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STATE OF NEW YORK
ALBANY

CHAIR
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January 22, 2018

Dear Colleagues:

I am pleased to provide you with this year's edition of *Yellow Book*, which represents a review and analysis of the Executive Budget proposal for State Fiscal Year (SFY) 2018-19. This document is intended to provide the Members of the Committee, Members of the Assembly, and the general public with an overview of the fiscal and policy proposals that comprise the Executive Budget, as expressed in legislation submitted by the Governor on January 16, 2018. This publication is accessible on our website: www.assembly.state.ny.us/Reports/WAM/2018yellow/.

Yellow Book is the Assembly's preliminary analysis of the Executive Budget, as required by Section 53 of the Legislative Law. This document is an informational resource for Members as we participate in public, joint legislative fiscal committee hearings on the budget—our next step in the budget process.

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

As the Legislature begins its work on the State Fiscal Year 2018-19 Budget, I would like to express my gratitude to all of my Assembly colleagues for the time and commitment you will dedicate to creating and enacting this year's budget. I would also like to thank the public for their participation as well. Finally, I would like to thank the staff of the Ways and Means Committee for their outstanding efforts to produce this document, and for their support to our conference throughout the year.

Sincerely,

HELENE E. WEINSTEIN

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**A REVIEW AND ANALYSIS
OF THE
2018-19 EXECUTIVE BUDGET

YELLOW BOOK**

January 2018

**Helene E. Weinstein
Chair
Assembly Ways and Means Committee**

Prepared by the
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A Review and Analysis of the 2018-19 Executive Budget

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Financial Plan



BUDGET SNAPSHOT: FINANCIAL PLAN



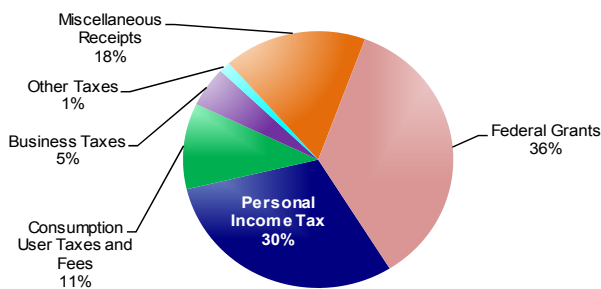
**All Funds
Spending Total:
\$168.2 billion.
Growth of \$3.7
billion or 2.3%.**

**General Fund
Spending Total:
\$75.2 billion.
Growth of \$5.2
billion or 7.5%.**

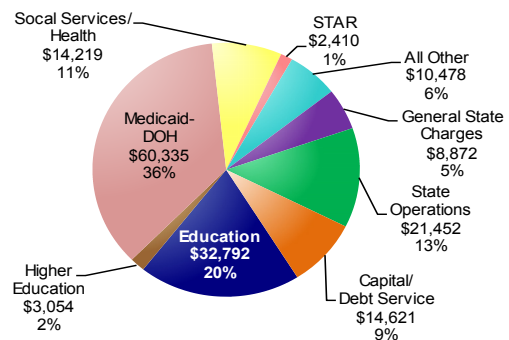
**State Operating
Funds Spending
Total: \$99.9 billion.
Growth of \$1.9
billion or 1.9%.**

**State Funds
Spending Total:
\$112.4 billion.
Growth of \$3.5
billion or 3.2%.**

All Funds Receipts

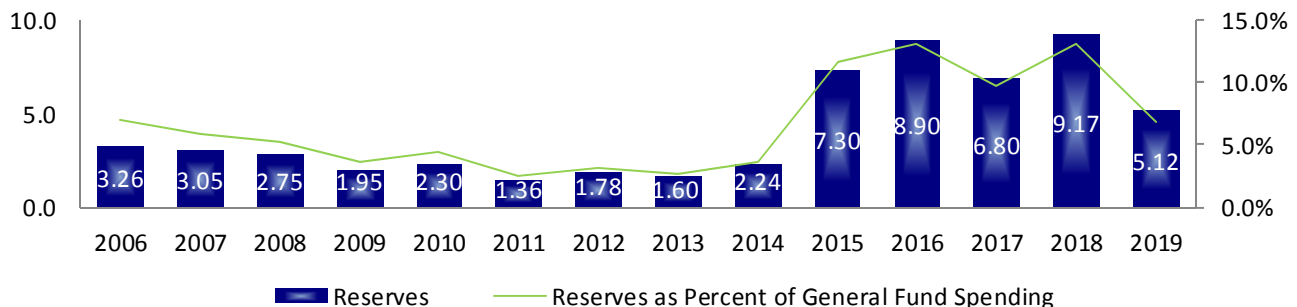


All Funds Disbursements

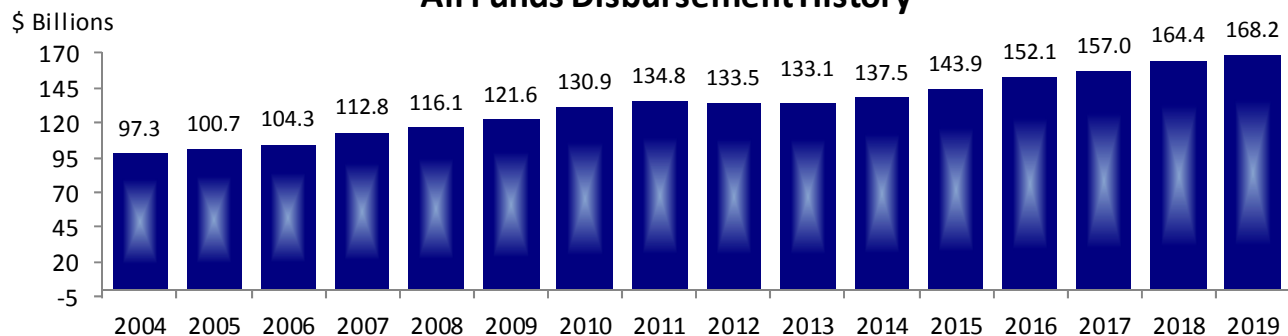


\$ Billions

General Fund Reserves



All Funds Disbursement History



Source: NYS Division of the Budget.

BUDGET HIGHLIGHTS: FINANCIAL PLAN



- **All Funds Spending:** The Executive Budget estimates All Funds spending for State Fiscal Year (SFY) 2018-19 at \$168.2 billion, an annual growth of 2.3 percent.
- **State Operating Funds Spending:** The Executive's estimate of 1.9 percent growth in State Operating Funds remains below the two percent spending benchmark with total disbursements reaching \$99.98 billion.
- **General Fund Spending:** The Executive estimates General Fund disbursements in SFY 2018-19 of \$75.2 billion, for an annual growth of \$5.2 billion or 7.5 percent.
- **Closing the SFY 2018-19 Budget Gap:** The Executive's proposal includes recommendations that are intended to close an estimated \$4.4 billion General Fund budget gap in SFY 2018-19. This gap would be closed through \$2.7 billion in spending reductions, \$1 billion in new revenue actions, and \$736 million in resource changes.
- **Out-year Budget Gaps:** The Executive's forecast for out-year budget gaps in the Mid-Year Report were estimated at \$6.4 billion for SFY 2019-20, \$8.1 billion for SFY 2020-21, and \$8.4 billion for SFY 2021-22. The Executive Budget revises out-year gap estimates to provide a balanced budget in SFY 2018-19, with a gap of \$127 million in SFY 2019-20, and surpluses of \$256 million in SFY 2020-21 and \$1.2 billion in SFY 2021-22. Notably, these surpluses are dependent on unidentified cuts related to the adherence to the two percent spending benchmark combined with the current year adoption of over \$1 billion in new revenue actions.
- **Monetary Settlements:** The State has received \$10.7 billion in settlement funds from financial institutions since SFY 2014-15. The Executive allocates an additional \$702 million in previously unbudgeted settlement funds in the proposed budget. This includes \$383 million for General Fund support, \$194 million to support the operations of the Metropolitan Transportation Authority (MTA), and \$125 million for the Health Care Facility Transformation Program.
- **General Fund Reserves:** The Executive estimates a SFY 2018-19 General Fund closing balance of \$5.1 billion, a decrease of \$4 billion from SFY 2017-18. The decline is almost entirely due to the use of \$1.9 billion in SFY 2018-19 Personal Income Tax (PIT) receipts prepaid in SFY 2017-18, as well as the disbursement of \$2.1 billion of settlement funds.

BUDGET REVIEW AND ANALYSIS: FINANCIAL PLAN



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

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

Table 1

Size of Budget (\$ in Millions)				
	SFY 2017-18	SFY 2018-19	Difference	Percent
General Fund	70,023	75,248	5,225	7.5
State Operating Funds	98,126	99,977	1,851	1.9
State Funds	108,929	112,446	3,517	3.2
All Funds	164,437	168,185	3,748	2.3

The Executive proposes a \$168.2 billion budget for SFY 2018-19, representing a growth of \$3.7 billion or 2.3 percent. This amount includes Federal aid for Superstorm Sandy and the Affordable Care Act of \$500 million and \$10 billion, respectively.

General Fund spending is projected at \$75.2 billion for SFY 2018-19, a 7.5 percent increase from SFY 2017-18. The growth in General Funds spending is related to the reclassification of Mental Hygiene spending, commitments to school aid, labor agreements, and transfers to Capital Projects Funds.

State Funds spending is projected at \$112.4 billion, a 3.2 percent growth over last year.

Two Percent Spending Benchmark

In SFY 2011-12, the Executive established a spending benchmark that limited annual increases in State Operating Funds to two percent. For SFY 2018-19, the Executive proposes a State Operating Funds budget of \$99.98 billion, for a growth of 1.9 percent. The remaining growth under the two percent benchmark is estimated at \$111.5 million.

In the SFY 2017-18 Financial Plan Mid-Year Update, the SFY 2018-19 State Operating Funds growth was projected at 4.7 percent over the current fiscal year. The Executive reduced the growth to 1.9 percent through a series of spending revisions.

Actions that reduce State Operating Funds growth in the Executive proposal include: a proposal to no longer require Payroll Mobility Tax (PMT) receipts due to the MTA be appropriated by the State Legislature, thus excluding PMT receipts and disbursements from the Financial Plan (\$1.4 billion); the shift of additional Office for People with Developmental Disabilities (OPWDD) related Medicaid expenses under the Medicaid Global Cap (\$425 million); the prepayment of certain debt expenses due in SFY 2018-19 in the current fiscal year (\$340 million); and the use of Tobacco Master Settlement Agreement (MSA) payments to fund a portion of the State-takeover of local Medicaid costs (\$329 million).

Notably, the Executive budget also proposes a transfer of certain transportation operating costs from the Dedicated Highway and Bridge Trust Fund (DHBTF) to the General Fund. The expenses are currently funded by a transfer from the General Fund to the DHBTF. This action will increase disbursements in the State Operating Funds by \$390 million.

Settlement Funds

Since the SFY 2017-18 Mid-Year Update, the State has received two additional monetary settlements totaling \$137 million: \$135 million from Credit Suisse and \$2 million from Cigna. In addition, the State expects to receive \$60 million from Western Union pursuant to a January 4, 2018 consent order with the Department of Financial Services (DFS), bringing the total monetary settlements received since SFY 2014-15 to \$10.7 billion.

The Executive allocates the remaining \$702 million of settlement funds in the proposed budget. This includes \$383 million for General Fund support, \$194 million to support the MTA's operations and \$125 million for the Health Care Facility Transformation Program.



Table 2

**Summary of Settlements Between
Regulators and Financial Institutions
(\$ in Millions)**

	SFY 2014-15	SFY 2015-16	SFY 2016-17	SFY 2017-18	SFY 2018-19	Total
Monetary Settlements Known/Expected	4,942	3,605	1,317	838	0	10,702
BNP Paribas	2,243	1,348	0	350	0	3,941
Department of Financial Services (DFS)	2,243	0	0	350	0	2,593
Assets Forfeiture (DANY)	0	1,348	0	0	0	1,348
Deutsche Bank	0	800	444	0	0	1,244
Credit Suisse AG	715	30	0	135	0	880
Commerzbank	610	82	0	0	0	692
Barclays	0	670	0	0	0	670
Credit Agricole	0	459	0	0	0	459
Bank of Tokyo Mitsubishi	315	0	0	0	0	315
Bank of America	300	0	0	0	0	300
Standard Chartered Bank	300	0	0	0	0	300
Morgan Stanley	0	150	0	0	0	150
Bank Leumi	130	0	0	0	0	130
Ocwen Financial	100	0	0	0	0	100
Citigroup (State Share)	92	0	0	0	0	92
Goldman Sachs	0	50	190	0	0	240
MetLife Parties	50	0	0	0	0	50
American International Group	35	0	0	0	0	35
PricewaterhouseCoopers	25	0	0	0	0	25
Promontory	0	15	0	0	0	15
AXA Equitable Life Insurance Company	20	0	0	0	0	20
New Day	0	1	0	0	0	1
Volkswagen	0	0	32	33	0	65
Mega Bank	0	0	180	0	0	180
Agricultural Bank of China	0	0	215	0	0	215
PHH Mortgage	0	0	28	0	0	28
Intesa SanPaolo	0	0	235	0	0	235
Habib Bank	0	0	0	225	0	225
Cigna	0	0	0	2	0	2
Western Union	0	0	0	60	0	60
Other Settlements (TBD)	7	0	(7)	33	0	33
Enacted Use of Available Settlements	275	5,665	2,125	1,934	702	10,702
Dedicated Infrastructure Investment Fund (DIIF)	0	4,550	1,840	1,205	125	7,720
Thruway Stabilization Program	0	1,285	700	0	0	1,985
Penn Station Access	0	250	0	0	0	250
Infrastructure Improvements	0	115	0	0	0	115
Broadband Initiative	0	500	0	0	0	500
Hospitals	0	400	0	0	0	400
Transit-Oriented Development	0	150	0	0	0	150
Resiliency, Mitigation, Security, and Emergency Response	0	150	0	0	0	150
Municipal Restructuring	0	150	0	0	0	150
Southern Tier/Hudson Valley Farm Initiative	0	50	0	0	0	50
Upstate Revitalization	0	1,500	170	0	0	1,670
Transportation Capital Plan	0	0	200	0	0	200
Municipal Consolidation Competition	0	0	20	0	0	20
Housing and Homeless Plan	0	0	640	0	0	640
Economic Development	0	0	85	0	0	85
Empire State Poverty Reduction Initiative	0	0	25	0	0	25
MTA Capital Plan	0	0	0	65	0	65
Non MTA Transit	0	0	0	20	0	20
Buffalo Billion	0	0	0	400	0	400
Downtown Revitalization	0	0	0	100	0	100
Security and Emergency Response Preparedness	0	0	0	100	0	100
Health Care Capital grants	0	0	0	200	125	325
Life Sciences	0	0	0	320	0	320
Other Purposes:						
Audit Disallowance - Federal Settlements	0	850	0	0	0	850
Department of Law - Litigation Services Operations	0	10	63	27	0	100
Settlements Budgeted in Financial Plan	275	250	102	461	383	1,471
Transfer to Support OASAS Chemical Dependence Programs	0	5	0	0	0	5
Transfer to Environmental Protection Fund	0	0	120	0	0	120
CSX Payment	0	0	0	76	0	76
Mass Transit Operation Aid	0	0	0	10	0	10
Reserve for Retroactive Labor Settlement	0	0	0	155	0	155
MTA Operating Aid	0	0	0	0	194	194

Table 3

**Executive Budget Financial Plan
2018-19
(\$ in Millions)**

	<u>Executive General Fund</u>	<u>Executive State Funds</u>	<u>Executive All Funds</u>
OPENING BALANCE	9,167	12,068	11,904
RECEIPTS:			
Personal Income Tax	34,523	49,244	49,244
User Taxes and Fees	7,752	17,664	17,664
Business Taxes	5,809	8,198	8,198
Other Taxes	1,051	2,263	2,263
Total Taxes	<u>49,135</u>	<u>77,369</u>	<u>77,369</u>
Licenses, Fees, etc.	670	670	670
Abandoned Property	450	450	450
ABC License Fees	66	66	66
HCRA	0	5,870	5,870
Lottery	0	3,276	3,276
Medicaid	0	832	832
Motor Vehicle Fees	269	691	691
Reimbursements	107	107	107
State University Income	0	4,761	4,761
Investment Income	10	10	10
Other Transactions	447	11,024	11,226
Total Miscellaneous Receipts	<u>2,019</u>	<u>27,757</u>	<u>27,959</u>
Federal Grants	0	79	57,878
Total Transfers from Other Funds	<u>20,047</u>		
TOTAL RECEIPTS	71,201	105,205	163,206
DISBURSEMENTS:			
School Aid	22,978	27,019	29,789
Higher Education	3,054	3,054	3,054
All Other Education	2,181	2,231	3,003
STAR	0	2,410	2,410
Medicaid - DOH	13,840	20,012	60,335
Public Health	655	2,310	4,485
Mental Hygiene	2,168	2,297	2,460
Children and Families	1,602	1,606	2,444
Temporary & Disability Assistance	1,278	1,338	4,782
Transportation	295	4,994	5,509
Unrestricted Aid	756	756	756
All Other	1,131	3,185	4,213
Total Local Assistance Grants	<u>49,938</u>	<u>71,212</u>	<u>123,240</u>
Personal Service	8,624	13,429	14,056
Non-Personal Service	2,904	5,950	7,396
Total State Operations	<u>11,528</u>	<u>19,379</u>	<u>21,452</u>
General State Charges	7,597	8,549	8,872
Debt Service	837	5,636	5,636
Capital Projects	3,246	7,670	8,985
State Share Medicaid	0	0	0
SUNY Operations	1,021		
Other Purposes	1,081		
Total Transfers to Other Funds	<u>6,185</u>		
TOTAL DISBURSEMENTS	75,248	112,446	168,185
Other Financing Sources (uses):			
Transfers from Other Funds		29,755	29,392
Transfers to Other Funds		(27,385)	(29,536)
Bonds and Note proceeds		718	718
Net Financing Sources		<u>3,088</u>	<u>574</u>
Excess/(Deficiency) of Receipts over Disbursements	<u>(4,047)</u>	<u>(4,153)</u>	<u>(4,405)</u>
CLOSING BALANCE	5,120	7,915	7,499



Closing the Current Year (SFY 2017-18) Executive Budget Gap

The Executive proposal closes an estimated \$4.4 billion General Fund budget gap in SFY 2018-19. These actions are comprised of: \$2.7 billion in spending changes; \$1 billion in revenue actions; and \$736 million in resource changes.

