districts that submitted a contract for the 2015-16 school year (SY) to submit a contract that maintains at least the same amount of funding for the 2015-2016 SY unless all the schools in the district are in good academic standing. Fifteen school districts would still be required to submit a contract for the 2016-17 SY.

Community Schools Aid

The Executive budget proposal provides $100 million in new formula based funding for eligible school districts to convert schools to community schools. Eligible school districts include those with at least one school designated as struggling or persistently struggling (known as “Tier One” schools) as classified under the 2015 law related to school receivership, and those that have been designated as high-needs by the Commissioner (known as “Tier Two” schools). Tier One schools would be eligible for $75 million in funding, and Tier Two schools would be eligible for $25 million. The proposal requires school districts to use the funding to support the transformation of school buildings into community hubs to deliver co-located or school-linked academic, health, mental health, and other related services.

New York City School Governance

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The Executive budget proposal establishes a new board to distribute all new grant awards for pre-kindergarten programs via a competitive RFP process for the following competitive grant UPK programs: Priority pre-kindergarten program (2013); Statewide full-day program (2014); High Need 3 & 4 year olds program (2015); and the new Empire State Pre-kindergarten 3 year olds program (2016).

The three member board would be appointed by the Governor, of which one member would be upon the recommendation of the Speaker, and another upon the recommendation of the temporary President of the Senate. Members would serve one year terms without pay.

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The Executive budget proposal requires for the 2016-17 SY and thereafter, any new or renewed pre-kindergarten programs receiving state funding that are identified by OCFS, the New York City Department of Health and Mental Health, or SED as "needing extraordinary quality support" must participate in the QUALITYstarsNY rating system, to the extent that funding exists. Current participation in the rating system is on a voluntary basis.

School Emergency Response Plans

The Executive budget proposal provides that every school district must adopt a building-level school emergency response plan in addition to its district-wide school safety plan that addresses situations requiring lock-downs, evacuations, and sheltering in place. All school districts must certify to the Commissioner that all staff have undergone annual emergency response plan training, which must also include training on violence prevention and mental health measures. The proposal requires superintendents or their designee to act as the district chief emergency officer.

Additionally, the proposal makes changes to current policies regarding fire drills by decreasing the number of fire evacuation drills from twelve per year to eight, and requiring instead that four drills be lock-down drills. The proposal also authorizes the Commissioner to disregard a reduction in state aid for districts that fail to meet the 180-day requirement due to a credible threat to student safety.

Education Tax Credit

The Executive proposal establishes the Parental Choice in Education Act, which provides a non-refundable refundable Education Scholarship and Program tuition tax credit, along with a new refundable tax credit for purchases of classroom supplies and a scholarship program for certain students attending non-public schools. The proposal directs SED and the Department of Taxation and Finance to jointly monitor the programs.

The Executive proposal provides that $70 million would be made available for the Education Scholarship and Program tax credit. Businesses and individual taxpayers would be eligible to receive a tax credit of 75% of their authorized donation, with a maximum allowable annual credit of $1 million. Of the $70 million, a total of $50 million would be dedicated for charitable contributions to approved educational scholarship organizations (ESOs), who may award students attending non-public schools or public schools outside the student's district of residence. Scholarship eligibility is based on family income; students residing in a household of up to two 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 AGI of $300,000. At least 50% of the scholarships awarded must be to students whose family income does not exceed 150% of the income qualifications required for reduced price school lunches determinations.

Another $20 million is dedicated to a credit for contributions to public education entities, school improvement organizations, and local education funds. Charter schools would not be eligible under this proposal to receive any contributions.

The Executive proposal also establishes a Family Choice Education refundable tax credit for up to $500 in non-public tuition costs per pupil for families with a combined income below $60,000. Additionally, the Executive proposal establishes an Instructional Materials and Supplies tax credit, which provides teachers in public, nonpublic and charter schools with a refundable tax credit for the cost of educational materials of up to $200, capped at $10 million annually.

<u>Special Education Waiver</u>
The Executive proposal authorizes school districts, approved private schools and BOCES to submit an application to SED for a waiver from certain special education requirements, provided that the waiver would enable the entity to implement an innovative special education program consistent with federal law that will enhance student achievement and/or opportunities for placement in regular classes and programs.

<u>New York State Teen Health Education Fund</u>
The Executive proposal provides technical changes authorizing the State Comptroller joint custody of the Teen Health Education Fund with the Commissioner of Taxation and Finance. The proposal also requires the Commissioner of Education to provide a written report to the legislature and OSC on how the funds were used during the year. The proposal provides that moneys must be payable from the fund on the audit and warrant of the Comptroller on vouchers approved and certified by the Commissioner of Education. Currently, the moneys in the account are to be released by the Commissioner of Tax and Finance, not OSC.

<u>English Language Learners</u>
The Executive proposal makes conforming changes throughout Education Law to replace “limited education proficiency” students with “English Language Learners.”

<u>Libraries</u>
The Executive proposal provides for a proportional reduction of aid among the various formulas in Education Law. Public libraries aid is provided at $91.63, which includes $1.3 million in Metropolitan Commuter Transportation Mobility Tax reimbursement, the same level of funding in the 2015-16 SY.

<u>New Extenders</u>
The Executive proposal extends current provisions related to the 2014 Statewide Full-Day UPK program until June 30, 2017

The Executive proposal extends current provisions providing for an additional 10% in building aid for school districts to purchase stationary metal detectors, security cameras, or other security devices until July 1, 2017.

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$1,429,669,000	$1,470,568,000	$40,899,000	2.9%
Special Revenue-Federal	$3,961,275,000	$4,052,794,000	$91,519,000	2.3%
Special Revenue-Other	$22,400,000	$22,400,000	$0	0.0%
Capital Projects Fund	$63,500,000	$63,500,000	$0	0.0%
Fiduciary Funds	$10,000,000	$10,000,000	$0	0.0%
Total	**$5,486,844,000**	**$5,619,262,000**	**$132,418,000**	**2.4%**

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 working toward self-sufficiency.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2016-17 Executive Budget recommends $5.6 billion for OTDA. This is an increase of $132.4 million from the SFY 2015-16 Executive Budget. The SFY 2016-17 Executive Budget also recommends a workforce of 1,953 FTEs for OTDA, which is consistent with SFY 2015-16 workforce levels.

Public Assistance Caseload

The SFY 2016-17 Executive Budget estimates a total caseload of 557,159. This is a 1.3% decrease (7,279 recipients) from SFY 2015-16 caseload levels. Under the Executive's proposal, monthly average payments for all classes of public assistance recipients will remain at SFY 2015-16 payment levels. Monthly average payments vary depending on family size and where recipients live in the State.

Flexible Fund for Family Services (FFFS)

The SFY 2016-17 Executive budget proposal recommends the same funding level of $964 million, as enacted in the SFY 2015-16 Budget. The programs that may be funded out of the FFFS are as follows:

- Any federally allowable TANF use, such as Child Care (TANF-funded portion);
- Domestic Violence Screening and Non-Residential Domestic Violence services;
- Emergency Assistance to Families (EAF) Child Welfare;
- Employment-related Transportation;
- EAF JD/PINS;
- Local Administration;
- PINS/Preventive Services;
- Pregnancy Prevention;
- Substance Abuse Screening;
- Title XX (TANF-funded portion);
- Transitional Support and Employment Service; and
- Youth Employment Services.

Temporary Assistance to Needy Families (TANF) Programs
Although the SFY 2016-17 Executive Budget contains an increase in overall TANF funding, there are many important programs (totaling $19.5 million) defunded by the Executive's current proposal. These programs include SUNY/CUNY child care, ACCESS-Welfare-to-Careers, community solutions for transportation, educational resources, preventive services and wage subsidy. The increase in funding is mainly attributable to the use of TANF funds for child care subsidies that were funded with General Funds in SFY 2015-16. The Executive also includes an increase of $1 million for the Summer Youth Employment Program (SYEP) to provide for the increase in the minimum wage. Total TANF funding for SYEP is $31 million.

TANF Child Care
The SFY 2016-17 Executive Budget recommends a $100 million funding increase from the SFY 2015-16 Enacted Budget funding level of $324.50 million, for a total of $424.50 million. In SFY 2015-16, the Executive decreased TANF funding for child care, but increased overall child care funding by allocating additional General Funds in the amount of $21 million.

Expand Homeless Housing Capital Funding
The SFY 2016-17 Executive budget includes a comprehensive affordable housing and homeless plan to create new housing opportunities for individuals in need of supportive services, as well as to provide resources to vulnerable populations in need of securing stable housing. The OTDA capital budget contains $63.5 million in supportive housing funding, which is part of the $2.2 billion in funding allocated for Year 1 of the Executive's $20 billion housing plan.

Homeless Programs
The SFY 2016-17 Executive Budget maintains SFY 2015-16 levels for existing homelessness programs including $34.2 million for the New York State Supportive Housing Program, Solutions to End Homelessness Program, and the Operational Support for AIDS Housing.

Under the Executive's Affordable and Homeless Housing Plan, he proposes to add 1,000 emergency shelter beds, the cost of which has not yet been revealed. The Executive has added language in the Aid to Localities appropriations budget to allow for the State to withhold reimbursement of TANF monies from cities with populations in excess of 5 million (NYC) for expenses incurred by the State related to human services programs. Although the language does not mention any specific programs, information provided by DOB indicates that the language is being included to cover the cost of any additional emergency shelter beds in NYC.

Emergency Homeless Services Program
The SFY 2016-17 Executive Budget includes a General Fund allocation in the amount of $1 million in response to the current homeless crisis. The funds are specifically allocated to be used in local social service districts with a population in excess of two million that meet the emergency needs of homeless individuals and families and those at risk of becoming homeless.

Empire State Poverty Reduction Initiative
The SFY 2016-17 Executive Budget includes $25 million in new funding to significantly expand anti-poverty initiatives that began in SFY 2014-15. The Governor's program is intended to bring together state and local government, non-profit and business groups to design and implement

coordinated solutions to increase social mobility in 10 communities across upstate New York. Under the program, the state would provide $500,000 in planning and implementation grants, along with access to a $20 million grant pool to match private sector and foundation funding. The cities selected for the program were chosen based on high concentrations of poverty within the municipality. They include: Syracuse, Binghamton, Oneonta, Buffalo, Utica, Elmira, Jamestown, Oswego, Troy and Albany. At this time, there has been no response by DOB to our request for information as to how the 10 communities were chosen.

Fair Hearings Chargebacks

The Executive proposes an increase of $10 million related to the expiration of language authorizing reimbursement by local social services to the state for the cost of fair hearings based on performance criteria.

Disability Advocacy Program

The SFY 2016-17 Executive Budget proposes to reduce Disability Advocacy Program funding. The Executive provides $2.6 million in funding, a $1 million decrease from the SFY 2015-16 funding level.

TANF Funding Commitments (Thousands)			
Program	**2015-2016 Enacted**	**2016-2017 Executive Proposal**	**$ Change**
Public Assistance Benefits	$1,124,000	$1,100,034	-$23,966
Emergency Assistance to Needy Families (EAF)	$180,221	$180,221	$0
NYC 10% EAF Share	($14,000)	($14,000)	$0
State Operations	$30,000	$0	-$30,000
TANF Base Total	**$1,320,221**	**$1,266,255**	**-$53,966**
ACCESS - Welfare-to-Careers	$800	$0	-$800
Advanced Technology Training and Information Networking (ATTAIN)	$4,000	$0	-$4,000
Bridge	$102	$0	-$102
Career Pathways	$1,500	$0	-$1,500
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)	$5,736	$0	-$5,736
Child Care Subsidies	$324,519	$424,519	$100,000
Child Care SUNY	$193	$0	-$193
Community Solutions for Transportation	$112	$0	-$112
Educational Resources	$250	$0	-$250
Emergency Homeless	$1,000	$0	-$1,000
Flexible Fund for Family Services	$964,000	$964,000	$0

Program	2015-2016 Enacted	2016-2017 Executive Proposal	$ Change
Non-residential Domestic Violence	$3,000	$3,000	$0
Preventive Services	$1,570	$0	-$1,570
Rochester-Genesee Regional Transportation Authority	$82	$0	-$82
Strengthening Families through Stronger Fathers	$200	$0	-$200
Summer Youth	$30,000	$31,000	$1,000
Wage Subsidy	$950	$0	-$950
Wheels for Work	$144	$0	-$144
TANF Initiatives Total	**$1,341,000**	**$1,422,519**	**-$81,519**
TOTAL TANF Commitment	**$2,661,221**	**$2,688,774**	**$27,553**

Article VII

Federal COLA Pass-Through

This legislation authorizes federal Supplemental Security Income (SSI) benefits to increase in 2017 by the percentage of any SSI Cost of Living Adjustment (COLA). This is an annual authorization to reflect the changes at the federal level. Social Services Law § 131-o and § 209 sets forth specific amounts for the monthly Personal Needs Allowance (PNA) and monthly Supplemental Security Income (SSI) to assist some New Yorkers with their living costs. This legislation would amend the above-mentioned sections of law to set forth the actual 2016 PNA amounts, in addition to the standard of need for eligibility and payment of additional State payments. The legislation would also provide authorization for an increase in the amounts to reflect any increases in federal SSI benefits in 2017, which will be become effective during the first part of calendar year 2017 (January 1st- June 30th, 2017). This legislation would take effect December 31, 2016.

HIGHER EDUCATION SERVICES CORPORATION

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$1,114,339,000	$1,134,426,000	$20,087,000	2%
Special Revenue- Federal	$11,009,000	$3,500,000	($7,509,000)	-68%
Special Revenue- Other	$80,142,000	$61,388,000	($18,754,000)	-23%
Total	**$1,205,490,000**	**$1,199,314,000**	**($6,176,000)**	**-1%**

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 2016-17 Executive Budget provides an All Funds appropriation of $1.2 billion, a decrease of $6.2 million from SFY 2015-16. The Agency presently employs 267 Full- Time Equivalents (FTEs), almost all of whom are supported by revenues from Special Revenue- Other account. These reductions are largely due to the ending of the federally funded, College Access Challenge Grant Program, and the anticipated loss of 17 FTEs in SFY 2016-17 related to the program.

The recommended General Fund support totals $1.1 billion, a $20 million increase over last year. The Tuition Assistance Program (TAP) expenditures have increased significantly over the last few years. 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 billion for the full- and part-time TAP, an increase of $19.6 million from SFY 2015-16 Enacted Budget. The projected growth stems from the continued tuition increases at SUNY and CUNY. Furthermore, within the appropriation language there is a DREAM Act provision with $27 million of the lump sum attributed to DREAM Act funding. The Budget includes a $14.4 million appropriation for Aid for Part-Time Study, flat from SFY 2015-16.

The Executive Budget proposes $74.9 million, an increase of $8.9 million to fund the various scholarship programs HESC administers. This increase is due to the increased enrollment in the Get On Your Feet Student Loan Forgiveness Program. The Executive Budget does not include $7.5 million for NYS Achievement and Investment Merit Scholarships (NY-AIMS) that was included in the SFY 2015-16 Enacted Budget.

Article VII

The DREAM Act

The Executive budget proposal establishes the New York State DREAM Act, which allows students without lawful immigration status to become eligible for the Tuition Assistance Program (TAP) and other State financial assistance programs.

In order to be eligible for financial assistance, such students must have attended a registered New York State high school for two or more years, or a New York State program for a general equivalency program, graduated from a registered New York State high school, lived continuously in New York State while attending an approved high school or equivalency diploma program, and applied for attendance at an institution of higher education in New York State within five years of receiving a New York State high school diploma or equivalency diploma. Such students who graduated from a New York State high school or attended an equivalency diploma program will be considered at the resident rate for state tuition assistance. The proposal also requires students to sign an affidavit stating that they are applying or will apply for legal residency when they become eligible.

Loan Forgiveness and Scholarship Extenders

The Executive budget proposal extends for five years certain loan forgiveness and scholarship programs for nurses, social workers, and physicians. The proposal also amends the Senator Patricia K. McGee Nursing Faculty Scholarship Program and the Math and Science Teaching Incentive Program to provide forgiveness of repayment obligations for recipients in certain situations. Loans for recipients who fail to meet program requirements in cases of approved interruptions in work or study would be deferred, and a waiver or suspension would be provided in cases of extreme hardship. Upon the death of a recipient, repayment requirements would be canceled.

DIVISION OF HOUSING AND COMMUNITY RENEWAL

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$17,822,000	$16,782,000	($1,040,000)	-5.8%
Special Revenue- Federal	$86,769,000	$87,936,000	$1,167,000	1.3%
Special Revenue- Other	$68,386,000	$72,896,000	$4,510,000	6.6%
Fiduciary Funds	$439,549,965	$0	($439,549,965)	-100.0%
Capital Projects	$91,200,000	$2,070,675,000	$1,979,475,000	2170.5%
Total	**$703,726,965**	**$2,248,289,000**	**$1,544,562,035**	**219.5%**

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 Executive Budget Proposal

The State Fiscal Year (SFY) 2016-2017 Executive Budget recommends a total appropriation of $2.2 billion for the Division of Housing and Community Renewal (DHCR). This is an increase of $1.5 billion. This increase is the net of two major actions: a reduction in the amount of $439.5 million associated with the use of funds from the J.P. Morgan settlement and a $1.98 billion in capital projects related with the Governor's five-year, $20 billion House NY program.

Funding for the House NY program is not fully appropriated by the SFY 2016-2017 Executive Budget submission. In fact, only $1.9 billion or 9.5% of the $20 billion program is included in this year's recommendation. This program is expected to include $10 billion for affordable housing which would be used to create 50,000 new units and preserve the existing 50,000 units. In addition, The Executive expects that the remaining $10 billion would be used for supportive housing and emergency bed shelter beds, including $2.6 billion for the construction and operations of 6,00 supportive beds and 1,000 shelter beds. The Executive expects to use $75 million of the J.P. Morgan settlement to pay a portion of the costs associated with this program.

The Executive $1.9 billion appropriation for SFY 2016-2017 would allow current DHCR programs to become eligible for this House NY program including: Access to Home Program, Affordable Housing Corporation, Homes for Working Families Program, Housing Opportunities Program for the Elderly, Low Income Housing Trust Fund, Main Street Program, Public Housing Modernization Program and HCR Restore.

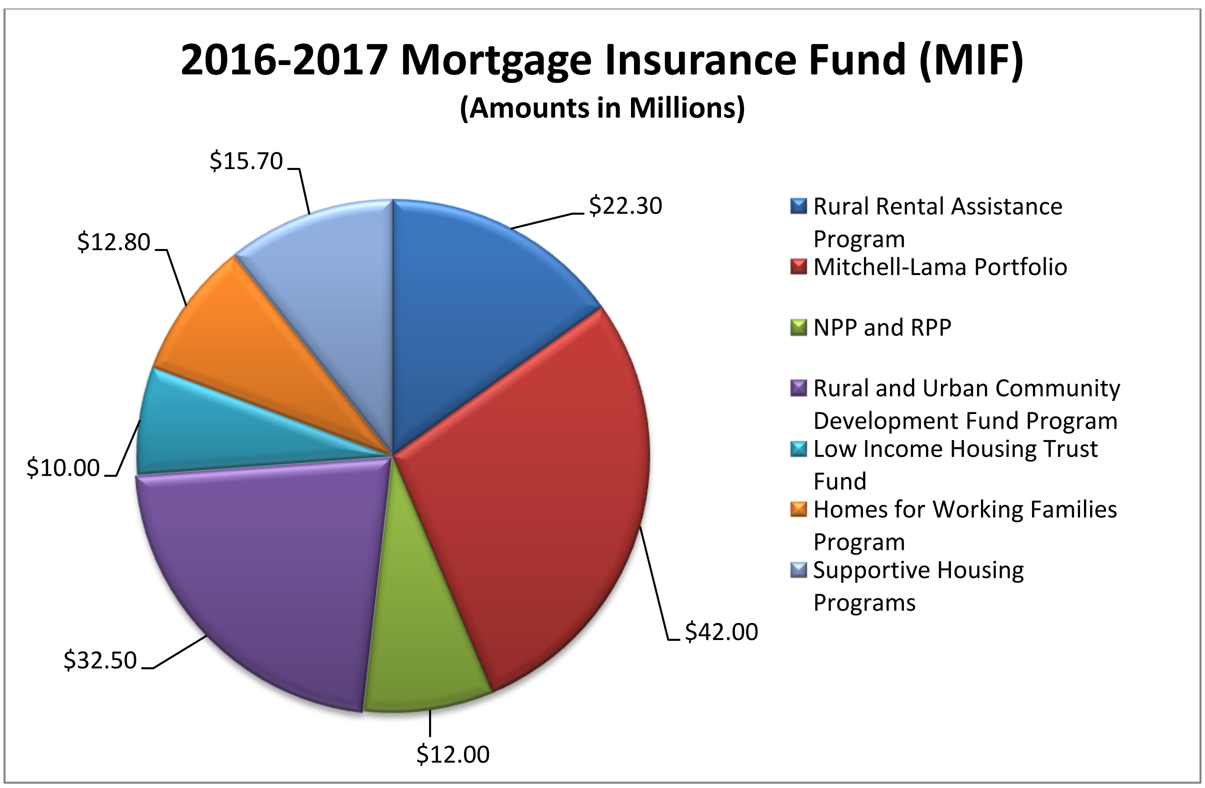
The Executive Budget recommendation include $4.5 million lump sum appropriation for the Office of Rent Administration to fund the Tenant Protection Unit (TPU). However, there is no language included in the Executive Budget proposal specifically outlining the suballocation to the TPU.

The Executive budget also recommends funding for the following capital projects:

- $1 million for Access to Home Program;
- $26 million for Affordable Housing Corporation;
- $14 million for Homes for Working families Program;
- $1.4 million for Housing Opportunities Program for the Elderly;
- $44.2 million for Low Income Housing Trust Fund;
- $4.2 million for Main Street Program;
- $6.44 million for Public Housing Modernization Program; and
- $1.9 Billion for Supportive Homeless Housing Program

The Executive budget continues to fund the following Aid to Localities programs with the Mortgage Insurance Fund (MIF):

- Rural Rental Assistance Program: $22.3 million;
- Mitchell-Lama Portfolio: $42 million;
- Neighborhood Preservation Program- $8.4 million;
- Rural Preservation Program- $3.5 million;
- Rural and Urban Community Development Fund Program: $32.5 million;
- Low Income Housing Trust Fund: $10 million;
- Homes for Working Families Program: $12.8 million; and
- Homeless Housing Programs: NYSHP/STEHP/Aids Housing- $15.7 million



Article VII

Authorize Additional Credits for Low-Income Housing Credit

This legislation would increase the amount of low-income housing tax credit the Commissioner of Housing and Community Renewal may allocate from $64 million to $104 million, in $8 million increments annually for the next 5 years.

Authorization for Transfers, Temporary Loans, & Amendments to Miscellaneous Capital/ Debt Provisions, Including Bond Caps

This legislation provides the authorization for temporary loans and deposits of certain revenues to various specific funds and accounts; authorizes the transfers and deposits of funds to and across various specific accounts; extends certain capital projects and certifications; and modifies certain debt and bond provisions.

This Article VII authorizes the State Comptroller:

- To make temporary loans to specific state funds and accounts;
- To make temporary loans to accounts within specific federal funds;
- To make transfers between designated funds and accounts;
- To deposit funds into the banking services account;
- To transfer up to $16 million to the General Fund for debt service costs related to capital project costs for the NY-SUNY 2020 Challenge Grant Program at the University of Buffalo;
- To transfer up to $6.5 million to the General Fund for debt service costs related to capital project costs for the NY-SUNY 2020 Challenge Grant Program at the University at Albany;
- To transfer up to $69.3 million from the general fund to the State University Income Fund, State University Hospitals Income Reimbursement Account;
- To transfer up to $996.8 million from the general fund to the state University Income Fund, State University General Revenue Offset Account;
- To transfer up to $55 million from the State University Income Fund, State University Hospitals Income Reimbursable And Long Island Veterans' Home accounts, to the State University Capital Projects Fund;
- To transfer monies from the State University Collection and the State University Income Funds to the State University Income Fund, State University Hospitals Income Reimbursable Account, if there are insufficient funds available for the full transfer of funds authorized for the General Fund for SUNY Hospitals' debt service;
- To transfer up to $80 million between the State University Dormitory Income Fund and the State University Residence Hall Rehabilitation Fund;
- To transfer up to $350 million between the miscellaneous special revenue fund, patient income account, mental hygiene program fund account, federal salary sharing account, and the general fund;
- To transfer up to $750 million from the special revenue fund or account, agency fund or account, internal services fund or account, or enterprise fund or account, to the general fund;
- To transfer up to $100 million from any non-general fund or account to the technology financing account or the miscellaneous capital projects fund, or information technology capital financing account for the consolidation of costs related to technology services;

- To transfer up to $350 million from any non-general funds or account, to the general fund as reimbursement for costs related to technology services;
- To transfer to the general fund funding from the correctional facilities capital improvement fund; and
- To receive moneys for depositing into funds and accounts as identified by the director of the budget.

This legislation would authorize the Dormitory Authority of the State (DASNY) to transfer up to $22 million to SUNY for bondable equipment costs, which would be re-paid to the General Fund.

The SUNY Chancellor would be authorized to transfer the estimated tuition revenue balances from the State University Collection Fund to the State University Fund, State University General Revenue Offset Account.

This bill authorizes the transfer of up to $20 million from the Power Authority of the State of New York to the credit of the General Fund for energy-related state activities;

This proposal authorized the transfer of up to $23 million from the New York State Energy Research and Development Authority from the auction or sale of carbon dioxide emission allowances to the credit of the General Fund on or before March 31, 2017;

This bill authorizes the transfer of up to $15 million from the proceeds collected by the New York State Energy Research Development Authority from the auction or sale of carbon dioxide emission allowances to the State University Fund, State University General Revenue Offset Account;

This bill would allow the State Comptroller to deposit up to $3.2 billion into the School Tax Relief Fund;

This proposal would amend the law to exclude the General Fund transfer to the Dedicated Infrastructure Investment Fund from the expiration date cited in that section so that transfers may be made up to and after March 31, 2016;

The State Finance Law would be amended to permit payment of past years' liabilities;

The State Finance Law would change certain definitions of the index of business cycle indicators used to define an Economic Downturn for the Rainy Day Reserve Fund and the Dedicated Infrastructure Investment Fund;

This bill would authorize any balance remaining in the debt service appropriation for Mental Hygiene facilities to make rebates necessary to protect the tax-exempt status of the bonds;

From Section 29 of this bill through Section 45 this bill is authorizing an increase in bond caps for the following:

- Information Technology;
- Correctional facilities;
- Housing programs;
- Local highway projects;
- State police capital projects;
- Certain economic development projects, including a commercialization center in Chautauqua County, and industrial scale research and development facility in Clinton county, upstate revitalization initiative projects and market New York projects;
- Environmental infrastructure projects
- Financing NY-SUNY and NY-CUNY 2020 challenge grant program;
- State office buildings and other facilities;
- Transportation initiatives;
- SUNY educational facilities;
- City University of NY senior and community colleges;
- SUNY community colleges;
- Youth facilities;
- Mental health services facilities and;
- Higher education capital matching grants.

* The last section of this bill would reduce the sales tax receipts what would otherwise be payable to New York City over the next three years by the amount of savings that is owed to the State as a result of the debt funded by the State in 2004 during the NYC fiscal crisis, through STARC. The STARC issued $2.5 billion in debt to refinance certain obligations, which were secured by $170 million in State sales tax paid to NYC as local aid. In 2014 STARC refunded the outstanding debt to NYC, and now the Governor wants the State to realize the savings.

<u>* Appropriation: Downtown NY: Downtown Revitalization Initiative (DRI)</u>
The Governor’s Downtown Revitalization Initiative is a $100 million program designed to revitalize communities including the Gaffer District and other areas. Eligible projects will include small business growth, housing expansions, transportation improvements, and partnerships with universities and hospitals.

STATE OF NEW YORK MORTGAGE AGENCY

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$176,973,178	$192,308,241	$15,335,063	9%
Total	**$176,973,178**	**$192,308,241**	**$15,335,063**	9%

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 the Executive Budget

The SFY 2016-17 Executive Budget recommends $192 million in All Funds support for SONYMA, which is an increase of $15.3 million over SFY 2015-16 Enacted levels. 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. The Agency receives no direct operating support from the State.

DIVISION OF HUMAN RIGHTS

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$12,010,000	$12,010,000	$0	0%
Special Revenue-Federal	$6,000,000	$6,000,000	$0	0%
Total All Funds:	**$18,010,000**	**$18,010,000**	**$0**	**0%**

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 State Fiscal Year (SFY) 2016-17 Executive Budget recommends an All Funds appropriation of $18 million, which is unchanged from SFY 2015-16 funding levels. The Executive Budget also recommends that the SFY 2015-16 staffing level of 164 FTE's remain unchanged in SFY 2016-17. Programs funded through the DHR protect civil rights in the areas of employment, housing, public accommodations, education and credit.

DEPARTMENT OF LABOR

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$14,965,000	$285,000	($14,680,000)	-98%
Special Revenue- Federal	$742,437,000	$705,740,000	($36,697,000)	-5%
Special Revenue- Other	$72,740,000	$72,740,000	$0	0%
Enterprise Funds	$3,280,000,000	$3,005,000,000	($275,000,000)	-8%
Internal Service Funds	$4,338,000	$4,253,000	($85,000)	-2%
Total	**$4,114,480,000**	**$3,788,018,000**	**($326,462,000)**	**-8%**

The Department of Labor (DOL) is the primary agency that implements unemployment insurance, provides workforce development, and enforces New York 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 2016-17 Executive Budget recommends an All Funds appropriation of $3.8 billion, a reduction of $326.5 million from SFY 2015-16 funding levels. These cuts are associated with a reduction in Federal funds for unemployment insurance and worker training due to improving economic conditions and a decrease in the unemployment rate.

<u>Employment and Training Programs</u>

The Executive Budget proposes an appropriation of $172.5 million for the Workforce Innovation and Opportunity Act (WIOA), a decrease of $18.4 million from SFY 2015-16. The decrease is associated with a reduction in Federal funding. WIOA is a federal law which promoted 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 WIOA are generally controlled by regional boards. 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 $14.7 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.

<u>Unemployment Insurance (UI) Administration</u>

Due to a decrease in the total unemployment rate, total funding for unemployment insurance has been decreased. These decreases resulted in a loss of $275 million in Enterprise Funds for the payment of UI benefits to individual unemployment beneficiaries, as well as a reduction of $34.8 million in Unemployment Insurance Administration.

Article VII

Raises the Minimum Wage to $15/hr

The Executive proposes an increase of the minimum wage to $15/hr. The proposed increase would be implemented over the next three to six years. This implementation schedule would be bifurcated, with a faster implementation in New York City compared to the rest of the State. The proposed increase schedule is as follows:

The proposed implementation schedule closely mirrors the previously announced minimum wage increases for fast food, state government, and SUNY employees.

Expands the Urban Youth Jobs Tax Credit

The Urban Youth Jobs program, first created in 2012, provides a substantial tax credit for employers who hire at-risk unemployed youth age 16-24 that live in targeted municipalities, generally cities with a population of 50,000 or more. The credit provides employers with a tax credit of up to $5,000 per employee, or $500 per month of employment for the first six months, $1,000 for another six months, and $1,000 for another. The SFY 2016-17 Executive Budget proposes a $30 million increase, for a total of $50 million in tax credits for the Urban Youth Jobs Tax Credit. This credit be available beginning in the 2016 tax year. The previously mentioned amounts are reduced by half for part-time employment.

Of the $50 million, $40 million support pre-existing program under the same guidelines, while the remaining additional $10 million would be available for employers who hire youth anywhere in the state, thereby eliminating the residency rules for this remaining additional funding.

Increases the Membership of the Apprenticeship Council

The Executive proposes new language that would increase the current membership of the State Advisory Council on Apprenticeship Programs, which provides guidance to the Department of Labor in the administration of its apprenticeship certification program. The current membership of 7 would be increased to 9, and at least 3 of the 9 members would be representatives of community colleges, universities, and/or BOCES programs. Additionally, the chair of the council shall be 1 of the 3 academic appointees.

PAY FOR SUCCESS CONTINGENCY RESERVE

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$69,000,000	$69,000,000	$0	0%
Total All Funds:	**$69,000,000**	**$69,000,000**	**$0**	**0%**

The Pay for Success program, also known as social impact bonds, is designed to transform how government does business while serving vulnerable New Yorkers and providing additional resources for innovative social services programs. Pay for Success projects are public-private partnerships where the State sets performance goals and private and philanthropic investors provide the funds for the program. The State repays investors based on the programs performance, and only makes payments if the goals are achieved following a rigorous independent evaluation. Because effective programs help avoid expensive negative outcomes like unnecessary hospitalizations or unemployment, even at the greatest level of success the savings to taxpayers will generally exceed the amount the State pays to investors.

The SFY 2016-17 Executive Budget includes $69 million to continue support of Pay for Success Initiatives. The amount of program funding is unchanged from SFY 2015-16.

The Pay for Success Program is a public/private partnership related with private sector financing of State program. Government payments are only made if the programs achieve an agreed upon outcomes as verified by an independent validator, and if public sector savings exceed costs. In 2014 New York launched the nation's first state-led Pay for Success program to train and employ approximately 2,000 formerly incarcerated individuals. New York subsequently issued a request for additional Pay for Success projects and is working towards two additional projects in the areas of juvenile justice and home visiting services.

STATE UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$1,611,841,500	$1,941,659,000	$329,817,500	20%
Special Revenue-Federal	$415,600,000	$415,600,000	$0	0%
Special Revenue- Other	$6,901,230,600	$7,052,060,100	$150,829,500	2%
Internal Service Funds	$20,600,000	$23,000,000	$2,400,000	12%
Capital Projects	$462,427,000	$473,094,000	$10,667,000	2%
Total	**$9,411,699,100**	**$9,905,413,100**	**$493,714,000**	**5%**

The State University of New York (SUNY),is the nation's largest public university system, and offers academic, professional, and vocational programs of study to more than 460,000 students in 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 2016-17 Executive Budget recommends an All Funds appropriation of $9.9 billion for SUNY, a $493.7 million (or 5%) increase from SFY 2015-16 levels. General Fund appropriations for the SUNY system increased by $329.8 million for a total of $1.9 billion. The Special Revenue-Other account increased by $150.8 million for a total of $7.1 billion.

Overall, State Tax Dollar Support accounts for 34% of all SUNY support while tuition revenue accounts for almost 66% of all SUNY funding. Tuition revenue increases by 5% over SFY 2015-16 to $1.91 billion. This increase of $89.3 million is associated with the rational tuition policy included as part of SUNY 2020 legislation.