Table 4

General Fund GAP-Closing Plan				
(\$ in Millions)				
	FY 2019	FY 2020	FY 2021	FY 2022
MID-YEAR BUDGET SURPLUS/GAP ESTIMATES	(4,443)	(6,385)	(8,053)	(8,413)
Spending Changes	2,672	1,465	1,472	1,820
Local Assistance	1,317	1,413	1,462	1,960
Agency Operations	446	67	(11)	(134)
Capital Projects/Debt Management	569	(15)	21	(6)
FY 2018 Payment of FY 2019 Expenses	340	0	0	0
Resource Changes	736	731	802	966
Revenue Actions	1,035	1,403	1,275	1,225
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	0	(2,786)	(4,504)	(4,402)
Adherence to 2% Spending Benchmark	0	2,659	4,760	5,640
EXECUTIVE BUDGET SURPLUS/(GAP)	0	(127)	256	1,238

Prior to the recommendations included in the Executive Budget, the forecast for out-year budget gaps in the current (SFY 2017-18) Mid-Year Update were estimated at a cumulative \$22.9 billion.

Since the Mid-Year Update, SFY 2018-19 has been revised to a balanced budget; with a gap of \$127 million in SFY 2019-20, and surpluses of \$256 million in SFY 2020-21 and \$1.2 billion in SFY 2021-22. Notably, these surpluses are dependent on unidentified cuts related to the adherence to the two percent spending benchmark combined with current year enactment of over \$1 billion in new revenue actions.

Spending Changes

- **Local Assistance:** The gap closing plan also reduces local assistance spending by \$1.3 billion. Local assistance savings include Executive revisions of School Aid, the transfer of OPWDD related Medicaid spending to the Medicaid Global Cap for a savings of \$425 million; and the proposed freeze of the STAR exemption benefit and mandated income verification program for savings of \$110 million.
- **Agency Operations:** The Executive gap-closing plan proposes reductions from current-services projections for total savings of \$446 million. This includes holding agency operations flat (\$416 million) and the elimination of the SUNY hospital subsidy (\$82 million). These savings are partially offset by an increase in operating support for the Legislature and Judiciary (\$52 million).
- **Debt Management/Capital:** Spending reductions also include \$569 million in debt management savings through the continuing use of competitive bond sales and refundings that meet the State's savings criteria as well as the use of available bond proceeds to reimburse prior year capital spending. In addition to the \$569 million savings, the Executive Budget reflects prepayment of SFY 2018-19 debt service expenses in the current state fiscal year (\$340 million).
- **New Initiatives:** The Executive proposes \$254 million in operating aid in support of the MTA Subway Action Plan. The additional MTA operating aid will be funded from \$194 million of monetary settlements and \$60 million from the accelerated transfer of Payroll Mobility Tax revenue. The other large initiative affecting the General Fund is a \$199 million increase to School Aid above the Personal Income Growth Index (PIGI).

Revenue Actions

The Executive proposes over \$1 billion in new revenue actions to balance the SFY 2018-19 budget. Of this amount, \$500 million is derived from proceeds generated when not-for-profit health insurers convert or sell to corporations organized for monetary profit. The Executive also proposes a 14 percent surcharge to capture health insurer gains resulting from a recent 40 percent decrease in federal taxes, resulting in \$140 million benefit to insurers. In addition, the Executive proposes the establishment of a surcharge on active opioid ingredients in prescription drugs (\$127 million). The Executive proposal also discontinues the Sales Tax Exemption for Energy Service Companies, defers of certain business-related tax credit claims, requiring online marketplace providers to collect and remit sales taxes on behalf of all vendors that sell to New York State residents, and other revenue actions will generate an estimated \$268 million in revenue for the State in SFY 2018-19.



Resource Changes

The Executive estimates \$736 million in resource changes to balance the SFY 2018-19 Budget. This is primarily comprised of the use of monetary settlements to support the General Fund and to support the MTA's operations.

Budget Uncertainties and Managing Risk

The State receives a substantial amount of federal aid for health care, education, transportation, and other purposes as well as extraordinary funding for storm and disaster-related response and recovery. This funding is subject to federal policy changes under the current Administration and Congress. The federal government may enact budgetary or other policy changes which may adversely affect the State's Financial Plan.

As such, the Executive Budget reauthorizes the Director of the Division of the Budget to prepare a spending reduction plan to submit to the Legislature when (1) federal Medicaid funding is reduced by more than \$850 million or (2) federal aid exclusive of Medicaid is reduced by more than \$850 million. Upon receipt of the plan, the Legislature has 90 days to prepare a corrective action plan to be adopted by concurrent resolution of both the Assembly and Senate. If the Legislature does not act, the spending plan submitted by DOB would take effect automatically.

To mitigate potential risks related to State tax receipts, the Executive Budget proposes language to allow for uniform spending reductions to certain local assistance disbursements if annual estimates for tax receipts are revised downward by more than \$500 million during the fiscal year. The reductions may not exceed three percent and must exclude School Aid, Medicaid, Public Assistance and other spending such as debt service payments, court orders or judgments, or aid to CUNY senior colleges.

General Fund Reserves

The Executive Budget projects \$5.1 billion in reserves at the end of SFY 2018-19, representing a \$4 billion decrease from SFY 2017-18. This decrease is mainly attributed to the use of \$1.9 billion from Personal Income Tax (PIT) prepayments received in SFY 2017-18 that were carried forward to offset the corresponding loss of PIT receipts in SFY 2018-19. The decline in the closing fund balance is also due to the disbursement of \$2.1 billion in settlement funds.

Table 5

Estimated General Fund Closing Balance (\$ in Millions)			
	SFY 2017-18	SFY 2018-19	Annual Change
Tax Stabilization Reserve Fund	1,258	1,258	0
Statutory Rainy Day Reserve Fund	540	540	0
Contingency Reserve Fund	21	21	0
Community Projects Fund	39	0	(39)
Reserved for Debt Management	500	500	0
Reserved for Labor Agreements	155	155	0
Undesignated Fund Balance	1,905	0	(1,905)
General Fund Total (Excluding Monetary Settlements)	4,418	2,474	(1,944)
Extraordinary Monetary Settlements	4,749	2,646	(2,103)
Total General Fund Balance	9,167	5,120	(4,047)





Budget Summary



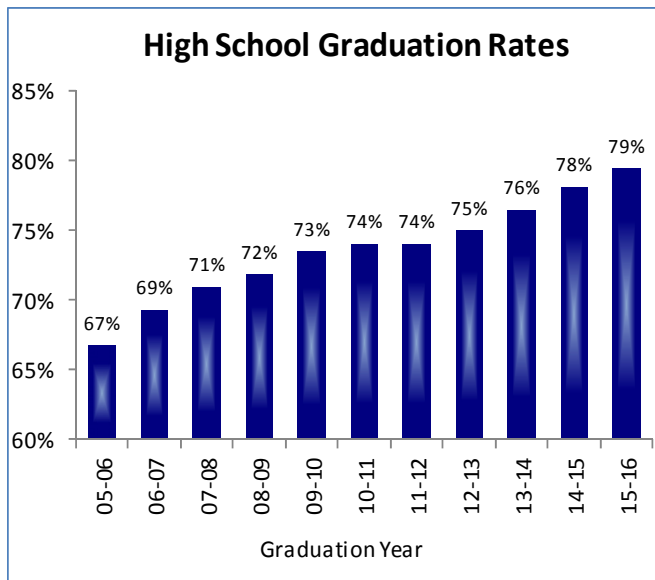
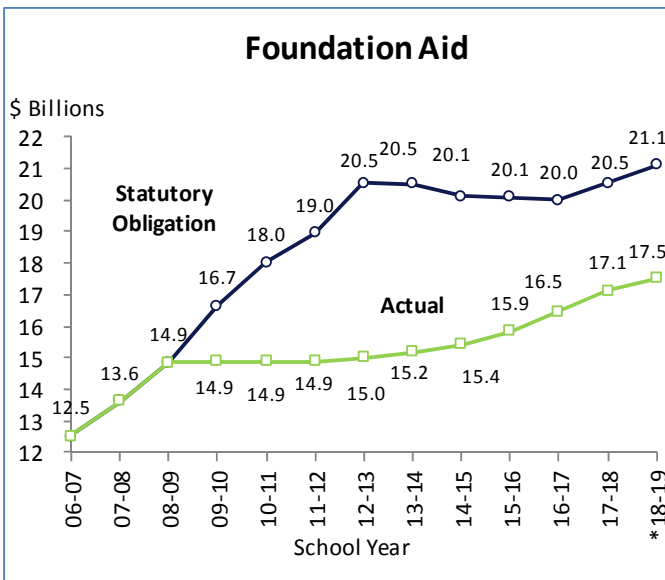
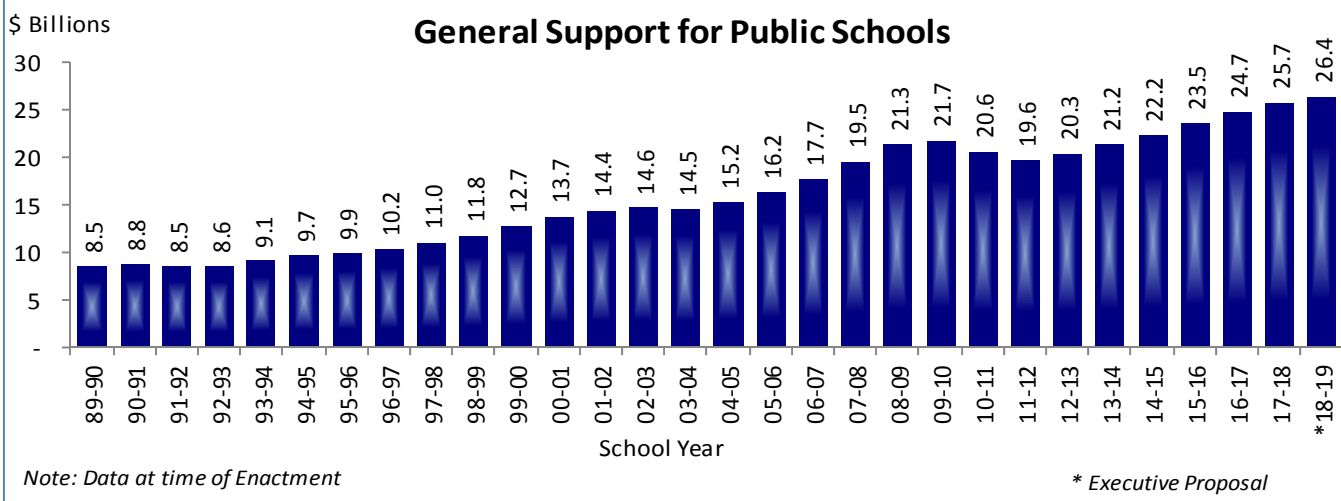
BUDGET SNAPSHOT: EDUCATION



\$769 million increase in General Support for Public Schools.

A total of \$827 million in support for Prekindergarten.

\$50 million for competitive grants, including Prekindergarten, after school, and early college high schools.



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

BUDGET HIGHLIGHTS: EDUCATION



- **General Support for Public Schools (GSPS) (\$769 million):** The Executive proposes an increase in GSPS of \$769 million or three percent, increasing aid from \$25.59 billion to \$26.36 billion for School Year (SY) 2018-19. This increase consists of \$716 million for School Aid, \$50 million for competitive grants, and \$3 million in other categorical aids.
- **School Aid (\$716 million):** The Executive proposes a School Aid increase of \$716 million, comprised of: \$338 million for Foundation Aid (including a \$50 million set-aside for Community Schools), \$314 million for the reimbursement of expense-based aids, and \$64 million for a Fiscal Stabilization Fund.
 - Additionally, the Executive proposal would change expense-based aid reimbursement by capping the growth of transportation, building, and BOCES aids at two percent, starting in the SY 2019-20, and would expand Full-Day Kindergarten Conversion Aid.
 - The Executive also proposes to require certain school districts to have school-level funding plans approved by the State Education Department and the Division of Budget to receive additional State Aid.
- **Competitive Grants:** The Executive proposal includes \$49 million for the following initiatives: Prekindergarten (\$15 million); After School Programs (\$10 million); Early College High Schools (\$9 million); Smart Start Computer Science (\$6 million); Breakfast after the Bell (\$5 million); Test Fee Assistance (\$2.5 million); and Gang Prevention Education Programs (\$1.5 million).
- **Charter Schools:**
 - **Direct State Funding for New York City Charter Schools (\$22.6 million):** The Executive proposal would provide a three percent per pupil tuition increase directly to charter schools located in New York City.
 - **New York City Charter Facilities Aid:** The Executive would cap reimbursement to the New York City School District (NYCSD) at \$10 million and require NYCSD to reimburse charter schools for additional expenditures.
 - **Supplemental Basic Tuition Reimbursement for NYCSD:** The Executive proposes to end reimbursement to the NYCSD for supplemental basic charter tuition.
- **School Meals:** The Executive proposes to prohibit lunch shaming, require some districts to provide breakfast after the school day has begun, and increase meal reimbursement for districts that purchase more than 30 percent of their food from local farms.

BUDGET REVIEW AND ANALYSIS: EDUCATION



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

New York State has approximately 3.1 million students enrolled in Prekindergarten through 12th grade, including nearly 2.7 million children in public school districts, and almost 390,000 children in nonpublic schools. New York State provides more than \$25 billion in General Support for Public Schools for instructional and operational purposes, allowing school districts to provide educational services to children statewide.

Table 6

Appropriations				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
State Education Department	61,768.27	35,707.38	(26,060.89)	(42.19)

Table 7

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
State Education Department	32,266.81	33,232.92	966.11	2.99

State Education Department

The Executive proposes All Funds appropriations of \$35.7 billion, a decrease of \$26.06 billion or 42.19 percent below the State Fiscal Year (SFY) 2017-18 level, due to a change from two-year to one-year appropriations. The Executive recommends support for 2,692 full-time equivalent (FTE) positions, which is unchanged from SFY 2017-18 workforce levels.

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

Under the Executive proposal, overall GSPS would be increased by \$768.8 million to \$26 billion for the School Year (SY) 2018-19, reflecting a three percent growth. This increase consists of \$337.6 million in Foundation Aid, \$313.7 million in expense based aids, \$64 million in an unallocated Fiscal Stabilization Fund, \$50 million for performance grants, and a \$3.5 million increase in other grant programs. The Executive proposal would cap expense based aids to the lesser of November 2017 or updated levels.

School Level Funding Plans: The Executive proposes to require the State's largest school districts to have school-level funding plans approved by the State Education Department and the Division of Budget to receive additional State Aid. This would apply to school districts located in a city with a population of more than 125,000 for SY 2018-19; and to those districts with at least nine schools that receive at least 50 percent of their revenues from the State beginning in SY 2019-20.

The Executive continues the policy of requiring school districts to demonstrate that districts have implemented the standards and procedures for conducting annual teacher and principal evaluations by September 1st of the current year, in order to receive increases in School Aid.

Expense Based Aid Growth Cap: Additionally, the Executive proposal would impose a two percent cap on the growth in Transportation and BOCES aids, as well as a two percent statewide cap on Building Aid, starting in SY 2019-20. The statewide building aid growth cap excludes projects approved before July 1, 2018 for the New York City School District.

Full-Day Kindergarten Conversion Aid: The Executive also proposes to incentivize school districts to offer full-day kindergarten programs by providing Full-Day Kindergarten Conversion Aid for two years, starting in SY 2018-19 and ending in SY 2019-20. Currently, school districts that are starting new full-day kindergarten programs are eligible for only one year of this aid.

Table 8

Proposed School Aid Increase (\$ in Millions)	
	SY 2018-19 Exec. Proposal
Foundation Aid	337.6
Expense Based Aids	313.7
Unallocated Fiscal Stabilization Fund	64.0
Subtotal: Formula Based Aids	715.3
Grant Programs and Additional Aid Changes	3.5
Major Grant Programs	
Expanded Prekindergarten for Three-and Four Year Olds	15.0
Empire State After School Program	10.0
Early College High Schools	9.0
Smart Start	6.0
Breakfast After the Bell	5.0
Expanded Advanced Placement Access	2.5
Gang Prevention Education Program	1.5
Master Teacher Program	1.0
Subtotal: Major Grant Programs	50.0
Year to Year School Aid Increase	768.8

Foundation Aid (\$337.6 million): The Executive proposes an increase of \$337.6 million in Foundation Aid, for a total of \$17.5 billion, which includes a \$50 million increase in the set-aside for Community Schools.

Community Schools (\$50 million): The Executive Budget includes \$200 million for community schools as a set-aside within Foundation Aid, which is \$50 million above last year’s level. In addition, the Executive continues \$1.2 million in funding for Community Schools Regional Technical Assistance Centers.

Competitive Grants (\$50 million): The Executive has nearly exhausted a \$500 million appropriation from SFY 2011-12, that has been used to create various competitive grant programs. Since last year, the Executive has used discrete appropriations to fund new competitive grant programs.

The Executive proposes the following grant programs:

- **Prekindergarten (\$15 million):** The Executive proposes \$15 million for a third round of funding for Expanded Prekindergarten for Three- and Four-Year-Olds in high-need school districts, first introduced in SFY 2015-16. Priority will be given to the remaining high-need school districts without prekindergarten programs;



- **Empire State After-School (\$10 million):** The Executive proposes an additional \$10 million for after school programs in high poverty areas, \$2 million of which will be directed to schools and community partners identified in areas on Long Island with high incidences of gang and violent activity;
- **Early College High Schools (\$9 million):** The Executive proposes an additional \$9 million to expand Early College High School programs. This new funding would prioritize schools with low graduation or college access rates and focus on technology, sports management, and finance;
- **Smart Start (\$6 million):** The Executive proposes \$6 million to fund professional development and support for teachers focused on computer science and engineering education;
- **Breakfast After the Bell (\$5 million):** The Executive proposes \$5 million to fund breakfast after the start of a school day. All schools with at least 70 percent or more of its students eligible for free or reduced price lunch will be required to provide these meals;
- **Test Fee Assistance (\$2.5 million):** The Executive proposes \$2 million to ensure that low income students would not have to pay fees for either Advanced Placement and International Baccalaureate tests and \$500,000 in grants to provide technical assistance for school districts that begin to offer advanced courses;
- **Master Teacher Program (\$1 million):** The Executive proposes \$1 million to fund an additional cohort of master teachers, with a focus on those in high need school districts. Each master teacher would be awarded \$15,000 per year for four years;
- **Gang Prevention Education Programming to At-Risk Students (\$500,000):** The Executive proposes \$500,000 to fund locally-run early intervention and violence prevention programs targeted at middle and high school students; and
- **Excellence in Teaching Awards (\$400,000):** The Executive proposes to fund a third round of Empire State Excellence in Teaching Awards. Teachers receiving this award would receive \$5,000 each to use for professional development activities.

Table 9

General Support for Public Schools

AID CATEGORY	2017-18 School Year (\$ in Millions)	2018-19 School Year (\$ in Millions)	\$ Change (\$ in Millions)	% Change
Formula-Based Aids				
Foundation Aid	17,172.76	17,510.39	337.63	1.97
Excess Cost - High Cost	638.48	626.07	(12.41)	(1.94)
Excess Cost - Private	393.33	415.75	22.42	5.70
Reorganization Operating Aid	7.34	6.46	(0.88)	(12.01)
Textbooks (Incl. Lottery)	176.01	178.46	2.45	1.39
Computer Hardware	37.05	38.02	0.97	2.61
Computer Software	45.10	46.07	0.97	2.15
Library Materials	18.65	19.22	0.57	3.05
BOCES	904.97	922.41	17.44	1.93
Special Services	251.19	249.17	(2.02)	(0.80)
Transportation	1,811.88	1,909.09	97.21	5.37
High Tax	223.30	223.30	0.00	0.00
Universal Prekindergarten	413.07	415.56	2.49	0.60
Academic Achievement Grant	1.20	1.20	0.00	0.00
Supplemental Education Improvement Grant	17.50	17.50	0.00	0.00
Charter School Transitional Aid	38.62	48.41	9.79	25.35
Full-Day Kindergarten	1.65	0.65	(1.00)	(60.61)
Academic Enhancement Aid	9.57	9.57	0.00	0.00
Supplemental Public Excess Cost	4.31	4.31	0.00	0.00
Building Aid/Reorganization Building	2,950.66	3,126.42	175.76	5.96
Total Formula-Based Aids	25,116.66	25,768.02	651.36	2.59
Grant Programs				
Teachers of Tomorrow	25.00	25.00	0.00	0.00
Teacher-Mentor Intern	2.00	2.00	0.00	0.00
Student Health Services	13.84	13.84	0.00	0.00
Roosevelt	12.00	12.00	0.00	0.00
Urban-Suburban Transfer	7.34	7.34	0.00	0.00
Employment Preparation Education	96.00	96.00	0.00	0.00
Homeless Pupils	27.98	30.23	2.25	8.04
Incarcerated Youth	16.00	16.00	0.00	0.00
Bilingual Education	15.50	15.50	0.00	0.00
Education of OMH / OPWDD Pupils	53.75	54.25	0.50	0.93
Special Act School Districts	2.70	2.70	0.00	0.00
Chargebacks	(51.50)	(51.50)	0.00	0.00
BOCES Aid for Special Act Districts	0.70	0.70	0.00	0.00
Learning Technology Grants	3.29	3.29	0.00	0.00
Native American Building	5.00	5.00	0.00	0.00
Native American Education	46.20	46.92	0.72	1.56
Bus Driver Safety	0.40	0.40	0.00	0.00
Total Grant Programs	276.20	279.67	3.47	1.26
Total Formula-Based Aids and Grant Program	25,392.86	26,047.69	654.83	2.58
Performance Grants	194.47	244.47	50.00	25.71
Fiscal Stabilization Fund	0.00	64.00	64.00	100.00
School Year Total	25,587.33	26,356.16	768.83	3.00

Prekindergarten Programs (\$827 million): The Executive Budget continues to provide funding for the following Prekindergarten programs:

- \$415.6 million for Universal Prekindergarten;
- \$340 million for Statewide Full-day Prekindergarten;
- \$35 million for Expanded Prekindergarten for Three- and Four-Year Old Students;
- \$22 million for Prekindergarten for Three-Year Old Students in High-Need School Districts; and
- \$15 million for a new round of funding for Expanded Prekindergarten for Three- and Four-Year-Olds.

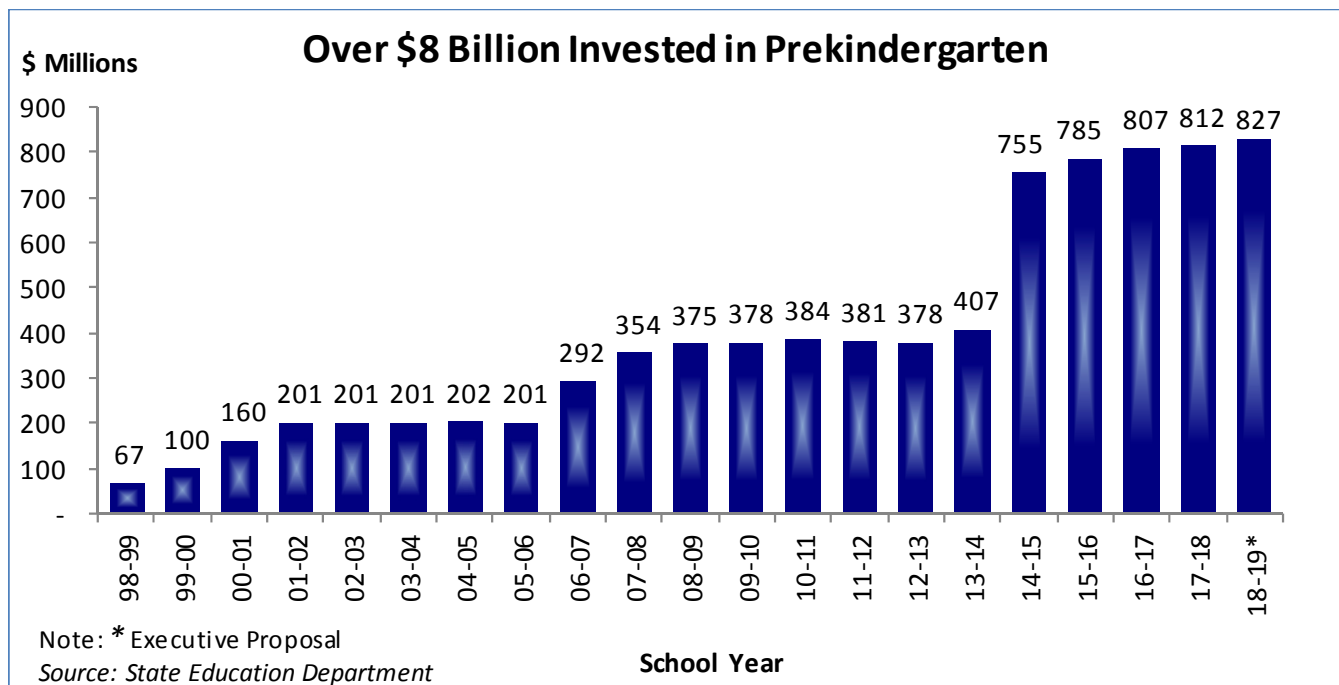


Figure 1

My Brother’s Keeper: The Executive maintains funding of \$18 million for the My Brother’s Keeper Grant initiatives and \$800,000 for the Office of Family and Community Engagement within SED.

Nonpublic Schools: The Executive proposes a Nonpublic School Aid increase of \$5.4 million or three percent in SFY 2018-19, for a total \$186.4 million. Additionally, the Executive would continue \$15 million for Safety Equipment for Nonpublic Schools but shift this funding to a capital appropriation; \$5 million for Science, Technology, Engineering, and Math Teachers; and \$922,000 for Academic Intervention Services. The Executive proposal discontinues \$7 million in increased reimbursement for immunization document checks.

Teacher Resource and Computer Training Centers: The Executive proposal discontinues \$20 million in support for Teacher Resource and Computer Training Centers.

Charter Schools

Direct State Funding for New York City Charter Schools (\$22.6 million): The Executive proposal would provide a three percent per pupil tuition increase directly to charter schools located in New York City. This would be in addition to the current statutory growth in per pupil charter school tuition and supplemental basic charter tuition paid by the New York City School District (NYCSD). Disbursements of this appropriation would occur on or after April 1, 2019.

New York City Charter Facilities Aid: The Executive proposal would impose an annual cap of \$10 million in reimbursement to NYCSD for payments made to charter schools for charter school facilities. Under current law, NYCSD pays \$40 million for charter facilities, and then receives State reimbursement of 60 percent for costs above the \$40 million. The Executive also proposes to increase the amount that NYCSD must pay to charter schools for facilities by including additional costs, such as capital improvement, maintenance, custodial, and security costs. The Executive provides \$6.1 million in Charter Facilities Aid reimbursement for SFY 2018-19.

Supplemental Basic Tuition Reimbursement: The Executive proposes to end State reimbursement to the NYCSD for supplemental basic charter tuition, which is currently \$1,000 per charter student.

Adult Career and Continuing Education Services Program

The Executive proposal maintains current year funding levels for Case Services at \$54 million and Independent Living Centers at \$13.36 million. Furthermore, the Executive proposes to continue funding College Readers Aid at \$294,000 and Supported Employment at \$15.16 million.

The Executive decreases funding for Adult Literacy Education by \$1 million, for a total of \$6.3 million. Additionally, the Executive maintains funding for Adult Basic Education at \$1.84 million.

SED E-Licensing

The Executive provides \$4.3 million for the development of an E-Licensing system for the Office of the Professions within SED.

Cultural Education Program

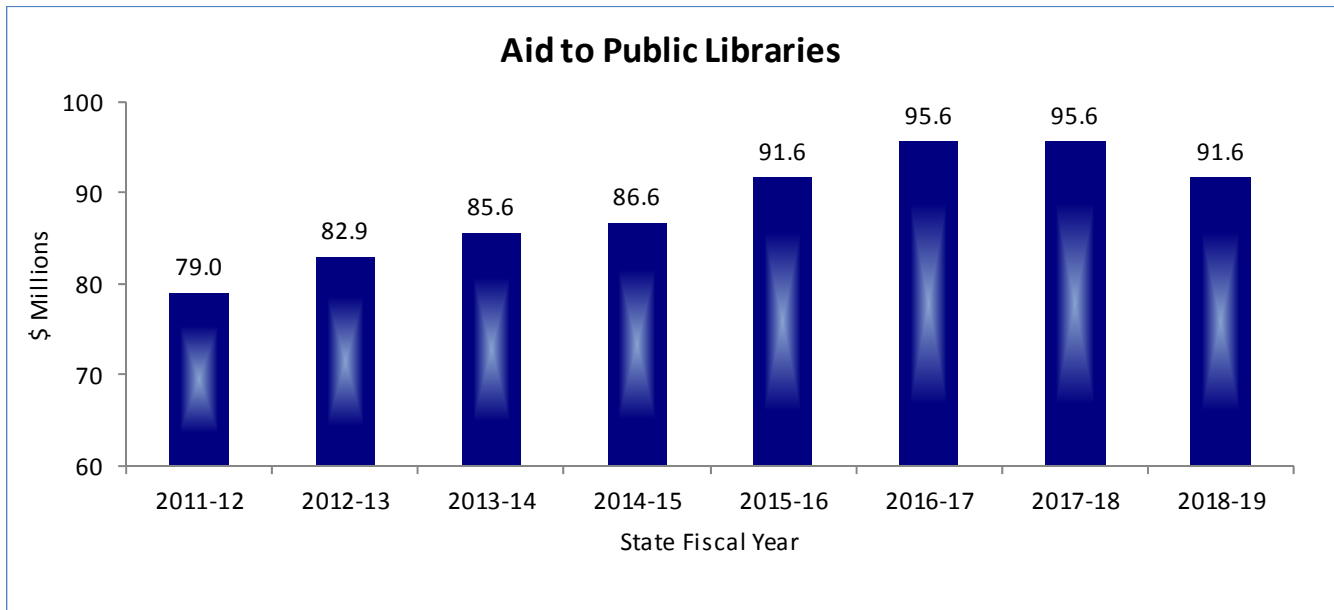


Figure 2

The Executive proposes to decrease funding for Aid to Public Libraries by \$4 million, providing a total of \$91.62 million. Additionally, the Executive proposes to decrease funding for library construction projects by \$10 million, for a total of \$14 million. Funding of \$250,000 for the Schomburg Center for Research in Black Culture and \$75,000 for the Langston Hughes Community Library is eliminated.

Additionally, the Executive Budget funds the conservation and preservation of library materials and the Talking Book and Braille Library at \$693,000.

The Executive proposal maintains funding for Educational Television and Radio at \$14 million.

Special Education

The Executive Budget maintains support for Private Schools for the Blind and Deaf (referred to as 4201 schools) at \$103.1 million, continuing the \$2.3 million increase included in the 2017-18 Enacted Budget.

The Executive also continues funding for Preschool Special Education Programs (referred to as 4410 schools) by maintaining funding at \$1.04 billion.

The Executive reduces funding for summer school programs for school-aged children with handicapping conditions (referred to as 4408s) by \$34 million to \$330.5 million, by changing the

reimbursement for the education portion of these services from 80 percent to a wealth-adjusted reimbursement. This would cause the vast majority of school districts to be reimbursed at lower levels, creating an estimated loss to school districts of \$70 million on a school year basis.

The Executive provides \$17.2 million in funding to support direct salary and related fringe benefit costs associated with minimum wage increases, an increase of \$11 million from SFY 2017-18.

School Food Programs

The Executive proposal includes \$10 million in funding to reimburse school lunch programs that have purchased at least 30 percent of their ingredients from New York State farmers, producers, or processors.

The Executive proposal includes \$7 million in capital funding for equipment such as coolers and vending machines in order to implement the Breakfast after the Bell program.

The Executive proposal includes \$750,000 for the purpose of Farm to School grants, which is in addition to the \$750,000 provided through the Department of Agriculture and Markets. These appropriations total \$1.5 million, an increase of \$450,000 over SFY 2017-18.

Other Programmatic Support

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

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

The Executive Budget discontinues \$475,000 in funding for the Executive Leadership Institute.

The Executive includes \$1 million in funding for the East Ramapo School District to support services to improve and enhance the educational opportunities of students attending the District, a reduction of \$2 million.