<u>Community Colleges</u>

The community college base aid per Full-Time Equivalent (FTE) student will remain at $2,597. A total of $487 million is recommended for the SUNY community colleges, a decrease of $11.5 million due to enrollment decreases.

The recommended SFY 2016-17 appropriations for community college are as follows:

- $1.9 million, for contract courses;
- $11.6 million for rental aid;
- $1 million, for SUNY child care centers, a reduction of $1.1 million due to the removal of a legislative add;
- $940,000 for community colleges with low enrollment, the funded at last year's levels;

- $1.7 million for high need programs; and
- $3 million for the New York Job Linkage Program.

The Executive eliminated funding provided by the Legislature in the amount of $1.5 million for the Graduate Achievement and Placement Program (GAPP) program, and includes $5 million for the new SUNY Apprentice program.

The Governor and the SUNY Board of Trustees have announced a minimum wage increase for unrepresented (nonunion) hourly employees. The Governor's office estimated the cost to be approximately $28 million statewide.

SUNY Hospitals

The 2016-17 Executive Budget proposal provides $2.7 billion for the three SUNY teaching hospitals: SUNY Downstate, SUNY Stony Brook, and SUNY Upstate, an increase of $41.4 million. This increase is associated with increased hospital revenues.

Capital Plan

The Executive proposes a capital projects appropriation of $473.1 million, a $10.7 million reduction from SFY 2015-16 levels. The Executive includes $222.9 million in critical maintenance projects. This appropriation includes $22.9 million to provide for the state's 50% share of costs for projects at SUNY community colleges. The Executive also proposes a $25.1 million appropriation to pay the SUNY Construction Fund costs. Furthermore, Upstate and Stony Brook Hospitals will each receive $50 million capital appropriations and makes available $75 million in matching funds for the Upstate Hospital.

Additional funds for capital construction associated with the SUNY 2020 proposal will be funded through the Empires State Development Corporation.

OFFICE OF THE WELFARE INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2015-2016	Executive Recommendation 2016-2017	$ Change	% Change
General Fund	$1,162,000	$1,162,000	$0	0.0 %
Special Revenue-Federal	$0	$100,000	$100,000	NA
Total	**$1,162,000**	**$1,262,000**	**$100,000**	**8.6 %**

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 the 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 2016-17 Executive Budget recommends an All Funds appropriation of $1.3 million, which is an increase of $100,000 from SFY 2015-16 funding levels. The increase is associated with a provision for recovery of seized assets forfeitures from the Welfare Inspector General operations.

The Executive Budget also recommends that the SFY 2015-16 staffing level of 7 FTEs remain unchanged in SFY 2016-17.

Health and Mental Hygiene

OFFICE FOR THE AGING

Fund Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$131,949,000	$131,096,000	$853,000	0.65%
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%
Total	**$258,018,000**	**$257,165,000**	**$853,000**	**0.65%**

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 2016-17 Executive Budget recommends an All Funds allocation of $257.2 million for SOFA, a decrease of $0.9 million from the SFY 2015-16 Adopted Budget. This change is the result of a planned cost-of-living increase for certain aging service providers in the amount of $400,000 offset by the discontinuation of one-time legislative adds totaling $1.2 million. The Executive Budget recommends a 95 FTEs agency workforce, which remains unchanged from SFY 2015-16.

Maintaining Aging Supports

The SFY 2015-16 Enacted Budget included a $2.5 million add for the Community Services for the Elderly (CSE) program and a $500,000 add for the Long Term Care Ombudsman Program (LTCOP). The SFY 2016-17 Executive Budget continues these adds and rolls them into the base appropriations for each program.

Targeting Funding for the NORC/NNORC Programs

Naturally Occurring and Neighborhood Naturally Occurring Retirement Community (NORC/NNORC) programs provide support services to older persons in designated community residential settings statewide, but largely in metropolitan areas. Due to changing demographics, some existing NORCs and NNORCs no longer meet the statutory population requirements. Prior to letting new contracts, SOFA will ensure that each grantee is in compliance with these requirements; those that are not in compliance will not receive contracts. The Executive projects this proposal will save $951,000 annually.

Contractual Services

The SFY 2016-17 Executive Budget proposes to reduce General Fund support for the NY Connects Resource Directory. The Directory, which is a searchable online resource that assists New Yorkers with finding long-term services and supports, will now be funded solely with Federal funds. The Executive projects this proposal will save $75,000 annually

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
Special Revenue- Federal	$4,750,000	$4,750,000	$0	0%
Enterprise Funds	$10,000	$10,000	$0	0%
Total	**$4,760,000**	**$4,760,000**	**$0**	**0%**

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 2016-17 Executive Budget provides $4.8 million in All Funds support, consistent with the SFY 2015-16 Enacted Budget. This level of funding would provide sufficient resources to support 18 FTE's in performing the duties and functions of the Council.

DEPARTMENT OF HEALTH

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$36,775,250,754	$37,362,469,754	$587,219,000	2%
Special Revenue-Federal	$84,764,730,000	$87,540,325,000	$2,775,595,000	3%
Special Revenue-Other	$11,910,221,000	$12,237,004,000	$326,783,000	3%
Capital Projects	$1,150,600,000	$158,100,000	($992,500,000)	-86%
Total	**$134,600,801,754**	**$137,297,898,754**	**$2,697,097,000**	**2%**

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 alternatives are provided throughout the State.

Overview of the Executive Budget Proposal

The SFY 2016-17 Executive Budget recommends $137.3 billion in All Funds support for the Department of Health, which reflects an increase of $2.7 billion or 2% over SFY 2015-16 enacted levels. This appropriation amount is consistent with the 2 year appropriation structure that was first included as part of the SFY 2011-12 Enacted Budget. Contained within this 2 year appropriation amount is $63.3 billion in All Funds support for the Medical Assistance (Medicaid) Program. This amount reflects a decrease of $348 million from SFY 2015-16 enacted levels which is attributed to the shift in funding to the Essential Health Plan. The SFY 2016-17 Executive Budget proposes to extend the Medicaid Global Cap for one additional year and recommends $17.7 billion in State spending, which reflects an increase of $588 million or 3.4% over SFY 2015-16 Enacted Levels.

The SFY 2016-17 Executive Budget also recommends $4.2 billion in All Funds support for all other Department of Health Spending, which reflects an increase of $131 million or 3.2 percent over SFY 2015-16 Enacted levels.

Medical Assistance (Medicaid) Program

The SFY 2016-17 Executive Budget proposes $63.3 billion in All Funds support for Medicaid spending. Of this amount, $17.7 billion reflects the State share of Medicaid spending.

Local Medicaid Contribution – New York City

- The SFY 2016-17 Executive Budget proposes to amend the local contribution for Medicaid expenditures. Under this proposal, the local Medicaid expenditure cap for New York City (NYC) would be changed to allow for the re-institution of the growth factor for Medicaid expenditures. Effective October 2016, NYC's Medicaid spending would increase by 3.6% and increase to 5.8% for SFY 2017-18. Every year thereafter, NYC's Medicaid expenditure would increase by 2.2%. As a result of this proposal, by SFY 2017-18 NYC's Medicaid expenditures would be restored to its 2005 spending levels. The estimated savings to the State are as follows: (Additional cost to NYC)

- SFY 2016-17, $180 million.
- SFY 2017-18, $475 million.
- SFY 2018-19 and thereafter, $129 million.

Medicaid Redesign Team (MRT) Proposals

The SFY 2016-17 Executive Budget continues to implement the reform initiatives proposed by the MRT, and realizes $269.04 million in All Funds savings. Highlights of the Executive's recommendation are as follows:

Pharmaceutical Initiatives

The SFY 2016-17 Executive Budget proposes several cost saving initiatives for the pharmaceutical category that would realize $65.3 million in State savings ($132.2 million, All Funds). Details of these cost saving measures are:

- Eliminating prescriber prevails for a prescription drugs under Medicaid fee-for-service (FFS) and managed care programs, for State savings of $20.7 million;
- Reduce the reimbursement rates for specialty drugs under Medicaid FFS, for a state savings of $1.8 million;
- Expands the Clinical Drug Review Program (CDRP) in order to prior authorize (PA) drugs before the Drug Utilization Review (DUR) Board makes a recommendation. This proposal would realize $160,000 in savings (State share);
- Accelerate rebate collections from drug manufacturers. This proposal, which is partially in response to the Office of State Comptroller's (OSC) recent audits, improve the Departments collections of rebates from pharmaceutical companies that wish to participate in New York State's Medicaid program. It is expected that this proposal would result in $13 million (State share) of additional revenues;
- Establish a (Consumer Price Index) CPI penalty for generic drugs under Medicaid FFS and Managed Care Organizations. Under this proposal, the State would institute a penalty for those manufacturers that impose price increases over CPI and use a rebate mechanism to capture the increased amount above CPI. This proposal would generate $23.8 million in State savings;
- Establish a ceiling on brand name "Block Buster" Drugs. Under this proposal, DOH would establish a list of critical "block buster" drugs and establish a price ceiling for drug manufacturers to charge for these drugs. Using a rebate mechanism, the State would capture the amount above the price ceiling. This proposal would realize $6 million in State savings; and
- Establish a hard cap on opioids prescribed under managed care. The Executive proposes to establish a hard cap on prescribing opioids, similar to the hard cap that is in existence under Medicaid FFS. This proposal would realize $170,000 in State savings.

Long Term Care Initiatives

The SFY Executive Budget proposes several cost saving initiatives for long term care services that would result in $36.4 million in State savings. Highlights of these proposals are:

- Improve the coordination of transportation services by: carving out transportation services from the rates paid to Managed Long Term Care (MLTC) plans; carving out transportation services from the rates paid for adult day/home care; and remove transportation direct costs component from the nursing home rate. These proposals would generate $17.2 million in State savings;
- Require spousal support in order to comply with Federal guidelines. Under this proposal, the Executive prohibits spouses from refusing to contribute any of their assets towards the cost of long term care for a person applying for services. If enacted this proposal would generate $10 million in State savings;
- Align community spouse resource limits with the Federal guidelines. Under this proposal, assets of the community spouse would be used towards the care of the individual applying for Medicaid and would generate $5.8 million in State savings;
- Move Medicaid benefits into MLTC plans. Under this proposal Dual Eligibles (those individuals that are eligible for both Medicaid and Medicare) would be enrolled into MLTC's. This proposal would realize $1.5 million in State savings; and
- Restrict the eligibility for enrollment into MLTC plans to those individuals that have been deemed eligible for nursing home services. This proposal would result in $1.9 million in State savings.

Managed Care Initiatives

The SFY 2016-17 Executive Budget recommends several proposals under the managed care category of services that would result in $118 million in State savings. Details of these recommendations are:

- Establish a cap on the profits of Managed Care Plans. This proposal would impose a 3.5% cap on the amount of profits that for-profits plans would be allowed to realize for the upcoming fiscal year and result in $63 million in State savings;
- Impose a penalty on managed care plans for late or incorrect encounter data. Encounter data is detailed information about individual services program by managed care plans. Under this proposal, DOH would impose penalties for late or erroneous filings and realize $10 million in State savings;
- Implement the recommendations of Office of State Comptroller (OSC) audits for managed care. The Comptroller recently issued a report on the various audits conducted in the managed care programs. DOH would implement some of the recommendations included in that report, generating $20 million in State savings;
- Accelerate the transition into managed care for all services. This proposal would include a DOH review of approximately 180,000 individuals currently not enrolled into a managed care plan and work to enroll them into an appropriate plan. This proposal would realize $10 million in State savings; and
- Office of Medicaid Inspector General (OMIG) fiscal integrity for managed care plans. This proposal requires the OMIG to review managed care plans to ensure their fiscal integrity is being maintained at the highest level. The Executive establishes a collections target that the OMIG must achieve during its review of managed care plans. This proposal would result in $15 million in State savings.

Other Medicaid Savings Initiatives

The SFY 2016-17 Executive Budget recommends several proposals under the Medicaid program that would result in $50.1 million in State savings. Highlights of these proposals are:

- Imposes cost sharing limits to Medicare Part C. Under this proposal, Medicaid would not pay any cost associated with Medicare Part C claims when the payment to the providers would be greater than the Medicaid rate of payment. This proposal would result in $11.45 million in State savings;
- Expanding the Ambulette Ambulatory fee, currently provided to upstate counties, to Long Island and New York City. This proposal generates $5.4 million in State savings;
- Provide comprehensive coverage and promote long acting reversible contraception LARC to reduce the number of unwanted pregnancies and early additional pregnancies. While the cost of LARC is extremely expensive, the Federal government would reimburse New York State for 90% of the cost. This proposal would result in $6.3 million in State savings;
- Increase disallowances for early elective deliveries that are under 39 weeks gestation from 25% to 50%. This increased disallowance would create $1.5 million in State savings;
- Reduce available funding for Behavioral Health Organization (BHO)/Health and Recovery Programs (HARP). The SFY 2016-17 Executive Budget reduces funding for these programs from $105 million, included in the SFY 2015-16 Enacted Budget, to $85 million. This reduction would not impact the implementation of the program and would result in $20 million in All Funds savings and $10 million in State savings;
- Implement reforms to the Early Intervention (EI) program. The SFY 2016-17 Executive Budget proposes streamlining the eligibility process and improving insurance reimbursement. These reform initiatives would result in $4.8 million in State savings;
- Establish a retail clinic pilot program authorizing diagnostic and treatment centers to provide limited health care services within a retail space. This proposal would result in $5 million in State savings; and
- Continue DOH review of Medicaid program for opportunities to generate savings. This proposal would generate $5 million in State savings.

Federal Actions Impacting State Medicaid Program

In addition, to the Medicaid cost saving initiatives previously detailed, the SFY 2016-17 Executive Budget includes $183 million in increased State funding for Federal actions that result in higher Medicaid costs to the State. Details of these actions are:

- Increase in Medicare Part B premiums to $121.80 for Dual Eligibles and individuals not subject to hold harmless provisions. This increase in premiums would result in a cost to the State of $69 million; and
- Medicare Part D “Clawback” annual rate adjustment. Under the Medicare Part D Drug program, States are required to share in the costs of prescription drugs, known as a clawback payment. The Federal government has increased this payment requirement to 11.6% of total prescription costs. This increase in the clawback requirement would result in increased State costs of $114 million.

Other Medicaid Proposals

- Breast and Prostate Cancer Proposals includes funding for services and programs that would: increase screenings for breast and prostate cancer; increase the awareness of the risks of breast and prostate cancer; and increase funding for cancer research. The Executive proposes to provide $91 million for this initiative and includes $800,000 in State funds as part of the SFY 2016-17 Executive Budget; and
- Funding for Distressed Hospitals. The SFY 2016-17 Executive Budget includes $75 million in State funds for the Vital Access Provider Assurance Program (VAPAP) and the Value Based Payment Quality Improvement Payment (VBPQIP) Program. These funds would support financially distressed safety net hospitals throughout the State.

Public Health

The SFY 2016-17 Executive Budget includes several proposals and initiatives that would reform public health in New York State. Details are as follows:

The New York State of Health

- The New York State of Health (Exchange) established in 2013 by Executive Order #42, began accepting enrollees October 1, 2013. To date approximately 2.7 million people have enrolled in this program. The SFY 2016-17 Executive Budget includes $484 million for the operation of New York State of Health.

End of AIDS

- The SFY 2016-17 Executive Budget includes the End of AIDS initiative. $50 million in funding available for treatment and other services including access to medications, and would be distributed over a five-year period at $10 million each year.

Reform Early Intervention (EI) program

- The Executive recommends several initiatives intended to improve the delivery of EI services as well as improve the coordination of payments among health insurers. These initiatives include: requiring health insurers, including the Child Health Plus (CHP) Program to pay for medically appropriate claims of services; adhere to current prompt payment requirements and send payments to billing providers. In addition, the SFY 2016-17 Executive Budget proposes to streamline the eligibility determinations for EI services and appropriately reimburse providers for the cost of services by increasing the administrative component of the EI rate by 1%. These recommended actions would result in $5 million State savings for SFY 2016-17, increasing to $20.3 million in State savings during SFY 2017-18.

Spinal Cord Injury Research Program (SCIRP)

- The SFY 2016-17 Executive Budget maintains funding for SCIRP at $8.5 million. This level of funding includes the $1.5 million legislative add that was included as part of the SFY 2015-16 Enacted Budget.

Alzheimer's Disease

- The SFY 2016-17 Executive Budget maintains $25 million in funding to support programs and services for individuals living with Alzheimer's disease and other forms of dementia. In addition, a portion of these funds would be used to provide supportive and respite services to the caregivers.

Roswell Park Cancer Institute (RPCI)

- The SFY 2016-17 Executive Budget maintains funding for RPCI at $102.6 million, including the legislative addition of $15.5 million in capital funding that was part of the SFY 2015-16 Enacted Budget.

Personal Service Attrition

- The SFY 2016-17 Executive Budget realizes $4.8 million in State savings ($8.7 million fully annualized) through the elimination of 79 FTE's in DOH non-Medicaid programs.

Non-Personal Service (NPS) Costs shift to Local Assistance Funding

- The SFY 2016-17 Executive Budget transfers $25.7 million in funding for various non-for-profit or local government contracts from State Operations NPS funds to Local Assistance funds. This transfer of programs between spending accounts would more accurately reflect the programmatic purpose of these programs. The SFY 2016-17 Executive Budget does not realize any savings from this proposed action. The programs to be transferred are as follows:
  - Occupational Health Clinics, $9.6 million;
  - Emergency Medical Services, $10.6 million;
  - Quality of Care Improvement, $1 million;
  - Professional Medical Conduct, $990,000; and
  - Health Tax Check-Offs: Breast Cancer Research and Education, $2.6 million and Alzheimer's Disease Research, Outreach, and Education, $1 million.

Drinking Water Administration

- The SFY 2016-17 Executive Budget recommends transferring $4.2 million in administrative support for this program into Capital programs funding. This proposed action is consistent with Federal capital grant awards that are available for this program. This action would result in $4.2 million in State savings.

Survey and Certification

- The SFY 2016-17 Executive Budget proposes to maximize the availability of Federal dollars to expand staff and resources earmarked for survey and certification activities of health care providers. The SFY 2016-17 Executive Budget would maximize Federal dollars as follows:
  - Transfer from General Fund spending $4.8 million in personal services cost, representing 61 FTEs;
  - Transfer from General Fund spending $5.2 million for surveillance contracts; and
  - Utilize $6 million in Federal funds to support the addition of 22 FTE's for activities under this program.

Health Care Reform Act (HCRA)

- The SFY 2016-17 Executive Budget realizes $36.2 million in State savings under Child Health Plus (CHP). This savings is achieved by maximizing the use of Federal funds which are available under the Affordable Care Act (ACA) Health Services Initiatives. Under this proposal, the Executive recommends transferring appropriate State spending from the Medical Indemnity Fund and Poison Control expenditures to the Child Plus

Administrative Grant. The SFY 2016-17 Executive Budget would transfer $35.1 million in Medical Indemnity Funds spending and $1.5 million in spending under poison control.

- The SFY 2016-17 Executive Budget proposes to reform the Excess Medical Malpractice Coverage and realize $25 million in State savings. Under this proposal the State would reduce the subsidies for coverage under the Excess Medical Malpractice program, targeting high risk specialties and or high risk areas of New York State.

Capital Funding

- The SFY 2016-17 Executive Budget maintains $2.5 billion in funding for the Health Care Facility Transformation Program that was included in the SFY 2015-16 Enacted Budget. This re-appropriation includes $700 million for King County Health Care, and the Executive reprograms $300 million in funding that was previously earmarked for Oneida County Health Care transformation. The new allocation is as follows:
    - $5 million for the purchase of mobile mammography vehicles;
    - $100 million for "Nano Utica"; and
    - $195 million for statewide health care facilities to support initiatives that improve their fiscal sustainability.
- The SFY 2016-17 Executive Budget maintains funding for the All Payer Claims Database (APCD) and the Statewide Health Information Network - New York (SHIN-NY) at $10 million and $30 million respectively. This funding would be used to improve New York's health information technology by encouraging greater data collection and sharing amongst regions and providers of the State.
- The SFY 2016-17 Executive Budget realizes $44 million in General Fund savings by transferring expenditures for supportive housing to new bonded capital resources.

Article VII

<u>Part A – New York City's Local Contribution Towards Medicaid Growth</u> This part re-institutes New York City's contribution toward growth in Medicaid expenses with a 3.6% contribution increase in 2017 ($180 million), and a 5.8% increase in 2018 ($476 million), and approximately 2.2% each year after ($129 million a year).

<u>Part B – Medicaid Redesign Team Implementation</u> This part includes provisions relating to the implementation of the Medicaid Redesign Team's recommendations, mostly related to reducing the cost of drugs under the Medicaid program. These provisions include changes to reduce drug costs under Medicaid by allowing the Commissioner to set a ceiling price for "blockbuster" prescription drugs, reducing reimbursement rates for specialty drugs, linking the increase of the price for generic drugs to the rate of inflation, and authorizing the Commissioner to apply penalties to managed care organizations who fail to timely supply usage data the Commissioner uses to obtain drug rebates.

<u>Part C – Extend the Physicians Excess Medical Malpractice Program</u> This part corresponds with a $25 million reduction in the Physicians Excess Medical Malpractice pool and corresponding changes to tighten eligibility requirements to focus the program on high risk providers by allowing the Superintendent of the Department of Financial Services to prioritize the payment of claims based on the risk level (determined by type of physician and geographic location). This bill also extends the hospital excess liability pool until June 30, 2017.

Part D – Extenders This part permanently reauthorizes DOH to make disproportionate share payments to public hospitals outside of New York State, to oversee the continued operation of special needs plans, to use the annual reimbursement method for behavioral health services for general hospitals, to continue the Patient centered Medical Home program, and to reauthorize the appointment of temporary operators of adult homes.

Part E – Early Intervention Program Reforms Reforms the Early Intervention Program by streamlining the evaluation process to require less intensive “screenings” before a full evaluation is conducted to create a faster pathway for the child to receive services. In addition, insurer reimbursement provisions are streamlined to address current problems with the insurance reimbursements for Early Intervention services by requiring providers to submit their claims within 90 days, insurers to request any additional information needed to process a claim within 15 business days of receiving the claim, and require insurers to remit payment to the provider who submitted the claim and not to the child’s family of the professional who delivered the services.

Part F – Modify the Health Care Facility Transformation Program This part repurposes $200 million from the Health Care Transformation program money designated for Oneida County in the SFY 2015-16 Budget to be awarded to applicants statewide to provide capital funding to replace inefficient and outdated facilities as part of a merger, consolidation or acquisition that is part of an overall transformation plan intended to create a financially sustainable system of care. The new criteria for the distribution of funds includes the geographic distribution of funds and the extent to which the applicant has access to alternative financing.

Part G – Retail/Limited Service Clinics This part authorizes limited service clinics, also known as retail health clinics, to operate as a health care provider in the space of a retail business such as a pharmacy, a store open to the general public, a store in a shopping mall, or within an employer's space. The Department of Health would be authorized to promulgate regulations for the operation of limited service clinics. Limited service clinics would be limited in the scope of services provided including treatment for minor acute illnesses, preventative and wellness treatments such as immunizations, and minor traumas. The clinics would be prohibited from treating patients two years old and younger, must accept walk-ins and offer extended business hours, and must employ a licensed medical director.

Part I – Extends authorization for the Comprehensive Psychiatric Emergency Program until July 1, 2020

This part extends the authority of the Commissioner of Health to operate the program, which was set to expire on July 1, 2016, until July 1, 2020. This program provides a multi-disciplinary crisis intervention system focused on urban centers that is available 24 hours a day, 7 days a week to offer emergency services to those in need of immediate psychiatric care. This program is intended to divert people suffering from psychiatric emergencies from traditional emergency rooms to the more specialized care of a psychiatric emergency program.

JUSTICE CENTER FOR THE PROTECTION OF PEOPLE WITH SPECIAL NEEDS

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$42,266,000	$42,334,000	$68,000	0%
Special Revenue- Federal	$1,921,000	$1,921,000	$0	0%
Special Revenue- Other	$9,789,000	$9,789,000	$0	0%
Enterprise Funds	$500,000	$500,000	$0	0%
Total	**$54,476,000**	**$54,544,000**	**$68,000**	**0%**

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), Department of Health (DOH), Office of Children and Family Services (OCFS), and the State Education Department.

Overview of the Executive Budget Proposal

The SFY 2016-17 Executive Budget includes $54.5 million in All Funds support which reflects a slight increase of $68,000 or .13% over SFY 2015-16 Enacted Levels. This appropriation amount would support 450 FTE's which is an increase of 22 FTE's over SFY 2015-16 levels.

On a cash basis, the SFY 2016-17 Executive Budget recommends $42.7 million in spending, reflecting an increase of $749,000 over SFY 2015-16. This increase is attributed to the following:

- $557,000 is for the transfer of Intermediate Care Facility investigations from the OPWDD into the Justice Center; and
- $192,000 is attributed to increased agency costs as a result of collective bargaining agreements.

OFFICE OF THE MEDICAID INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$21,893,000	$20,752,000	($1,141,000)	-5%
Special Revenue- Federal	$33,062,000	$31,921,000	($1,141,000)	-3%
Total	**$54,955,000**	**$52,673,000**	**($2,282,000)**	**-4%**

The Office of the Medicaid Inspector General (OMIG) was created as part of the SFY 2006-07 Enacted Budget. The Mission of this 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

The SFY 2016-17 Executive Budget recommends $52.7 million in All Funds support, a decrease of $2.3 million, or 4% from the SFY 2015-16 Enacted Budget. $1.4 million of this reduction in year to year spending is attributed to the elimination of 26 FTEs, which would be accomplished through attrition, while $904,000 of the savings is a result of operational efficiencies to be achieved by the agencies. This level of funding would provide sufficient resources for 453 FTEs to perform the necessary functions of the agencies.

DEPARTMENT OF MENTAL HYGIENE

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
Special Revenue- Other	$600,000,000	$600,000,000	$0	0%
Total	**$600,000,000**	**$600,000,000**	**$0**	0%

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

Overview of the Executive Budget Proposal

The SFY 2016-17 Executive Budget recommends $600 million in funding, for the Patient Revenue Account, consistent with the SFY 2015-16 Enacted Budget.

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$28,325,000	$25,325,000	($3,000,000)	-11%
Special Revenue- Federal	$141,170,000	$141,170,000	$0	0%
Special Revenue- Other	$420,500,000	$426,674,000	$6,174,000	1%
Capital Projects	$9,500,000	$23,000,000	$13,500,000	142%
Total	**$599,495,000**	**$616,169,000**	**$16,674,000**	**3%**

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 2016-17 Executive Budget recommends $616.2 million in All Funds support, which reflects an increase of $16.7 million, or 3% over the SFY 2016-17 Enacted Budget. This increase of $16.7 million is attributed to an increase of $13.5 million for capital projects, associated with $85 million for the renovation of State Operated chemical dependency centers and $5 million for the purchase of equipment for detection, prevention, treatment and recovery. One such initiative to be funded from these amounts is $2 million for synthetic drug testing devices to be used by State Police and local law enforcement officials.

Included within the $616.2 million in All Funds support, is $141 million in funding for services and programs that would combat New York State's Heroin Epidemic, which is an increase of $6 million over SFY 2015-16 Enacted levels. This funding would be used for various services and programs such as prevention, treatment, and recovery services, including the following:

- Family support navigators which would provide clients and their families insurance information for various treatment options;
- Providing on call peers, which would be available for individuals in need of substance use disorder (SUD) treatments. These peers would assist in the transition from hospital emergency rooms to the treatment system;
- Adolescent clubhouses are safe spaces that assist teens and young adults, who are receiving treatment or at risk for services, with developing social skills that promote long-term health;
- Recovery Community and Outreach Centers are facilities that provide recovery supports to individuals and their families that are receiving treatment or in recovery from SUD;
- Treatment Availability Tool allows residents of New York State to search online for treatment on a Statewide basis; and
- Kitchen Table Toolkit/Talk2Prevent are a combination of educational resources such as videos that are used by parents, teachers, and members of the community in order to

begin the dialogue with youths about the dangers and consequences of using heroin or prescription drugs.

The SFY 2016-17 Executive Budget recommends $7 million in funding for a new enhanced Medicaid managed care rate to providers of mental health services, including providers of free standing inpatient alcohol rehabilitation, residential rehabilitation services for youth, and residential detoxification and outpatient detoxification services. This enhanced rate would assist providers as they transition to managed care plans.

The SFY 2016-17 Executive Budget also provides $7 million in new funding to create approximately 300 new beds over the next two years. Of the 300 new beds, 170 would be congregate care beds under the NY/NYIII program and 130 new beds would be located in Suffolk, Albany, and Westchester Counties and the southern tier. These funds would be used to support a comprehensive approach to combating heroin abuse throughout the State.

On a cash basis, the SFY 2016-17 Executive Budget recommends $603.6 million in All Funds spending, which is a net increase of $3.2 million over SFY 2015-16 spending levels. This proposed level of spending supports the Agency in maintaining programs and services that would combat heroin abuse.

State Operations funding includes the following:

- $1.3 million in savings as a result of the loss of the 27th institutional payroll; and
- $5.5 million in increased spending attributed to costs associated with fringe benefits, indirect costs adjustments, and other collective bargaining increases**.**

Aid to Localities funding includes the following:

- $2 million in savings due to the elimination of the New York City-Department of Education add for Substance Abuse Prevention And Intervention Specialist (SAPIS) workers. This funding item was a Legislative initiative included in the SFY 2015-16 Enacted Budget;
- $2.8 million in savings attributed to the delay in bed development from prior year projects, and lower than expected occupancy levels in various chemical dependency programs;
- $3 million in increased spending for the cost of new bed development including 170 NY/NYIII beds; and
- $750,000 in increased spending for the Human Services cost of living adjustment (COLA).

Article VII

Licensure Exemption Extender

Extends for five years (until July 1, 2021) the current exemption for social work and mental health professional licensure requirements for persons employed by a program regulated or funded by state agencies including OMH, OPWDD, OASAS, SOFA, OCFS, OTDA, DOCCS, or a local government. The licensure exemption, which has been in place since 2002 and has been extended several times, was originally intended to give the state and local governments some flexibility in how services are delivered by allowing for employees who do not meet the current licensure standards to continue to perform the duties that licensed social workers and mental health professionals are required to perform at state agency operated or regulated facilities.

DASNY Eligibility for Traditional Physical Health Care Clinic

This part authorizes OASAS licensed treatment facilities that also operate a traditional physical health care clinic (integrated health care delivery facilities) to be eligible for DASNY financing for capital projects. Under current law, only OASAS facilities that exclusively provide behavioral health services are eligible for DASNY financing for capital projects.

OFFICE OF MENTAL HEALTH

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$394,778,000	$394,778,000	$0	0%
Special Revenue- Federal	$48,348,000	$49,948,000	$1,600,000	3%
Special Revenue- Other	$3,165,940,000	$3,181,517,000	$15,577,000	0%
Enterprise Funds	$8,606,000	$8,606,000	$0	0%
Internal Funds	$2,597,000	$2,597,000	$0	0%
Capital Projects	$312,472,000	$323,472,000	$11,000,000	4%
Total	**$3,932,741,000**	**$3,960,918,000**	**$28,177,000**	**1%**

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 2016-17 Executive Budget recommends $3.9 billion in All Funds support, which reflects an increase of $28.2 million, or 1% over SFY 2015-16 Enacted levels. This increase of $28.2 million is attributed to the following:

- $22.2 million in Local Assistance funding to support various actions, including:
  - $2.4 million for Statutory Cost of Living Adjustments (COLA);
  - $15.8 million for the annualization of prior state fiscal year investments and the cost for newly proposed investments;
  - $1.6 million for Project for Assistance in Transition from Homelessness (PATH) grants and Community Mental Health Services (CMHS) block grants; and
  - $11 million for Capital projects.

These additional funds are partially offset by the elimination of $8.8 million in legislative initiatives that were included as part of the SFY 2015-16 Enacted Budget.

On a cash basis, the SFY 2016-17 Executive Budget recommends $3.4 billion spending which is a reduction of $10.7 million from SFY 2015-16 spending. This funding is appropriated for projects and initiatives that continue the transformation of mental health services started in prior fiscal years. Under the SFY 2016-17 Executive proposal, the reduction of $10.7 million in spending is achieved by $61.9 million in reduced State Operations spending offset by $51.3 million in increases in Local Assistance spending.

Within State Operations, the Executive realizes a $102.5 million savings in the following:

- $61.9 million as a result of the loss of personal service (PS), fringe benefit and indirect expenditures from the 27th institutional payroll;

- $15.3 million due to the transfer of technical staff to the Office of Information Technology Services (ITS);
- $11.5 million attributed to the full annualization of savings from the downsizing of facilities enacted in prior year budgets;
- $6.4 million attributed to an estimated 100 inpatient beds that would become vacant at various OMH facilities;
- $5.2 million as a result of proposal to serve long-term individuals in more clinically appropriate settings;
  - Under this proposal, OMH would utilize Managed Long Term Care (MLTC's) programs with wrap around services, or skilled nursing facilities (SNF) operated by the Department of Health for individuals requiring long-term care and mental health services. The Executive proposes to serve approximately 100 people; and
- $2.2 million from the development of Jail-Based Restoration (JBR) Units for individuals that are being restored to competency while awaiting trial;
  - Under this program, separate units would be established within county jails and provide a variety of mental health services including competency restoration services, assessments, and psychiatric stabilization services. The Executive proposes to create 25 beds for the initial phase of this program.

Within State Operations, the Executive proposes $41 million in funding increases for the following:

- $29.6 million attributed to fringe benefits, indirect costs adjustments, and other collective bargaining increases;
- $6.8 million for increased non-personal service expenses for OMH;
- $2.6 million for the support of 50 Sex Offender Management and Treatment beds throughout the State;
- Includes $1 million in new funding from the Delivery System Reform Incentive Payment (DSRIP) program. This funding would provide incentive payments to OMH facilities that partner with other programs and facilities; and
- Provides $1 million to OMH for additional staff resources for the Raise the Age Initiative. These funds would be used to provide mental health services to for minors relocating from rehabilitation facilities to a juvenile facility. OMH will collaborate with the Office of Children and Family Services (OCFS), and the Department of Corrections and Community Supervision (DOCCS).