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

The following table summarizes funding for other elementary and secondary education programs outside of General Support for Public Schools:

Table 10

Other Public Elementary and Secondary Education Programs				
	SFY 2017-18	SFY 2018-19	\$ Change	% Change
	Enacted	Exec. Request	(\$ in Millions)	
	(\$ in Millions)	(\$ in Millions)		
Supplemental Basic Charter School Tuition Payments	64.00	139.00	75.00	117.19
Charter School Facilities Aid	0.00	6.10	6.10	-
Early College High School Programs	5.30	9.00	3.70	69.81
Computer Science Master Teacher Awards	2.00	3.00	1.00	50.00
Empire State Excellence in Teaching Awards	0.40	0.40	0.00	0.00
Prevent Cyberbullying Initiative	0.30	0.00	(0.30)	(100.00)
Continuation of Early College High School (ECHS) Grants*	0.00	1.90	1.90	-
Continuation of School-Wide Extended Learning*	0.00	21.60	21.60	-
Continuation of P-TECH grants*	0.00	14.09	14.09	-
Continuation of Smart Scholars ECHS Grants*	0.00	1.91	1.91	-
Continuation of Smart Transfer ECHS Grants*	0.00	0.88	0.88	-
East Ramapo School District	3.00	1.00	(2.00)	(66.67)
Independent Receivers	2.00	0.00	(2.00)	(100.00)
Community Schools Regional Technical Assistance Centers	1.20	1.20	0.00	0.00
My Brother's Keeper	18.00	18.00	0.00	0.00
Targeted Prekindergarten	1.30	1.30	0.00	0.00
Children of Migrant Workers	0.09	0.09	0.00	0.00
Adult Basic Education	1.84	1.84	0.00	0.00
Adult Literacy Education	7.29	6.29	(1.00)	(13.72)
Lunch/Breakfast Programs	34.40	34.40	0.00	0.00
Locally Sourced Food Reimbursement	0.00	10.00	10.00	-
Nonpublic School Aid	180.98	186.41	5.43	3.00
Nonpublic School Safety Equipment**	15.00	0.00	(15.00)	(100.00)
Nonpublic STEM	5.00	5.00	0.00	0.00
Nonpublic Immunization	7.00	0.00	(7.00)	(100.00)
Summer School Special Education	364.50	330.50	(34.00)	(9.33)
New York State Center for School Safety	0.46	0.46	0.00	0.00
Health Education Program	0.69	0.69	0.00	0.00
Academic Intervention Services, Nonpublic	0.92	0.92	0.00	0.00
Extended School Day/School Violence Prevention	24.34	24.34	0.00	0.00
Primary Mental Health Project	0.89	0.89	0.00	0.00
Summer Food Program	3.05	3.05	0.00	0.00
Consortium for Worker Education	13.00	11.50	(1.50)	(11.54)
Charter School Start Up Grants	4.84	4.84	0.00	0.00
Smart Scholars Early College HS Program	1.47	1.47	0.00	0.00
Student Mentoring and Tutoring Program	0.49	0.49	0.00	0.00
Postsecondary Aid to Native Americans	0.60	0.60	0.00	0.00
NYS Historical Association—National History Day	0.13	0.00	(0.13)	(100.00)
Small Govt. Assistance to School Districts	1.87	1.87	0.00	0.00
Math and Science High Schools	1.84	1.38	(0.46)	(24.89)
County Vocational Education and Extension Boards	0.93	0.93	0.00	0.00
Center for Autism and Related Disabilities – SUNY Albany	1.24	1.24	0.00	0.00
Just for Kids – SUNY Albany	0.24	0.24	0.00	0.00
Humanities New York	0.20	0.00	(0.20)	(100.00)
Say Yes to Education Program	0.35	0.35	0.00	0.00



Other Public Elementary and Secondary Education Programs (Continued)

	SFY 2017-18 Enacted (\$ in Millions)	SFY 2018-19 Exec. Request (\$ in Millions)	\$ Change (\$ in Millions)	% Change
Teacher Resource Centers	18.27	6.00	(12.27)	(67.16)
Deferred Action for Childhood Arrivals	1.00	1.00	0.00	0.00
Rochester School Health Service Grants	1.20	0.00	(1.20)	(100.00)
Buffalo School Health Service Grants	1.20	0.00	(1.20)	(100.00)
Henry Viscardi School	0.90	0.00	(0.90)	(100.00)
New York School for the Deaf	0.90	0.00	(0.90)	(100.00)
Executive Leadership Institute	0.48	0.00	(0.48)	(100.00)
BOCES New Technology School Initiative	0.20	0.00	(0.20)	(100.00)
Supplemental Valuation Impact Grants	5.50	0.00	(5.50)	(100.00)
New York City Community Learning Schools Initiative	0.50	0.00	(0.50)	(100.00)
Grants to Certain School Districts and Other Programs	40.00	22.60	(17.40)	(43.50)
Prior Year Claims/Fiscal Stabilization Grants	45.07	45.07	0.00	0.00
Enhanced Credential CWE	0.25	0.00	(0.25)	(100.00)
Total	886.61	923.84	37.23	4.20

*Funding in previous years was provided through reappropriations.
**Funding is now provided in Capital appropriations.

Article VII

The Executive recommends Article VII legislation that would:

- require all public schools, charter schools, and nonpublic schools that participate in the National School Lunch Program or School Breakfast Program to develop and submit to the Commissioner a plan ensuring that a student whose parent or guardian has not paid school meal fees is not shamed or treated differently than other students;
- require that any public elementary or secondary school, not including charter schools, with at least 70 percent or more of its students eligible for free or reduced-priced meals under the National School Lunch Program, offer all students a school breakfast after the instructional day has begun;
- increase the reimbursement for school lunches from the current \$0.06 per meal to \$0.25 per meal for any school that purchases at least 30 percent of its total cost of food products for its school food service program from New York State farmers, growers, producers or processors in the preceding school year;
- authorize school districts to establish a school bus safety camera program to impose a penalty on the owners of vehicles that have passed a stopped school bus. Boards of Education may enter into third party contracts for the installation, administration, operation, notice and maintenance of such cameras, as well as for the sharing of fine revenue;

- increase the fine for passing a stopped school bus;
- require the Governor to convene a working group of educators, industry experts, institutions of higher education and employers to review, develop or adopt existing frameworks for model computer science standards for kindergarten through grade 12;
- require the Commissioner of Education, in consultation with the Commissioner of the Department of Health, to establish and develop a “Be Aware, Be Informed” awareness, prevention, and education program within SED designed to educate students in kindergarten through grade 12 about healthy relationships and the prevention of teen dating violence;
- require all elementary and secondary public schools serving students in grades six through 12 to provide free feminine hygiene products in restrooms;
- require graduate-level teacher and leader education programs registered by SED to report the demographic data of the students participating in and completing such programs;
- require the Commissioner of Education, in cooperation with the Commissioner of the Division of Human Rights, to establish and develop a respect for diversity program for eighth and ninth graders;
- authorize a school district, private school or board of cooperative educational services (BOCES) to apply to SED for a waiver from certain special education requirements provided that federal compliance is maintained and the waiver will enhance student achievement and opportunities;
- maintain special education class size waivers for school districts;
- continue provisions of law that prohibit school districts or BOCES from including on a student’s transcript or maintaining on a student’s permanent record any state administered standardized English Language Arts or Math assessments scores for grades three through eight for one year;
- continue provisions of law for the Chapter 1 Advance, which relates to the timing of lottery proceeds to certain school districts;

- continue provisions of law for a lottery accrual due to a change made by the Government Accounting Standards Board regarding the Teacher Retirement System pension contribution;
- authorize BOCES to enter into a memorandum of understanding with non-component school districts, including the Big Five City School Districts, for a period of five years, to provide a collaborative alternative education program known as a recovery high school;
- extend the authority of the Office of Children and Family Services (OCFS) to contract with BOCES to provide certain educational services to youth in OCFS juvenile justice facilities for three years;
- eliminate a provision of law that prohibits a person who has been convicted of a felony from serving on a community district education council or city-wide council, but renders a person permanently ineligible for appointment to a community district education council or city-wide council for an act of malfeasance or conviction of a crime;
- provide that a person may be permanently ineligible for appointment to any community district education council or city-wide council if service upon such council would involve an unreasonable risk to property or to the safety or welfare of specific individuals or the general public; and
- extend various provisions of law for one year.

BUDGET SNAPSHOT: HEALTH

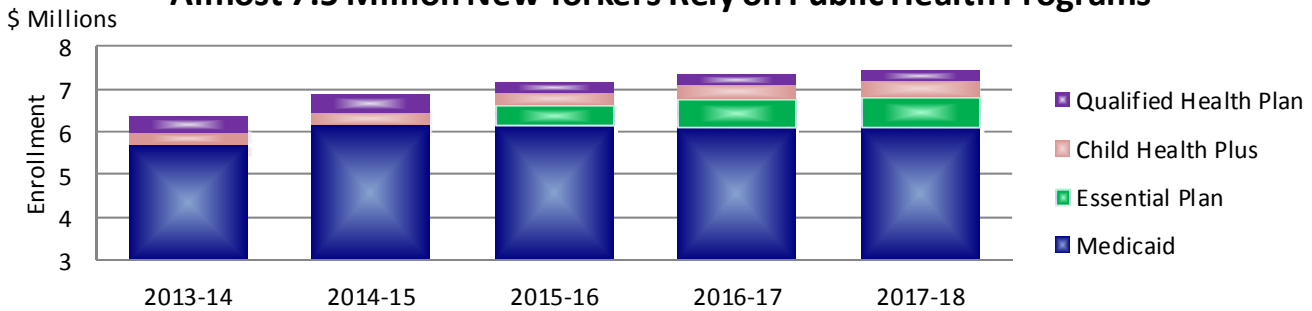


Medicaid enrollment is projected at 6.2 million, an increase of 0.5% from the previous year.

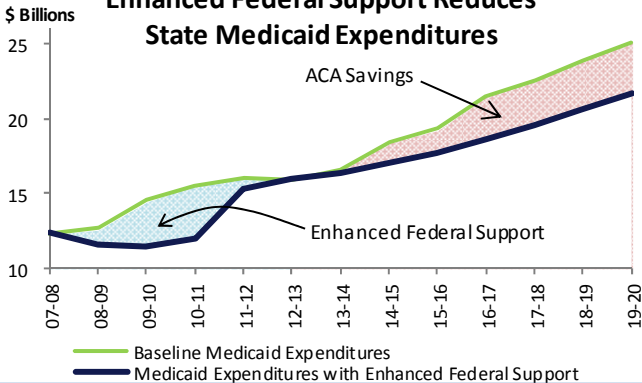
The Affordable Care Act provides health insurance coverage to almost 3 million New Yorkers.

Over the past three years, the State has invested \$3.25 billion in capital to support health care.

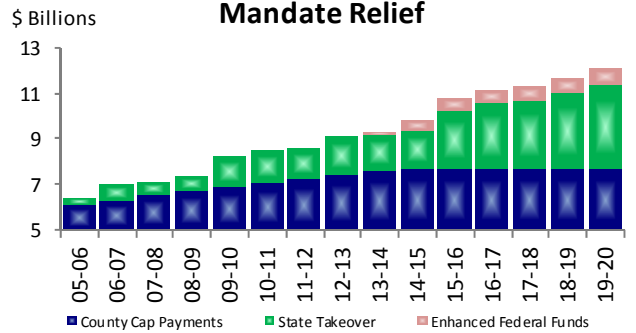
Almost 7.5 Million New Yorkers Rely on Public Health Programs



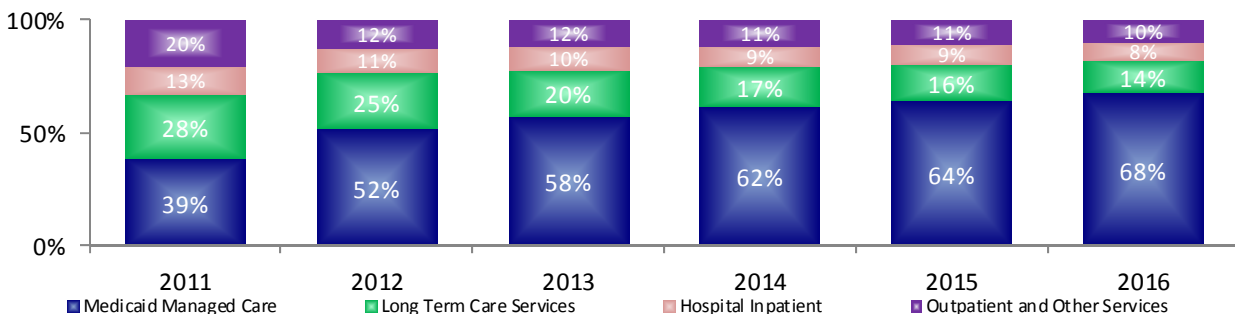
Enhanced Federal Support Reduces State Medicaid Expenditures



State Support for Medicaid, Local Mandate Relief



Medicaid Managed Care Enrollment has Increased Dramatically



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

BUDGET HIGHLIGHTS: HEALTH



- **Extension of the Medicaid Global Cap:** The Executive proposal continues the cap on Medicaid spending through the Department of Health (DOH) and limits these expenditures to \$20.42 billion in State Fiscal Year (SFY) 2018-19 and \$21.51 billion in SFY 2019-20.
- **Medicaid Redesign Team (MRT) Recommendations:** In addition to the initiatives implemented over the prior seven years, the Executive proposes a cost-neutral series of new MRT initiatives for SFY 2018-19, which includes cost containment actions, new federal costs, and financial plan relief.
- **Federal Contingency Actions:** The Executive identifies over \$2 billion in potential losses related to federal cuts to the Medicaid and The Child Health Plus (CHP) program. To partially offset these actions, the Executive would establish a \$1 billion Health Care Shortfall Fund to be funded through future insurer conversion proceeds and would authorize DOH and the Division of Budget to modify the CHP program in the event of a reduction in federal aid.
- **Essential Health Care Provider Capital:** The Executive proposes \$425 million in capital support for health care providers, including a minimum of \$60 million directed to community-based providers and \$45 million for nursing homes. Of the \$60 million, up to \$20 million would be reserved for the expansion of Assisted Living Program beds.
- **Women's Agenda:** The Executive proposes several Women's initiatives, including the codification of *Roe v. Wade*, requiring insurance plans to provide comprehensive contraception coverage; extending the storage period for forensic rape kits at hospitals; and, establishing a maternal mortality review board.
- **First 1,000 Days Initiative:** The Executive proposes \$1.45 million to support a new First 1,000 Days initiative, which would expand preventive services to young children and their families.
- **Consolidation of Public Health Programs:** The Executive proposal would consolidate 30 public health appropriations into four funding pools, and then reduce funding by 20 percent or \$9.18 million.
- **Study of Marihuana Legalization:** The Executive would authorize DOH to study the implications of legalizing marihuana in New York State by examining the health, economic, and criminal justice impacts.

BUDGET REVIEW AND ANALYSIS: HEALTH



The State of New York spends approximately \$73 billion annually on health care. The Department of Health’s (DOH) mission is to provide quality health services to all New Yorkers, including comprehensive health care and long-term care coverage for low and middle income individuals and families through Medicaid, Child Health Plus, and Elderly Pharmaceutical Insurance Coverage (EPIC) programs. In addition to its health insurance programs, DOH promotes and supervises public health activities throughout the State, pursues efforts to reduce infectious diseases, directs a variety of emergency preparedness initiatives, and oversees all health care facilities in the State.

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

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

Table 11

Agency	Appropriations			
	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Health*	147,832.23	153,464.66	5,632.43	3.81
State Office for the Aging	250,787.50	247,994.50	(2,793.00)	(1.11)
Office of Medicaid Inspector General	50,021.00	50,021.00	0.00	0.00

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

Table 12

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Health	64,945.00	66,668.91	1,723.91	2.65
State Office for the Aging	228.56	226.77	(1.79)	(0.78)
Office of Medicaid Inspector General	48.63	48.04	(0.59)	(1.21)

Department of Health

The Executive proposes an All Funds appropriation of \$153.46 billion, an increase of \$5.63 billion or 3.81 percent from the SFY 2017-18 level, primarily attributable to an increase in federal funds. The Executive recommends funding support for 5,463 full time equivalent (FTE) positions, an increase of 381 positions, predominantly associated with the State’s continued assumption of local Medicaid Administration and enhanced monitoring activities.

Medicaid and Health Care Reform Act

Medicaid Program: The Executive budget includes total Medicaid spending of \$72.37 billion, an increase of \$194 million or 0.27 percent from SFY 2017-18. The Executive proposes a State share reduction of \$590 million, which is primarily attributable to a proposed shift of \$1.49 billion spending associated with fringe benefits and indirect costs, from the Mental Hygiene Program Fund and the Patient Income Account, to the General Fund and the General State Charges Budget.

Table 13

All State Agency Medicaid Expenditure Projections				
(\$ in Millions)				
	SFY 2017-18	SFY 2018-19	Year-to-Year Change	
			Amount	Percent
State Share	23,876	23,286	(590)	(2.47)
Federal Share	40,410	40,865	455	1.13
Local Share	7,784	7,887	103	1.32
MSA Payment	103	329	226	219.42
All Funds	72,173	72,367	194	0.27

Health Care Reform Act (HCRA) Financing: In SFY 2018-19, HCRA receipts are projected to total \$6.68 billion, an increase of \$914 million from SFY 2017-18. HCRA disbursements are projected to total \$6.43 billion, an increase of \$652 million from SFY 2017-18.