The SFY 2016-17 Executive proposes a net $65.3 million in several initiatives in Aid to Localities:

- Realizes $12.4 million in savings attributed to agencies' spending re-estimates, including those attributed to the transition from institutional types of care;
- Realizes $6.5 million in spending reductions due to the loss of the fifty-third Medicaid cycle that occurred during SFY 2015-16;
- Includes $16 million to fund programs that would continue the reinvestment of savings from prior years and to continue to develop new community services. This allocation includes:
  - $7.5 million investment of the SFY 2015-16 savings generated by the closing of 137 State-operated beds;

  - $5.5 million in investments would be generated by the closing of 100 State operated beds during SFY 2016-17; and
  - $2.8 million represents new State investments for patients served in DOH nursing homes;
- Includes $50 million in funding to support new and existing residential projects. These funds would be used for the full annual cost of 1,700 beds phased in during SFY 2015-16, and developing or partially developing approximately 2,000 new beds during SFY 2016-17; and
- Proposes $2.4 million in increased spending associated with the 0.2% statutory cost of living increase.

Article VII

Authorization to Recover Medicaid Exempt Income from Certain Providers

This part extends the Office of Mental Health's authority to recover Medicaid exempt income from providers of community residences licensed by OMH until June 30, 2019. This legislation has a potential savings of $3 million in recoveries annually. The SFY 2015-16 Budget extended this authority until June 30, 2016.

Exemption For Social Work and Mental Health Professional

This part extends for five years (until July 1, 2021) the current licensure exemption for certain social work and mental health professionals who are employed by a state operated or regulated facility. The licensure exemption, which has been in place since 2002 and has been extended several times, was originally intended to give state and local governments some flexibility in how services are delivered by allowing for employees who do not meet the current licensure standards to continue to perform the duties that licensed social workers and mental health professionals are required to perform at state agency operated or regulated facilities.

Jail Based Restoration for Defendants Deemed Incompetent to Stand Trial

Currently, defendants deemed incompetent to stand trial must be transferred to OMH psychiatric centers, OPWDD centers, psychiatric units at hospitals or outpatient facilities when appropriate. Local counties could now volunteer to participate in a jail-based restoration program, allowing counties to hold such defendants in separated beds within their jails. Since counties reimburse OMH for the costs of these restorations, this proposal is intended to save money for local counties, as jail-based residential settings cost significantly less than the more specialized institutionalized beds.

Appointment of Temporary Operators for Mental Health Programs

This part allows OPWDD and OMH to appoint a temporary operator of a mental health program when the current operator is having financial or operational issues with the operation of the program. The temporary operator would be appointed to protect the health and safety of the patients of the program, preserve limited resources of the program and protect the State's investment in the program and facility. OPWDD and OMH would still retain the authority to revoke the operating certificate of the program.

OFFICE FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$1,735,967,500	$1,753,967,500	$18,000,000	1%
Special Revenue- Federal	$751,000	$751,000	$0	0%
Special Revenue- Other	$2,638,186,000	$2,616,468,000	($21,718,000)	-1%
Enterprise Funds	$2,657,000	$2,657,000	$0	0%
Internal Service Funds	$348,000	$348,000	$0	0%
Capital Projects	$18,000,000	$28,000,000	$10,000,000	56%
Total	**$4,395,909,500**	**$4,402,191,500**	**$6,282,000**	0.14%

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 2016-17 Executive Budget recommends $4.4 billion in All Funds support which reflects an increase of $6.3 million, or .14% over the SFY 2015-16 Enacted Budget. This increase in funding is attributed to an increase of $10 million in Capital funds for new supportive housing units. The increase is partially offset by a net reduction of $3.7 million in Agency funds, and is attributed to the elimination of one-time contracts payments from the SFY 2015-16 Budget, including the elimination of $1.7 million in legislative adds.

On a cash basis, the SFY 2016-17 Executive Budget recommends $4.1 billion, an increase of $64.5 million over the SFY 2015-16 Enacted Budget. This level of spending would support initiatives and programs to continue the transformation of services for individuals with developmental disabilities from institutional types of care to community based programs and services. Under the SFY 2016-17 Executive proposal, the net increase of $64.5 million in spending is achieved by $111.2 million in increased Local Assistance spending, offset by $46.7 million in proposed State Operations spending reductions.

The Executive realizes $77.6 million in savings in State Operations:

- $43.7 million as a result of the loss of the 27th institutional payroll;
- $11.9 million due to the transfer of technical staff to the Office of Information Technology Services (ITS);
- $557,000 in spending reductions as a result of the transfer of 10 FTE's from the Intermediate Care Facilities (ICF) investigations to the Justice Center for the Protection of People with Special Needs;
- $15.6 million in spending reductions attributed to the Agency's facilities census decline which began in prior State fiscal years; and

- $5.8 million in spending reductions attributed to anticipated census decline as a result of new community based services proposed for development;
  - The SFY 2016-17 Executive Budget proposes to develop community based services for 52 individuals residing in developmental centers and 100 individuals residing at ICF's.

The SFY 2016-17 Executive Budget proposes $30.9 million in increased spending attributed to costs associated with fringe benefits, indirect costs adjustments, and other collective bargaining increases.

The Executive proposes a net $171.1 million within Aid to Localities:

- Includes $120 million in All Funds support for new service opportunities for individuals currently residing at home or residential schools;
  - Of the $120 million in spending, $60 million represents the State share, with half of the State funds attributed to the full annualization of the programs and services enacted during prior years' budgets, and the remaining State funds will be used for the development of programs and services in the SFY 2016-17 Executive Budget;
  - These services are based on a person centered process which include a personalized need assessment. These services include, certified and non-certified residential services, day programs, employment case management, and respite services;
  - It is estimated that this level of investment would provide 6, 000 new or expanded opportunities for individuals with developmental disabilities;
- Includes $65.3 million in additional spending to replace the loss one-time Federal funding under the Balance Incentive Program (BIP);
  - Under the BIP program these funds are to be used to transform the delivery of long-term care services toward community based services for those individuals with physical, behavioral health and or developmental disabilities;
- $15.9 million in increased spending for the transition of individuals from segregated settings into appropriate community based programs with supportive services;
  - $12.9 million of this increased spending is attributed to approximately 149 individuals that were residing in developmental centers and 100 individuals residing at Intermediate Care Facilities (ICF's) that were funded as part of the SFY 2015-16 Enacted Budget.
  - $3.0 million of this increased funding would support 52 individuals in developmental centers and 100 individual residents of ICF's developed as part of the SFY 2016-17 Executive Budget;
- Proposes $4.6 million in increased funding to support the increased costs of cost of living adjustments (COLA) for not for profits agencies;
- Realizes $30 million in spending reductions due to the loss of the fifty-third Medicaid cycle that occurred during SFY 2015-16; and
- Realizes $4.7 million in spending reductions attributed to the agency's spending re-estimates for various services and programs.

Article VII

Exemption For Social Work and Mental Health Professional

This part extends for five years (until July 1, 2021) the current licensure exemption for certain social work and mental health professionals who are employed by a state operated or regulated facility. The licensure exemption, which has been in place since 2002 and has been extended several times, was originally intended to give state and local governments some flexibility in how services are delivered by allowing for employees who do not meet the current licensure standards to continue to perform the duties that licensed social workers and mental health professionals are required to perform at state agency operated or regulated facilities.

Appointment of Temporary Operators for Mental Health Programs

This part allows OPWDD and OMH to appoint a temporary operator of a mental health program when the current operator is having financial or operational issues with the operation of the program. The temporary operator would be appointed to protect the health and safety of the patients of the program, preserve limited resources of the program and protect the State's investment in the program and facility. OPWDD and OMH would still retain the authority to revoke the operating certificate of the program.

Transportation, Economic Development, and Environmental Conservation

ADIRONDACK PARK AGENCY

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$4,563,000	$4,344,000	($219,000)	-5%
Special Revenue-Federal	$700,000	$500,000	($200,000)	-29%
Total	**$5,263,000**	**$4,844,000**	**($419,000)**	**-8%**

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 the Executive Budget Proposal

The SFY 2016-17 Executive Budget recommends $4.8 million in All Funds support for the Adirondack Park Agency (APA), which is a decrease of funding in the amount of $419,000 associated with an information technology transfer for centralized support. The Executive Budget also recommends a workforce of 54 FTEs for the Agency in FY 2017, unchanged from SFY 2015-16 levels.

DEPARTMENT OF AGRICULTURE AND MARKETS

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$64,865,000	$3,647,000	($11,218,000)	-17%
Special Revenue-Federal	$49,644,000	$49,644,000	$0	0%
Special Revenue-Other	$33,649,000	$21,349,000	($12,300,000)	-37%
Enterprise Funds	$21,261,000	$21,261,000	$0	0%
Fiduciary Funds	$1,836,000	$1,836,000	$0	0%
Capital Projects	$5,500,000	$5,500,000	$0	0%
Total	**$176,755,000**	**$153,237,000**	**($23,518,000)**	-13%

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

The SFY 2016-17 Executive Budget recommends $153.2 million in All Funds for the Department of Agriculture and Markets. This is a decrease of $23.5 million or 13% from SFY 2015-16 and is associated with an $11.2 million reduction in Aid to Localities spending largely comprised of the elimination of current year legislative adds and the transfer of $12.3 million in Special Revenue Fund Non-Personal Service costs, associated with Agricultural Market Order programs from the Department of Agriculture and Markets to the Empire State Development Corporation. These reductions are offset by the transfer of $1.75 million Migrant Child Care appropriation from the Office of Children and Family Services to consolidate funding for the program within the Department of Agriculture and Markets. This consolidation of funding would result in $8.3 million in total funding for the Migrant Child Care Program.

The Executive Budget recommends a workforce of 476 Full Time Equivalents (FTE'S) for the Department of Agriculture and Markets, the same level as SFY 2015-2016.

The Executive Budget also recommends the following Capital Project Appropriations:

- $5.5 million for capital improvements at the State Fair;
- $1.1 million for the "Taste NY" program, which 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;
- $350,000 in funding for the Fresh Connect farmers' market program, which benefits farmers and consumers alike by awarding competitive grants to create and expand farmers' markets in underserved communities throughout New York;

- $250,000 for the Farm to School program, to promote the purchasing of food from local farmers by school districts, while expanding access to healthy foods for students; and
- $40,000 to evaluate and test hop varieties in New York for the purpose of increasing the availability of locally grown hops for the State's growing craft brew industry.

The Executive Budget also reduces or eliminates funding for many Aid to Localities grant programs such as the Farm Viability Institute, Regional Food Hubs, Dairy Profit teams, and the wine and grape foundation. See the detailed list below of the SFY 2016-17 Executive Budget actions.

Department of Agriculture & Markets				
Aid to Localities Programs				
Program	**SFY 15-16**	**SFY 16-17**	**$ Change**	**% Change**
Cornell Diagnostic Lab				
Core Diagnostic Lab	$5,425,000	$4,425,000	($1,000,000)	(18.4%)
NYS Cattle Health Assurance	$360,000	$360,000	$0	0.0%
Quality Milk	$1,174,000	$1,174,000	$0	0.0%
Johnes Disease	$480,000	$480,000	$0	0.0%
Rabies	$610,000	$50,000	($560,000)	(91.8%)
Avian Disease	$252,000	$252,000	$0	0.0%
Subtotal Diagnostic Lab	**$8,301,000**	**$6,741,000**	**($1,560,000)**	**(18.8%)**
Other Cornell Programs	**15-16**	**16-17**	**$ Change**	**% Change**
Ag in Classroom	$80,000	$80,000	$0	0.0%
Future Farmers of America	$392,000	$192,000	($200,000)	(51.0%)
Association of Ag Educators	$66,000	$66,000	$0	0.0%
Subtotal Ag. Education	**$538,000**	**$338,000**	**($200,000)**	**(37.2%)**
Farm Family Assistance	$800,000	$384,000	($416,000)	(52.0%)
Geneva Exp. St. Seed Program	$128,000	$128,000	$0	0.0%
Geneva Exp. St. Hops Eval/Test	$200,000	$40,000	($160,000)	(80.0%)
Golden Nematode	$62,000	$62,000	$0	0.0%
Integrated Pest Management	$500,000	$0	($500,000)	(100.0%)
Pro-Dairy	$1,200,000	$598,000	($602,000)	(50.2%)
Subtotal Others	**$2,890,000**	**$1,212,000**	**($1,678,000)**	**(58.1%)**
Total Cornell Other Programs	**$3,428,000**	**$1,550,000**	**($1,878,000)**	**(54.8%)**
Other Programs	**15-16**	**16-17**	**$ Change**	**% Change**
Ag. Child Care (Migrant)	$7,521,000	$8,275,000	$754,000	10.0%
Local Fairs	$500,000	$340,000	($160,000)	(32.0%)
Wine/Grape Foundation	$1,019,000	$713,000	($306,000)	(30.0%)
Farm Viability Institute	$1,900,000	$400,000	($1,500,000)	(78.9%)
Dairy Profit Teams	$150,000	$150,000	$0	0.0%
Dairy Profit Teams/NY FVI	$220,000	$0	($220,000)	(100.0%)
Apple Growers Association	$750,000	$206,000	($544,000)	(72.5%)
Maple Producers Association	$213,000	$0	($213,000)	(100.0%)
Tractor Rollover Protection	$250,000	$0	($250,000)	(100.0%)
Northern NY Ag. Development	$600,000	$0	($600,000)	(100.0%)

ProgramProgram	SFY 15-16	SFY 16-17	$ Change	% Change
Eastern Equine Encephalitis	$175,000	$0	($175,000)	(100.0%)
Turf Grass Environ Stewardship	$150,000	$0	($150,000)	(100.0%)
North Country Low Cost Vaccine	$25,000	$0	($25,000)	(100.0%)
NY Christmas Tree Farmers	$125,000	$0	($125,000)	(100.0%)
NYS Berry Growers Association	$320,000	$0	($320,000)	(100.0%)
Long Island Farm Bureau	$100,000	$0	($100,000)	(100.0%)
Genesee County Ag. Academy	$100,000	$0	($100,000)	(100.0%)
Island Harvest	$20,000	$0	($20,000)	(100.0%)
NY Corn & Soybean Growers	$75,000	$0	($75,000)	(100.0%)
Cornell Honeybee Research	$50,000	$0	($50,000)	(100.0%)
Cornell Maple Research	$125,000	$0	($125,000)	(100.0%)
Apple Research & Development	$500,000	$0	($500,000)	(100.0%)
Cornell Onion Research	$50,000	$0	($50,000)	(100.0%)
Cornell Vegetable Research	$100,000	$0	($100,000)	(100.0%)
Wood Products Development	$100,000	$0	($100,000)	(100.0%)
Animal Care & Control of NYC	$250,000	$0	($250,000)	(100.0%)
Quality Assurance and Control	$250,000	$0	($250,000)	(100.0%)
Precision Ag	$100,000	$0	($100,000)	(100.0%)
Deer Fencing	$200,000	$0	($200,000	(100.0%)
Revolving Loan Fund	$500,000	$0	($500,000)	(100.0%)
Senior Farmer Markets Nutrition	$500,000	$0	($500,000)	(100.0%)
Regional Food Hubs	$1,064,000	$0	($1,064,000)	(100.0%)
Electronic Benefit Transfer (EBT)	$0	$138,000	$138,000	NA
Farm to School	$250,000	$250,000	$0	0.0%
Taste NY	$1,100,000	$1,100,000	$0	0.0%
Total Other Programs	**$19,352,000**	**$11,572,000**	**-$7,780,000**	**-40.2%**
Total Aid to Localities Programs	**$31,081,000**	**$19,863,000**	**- $11,218,000**	**-36.1%**

Article VII

Administrative Transfer of Agricultural and Dairy Market Order Programs

The Governor proposes legislation to transfer the administration of agricultural and dairy Market Order Programs from the Department of Agriculture and Markets to the Empire State Development Corporation. This budgetary transfer will move approximately $12.3 million in Special Revenue-Other funds from the Department of Agriculture and Markets to Empire State Development in SFY 2016-17 and $15.8 million in years thereafter. There are currently seven market orders for dairy and agricultural commodities such as cabbage, onions, and sour cherries for which producers have agreed to levy an assessment on their goods to support common benefits such as research and development and marketing.

DEPARTMENT OF ECONOMIC DEVELOPMENT (DED)

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$73,114,000	$70,006,330	($3,107,670)	-4%
Special Revenue-Federal	$8,000,000	$10,000,000	$2,000,000	25%
Special Revenue-Other	$3,458,000	$3,458,000	$0	0%
Total	**$84,572,000**	**$83,464,330**	**($1,107,670)**	**-1%**

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 in the creation 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 $83.5 million in All Funds for the Department of Economic Development, a decrease of $1.1 million, or 1% decrease from SFY 2015-16 due to the non-recurrence SFY 2015-16 Legislative adds. The Executive proposes a workforce of 153 FTEs for DED, a net decrease of 5 FTEs from last year due to operational efficiencies achieved by DED. Aid to Localities funding includes the following:

The following programs received flat funding from SFY 2015-16

- $13.8 million for the Centers for Advanced Technology matching grants;
- $5 million for the Market New York Program;
- $3.8 million for Tourism Matching Grants;
- $3 million for the SUNY Polytechnic Institute Colleges of Nanoscale Science and Rensselaer Polytechnic Focus Center;
- $2.5 million for the I Love NY Program;
- $1.4 million for Technology Organization Matching Grants;
- $921,000 for the Industrial Technology Industrial Service; and
- $700,000 for International Trade.

The Executive proposes the following funding changes:

- $8.73 million for the Centers of Excellence Program, a decrease of $1.3 million. Each of the following programs will receive $872,333:
    - 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; and
- Rochester Center of Excellence in Data Science;

- $6 million for the High Technology Matching Grants Program, an increase of $1.394 million from last year;
- $5 million for the Innovation Hot Spots and Incubators Program, a decrease of $1 million from last year; and
- $8 million for the Manufacturing Extension Partnership Program, an increase of $2 million from last year.

ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
Capital Projects	$12,500,000	$13,450,000	$950,000	8%
Total	**$12,500,000**	**$13,450,000**	**$950,000**	**8%**

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 proposes $13.4 million in Capital Projects for the New York State Energy Research and Development Authority (NYSERDA) for SFY 2016-17, an increase of $900,000 to meet the State's requirements of a Federal cost sharing agreement with the U.S. Department of Energy for the nuclear fuel reprocessing plant at West Valley. NYSERDA would continue to receive revenue not to exceed $19.7 million from a special assessment on gas and electric corporations per Article VII legislation.

Article VII

Authorizes Comptroller to Deposit NYSERDA Payment

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. The $913,000 transfer would help offset the New York State's debt service requirements related to the Western New York Nuclear Service Center (West Valley).

Authorizes NYSERDA to Finance

This bill would authorize NYSERDA to finance its research, development and demonstration, policy and planning, and Fuel NY programs, and to finance the Department of Environmental Conservation's (DEC) climate change program, from a special assessment on gas and electric corporations. A similar bill was enacted into law last year. This bill would authorize collection of an amount not to exceed $19.7 million in assessments.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$123,933,000	$114,954,000	$8,979,000	7%
Special Revenue- Federal	$81,198,000	$81,198,000	$0	0%
Special Revenue- Other	$274,717,000	$266,206,000	$8,511,000	3%
Internal Service Funds	$95,000	$95,000	$0	0%
Capital Projects	$771,900,000	$858,600,000	$86,700,000	11%
Total	**$1,251,843,000**	**$1,321,053,000**	**$69,210,000**	**6%**

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 SFY 2016-2017 Executive Budget recommends total appropriations of $1.3 billion for the Department of Environmental Conservation (DEC), an increase of $69.2 million from SFY 2015-2016 Budget. The increase primarily reflects additional funding for the Environmental Protection Fund (EPF).

The Executive Budget recommends $300 million for the EPF which is an increase of $123 million from SFY 2015-16 Enacted Budget. The $123 million increase is associated with a transfer of $120 million in 2016 State financial settlement funds and $3 million in additional General Fund support.

The SFY 2016-17 Executive Budget proposes to include a new Climate Change Mitigation and Adaptation Account Under the EPF which would provide funding for Adaptive Infrastructure, Greenhouse Gas Management, and Resiliency Planning programs. The 2016-17 Executive Budget also recommends $1 million in new EPF funding for Environmental Health Centers Funding for this program was discontinued last year with $1 million in support provided by the Department of Health in SFY 2014-15 Enacted Budget.

Environmental Protection Fund (EPF) subtotal account appropriations are as follows:

- $33.8 million for Solid Waste programs, an increase of $18.5 million from SFY 2015-16;
- $76.8 million for Parks and Recreation, an increase of $15.1 million from SFY 2015-16;
- $156.9 million for Open Space programs, an increase of $56.6 million from SFY 2015-16; and
- $32.5 million for Climate Change Mitigation and Adaption programs, a newly develop program for SFY 2016-17.

The SFY 2016-17 Executive Budget includes $ 474.5 million in additional capital spending as follows:

- $1.5 million for Fish and Wildlife
- $6.5 million for Land and Forest
- $116 million for Solid and Hazardous Waste Management
- $30.5 million for Solid Waste Management
- $320 million for Water Resources

The SFY 2016-17 Executive Budget includes $40 million in capital for the New York Works Statewide Capital Infrastructure Program. This funding will support air monitoring infrastructure investments; remediate legacy environmental contamination; invest 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.

The SFY 2016-17 Executive also proposes $100 million in new capital funding for Clean Water Infrastructure grants. This appropriation builds on $200 million provided in the SFY 2015-16 Enacted Budget. Recognizing the growing drinking water and wastewater infrastructure needs across the State, this $200 million would be allocated over 3 years as follows: $50 million for FY 2016, $75 million for FY 2017 and $75 million for FY 2018. These funds would be provided to municipalities to help reduce the costs of needed improvements, and to help maintain and improve water quality. Other State support for sewer infrastructure projects includes $175 million in federal capitalization funding, along with a $35 million state match, for low-interest revolving loan programs administered by the Environmental Facilities Corporation. In addition, the EPF includes $20 million for water quality improvement grants.

The SFY 2016-17 Executive budget recommends transferring $23 million of Regional Greenhouse Gas Initiative (RGGI) proceeds to the General Fund to offset a State Financial Plan impact for the continuation of several energy tax credits that contribute to carbon reduction. The Executive Budget also recommends transferring $15 million to State University of New York (SUNY) for the Clean Energy Workforce Opportunity Program to expand and develop clean energy education workforce training programs at SUNY campuses.

The Executive Budget recommends eliminating all Aid to Localities funding within the Department of Environmental Conservation. This elimination is accomplished by transferring support for Landfill Closure and Gas Management programs as well as support for various water commissions to the EPF.

Makes Permanent the Waste Tire Management and Recycling Fee

This proposal would eliminate the sunset of the $2.50 fee assessed on each new tire sold for the purpose of abating waste tire stockpiles. The sunset on this fee was previously extended in 2010 and 2013. While this program, enacted in 2003, originally funded DEC positions directly charged with cleaning up waste tire stockpiles, it has since been expanded to also support DEC remediation employees who administer various solid and hazardous waste programs under Article 27 of the Environmental Conservation Law. This fee currently generates $24 million in annual operational revenue and supports 140 DEC employees.

Establishes Climate Change Mitigation & Adaptation Account

The Governor proposes legislation to amend the Environmental Conservation Law to include a new Climate Change Mitigation and Adaptation account within the Environmental Protection Fund that will provide competitive grants for various new and existing programs that reduce greenhouse gases. New subcategories within this account include the Climate Smart Communities Program that provides grants to municipalities to implement local climate impact plans; State Vulnerability Assessments to help state agencies mitigate climate impacts on infrastructure; and Community Risk And Resiliency Act grants to help sponsors of state-funded infrastructure projects comply with recent climate change mitigation regulations. The Executive Budget proposes to fund this new account with a $32.5 million overall appropriation in SFY 2016-17.

This proposal also increases from 50% to 90% the state share of waterfront revitalization project assistance available for eligible hardship communities, and sets the state share at 90% for the update of any existing waterfront revitalization plan to include additional climate change mitigation provisions.

HUDSON RIVER VALLEY GREENWAY COMMUNITIES COUNCIL

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$321,000	$ 321,000	$0	0%
Total	**$321,000**	**$321,000**	**$0**	**0%**

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 the Executive Budget

The SFY 2016-17 Executive Budget recommends total appropriations of $321,000 in General Fund support, the same level as SFY 2015-16 Enacted levels. This level of funding would be used to support the Council's administration, technical assistance, and local planning grants programs.

HUDSON RIVER VALLEY TRUST

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$0	$0	$0	0%
Total	**$0**	**$0**	**$0**	**0%**

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 the Executive Budget

The SFY 2016-17 Executive Budget includes a reappropriation in the amount of $629,000 for the River Park Trust.

GREEN THUMB PROGRAM

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$3,142,000	$3,188,000	$46,000	1%
Total	**$3,142,000**	**$3,188,000**	**$46,000**	1%

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 the Executive Budget

The SFY 2016-17 Executive Budget recommends a General Fund appropriation of approximately $3.2 million, a $46,000 increase from SFY 2015-16. This increase in funding is attributed to the increase in the State's minimum wage. This provides income-eligible elderly citizens, 55 years or older with part-time employment in State agencies through the not-for-profit organization Green Thumb Environmental Beautification, Inc.

METROPOLITAN TRANSPORTATION AUTHORITY

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
Special Revenue-Other	$2,336,636,000	$2,373,784,000	$37,148,000	1.6%
Capital Projects	$750,000,000	$0	($750,000,000)	-100.0%
Total	**$3,086,636,000***	**$2,373,784,000***	**($712,852,000)**	**-23.1%**

*The Agency Summary Table provided above does not reflect MTA transit operating assistance appropriations.

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 MTA 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 State Fiscal Year (SFY) 2016-17 Executive Budget proposal provides for the following 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 reappropriations, which are provided through capital contributions made by the State; and
- Contingency appropriations, which provide no direct financial aid to the Authority in SFY 2016-17. These appropriations are intended to provide operating aid to the MTA in the event that the SFY 2016-17 Budget is not passed by the April 1st deadline established by the State Constitution.

Overall, about $4.7 billion will be appropriated to the Authority for transit operating assistance in SFY 2016-17 through the Department of Transportation, along with $1 billion in reappropriations to be made available to the MTA for capital investments in its 2015-19 Capital Program. This $1 billion includes $750 million towards the MTA Core Capital Plan as well as $250 million for the Penn Station Access project, including four new Metro-North Stations in the Bronx. Additionally, $620 million in reappropriations were provided for the 2010-14 MTA Capital Program. **The Executive Budget does not provide any additional appropriations to close the 2015-19 Capital Program deficit.**

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.

In SFY 2015-16, the Executive proposes nearly $4.7 billion in Transit Operating Aid for the Authority. This represents an increase of more than $157 million, or approximately 3.5% above appropriations in the SFY 2015-16 Adjusted Budget. This includes a $309 million contribution from the General Fund to offset the revenue losses incurred by the MTA from the partial repeal of the payroll tax for small businesses.

The SFY 2016-17 Executive Budget maintains an appropriation of approximately $25.3 million to offset MTA costs for the Reduced Fare for School Children Program for New York City.

The Executive Budget provides $10.3 million in General Fund appropriations to continue the Verrazano Bridge residential and commercial toll rebate program; $3.3 million is included for an additional 24 cent rebate, (roughly 5%), with the remainder going to the current 86 cent residential rebate, and a commercial rebate program. This is equal to the amount appropriated in the SFY 2015-16 Adopted Budget.

Capital Funding for the MTA

The SFY 2016-17 Executive Budget includes the “Metropolitan Transportation Authority Capital Financing Act of 2016,” committing the State of New York and the City of New York to fund, over a multi-year period, $10.8 billion in combined costs of the MTA 2015-19 Capital Program. The budget commits the State to fund $8.3 billion in capital costs, including the $1 billion from appropriations enacted last year ($750 million to support the core capital program, and $250 million to advance the Penn Station Access project). The legislation commits the City to provide nearly $2.5 billion. Disbursement of State assistance is essentially withheld until the MTA exhausts its own capital resources. The legislation also leaves open the possibility of alternative MTA “financing mechanisms” rather than provision of State grants, and revises the MTA’s statutory bond cap from $41.7 billion to $55.5 billion.

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. On Saturday, October 10 2015, New York City, the State, and the MTA announced that they reached a deal on the 2015-19 Capital Program, whose draft plan had been released and unfunded since September 2014. The core capital program, which included nearly $23.5 billion in maintenance and enhancement work and another $5.5 billion in “expansion” projects, was rejected by the Executive’s representative on the Capital Program Review Board and was called “bloated” by the Executive. The MTA, over the course of this previous summer and upon State direction, reduced its overall plan size by $2.2 billion, asserting that it could reduce project costs by 6-8% through expanded use of alternative delivery methods such as design-build and public-private partnerships (P3’s). In the October 10 agreement, the MTA agreed to find an additional $700 million in “further efficiencies” or “necessary program reductions” in order to offset the gap between the State and City contributions and the revised MTA Plan. The core five-year capital plan was thus reduced to $26.1 billion.

In the State of the State, the Governor declared support for several infrastructure initiatives, related to the 2015-19 MTA Capital Plan. It included a plan to shut down and completely renovate 30 MTA Subway Stations across the system, with a completion goal of 2020 and a plan to build a new modernized Empire Station Complex to replace Penn Station, an approximately $3 billion plan expected to reduce congestion at Penn, simplify navigation, streamline ticketing, and bring natural light into the facility. **The Executive budget does not provide any direct appropriations for this project, however. Nor does the plan discuss how the proposed Gateway Tunnel connecting New Jersey with Manhattan via Penn Station would be impacted.**

The Executive proposed several infrastructure projects intended to spur economic development on Long Island, including adding a third track to the Long Island Rail Road between Floral Park and Hicksville to increase service and enable reverse commuting. Also, he proposes investing $5 million to commission a study to examine the feasibility of a tunnel connecting Long Island to either the Bronx, Westchester County, or Connecticut. Also included is $1 million to study the potential for a deep water port at the old Shoreham Power Plant to help remove commercial traffic from the island's congested roadways and improve air quality. **The Executive Budget does not include individual appropriations for these projects, but could potentially use capital funds to finance this work.**

Conversely, the Executive Budget does include language that would require no less than $50 million of the $150 million in reappropriations associated with transformative economic development projects (settlement funds from SFY 2015-16) to be allocated for parking structure and infrastructure improvements at the Ronkonkoma hub. Also, no less than $6 million will be made available for the renovation and expansion of MacArthur Airport, including building a United State Customs Federal Inspection Station.

Capital Investments Fund

The Executive Budget no longer appropriates $121.6 million for transit capital purposes for downstate public transportation properties, which included additional funds for the MTA. During SFY 2015-16, these funds were repurposed from revenue streams that were established to assist with transit operating expenses.

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 total nearly $2.4 billion in the SFY 2016-17 Executive Budget. The contingency appropriation are as follows:

- $583.9 million, a decrease of $6.4 million, or about 1.1%, from the SFY 2015-16 Enacted Budget from the Dedicated Mass Transportation Fund. This is due to an anticipated reduction in Petroleum Business Tax receipts in future years;
- $1.8 billion, an increase of $43.5 million, or 2.5% from SFY 2015-16 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); and

These contingency appropriations are provided to support operating costs and debt service payments of the MTA in SFY 2016-17 in the event that the state budget for the next fiscal year is not enacted on time.

Article VII

MTA Capital Financing Act. The Executive Budget includes legislation committing the State and City of New York to fund capital costs related to the MTA's 2015-19 Capital Program. The State agrees to provide either direct capital cost payments or cover the capital costs of financing mechanisms undertaken by the MTA. Disbursement of State assistance is withheld until the MTA exhausts its own capital resources and appropriations already made by the State and City or has insufficient funds for upcoming capital needs, after which the State would provide assistance. State funding is contingent on annual Division of Budget review and subject to appropriation, provided that the State commits to completing its funding commitment no later than SFY 2025-26 or by the Program's completion date. Besides a funding schedule based on anticipated distributions without years identified, the timeline for disbursement is otherwise unspecified. The legislation also increases the MTA's statutory bond cap from $41.7 billion to $55.5 billion.

Tentative* Schedule of MTA Capital Financing Act of 2016

Anticipated Contribution By Year After Which Other MTA Resources Are Exhausted	Anticipated State Contribution Level
Year 1	$1.5 billion
Year 2	$2.6 billion
Year 3	$1.84 billion
Year 4 or thereafter	$1.396 billion
Total Commitments, to be Fulfilled no Later than FY 2025-26 or by Capital Plan Completion:	**$7.336 billion**

*There is no formal commitment regarding disbursement amounts or specific timeline.

Eases MTA Procurement Rules. Currently, MTA supply and materials contracts exceeding $15,000 in value, and all public works contracts exceeding $25,000, must be awarded to the lowest responsible bidder via sealed competitive bid. This legislation proposes a number of procurement changes, including:

- Raising the contract value threshold to $100,000 for supplies and public works;
- Raising the threshold for service contracts requiring MTA Board approval from $20,000 to $100,000. Further, Board approval would no longer be required if the Authority awarded the contract via sealed competitive bid;

- Empowering the Board and Triborough Bridge and Tunnel Authority (TBTA) to establish a procedure for waiving competitive bids and approval for contracts less than $400,000 if service-disabled veteran-owned businesses, MWBEs, or recycled or remanufactured goods or technology are used;
- Eliminating the newspaper publication requirement for soliciting bids, preserving only the notice requirement for the New York State Contract Reporter;
- Eliminating the 2/3 Board approval requirement on best value contracts when the lowest cost bidder is awarded;
- Permitting electronic bidding, in which bidders would be informed if they are the lowest bidder;
- Requiring the State Comptroller to provide notice of his intent to review an Authority contract within 45 days of having received notice of a contract or contract amendment, limiting the Comptroller's approval power after that 45-day period (there is currently a 90-day approval timeline);
- Empowering the MTA and TBTA to dispose of personal property by public auction;
- Subjecting the TBTA to Public Authorities Law regulation of contracts exceeding $15,000 in value, while exempting contracts from Board approval if they are less than $100,000 or are awarded to the lowest responsible bidder;
- Exempting Comptroller review of competitive MTA contracts and real property transfers, including unwarrantied exchanges of real property; and
- Permitting the use of wrap-up insurance for bridge and tunnel and bus facility projects, so that a bidder's surety bond or insurance coverage could include both contractor and subcontractors.

The lowest responsible bid exemption for supply and materials contracts and public works contracts were extended for four years in 2015. The Executive projects $4 million in recurring savings and more efficient project delivery from enactment of these legislative actions. The current laws for supply and public works contracts were extended for four years in June 2015.