Health Insurer Conversions/Health Care Shortfall Fund: In HCRA, the Executive budget reflects \$750 million in annual proceeds from the anticipated sale of a not-for-profit New York State insurer to a for-profit entity. Of this amount, \$250 million would be made available annually for four years in support of a \$1 billion Health Care Shortfall Fund that would be established to partially offset any federal reductions to the Medicaid Program.

Child Health Plus (CHP) Contingency: The Executive Budget includes language that would authorize DOH and the Division of the Budget to develop a plan to modify the CHP program, in the event of a reduction in federal aid. The Executive also includes language to grant DOH the authority to contract with a third-party entity to review eligibility determinations and payments under the CHP program.

Health Insurance Windfall Profit Fee: The Executive proposes a 14 percent healthcare insurance windfall profit fee on the net underwriting gain from the sale of health insurance in New York. This proposal would generate \$140 million in additional revenue to support HCRA programs.

Medicaid Global Cap: The Executive proposes the continuation of a Medicaid spending cap which limits growth in the Department of Health (DOH) State Funds Medicaid spending to a 10-year rolling average of the medical component of the Consumer Price Index, currently estimated at 3.2 percent. DOH Medicaid expenditures are presently capped at \$19.42 billion in SFY 2017-18. The Executive proposes to extend the global cap for one additional year, as well as to cap SFY 2018-19 DOH Medicaid expenditures at \$20.42 billion and SFY 2019-20 expenditures at \$21.51 billion.

State Assumption of Local Medicaid Expenditure Growth: Effective January 1, 2015, the State fully assumed the growth in local Medicaid expenditures which, when combined with existing limits on local Medicaid spending, would provide counties with \$3.34 billion in savings in SFY 2018-19. To support the State cost of this takeover, the Executive utilizes \$329 million in the use of Master Settlement Agreement payments from tobacco manufacturers to offset Medicaid expenditures.

Table 14

Medicaid Takeover - Local Savings				
(\$ in Millions)				
	SFY 2016-17	SFY 2017-18	SFY 2018-19	SFY 2019-20
Medicaid 3% Cap	2,339	2,261	2,420	2,577
Local Growth takeover	552	735	917	1,100
Total	2,891	2,996	3,337	3,677

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

Federal Health Care Reform: The State currently receives significant financial benefits from the Patient Protection and Affordable Care Act (ACA), including enhanced matching rates for single, childless adults and Medicaid expansion populations; savings related to legal immigrant coverage under the Essential Plan; and enhanced matching rates for community-based services under the Community First Choice Option. The Executive estimates a total State benefit of \$3.86 billion in SFY 2018-19 related to the ACA. In addition, under the ACA local social services districts would realize a savings of \$675 million in SFY 2018-19.

Table 15

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

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

In addition to continuing the initiatives that have been implemented over the past several years, the Executive proposes a series of MRT initiatives that are designed to be cost-neutral, including additional expenditures resulting from federal actions and additional financial plan relief, balanced by savings



resulting from pharmacy reductions, long term care initiatives, and other Medicaid program reductions. The Executive proposal includes:

- **Financial Plan Relief:** a \$425 million increase related to shifting previously excluded costs under the global cap. This proposal would bring the total financial plan relief generated by the Medicaid program to \$1.76 billion in SFY 2018-19;
- **Outstanding Medicaid Liabilities:** a \$220 million increase, including outstanding federal obligations (a \$175 million increase); a four-year retroactive repayment of a one percent across-the-board reduction to nursing home reimbursement (a \$35 million increase); and the reconciliation of Medicaid Managed Care plan enrollment discrepancies (a \$10 million increase);
- **Essential Plan:** a net \$281.5 million State Share reduction, including proposals that would fund supplemental payment programs, such as the Value Based Payment Quality Incentive Program (VBP-QIP) and the Equity Infrastructure Performance Program, with Essential Plan Trust Fund balances. To offset these transfers, the Executive would utilize Essential Plan medical loss ratio remittances, reduce plan premiums by four percent, and utilize an expected increase in advanced premium tax credit payments. In addition to supporting the supplemental program transfers, these saving would offset possible shortfalls related to the elimination of federal cost sharing reduction payments under the ACA;
- **Pharmacy Initiatives:** a net \$44.83 million reduction, including proposals to limit Medicaid coverage for over-the-counter (OTC) drugs and increase OTC co-payments (a reduction of \$11.28 million); eliminate “prescriber prevails” provisions in both fee-for-service Medicaid and Medicaid Managed Care for all drug classes except for atypical anti-psychotics and anti-depressants (a \$17.4 million reduction); implement a collaborative comprehensive medication management program between prescribers and pharmacists (a \$450,000 reduction); reduce opioid prescribing by 20 percent by improving clinical editing and requiring treatment plans as a condition of opioid prescribing (a \$1.1 million reduction); establish a medication adherence program (a \$5 million reduction); and establish a rebate risk assessment contract to improve rebate collections (a \$10 million reduction). These savings would be partially offset by a \$0.08 increase in the pharmacy dispensing fee, from a \$10 to \$10.08, consistent with federal law (a \$400,000 increase);
- **Long Term Care Reductions:** a reduction of \$173.77 million, including proposals to implement a penalty on poorly performing nursing homes (a \$10 million reduction); modify data collection process for nursing home case mix index calculations (a \$7.5 million reduction); reduce Managed Long Term Care (MLTC) capitated payments for plan administration (a \$18.9 million

reduction); require a continuous 120 days of community-based services for MLTC eligibility (a \$4.81 million reduction); raise the minimum Uniform Assessment System score for MLTC eligibility (a \$5.83 million reduction); prohibit community based long term care provider marketing and restricting self-referral for services (a \$4.93 million reduction); prohibit MLTC plans from contracting with more than 10 licensed home care services agencies (a \$13.71 million reduction); implement efficiencies within the social adult day benefit by eliminating contracts with poor performing providers and limiting utilization of these services (a \$28.13 million reduction); restrict MLTC enrollees from changing plans for 12 months after initial enrollment, unless they can demonstrate good cause (a \$5.23 million reduction); shift MLTC enrollees who have not received home or personal care services, within 30 days of enrollment, to fee-for-service Medicaid or an integrated plan (a \$1.24 million reduction); and exclude individuals that need more than six months of nursing home services from the MLTC program (a \$73.5 million reduction);

- **Spousal Reductions:** a reduction of \$13.51 million, including proposal to eliminate spousal refusal provisions (a \$7.81 million reduction); and to reduce the minimum amount of resources a community spouse is allowed to retain, from \$74,820 to \$24,180 (a \$5.7 million reduction);
- **Expand the Availability of Assisted Living Program (ALP) Beds:** an increase of \$4.4 million, including proposals to increase the resources needed to review ALP applications; provide authorizations for 1,000 additional beds in areas of the state with limited ALP beds; authorize current ALP providers in good standing to increase a limited number of beds on an expedited basis, and provide for a demonstration program for persons with dementia in non-Medicaid assisted living; and reduce nursing home placements. The Executive would also provide a set-aside of \$20 million in capital within the new Essential Health Care Provider Capital program to support ALP program expansions;
- **Other Long Term Care Investments:** an increase of \$2.8 million, including proposals to authorize Medicare crossover payments for clinics servicing individuals with a traumatic brain injury (a \$440,000 increase); provide for a 10 percent increase in hospice residence rates (an \$860,000 increase); and provide rate increases to support improved availability of home and community based services in rural counties (a \$1.5 million increase);
- **Medicaid Managed Care (MMC) Reductions:** a reduction of \$37 million, including proposals to increase penalties for MMC plans that fail to meet value based payment (VBP) targets (a \$10 million reduction); reduce fee-for-service and MMC rates for providers without VBP contracts (a \$7.5 million reduction); establish new standards to reduce overutilization of laboratory services (a \$7.5 million reduction); require MMC plans to establish a plan for collaborating with performing provider systems (a \$2 million reduction); and limit payments for



patient centered medical homes and VBP arrangements (a \$10 million reduction). The Executive also includes language to allow DOH to reduce payments to MMC and MLTC plans that have excessive contingent reserves;

- **Health Home Proposals:** a reduction of \$33.3 million, including proposals to introduce bonus and penalty payments based on successful health home and managed care partnerships; implement background checks for health home care managers serving vulnerable populations; establish patient incentive programs; incentivize enrollment of high risk plan members in health homes, and redirect outreach resources to managed care plans to increase health home enrollment of high risk members;
- **Health Facility Reductions:** a reduction of \$16.73 million, including proposals to establish a workgroup to develop strategies to reduce capital expenditures for hospitals and nursing homes by one percent (a \$6.7 million reduction); reduce rates for hospitals that have high rates of potentially preventable readmissions and low VBP contracting rates, offset by investments in preventive services and patient incentives (a \$5 million net reduction); reduce ambulatory patient group weights for IV infusion/hydration bags in an emergency department setting, to match those in an outpatient setting (a \$5.03 million reduction). The Executive also includes language to authorize the Department of Health to require any Medicaid provider within fee-for-service or managed care to submit a cost report;
- **Additional Funding for Distressed Hospitals:** an increase of \$45.4 million, to support a total of \$396 million in funding through the State's Vital Access Provider (VAP), Vital Access Provider Assurance Program (VAPAP) and Value Based Payment Quality Improvement (VBP QIP) programs;
- **Transportation Initiatives:** a \$19.54 million net State share reduction, including proposals to carve-out transportation services from MLTC plans and adult day health care programs (a \$13.42 million reduction); eliminate State-only payments for rural transit assistance (a \$4 million reduction); eliminate existing supplemental ambulance rates (a \$3 million reduction); reduce New York City livery fees (a \$5.4 million reduction); and increase emergency ambulance fees over a multi-year period (a \$6.28 million investment);
- **Mental Health Initiatives:** a reduction of \$21.58 million, including proposals to delay the implementation of certain enhanced children's mental health services, related to delays in achieving federal approval (a \$15 million reduction); utilize Office of Mental Health best practices to reduce emergency department visits and reduce hospitalizations (a \$4.54 million reduction); and implement a pilot program to improve access to the psychiatric medication,

Clozapine (a \$2.04 million reduction). The Executive also advances language to reduce duplicative regulation on co-located physical health, mental health, and substance use clinics;

- **Establish Retail Practices:** a reduction of \$5 million, related to establishment of retail practices that would provide treatment and referral for common health care complaints in a retail setting such as a pharmacy, grocery store, or shopping mall;
- **Telehealth Services:** a reduction of \$5 million, related to an expansion of Medicaid covered telehealth services to include a wider array of services provided to individuals in their homes;
- **Authorize Community Paramedicine:** an increase of \$1.15 million related to establishment of collaborative programs among health care providers that would allow emergency medical personnel to provide non-emergency care in residential settings;
- **Certified Registered Nurse Anesthetists:** a reduction of \$5 million, related to a proposal that would expand the authority for Certified Registered Nurse Anesthetists to administer anesthesia to patients under the supervision of a physician;
- **Medicaid Integrity Initiatives:** a reduction of \$30 million related to initiatives to expand the authority of the Office of the Medicaid Inspector General (OMIG) to recover overpayments to Medicaid managed care organizations (MCO); and requiring MCOs to report all potential fraud, waste, or abuse, and allowing for the recovery of overpayments from MCO subcontractors or providers. The Executive also advances legislation to automatically modify the minimum and maximum penalty allowed under the Federal False Claims Act, to adjust for inflation;
- **Other Reductions:** a reduction of \$13.45 million related to accounts receivable balances (a \$12.55 million reduction) and reduction in Medicaid expenditures related to a variety of Early Intervention program initiatives (a \$900,000 reduction); and
- **First 1,000 Days of Life:** an investment of \$1.45 million to support the implementation of the First 1,000 Days initiative, which would expand access to services and improve health outcomes for children covered by Medicaid and their families.

Public Health

Discontinue Human Services Cost of Living Adjustment (COLA) Payments: The Executive proposal would retroactively eliminate all COLAs for DOH programs, to return funding to the 2006 funding levels. This proposal would generate a saving of \$19.9 million in FY 2019 and \$45.4 million in FY 2020.



Programmatic Funding Shifts: The Executive proposal would transfer \$6 million for the Nurse Family Partnership program from the Office of Temporary and Disability Assistance to DOH; transfer \$1 million in funding for rape crisis centers from DOH to the Division of Criminal Justice Services; transfer \$13.15 million in funding for family planning services from DOH to the Department of Financial Services; and transfer \$15.28 million in funding for the Roswell Park Comprehensive Cancer Center from HCRA to capital funding support.

HCRA Program Elimination: The Executive proposes to eliminate the Empire Clinical Research Investigator Program (ECRIP), resulting in a \$6.89 million savings. In addition, proposes to eliminate \$850,000 related to DOH audits of hospital resident working hours.

Reform Early Intervention (EI) Program: The Executive proposes a \$3.24 million reduction to the EI program, including proposals to modify screening and service evaluations; strengthen the requirements that commercial insurance provide coverage for EI services; require EI providers to appeal insurance coverage denials; increase the fines that the Department of Financial Services can levy for non-payment of claims; increase EI provider rates by two percent; and strengthen insurance network adequacy requirements. The Executive would also propose an increase of \$690,000 to the CHP program to support the additional cost of providing coverage for EI services.

Modify the American Indian Health Program (AIHP): The Executive proposes a reduction of \$1.46 million related to a proposal to modify the AIHP pharmacy benefits, by implementing a co-pay requirement; establishing a plan formulary; mandating generic substitution; and accessing drug rebates and discounts.

Stem Cell Research Funding: The Executive proposes an increase of \$6.5 million to support awards that have already been announced by the Empire State Stem Cell Board.

State Operations: The Executive proposes an increase of \$16.1 million to support an increase of 381 FTE, including 200 FTE to support the continued phased-in takeover of Medicaid Administration; 178 FTE to provide operational support for surveillance and certification activities; and three FTE to conduct background checks for health home care managers serving vulnerable individuals. The Executive also proposes \$1 million in non-personal service reductions.

Consolidate Public Health Programs: The Executive proposal would consolidate 30 public health appropriations into four pools, and reduce overall spending by 20 percent, which would save \$9.18 million.

Table 16

SFY 2018-19 Executive Budget		
DOH Local Program Consolidation Proposal		
Program	SFY 2017-18 Enacted	SFY 2018-19 Exec. Request
DISEASE PREVENTION AND CONTROL	\$13,532,000	\$10,826,000
Obesity & Diabetes Consolidation	5,970,000	
Public Health Campaign - TB Only	3,845,000	
Healthy Neighborhoods	1,495,000	
Childhood Asthma Coalitions	930,000	
Hypertension Prevention	186,000	
Health Promotion Initiatives	430,000	
Hypertension	506,000	
Children's Asthma	170,000	
MATERNAL AND CHILD HEALTH	2,904,000	2,324,000
Prenatal Care Assistance Program (PCAP)	1,835,000	
Genetic Disease Screening	487,000	
Physically Handicapped Children Program	170,000	
Maternity and Early Childhood Foundation	227,000	
Sickle Cell	170,000	
Sudden Infant Death Syndrome (SIDS)	15,000	
PUBLIC HEALTH WORKFORCE	26,824,000	21,462,000
Worker Retraining	9,160,000	
Rural Health Care Access Development	7,700,000	
Rural Health Network Development	4,980,000	
GME - Ambulatory Care Training	1,800,000	
GME - Area Health Education Centers	1,662,000	
GME - Diversity in Medicine Programs	1,244,000	
Workforce Studies	148,000	
Upstate Medical (SUNY)	15,000	
Gateway Institute (CUNY)	83,000	
Statewide Health Broadcasts	32,000	
HEALTH OUTCOMES AND ADVOCACY	2,682,000	2,147,000
Poison Control	1,520,000	
Cardiac Services	522,000	
Enriched Housing	380,000	
Hospital Cost Report	120,000	
Falls Prevention	114,000	
Long Term Care Community Coalitions	26,000	
GRAND TOTAL CONSOLIDATION	\$45,942,000	\$36,759,000

Capital Projects

Essential Health Care Provider Capital: The Executive proposes \$425 million in capital support for health care providers, including a minimum of \$60 million directed to community-based providers and \$45 million for nursing homes. Within the \$60 million allocation, up to \$20 million would be reserved for the expansion of Assisted Living Program beds. This investment will bring the total amount of capital support provided to health care providers for transformation efforts to \$3.7 billion over five years.

Life Sciences Laboratory Public Health Initiative: The Executive proposes \$600 million to develop a new life sciences laboratory in the Capital Region that will consolidate several DOH laboratories and support life science research, innovation and infrastructure.



Article VII

Childhood Lead Paint Exposure: The Executive proposes language to reduce the risk of childhood exposure to lead paint, including requirements that municipalities report on the outcomes of inspections and remediation conducted in designated high risk areas. Would also require local code enforcement officers to inspect residential rental property to assess for deteriorated paint as well as establish remedies for any violations.

Comprehensive Contraceptive Coverage Act: The Executive proposes language to require health insurance policies to include coverage of contraceptive drugs, devices, and products as well as to prohibit any cost-sharing requirements or other restrictions or delays with respect to this coverage.