MTA Alternative Project Delivery/Revenue Mechanisms. The Executive Budget also includes legislation to modify the MTA's operational capacity and structures, including:

- Expanding on the MTA's Public-Private Partnership (P3) capacity by permitting it to enter into "joint arrangements" permitting partnerships with other parties to support the mission of the Authority in any way, including revenue generation to offset costs and expenses, provided there is Board approval;
- Expanding the revenue-collection capabilities to include taxes and assessments;
- Exempting these actions from State Environmental Quality Review (SEQR), and from local laws that would otherwise regulate non-transportation facilities or purposes;
- Exempting MTA acquisitions and condemnations from SEQR, air pollution, and wetlands protections if the acquisition would likely be for a future capital project;
- Requiring utilities to bear the cost of utility equipment during significant transportation facility capital work;
- Permitting the MTA to build or lease advertising signs or devices and exempts revenue generated from state and local taxation;

- Permitting the MTA to accept unsolicited proposals for joint arrangements, provides for potential equity ownership in joint arrangements, provides minimum details for consideration of such arrangements, permits the MTA to make a public request for competing proposals, and exempts from general public authorities property disposition regulations;
- Allowing disposition of property by negotiations or by public auction; and
- Authorizing localities to levy taxes, assessments, and other revenues on behalf of the MTA, providing for alternative financing mechanisms like tax-increment financing, special transportation assessment, utility fee, or land value tax, and exempts such levies from the Property Tax Cap.

The Executive projects up to $375 million in savings resulting over the course of the capital plan from these changes.

DEPARTMENT OF MOTOR VEHICLES

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
Special Revenue- Federal	$40,739,000	$41,566,000	$827,000	2.0%
Special Revenue- Other	$79,649,000	$62,351,000	($17,298,000)	-21.7%
Internal Service Funds	$5,300,000	$5,300,000	$0	0.0%
Capital Projects	$199,255,000	$216,553,000	$ 17,298,000	8.7%
Total	**$324,943,000**	**$325,770,000**	**$827,000**	**0.3%**

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 $325.8 million in appropriations for State Fiscal Year (SFY) 2016-17, an increase of $827,000 (or 0.3%) from the SFY 2015-16 Enacted Budget. This increase primarily reflects Federal funding of the Governor's Traffic Safety Committee. The Executive Budget recommends a workforce of 2,149 FTE's for the Department, a decrease of 10 FTE's from SFY 2015-16. This is due to operational efficiencies.

Dedicated Highway & Bridge Trust Fund

Under the SFY 2016-17 Executive Proposed Budget, the Dedicated Highway and Bridge Trust Fund (DHBTF) would support over $216.6 million of DMV's expenses. This represents an increase of approximately $17.3 million or 8.7% from the appropriation made from the DHBTF in the SFY 2015-16 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 2016-17 Executive Budget represents more than 66.5% of the total value of appropriations made to DMV.

In SFY 2016-17, the DMV is projected to deposit $250 million of revenue into the General Fund and $1 billion into the DHBTF and the Mass Transit Fund.

Article VII
Amends the Vehicle and Traffic Law and the State Finance Law to reduce the overall number of funds. Improves programmatic efficiencies by transferring four Special Revenue Funds into the DHBTF. The SROs include DMV Compulsory Insurance, DMV Seized Assets, Motorcycle Safety, and the Accident Prevention Course Program (IPIRP). The four SRO accounts show up as Capital Projects appropriations instead of State Operations appropriations in the SFY 2016-17 Executive Budget.

The Executive proposes legislation to modify agricultural vehicle licenses to distinguish between farm vehicles that are placarded for transportation of hazardous materials and covered farm vehicles that do not transport hazardous materials. Clarifies that covered farm vehicles with a gross vehicle weight of less than 26,000 pounds may operate anywhere in the United States, while vehicles heavier than that would receive a different designation and be permitted to operate within 150 miles of their farm or ranch. Separately, this legislation also provides for expanding the vehicles requiring "Passenger" endorsements beyond buses to include any motor vehicle exceeding 26,000 pounds which is designed to transport passengers in commerce. This is intended to regulate customized motor coaches or bus coaches.

NEW YORK GAMING COMMISSION

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$6,971,000	$7,946,000	$975,000	14.0%
Special Revenue-Other	$230,824,000	$232,038,000	$1,214,000	0.5%
Total	**$237,795,000**	**$239,984,000**	**$2,189,000**	**0.9%**

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

The SFY 2016-17 Executive Budget recommends an All Funds appropriation in the amount of $240 million. This is an increase of $2.2 million or 0.9% from the amount appropriated in SFY 2015-16. There is a reduction in the local share of the State's revenues from commercial gaming licenses fees received in SFY 2015-16, but also there is an increase in Tribal State Compact Revenue for local assistance.

State Finance Law section 97-nnn requires that 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. For SFY 2015-16, it is estimated that local assistance will receive $30.2 million from the application licensing fees of the following three resorts: Montreign Resort Casino (Region One, Zone Two), Rivers Casino and Resort at Mohawk Harbor (Region Two, Zone Two) and Lago Resort and Casino (Region Five, Zone Two). The Commission unanimously approved licenses to these three destination resorts on December 21, 2015.

Funding Source	SFY 2015-16	SFY 2016-17
Host Aid		
Region 1	$5,100,000	
Region 2	$5,000,000	
Region 5	$5,000,000	$2,000,000
Regional Aid		
Region 1	$5,100,000	
Region 2	$5,000,000	
Region 5	$5,000,000	$2,000,000
Total	**$30,200,000**	**$4,000,000**

The Executive Budget recommends a local assistance appropriation of $4.0 million, which represents the local share of the State's estimated revenues from the remaining commercial gaming license fees projected to be received in SFY 2016-17. This is based on the New York Gaming Facility Location Board recommendation to award Tioga Downs, an existing Video Lottery Terminal (VLT) Facility in Region Five of Zone Two, with a commercial gaming facility license.

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 10% of the State's share with non-host counties within the exclusivity zone. The Executive Budget recommends $122.5 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 Yellow Brick Road Casino, which opened in June 2015, has had a positive impact on Oneida receipts. The Budget also included an increase in appropriation authority to address a potential Mohawk/NY State final agreement.

	Appropriation			
	SFY 2015-16	SFY 2016-17	$ Change	% Change
Host Aid				
Seneca Niagara	$22,300,000	$24,800,000	$2,500,000	11%
Seneca Allegany	$9,100,000	$11,200,000	$2,100,000	23%
Seneca Buffalo Creek	$7,500,000	$9,500,000	$2,000,000	27%
Mohawk	$6,600,000	$14,400,000	$7,800,000	118%
Oneida	$21,700,000	$29,900,000	$8,200,000	38%
Regional Aid				
Seneca Niagara	$8,900,000	$9,900,000	$1,000,000	11%
Seneca Allegany	$3,600,000	$4,500,000	$900,000	25%
Seneca Buffalo Creek	$3,000,000	$3,800,000	$800,000	27%
Mohawk	$2,700,000	$5,800,000	$3,100,000	115%
Oneida	$6,300,000	$8,700,000	$2,400,000	38%
Total	**$91,700,000**	**$122,500,000**	**$30,800,000**	**34%**

Recent Gaming Activity in Other States

Many state governments around the country are looking to expand gaming as a way to generate revenues and economic development within their respective state borders. In November of 2011, Massachusetts signed an expanded gaming bill into law and in November 2012, voters in Maryland approved legislation expanding their gaming laws to include dice and table games. MGM Resorts is currently building an $800 million casino in Springfield, Massachusetts as a product of that approval in Massachusetts while Wynn Resorts Limited is building the other casino in Everett, Massachusetts.

New York's neighbors to the south, Pennsylvania and New Jersey, already have Class III casino gaming and Connecticut allows two Native American tribes to conduct Class III gaming on their tribal land. Last year, the Connecticut state legislature voted to allow the Mashantucket Pequot and Mohegan tribal nations to join together and open negotiations with communities interested in hosting a joint venture casino. Currently the tribes are looking at five potential sites for a new casino in Northern Connecticut.

On Tuesday, January 11th, 2016, the New Jersey State legislature agreed to put before the voters a statewide referendum that if enacted, would allow up to two additional casinos in northern New Jersey. The bill would give existing Atlantic City casino operators six months to propose projects in northern New Jersey that would cost at least $1 billion. If Atlantic City operators fail to do so, then both new casino licenses would become open to any interested company. Currently, Vermont is the only state bordering New York that has not adopted any form of casino gambling.

Online Gaming

Delaware and New Jersey have enacted state legislation to allow for casino gaming to occur online so long as it is within each state's respective borders. These recent developments in each state are in direct response to a 2011 re-interpretation by the U.S. Department of Justice of the 1961 federal Wire Act (The Act). The Act bans interstate and foreign wagering with the use of a wire device like the telephone. It was passed primarily to prevent bookies from getting the results of horse races before bettors. For decades the Act was interpreted by the federal government as banning all types of wagering, whether it be on sports or poker. The re-interpretation of the Act by the Department of Justice was brought upon by requests in 2010 from New York and Illinois, which sought clarification on whether the Act applied to the sale of lottery tickets to residents in each respective state over the internet. New Jersey's online gambling program generated approximately $13.2 in November, 2015 which have been the best projections since online gaming went live.

In 2014, the Senate Republican Conference in its one house budget resolution recommended New York consider entering into the online gaming market as a means of increasing revenue.

Revenue Forecasting

The Division of the Budget estimates All Funds SFY 2015-16 receipts to be $3.2 billion, an increase of $128.6 million (4.2%) from SFY 2014-15. Receipts from gaming operations at VLT facilities are estimated at $961.0 million for SFY 2015-16, an increase of $54.2 million (6%) from the prior year. This increase partly reflects recent legislation that expanded the offering of electronic table games to allow for an element of skill, and the increase in the free play allowance to 15%.

All Funds SFY 2016-17 receipts are projected to be $3.2 billion, a decrease of $37.0 million (1.1 %) from SFY 2015-16. Receipts from the State's VLT operations are projected to total $975 million, an increase of $14 million, or 1.5%. This estimate reflects the continued offering of electronic gaming offset by having one less week of sales in SFY 2016-17 and proposed tax law changes.

SFY 2015-16 receipts are estimated to be $151 million, reflecting the expected receipt of license fee revenue from the three recently issued commercial gaming licenses. SFY 2016-17 receipts are projected to be $20 million, reflecting the receipt of license fee revenue following the award of a commercial gaming license to Tioga Downs.

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.

Harness Track/VLT Facility							
Harness Track/VLT Facility	# of VLTs as of 1/17/15	# of VLTs as of 1/9/16	Commission Rate	Net Win Week Ending 1/17/15	Net Win Week Ending 1/9/16	$ Change	% Change
Batavia Downs Casino (Batavia, NY)	788	788	35%	$838,647	$950,236	$111,589	13%
Finger Lakes Casino and Raceway (Farmington, NY)	1549	1549	31%	$2,123,166	$2,384,221	$261,055	12%
Empire City Casino at Yonkers Raceway (Yonkers, NY)	5297	5244	30%	$9,297,142	$10,122,655	$825,513	9%
Hamburg Casino at the Fairgrounds (Hamburg, NY)	940	940	41%	$1,204,277	$1,128,759	($75,518)	-6%
Monticello Casino and Raceway (Monticello, NY)	1110	1110	41%	$1,110,869	$1,002,327	($108,542)	-10%
Resorts World Casino, New York City (Queens, NY)	5003	5301	38%	$15,555,208	$15,844,117	$288,909	2%
Saratoga Gaming and Raceway (Saratoga Springs, NY)	1782	1735	31%	$2,667,644	$2,537,461	($130,183)	-5%

Harness Track/VLT Facility	# of VLTs as of 1/17/15	# of VLTs as of 1/9/16	Commission Rate	Net Win Week Ending 1/17/15	Net Win Week Ending 1/9/16	$ Change	% Change
Tioga Downs Casino (Nichols, NY)	802	795	39%	$1,029,173	$903,289	($125,884)	-12%
Vernon Downs Casino and Hotel (Vernon, NY)	767	767	41%	$628,589	$604,728	($23,861)	-4%
Total	**18038**	**18229**		**$34,454,715**	**$35,477,793**	**$1,023,078**	**3%**

Note: This chart represents the number of Video Lottery Terminals (VLTs) at each facility as well as the commission rate to be split between the state and operator for the week ending 1-09-16.

The commission rate includes payments to the VLG facility operator as well as a 7.5% payment to horse race purses and a 1.5% to the breeders fund. The Resorts World Casinos commission also includes a 3.0% contribution to NYRA Racing Operations and a 4.0% contribution to NYRA Capital expenditures.

Article VII

Remove Restriction for Morrisville

This legislation removes the restrictions contained in section 902 of the Racing Law that requires drug testing of race horses be conducted by a state college with an approved equine science program. Currently, because of this language the contract can only be fulfilled by one entity – Morrisville College. By removing this restriction, the Gaming Commission will be able to entertain bids from other testing facilities at potentially lower prices. The current contract with Morrisville is set to expire on June 30, 2016 and according to the Division of Budget is valued at approximately $3.6 million.

Increase VLT Purse and Reg Fee

This legislation increases from 1% to 1.6% the amount of money from VLT “purse enhancements” that must go to fund equine health and safety as well as to implement recommendations from the Task Force on Racehorse Health and Safety. In addition, this proposal increases from .5 to .6% the regulatory fee that is imposed on racing facilities. The racing regulatory fee was last increased in 2005. Previous attempts to increase this fee during the budget process have been rejected. According to DOB, if enacted, this proposal would bring in an additional $2.4 million to fund these operations. Of that $2.4 million, $1.4 million would come from the increase in the regulatory fee, with the remaining $1 million coming in from the purse enhancements.

Adjust Timing of Reimbursement for Harness

This proposal adjusts the reimbursement timing requirements for harness tracks when calculating how many race days and costs each track must pay for the costs of one associate judge and one starter to the State Gaming Commission (Commission). Currently, the Commission estimates how much each individual track must pay for these services instead of on the actual number of race days. If enacted, the Commission will bill tracks for actual races at the end of each month with payments expected 30 days thereafter.

VLT Eligibility for Blended Gaming Rate

The Executive proposes to amend the Upstate Gaming & Economic Development Act of 2013 (UGEA) to clarify that the Finger Lakes VLT facility is in the same region as the proposed Lago casino, and as such is paying the same amount of net gaming income to support education. Under current law, because Finger Lakes is technically not within Lago's "region," the facility cannot take advantage of the tax rates set in the UGEA for VLT facilities located within the same region. This is despite the fact that Finger Lakes Gaming is a mere 27 miles from Lago. According to DOB, the intent of UGEA was always to ensure parity between VLT facilities and casinos in the same region when it came to what tax rates were applicable.

Extend Monticello Commission Rate

The Executive proposes to extend the current 41% tax rate for the Monticello VLT facility for one additional year. This rate was extended in the 2015-16 Enacted Budget as well. If this rate were to sunset, the tax rate would be reduced to 37%.

PMT Extender

The Executive proposes to extend the state's current simulcasting rates for another year. The SFY 2013-14 Executive Budget proposed making the current rates permanent, which the legislature rejected. The rates were subsequently extended for another one-year period. This proposal continues the one-year extension from the past several years.

Extend Capital Awards Program

This legislation extends for one additional year the capital awards program 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 extended, this program would expire December 31, 2016. The program was first enacted in 2008 and allows VLT facilities to keep up to an extra $2.5 million a year in VLT receipts to be used exclusively for capital upgrades. The two new VLT facilities authorized under UGEA for Nassau and Suffolk OTB's are not eligible for this program.

Upstate Gaming Act Technical Corrections

The Executive proposes several technical changes to UGEA. Specifically, the bill makes it explicit that any reduced tax rate paid by a VLT facility that competes with a commercial gaming facility (i.e. casino) in the same region only applies to the prorated portion of the year when such casino is open and not for the whole of such year. The bill also clarifies that host county payments are based solely on the net gaming income of the specific casino in that particular region. This was an additional provision DOB is requesting to make clear how those monies are appropriated.

OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$4,168,000.00	$3,893,000.00	($275,000)	-7%
Special Revenue-Other	$150,000.00	$150,000.00	$0	0%
Capital Projects	$7,500,000.00	$7,500,000.00	$0	0%
Total	**$11,818,000**	**$11,543,000**	**($275,000)**	-2%

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

The SFY 2016-17 Executive proposes an All Funds appropriation of $11.54 million, a decrease of $275,000, or 2.33%, from SFY 2015-16 levels. These changes reflect decreases in State Operations spending due to snowmaking efficiencies.

OFFICE OF PARKS, RECREATION & HISTORIC PRESERVATION

Funding Source	Adjusted Appropriation 2014-15	Executive Recommendation 2015-16	$ Change	% Change
General Fund	$133,205,700	$131,236,000	($1,969,700)	-1%
Special Revenue-Federal	$10,450,900	$10,453,000	$2,100	0%
Special Revenue- Other	$93,966,900	$93,974,000	$7,100	0%
Capital Projects	$173,700,000	$154,700,000	($19,000,000)	-11%
Total	**$ 411,323,500**	**$390,363,000**	**($20,960,500)**	**-5%**

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 the Executive Budget Proposal

The Executive Budget recommends $390.4 million in All Funds support for the Office of Parks Recreation and Historic Preservation (OPRHP), a decrease of $21 million from the SFY 2015-2016 Budget. This change results primarily from the discontinuation of a one-time SFY 2015-2016 increase of $20 million in the Parks New York Works capital program as well as a transfer to the Office of Information Technology Services for centralized support of technology-related initiatives and operational solutions.

In SFY 2016-17, the Executive Budget recommends $92.5 million in New York Works capital park infrastructure funding, with $2.5 million to be transferred to the Olympic Regional Development Authority for ongoing capital improvements.

The Executive Budget also recommends a workforce of 1,735 FTEs for OPRHP in SFY 2016-2017, which is consistent with SFY 2015-16 Enacted levels.

DEPARTMENT OF PUBLIC SERVICE (DPS)

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
Special Revenue- Federal	$5,500,000	$5,500,000	$0	0%
Special Revenue- Other	$86,662,000	$84,994,000	($1,668,000)	-2%
Total	**$92,162,000**	**$90,494,000**	**($1,668,000)**	**-2%**

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 proposes $90.5 million in All Funds for SFY 2016-17 for the Department of Public Service, a decrease of $1.7 million from SFY 2015-16 due to a decrease of 17 FTEs associated with employees based on increased efficiencies from a proposed Article VII bill relating to municipal and investor owned utility rate requests. The Executive recommends a workforce of 508 employees for DPS.

Article VII

<u>Authorize the Department of Health to Finance Certain Activities</u>

The bill would authorize certain expenditures of DOH as eligible expenses of the Department of Public Service. 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.

<u>Reduces the Public Service Commission's Approval Process</u>

This bill seeks to streamline the review and approval process for the State's 40 municipally owned gas and electric utilities by exempting them from the mandatory evidentiary hearing currently required for municipal rate cases. The opportunity to comment, provide written testimony, and have a written PSC order would still remain part of the Department of Public Service (DPS) staff investigation. The PSC would maintain the authority to open a full review if one is believed to be in the public interest. The bill extends the length of time the PSC has to approve utility sought rate increases, from 11 to 15 months, which would reduce overall workload. This bill seeks to reduce administrative burdens of municipal utilities and to provide for reduced spending and increased efficiencies within the DPS and PSC. This bill is estimated to provide $1.2 million in savings.

DEPARTMENT OF STATE

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$25,695,000	$20,796,000	($4,899,000)	-19%
Special Revenue-Federal	$69,395,000	$69,395,000	$0	0%
Special Revenue- Other	$45,623,000	$50,548,000	$4,925,000	11%
Total	**$140,713,000**	**$140,739,000**	**$26,000**	**0%**

Established in 1788, the Department of State (DOS) is the State's oldest agency. Historically serving as the State's general recording officer and custodian of the State's "Great Seal", the Department's mission encompasses a broad range of activities that coordinate programs with, and provide services to, local governments, individuals, and businesses. The Department supports public safety through the administration of building and energy code programs; administers programs for community development and local government service activities; and supports businesses through various licensing and registration activities.

The SFY 2017 Executive Budget recommends $140.7 million for the Department, an increase of $26,000 from the SFY 2016 budget. This increase primarily reflects a one-time increase of $3.7 million to digitize 50 million corporate record documents, which are currently housed on aging microfiche. This initiative is offset by savings generated from operational and administrative efficiencies and the planned phase out of one-time initiatives.

Authorities Budget Office: The Authority Budget Office (ABO) was statutorily created to study, review, and report on State and local public authorities, and to promote the principles of effective corporate governance. The Authority Budget Office makes available to the public information on the finances, structure, and operations of public authorities and assesses the practices of public authorities. The Executive recommends a Special Revenue-Other Fund appropriation of $1.8 million for the Authorities Budget Office. This appropriation was unchanged from SFY 2015-16. The Executive recommends the number of FTEs be maintained at 12 for SFY 2016-17.

Constitutional Convention Commission: The Executive proposes an appropriation of $1 million to establish and support the cost of a Constitutional Convention Commission.

Community Initiatives: The Executive proposes to eliminate a total of $5.4 million in legislative adds, including:

- $3.5 million for the County of Dutchess;
- $1.4 million for Dutchess County Coordinated Jail-Based Services;
- $505,000 for the Public Utility Law Project; and
- $21,000 in travel costs for the New York Commission on Uniform State Laws.

The Executive recommends a workforce of 539 FTEs for the Department, a decrease of 4 FTEs from SFY 2016 FTE levels.

Article VII

The Department of State Authorization for Expedited Handling

Currently, the Department of State (DOS) is authorized by statute to assess a fee for the expediting processing of documents for its Division of Corporations. This authorization expires on March 31, 2016, the end of the fiscal year. This bill would extend the authorization for one more fiscal year. The Executive notes that it is very costly for DOS to process documents on an expedited basis.

Mixed Martial Arts

The Governor proposes legislation to authorize the State Athletic Commission to regulate both professional and amateur mixed martial arts as well as professional wrestling ('entertainment' wrestling). This proposal also includes boxing within a new regulatory framework for all combative sports, thereby updating boxing statutes from 1920, and affording boxers the same modern licensing protocols and health insurance protections as those proposed for mixed martial arts participants. Additionally, this proposal requires promoters of combative sporting events to provide insurance coverage for medical, surgical, and hospital care to fighters at a minimum of $50,000 for any injury suffered during a bout or in training leading to such bout and $1 million for the treatment of a life-threatening brain injury.

Service of Process by DOS

Currently, service of process on a corporation may be carried out by serving the Department of State ("DOS") as the registered agent for the defendant corporation. DOS then mails a copy of the documents served to the corporation at the address last reported to DOS. This bill would eliminate the need for DOS to mail copies of documents served on it as agent for the corporation and would switch that duty to the plaintiff. The Executive notes that this could bring a cost savings of $600,000 annually to the state.

URBAN DEVELOPMENT CORPORATION

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$57,936,000	$109,535,000	$51,599,000	89%
Capital Projects	$2,289,723,000	$904,751,000	($1,384,972,000)	-60%
Total	**$2,347,659,000**	**$1,014,286,000**	**($1,333,373,000)**	**-57%**

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 billion in All Funds for the Urban Development Corporation (UDC), also known as the Empire State Development Corporation (ESDC), a decrease of $1.33 billion from SFY 2015-16. The decrease is largely due to non-recurring capital appropriations.

Aid to Localities programs include:

- $635,000 for Minority and Women-Owned Business Development and Lending Program, a decrease of $365,000 from SFY 2015-16;
- $1.5 million for Federal Community Development Financial Institutions Program, a decrease of $300,000 from SFY 2015-16;
- $1.9 million for the Entrepreneurial Assistance Program, a decrease of $350,000 from SFY 2015-16;
- $4.6 million for the retention of professional football in Western New York (Buffalo Bills), a $51,000 increase from SFY 2015-16;
- $3.4 million for the Urban and Community Development Program in economically distressed areas, maintained from SFY 2015-16;
- $31.2 million for the Empire State Economic Development Fund, maintained from SFY 2015-16; and
- $66.5 million for the New York Open for Business and START-UP New York advertising program, this funding was not included in ESDC Aid to Localities last year. Last year, $50 million for New York Open for Business was paid for through a NYPA sweep.

The Executive proposes the following capital appropriations:

The following capital projects received flat funding from SFY 2015-16

- $150 million for the Sixth Round of the Regional Economic Development Council (REDC) for 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;

- $110 million for NYSUNY 2020/NYCUNY 2020 Challenge Grants program. $55 million for each program. Funding will continue to be awarded through a bottom-up competitive process by which campuses develop plans for improving academic outcomes, finding efficiencies, as well as promoting innovation and economic development; and
- $33.5 million for the New York Power Electronics Manufacturing Consortium. As part of the State's $135 million three-year commitment, this second year of funding is 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 Executive proposes the following new capital programs:

- $200 million for Nano Utica to support a cutting edge, 360,000 square foot wafer fabrication facility to be constructed at the Nano Utica site in Marcy. This project is expected to generate more than 1,000 new jobs and over $2 billion in private investment;
  - $100 million would be provided from reprogrammed health care funding previously authorized in the SFY 2015-16 Enacted Budget;
- $200 million for a commercialization center operated by SUNY Polytechnic Institute Colleges of Nanoscale Science and Engineering in Chautauqua County with $10.5 million to be allocated in SFY 2016-17;
- $125 million for an industrial scale research and development facility operated by SUNY Polytechnic Institute Colleges of Nanoscale Science and Engineering in Clinton County with $5 million to be allocated in SFY 2016-17;
- $10 million for the Brookhaven National Laboratory to support research facilities;
  - $10 million annually for 5 years for a total of $50 million;
- $10 million for the Buffalo High Tech Manufacturing Innovation Hub;
  - $10 million annually for 10 years for a total of $100 million (Buffalo Billion);
- $15 million for Albany Nano G450C at the SUNY Polytechnic Institute Colleges of Nanoscale Science and Engineering. The Global 450 Consortium (G450C) is a 450 mm wafer and equipment development program which is leveraging industry and government investments to demonstrate 450 mm process capabilities to create the next generation of computer chip technology;
  - $15 million annually for 4 years for a total of $60 million; and
- $8 million for Market New York.

The Executive proposes the following funding changes:

- $200 million for the Upstate Revitalization Initiative available to four regions (North Country, Capital District, Mohawk Valley, and Mid-Hudson) that were not selected to the first Upstate Revitalization Initiative Best Plan Awards, a decrease of $1.3 billion;
  - $30 million from ESDC and $170 million from the New York State Special Infrastructure Account;
- $99 million for the New York Works Economic Development Fund, a decrease of $55 million from SFY 2015-16. 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;

- $12 million for the Clarkson-Trudeau partnership to grow the biotech industry in the North Country, an increase of $7 million from SFY 2015-16. This funding is 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; and
- $2.2 million for the retention of professional football in Western New York (Buffalo Bills), an increase of $28,000 from last year.

Article VII

Empire State Economic Development Fund Extender (

The Executive Budget includes legislation to extend the authorization of the New York State Urban Development Corporation (UDC) to administer the Empire State Economic Development Fund (EDF) an additional year until July 1, 2017. This legislation will permit the UDC to fulfill prior commitments made through the EDF and to make new assistance available to businesses and other stakeholders throughout the State.

New York State Urban Development Corporation Extender

The Executive Budget recommends legislation to extend the general loan powers of the New York State Urban Development Corporation (UDC) for an additional year until July 1, 2017. Without enactment of this bill, UDC will only have authorization to make loans connected to certain state-funded economic development programs that grant statutory loan authorization.

Transformational Economic Development Infrastructure and Revitalization Projects Act

The Executive Budget proposes legislation to authorize the use of design-build by the New York State Urban Development Corporation (UDC), the New York Convention Center Development Corporation (CCDC) and other subsidiaries for construction projects related to the Jacob V. Javits Convention Center, the Empire State Station Complex, the James A. Farley Building Replacement, and the Pennsylvania Station New York Redevelopment. The selection criteria for a contract includes: a review of an entity's past record of compliance with the labor law, the record of protecting the health and safety of workers, and the demonstrated commitment to working with minority and women-owned businesses through joint ventures or subcontractor relationships. Selection of a proposal is based on the "best value" to the UDC, CCDC or other subsidiaries. The Executive Budget includes a requirement that project labor agreement (PLA) language be included in the procurement process. It specifies that if a PLA is not performed on the project, then design-build shall not be utilized for that project. There is no project size threshold for the PLA requirement, nor is there a project size threshold for use of design-build/"best value" authority.

DEPARTMENT OF TAXATION AND FINANCE

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$270,327,000	$262,564,000	($7,763,000)	(2.9)%
Special Revenue-Other	$106,477,000	$106,477,000	0	0%
Special Revenue-Federal	$5,000,000	$5,000,000	0	0%
Internal Service Funds	77,442,000	77,442,000	0	0%
Aid to Localities	$2,926,000	$4,926,000	$2,000,000	68.4%
Total	**$462,172,400**	**$456,409,400**	**($5,763,000)**	**(1.2) %**

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 SFY 2016-17 Executive Budget recommends $456.4 million All Funds ($267.5 million General Fund; $188.9 million other funds) for the Department of Taxation and Finance. This is a decrease of $5.8 million or 1.2% from SFY 2015-16 levels. The decrease reflects $7.8 million savings from reducing personal and non-personal spending, partially offset by a $2 million increase in the medical marihuana local assistance appropriation for paying State aid to counties where medical marihuana is manufactured and dispensed.

The Executive Budget recommends a workforce of 4,267 FTEs for the Department. This represents a decrease of 92 FTEs from FY 2016 budget due to attrition.
Major budget actions include the following:

- 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 insource the processing of Personal Income, Sales and Corporation Tax returns;
- Continuing to expand and enhance the Department's web filing options to drive efficiencies and improve customer service; and
- 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 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$3,040,000	$3,040,000	$0	0
Total	$3,040,000	$3,040,000	$0	0

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 SFY 2016-17 Executive Budget recommends a General Fund appropriation of $3 million, which maintains SFY 2015-16 funding levels.

The Executive Budget recommends a workforce of 27 FTEs for the Division of Tax Appeals. This represents the same levels workforce as in SFY 2015-16.

NEW YORK STATE THRUWAY AUTHORITY

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$21,500,000	$0	$(21,500,000)	-100.0%
Total	**$21,500,000**	**$0**	**$(21,500,000)**	-100.0%

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

The 2016-17 Executive Budget proposes to transfer responsibilities for the Canal Corporation from the Thruway Authority to the New York State Power Authority (NYPA). The Executive submission 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. It recommends about $8.62 million in reappropriations of previous $2 million annual appropriations for the Canal system.

The Executive Budget also discontinued a $21.5 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." The Budget requires the Thruway to re-assume costs for Troop T, the State Police force patrolling its roads, and eliminates the waiver of a cost recovery fee. Along with a cost recovery fee waiver, this state subsidy is valued at nearly $86 million per year. These changes were effected in the 2013-14 Enacted Budget as a means of assisting the Thruway Authority to avoid increasing tolls on commercial vehicles.

Thruway Stabilization

Additionally, the 2016-17 Executive Budget proposes to spend $700 million in bank settlement funds from the Special Infrastructure Account on a Thruway Stabilization Fund, intended to include core capital costs, Tappan Zee (New NY Bridge)-related costs, as well as toll mitigation. Currently, it is unclear how this money will specifically be used and allocated. The 2015-16 Enacted Budget included $1.285 billion in Thruway Stabilization funds, of which roughly $750 million was allocated for the New NY Bridge. The Executive also proposes a $340 million 3-year tax credit program for Thruway users in which frequent users would be eligible for an income tax credit of 50% on tolls paid, or in the case of agricultural vehicles less than 26,000 pounds, a 100% tax credit.

Tappan Zee (New NY Bridge) Financing

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, the State 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 State 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 costs 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 currently projected to cost $3.98 billion ($4.8 billion with interest), with the federal loan and 2015-16 Thruway Stabilization Funds leaving $1.63 billion unfunded. How much particular projects will receive in newly appropriated Thruway Stabilization settlement funds is unclear, as is the total financing for the New NY Bridge and its transportation alternatives.

DEPARTMENT OF TRANSPORTATION

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$113,150,800	$100,850,800	($12,300,000)	-10.9%
Special Revenue-Federal	$82,986,000	$83,019,000	$33,000	0.04%
Special Revenue-Other	$4,913,719,900	$5,067,156,500	$153,436,600	3.1%
Capital Projects	$5,072,099,000	$5,548,772,000	$476,673,000	9.4%
Total	**$10,181,955,700**	**$10,799,798,300**	**$617,842,600**	**6.1%**

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 $10.8 billion for the Department. This is an increase of $617.8 million, or 6.1% from the SFY 2015-16 Adjusted budget. The Executive Budget recommends a workforce of 8,258 FTEs for the Department, which reflects an increase of 30 FTEs over the amount funded in SFY 2015-16, reflecting the Department's assumption of snow and ice clearance activities from Columbia and Steuben Counties.

The State Plan builds on $18.3 billion in core DOT funding, and $1.3 in Thruway Stabilization funds from SFY 2015-16, by adding $1.1 billion in new State resources, $700 in new Federal resources (due to the recently signed federal transportation bill The Fixing America's Surface Transportation Act, or 'FAST' Act), and $700 million in new bank settlement-derived Thruway Stabilization funding. This State support will allow the Authority to avoid raising tolls until at least 2020.

New York Works Infrastructure Investment: The Executive Budget includes $809.5 million in new State funding for infrastructure projects. This is an increase of $334.5 million from SFY 2015-16. It includes $350 million for core infrastructure improvements like highways and bridges and project engineering, $150 million to accelerate the rehabilitation, reconstruction, or replacement of approximately 100 bridges in upstate New York, and $25 million for multi-modal programs like transit ($5.0 million), rail ($10.0 million), and aviation ($10.0 million).

State Transit Operating Aid and Mass Transit Initiatives in SFY 2016-17
The Executive Budget provides operating funds totaling $5.2 billion to transit systems, which is an increase of $179.4 million, or 3.6%. The MTA will receive $4.7 billion in appropriations, which is an increase of $157 million, or 3.5%, over SFY 2015-16 levels. This includes a $309 million contribution from the General Fund to offset the revenue losses incurred by the MTA from the 2011 partial repeal of the payroll tax for small businesses. The Budget also provides $195.7 million in operating funds for Upstate transit systems, an increase of $5 million or 2.6% over SFY 2015-16 levels. Additionally, the Budget provides $307.8 million in operating funds for downstate transit systems, other than the MTA. This is an increase of $17.4 million, or 6% from SFY 2015-16 levels.

Additionally, the Executive Budget provides $20 million in capital support for Upstate systems, which is an increase of $5 million, or 33.3% over SFY 2015-16 capital funding. Both the operating and capital transit aid increases for upstate are intended to be recurring appropriations.

The SFY 2016-17 Executive Budget discontinues the practice of transferring $20 million annually from the Mass Transportation Operating Assistance (MMTOA) account to pay debt service on bonds previously issued for the MTA capital program. The SFY 2015-16 Enacted Budget transferred $20 million from the Mass Transportation Operating Assistance account to pay debt service on bonds previously issued for the MTA capital program, which was a 50% decrease from the $30 million sweep authorized in the SFY 2014-15 Enacted Budget, and identical to the SFY 2013-14 Enacted Budget. The Executive Budget also ends the diversion of $121.5 million from a downstate transit operating assistance account towards downstate transit capital, which was included in the SFY 2015-16 Enacted Budget.