Reproductive Health: The Executive proposes language to repeal provisions criminalizing abortion in certain circumstances, as well as to repeal prohibitions on pharmacists providing contraception to a minor under the age of 16.

Maternal Mortality Review Board: The Executive proposes language to create a maternal mortality review board within the Department of Health to identify factors leading to maternal death and develop strategies for the prevention of maternal death.

Sexual Offense Kit Retention: The Executive would require hospitals to retain sexual offense evidence for the longer of five years or until the victim reaches the age of 19.

Programmatic Extenders: The Executive proposes language to extend the hospital indigent care pool program for one year, through December 31, 2019; extend the provisions of the Excess Medical Malpractice program, for one year through June 30, 2019; and extend various expiring cost-containment initiatives.

Regulated Marihuana Study: The Executive proposal would direct DOH to conduct a study to determine the health, economic and criminal justice impacts on New York State and its residents resulting from legalization of marihuana in surrounding states.

State Office for the Aging

The Executive proposes an All Funds appropriation of \$248 million, which is a decrease of \$2.8 million or 1.1 percent from the SFY 2017-18 level. The Executive recommends funding support of 95 FTE positions, unchanged from the SFY 2017-18 level.

Cost of Living Adjustment (COLA): The Executive proposal would eliminate the statutory SFY 2018-19 COLA increase to generate a savings of \$3.8 million.

Maintain Funding for Elder Abuse Investigations: The Executive would continue \$500,000 to expand Enhanced Multidisciplinary Teams (EMDTs). This funding will be used to draw down \$2 million in Federal funding through the Office of Victim Services to maintain and expand the EMDT program.

Office of the Medicaid Inspector General

The Executive proposes an All Funds appropriation of \$50 million, maintaining the same funding level from SFY 2017-18. The Executive recommends funding support of 426 FTE positions, unchanged from the SFY 2017-18 level.

Medicaid Integrity Initiatives: The Executive proposes a variety of OMIG initiatives that would reduce improper Medicaid expenditures by \$30 million, including proposals to:

- expand the authority of OMIG to recover overpayments to MMC plans;
- require MMC plans to report all instances potential fraud, waste, or abuse to the OMIG; and
- allow for the recovery of overpayments from MMC plan subcontractors or network providers.

False Claims Act: The Executive advances legislation that would automatically modify the minimum and maximum penalty allowed under the Federal False Claims Act, to adjust for inflation.



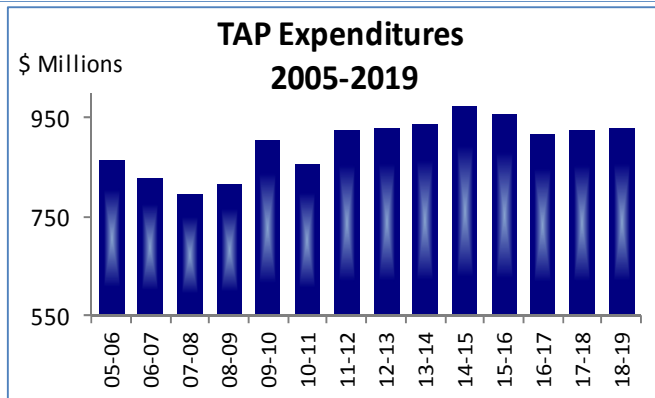
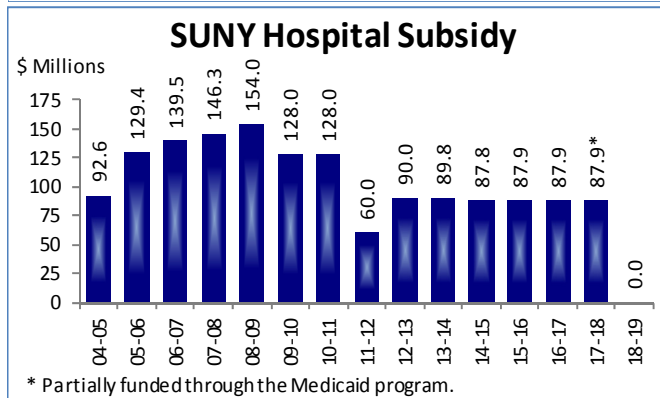
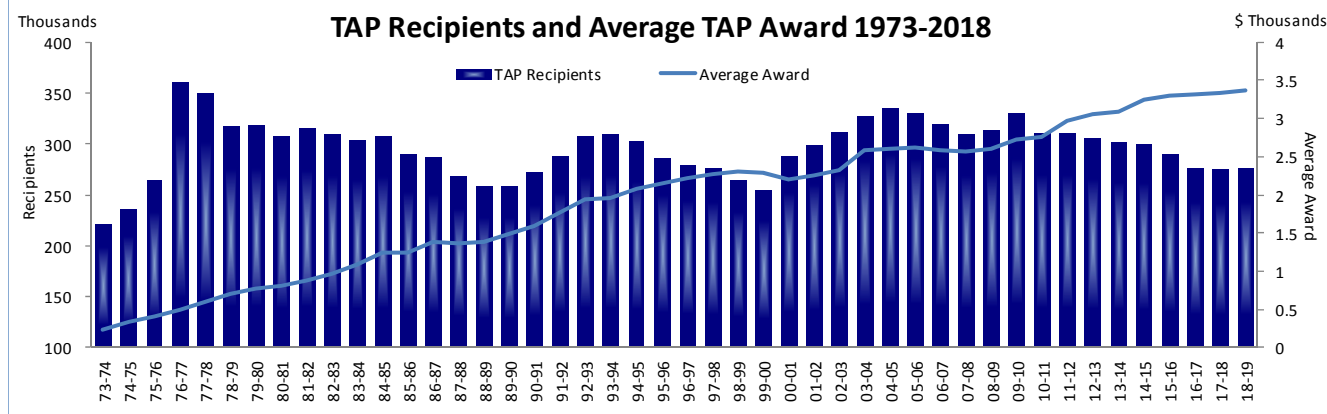
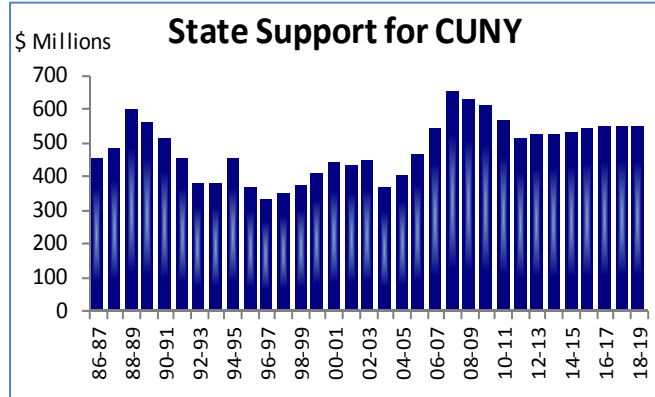
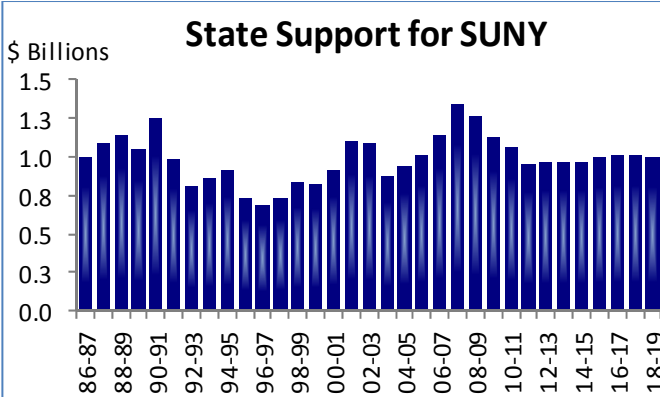
BUDGET SNAPSHOT: HIGHER EDUCATION



The second year of the Excelsior Scholarship would allow an additional 27,000 students to attend SUNY and CUNY tuition free.

Maintains community college base aid at \$2,747 per Full-Time Equivalent student enrolled at SUNY and CUNY.

Over 432,000 students attend SUNY and over 270,000 students attend CUNY.



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

BUDGET HIGHLIGHTS: HIGHER EDUCATION



- **Excelsior Scholarship:** The Executive proposal continues the statutory phase-in of the Excelsior Scholarship program by increasing the income eligibility threshold to \$110,000 for the 2018-19 academic year. This increase is funded with an additional \$24 million in state support.
- **Bundy Aid:** The Executive proposal eliminates Bundy Aid and would instead provide \$30 million for the Higher Education Capital Matching Grants program (HECAP).
- **Opportunity Programs:** The Executive proposal would eliminate \$23.8 million in prior year funding for various opportunity programs.
- **Dream Act:** The Executive proposal includes legislation that would allow undocumented students access to the Tuition Assistance Program, the Excelsior Scholarship Program, and other state tuition assistance programs.
- **SUNY Hospitals:** The Executive proposal would eliminate a \$78.6 million state operating subsidy to SUNY Hospitals and would instead provide \$78.6 million in capital support.
- **Joseph S. Murphy Institute:** The Executive proposes expanding the Joseph S. Murphy Institute into a new CUNY School of Labor and Urban Studies.

BUDGET REVIEW AND ANALYSIS: HIGHER EDUCATION



New York State’s system of public higher education consists of the State University of New York (SUNY), which is composed of 64 campuses educating approximately 432,000 students and the City University of New York (CUNY), which is composed of 24 campuses educating about 273,000 students. Both systems include community colleges, four-year institutions, as well as graduate and professional schools, providing a wide range of academic opportunities. As part of its academic mission, the SUNY system is responsible for three academic hospitals which are attached to the system’s medical schools.

In order to assure access to education opportunities, the Higher Education Services Corporation (HESC) administers a variety of scholarship and loan programs, including New York’s Tuition Assistance Program (TAP) which provides financial assistance to about 276,000 students attending undergraduate institutions in the State.

Table 17

Appropriations				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
State University of New York	10,569.77	10,685.68	115.91	1.10
City University of New York	4,802.55	4,610.77	(191.78)	(3.99)
Higher Education Services Corporation	1,263.74	1,242.69	(21.05)	(1.67)

Table 18

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
State University of New York	8,443.08	8,191.46	(251.61)	(2.98)
City University of New York	1,606.47	1,622.18	15.71	0.98
Higher Education Services Corporation	1,169.37	943.05	(226.31)	(19.35)

State University of New York (SUNY)

The Executive proposes All Funds appropriations of \$10.69 billion, an increase of \$115.91 million or 1.10 percent from SFY 2017-18. The Executive recommends funding support of 45,657 full-time equivalent positions which is unchanged from SFY 2017-18.

SUNY State Operated Colleges: The Executive proposal would provide \$1 billion in funding for SUNY State Operated Colleges, a decrease of \$11.21 million in General Fund support from SFY 2017-18.

The Executive proposes a \$1.92 billion appropriation for tuition, an increase of \$21.87 million from SFY 2017-18. Tuition will increase by \$200 in SFY 2018-19, the second of four scheduled increases. State-funded fringe benefits would increase by \$105.37 million to a total \$1.72 billion.

SUNY Hospitals: The Executive proposal would eliminate the \$78.6 million state subsidy to SUNY Hospitals and would instead provide the hospitals with \$78.6 million in capital support.

Community College Base Aid: The Executive proposal would maintain funding for Community College Base Aid at \$2,747 per full-time equivalent (FTE) student. The Executive Budget includes \$441.42 million to support base aid, which is a decrease of \$19.71 million from Academic Year (AY) 2017-18 due to enrollment decreases. Funding of \$3 million for the Next Generation NY Job Linkage Program is continued, however funds will be distributed based on a workforce development plan instead of through a formula as was the practice in previous years. Additionally, \$3 million for the SUNY Apprenticeship Program would be maintained for community colleges.

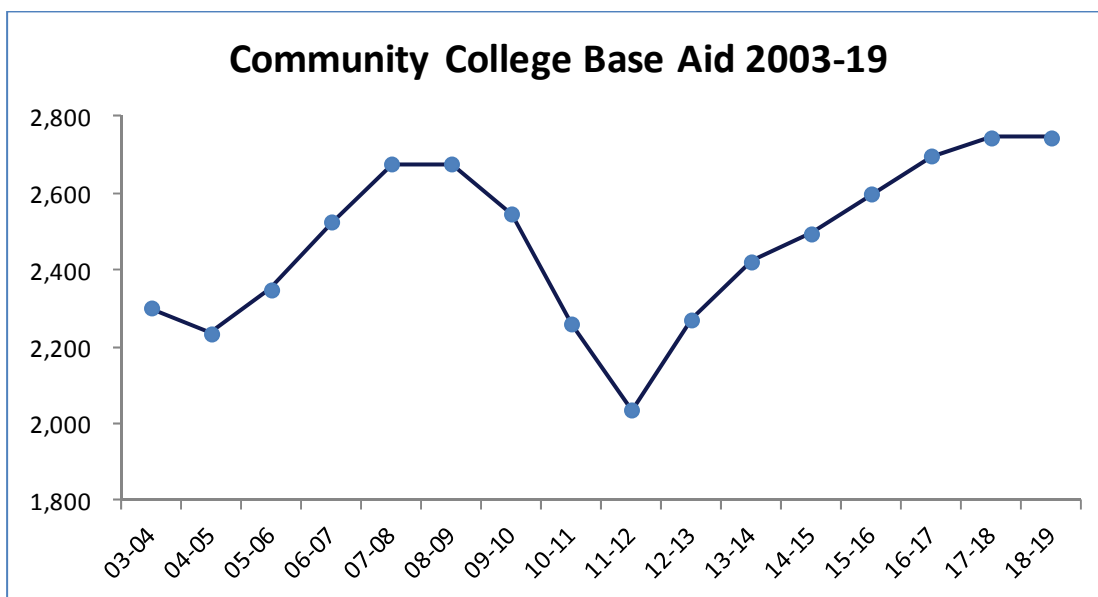


Figure 3



University-Wide Programs: The Executive funds SUNY University-Wide programs at \$141.46 million, which is a decrease of \$14.8 million from AY 2017-18. The overall decrease is attributed to the following:

- a \$5.36 million decrease to the Education Opportunity Program, for a total \$26.8 million;
- a \$5 million decrease to Education Opportunity Centers and a \$2 million decrease to ATTAIN labs, for total support of \$55.0 million;
- a \$1.5 million decrease to small business development centers, leaving a total of \$1.97 million;
- a \$600,000 decrease to Graduate Diversity Fellowships, leaving a total \$6.04 million;
- elimination of \$300,000 in funding for increased access to mental health services;
- a \$250,000 decrease for the Veterinary College at Cornell, for a total \$250,000;
- elimination of \$100,000 in funding for the American Chestnut Research and Restoration Project; and
- elimination of \$100,000 in funding for the Benjamin Center.

Other Programs: The Executive decreases funding for community college child care centers to \$1.1 million, which is a reduction of \$1.01 million from the prior year. Additionally, the Executive eliminates funding of \$1.5 million for the SUNY Graduate Achievement and Placement (GAP) program. The Executive also eliminates \$97,000 in funding for the Orange County Bridge Program and \$600,000 for Harvest New York.

SUNY Capital: The Executive provides \$981.63 million in capital funding to support the following initiatives:

- \$350 million for preservation of various SUNY facilities; a \$200 million decrease from SFY 2017-18 funding levels;
- \$255.86 million for SUNY hospitals:
 - \$100 million in capital funding to Upstate University and Stony Brook University Hospitals;
 - \$78.6 million in capital support in lieu of an operating subsidy;
 - \$77.3 million in state support to help offset reductions in Disproportionate Share Hospital (DSH) payments;
- \$162 million for the costs of certain maintenance and operations personnel;

- \$100 million in campus financed projects;
- \$50 million to support dormitory rehabilitation projects;
- \$38.7 million to provide the State's 50 percent share of projects at SUNY Community Colleges; and
- \$25.09 million to support the SUNY Construction Fund.

City University of New York (CUNY)

The Executive proposes an All Funds appropriation of \$4.61 billion, a decrease of \$191.78 million or 3.9 percent below SFY 2017-18 levels. The Executive recommends funding support of 13,549 full-time equivalent positions which is unchanged from SFY 2017-18.

CUNY Senior Colleges: The Executive would provide \$547.56 million in funding for CUNY Senior Colleges, a decrease of \$980,000 from SFY 2017-18.

The Executive proposes a \$1.15 billion appropriation for tuition, an increase of \$31.3 million from SFY 2017-18. Tuition will increase by \$200 in SFY 2018-19, the second of four scheduled increases. State funded fringe benefit payments would also increase by \$43.5 million for a total of \$769.75 million.

The Executive would reduce funding for the Search for Education, Evaluation, and Knowledge (SEEK) program by \$4.68 million to \$23.4 million and maintain \$1.5 million for CUNY LEADS (Linking Employment, Academics, and Disability Services). Additionally, the Executive proposes to eliminate \$250,000 in funding from the CUNY Pipeline program at the Graduate Center. The Executive maintains \$1.5 million in state support for the Joseph S. Murphy Institute and proposes expanding the institute into a new CUNY School of Labor and Urban Studies.

The Executive allows for up to \$60 million from the sale of CUNY property to offset state support for CUNY.

Community College Base Aid: The Executive proposal would maintain funding for Community College Base Aid at \$2,747 per FTE student. The Executive Budget includes \$232.21 million to support base aid, which is an increase of \$5.71 million from AY 2017-18. Additionally, funding for the Next Generation NY Job Linkage Program (\$2 million) would be continued, however, funds will be distributed based on a workforce development plan instead of through a formula. The CUNY Apprenticeship Program (\$2 million) would be continued for community colleges as well.



The Executive Budget would eliminate \$2.5 million in funding for the Accelerated Study in Associates program (ASAP), \$200,000 for the Heights program, and reduces College Discovery by \$225,000. Additionally, the Executive proposal decreases funding for community college child care centers to \$813,000, which is a reduction of \$902,000 from the prior year.

CUNY Capital: The Executive Budget provides \$369.69 million in capital funding to support the following initiatives:

- \$284 million for critical maintenance projects at various CUNY campuses;
- \$48.48 million to provide for the State's 50 percent share of projects at CUNY Community Colleges;
- \$21 million to fund Dormitory Authority services on behalf of CUNY; and
- \$15.98 million to support the CUNY Construction Fund.

Other Opportunity Programs Appropriated in the State Education Department (SED)

The Executive Budget decreases funding for opportunity programs within SED by a total \$16.6 million. When combined with reductions to EOP and SEEK, the Executive proposal decreases funding for opportunity programs by a combined \$26.6 million. The following higher education programs within SED received reductions:

- a \$5.92 million reduction to the Higher Education Opportunity Program, for total funding of \$29.6 million;
- a \$3.0 million reduction to the Foster Youth Initiative, for total funding of \$1.5 million;
- a \$3.06 million reduction to the Liberty Partnership Program, for total funding of \$15.3 million;
- a \$2.64 million reduction to the Science and Technology Entry Program (STEP), for total funding of \$13.18 million; and
- a \$2 million reduction to the Collegiate Science and Technology Entry Program (CSTEP), for total funding of \$9.98 million.

Unrestricted Aid to Independent Colleges and Universities: The Executive proposal would eliminate funding to Bundy Aid which was funded at \$35.1 million in AY 2017-18, and would instead provide \$30 million for another round of the Higher Education Capital Matching Grants Program (HECAP).

The Executive Budget maintains funding for the following programs for the AY 2017-18:

- \$941,000 for the High Needs Nursing Program;
- \$450,000 for the Teacher Opportunity Corps Program; and
- \$368,000 for the National Board for Professional Teaching Standards Certification Grant Program.

Higher Education Services Corporation (HESC)

The Executive proposes an All Funds appropriation of \$1.24 billion, which is a decrease of \$21.04 million or 1.66 percent below the SFY 2017-18 level. The Executive recommends funding support of 190 (FTE) positions, which is unchanged from SFY 2017-18.

Tuition Assistance Program: The Executive Budget appropriates the Tuition Assistance Program (TAP) at \$955.8 million, a decrease of \$47.8 million from SFY 2017-18.

Excelsior Scholarship: The Executive proposal continues the statutory phase-in of the Excelsior Scholarship Program by increasing the income eligibility threshold from \$100,000 to \$110,000 for the 2018-19 academic year. The increase is funded with an additional \$24 million in state support for a total of \$118.4 million.

DREAM Act: The Executive recommends the enactment of the DREAM Act to provide undocumented students access to the Tuition Assistance Program, the Excelsior Scholarship and other state tuition assistance programs. To become eligible, students must have attended high school in New York State and have applied for admission to a college in New York State within five years of receiving a diploma. The Executive includes \$27 million within TAP to fund the DREAM Act.

Enhanced Tuition Assistance Program (ETAP): The Executive provides \$22.9 million for the ETAP program, for students attending independent colleges and universities, which is a \$3.9 million increase from AY 2017-18.

Scholarships and Programs: The Executive Budget provides a \$5.4 million net decrease in appropriations for a total of \$68.73 million for various scholarships. The proposal maintains funding for the Patricia McGee nursing scholarship, the social worker loan forgiveness program and for loan forgiveness for farmers. The Executive eliminates \$400,000 for On Point for College and \$100,000 for the Trinity Alliance.



Table 19

HESC Scholarship Estimated Spending			
AY 18 Scholarship Projections	2017-18 (estimate)	2018-19 (forecast)	Change
Scholarships For Academic Excellence	\$10,178,000	\$11,067,000	\$889,000
Memorial Scholarships	791,000	792,000	1,000
Regents Awards for Children of Deceased or Disabled Veterans	239,000	266,000	27,000
Veterans Tuition Awards	6,322,000	7,536,000	1,214,000
Regents Physician Loan Forgiveness Program	1,210,000	1,440,000	230,000
Military Service Recognition Scholarships	2,010,000	2,143,000	133,000
World Trade Center Memorial Scholarships	15,951,000	18,028,000	2,077,000
Patricia K. McGee Nursing Faculty Scholarships	1,842,000	1,987,000	145,000
Nursing Faculty Loan Forgiveness Incentive Program	1,352,000	1,792,000	440,000
Social Worker Loan Forgiveness Program	1,728,000	1,728,000	0
Flight 587 Memorial Scholarships	333,000	265,000	(68,000)
Math and Science Scholarship Program	549,000	642,000	93,000
Flight 3407 Memorial Scholarships	69,000	95,000	26,000
NYS STEM Incentive Program	12,965,000	12,917,000	(48,000)
NYS Young Farmers Loan Forgiveness Incentive Program	150,000	150,000	0
NYS Get on your Feet Loan Forgiveness Program	3,833,000	4,501,000	668,000
NYS Achievement and Investment in Merit (NY-AIMS)	1,054,000	1,060,000	6,000
NYS Part-Time Scholarship Award Program	3,129,000	3,129,000	0
NYS Child Welfare Worker Incentive Scholarship Program	50,000	50,000	0
NYS Child Welfare Worker Loan Forgiveness Incentive Program	50,000	50,000	0
Total AY Value:	\$63,805,000	\$69,638,000	\$5,833,000

Source: HESC SFY 2018-19 Budget Request

Other Higher Education Initiatives

College Choice Tuition Savings Program: The Executive proposes \$675,000 in funding to support program administration.

Article VII

The Executive includes the following Article VII proposals that would:

- allow undocumented students to apply for TAP and other NYS grants, scholarships, and loan forgiveness programs. To become eligible, students must have attended high school in New York State and have applied for admission to a college in New York State within five years of receiving a diploma;

- allow public accountancy firms to have ownership of up to 49 percent by individuals who are not licensed as certified public accountants or public accountants;
- expand the jurisdiction of the State Inspector General to include SUNY and CUNY affiliated nonprofit organizations and foundations;
- allow the State Inspector General to independently oversee implementation and enforcement of financial control policies at SUNY, CUNY, and their affiliated nonprofit organizations and foundations;
- require at least one of the physician appointees to the state board of medicine be an expert on reducing health disparities among demographic subgroups and at least one be an expert on women's health;
- provide certification and a scope of practice for certified registered nurse anesthetists;
- authorize the Department of Financial Services to license and regulate student loan servicers involved in loans with borrowers in New York State;
- set standards and penalties for the student debt consulting industry; and
- prohibit state agencies from denying licenses to people behind or in default on student loans.

BUDGET SNAPSHOT: HUMAN SERVICES

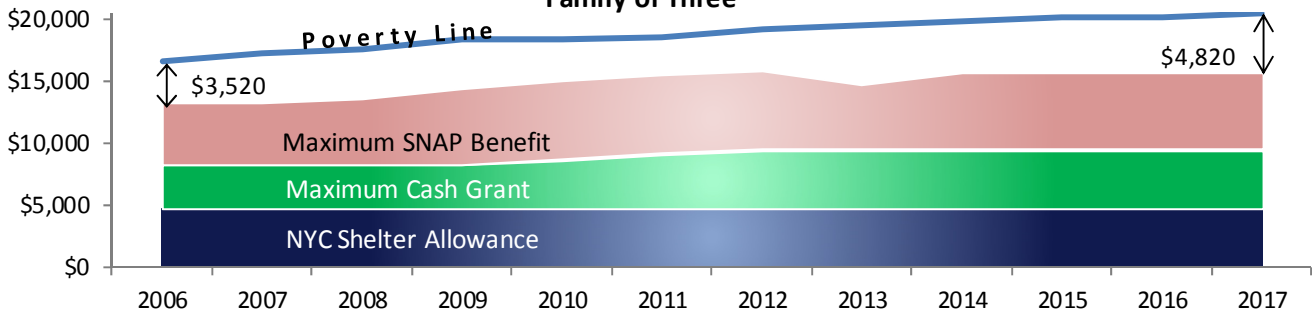


State law raises the age of criminal responsibility to age 17 in 2018 and age 18 in 2019.

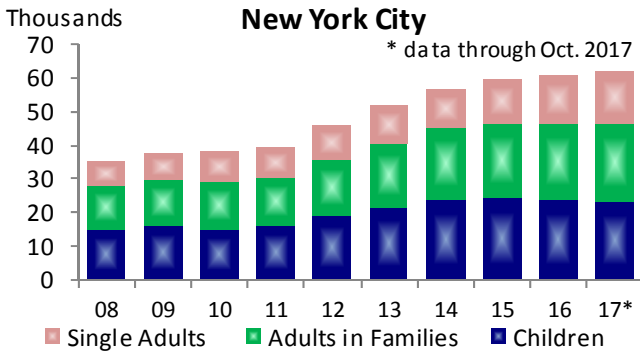
The Executive provides \$806 million for child care subsidies, an increase of \$7 million from the prior year.

Median Rent in New York State is \$1,159.

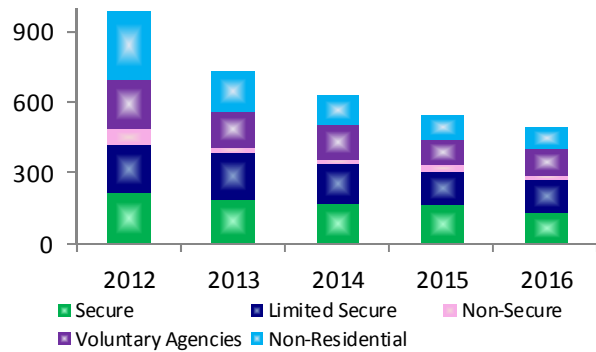
Annual Public Assistance Grant Compared to Federal Poverty Line, Family of Three



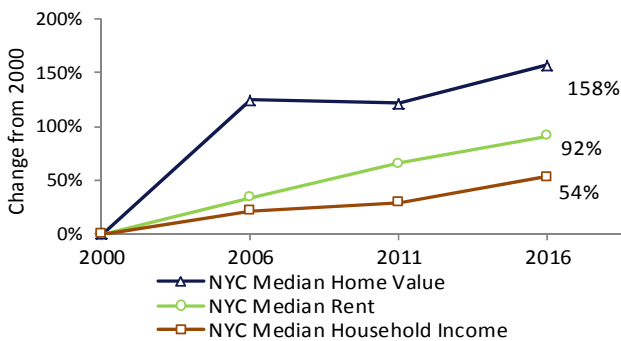
Homeless Shelter Census New York City



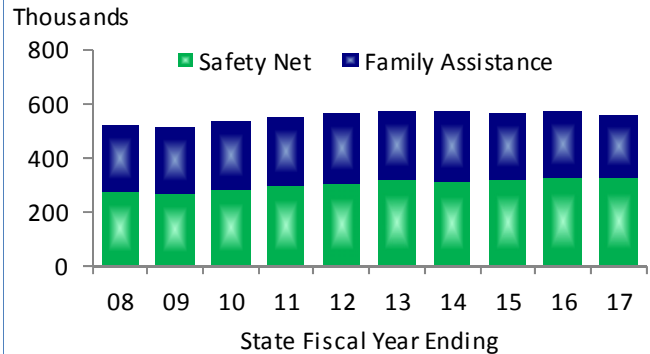
New York State Youth in OCFS Custody



New York City Housing Affordability Crisis



Public Assistance Caseload



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

BUDGET HIGHLIGHTS: HUMAN SERVICES



- **Raise the Age:** The Executive provides \$100 million in local assistance appropriations and \$50 million in capital funding related to raising the age of criminal responsibility. The funding would support comprehensive diversion, probation, programming and placement services for 16 and 17-year old justice system-involved youth.
- **Child Care:** The Executive provides \$806 million for child care subsidies, an increase of \$7 million over the SFY 2017-18 funding level, and a restoration to SFY 2016-17 funding levels.
- **Consolidated Funding Application:** The Executive includes appropriations to establish a new Consolidated Funding Application (CFA), directing \$175 million in workforce investments via the Regional Economic Development Councils. The Executive proposes to create the Office of Workforce Development to manage all workforce investment programs including the new CFA.
- **Comprehensive Homelessness Plan:** The Executive adds appropriation language that would allow the Office of Temporary and Disability Assistance (OTDA) to withhold payments to local social services districts that fail to comply with an approved plan for homelessness outreach. Local social services district plans must be submitted and approved by OTDA and must identify goals and the measures used to evaluate success.
- **HIV/AIDS Rental Cap:** The Executive includes an appropriation and Article VII language that would allow counties outside of New York City to cap the rent for public assistance recipients living with a medically diagnosed HIV infection to 30 percent of their income. Public assistance recipients living with a medically diagnosed HIV infection in New York City already receive benefits through the rent cap program.

BUDGET REVIEW AND ANALYSIS: HUMAN SERVICES



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

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

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

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

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

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

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

Table 20

Appropriations				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Office of Temporary and Disability Assistance	5,648.79	5,730.06	81.27	1.44
Office of Children and Family Services	3,907.86	3,800.69	(107.17)	(2.74)
Department of Labor	3,702.81	3,617.29	(85.52)	(2.31)
Division of Housing and Community Renewal	816.02	410.48	(405.54)	(49.70)
State of New York Mortgage Agency	209.43	222.66	13.23	6.32
Raise the Age	0.00	100.00	100.00	100.00
Office of National and Community Service	30.69	30.69	0.00	0.00
Pay for Success	69.00	69.00	0.00	0.00
Division of Human Rights	18.15	18.15	0.00	0.00
Division of Veterans' Affairs	20.72	19.10	(1.62)	(7.82)
Office of Welfare Inspector General	1.26	1.41	0.15	11.90

Table 21

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Office of Temporary and Disability Assistance	4,830.33	5,109.47	279.14	5.78
Office of Children and Family Services	2,908.43	2,904.13	(4.30)	(0.15)
Department of Labor	566.01	549.93	(16.08)	(2.84)
Division of Housing and Community Renewal	643.60	415.05	(228.55)	(35.51)
State of New York Mortgage Agency	0.00	0.00	0.00	0.00
Raise the Age	0.00	37.00	37.00	100.00
Office of National and Community Service	16.25	16.56	0.31	1.91
Pay for Success	0.00	2.50	2.50	100.00
Division of Human Rights	14.29	14.34	0.05	0.35
Division of Veterans' Affairs	17.15	15.49	(1.66)	(9.68)

Office of Temporary and Disability Assistance

The Executive proposes an All Funds appropriation of \$5.73 billion, an increase of \$81.1 million or 1.44 percent over the SFY 2017-18 level. The Executive recommends funding support for 2,006 FTEs employees, unchanged from the SFY 2017-18 workforce level.

Public Assistance Benefits: The Executive Budget estimates a public assistance caseload of 543,893 recipients for SFY 2018-19, a decrease of 1,651 recipients from SFY 2017-18. State spending on Safety Net is anticipated at \$499.5 million, an increase of \$4 million due to an expected increase in the Safety Net population. The Executive estimates federal TANF support for benefits at \$1.06 billion, a decrease of \$12 million from the SFY 2017-18 level.

The Executive proposal includes additional appropriation authority of \$14.7 million in Safety Net public assistance as a result of an expected increase in the Safety Net population, the expanded participation in the HIV/AIDS housing program, and the extension of benefits to certain individuals with Temporary Protected Status.

Temporary Assistance for Needy Families (TANF) Commitments: The Executive proposes an appropriation of \$1.33 billion for TANF initiatives, a decrease of \$41 million from SFY 2017-18, which is primarily attributable to the elimination of \$19 million in TANF initiatives that were enacted in SFY 2017-18. The Executive proposal also includes \$40 million for Summer Youth Employment, which is an increase of \$4 million, due to a higher minimum wage, and funding for the Non-residential Domestic Violence Program in the amount of \$3 million, unchanged from SFY 2017-18. Funding for Nurse Family Partnership has been eliminated from TANF and shifted to the Department of Health.

Table 22

TANF Initiatives		
(\$ in Thousands)		
Category/Item	SFY 2017-18	SFY 2018-19
	Enacted	Proposed
Flexible Fund for Family Services	964,000	964,000
Child Care Subsidies	349,659	326,659
TANF Initiatives		
Access - Welfare to Careers	800	0
ATTAIN	4,000	0
Career Pathways	2,850	0
Centro of Oneida	25	0
Facilitated Enrollment	8,488	0
Fatherhood Initiative	200	0
Non-residential DV	3,000	3,000
Nurse Family Partnership	3,000	0
Preventative Services Initiative	1,570	0
Rochester-Genesee Regional TA	82	0
Summer Youth Employment	36,000	40,000
SUNY/CUNY Child Care	334	0
Wage Subsidy Program	475	0
Wheels for Work	144	0
Subtotal of TANF Initiatives	60,968	43,000
TANF Funding Total	1,374,627	1,333,659

The Executive proposal provides funding for Emergency Assistance to Needy Families (EAF) at \$283 million, an increase of \$72 million from SFY 2017-18. There is a 10 percent local share of EAF for New York City of \$23 million, an increase of \$5 million over SFY 2017-18.