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 and an additional portion to reflect regional sales tax growth.

The table below outlines the overall amount of transit aid provided to each of the major regional transit systems in the SFY 2016-17 Executive Budget Proposal, as well as the year-to-year change in assistance.

State Transit Operating Assistance, SFY 2016-17 Executive Budget				
Downstate Aid				
Operator	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
MTA Total	**$4,493,362,600**	**$4,650,353,000**	**$156,990,400**	3.5%
Rockland	$3,172,700	$3,365,900	$193,200	6.1%
Staten Island Ferry	$30,950,500	$32,835,300	$1,884,800	6.1%
Westchester	$51,949,000	$55,112,600	$3,163,600	6.1%
Nassau	$62,831,500	$66,657,800	$3,826,300	6.1%
Suffolk	$24,439,100	$25,927,400	$1,488,300	6.1%
NYC DOT	$82,710,200	$87,747,100	$5,036,900	6.1%
Formulas	$30,002,000	$31,829,100	$1,827,100	6.1%
Supplemental	$4,312,000	$4,312,000	$0	0.0%
Non-MTA Total	**$290,367,000**	**$307,787,200**	**$17,420,200**	6.0%
DOWNSTATE SUBTOTAL	**$4,783,729,600**	**$4,958,140,200**	**$174,410,600**	3.6%
Upstate Aid				
CDTA	$33,927,100	$34,826,100	$899,000	2.6%
CNYRTA	$30,969,700	$31,790,300	$820,600	2.6%
RGRTA	$37,603,500	$38,599,900	$996,400	2.6%
NFTA	$48,847,800	$50,142,200	$1,294,400	2.6%
Formulas	$37,344,000	$38,333,600	$989,600	2.6%
Supplemental	$1,960,000	$1,960,000	$0	0.0%
UPSTATE SUBTOTAL	**$190,652,100**	**$195,652,100**	**$5,000,000**	2.6%
STOA TOTAL	**$4,974,381,700**	**$5,153,792,300**	**$179,410,600**	**3.6%**

*Percentages are rounded to meet two decimal places.

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 2016-17 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.

Consolidated Highway Improvement Program (CHIPS)
Capital Aid to Local Governments for highway and bridge projects is maintained at SFY 2015-16 levels, with $438.1 million provided for the Consolidated Highway Improvement Program (CHIPS) and $39.7 million for the Marchiselli program. There are no funds for Extreme Weather Grants distributed through the CHIPS formula, compared to the $50 million appropriated in SFY 2015-16.

Transportation Capital Infrastructure
The Executive's proposal includes nearly $5.5 billion in SFY 2016-17 for Capital Projects. DOT is currently entering what would be the second year of a five-year capital program funding phase. The Executive Budget proposes a $22.1 billion multi-year Capital Plan to upgrade critical roads, bridges and other vital transportation infrastructure, particularly in Upstate. This includes nearly $20 billion of core federal and state DOT funds, nearly $2.0 billion in Thruway Stabilization Funds coming from bank settlements over the last two years, and the $200 million in bank settlement funds for general DOT use. Unlike in years past, the Department and Division of

Budget have not provided the Legislature with a chart of capital plan obligations, which they say cannot be provided until DOT compiles a 5-year list of capital projects.

The proposed program includes a 5-year DOT Capital Plan commitment. As a part of this commitment, the Executive includes a $1 billion BRIDGE NY program, intended to rehabilitate and maintain vital State and local bridges. This program will address the needs of at least 200 bridges across New York and funding will be split 50/50 between State and local bridges. Also, the Executive includes a $1 billion PAVE NY program, intended to address up to 1300 lane miles of State and local paving. Again, funding will be split 50/50 between State and local roads. However, further details and project lists for both programs have yet to be released. Furthermore, there are no specific appropriations within the Executive Budget that mentions either program.

The Executive also proposes $500 million for an Extreme Weather Infrastructure Hardening Program over the 5-year capital program period. The program is intended to improve roadways that have proven susceptible to flooding and other extreme weather related events. Again, there are no specific appropriations within the Executive Budget for this program. Additionally, the Executive Budget includes a $200 million Airport Economic Development and Revitalization Competition Program to accelerate investments in commercial passenger and cargo service airports and promote economic development, primarily in upstate. During his press release, the Governor provided a list of 74 eligible upstate airports. While there is no language within the $200 million appropriation specifying the number of grants distributed. The Executive's stated intention is to award roughly $40 million grants to 5 airports. Grants will fund projects that enhance safety, improve operations and access, reduce environmental impact, incorporate sustainable "green" building techniques and create better passenger experiences.

The Executive's proposal includes $14 million in SFY 2016-17 for aviation capital. This is identical to SFY-2015-16 estimates, factoring in NY Works funds. The Executive also proposes a total of $54.3 million for passenger rail and freight projects. This is consistent with SFY 2015-16 estimates. These funds include $44.3 million to subsidize Amtrak service from Albany to Montreal and Albany to Buffalo. There is also an additional $10 million appropriated in NY Works funds for solely freight rail projects.

Article VII

Consolidates Special Revenue Funds into Highway Trust Fund.

The Executive proposes legislation to move the DMV's Seized Assets Fund, Compulsory Insurance Fund, Defensive Driving (IPIRP) Fund, and Motorcycle Safety Fund into the Dedicated Highway and Bridge Trust Fund (DHBTF) to assist with debt service coverage and consolidate account funds. The Executive Budget also authorizes a transfer of $3.44 million from these funds into the DHBTF. The Executive expects this to generate $5.5 million in annual savings for the General Fund, which is scheduled to provide a $634 million subsidy to the DHBTF for FY 2017. The legislation also extends the IPIRP program by one additional year, to April 1, 2020. There is a combined balance of roughly $13.4 million in these accounts.

Legislature and Judiciary

LEGISLATURE

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$217,844,801	$217,844,801	$0	0%
Special Revenue-Other	$1,600,000	$1,600,000	$0	0%
Total	**$219,444,801**	**$219,444,801**	**$0**	**0%**

The New York State Constitution vests the State's law-making power in a two-house Legislature composed of a 63-member Senate and a 150-member Assembly. Each representative is elected for two-year terms, and with all 213 being elected every two years. The Legislature convenes annually on the first Wednesday after the first Monday in January and remains in session until it concludes its business.

Overview of the Executive Budget Proposal

The recommended General Fund appropriation of $219.4 million for SFY 2016-17 for the Legislature represents no change from the amount appropriated for each of the last six years.

The recommended appropriation of $1.6 million in Special Revenue-Other funds includes $500,000 in non-state grants for the Chamber Restoration and is unchanged from the amounts appropriated in prior years.

JUDICIARY

Funding Source	Adjusted Appropriation 2015-16	Executive Recommendation 2016-17	$ Change	% Change
General Fund	$1,863,494,575	$1,906,868,329	$43,373,754	2.3%
Special Revenue- Federal	$8,000,000	$8,500,000	$500,000	6.3%
Special Revenue- Other	$212,777,463	$217,158,016	$4,380,553	2.1%
Total	**$2,084,272,038**	**$2,132,526,345**	**$48,254,307**	**2.3%**

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.

Overview of the Executive Budget

The Judiciary proposed Budget is $2.13 billion, an increase of $48.2 million or 2.3% from the SFY 2015-16 Enacted Budget. The Judiciary submits its budget agreed upon by the Court of Appeals. It is submitted by the Chief Judge to the Governor by December 1 of every year. The only branch of government that can amend the Legislative and Judicial Budget bill is the Legislature. This budget continues support for the following programs;

- $104.9 million for Court Facility Maintenance, an increase of $749,035 from last year;
- $15 million for the Interest on Lawyer Accounts (IOLA); and,
- $2.4 million for the Town and Village Justice Court Assistance Program.

After the submission of the Judicial Budget, the Commission on Judicial Compensation, by a 4-3 vote, approved a pay increase to the Judges of 95% of the Federal Judicial pay, followed by an increase to 100% of the Federal pay next year, and continued the 100% parity in perpetuity. The recommended pay raise will cost $26 million this year. The three dissenting votes were all from the Executive’s appointees. The 3 members in the minority wrote a dissent stating that the Judicial pay increase should be at 90% of the Federal Salary for Judges in perpetuity which would cost $13.0 million.

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Economics, Revenue, and Capital

ECONOMIC OUTLOOK

National Economy

United States Economic Indicators Calendar Year Percent Change					
	Actual	Estimate	Forecast		
Indicators	2014	2015	2016	2017	2018
Real GDP	4.1	3.5	3.9	4.9	5.0
Personal Income	4.4	4.6	4.7	5.1	5.1
Wages	5.1	4.8	4.6	4.7	4.8
Consumption	2.7	3.1	3.7	2.9	2.7
Corporate Profits	1.7	(0.9)	2.9	4.5	5.1
S&P 500 Price Index	17.5	6.8	2.2	4.0	4.4
Consumer Price Index (CPI)	1.6	0.2	1.8	2.2	2.3
Non-Agricultural Employment Growth	1.9	2.1	1.7	1.7	1.5
Unemployment Rate (%)	6.2	5.3	4.9	4.8	4.8

Source: NYS Division of Budget (DOB), SFY 2016-17 Economic and Revenue Outlook

Overview of Executive Budget Proposal

Generally, in the SFY 2016-17 Executive Budget Economic and Revenue Outlook, DOB presents the national economy as making fairly widespread progress. However, when 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.

In the Economic and Revenue Outlook, the Budget Division indicates the same subpar pace of growth in this year, that has characterized this expansion from the start. The most recent data indicate an extremely weak national fourth quarter performance. Average annualized quarterly growth in real U.S. GDP of less than 2% is expected for the fourth quarter of 2015, with quarterly growth gradually improving over the course of this year, but remaining below 3% throughout the forecast period. The Budget Division projects growth of 2.3% for 2016 on an annual average basis, following growth of 2.5% for 2015.

DOB asserts that the U.S. labor market has become the most compelling indicator that the U.S. economic expansion remains firmly on track, while the world and other major economies stagnate. Employment continued to improve in 2015 though at a more subdued pace than in 2014. The Economic and Revenue Outlook indicates that private employment grew at an annual rate of 2.4%, with monthly gains that averaged 212,600, compared with an average monthly gain of 253,500 in 2014 (Figure 7). Government employment also added an average of 8,250 jobs each month in 2015, an improvement over the monthly average gain of 6,167 in 2014.

NEW YORK ECONOMY

NEW YORK ECONOMIC INDICATORS Calendar Year (CY) Percent Change					
	Actual	Estimate	Forecast		
Indicators	2014	2015	2016	2017	2018
Personal Income	4.0	4.1	4.7	5.0	4.8
Wages (Total)	6.3	3.7	4.3	4.5	4.4
Nonfarm Employment (Total)	1.9	1.7	1.3	1.2	1.2
Unemployment Rate	6.3	5.5	5.5	5.5	5.5
Consumer Price Index (CPI)	1.5	0.3	1.9	2.3	2.4

Source: NYS Division of Budget (DOB), SFY 2016-17 Economic and Revenue Outlook

Overview of Executive Budget Proposal

In its SFY 2016-17 Executive Budget presentation contained in the SFY 2016-17 Economic and Revenue Outlook, the Division of the Budget (DOB) estimates that private sector employment grew a strong 2.3% in the second quarter of last year, the most recent period for which detailed data are available. Growth was led by the construction sector, fueled in turn by a thriving real estate market. The private education sector also experienced strong growth in the first half of 2015. The Budget Division estimates that private sector employment grew 2.1% for all of 2015, representing five consecutive years of above average job growth. With the national economy slowing toward the end of last year, and the Federal Reserve starting down a gradual path of interest rate normalization, private sector job growth is expected to slow to still above-average growth of 1.5% in 2016.

In the Revenue and Economic Outlook, the Budget Division projects total personal income growth of 4.7% for 2016, slightly stronger than the 4.1% growth in 2015. These growth rates are driven mainly by wages, the largest component of personal income. New York State wages are estimated to have risen 3.7% for 2015, with growth of 4.3% projected for this year. The wage outlook for 2016 reflects slightly better growth in finance and insurance sector bonuses for the 2015-16 bonus season in progress. Also, the public sector is expected to continue to add jobs, although at a slow pace. Private sector wages are projected to grow 4.6% for 2016, while government sector wage growth is projected to improve to 2.7% in 2016 from 2.1% in 2015 according to DOB.

DOB also projects total State employment growth of 1.3% for 2016, following growth of 1.7% for 2015. Private sector job growth of 1.5% is projected for 2016, after a growth of 2.1% in 2015, compared with overall national job growth for 2016 of 1.7% and private growth of 2.0%.

In its Executive Budget presentation, the Budget Division projects total State employment growth of 1.3% for SFY 2015-16, following growth of 1.7% for SFY 2014-15. The unemployment rate is projected to be 5.5% this year following last year's rate of 6.3%. The estimated CPI for 2016 is projected to be 1.9%, following last year's rate of 0.3%.

FEDERAL RESERVE BEIGE BOOK

According to the Federal Reserve's Beige Book published January 13, 2016, economic activity in the Second District (New York) has remained essentially flat since the last report, while labor markets have continued to be tight. Selling prices remain generally stable, while service-sector firms indicate continued upward pressure on input prices and wages. Consumer spending has been sluggish, with tourism activity particularly weak. In addition, manufacturers report that activity has continued to weaken. Residential real estate conditions continued to improve, while commercial real estate markets were little changed. Multi-family residential construction has held steady at a high level, while commercial construction has picked up somewhat. The Beige Book also indicates that banks report weaker loan demand from the household sector, but lower delinquency rates, especially on residential mortgages.

The Beige Book reports that the labor market has remained mostly strong in the closing weeks of 2015. Two major New York City employment agencies and one upstate agency report that hiring activity was more brisk than usual in December, which is typically a slow month. One federal Reserve contact notes that qualified candidates for temp jobs have been almost impossible to find, leading to more hiring of permanent workers. Most business contacts report to the Federal Reserve that steady to increasing employment at their firms, with the exception of manufacturing, where more contacts say they are reducing, rather than expanding their workforce. In general, service sector firms, as well as employment agencies, expect further strengthening in the labor market in 2016 according to the Beige Book.

Manufacturers report that both selling and input prices are generally stable according to the Beige Book. Service firms report stable selling prices but rising input prices, as well as some acceleration in wages. In general, contacts report that business activity was sluggish in late 2015, particularly in the manufacturing sector. Contacts have also grown somewhat less optimistic about the near-term outlook.

GENERAL FUND RECEIPTS

General Fund Receipts (Millions of Dollars)				
	Estimated SFY 2015-16	Forecast SFY 2016-17	$ Change	% Change
Personal Income Tax				
Withholding	36,816	38,675	1,859	5.0%
Estimated Payments	15,678	16,741	1,063	6.8%
Final Returns	2,633	2,720	87	3.3%
Other Payments	1,292	1,358	66	5.1%
Gross Collections	**56,419**	**59,494**	**3,075**	**5.5%**
STAR Special Revenue Fund	(3,337)	(3,228)	109	3.3%
Refunds/Offsets	(9,326)	(9,534)	(208)	-2.2%
Revenue Bond Tax Fund	(11,773)	(12,940)	(717)	-6.1%
Net Collections	**31,983**	**34,232**	**2,259**	**7.1%**
User Taxes and Fees				
Sales and Use	6,220	6,483	(263)	-4.2%
Cigarette/Tobacco	307	348	41	13.4%
Alcoholic Beverage	254	258	4	1.6%
Total	**6,781**	**7,089**	**308**	**4.5%**
Business Taxes				
Corporation Franchise	4,325	3,703	(622)	-14.4%
Corporation and Utilities	589	579	(10)	-1.7%
Insurance	1,388	1,321	(67)	-4.8%
Bank	(100)	173	273	273%
Total	**6,202**	**5,776**	**(426)**	**-6.9%**
Other Taxes				
Estate and Gift	1,446	986	(480)	-32.7%
Pari-Mutuel	18	18	0	0.0%
Other	2	3	1	50.0%
Total	**1,466**	**986**	**(44)**	**-3.8%**
Total State Tax Collections	**46,432**	**48,093**	**1,661**	**3.6%**
Miscellaneous Receipts	5,597	2,642	(2,955)	-52.8%
Federal Grants	0	0	0	0.0%
Total GF Receipts	**52,029**	**50,735**	**(1,294)**	**-2.5%**
Source: New York State Division of the Budget (DOB)				

ALL FUNDS RECEIPT

All Funds Receipts (Millions of Dollars)				
	Estimated 2015-16	Forecast 2016-17	$ Change	% Change
Personal Income Tax	**47,093**	**49,888**	**2,867**	**6.1%**
User Taxes and Fees				
Sales and Use	13,318	13,877	599	4.2%
Cigarette/Tobacco	1,224	1,226	2	0.2%
Motor Fuel Tax	491	488	(3)	-0.6%
Alcoholic Beverage	254	258	4	1.6%
Highway Use Tax	155	143	(12)	-7.7%
Auto Rental Tax	126	128	2	1.6%
Taxicab Surcharge	72	70	(2)	-2.8%
Total	**15,641**	**16,194**	**553**	**3.5%**
Business Taxes				
Corporation Franchise	5,069	4,487	(582)	-11.5%
Corporation and Utilities	767	762	(5)	-0.7%
Insurance	1,557	1,484	(73)	-4.7%
Bank	(92)	203	295	320.7%
Petroleum Business Tax	1,105	1,082	(23)	-2.1%
Total	**8,406**	**8,018**	**388**	**-4.6%**
Other Taxes				
Estate and Gift	1,446	965	(481)	-33.3%
Real Estate Transfer Tax	1,147	1,138	(9)	-0.8%
Pari-Mutuel	18	18	0	0.0%
Other	2	3	0	0.0%
Total	**2,613**	**2,124**	**(489)**	**-18.7%**
MTA Payroll Tax Total	**1,331**	**1,388**	**57**	**4.3%**
Total State Tax Collections	**75,084**	**77,684**	**2,600**	**3.5%**
Miscellaneous Receipts	**26,035**	**24,159**	**(1,876)**	**-7.2%**
Total State Receipts	**101,196**	**101,843**	**647**	**.63%**

Source: New York State Division of the Budget (DOB)

The following NY State tax receipts information and projections are produced and forecast by the NYS Division of the Budget (DOB) and are contained in the SFY 2016-17 Executive Budget, Economic and Revenue Outlook, ppg. 153-340, published on January 13, 2016.

PERSONAL INCOME TAX

PERSONAL INCOME TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	29,485	31,983	34,935	2,259	7.1
All Funds	43,709	47,093	49,960	2,867	6.1

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 2016-17 Proposed Legislation:

- Extend the Credit for Companies who Provide Transportation to Individuals with disabilities for six years;
- Provide a corporate and personal income tax small business tax cut;
- Permanently extend the non-custodial Earned Income Tax Credit;
- Establish education tax credits;
- Extend the Clean Heating Fuel Credit for three years;
- Permanently extend tax shelter reporting requirements;
- Extend the Hire-a-Vet Credit for two years;
- Extend the Excelsior Jobs Program for five years;
- Authorize additional credits of $8 million for the Low-Income Housing Credit for each of the next five fiscal years;
- Extend the Empire State Commercial Production Tax Credit for two years;
- Enhance the Urban Youth Jobs Program Tax Credit;
- Establish additional alcohol beverage tax tasting exemptions and production credits;
- Amend the State and New York City corporate tax reform statutes for technical amendments;

- Conform to new federal tax filing dates;
- Establish thruway toll tax credits;
- Convert the STAR benefit into a tax credit for new homeowners;
- Cap annual growth in Basic and Enhanced Exemption Benefit at Zero Percent;
- Convert the New York City personal income tax STAR Credit into a State personal income tax credit; and
- Require Enhanced STAR benefit recipients to participate in the Income Verification Program.

State Receipts

SFY 2015-16 Estimates:
All Funds preliminary receipts through December are $34 billion, an increase of $3.8 billion (or 12.7%) from the comparable period in the prior fiscal year. All Funds SFY 2015-16 receipts are estimated to be $47.1 billion, an increase of $3.4 billion (or 7.7%) from SFY 2014-15. This primarily reflects moderate growth in both withholding and current estimated payments for tax year 2015, coupled with robust growth in both extension (i.e., prior year estimated) payments for tax year 2014 and final returns. Growth in these components is partially offset by a modest decline in delinquency collections and a substantial increase in total refund payments.

Withholding in SFY 2015-16 is projected to be $1.9 billion (or 5.5%) 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 increase by $1.9 billion (or 14.1%). Estimated payments for tax year 2015 are projected to increase by $768 million (or 7.4%), due to a combination of modest nonwage income growth and payments calculated based on safe-harbor provisions. Extension payments (i.e., prior year estimated) for tax year 2014 are estimated to increase substantially by $1.2 billion (or 34.6%) following a tax year 2013 base that was weakened by an acceleration of capital gains realizations into 2012, which took place in anticipation of higher federal income tax rates in 2013. Delinquent collections are projected to be $100 million (or 7.2%) lower, while final return payments are projected to increase by $427 million (or 19.4%).

The increase in total refunds of $787 million (or 9.2%) reflects increases of $179 million (or 3.6%) in prior refunds related to tax year 2014, $300 million (or 15.4%) in current year refunds related to tax year 2015 (due to an increase in the January to March 2016 administrative refund cap to $2.25 billion), $97 million (or 16.5%) in the state-city offset, $190 million (or 41.4%) in refunds related to tax years prior to 2014 and $21 million (or 3.7%) in advanced credit payments attributable to tax year 2015. The growth in prior refunds related to tax year 2014 reflects a $128 million decline in the administratively determined refund "cap" between SFY 2013-14 and SFY 2014-15, coupled with the first year of the Enhanced Real Property Tax Circuit Breaker credit. The increase in advanced credit payments is attributable to the first year of the municipal tax component and the second year of the school tax component of the Real Property Tax Freeze credit, partially offset by the change in payment timing of the Family Tax Relief credit from an advanced payment credit to a "standard" credit.

SFY 2016-17 PROJECTIONS

All Funds FY 2017 receipts are projected to be $50 billion, an increase of $2.9 billion (or 6.1%) from FY 2016. This increase primarily reflects increases of $1.9 billion (or 5%) in withholding and $1.1 billion (or 6.8%) in total estimated payments, partially offset by a $208 million (or 2.2%) increase in total refunds. The increase in total refunds is attributable to the second tax year of the Family Tax Relief credit. The Family Tax Relief credit will not account for a significant amount of FY 2016 refunds due to the one-time accelerated payment of first-year credits into FY 2015. The growth in withholding is driven by projected FY 2017 wage growth of 4.5%. The growth in total estimated payments includes increases of $910 million (8.2%) in estimated payments related to tax year 2016 and $153 million (3.4%) in extension (i.e., prior year estimated) payments for tax year 2015. The moderate growth in estimated payments related to tax year 2016 is in response to projected nonwage income growth of 6.4%, including 5.7% growth in net capital gains, and includes an increase of $18 million due to the Executive Budget proposal to extend tax shelter reporting.

Payments from final returns are expected to increase by $87 million (or 3.3%) and delinquent collections are projected to increase by $66 million (or 5.1%) compared to the prior year. The aforementioned increase in total refunds of $208 million reflects increases of $482 million (or 9.4%) in prior year refunds for tax year 2015, $70 million (or 10.8%) in previous years refunds related to tax years prior to 2015, and $156 million (or 26%) in advanced credit payments for tax year 2016, partially offset by a decline of $500 million (or 22.2%) in tax year 2016-related current refunds (due to an expected decline in the administrative refund cap in January to March of 2017 to $1.75 billion).

ALCOHOLIC BEVERAGE CONTROL LICENSE FEES

ALCOHOLIC BEVERAGE CONTROL LICENSE FEES
(millions of dollars)

	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	61.2	66.0	63.0	(3.0)	(4.5)
All Funds	**61.2**	**66.0**	**63.0**	**(3.0)**	**(4.5)**

Summary

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. Collections from these fees are not deposited into any special revenue funds. Furthermore, the Executive has not proposed any new legislation in the SFY 2016-17 Executive Budget.

Receipts

In SFY 2015-16, receipts from alcoholic beverage control license fees are estimated to total $66 million, an increase of $4.8 million from SFY 2014-15. In SFY 2016-17, receipts from alcoholic beverage control license fees are estimated to total $63 million, a decrease of $3 million from SFY 2015-16.

ALCOHOLIC BEVERAGE TAXES

ALCOHOLIC BEVERAGE TAXES (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	250.9	254.0	258.0	4.0	1.7
All Funds	**250.9**	**254.0**	**258.0**	**4.0**	**1.7**

Summary
The current tax rates are as follows:

Beer	$0.14 per gallon
Cider	**$.0379 per gallon**
Wine	**$.30 per gallon**
Liquor (Less than 24% alcohol per volume)	**$2.54 per gallon**
Liquor (More than 24% alcohol per volume)	**$6.44 per gallon**

Collections from this tax are not deposited into any special revenue funds.

Proposes Legislation
The Executive has proposed legislation that would establish additional alcoholic beverage tax testing exemptions and production credits.

Receipts

SFY 2015-16 Estimates
All Funds preliminary receipts through December are $191.8 million, an increase of $3 million (or 1.6%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $254 million, an increase of $3.1 million (or 1.2%) from FY 2015. Estimated growth is primarily based on the continuation of recent wine and liquor consumption trends. Of the total estimated receipts, $187.9 million is projected to be derived from liquor, $46.2 million from beer and $19.9 million from wine and other taxed beverages

SFY 2016-17 Projections
All Funds FY 2017 receipts are projected to be $258 million, an increase of $4 million (1.6%) from FY 2016. The proposed tasting exemptions are estimated to reduce receipts by $1 million annually. Liquor and wine receipts are expected to grow modestly and beer consumption is expected to remain flat. Of total projected alcoholic beverage tax receipts, $191.6 million is projected to be derived from liquor, $46.2 million from beer, and $20.2 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

AUTO RENTAL TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	0	0	0	0	0
All Funds	**119.1**	**126.0**	**128.0**	**2.0**	**1.6**

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.

Proposes Legislation
The Executive has not proposed any new legislation in the SFY 2016-17 Executive Budget.

Receipts

SFY 2015-16 Estimates
All Funds preliminary receipts through December are $104.5 million, an increase of $5.1 million (or 5.2%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $126 million, an increase of $6.9 million (or 5.8%) from FY 2015. This growth reflects a continuing increase in New York tourism spending.
SFY 2016-17 Projections
All Funds FY 2017 receipts are projected to be $128 million, an increase of $2 million (or 1.6%) from FY 2016. This increase reflects projected growth in New York tourism spending.

General Fund
No auto rental tax receipts are deposited into the General Fund.

CIGARETTE AND TOBACCO TAXES

CIGARETTE AND TOBACCO TAXES (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	355.4	307.0	348.0	41.0	13.4
Other Funds	958.4	917.0	878.0	(39.0)	(4.3)
All Funds	**1,313.8**	**1,224.0**	**1,226.0**	**2.0**	**0.2**

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 SFY 2010-11 Enacted Budget, the percentage of the cigarette tax being deposited to the HCRA Special Revenue Fund is now 76%.

Proposed Legislation

Legislation proposed with this budget would expand jeopardy assessments to the cigarette and tobacco tax.

Receipts

SFY 2015-16 Estimates

All Funds preliminary receipts through December are $989.9 million, a decrease of $55.6 million (or 5.3%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $1.2 billion million, a decrease of $89.8 million (or 6.8%) from FY 2015. The large decrease is due, in part, to cigar tax refunds.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $1.2 billion, an increase of $2 million (0.2%) from FY 2016. The increase results from a low prior-year base created by cigar tax refunds.

HIGHWAY USE TAX

HIGHWAY USE TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	0	0	0	0	0
All Funds	140.4	155.0	143.0	(12.0)	(7.7)

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 2015-16 Estimates

All Funds preliminary receipts through December are $123.2 million, an increase of $15 million (13.9%) from the comparable period in the prior fiscal year.

All Funds FY 2016 receipts are estimated to be $155 million, an increase of $14.6 million (10.4%) from FY 2015. Net truck mileage tax receipts are estimated at $107 million, fuel use tax receipts at $31 million and registration fees at $17 million. The increase is primarily the result of triennial registration renewals due in FY 2016.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $143 million, a decrease of $12 million (or 7.7%) from FY 2016. The decrease is attributable to a decline in registration fees as FY 2017 is not a triennial registration renewal year.

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.

MOTOR FUEL TAX

MOTOR FUEL TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	0	0	0	0	0
All Funds	487.0	491.0	488.5	(2.5)	(0.5)

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 extend the current alternative fuels exemption an additional five years, until September 1, 2021.

Receipts
SFY 2015-16 Estimates
All Funds preliminary receipts through December are $380.5 million, an increase of $7.5 million (or 2%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are

estimated to be $491 million, an increase of $4 million (or 0.8%) from FY 2015. Gasoline receipts are estimated to increase by 0.6% due to an expected decline in refunds combined with the continued impact of lower gasoline prices, partially offset by an expected decline in audit collections. Diesel receipts are estimated to increase 2.7% due to an expected decline in refunds combined with anticipated economic growth, partially offset by an expected decline in audit collections.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $488.5 million, a decrease of $2.5 million (or 0.5%) from FY 2016. In FY 2017, it is projected that there will be a decrease in gasoline receipts and a slight increase in diesel receipts. The decrease in gasoline receipts is mainly due to an expected decline in audit collections combined with anticipated increases in average fuel economy, partially offset by minor growth in gasoline consumption. The projected increase in diesel receipts is due to the long-term expectation that economic growth, and therefore heavy duty vehicles miles traveled, will outpace increases in heavy-duty vehicle fuel economy, partially offset by an expected decline in audit collections. The proposed alternative fuels exemption extender lowers the FY 2017 total by $0.5 million.

General Fund

No Motor Fuel 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.

MOTOR VEHICLE FEES

MOTOR VEHICLE FEES (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	191.1	170.4	161.0	(9.4)	(5.5)
Other Funds	1,127.5	1,165.0	1,135.4	(29.6)	(2.5)
All Funds	1,318.6	1,335.4	1,296.4	(39.0)	(2.9)

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 2015-16 Estimates

Receipts are estimated at $1.3 billion, a $17 million increase over SFY 2014-15.

SFY 2016-17 Projections

Receipts are estimated at $1.3 billion, a $39 million decrease from the current fiscal year.

SALES AND USE TAX

SALES AND USE TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	6,084.3	6,219.5	6,428.8	263.3	4.2
Debt Service	6,053.1	6,219.5	6,482.8	263.3	4.2
MTOAF**	854.2	878.0	911.0	33.0	3.8
All Funds	12,991.7	13,317.0	13,876.6	559.6	4.2

**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. These deposits are used to pay the debt service on bonds issued by the Local Government Assistance Corporation (LGAC). 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 2016-17 Executive Budget includes:

- Extend the alternative fuels tax exemptions for five years; and
- Simplify the taxation of re-marketed hotel rooms.

Receipts

SFY 2015-16 Estimates

All Funds preliminary receipts through December are $10.2 billion, an increase of $264.5 million (or 2.7%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $13.3 billion, an increase of $325.4 million (or 2.5%) from FY 2015. Through November, 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 7.7%, 8.2% and 3.7%, respectively. These factors help to explain base growth rates (i.e. growth absent law changes) during the first three fiscal year quarters of 4.2%, 3.1% and 5.0%, respectively. Base growth during the final quarter of FY 2016 is estimated to be 2.5%. This equates to total base growth of 3.7% for FY 2016. Cash receipts were reduced relative to base growth as a result of a distribution shift from the State and MTA to local sales tax of $238 million and an agreement between certain mobile telecommunications providers and the State to allow such providers to remit less sales tax for a period in lieu of receiving State refunds due them under Tax Law Section 184 in the amount of $47 million. This agreement resulted from acknowledgement by the Department of Taxation and Finance that a mobile telecommunications provider was not subject to the Tax Law Section 184 franchise tax imposed on them between 2005 and 2014. The dramatic decline in fuel prices during FY 2016 does not affect State sales tax receipts due to the sales tax cap (8 cents per gallon) on motor fuel.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $13.9 billion, an increase of $559.6 million (or 4.2%) from FY 2016. Projected base growth of 3.8% is based on the economic factors noted earlier. Cash growth exceeds base growth primarily due to the non-recurring nature of the sales tax distribution shift that occurred in FY 2016. This positive growth impact is partially offset by an increase (to $178 million) in the Section 184 amount due taxpayers. 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.

General Fund

Direct deposits to the General Fund for FY 2016 are estimated to be $6.2 billion, an increase of $135.2 million (or 2.2%) from FY 2015 receipts. General Fund receipts for FY 2017 are projected to be $6.5 billion, an increase of $263.3 million (or 4.2%) from FY 2016 receipts.

Local Government Assistance Corporation Fund

The LGAC was created in 1990 to help the State eliminate its annual spring borrowing. To pay the debt service on the bonds issued by LGAC, the State has diverted an amount equal to the yield of one-fourth of net sales and use tax collections from the 4% statewide sales tax to the Local Government Assistance Tax Fund (LGATF). Sales tax deposits to LGATF are estimated to be $3.1 billion in FY 2016, and $3.2 billion in FY 2017. LGATF receipts in excess of debt service requirements on LGAC bonds are transferred to the General Fund.

BANK TAX

BANK TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	%Change
General Fund	1,323.4	(100.0)	173.0	273.0	(273.0)
Other Funds	212.8	8.0	30.0	22.0	275.0
All Funds	1,536.2	(92.0)	203.0	295.0	(320.7)

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

SFY 2015-16 Estimates

All Funds preliminary receipts through December are $(86.7) million, a decrease of $1.3 billion (or 106.7%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $(92) million, a decrease of $1.6 billion (or 106%) from FY 2015. This decrease is attributable to the repeal of the bank tax and resultant imposition of the corporate franchise tax on bank taxpayers, effective for Tax Year 2015.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $203 million, an increase of $295 million (or 320.7%) from FY 2016. This increase is attributable to a reduced number of prior period adjustments.

General Fund

General Fund FY 2016 receipts are expected to be $(100) million, a decrease of $1.4 billion (or 107.6%) from FY 2015. General Fund collections reflect the same trends impacting FY 2016 All Funds receipts.

For FY 2017, General Fund receipts are projected to be $173 million, an increase of $273 million (or 273%) from FY 2016. General Fund collections reflect the trends described above for FY 2017 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 $8 million in FY 2016, and a projected $30 million in FY 2017.

CORPORATION FRANCHISE TAX

CORPORATION FRANCHISE TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2014-15	SFY 2015-16	$ Change	% Change
General Fund	2,990.0	4,325.0	3,703.0	(622.0)	(14.4)
All Funds	3,548.0	5,069.0	4,487.0	(582.0)	(11.5)

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 2016-17 Executive Budget is as follows:

- Extend the Hire-a-Vet Tax Credit for two years;
- Extend the Excelsior Jobs Program for five years;
- Authorize additional credits of $8 million for the Low-Income Housing Credit for each of the next five fiscal years;
- Extend the Empire State Commercial Production Tax Credit for two years;
- Enhance the Urban Youth Jobs Program Tax Credit;
- Reduce the net income tax rate for small businesses;
- Extend for six years the credit for companies who provide transportation to individuals with disabilities;
- Establish education tax credits;
- Extend the Clean Heating Fuel Credit for three years;
- Permanently extend tax shelter reporting requirements;
- Establish alcohol beverage tax tasting exemptions and additional production credits;
- Establish thruway toll tax credits;
- Amend the State and NYC corporate tax reform statutes for technical amendments; and
- Conform to new federal tax filing dates.

Receipts

SFY 2015-16 Estimates

All Funds preliminary receipts through December are $3.2 billion, an increase of $1.5 billion (or 83.4%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $5.1 billion, an increase of $1.5 billion (or 42.9%) from FY 2015. This increase is mainly attributable to the repeal of the Bank Tax and resultant imposition of the Corporate Franchise Tax on bank taxpayers, effective for tax year 2015. The difference between year-to-date growth and annual estimated growth results from an assumption that taxpayers have overpaid to date for liability year 2015 as a precaution (due to the new tax code) and will partially reconcile with a low March 2016 settlement.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $4.5 billion, a decrease of $582 million (or 11.5%) from FY 2016. This decrease is mainly the result of the decrease in the business income tax rate from 7.1% to 6.5%, and the first year of the asset tax base phase-out. These items were a part of the corporate tax reform enacted in the SFY 2014-15 Budget. Additionally, taxpayers are expected to generate larger prior period adjustments for tax year 2015 that will be used towards 2016 liability. Finally, as mentioned above, it is likely taxpayers overpaid estimated tax for liability year 2015 since it was the first year of the new tax code. As taxpayers become more familiar with the new tax code, it is expected that their estimated payments for tax year 2016 and beyond will more closely reflect estimated liability.

General Fund

General Fund FY 2016 receipts are estimated to be $4.3 billion, an increase of $1.3 billion (or 44.6%) from FY 2015. The increase reflects the same trends impacting FY 2016 All Funds receipts.

General Fund FY 2017 receipts are projected to be $3.7 billion, a decrease of $622 million (or 14.4%) from FY 2016. The decrease reflects the same trends impacting All Funds receipts for FY 2017.

Other Funds

Corporation Franchise 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 $744 million in FY 2016 and a projected $784 million in FY 2017.

CORPORATION AND UTILITIES TAXES

CORPORATION AND UTILITIES TAXES (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	576.5	589.0	579.0	(10.0)	(1.7)
All Funds	727.3	766.9	761.3	(5.6)	(0.7)

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; and
- 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 2016-17 Budget would:

- Extend the Clean Heating Fuel Credit for three years;
- Permanently extend tax shelter reporting requirements; and,
- Conform to new federal tax filing dates.

Receipts

SFY 2015-16 Estimates

All Funds preliminary receipts through December are $487.3 million, an increase of $11.7 million (or 2.5%) from the comparable period in the prior fiscal year. This increase is due to higher audit receipts partially offset by lower gross receipts from telecommunication taxpayers. All Funds FY 2016 receipts are estimated to be $766.9 million, an increase of $39.6 million (or 5.4%) from FY 2015. This is mainly attributable to a significant increase in audit receipts and gross receipts from regulated public utilities.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $761.3 million, a decrease of $5.6 million (0.7%) from FY 2016. This decrease is mainly attributable to lower projected audit receipts with tax year 2016 liability payments expected to grow modestly from the prior year.

General Fund

General Fund FY 2016 receipts are estimated to be $589 million, an increase of $12.5 million (or 2.2%) from FY 2015. The increase reflects the same trends impacting FY 2016 All Funds receipts. General Fund FY 2017 receipts are projected to be $579 million, a decrease of $10 million (or 1.7%) from FY 2016. This decrease reflects the same trends impacting FY 2017 All Funds receipts.

Other Funds

80% of Section 183 and 184, and 6.08% of Section 186-e collections are deposited into the MTOAF and will total an estimated $57 million for FY 2016 and $57.8 million for FY 2017. The remaining 20% of Section 183 and 184, and 1.52% of Section 186-e are earmarked for the DHBTF. DHBTF receipts are estimated at $13.9 million in FY 2016 and are projected at $14.5 million for FY 2017.

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 $107 million in FY 2016 and a projected $110 million in FY 2017.

INSURANCE TAXES

INSURANCE TAXES (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	1,375.0	1,388.0	1,321.0	(67.0)	(4.8)
Other Funds	157.94	169.0	163.0	(6.0)	(3.6)
All Funds	1,532.8	1,557.0	1,484.0	(73.0)	(4.7)

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:

- Extend the Hire-a-Vet Tax Credit for two years;
- Extend the Excelsior Jobs Program for five years;
- Authorize additional credits of $8 million for the Low-Income Housing Credit for each of the next five fiscal years;
- Establish education tax credits;
- Permanently extend tax shelter reporting requirements; and
- Conform to new federal tax filing dates.

Receipts

SFY 2015-16 Estimates

All Funds preliminary receipts through December are $927.6 million, an increase of $29 million (or 3.2%) from the comparable period in the prior fiscal year. This increase is mainly attributable to an unusual prior period adjustment received in July 2015. All Funds FY 2016 receipts are estimated to be $1.6 billion, an increase of $24.2 million (or 1.6%) from FY 2015. This increase is primarily attributable to a modest increase in tax year 2015 liability payments.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $1.5 billion, a decrease of $73 million (or 4.7%) from FY 2016. This decrease is primarily attributable to the first full year impact of the tax credit for assessments paid to the Life Insurance Guaranty Corporation (LIGC) subsequent to the bankruptcy of the Executive Life Insurance Company. The LIGC exists to ensure policyholders are held harmless when their insurer becomes insolvent.

General Fund

General Fund FY 2016 receipts are estimated to be $1.4 billion, an increase of $13 million (or 0.9%) from FY 2015. The increase reflects the same trends impacting FY 2016 All Fund receipts. General Fund FY 2017 receipts are projected to be $1.3 billion, a decrease of $67 million (or 4.8%) from FY 2016. The decrease reflects the same trends impacting All Funds receipts for FY 2017.

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 $169 million in FY 2016 and a projected $163 million in FY 2017.

PETROLEUM BUSINESS TAXES

PETROLEUM BUSINESS TAXES (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Funds	0	0	0	0	0
All Funds	1,158.3	1,105.0	1,082.0	(23.0)	(2.1)

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:

- Extend the alternative fuels tax exemptions for five years; and
- Amend State and local tax law for consistency with Federal tax regulations on aviation fuel.

Receipts
SFY 2015-16 Estimates
All Funds preliminary receipts through December are $848.6 million, a decrease of $34.5 million (or 3.9%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $1.1 billion, a decrease of $53.3 million (or 4.6%) from FY 2015. The decrease in receipts is primarily due to the 3.2% decrease in the PBT index on January 1, 2015, paired with the 5% decrease in the PBT index on January 1, 2016. Petroleum Business Tax receipts derived from motor fuel and diesel motor fuel are assumed to follow the same consumption trends as fuel subject to the motor fuel excise tax (see section titled Motor Fuel Tax).

SFY 2016-17 Projections
All Funds FY 2017 receipts are projected to be $1.1 billion, a decrease of $23 million (or 2.1%) from FY 2016. This is due to a 5% decrease in the PBT index, effective January 1, 2016, paired with a projected 5% decrease in the PBT index on January 1, 2017. The proposed alternative fuels exemption extender lowers FY 2017 total receipts by $1 million.

General Fund
No PBT receipts are deposited into the General Fund.

ESTATE TAX

ESTATE TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	1,108.5	1,446.0	965.0	(481)	(33.3)
All Funds	1,108.5	1,446.0	965.0	(481)	(33.3)

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 eliminate charitable giving as a factor in determining domicile for the estate tax.

Receipts
SFY 2015-16 Estimates
All Funds preliminary receipts through December are $1.2 billion, an increase of $394.5 million (or 46.3%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $1.4 billion, an increase of $337.5 million (or 30.4%) from FY 2015. The increase is mainly the result of a to-date increase in the number of super-large payments (payments greater than $25 million) from one to six, partially offset by 2014 legislation that raised the estate tax threshold. Small estate FY 2016 receipts are estimated to be $341 million, a decrease of $116 million (or 25.4%) from FY 2015. Large estate FY 2016 receipts are estimated to be $371 million, an increase of $40.3 million (or 12.2%) from FY 2015. Extra-large (payments between $4 million and $25 million) and super-large (payments greater than $25 million) estate payments are estimated to be $734 million for FY 2016, an increase of $413 million (or 128.7%) from FY 2015.

SFY 2016-17 Projections
All Funds FY 2017 receipts are projected to be $965 million, a decrease of $481 million (or 33.3%) from FY 2016. This decrease is mainly the result of fewer projected super-large

payments and 2014 legislation that raised the estate tax filing threshold to the federal exemption level over five years. Large estate FY 2017 receipts are projected to be $372 million, an increase of $1 million (or 0.3%), and collections from small estate payments are projected to be $230 million, a decrease of $111 million (or 32.6%) from FY 2016. Super-large and extra-large estate FY 2017 receipts are projected to be $363 million, a decrease of $371 million (or 50.5%) from FY 2016.

REAL ESTATE TRANSFER TAX

REAL ESTATE TRANSFER TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2017-18	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	0	0	0	0	0
Other Funds	1,037.9	1,147.0	1,138.0	(9.0)	(0.8)
All Funds	1,037.9	1,147.0	1,138.0	(9.0)	(0.8)

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 within the Executive Budget.

SFY 2015-16 Estimates

All Funds preliminary receipts through December are $866.3 million, an increase of $90.4 million (or 11.7%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $1.1 billion, an increase of $109.1 million (or 10.5%) from FY 2015.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $1.1 billion, a decrease of $9 million (or 0.8%) from FY 2016. A major contributor to the year-over-year decline is the shift of closings from FY 2017 into FY 2016 caused by the 421-a legislation noted earlier. The short term outlook for the housing market is based upon a number of factors, including mortgage rates continuing to slowly rise, a re-examination of credit standards in the face of expected Federal Reserve "tapering," and continued slow and steady recovery of the overall economy. Average existing home prices are expected to grow compared to FY 2016. In FY 2017 there should be a leveling off of REIT and other commercial activity following substantial price increases and record sales volumes. The continuing diversification of the NYC economy is likely to positively impact the commercial market and demand for office space in the coming years.

General Fund

The General Fund will receive no direct deposit of real estate transfer tax receipts in 2015-16 or SFY 2016-17. 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.

PARI-MUTUEL TAX

PARI-MUTUEL TAX (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	18.0	18.0	18.0	0	0
All Funds	18.0	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 2015-16 Estimates

All Fund preliminary receipts through December are estimated to be $14 million, a decrease of $1 million (or 6.7%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $18 million, no change from FY 2015. Receipts from OTBs are estimated to be $5.3 million, slightly higher than receipts during the prior fiscal year. The slight increase reflects the market origin fee paid for by out-of-State ADWs increasing to $0.6 million. Thoroughbred on-track handle receipts are estimated to be $12.2 million while on-track wagering receipts are estimated to be $0.5 million.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $18 million, no change from FY 2016.

RACING ADMISSION/ BOXING AND WRESTLING EXHIBITIONS TAX

RACING ADMISSION/BOXING AND WRESTLING EXHIBITIONS TAX (thousands of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	1,128	1,500	2,500	1,000	67
All Funds	1,128	1,500	2,500	1,000	67

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 2015-16 Estimates

All Funds preliminary receipts through December are $1.1 million, an increase of $0.4 million (or 57.1%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $1.5 million, an increase of $0.4 million (or 36.4%) from FY 2015.

SFY 2016-17 Projections

All Funds FY 2017 receipts are projected to be $2.5 million, an increase of $1 million (or 66.7%) from FY 2016. This increase reflects the Executive Budget proposal to authorize combative sports.

METROPOLITAN TRANSPORTATION AUTHORITY RECEIPTS

METROPOLITAN TRANSPORTATION AUTHORITY RECEIPTS (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	0	0	0	0	0
All Funds	1,569.9	1,626.0	1,677.0	51.0	3.1

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 $1 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.

MTA Dedicated Taxes

PROJECTED RECEIPTS FROM MTA DEDICATED TAXES (millions of $)		
	SFY 2015-16	**SFY 2016-17**
MTA Payroll Tax (Mobility)	1,331.0	1,388.0
Motor Vehicle Fees	176.0	171.0
Auto Rental Tax	47.0	48.0
Taxicab Surcharge	72.0	70.0
Total	**1,569.0**	**1,677.0**

MISCELLANEOUS RECEIPTS/GENERAL FUND

MISCELLANEOUS RECEIPTS/GENERAL FUND (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	8,409.7	5,597.0	2,642.0	(2,955.0)	(52.8)

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
There is no new legislation proposed with this Budget.

Receipts:
SFY 2015-16 Estimates
General Fund FY 2016 receipts are estimated to be $5.6 billion, a decrease of $2.8 billion (or 33.4%) from FY 2015 collections. The FY 2016 estimate includes:

- $3.1 billion in atypical fines and civil recoveries;
- $623 million in fees, licenses, fines, royalties, and rents;
- $525 million in unclaimed and abandoned property;
- $250 million in released State Insurance Fund reserves;
- $239 million in reimbursements;
- $192 million in receipts from the temporary utility assessment;
- $170 million in receipts from motor vehicle fees;
- $96 million in additional bond issuance charges and cost recovery assessments;
- $81 million in medical provider assessments;
- $80 million in Bottle Bill proceeds;
- $78 million from the supplemental wireless surcharge;
- $66 million in receipts from alcohol beverage control license fees;
- $41 million in resources transferred from the New York State Energy Research and Development Authority (NYSERDA) to the General Fund from proceeds collected from the auction or sale of carbon dioxide emissions under the Regional Greenhouse Gas Initiative (RGGI);
- $26 million in payments from the New York Power Authority;

- $7 million for certain health care revenues, pursuant to the proposed consolidation of operations from the DOH offset accounts to the General Fund as part of an ongoing effort to simplify the State accounting structure;
- $7 million in interest earnings on short-term investments and bank accounts (this amount is net of certain expenses incurred in providing banking services to various State agencies); and
- $1 million from NYSERDA for services and expenses of the Department of Environmental Conservation (DEC).

SFY 2016-17 Projections

Miscellaneous receipts are projected to be $2.6 billion in FY 2017, a decrease of nearly $3 billion (52.8%) from FY 2016 estimates. The FY 2017 projection includes:

- $595 million in fees, licenses, fines, royalties, and rents;
- $525 million in unclaimed and abandoned property;
- $293 million in reimbursements;
- $250 million in released State Insurance Fund reserves;
- $200 million in realized refunding savings from the city of New York associated with Sales Tax Asset Receivable Corporation (STARC) bonding accruals;
- $161 million in receipts from motor vehicle fees;
- $139 million in receipts from the temporary utility assessment;
- $96 million in additional bond issuance charges and cost recovery assessments;
- $81 million in medical provider assessments;
- $80 million in Bottle Bill proceeds;
- $79 million from the supplemental wireless surcharge;
- $63 million in receipts from alcohol beverage control license fees;
- $23 million in resources transferred from NYSERDA to the General Fund from proceeds collected from the auction or sale of carbon dioxide emissions under the Regional Greenhouse Gas Initiative (RGGI);
- $23 million in atypical fines and civil recoveries;
- $20 million in payments from the New York Power Authority;
- $7 million for certain health care revenues, pursuant to the proposed consolidation of operations from the DOH offset accounts to the General Fund as part of an ongoing effort to simplify the State accounting structure; and
- $7 million in interest earnings on short-term investments and bank accounts (this amount is net of certain expenses incurred in providing banking services to various State agencies).

LOTTERY

LOTTERY (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	0	0	0	0	0
Other Funds	3,097.4	3,226.0	3,189.0	(37.0)	(1.1)
All Funds	3,097.4	3,226.0	3,189.0	(37.0)	(1.1)

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

The Executive proposes the following legislation:

- Extend the Video Lottery Gaming (VLG) vendor's capital awards program for one year;
- Extend Monticello Video Lottery Terminal (VLT) rates for one year;
- Provide for an additional commission for certain VLT facilities; and
- Amend the Upstate New York Gaming and Economic Development Act for technical purposes.

Receipts

SFY 2015-16 Estimates

All Funds preliminary receipts through December are $2 billion, an increase of $62.6 million (or 3.1%) from the comparable period in the prior fiscal year. All Funds FY 2016 receipts are estimated to be $3.2 billion, an increase of $128.6 million (or 4.2%) from FY 2015. Unspent administrative allowances and miscellaneous income account for $422.3 million of receipts. All games will benefit from an extra week of sales deposits in FY 2016.

SFY 2016-17 Projections
All Funds FY 2017 receipts are projected to be $3.2 billion, a decrease of $37 million (or 1.1%) from FY 2016. Unspent administrative allowances and miscellaneous income account for $413.3 million of receipts.

Instant Games and Video Lottery Gaming
Year-to-date, sales of 65% prize-payout instant games and 75% prize-payout instant games have both increased. Revenue to support education from the sale of instant games is estimated to be $648.4 million, an increase of $29.3 million (or 4.7%) from FY 2015. 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 $961 million for FY 2016, an increase of $54.2 million (or 6%) from the prior year. This increase partly reflects recent legislation that expanded the offering of electronic table games to allow for an element of skill, and the increase in the free play allowance to 15%.

Receipts from Instant Games sales are projected to remain the same amount with roughly $5.5 million, shifting from 65% instant game sales to 75% instant game sales. Sales are projected to total $975 million, an increase of $14 million (or 1.5%). The estimate reflects the continued offering of electronic gaming offset by having one less week of sales in FY 2017 and proposed tax law changes

MEDICAL MARIHUANA

Medical Marihuana (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	0	0	0	0	0
Other Funds	0	1.0	4.0	3.0	300.0
All Funds	0	1.0	4.0	3.0	300.0

Proposed Legislation
No new legislation is proposed with this Budget.

Description
Tax Base and Rate
On July 5, 2014, the medical use of marihuana was authorized for the regulated treatment of the following conditions and ailments:

- Cancer;
- Positive status for human immunodeficiency virus or acquired immune deficiency;
- Parkinson's disease;
- Multiple sclerosis;
- Damage to the nervous tissue of the spinal cord with objective neurological indication of intractable spasticity;
- Epilepsy;
- Inflammatory bowel disease;
- Neuropathies; and
- Huntington's disease.

In addition, medical marihuana can be prescribed for a complication of treatment for:

- Cachexia or wasting syndrome;
- Severe or chronic pain;
- Severe nausea;
- Seizures; and
- Severe or persistent muscle spasms.

The Commissioner of the Department of Health has the authority to add conditions to either list. The product must be administered in a smokeless form. A 7% excise tax is imposed when a New York dispensary sells the product to a patient or designated caregiver, and is remitted by the dispensary. The tax amount cannot be added as a separate charge on a receipt given to the retail customer.

Administration
The statutory maximum of five manufacturers were selected in 2015, and each manufacturer can have up to four dispensing sites. The manufacturers and dispensaries are geographically distributed throughout the State, as statutorily required. Revenues from the State excise tax will be directed to the medical marihuana trust fund. 55% of the monies must be appropriated in the following manner, with the remainder appropriated by discretion annually:

- 22.5% transferred to the counties in which the medical marihuana was manufactured and allocated in proportion to the gross sales originating from medical marihuana manufactured in each such county;
- 22.5% transferred to the counties in which the medical marihuana was dispensed and allocated in proportion to the gross sales occurring in each such county;
- 5% transferred to the Office of Alcoholism and Substance Abuse Services. The monies will be used for additional drug abuse prevention, counseling and treatment services; and,
- 5% transferred to the Division of Criminal Justice Services. The monies will be used to provide discretionary grants to state and local law enforcement agencies. These grants could be used for personnel costs of state and local law enforcement agencies.

Receipts
FY 2016 Estimates
The dispensing of medical marihuana began on January 7, 2016. All Funds receipts are estimated to be $1 million in FY 2016.

FY 2017 Projections
All Funds FY 2017 receipts are projected to be $4 million, an increase of $3 million from FY 2016. This increase reflects the first full-year imposition of the tax.

General Fund
No medical marihuana receipts are deposited into the General Fund.

Other Funds
All receipts from the Medical Marihuana Tax are deposited to the Medical Marihuana Trust Fund. Receipts are estimated to be $1 million in FY 2016 and $4 million in FY 2017.

GAMING COMMISSION

Gaming Commission (millions of dollars)					
	Actual	Estimated	Forecast	SFY 2015-16 to SFY 2016-17	
	SFY 2014-15	SFY 2015-16	SFY 2016-17	$ Change	% Change
General Fund	0	0	0	0	0
Other Funds	0	151.0	20.0	(131.0)	(86.8)
All Funds	0	151.0	20.0	(131.0)	(86.8)

Proposed Legislation
Legislation proposed with this Budget would amend the Upstate New York Gaming and Economic Development Act for technical changes.

Description
Commercial Gaming is authorized in three development regions of New York State. Those regions are:

- Region One comprised of the Counties of Columbia, Delaware, Dutchess, Greene, Orange, Sullivan, and Ulster;
- Region Two comprised of the Counties of Albany, Fulton, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, and Washington; and
- Region Five comprised of the Counties of Broome, Chemung (east of State Route 14), Schuyler (east of State Route 14), Seneca, Tioga, Tompkins, and Wayne (east of State Route 14).

In 2013, New York State voters approved a referendum allowing no more than seven commercial gaming facilities as authorized and prescribed by the within three development zones.

On December 17, 2014, the New York Gaming Facility Location Board recommended the following applicants to be considered for a commercial gaming license from the New York State Gaming Commission: Montreign Resort Casino (Region One, Zone Two); Rivers Casino & Resort at Mohawk Harbor (Region Two, Zone Two) and Lago Resort and Casino (Region Five, Zone Two). On December 21, 2015, the New York State Gaming Commission unanimously approved licenses to these three destination resorts.

On October 14, 2015, the New York Gaming Facility Location Board recommended to the New York State Gaming Commission that Tioga Downs, an existing Video Lottery Terminal Facility in Region Five of Zone Two, be considered for a commercial gaming facility license.

Proposed Legislation
Legislation proposed with this Budget would amend the Upstate New York Gaming and Economic Development Act for technical changes.

Administration
The Gaming Commission regulates commercial gaming facilities and administers the tax on gaming revenues. The Commission also collects license fees as established by the New York State Resort Gaming Facility Location Board.

All commercial gaming tax (see below) and license revenue collected by the Gaming Commission is deposited into the Commercial Gaming Revenue Fund. From that Fund, tax and license revenue is distributed as follows: 80% of all commercial gaming revenue (less an amount transferred to the Video Lottery Education account required to maintain base year revenue in that account) for elementary and secondary education or property tax relief; 10% of the revenue generated by any commercial gaming facility in a gaming region is provided equally to the host county and municipality in that region and 10% of the revenue generated by any commercial gaming facility in a gaming region is provided on a per capita basis to non-host counties within such region.

Tax Liability
Commercial gaming taxes are paid as a percent of gaming revenue generated at each licensed facility. Factors that affect commercial gaming revenue include proximity to population centers, regional income variations, proximity to and competition from existing facilities, and the applicable tax rates in the gaming regions. Those rates are: 10% on table game receipts in all regions; 39% on slot machine receipts in Region One; 45% on slots in Region Two; and 37% on slots in Region Five.

Receipts
FY 2016 Estimates
SFY 2015-16 receipts are estimated to be $151 million, reflecting the expected receipt of license fee
revenue from the three recently issued commercial gaming licenses.

FY 2017 Projections
SFY 2016-17 receipts are projected to be $20 million, reflecting the receipt of license fee revenue.

SFY 2016-17 FINANCIAL SUMMARY TABLE OF TAX/REVENUE ACTIONS

Revenue actions totaling a net $21 million (All Funds) are recommended to help close the SFY 2016-17 gap as outlined below. Also included are the “out-year” Financial Plan impacts.

ALL FUNDS REVENUE ACTIONS
($ in Millions)

	2016-17	2017-18	2018-19	2019-20
Personal Income Tax	**18**	**(556)**	**(1,009)**	**(1,108)**
Education Tax Credits	0	0	(150)	(150)
Thruway Toll Tax Credit	0	(113)	(113)	(114)
Corporate and PIT Small Business Tax Cuts	0	(276)	(276)	(276)
Extend Cleaning Hearting Fuel Credit	0	0	(1)	(1)
Extend Transportation Disabilities Credit for Companies	0	0	(5)	(5)
Permanently Extend Non Custodial Earned Income Tax Credit	0	0	(4)	(4)
Permanently Extend Tax Shelter Reporting Requirements	18	18	18	18
Convert the STAR Benefit into a Tax Credit for New Homeowners	0	(98)	(194)	(290)
Convert NYC PIT STAR Credit into a State Personal Income Tax Credit	0	(87)	(284)	(286)
Consumption/Use Taxes	**(2)**	**(2)**	**(3)**	**(2)**
Alcohol Beverage Tax Tasting Exemptions	(1)	(1)	(1)	(1)
Simplify the Taxation of Remarketed Rooms	0	0	0	0
Expand the Jeopardy Assessments to the Tobacco Tax	0	0	0	0
Extend the Alternate Fuels Tax Exemptions for Five Years	(1)	(2)	(2)	(2)
Amend the State and Local Tax Law for Consistency with Federal Tax Regulations on Aviation Fuel	0	0	0	0
Business Taxes	**(1)**	**(64)**	**(116)**	**(94)**
Establish Additional Alcohol Beverage Tax Tasting Exemptions and Production Credits	0	(2)	(2)	(2)
Enhance the Urban Youth Opportunity Program Tax Credit	0	(30)	(30)	0
Provide a Corporate and Personal Income Tax Small Business Tax Cut	0	(22)	(22)	(22)
Extend the Empire State Commercial Production Tax Credit for 2 Years	0	0	(7)	(7)
Low Income Housing Tax Credit Program Expansion	0	(8)	(16)	(24)
Extend the Hire-A-Vet Credit for Two Years	0	0	(37)	(37)

	2016-17	2017-18	2018-19	2019-20
Extend the Alternative Fuels Tax Exemptions for Five Years	(1)	(2)	(2)	(2)
Extend the Excelsior Jobs program for Five Years	0	0	0	0
NYC Corporate Tax Reform/Technical Amendments	0	0	0	0
Conform to Federal Tax Filing Dates	0	0	0	0
Other Actions	**0**	**27**	**27**	**27**
Make Permanent and Update Certain Modernization Provisions of the Tax Law	0	0	0	0
Extend Tax Preparer E File Failure Penalties	0	0	0	0
Authorize Combative Sports	1	1	1	1
Eliminate Charitable Giving as a Factor in Determining Domicile for the Estate Tax	0	0	0	0
Extend Tax Rates and Certain Simulcasting Provisions for One Year	0	0	0	0
Extend Video Lottery Gaming (VLG) Vendor's capital Awards Program for One Year	0	0	0	0
Extend Monticello Video Lottery Terminal rates for One Year	(3)	0	0	
Amend the Upstate New York Gaming and Economic Development Act for Technical Changes	0	0	0	0
Provide for an Additional Commission for Certain Video Lottery Terminal Facilities	0	0	0	0
Increase Purse Surcharge from 1.0% to 1.6% and Regulatory Fee from 0.5% to 0.6%	2	2	2	2
Adjust Timing of Reimbursement to Gaming Commission of Per Diem Costs for Harness Racing Judge and Starter	0	0	0	0
Remove Restriction for a Single Lab Testing Provider	0	0	0	0
Permanently Extend the Waste Tire Fee	6	24	24	24
Re-Direct DMV Funds to dedicated Highway and Bridge Trust Fund	0	0	0	0
TOTAL ALL FUNDS LEGISLATION CHANGE	**21**	**(596)**	**(1,101)**	**(1,178)**

EXECUTIVE SFY 2016-17 ARTICLE VII REVENUE BILL (S.6409)

Convert STAR Exemption Benefit Into a Tax Credit For New Homeowners

This bill would convert the existing STAR Exemption program that provide real property tax exemptions to homeowners into a program that offers a refundable personal income tax credit (PIT). Current exemption recipients would be able to keep their exemptions as they are, or convert over to the PIT, but when their home is transferred to a new owner, the new owner's exemption would be converted to the PIT program.

Fiscal Impact

Converting the STAR exemption benefit into a tax credit would generate a temporary cost savings of about $100 million annually until full conversion is complete; these savings would ultimately be offset by lower income tax revenues to the State.

Cap Annual Growth In Basic And Enhanced STAR Exemption Benefit At 0%

This proposed legislation would put a 0% cap on the growth in Basic and Enhanced STAR benefits, starting with the 2016-2017 school year. Currently the exemption benefits are allowed to grow at a rate up to 2% annually.

Fiscal Impact

Reduces State spending by $56 million in SFY 2016-17.

Make Income Verification Procedure (IVP) Mandatory

The Governor's proposal would require all senior citizens wishing to receive Enhanced STAR benefits to participate in the STAR Income Verification Program (IVP). Currently seniors can either bring income documentation to the assessor's office, and wait for the assessor to determine eligibility; or seniors can enroll in IVP, which allows the Department of Taxation and Finance to determine eligibility. This bill would eliminate the option of brining documentation to the assessor's office so that only the Department of Taxation and Finance determines eligibility. Once an exemption recipient is enrolled in IVP they will not have to re-enroll in the future. The Governor expects this legislation to help reduce the number of properties that have been unfairly receiving an exemption to which they are not actually entitled. Additionally, the Governor anticipates a savings to local assessors as they will not have to process these income verification applications.

Fiscal Impact

None to the State. Localities may experience decreased administrative costs.

Allows Certain Late Filings Of Renewal STAR And Senior Citizens Exemption Applications

This legislation would give senior citizens a filing deadline extension if they failed to file their renewal applications on time due to hardship or another good cause up to the last day for paying school taxes without incurring interest or penalty. This law would also provide a local option to allow a taxpayer who needed an extension to file their exemption to a request an extension to pay their school taxes. The Governor anticipates this legislation will alleviate the severity of the consequences associated with failing to renew the exemption on time.

Fiscal Impact
Anticipated fiscal implications are minimal.

Convert N.Y.C. PIT STAR Credit into N.Y.S. PIT Credit
Under current law, certain eligible New York City taxpayers receive a School Tax Credit against their NYC personal income taxes. This legislation would convert the NYC tax credit to a NYS tax credit by enabling the State to provide the benefit directly to City residents, instead of passing the credit through the City. The Governor anticipates a savings in General Fund spending as a result of consolidating administrative efforts.

Fiscal Impact
Reduces General Fund spending by $87 million in FY 2017, and $284 million annually thereafter.

Authorizes the Commissioner of Taxation and Finance to make direct payments of STAR tax savings to property owners in appropriate cases
This legislation would expand the authority of the Department to directly reimburse a STAR-eligible property owner if they did not receive the tax savings to which they were entitled as a result of an administrative error.

Fiscal Impact
There are no anticipated fiscal implications.

Make Permanent And Update Certain Modernization Provisions Of The Tax Law
This bill would make permanent tax modernization provisions relating to electronic filing and payment mandates, sales tax compliance tools, and update preparer penalties.

A. Electronic Filing Mandates and Penalties

Tax Law § 29 was added in 2008 to consolidate and improve the administration of the Tax Department's electronic filing and payment mandates. Currently, these important e-file mandate provisions would expire on December 31, 2016, at which time the Tax Law would revert to having two disparate sections of law setting forth e-file mandate requirements. This bill would make these e-file mandate provisions permanent. Continuation of these provisions requiring preparers and self-filers that use tax preparation software to e-file recognizes that persons using tax software to prepare returns are capable of e-filing. Importantly, Tax Law § 34, which prohibits a separate charge for e-filing of a NYS return, means no additional financial burden may be imposed upon self-filers for the e-filing of a NYS tax document.

This bill would also ensure that if the Tax Law requires a preparer to sign and provide a unique identification number on that return, then penalties will be assessed on all tax preparers who fail to abide by the law, regardless of whether they are required to be registered with DTF. The bill would also update penalties against tax preparers who take positions on returns or claims for refunds that are not properly supported by the Tax Law.

This bill would maintain for future years the cost savings realized by the State by the increase in e-filing. E-file and e-pay of taxes create cost and tax administration efficiencies beneficial to both the State and taxpayers. A taxpayer's use of e-file and e-pay reduces the number of errors that may be associated with the filing of a paper return. With e-file, an error can be immediately detected and the taxpayer prompted to correct and resubmit the return.

B. Sales Tax Compliance

Part U of Chapter 61 of the Laws of 2011 amended Tax Law § 1137 to authorize the Commissioner to require vendors that failed to collect, truthfully account for, pay over sales tax moneys, or to file returns as required by law, to take actions the Commissioner deems necessary to ensure that sales tax moneys are paid, including giving notice to such vendors requiring more frequent payment of tax. If directed, vendors are required to set up separate bank accounts into which only sales tax moneys are deposited, at least weekly, and the Department is authorized to debit those accounts. Since its implementation in 2011, this program has improved vendor compliance.

The segregated account provisions would expire on December 31, 2016. This bill would make these provisions permanent, which would allow the Department to continue to safeguard millions in sales tax revenue for the State and localities and reduce the need to pursue costly collection action when sales tax collected by vendors is not remitted timely to the Department. This program provides a powerful incentive to sales tax vendors to become and remain compliant with their sales tax obligations to the State, and significantly mitigates the risk that sales tax vendors will misdirect collected trust taxes to their ongoing operating expenses.

<u>Fiscal Impact</u>
Enactment of this bill is necessary to implement the 2016-17 Executive Budget because of the cost savings and efficiencies associated with this bill.

<u>Authorize Additional Credits Of $8 Million For Low-Income Housing Credit For Each Of The Next Five Fiscal Years</u>
This bill would increase the aggregate amount of low-income housing tax credit the Commissioner of Housing and Community Renewal may allocate from $64 million to $104 million, in $8 million increments annually for the next five fiscal years.

<u>Fiscal Impact</u>
Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it would decrease All Funds revenue by $8 million in SFY 2017-18, $16 million in SFY 2018-2019, $24 million in SFY 2019-2020, $32 million in SFY 2020-2021, and $40 million annually from SFY 2021-22 through SFY 2026-27.

<u>Extend The Hire-A-Vet Credit For Two Years</u>
This bill would extend by two years the tax credits provided for hiring veterans under Tax Law §§ 210-b(29) (Franchise Tax on Corporations), 606(a-2) (Personal Income Tax), and 1511(g-1) (Franchise Tax on Insurance Corporations). Currently, the Hire a Vet tax credit is available for taxable years beginning on or after January 1, 2015 and before January 1, 2017. The credit is

available to qualified taxpayers for the hiring of qualified veterans who commenced employment on or after January 1, 2014 and before January 1, 2016.

Fiscal Impact

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it would decrease All Funds revenue by $37 million in each of SFY 2018-19 and SFY 2019-20.

Extend The Empire State Commercial Production Tax Credit For Two Years

This bill would extend the Empire State Commercial Production Tax Credit for two years.

This bill would amend Tax Law §§ 28, 210-B, and 606 to extend the Empire State Commercial Production Tax Credit for two years. The credit is currently available through tax years beginning before January 1, 2017. The bill would make the credit available through tax years beginning before January 1, 2019.

The Empire State Commercial Production Tax Credit program provides incentives to qualified production companies that are principally engaged in and control the production of qualified commercials in New York State. Statewide, up to $7 million in credits is available annually to be allocated through the program to encourage qualified production companies to produce commercials in the state, in order to help create and maintain jobs, as follows: $3 million for companies producing commercials downstate; $3 million upstate; and an additional $1 million for companies that demonstrate incremental "growth" in commercial production. This bill would ensure that these incentives continue to be available.

Fiscal Impact

Enactment of this bill is necessary to implement the 2016-17 Executive Budget as it would decrease All Funds revenue by $7 million in each of SFY 2018-19 and SFY 2019-20.

Extends for 6 Years Credit For Companies Providing Transportation to Individuals with Disabilities

This bill would amend Chapter 604 of the Laws of 2011 and Tax Law § 210-B(38) to extend the effective date for the legislation providing for a credit for companies that provide transportation to individuals with disabilities for six years, through tax year 2022. The credit is available to businesses that incur an incremental cost for upgrading a taxicab or livery service vehicle so that the vehicle is accessible to persons with disabilities or that purchase certain new taxicab or livery service vehicles that are accessible to persons with disabilities. The credit is limited to $10,000 per vehicle.

Fiscal Impact

Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it would decrease All Funds revenue by $5 million annually for SFY 2018-19 through (and including) SFY 2023-24.

Permanently Extend The Non-Custodial Earned Income Tax Credit (EITC)
Section one of the bill amends the sunset provision for Tax Law § 606(d-1) to make permanent the non-custodial earned income tax credit. The current law provides that this credit will expire and be unavailable for taxable years beginning on or after January 1, 2017.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget as it would decrease All Funds revenue by $4 million annually, beginning in SFY 2018-19.

Permanently Extend Tax Shelter Reporting Requirements
This bill would amend Chapter 61 of the Laws of 2005 to extend permanently the reporting requirements and related administrative provisions concerning the disclosure of certain federal and New York State reportable transactions and related information regarding tax shelters.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget as it would increase All Funds revenue by $18 million annually, beginning in SFY 2016-17.

Extend The Clean Heating Fuel Credit For Three Years
The bill would amend §§ 210-B and 606 of the Tax Law to extend the sunset date for the corporate and personal income tax credits, respectively, for purchasing bioheat until January 1, 2020. The bill also provides that such credit shall not apply to bioheat with less than 6% biodiesel per gallon of bioheat. The current corporate and personal income tax credits for the purchase of bioheat expire January 1, 2017. By implementing a minimum biodiesel percentage, the bill will exclude heating fuels that are already commonly available and will incentivize the production and use of greener heating fuels.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-2017 Executive Budget as it would decrease All Funds revenue by $1 million in each of SFY 2018-19, SFY 2019-20, and SFY 2020-21.

Extend The Excelsior Jobs Program For Five Years
This bill would extend the Excelsior Jobs Program by five years. Economic Development Law § 359 would be amended to authorize any unawarded tax credits remaining at the end of 2024 to be allocated in taxable years 2025 – 2029, including 100% of any unawarded tax credits attributable to years 2011 – 2024. However, under no circumstances may the aggregate statutory cap be exceeded, and no tax credits may be allowed for taxable years beginning on or after January 1, 2030. Economic Development Law § 354.5 and Tax Law § 31(b) would also be amended to provide that no tax credits are allowed for taxable years beginning on or after January 1, 2030.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget as it would allow Empire State Development to provide a benefit period of ten years for new projects. There would be no fiscal impact over the Financial Plan period.

Amend The State And New York City Corporate Tax Reform Statutes For Technical Amendments

This bill would make technical corrections to the corporate tax reform provisions in Article 9-A of the Tax Law and Subchapter 3-A of Chapter 6 of Title 11 of the Administrative Code of the City of New York.

Fiscal Impact

Enactment of this bill is necessary to implement the 2016-17 Executive Budget as it would clarify and preserve the revenue impacts associated with the original corporate tax reform legislation.

Conform To New Federal Tax Filing Dates

This bill would bring certain New York State and New York City tax filing deadlines into conformity with those at the Federal level.

This bill would amend §§ 183-a, 186-a, 186-e, 192, 197-b, 209, 211, 213-b, 658, 1087, 1514 and 1515 of the Tax Law and §§ 11-514, 11-527, 11-653, 11-655 and 11-658 of the Administrative Code of the City of New York to change the tax filing deadlines for corporations and partnerships to conform to new deadlines at the federal level and to maintain the estimated tax prepayment schedule in current law for

Article 9, 9A, and 33 taxpayers. Under current law, the due date for corporate tax returns is March 15th. This deadline would be changed to April 15. Partnerships are currently required to file by April 15. This deadline would be changed to March 15.

Section 2006 of H.R. 3236, Public Law 114-41, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, made changes to certain federal tax return due dates. This bill would make changes to the Tax Law and the Administrative Code of the City of New York to align with the federal changes.

Fiscal Impact

Enactment of this bill is necessary to implement the 2016-17 Executive Budget as it would maintain the current cash flow of State corporate tax receipts.

Provide A Corporate And Personal Income Tax Small Business Tax Cut

This bill would provide tax relief to corporate small businesses by reducing the business income base rate for certain small businesses in New York State and expanding the small business subtraction modification under the Personal Income Tax (PIT).

This bill would amend Tax Law § 210 to change the calculation of the business income base rate for corporate small businesses; and amend Tax Law § 612 to expand the small business subtraction modification.

The bill would reduce the business income base rate for corporate small businesses to 4% for businesses with a business income base of not more than $290,000, beginning with the 2017 tax year. The rate for such small businesses is currently 6.5%.

This bill would also amend Tax Law § 612 to expand the PIT small business subtraction modification, beginning with the 2017 tax year. The bill would increase the small business subtraction modification for taxpayers from 5% to 15% of the net business income or net farm income included in a taxpayer's federal adjusted gross income from such businesses and would allow the small business subtraction modification to be claimed by a taxpayer who is a member, partner or shareholder of a limited liability company, a partnership, or an S corporation that meets the definition of a small business. In order to qualify for the subtraction modification, a taxpayer who is a member, partner or shareholder in a limited liability company, a partnership or an S corporation, respectively, that has business income or farm income must have less than $250,000 attributable to its share of flow-through income from all entities (including ones that are not small businesses). Also, the definition of a small business has been expanded to include a limited liability company, a partnership or an S corporation that during the taxable year employs one or more persons and has New York gross business income attributable to a non-farm business greater than zero but less than one million five hundred thousand dollars. Under current law, only limited liability companies, partnerships and S corporations that are farm businesses are included. In the case of a limited liability company or a partnership, New York gross business income would mean New York source gross income as defined in Tax Law § 658(c)(3), and, in the case of an S corporation, New York gross business income would mean New York receipts included in the numerator of the apportionment factor under Tax Law § 210-A.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget as it would decrease State All Funds revenue by $298 million annually, beginning SFY 2017-18.

Establish Education Tax Credits
This bill would amend the Education Law and the Tax Law to enact the Parental Choice in Education Act, which would provide a tax credit incentive to encourage individual and business donations to support public schools' educational improvement programs, as well as scholarships for public and non-public elementary and secondary school students. This bill would also enact a new tuition tax credit as well as a credit for purchases of classroom materials and supplies.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget, as it would decrease All Funds revenue by $150 million annually, beginning in SFY 2018-19.

Establish Thruway Toll Tax Credits
The bill would amend Tax Law Articles 9, 9-A, 22 and 33 to provide a non-refundable Thruway toll tax credit for the 2016, 2017 and 2018 tax years. For businesses operating farm vehicles, the credit would be equal to 100% of the Thruway tolls paid through E-ZPass accounts for the operation of farm vehicles. For other businesses, the credit would be equal to 50% of the Thruway tolls paid through E-ZPass accounts provided the taxpayer paid between $100 and $9,999 in annual tolls (inclusive). The credit could reduce the taxpayer's tax to the fixed dollar minimum, and any excess credit may be carried forward to future taxable years.

Individuals would be eligible for a personal income tax credit equal to 50% of the Thruway tolls paid through an individual E-ZPass account provided the individual paid at least $50 in annual tolls.

A taxpayer could claim either the credit for the operation of farm vehicles or the general credit, but not both. Also, taxpayers would have to add back to their income for New York State tax purposes any deduction they take for toll expenses that they also use to compute the credit. This proposal would provide relief for individuals and businesses that use the Thruway on a regular basis.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it would decrease All Funds revenue by $113 million in each of SFYs 2017-18 and 2018-19, and $114 million in SFY 2019-20.

Extend The Alternative Fuels Tax Exemptions For Five Years
This bill would extend the sunset from September 1, 2016 to September 1, 2021 for the tax exemptions for alternative fuels, including E85, CNG, hydrogen, and B20. Extending the exemptions for alternative fuels would continue to provide an incentive for the use of renewable fuels and is part of a comprehensive strategy to reduce dependence on foreign oil and to increase the use of clean energy fuels.

These provisions would extend the sunset for the exemptions in the Tax Law for alternative fuels from September 1, 2016 to September 1, 2021. Unless this sunset is extended, the Tax Law will no longer allow full exemptions for E85, CNG, and hydrogen, and partial exemption for B20 from the motor fuel taxes (Article 12-A), the petroleum business taxes (Article 13-A), fuel use taxes (Article 21-A) and State and local sales and compensating use taxes (Articles 28 and 29).

Fiscal Impact
Enactment of this bill is necessary to implement the SFY 2016-17 Executive Budget, as it would decrease All Funds sales and use, petroleum business, and motor fuel taxes by a total of $2 million in SFY 2016-17; $4 million in each of SFY 2017-18, SFY 2018-19, SFY 2019-20; and $2 million in SFY 2020-21.

Establish Additional Alcohol Beverage Tasting Exemptions and Production Credits
This bill would amend the Tax Law to exempt from the alcoholic beverage tax certain alcoholic beverages, and from the use tax, certain alcoholic beverages and other inventory items furnished at no charge by certain producers to customers or prospective customers at a tasting held in accordance with the Alcoholic Beverage Control Law. It would also amend the Tax Law to expand the beer production credit to include wine, liquor and cider.

Breweries, distilleries, cideries and wineries are a vital and growing part of New York's economy. For off-premise tastings, not-for-profit organizations often host events at which customers are able to have a "tasting" from various New York wine or beer producers. For on-premise tastings, New York producers can offer samples 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 product (beer, cider, liquor or wine) being sampled at a tasting is subject to the alcoholic beverage tax in Article 18 of the Tax Law. This bill would exempt the product used by the producers at those tastings from the alcoholic beverage tax, and exempt such product as well as certain inventory items from the use tax in order to encourage more tastings throughout the State.

The bill would also extend the beer production credit under the corporate franchise tax and the personal income tax to include cider, wine and liquor, with some adjustments made based on each alcoholic beverages alcohol by volume content.

Fiscal Impact

Enactment of this bill is necessary to implement the SFY 2016-17 Executive Budget because it would reduce All Funds tax receipts by $1 million in SFY 2016-17 and $3 million annually thereafter.

Expand Jeopardy Assessments to the Cigarette And Tobacco Tax

This bill would authorize the Department of Taxation and Finance to issue jeopardy assessments for the collection of the cigarette and tobacco excise tax. Where collection would be jeopardized by delay, the bill would provide that the cigarette and tobacco excise tax may be assessed prior to either the filing of a return, or prior to the deadline to file a return. The assessment would become due and payable immediately upon notice to the taxpayer. The taxpayer would stay collection efforts by filing a bond with the Tax Department to ensure the payment of tax, penalties, and interest. Seized property would be sold once the assessment is finalized, or earlier if the taxpayer fails to attend a hearing, the taxpayer consents to the sale, or where the property is perishable or the expenses of conservation and maintenance would greatly reduce its value.

Currently, there is no provision for jeopardy assessments to assist in collection of the excise tax on cigarettes and tobacco products. The bill was modeled after Tax Law § 288-a (excise tax on gasoline and similar motor fuel) and Tax Law § 1138 (sales tax), which authorize jeopardy assessments for similar collection efforts for other taxes. The authorization of jeopardy assessments would provide a helpful tool for use in the prevention of cigarette and tobacco product excise tax avoidance.

Fiscal Impact

Enactment of this bill is necessary to implement the 2016-17 Executive Budget, as it supports revenue collection included in the Financial Plan resulting from the Governor's Cigarette Strike Force’s efforts to reduce tax evasion.

Simplify The Taxation Of Remarketed Rooms

The purchase of hotel room occupancies by room remarketers would be exempt from the sales tax when those purchases are made from hotels for later resale. Legislation enacted in 2010 required room remarketers to collect State and local sales tax and New York City’s hotel room occupancy tax on the hotel room occupancies they sell. That legislation, however, did not exempt the room remarketers’ purchases of the hotel room occupancies they supplied to their customers. Instead, the legislation entitled the room remarketers to seek a credit or refund for the tax they paid to the hotel operators if the room remarketers satisfied certain conditions. This structure has created a significant amount of work for both the industry and Tax Department, as each room remarketer has numerous credits that must be documented, claimed and verified each quarter.

This bill eliminates that cumbersome process, thereby facilitating compliance by the room remarketer industry. Specifically, sections 2 and 4 of this bill would amend, respectively, the Tax Law and the New York City's Administrative Code to grant room remarketers an exemption on their purchases of hotel room occupancies from the hotel operators. The remaining sections of the bill make technical changes to other provisions of the Tax Law and Administrative Code to conform those provisions to the new exemption. The exemption created by this bill would apply to rent paid for hotel room occupancies on or after June 1, 2016.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget as it would implement a needed tax reform and has no impact on the Financial Plan.

Eliminate Charitable Giving as a Factor in Determining Domicile For The Estate Tax
This bill would make state tax law more consistent by enacting an estate tax provision that conforms to the personal income tax provisions prohibiting charitable contributions and charitable activities from being considered in determining domicile.

Section 1 of this bill amends the heading of Section 951-a of the Tax Law to include "General provisions" in addition to Definitions. Section 2 of the bill amends § 951-a of the Tax Law by adding a new subdivision (f) prohibiting charitable contributions and charitable activities from being considered in determining domicile for estate tax purposes. This new provision mirrors language in Tax Law § 605 (c) that prohibits charitable contributions and charitable activities from being considered in determining domicile.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget since it reduces taxpayer uncertainty with respect to making charitable gifts.

Amend State And Local Tax Law For Consistency With Federal Tax Regulations On Aviation Fuel
This bill would amend the Tax Law and State Finance Law to segregate and dedicate the Petroleum Business Tax (PBT) revenues from the sale of aviation fuel into a new aviation purpose account to fund airport improvement projects. The bill would also exclude sale of fuel for use in commercial and general aviation aircraft from local sales taxes and from the prepayment of sales tax on motor fuels.

- Section 1 would amend State Finance Law § 89-b (2) to create the aviation purpose account within the Dedicated Highway and Bridge Trust Fund.;

- Section 2 would amend the State Finance Law to add new § 89-b (4-a) to ensure that the funds deposited in the aviation purpose account are utilized for airport-related projects in compliance with Federal law;

- Section 3 would amend Tax Law § 312 to ensure that the money collected from the PBT on aviation fuel is deposited into the aviation purpose account;

- Section 4 would amend Tax Law § 1102(a)(1)(ii) to exclude sales of fuel sold for use in commercial aircraft and general aviation aircraft from the prepayment of sales tax required for motor fuels;

- Sections 5-6 would amend Tax Law § 1210(a) to exclude from local sales and compensating use taxes all sales of fuel sold for use in commercial aircraft and general aviation aircraft; and

- Section 7 would direct the Comptroller (upon request of the Director of the Budget) to transfer from the General Fund for deposit into the Mass Transportation Operating Assistance Fund and the Dedicated Mass Transportation Trust Fund, the amount of revenue received during the state fiscal year from PBT imposed pursuant to the authority of § 301-e of the Tax Law that would have otherwise been directed to such funds pursuant to § 312 of the Tax Law.

Effective December 8, 2014, the Federal Aviation Administration amended its Revenue Use Policy regarding aviation fuel by formally adopting restrictions on the use of revenues derived from taxes on aviation fuel. Under this policy, "an airport operator or State government submitting an application under the Airport Improvement Program must provide assurance that revenues from State and local government taxes on aviation fuel will be used for certain aviation-related purposes." 79 Fed. Reg. 66282 (2014). States and localities are required to bring their taxes on aviation fuel into compliance by December 8, 2017, but are also required to demonstrate their clear intent to be in compliance (via proposed legislation) prior to April 1,2016. Diversion or repeal of State sales tax receipts from aviation fuel is not required because the State rate existed at four% prior to December 1, 1987, and is therefore grandfathered.

This bill would ensure compliance with Federal law governing the use of monies collected from taxes on aviation fuel by excluding aviation fuel from local sales taxes and providing that revenues from the PBT are expended for authorized purposes. The bill also exempts taxes on certain aviation fuel from the prepaid sales tax, in order to prevent overpayment of tax by certain sellers (e.g., fixed base operators) on an ongoing basis. Such compliance is necessary to preserve Federal grants for airport improvements and avoid the potential assessment of penalties for noncompliance.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it would conform New York State to Federal regulations. There is no impact to the overall Financial Plan.

Remove Restriction For Morrisville College & Modify Requirements for Equine Steroid Testing
This bill would allow the Gaming Commission to procure a qualified equine testing lab through a competitive process and would strengthen support of equine steroid testing from thoroughbred horsemen.

Fiscal Impact
Enactment of this bill is necessary to implement the FY 2017 Executive Budget because it will ensure continuity of equine testing at the most competitive rates.

Increase VLT Purse Enhancements & Increase Regulatory Fee
This bill would increase Video Lottery Terminal (VLT) purse enhancements from 1.0% to 1.6% and the racing regulatory fee on thoroughbred, harness, off-track pari-mutuel betting and simulcast racing from 0.5% to 0.6%. The bill would also make technical amendments.

Fiscal Impact
Enactment of this bill is necessary to implement the FY 2017 Executive Budget, and will generate additional $2.4 million annually.

Adjust Timing Of Reimbursement For Harness Racing Judges And Starters
This bill would adjust the timing of reimbursement to Gaming Commission of per diem costs for harness racing judges and starters.

Fiscal Impact
Enactment of this bill is necessary to implement the FY 2017 Executive Budget because it will create operational efficiencies.

Provide For An Additional Commission For Certain Video Lottery Terminal Facilities
Section 1 would amend Tax Law section 1612(b)(1)(ii) to add a new clause (G-2) to provide for an additional commission for video lottery gaming facilities located in a certain county within a region proximate to certain counties where a gaming facility licensed under Article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law might be located.

This clarifies that the Finger Lakes VLT facility in Ontario County would pay the blended tax rate paid by the proposed Lago gaming facility in Seneca County.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-2017 Executive Budget because it preserves revenue from VLT facilities currently assumed in the State's Financial Plan.

Extend Monticello Video Lottery Terminal Rates For One Year
This bill would extend for one year the current distribution of video lottery gaming revenue at Monticello.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-17 Executive Budget because it would decrease All Funds revenue by $3 million in SFY 2016-17.

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 (Racing) Law which expire during the SFY 2016-17.

Fiscal Impact
Enactment of this bill is necessary to implement the 2016-2017 Executive Budget because it maintains the current pari-mutuel betting structure in New York State.

Extend The Video Lottery Gaming (VLG) 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

Enactment of this bill is necessary to implement the 2016-2017 Executive Budget because it maintains the current VLG revenue stream.

Amend The Upstate New York Gaming And Economic Development Act For Technical Changes

This bill would make technical changes to certain provisions of the Upstate New York Gaming and Economic Development Act.

Fiscal Impact

Enactment of this bill is necessary to implement the 2016-2017 Executive Budget because it preserves VLT revenues previously assumed in the State's Financial Plan.

MISCELLANEOUS ARTICLE VII PROVISION

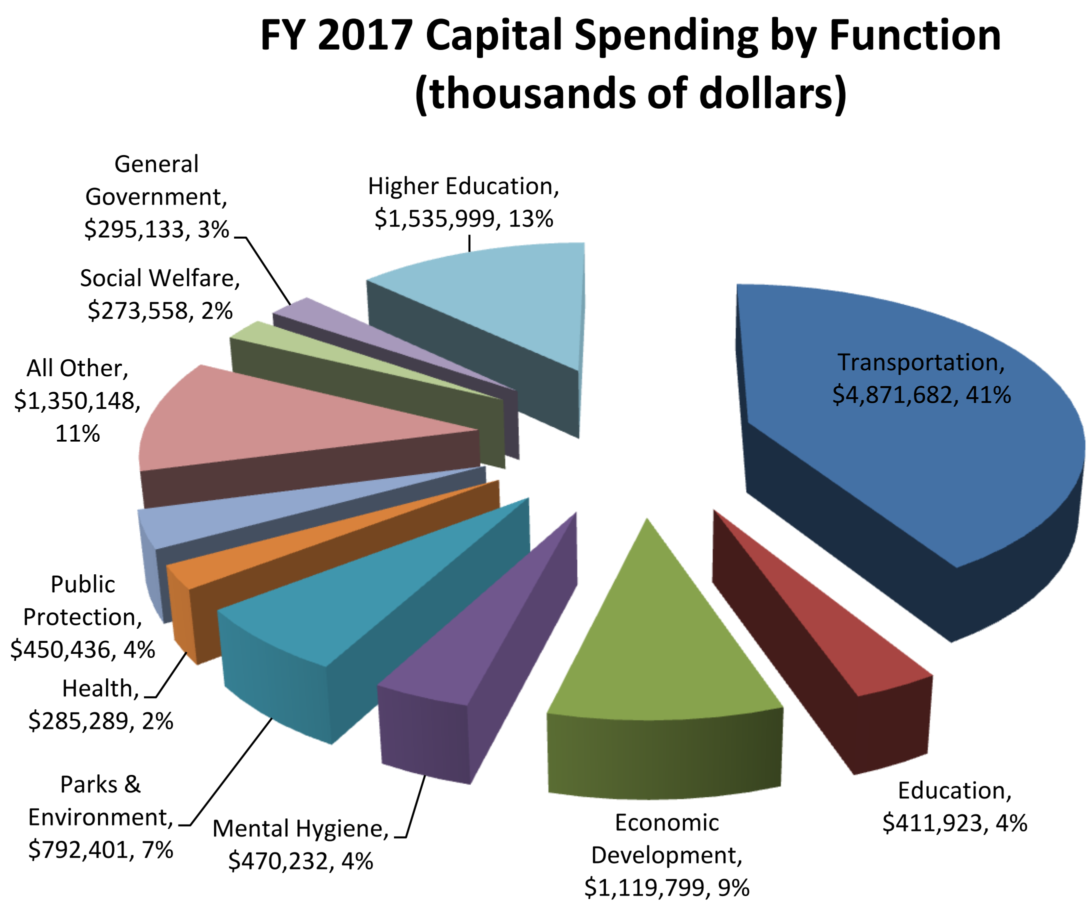
Public Protection/General Government, Part N/Section 46

Section 46 of this bill would permit the State to realize refunding savings on debt funded with State resources. In 2004, the Sales Tax Asset Receivable Corporation (STARC) issued $2.5 billion in debt to refinance certain obligations related to the New York City fiscal crisis. The STARC bonds are secured by $170 million in State sales tax paid to NYC as local aid, which the City has assigned to STARC bondholders. In October 2014, STARC refunded the outstanding debt, generating about $650 million in debt service savings that, due to structuring provisions, accrued to New York City. Given the unique structure of the bonds, the State will realize the savings it is due over the next three state fiscal years through the adjustment of sales tax receipts otherwise payable to New York City.

Fiscal Impact

If enacted, this measure would increase State revenue by approximately $200 million annually. It would also decrease NYC revenue $200 million annually for three years.

CAPITAL SPENDING AND FINANCING



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In FY 2017, transportation spending is projected to total $4.9 billion, which represents 41% of total capital spending, with higher education comprising the next largest share at 13%. Economic development and government oversight spending represents 9% and spending for parks and the environment represents 7%. Other spending, which includes Special Infrastructure Account investments, account for 11%. The remaining 19% is comprised of spending for health, mental hygiene, social welfare, public protection, education, and general government.

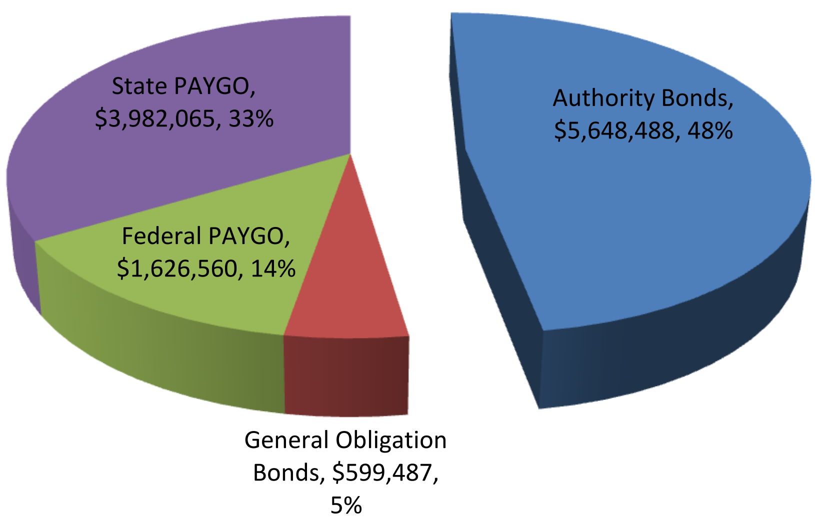
Transportation spending is projected to decrease by $486 million (9%) in FY 2017 due to the timing of obligations that are being supported with Federal transportation funding.

Higher education spending is projected to increase by $44 million (3%) in FY 2017. This growth is primarily driven by additional maintenance investments in senior and community college projects.

Economic development and government oversight spending is projected to increase by $406 million (57%). This spending reflects the continued implementation of programs created to promote regional economic development including spending for the Buffalo Billion initiative, Upstate Revitalization Initiative, Regional Economic Development Councils, and SUNY and CUNY 2020 Challenge Grants.

Parks and environment spending will increase $88 million (13%) in FY 2017 reflecting spending from additional capital authority provided in the SPIF, Hazardous Waste Remediation Fund, and EPF; as well as spending for drinking water and clean water infrastructure upgrades.

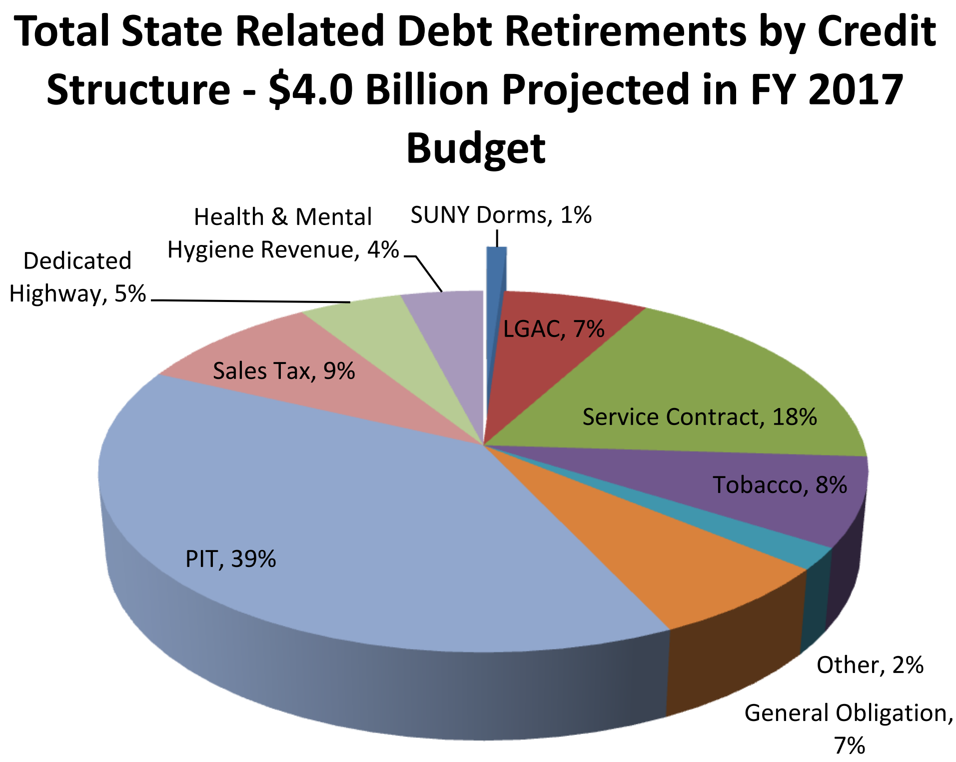
FY 2017 Capital Spending by Financing Source (thousands of dollars)



DOB Capital Program and Financing Plan SFY 2016-17 Executive Budget

Debt Financing

In FY 2017, the State plans to finance 53% of capital projects spending with long-term bonds, most of which will be issued on behalf of the State through public authorities (48%) and the remainder of which will be issued as General Obligation Bonds (5%). 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 14% of the State's FY 2017 capital spending, primarily for transportation. State cash resources, including monetary settlement money, will finance the remaining 33% of capital spending. Year-to-year, total PAYGO support is projected to increase $113 million, with State PAYGO increasing by $632 million and Federal PAYGO support decreasing by $520 million. Bond-financed spending is projected to increase by $975 million.



DOB Capital Program and Financing Plan SFY 2016-17 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 increase from $52.8 billion in FY 2016 to $54.7 billion in FY 2017, an increase of $1.9 billion (3.7%). New debt issuances are expected to total $6 billion in FY 2017, offset by $4 billion in debt retirements. The annual increase in debt outstanding includes $1.2 billion for education facilities, $625 million for transportation, $452 million for health and mental hygiene, and $150 million for economic development and housing.

Over the period of the Plan, State-related debt outstanding is projected to increase from $52.8 billion in FY 2016 to $61 billion in FY 2021, or an average increase of 3% annually.

New Debt Outstanding/Available Cap (Millions of Dollars)

SFY	Cap	Actual/Projected	Available Cap
2015-16	45,659	41,288	4,371
2016-17	47,969	44,944	3,025
2017-18	50,342	48,738	1,603
2018-19	52,842	52,193	650
2019-20	55,380	55,174	206
2020-21	57,960	57,358	602

DOB Capital Program and Financing Plan SFY 2016-17 Executive Budget

State-related debt service is projected at $5.9 billion in FY 2017, a decrease of $58 million (1%) percent) from FY 2016, which is due, in large part, to $550 million in debt prepayments in FY 2016. State-supported debt service, which is the better measure of State resources needed to pay annual debt service, is projected at $5.4 billion in FY 2017, essentially flat from FY 2016. State-related debt service is projected to increase from $6.0 billion in FY 2016 to $7.5 billion in FY 2021, an average rate of 4.7% annually.

New Debt Service/Available Cap (Millions of Dollars)

SFY	Cap	Actual/Projected	Available Cap
2015-16	7,672	4,087	3,585
2016-17	7,649	4,439	3,209
2017-18	7,862	4,901	2,960
2018-19	7,995	5,405	2,590
2019-20	8,198	5,868	2,330
2020-21	8,548	6,244	2,303

DOB Capital Program and Financing Plan SFY 2016-17 Executive Budget

Appendix

SFY 2016-17 EXECUTIVE BUDGET ARTICLE VII PROPOSALS

EDUCATION, LABOR AND FAMILY ASSISTANCE	
Part	Description
A	**Amends the Education Law and makes other changes necessary to authorize school aid and implement education-related programs in the budget.**
B	**Amends the Education Law to implement school safety reforms.**
C	**Re-establish funding parity for the City University of New York (CUNY).**
D	**Renew the NYSUNY 2020 and NYCUNY 2020 Programs.**
E	**Establish the SUNY Stony Brook Affiliation Escrow Fund.**
F	**Enact the New York State Dream Act.**
G	**Extends and makes conforming changes to various scholarship and loan forgiveness programs.**
H	**Allows public accounting firms to have minority ownership by individuals who are not Certified Public Accountants (CPA).**
I	**Amends the Education Law in relation to mayoral control in the City of New York.**
J	**Expands the composition of the State Apprenticeship Training Council (SATC).**
K	**Increase in the Minimum Wage.**
L	**Enhances the Urban Youth Jobs Tax Credit.**
M	**Makes statutory changes to comply with the Federal Preventing Sex Trafficking and Strengthening Families Act.**
N	**Raises the age of juvenile jurisdiction.**
O	**Authorizes the pass-through of any federal Cost of Living Adjustment in relation to Supplemental Security Income (SSI) which becomes effective on or after January 1, 2017.**
P	**Mortgage Insurance Fund (MIF) Utilization.**

HEALTH AND MENTAL HYGIENE	
Part	Description
A	**Modifies New York City's local funding contribution under the Medical Assistance program.**
B	**Makes statutory changes necessary to continue implementation of Medicaid Redesign Team recommendations.**
C	**Extends the Physicians Excess Medical Malpractice Program and amends its distribution methodology.**
D	**Extends the authorization to make Disproportionate Share Payments, to operate certain Special Needs Plans, to continue the current reimbursement methodology of general hospitals regarding behavioral rates, to operate the Patient Centered Medical Home Program, and to authorize temporary operators of adult homes.**
E	**Reforms the Early Intervention (EI) program by altering the eligibility process, insurance coverage and the reimbursement process; clarifies certain parental rights.**
F	**Modifies the Health Care Facility Transformation program.**
G	**Makes statutory changes necessary to allow retail business operations to operate limited services clinics.**
H	**Authorize the Office of Mental Health (OMH) to continue to recover Medicaid exempt income from providers of community residences.**
I	**Extends authorization for the Comprehensive Psychiatric Emergency Program (CPEP).**
J	**Extends for Five Years the Exemption from Licensure for Individuals Working in Certain State Agencies and Affiliated Programs or Services.**
K	**Authorizes the Office of Mental Health (OMH) to work with volunteering counties to establish jail-based Restoration to Competency programs for individuals awaiting trial.**

L	**Provides authority for the Office of Mental Health (OMH) and the Office for People with Developmental Disabilities (OPWDD) to appoint temporary operators for the continued operation of programs and the provision of services for persons with serious mental illness and/or developmental disabilities.**
M	**Permits State Operated Facilities to share clinical records with managed care organizations and certain other entities.**
N	**Authorizes an Office of Alcoholism and Substance Abuse Services (OASAS) licensed treatment facility to also operate a traditional physical health care clinic, while remaining eligible for Dormitory Authority of the State of New York (DASNY) financing.**

REVENUE

Part	Description
A	**Convert STAR exemption benefit into a tax credit for new homeowners.**
B	**Cap annual growth in Basic and Enhanced STAR exemption benefit at zero percent.**
C	**Make Income Verification Procedure (IVP) mandatory.**
D	**Allows late filing of Enhanced STAR and Senior Citizens exemption renewal applications based on hardship or good cause shown.**
E	**Converts NYC PIT STAR Credit into NYS PIT Credit**
F	**Authorizes the Commissioner of Taxation and Finance to make direct payments of STAR tax savings to property owners in appropriate cases**
G	**Make permanent and update certain modernization provisions of the Tax Law.**
H	**Authorize additional credits of $8 million for Low-Income Housing Credit for each of the next five fiscal years.**
I	**Extend Hire-A-Vet tax credit for two years.**
J	**Extend the empire state commercial production tax credit for two years.**
K	**Extend the credit for companies who provide transportation to individuals with disabilities for six years.**
L	**Permanently extend the non-custodial Earned Income Tax Credit (EITC).**
M	**Permanently extend tax shelter reporting requirements.**
N	**Extend Clean Heating Fuel Credit for three years.**
O	**Extend the Excelsior Jobs Program for five years.**
P	**Makes technical amendments to the State and New York City corporate tax reform statutes.**
Q	**Conform to new federal tax filing dates.**
R	**Provide a corporate and personal income tax small business tax cut.**
S	**Establish education tax credits.**
T	**Establish Thruway toll tax credits.**
U	**Extend the alternative fuels tax exemption for five years.**
V	**Establish additional alcohol beverage tasting exemptions and production credits.**
W	**Expand jeopardy assessments to the cigarette and tobacco tax.**
X	**Simplify the taxation of remarketed rooms.**
Y	**Eliminate charitable giving as a factor in determining domicile for the estate tax.**
Z	**Amend State and local tax law for consistency with Federal tax regulations on aviation fuel.**
AA	**Remove restriction for Morrisville College to be a single lab testing provider and modify requirements for horsemen to contribute to equine steroid testing.**
BB	**Increase VLT purse enhancements from 1 percent to 1.6 percent, and increase regulatory fee from 0.5 percent to 0.6 percent to finance escalating lab testing costs and other expenses associated with equine health and racing integrity.**
CC	**Adjust timing of reimbursement to the Gaming Commission of per diem costs for harness racing judges and starters.**
DD	**Provide for an additional commission for certain Video Lottery Terminal facilities.**
EE	**Extend Monticello Video Lottery Terminal rates for one year**
FF	**Extend certain tax rates and certain simulcasting provisions for one year**
GG	**Extend the Video Lottery Gaming (VLG) vendor's capital awards program for one year.**

TRANSPORTATION, ECONOMIC DEVELOPMENT, AND ENVIRONMENTAL CONSERVATION	
Part	Description
A	**Commits the State of New York and the City of New York to fund $10.8 billion of the MTA's 2015-2019 Capital Program.**
B	**Enacts MTA procurement reforms to generate savings for their 2015-2019 Capital Plan.**
C	**Enacts project delivery reforms to generate savings throughout the MTA's 2015- 2019 Capital Plan period.**
D	**Consolidates four existing Department of Motor Vehicles' Special Revenue Funds with the Dedicated Highway and Bridge Trust Fund (DHBTF).**
E	**Brings New York State into compliance with federal regulations regarding covered farm vehicles as well as requiring a P endorsement to operate certain vehicles**
F	**Extends the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund.**
G	**Extends the general loan powers of the New York State Urban Development Corporation (UDC).**
H	**Establishes the Transformational Economic Development Infrastructure and Revitalization Projects Act.**
I	**Authorizes and directs the Comptroller to receive for deposit to the credit of the General Fund a payment of up to $913,000 from the New York State Energy Research and Development Authority.**
J	**Authorizes the New York State Energy Research and Development Authority to finance a portion of its research, development and demonstration, policy and planning, and Fuel NY programs, and to finance the Department of Environmental Conservation's climate change program, from an assessment on gas and electric corporations not to exceed $19.7 million in total.**
K	**Authorizes the Department of Health to finance certain activities with revenues generated from an assessment on cable television companies.**
L	**Authorizes the Public Service Commission to implement efficiencies to reduce the administrative burden associated with the Commission's review of municipal and investor owned utility rate requests.**
M	**Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents.**
N	**Places responsibility for mailing a copy of service of process with plaintiffs rather than the Department of State (DOS).**
O	**Create a statutory model by which combative sports would be licensed and regulated by the State.**
P	**Extend the authorization of the Dormitory Authority of the State of New York to form subsidiaries.**
Q	**Authorizes and directs the transfer of the Canal Corporation to the New York Power Authority.**
R	**Enacts the Private Activity Bond Allocation Act of 2016.**
S	**Transfers authority for agricultural and dairy product marketing orders from Department of Agriculture and Markets (DAM) to the Empire State Development Corporation (ESDC).**
T	**Eliminate sunset of the waste tire management and recycling fee.**
U	**Create a new climate change mitigation and adaptation account and make changes to the Local Waterfront Revitalization Program in support of a $300 million Environmental Protection Fund (EPF).**
V	**Reduce the authorized reimbursement rate paid to governmental entities that voluntarily enforce provisions of the navigation law.**

GOOD GOVERNMENT AND ETHICS REFORM	
Part	Description
A	**Close the "LLC loophole" by defining LLCs as corporations for the purpose of political donations**.
B	**Sets limits on outside income for members of the Legislature.**
C	**Implements Campaign Finance Reform and Public Financing of Campaigns.**
D	**Enacts comprehensive Freedom of Information Law (FOIL) reform.**

E	**Enacts Public Officers law reform.**
F	**Enhancing Voter Opportunities.**
G	**Improves transparency and oversight related to vendors and for-profit businesses.**

PENSION FORFEITURE	
Part	**Description**
A	**Pension forfeiture for public officials convicted of crimes related to public office**

PUBLIC PROTECTION and GENERAL GOVERNMENT	
Part	Description
A	**Enacts the Criminal Justice Reform Act of 2016.**
B	**Continue provisions relating to the disposition of certain monies recovered by county district attorneys.**
C	**Suspends a statutorily proscribed transfer to the Emergency Services Revolving Loan Fund from cell surcharge revenues**
D	**Eliminates the function of the State Division of Homeland Security and Emergency Services to collect, analyze and share information relating to terrorist threats and terrorist activities.**
E	**Continues the recruitment incentive and retention program for active members of the New York Army National Guard, New York Air National Guard and New York Naval Militia.**
F	**Making the Procurement Stewardship Act and the Procurement Lobbying Law permanent.**
G	**Enacts Workers' Compensation Reform.**
H	**Establishes Paid Family Leave.**
I	**Establish the New York State Design and Construction Corporation.**
J	**Implements differential healthcare premium reimbursements for new State retirees based on years of service.**
K	**Caps standard Medicare Part B premiums and eliminates Income-Related Monthly Adjustment Amount (IRMAA) reimbursement for higher income retirees.**
L	**Extend binding arbitration for three years, until July 1, 2019.**
M	**Amends the Dedicated Infrastructure Investment Fund (DIIF).**
N	**Authorization for transfers, temporary loans and amendments to miscellaneous capital/debt provisions, including bond caps.**

MISCELLANEOUS ARTICLE VII PROPOSALS

Article VII

Bank Settlement Fund Transfer Authority[PPGG, Part M]

Permanently extends the authorization to transfer funds from the Dedicated Infrastructure Investment Fund (which stores the bank settlement funds) to the General Fund in the event of an economic downturn. This power was authorized for one year in the 2015 Enacted Budget.

Article VII

Permits Non-Accountants to Own Minority Shares of Accounting Firms. [ELFA, Part H]

Authorizes non-accountants to hold minority shares of accounting businesses, provided that:

- The firm name does not have "Certified Public Accountant" or its abbreviations attached to it;
- At least 51% of the firm ownership and board positions are controlled by certified public accountants (CPAs), and board leadership is held by CPAs.
- Non-licensed CPAs must actively participate in the firm in order to be partial owners.
- Requires divestment within 30 days of termination of non-CPA.
- Ownership stake must be recertified every 3 years.

This is intended to allow accounting firms to permit other specialists such as actuaries and information technology experts to have minority stakes in their businesses, as the businesses expand the range of services they offer to clients.

Article VII

PPGG Part R: Authorization for Transfers, Temporary Loans, & Amendments to Miscellaneous Capital/ Debt Provisions, Including Bond Caps

Section 46 of this bill would permit the State to realize refunding savings on debt funded with State resources. In 2004, the Sales Tax Asset Receivable Corporation (STARC) issued $2.5 billion in debt to refinance certain obligations related to the New York City fiscal crisis. The STARC bonds are secured by $170 million in State sales tax paid to NYC as local aid, which the City has assigned to STARC bondholders. In October 2014, STARC refunded the outstanding debt, generating about $650 million in debt service savings that, due to structuring provisions, accrued to New York City. Given the unique structure of the bonds, the State will realize the savings it is due over the next three state fiscal years through the adjustment of sales tax receipts otherwise payable to New York City.

Fiscal Impact: If enacted, this measure would increase State revenue by approximately $200 million annually. It would also decrease NYC revenue $200 million annually for three years.

Furthermore, this legislation provides the authorization for temporary loans and deposits of certain revenues to various specific funds and accounts; authorizes the transfers and deposits of funds to and across various specific accounts; extends certain capital projects and certifications; and modifies certain debt and bond provisions.

This Article VII authorizes the State Comptroller:

- To make temporary loans to specific state funds and accounts;

- To make temporary loans to accounts within specific federal funds;
- To make transfers between designated funds and accounts;
- To deposit funds into the banking services account;
- To transfer up to $16 million to the General Fund for debt service costs related to capital project costs for the NY-SUNY 2020 Challenge Grant Program at the University of Buffalo;
- To transfer up to $6.5 million to the General Fund for debt service costs related to capital project costs for the NY-SUNY 2020 Challenge Grant Program at the University at Albany;
- To transfer up to $69.3 million from the general fund to the State University Income Fund, State University Hospitals Income Reimbursement Account;
- To transfer up to $996.8 million from the general fund to the state University Income Fund, State University General Revenue Offset Account;
- To transfer up to $55 million from the State University Income Fund, State University Hospitals Income Reimbursable And Long Island Veterans' Home accounts, to the State University Capital Projects Fund;
- To transfer monies from the State University Collection and the State University Income Funds to the State University Income Fund, State University Hospitals Income Reimbursable Account, if there are insufficient funds available for the full transfer of funds authorized for the General Fund for SUNY Hospitals' debt service;
- To transfer up to $80 million between the State University Dormitory Income Fund and the State University Residence Hall Rehabilitation Fund;
- To transfer up to $350 million between the miscellaneous special revenue fund, patient income account, mental hygiene program fund account, federal salary sharing account, and the general fund;
- To transfer up to $750 million from the special revenue fund or account, agency fund or account, internal services fund or account, or enterprise fund or account, to the general fund;
- To transfer up to $100 million from any non-general fund or account to the technology financing account or the miscellaneous capital projects fund, or information technology capital financing account for the consolidation of costs related to technology services;
- To transfer up to $350 million from any non-general funds or account, to the general fund as reimbursement for costs related to technology services;
- To transfer to the general fund funding from the correctional facilities capital improvement fund; and
- To receive moneys for depositing into funds and accounts as identified by the director of the budget.

This legislation would authorize the Dormitory Authority of the State (DASNY) to transfer up to $22 million to SUNY for bondable equipment costs, which would be re-paid to the General Fund.

The SUNY Chancellor would be authorized to transfer the estimated tuition revenue balances from the State University Collection Fund to the State University Fund, State University General Revenue Offset Account.

This bill authorizes the transfer of up to $20 million from the Power Authority of the State of New York to the credit of the General Fund for energy-related state activities;

This proposal authorized the transfer of up to $23 million from the New York State Energy Research and Development Authority from the auction or sale of carbon dioxide emission allowances to the credit of the General Fund on or before March 31, 2017;

This bill authorizes the transfer of up to $15 million from the proceeds collected by the New York State Energy Research Development Authority from the auction or sale of carbon dioxide emission allowances to the State University Fund, State University General Revenue Offset Account;

This bill would allow the State Comptroller to deposit up to $3.2 billion into the School Tax Relief Fund;

This proposal would amend the law to exclude the General Fund transfer to the Dedicated Infrastructure Investment Fund from the expiration date cited in that section so that transfers may be made up to and after March 31, 2016;

The State Finance Law would be amended to permit payment of past years' liabilities;

The State Finance Law would change certain definitions of the index of business cycle indicators used to define an Economic Downturn for the Rainy Day Reserve Fund and the Dedicated Infrastructure Investment Fund;

This bill would authorize any balance remaining in the debt service appropriation for Mental Hygiene facilities to make rebates necessary to protect the tax-exempt status of the bonds;

From Section 29 of this bill through Section 45 this bill is authorizing an increase in bond caps for the following:

- Information Technology;
- Correctional facilities;
- Housing programs;
- Local highway projects;
- State police capital projects;
- Certain economic development projects, including a commercialization center in Chautauqua County, and industrial scale research and development facility in Clinton county, upstate revitalization initiative projects and market New York projects;
- Environmental infrastructure projects
- Financing NY-SUNY and NY-CUNY 2020 challenge grant program;
- State office buildings and other facilities;
- Transportation initiatives;
- SUNY educational facilities;
- City University of NY senior and community colleges;
- SUNY community colleges;
- Youth facilities;
- Mental health services facilities and;
- Higher education capital matching grants.

* The last section of this bill would reduce the sales tax receipts what would otherwise be payable to New York City over the next three years by the amount of savings that is owed to the State as a result of the debt funded by the State in 2004 during the NYC fiscal crisis, through STARC. The STARC issued $2.5 billion in debt to refinance certain obligations, which were secured by $170 million in State sales tax paid to NYC as local aid. In 2014 STARC refunded the outstanding debt to NYC, and now the Governor wants the State to realize the savings.

STATE BOARD OF ELECTIONS

Article VII

Part A: Closes The So-Called "LLC Loophole"

This proposal amends the Election Law to define limited liability companies (LLCs) as corporations, effectively reducing their respective contribution limit to $5,000 in the aggregate each year. Under current law, LLCs are treated as natural persons for purposes of campaign contribution limits and as such, subject to a contribution limit of $150,000 in a calendar year. Corporations are subject to an aggregate contribution limit of $5,000 per calendar year.

Every LLC that makes an expenditure for political purposes shall also file with the State Board of Elections (SBOE), by December 31st of each year in which the expenditure is made, the identity of all direct and indirect LLC owners/contributors and the proportion of each member's ownership interest. Such contributions shall further be attributed to said individuals for purposes of campaign finance limits. The SBOE would be further required to adopt regulations to prevent any avoidance of these new limits or requirements.

This part would become effective immediately.

Part B – Establishes Limits On Outside Income For Members of The State Legislature

Part B amends the Legislative Law by adding a new section 5-b that effectively restricts any outside earned income a member of the state legislature can make to 15% of the member's statutorily set salary. Based on the current salary for members of the legislature ($79,500) that amount would be capped at $11,925 annually. Compliance with this cap would be a condition-precedent to being paid and voting on legislation. It should be noted Congress has had its outside income limited to 15% of the base salary ($174,000) since 1978.

The term "outside earned income" shall include, but not be limited to wages, salaries, fees, and other forms of compensation for services actually rendered.

Exemptions from the definition of outside income include:

- Certain royalties from the sale of books or artistic performances, or other intellectual property, provided that no advance fee was provided;
- Income and allowances attributable to services in the reserves of the armed forces of the U.S, National Guard or other active military service;
- Salary, benefits and allowances paid by the state; and
- A pension, investment, capital gains or other earnings accrued from prior employment or actual services rendered prior to the member taking office.

The bill also includes a penalty provision for "knowingly willful" violations of this section, in an amount not to exceed $50,000 and punishable as a class A misdemeanor. Under the proposal JCOPE would have the power to assess any civil penalties.

This part would take effect January 1, 2017.

Part C – Implements Various Campaign Finance Reforms

Part C of the bill enacts a voluntary system of full public financing, reduces campaign contribution limits, lowers contribution limits to soft money “housekeeping accounts” to $25,000, requires additional disclosure by bundlers, limits party or constituted committee transfers and spending limits on behalf of individual candidates to $5,000 per election, except under limited circumstances, and requires additional disclosure of loans.

Part C also creates the Public Financing System (PFS), the Public Financing Unit (PFU) within the State Board of Elections (BOE) responsible for administering and enforcing the new system, and establishes new contribution limits for participating candidates.

These proposals are nearly identical to those proposed by the Executive in the SFY 2015-16 Budget.

Soft Money Housekeeping Limit

Specifically, the bill would place a limit of $25,000 on the amount of money that can be donated to so called “housekeeping accounts.” Under current law, housekeeping accounts are exempt from contribution receipt limits.

Transfers

Party transfers are limited to $5,000 in cash and support from parties, except that an unlimited amount can be transferred or spent in support from funds comprising no more than $500 from each contributor.

Disclosure of Intermediaries (AKA Bundlers)

This provision would require the disclosure on campaign finance reports of anyone who delivers a contribution from another person or entity to a candidate or an authorized committee. Spouses, parents, children, or siblings of a person making a contribution shall not be considered to be intermediaries. The proposal creates an exception for any contributions collected at a house party where donations are solicited and under the amount of $500 or the party cost more than $500.

Additional Reporting

The bill further requires the disclosure of any receipt or loan in excess of $1,000 be disclosed within 60 days of receipt. Such disclosure would be in the same manner as any other contribution or loan.

Lower Contribution Limits

Contribution limits are lowered for non-participating public financing candidates. The chart below reflects the contribution limits in current law as well as those proposed as part of the public financing proposal.

Office	Current Contribution Limits	Non-Participating Limits	Participating Candidate Limits
Statewide Candidates	Primary: .05 of x number of enrolled voters in the candidate's party, excluding voters in inactive state General: $44,000	Primary: $10,000 General: $15,000	Primary: $6,000 General: $6,000
Senate	Primary: $7,000 General: $11,000	Primary: $5,000 General: $5,000	Primary: $4,000 General: $4,000
Assembly	Primary: $4,400 General: $4, 400	Primary: $3,000 General: $3,000	Primary: $2,000 General: $2,000

Public Financing of Elections

Limitations and Definitions

For PFS Participating Committees or Candidates contributions are limited to $6,000 in the aggregate for the primary of a candidate or committee, and $6,000 in the aggregate for any general election to statewide office ($12,000 total). State Senate candidates are limited to $4,000 for primary or general elections ($8,000 total), and State Assembly candidates are limited to $2,000 for primary or general elections ($4,000 total). Participating candidates for any office may contribute 3 times the applicable limit of their own money to their own authorized committee.

For Non-Participating Committees or Candidates with the exception of Assembly candidates, contribution limits are lower under the proposal for non-participants. Statewide office contributions are limited to $10,000 for primary and $15,000 for general elections. State Senate candidates are limited to $5,000 for primary or general elections for a total of $10,000. The limits for Assembly candidates, which are currently $4,400 for primary or general elections, are $3,000 for each for a total of $6,000. Family member limits are unchanged. The limit that any non-family contributor can make to any party or constituted committee is lowered from $109,600 to $25,000.

New Title II to the Election Law

This section creates the PFS, justified through Legislative findings that the reform of the campaign finance system is critical to restoring 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 would begin in 2018. 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 of eligible private funds per contributor, up to the limits.[2]

A. *NYS Campaign Finance Fund – Revenue and Payments*

The legislation would establish the NYS Campaign Finance Fund (CFF) in the joint custody of the State Comptroller and the Commissioner of Tax and Finance. The CFF will receive revenues from an personal income tax check-off, surcharge, the abandoned property fund, the General Fund, and "any other moneys transferred to the Fund," as well as private contributions.

Beginning in January 1, 2016, a CFF $10 check-off will appear personal income tax form which, if checked, will reduce the individual tax liability by this amount. Any excess remaining on March 31st following the general election will be transferred back.

Funds are to be paid out to participating committees by the Comptroller on vouchers approved by the BOE within 4 days of receipt in by the Comptroller's Office. Any shortage in the CFF is to be paid by the Comptroller through the General Fund, again within 4 days of receipt. Beginning in 2019, any surplus in the CFF that exceeds 25% of disbursements over the 4-year election cycle reverts to the General Fund.

B. *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.[3] 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 of which must come from NYS residents;
- Senate: $20,000 from 200 from residents of the district; and
- Assembly: $10,000 from 100 residents of the district.

Non-matchable contributions include:

- In-kind contributions;

[2] 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.

[3] 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.

- 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
- Un-itemized contributions.

C. *Caps on Public Financing Matching Funds*[4]

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 million;
  - AG, Comptroller: nte $4 million;
  - Senate: nte $375,000; and
  - Assembly: $175,000.
- Limits in a general election for respective offices:
  - Governor and LG combined: nte $10 million;
  - AG, Comptroller: nte $4 million;
  - Senate: nte $375,000; and
  - Assembly: $175,000.

D. *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;
- Payments to immediate family members; or
- Made to challenge the validity of any petition.

E. Reporting and Review

Any contribution or loan of $1,000 or more must be disclosed within 48 hours, in addition to its inclusion on the next applicable statement. In addition to the reporting requirements already provided in Election Law, each authorized and political committee (participating or non-participating) must report every March 15th and May 15th of each election year.

[4] Total amount to the candidate's authorized committee in the election cycle

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.

F. *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, the 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.[5]

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 or before January 1, 2020, 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.

This part would take effect immediately, with affected candidates eligible to participate in the voluntary public financing system beginning with the 2018 primary election.

Part D – Comprehensive FOIL Reform

This proposal incorporates the state legislature into the provisions of FOIL, expedites FOIL appeals, and amends the attorney's fees provisions and when they can be awarded during FOIL litigation, amongst other things. Under current law, the state legislature is not subject to FOIL absent the information requested fitting into several categories where disclosure is required under POL section 88.

Specifically, the bill amends the definition of "state legislature" in the Public Officers law (POL) to include any members, officers, representatives and employees, thereof.

[5] The candidate and Treasurer are jointly and severably liable for any repayments to the BOE.

A new definition is added for the term “Respective house of the state legislature” as well. Such term is defined to mean, “the New York state senate, New York state assembly, and any corresponding committee, subcommittee, joint committee, select committee, or commission thereof, and any members, officers, representatives and employees thereof.” The bill incorporates these two terms into current law to make the FOIL law applicable to the state legislature. Each respective house would be responsible for promulgating rules and regulations effectuating these changes within 60 days following enactment.

The bill adds several new exceptions to the current FOIL disclosure requirements. Exceptions to disclosure would now include:

- Contracts between labor unions and public employers which are private until the proposed terms are sent to members of the respective employee organization or when a bill ratifying such terms is introduced to the legislature;
- Trade secrets submitted by a commercial enterprise;
- Information compiled for law enforcement purposes;
- Certain inter-agency or intra-agency materials;
- Information pertaining to critical infrastructure or that which jeopardizes life or safety;
- Communications between legislators and constituents, as well as certain materials exchanged within the state legislature that do not fit into several enumerated categories;
- Materials exchanged with the legislature which are not:
    - Statistical or factual tabulations or data;
    - Instructions to staff that affect the public;
    - Final policy or determinations of the respective house of the legislature;
    - External audits, including but not limited federal audits or audits performed by the State Comptroller;
- Exam questions or answers requested prior to such final administration; and
- Certain information like photos and videos recorded pursuant to the VTL.

The Committee on Open Government is also expanded to include working with the state legislature.

The bill also adds an affirmative duty onto agencies and the state legislature to publish online, to the extent practicable, records or portions of records that would be available to the public. Agencies and the legislature would also be able to determine when said records could be removed when they are no longer of substantial interest.

The proposal also amends the timeline for the filing of FOIL litigation as well as when and under what circumstances attorneys fees can be awarded. Specifically, courts would now be required to assess reasonable attorneys fees against a losing party when the litigant has substantially prevailed and the court finds that the agency, “denied access in clear disregard of the exceptions to the rights of access and had no reasonable basis for denying access.”

Any notice of appeal to the Appellate Division must be filed within 30 days and would be entitled to a preference. Records and briefs would have to be filed within 60 days thereafter. Failure to timely file would result in a dismissal.

Finally, language is built into the proposal to create a procedure for exempting certain information from disclosure subsequent to the effective date. Any such request for an exception would be effective for a 5 year period from an agency's or state legislature's receipt thereof. A two-year extension could also be requested of any such exception.

This part would take effect immediately.

<u>Part E – Reforms To The Public Officers Law</u>

This proposal would make several changes to the Public Integrity Reform Act of 2011 (PIRA), that were recommended by the Joint Commission On Public Ethics (JCOPE) Review Commission. The Commission was tasked with reviewing the activities and performance of JCOPE and the Legislative Ethics Commission and making recommendations to the Executive and Legislature on potential improvements. The commission released its findings in November, 2015.

The bill also amends the "categories of value" on the public disclosure statements members and policy makers must fill out pursuant to the POL. Under this proposal actual values of assets as well as outside income must be stated, to the nearest dollar or exact amount.

In addition, the bill:

- Requires financial disclosure statement filers with JCOPE unable to produce documents when audited to attest under oath that those documents do not exist;
- Clarifies public availability of certain JCOPE records and gives JCOPE discretion as to what additional records are made publicly available online. Under section 94 of the Executive Law annual statements of financial disclosure, exemption requests, delinquency notices, and the terms of any settlement or compromise, substantial basis investigation reports, and notices of civil assessment can be disclosed; however, the last two cannot be disclosed when they concern members of the legislature;
- Allows JCOPE to conduct meetings from multiple locations, one of which must be open to the public;
- Expands from 45 days to 60 days the time frame in which JCOPE must issue a determination on whether a full investigation into a complaint should be commenced;
- Requires electronic submission of lobbying reports and registration beginning in 2017;
- Creates a new civil penalty, up to $10,000 for failing to cooperate during audits;
- Establishes a new penalty of up to $40,000 for "knowingly and willfully" failing to cooperate with JCOPE financial statement reviews or failing to provide information to JCOPE when requested;
- Makes "knowingly and willfully" failing to file reports punishable as a Class A misdemeanor; and
- Creates a new crime for soliciting, requesting, commanding, importuning or intentionally aiding another person who engages in any of the above-referenced conduct, punishable by a civil fine.

This part would take effect immediately, with sections 2, 3, 4, 5, 12, 13, 14, 15, 16, and 17 taking effect on January 1, 2017.

Part F – Section 1; Automatic Voter Registration

Currently, two states, Oregon and California have automatic voter registration laws. The New Jersey state legislature passed a similar proposal as well last year, however Governor Christie vetoed it on November 9, 2015. In New York, citizens can already register to vote at the Department of Motor Vehicles (DMV) and on its website. This proposal would automatically register voters unless they checked a box to decline the automatic registration.

Specifically, Part F creates a system of automatic voter registration for qualified individuals who apply for a driver's license, renewal, or identification card through the DMV. Applications would be automatically forwarded to local boards of elections, unless an applicant affirmatively chose to opt out of registering to vote. Declinations to register would be kept confidential and apply when the applicant affirmatively checks a box indicating he or she does not wish to be registered to vote next to their signature.

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

The forms would also effectively act as a "change of address" for voters already registered who have moved to a different part of the state. The DMV would be responsible for bearing the costs for the new forms.

The DMV must transmit the voter registration portion of the form to the appropriate board of elections within 10 days of receipt. Forms received closer to election dates would have to be transmitted in an expedited fashion. Registrants would be entitled to vote so long as a local Board received the application at least 20 days prior to any given election. The applicable local Board of Elections would be responsible for thereafter notifying applicants that their application has been received and either processed or rejected.

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

Part 2; Early Voting
New York has approximately 19.8 million residents. Out of that number, approximately 11.7 million residents are registered to vote. In the last non-presidential election year only 29% of registered New Yorkers actually went to the polls. The number of those voting was slightly higher in 2012, the last presidential election, when 53.6% of those registered voted. In 2012, New York ranked 44th in the nation in voter turnout. Currently, 37 states and the District of Columbia have some form of early voting.

Part 2 of section F establishes a system of early voting in each county throughout the state. At least one polling location would have to be made available with up to 7 additional locations, for each 50,000 registered voters in each respective county. Local boards of elections (BOE) could always establish more than 7 sites and a BOE office can qualify as an early voting location. Upon a majority vote of any Board, the number of early voting sites may be reduced if a reasonable determination is made that the number is still sufficient to meet voter demand.

Early voting locations would have to be opened for a period of 13 days prior to any special, primary, or general election and staffed equally on a bi-partisan basis. Early voting would end the second day prior to any election. Polls would have to be opened at least 8 hours between 7 a.m. and 8 p.m. each week day with at least one polling place remaining open until 8 p.m. at least 2 week days in each week leading up to an election. Moreover, polls would be required to remain open on weekends for at least 5 hours between 9 a.m. and 6 p.m. on each Saturday, Sunday and legal holidays before an election.

Voters would be qualified to vote for all offices he or she is qualified and entitled to at any early voting location throughout their respective county.

Local boards of elections would be responsible for including information about early voting in any written publications and online. Local boards of elections would have to develop early voting procedures, subject to approval by the SBOE.

Early voting locations and hours of operation for each general election must be designated by May 1st of each year and no later than 45 days before any primary or special election.

Any ballots cast during early voting would not be canvassed or examined until after the close of the polls on election day. The local board of elections would be responsible for securing all ballots and scanners at the close of each day of early voting.
Finally, the SBOE would be given wide latitude to enact any rule or regulation necessary for the implementation of early voting.

These parts would take effect on the first of January next succeeding the date on which it shall have become a law and shall apply to any election held 120 days or more after it shall have taken effect with sections 1, 2, 3, and 4 taking effect April 1, 2017.

Part G – Improved Transparency of Vendors
Part G directs the Office of General Services (OGS), Office of Information Technology (OITS), the State Comptroller, and Attorney-General to work together in an attempt to address how feasible it would be to assign single identifying codes to contractors, vendors, and other payees

as well as track such entities. The study would be due to the Governor and legislature on or before January 1, 2017. This proposal would enact an unconsolidated law and take effect immediately.

Part H – Lobbying Laws Expanded To Include Political Consultants

Part H of the bill amends the legislative law to require political consultants register with, and be subject to, the jurisdiction and oversight of JCOPE. Political consultants would also have to make semi-annual disclosure filings with JCOPE. The proposal would capture activities by companies involved in media relations, fundraising, political consulting, and public relations, amongst others.

Civil and criminal penalties are established for "knowingly and willingly" failing to register and file with JCOPE, as well as for filing false information. Consultants would have to disclose the names of any elected officials or campaigns for whom the consultant intends to consult on their respective JCOPE filings as well.

The advisory council on procurement lobbying would be expanded to include political consulting.

The term "political consultant" shall mean and include the provision for compensation, to any elected state or local public official of advice, services or assistance in securing future state or local public office including, but not limited to, campaign management, fundraising activities, public relations or media services, but *shall exclude* legal work directly related to litigation or legal advice with regard to securing a place on the ballot, the petitioning process, the conduct of an election or which involves this chapter.

Finally, the bill amends section 14-100 of the election law to include the definition referenced above for political consulting. The term "compensation" is also added to the election law and defined as any salary, fee, gift, payment, benefit, loan, advance or any other thing of value paid, owed, given, or promised but shall not include contributions reportable pursuant to this article.

Campaign finance disclosure statements would also include lists of all persons and organizations which have provided political consulting services, as well as the fair market value of, and the actual amount paid, to each such person and organization for political consulting services.

This part would take effect 30 days after it shall have become a law.

Pension Forfeiture

The Executive has once again submitted a concurrent resolution which would require any public official who is convicted of a crime related to public corruption to forfeit his or her pension. This requirement would apply regardless of when the public official was elected to office or when the bad act occurred.

It should be noted the Assembly introduced A377A (Buchwald) and A7704 (Buchwald) last year. A7704, a more narrow version of the concurrent resolution than the original, agreed upon proposal, was taken up by the Assembly on June 16, 2015.

The Senate did, in fact, pass the original three-way agreed upon resolution on March 31st, 2015 by a vote of 52-10 (Comrie, Dilan, Hamilton, Hassell-Thompson, Montgomery, Parker, Peralta, Perkins, Sanders, Savino).

The enabling legislation for this proposal was included in the 2015 PPGG budget bill.

Article VII

Establishes the NYS Design & Construction Corporation Act

The Governor's proposal would establish the New York State Design and Construction Corporation Act as a subsidiary of the Dormitory Authority of the State of New York (DASNY). The program would provide project management expertise and oversight of significant public works projects. The bill would establish a $40 million project threshold.

It is unclear at this time how this corporation would differ from the Office of General Services (OGS) Design and Construction Group. There is also a Public Authorities Control Board (PACB), and the New York City Department of Design & Construction (DDC) in the Division of Public Buildings.

Extends Subsidiary Authorization.[TEDE, Part P]

Extends the Dormitory Authority's (DASNY) ability to form subsidiaries for two years, to limit liability when pursuing remedies against borrowers who default on loan obligations. This law was originally enacted in 2010 to permit DASNY to form a subsidiary, after the 2009 Public Authorities Reform Act limited public authority formation of subsidiaries, so that DASNY's assets would be protected when assisting North General Hospital recover from a bankruptcy. The law was subsequently expanded to permit DASNY to form subsidiaries for more general purposes, and has been extended in two-year increments every year since 2012.

Creates the Design and Construction Corporation.[PPGG, Part I] The Executive Budget creates a Design and Construction Corporation (NYSDCC) subsidiary within DASNY to provide expertise and management on public works projects valued at $50 million or more. This would provide the DASNY subsidiary with oversight authority, similar to the Public Authorities Control Board, over all state agencies, departments, public authorities and public benefit corporations. Its powers would be broad, including the ability to modify or cancel contracts.