Additional Public Service Programs: The Executive proposes \$700 million for the Supplemental Security Income (SSI) program, an increase of \$5 million, to account for an expected increase in caseload. The Executive proposal also includes an increase of \$5.2 million for the Supplemental Nutrition Assistance Program (SNAP) to support program administration.

Homeless Programs: The Executive proposal includes \$36.8 million for the New York State Supportive Housing Program, Solutions to End Homelessness Program, and Operational Support for AIDS Housing, an increase of \$1.4 million, and maintains \$15 million for the New York City Rental Assistance Program and \$1 million for the Emergency Homeless Services Program. The Executive also would require local social services districts (LSSDs) to submit a plan to OTDA for homeless outreach and comprehensive services. If local LSSDs fail to reach goals specified in the plan, OTDA would be authorized to withhold public assistance reimbursement to such districts.

Community Initiatives: The Executive eliminates \$4.3 million in Legislative initiatives, including \$2 million for refugee resettlement agencies and \$1.5 million for the Disability Advocacy Program.

Unaccompanied Minors: The Executive includes \$1 million in new funding to provide support and case management services for at-risk youth, with a focus on unaccompanied minors residing in Nassau and Suffolk counties.

Article VII

The Executive proposes Article VII language that would:

- allow counties outside of New York City the option to provide a rental cap for income-qualified residents living with HIV/AIDS. Participants would have their shelter costs capped at 30 percent of their income, and public assistance funds or offsetting savings from Medicaid services would be utilized to supplement the remaining cost of rent; and
- pass through the federal cost of living adjustment for Supplemental Security Income (SSI) recipients.

Office of Children and Family Services

The Executive proposes an All Funds appropriation of \$3.8 billion, a net decrease of \$107.2 million or 2.7 percent. The Executive recommends funding support for 2,907 FTEs, a decrease of 58 from SFY 2017-18.

Child Care: The Executive budget proposes \$911.4 million for child care, a net decrease of \$8.6 million from SFY 2017-18. The Executive provides \$806 million for child care subsidies, reflecting an increase of \$7 million over SFY 2017-18, and would increase General Fund support within the Child Care Block Grant by \$30 million and decrease TANF support in OTDA by \$23 million. The Executive provides \$96.9 million for other child care purposes including administration of child care funds and child care resource and referral agencies which is unchanged from SFY 2017-18. The Executive provides \$8.5 million for professional development for child care employees, a reduction of \$5.3 million from SFY 2017-18. The Executive also eliminates funding for Facilitated Enrollment in OCFS (\$1.5 million) and OTDA (\$8.5 million) as well as TANF funding for SUNY/CUNY child care (\$334,000).

The Executive does not provide funding for the health and safety mandates of the Federal Child Care and Development Block Grant (CCDBG) Act of 2014.

Child Welfare Reimbursement. Currently, New York State reimburses local social services districts 62 percent of child welfare costs so that districts may invest in services that help children avoid foster care. The Executive Budget would cap reimbursement to New York City at \$320 million, which is the Executive’s estimate of State reimbursement owed to the City in SFY 2017-18. This proposal would produce a state savings of \$17 million.

Facility Closure. The Executive Budget reduces total finding by \$5.4 million to reflect the closure of the Ella McQueen Reception Center on 30 days’ notice. This Brooklyn-based reception center has 29 beds, seven of which are currently filled, and receives youth for initial evaluation and facility placement. There would be a reduction of 58 FTEs as a result of this closure, but no layoffs are anticipated. Instead, there would be reductions through attrition or transfers to other facilities.

Close to Home. The Executive Budget would extend the Close to Home initiative, which would otherwise expire on March 31, 2018, for an additional five years. The Executive also proposes to eliminate State reimbursement of \$41.4 million to New York City for Close to Home costs.

Capital. The Executive provides a new \$50 million in capital funding for projects related to Raise the Age. This is a reduction of \$60 million from SFY 2017-18.

Community Initiatives. The Executive proposes a decrease of \$24.5 million for various children and families initiatives funded in SFY 2017-18, including support for Safe Harbour (\$3 million), Advantage Afterschool (\$2.5 million), Settlement Houses (\$2.45 million), and the Kinship Program (\$2 million).

Article VII

The Executive proposes Article VII legislation that would:

- reauthorize the Close to Home (CTH) Initiative, which expires on March 31, 2018, for an additional five years;
- authorize the closure of the Ella McQueen Reception Facility upon 30 days’ notice;
- extend the Youth Development Program laws for three years, until December 31, 2021;
- extend the authority for OCFS to contract with Boards of Cooperative Education Services (BOCES) for three years, until June 30, 2021; and

- authorize the Dormitory Authority of the State of New York to provide capital design and construction services to OCFS. Currently, only the Office of General Services may provide these services.

Department of Labor

The Executive proposes All Funds appropriations of \$3.62 billion, a decrease of \$85.5 million or 2.3 percent from the SFY 2017-18 level. The Executive recommends support for 2,990 FTEs, unchanged from SFY 2017-18.

Unemployment Insurance (UI) Benefits: The Executive proposes \$2.85 billion, a \$50 million decrease, to reflect an anticipated decline in claims due to the improving economy. The Executive proposes \$448.4 million for UI administration, a decrease of \$5.6 million due to an expected decrease in federal grant funding.

Consolidated Funding Application: The Executive provides \$175 million in workforce development funds to be directed to the newly formed Office of Workforce Development. Applications would be processed through the Regional Economic Development Councils, with a focus on emerging fields.

Workforce Innovation and Opportunity Act (WIOA): The Executive proposes a decrease of \$14.6 million in Federal appropriations for WIOA. Of this, there is a decrease of \$2.3 million related to staff for dislocated workers' assistance, as well as a decrease of \$12.3 million for Workforce Investment Act boards for adult, youth and dislocated worker employment and training.

Community Initiatives: The Executive proposes a decrease of \$15.3 million, reflecting the elimination of various labor programs funded in SFY 2017-18, including support for the Displaced Homemaker Program (\$1.62 million), New York Committee on Occupational Safety and Health (\$350,000), and the Criminal Records Discrimination Program at Cornell's School of Industrial Labor Relations (\$250,000).

Article VII

Sexual Harassment: The Executive proposes to amend various provisions of law to combat sexual harassment in the workplace. The proposal would: prohibit an employer from requiring, as a condition of employment, an employee to sign a written contract restricting his or her ability to seek justice relating to unlawful discriminatory practices based on sexual harassment; require each branch of state government and localities to adopt policies prohibiting sexual harassment; establish uniform standards for sexual harassment policies for all branches of state and localities; and establish a unit within JCOPE to investigate such complaints.

Division of Housing and Community Renewal (DHCR)

The Executive proposes an All Funds appropriation of \$410.48 million, a decrease of \$405.54 million or 49.7 percent from SFY 2017-18. This decrease is primarily attributable to a non-recurring \$541.52 million appropriation that was part of the affordable and supportive housing program five year capital plan in SFY 2017-18. The Executive recommends support for 682 FTE positions, which is unchanged from SFY 2017-18.

Other Housing Programs: The Executive proposal includes funding for affordable housing, supportive housing, capital improvements to housing stock, rental subsidies, and rental assistance. For these purposes the Executive proposal recommends \$174.08 million from several sources, including off-budget Mortgage Insurance Fund (MIF) allocations totaling \$44 million.

Table 23

Proposed Housing Program Allocations			
(\$ Millions)			
Program	SFY 2017-18		SFY 2018-19
	Enacted	Executive	\$ Change
Affordable Housing Corporation	26.00	26.00	0.00
Access to Home	1.00	1.00	0.00
Public Housing Modernization Program	6.40	6.40	0.00
Low Income Housing Trust Fund	65.20	44.20	(21.00)
Homes for Working Families Program	16.00	14.00	(2.00)
Housing Opportunities for the Elderly	1.40	1.40	0.00
Mitchell-Lama Housing Project Rehabilitation	41.00	0.00	(41.00)
Rural Rental Assistance Program	22.96	23.60	0.64
Rural and Urban Community Investment Fund Program	34.50	0.00	(34.50)
Main Street Program	14.20	4.20	(10.00)
Neighborhood Preservation/Rural Preservation Programs	18.20	12.00	(6.20)
Homeless Housing: NYSSHP/STEHP/AIDS Housing	35.38	36.78	1.40
Tenant Protection Unit*	4.50	4.50	0.00
Mobile and Manufactured Home Replacement Program	1.00	0.00	(1.00)
Naturally Occurring/Neighborhood Naturally Occurring Retirement Communities	2.00	0.00	(2.00)
Total	289.74	174.08	(115.66)

**Funded through reappropriations in SFY2017-18 but included in the total for comparison purposes.*

State Operations Appropriations: The Executive proposes a State Operations appropriation of \$97.4 million, an increase of \$5.47 million or 5.95 percent over SFY 2017-18. This includes \$21.9 million for the Office of Housing Preservation which is responsible for ensuring that buildings are in compliance with Section 8 rules and regulations, physical codes standards, and income eligibility requirements. The Executive proposal also includes a \$48.02 million appropriation, an increase of \$5.07 million, for the Office of Rent Administration which is responsible for limiting rent increases and

providing maintenance services and repairs, among other activities. This increase provides \$4.5 million for the Tenant Protection Unit program, which was funded from prior year resources in SFY 2017-18.

The Executive proposal increases funding for the Office of Administration by \$1.03 million, due to a shift of funds from the Office of Housing and Information Systems, for a total of \$13.48 million.

Aid to Localities Appropriations: The Executive proposes an Aid to Localities appropriation of \$83.9 million, a decrease of \$1.5 million or 1.7 percent from SFY 2017-18. The Executive proposes a \$40 million appropriation for the Small Cities Community Development Block Grant Program and \$32.5 million for the Low Income Weatherization Program, both unchanged from SFY 2017-18 levels. Support for the New York City Housing Authority Tenant Pilot Program is eliminated (\$1.1 million).

Capital Appropriation Funding Substitution: The Executive finances supportive housing by using \$132 million in bonded capital for supportive housing capital purposes instead of through settlement funds. Those funds will be used, instead, to fund operating costs for supportive housing programs that were previously funded for through the Medicaid Redesign Team.

Article VII

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

- modify regulations concerning lead paint exposure. This includes municipal reporting on the outcomes of inspections and remediation conducted in designated high risk areas. Local code enforcement will also be required to inspect residential rental property to assess for deteriorated paint as well as establish remedies for any violations; and
- allow for interchange among the various funding purposes of the Lake Ontario-St. Lawrence Seaway flood relief and recovery grant program.

State of New York Mortgage Agency (SONYMA)

The Executive proposes an All Funds appropriation of \$22.67 million, an increase of \$13.24 million or 6.32 percent from the SFY 2017-18 level to reflect statutorily required guarantee payments.

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

Roosevelt Island Operating Corporation

The Executive appropriates \$25 million to fund capital improvements on Roosevelt Island. This funding is to compensate the Corporation for land that is being used for the Cornell Tech campus.

Raise the Age

The SFY 2017-18 Budget raised the age of criminal responsibility to age 17 on October 1, 2018 and to age 18 on October 1, 2019. The SFY 2018-19 Budget appropriates \$100 million for State and local costs related to Raise the Age, including supporting reforms such as comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system.

Office of National and Community Service

The Executive proposes an All Funds appropriation of \$30.34 million, unchanged from SFY 2017-18. The Executive recommends support for 10 FTEs which is the same as SFY 2017-18.

Pay for Success Contingency Reserve

The Executive proposes an All Funds appropriation of \$69 million, unchanged from SFY 2017-18. The Executive also includes language to add workforce development as an eligible funding purpose.

Division of Human Rights

The Executive proposes an All Funds appropriation of \$18.15 million, unchanged from SFY 2017-18. The Executive recommends support for 164 FTEs, which is the same as the SFY 2017-18 level.

Article VII

The Executive proposes Article VII legislation that would extend the anti-discrimination protection of the Human Rights Law to students who attend public schools, BOCES, public colleges, and public universities.

Division of Veterans' Affairs

The Executive proposes an All Funds appropriation of \$19.1 million, a net decrease of \$1.62 million or 7.8 percent from SFY 2017-18. The Executive recommends support for 98 FTEs, unchanged from SFY 2017-18.



Veterans' Counseling Service: The Executive proposes \$130,000 in funding to support the on-going costs of maintaining the Veterans' Counseling Program database and management system. The system houses vital information on veterans' services, and eligibility status. Maintenance costs are approximately \$93,000 per year and costs of housing the software on the vendor's server would be between \$15,000 and \$30,000 annually.

Community Initiatives. The Executive eliminates \$1.7 million from various veterans programs funded in SFY 2017-18 including support for the New York State Defenders Association (\$500,000) and the SAGE Veterans Project (\$100,000).

Access to Justice: The Executive budget provides a continued \$250,000 in funding to support grants to law school clinics in order to expand legal services for veteran's and service members.

Office of Welfare Inspector General

The Executive proposes an All Funds appropriation of \$1.41 million, an increase of \$150,000 or 11.9 percent over SFY 2017-18. The Executive would provide \$150,000 in new appropriation authority to establish new accounts to prevent the comingling of seized funds that may be shared between State and Federal agencies, to remain in compliance with a federal audit. The Executive recommends support for seven FTEs, unchanged from SFY 2017-18.

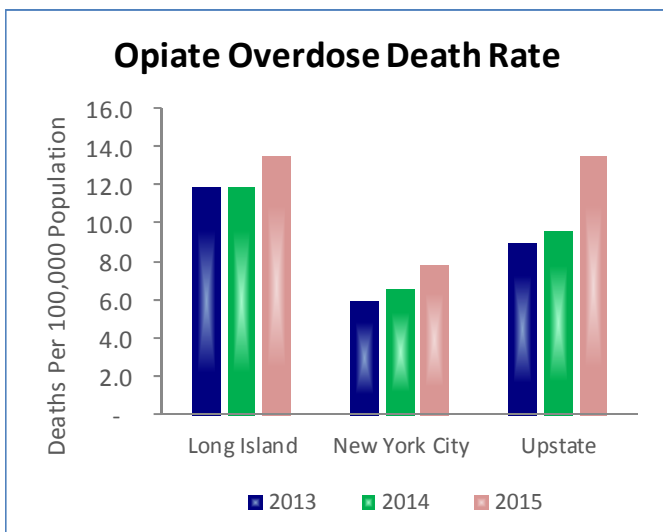
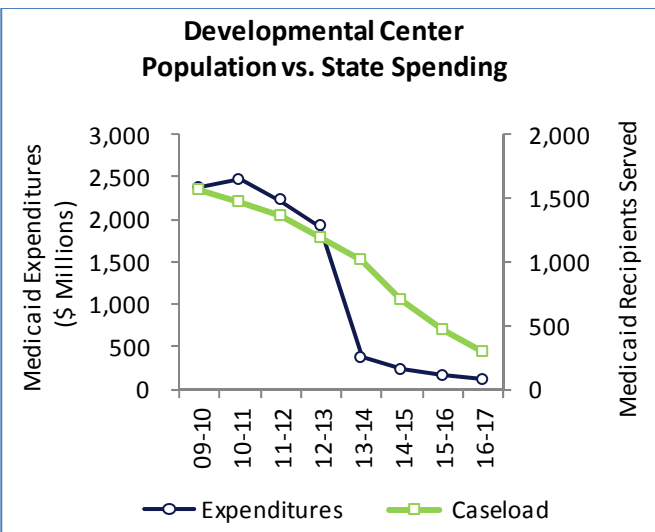
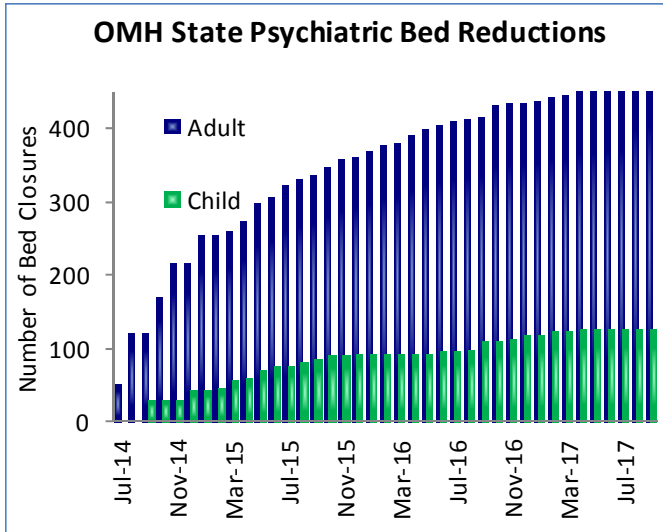
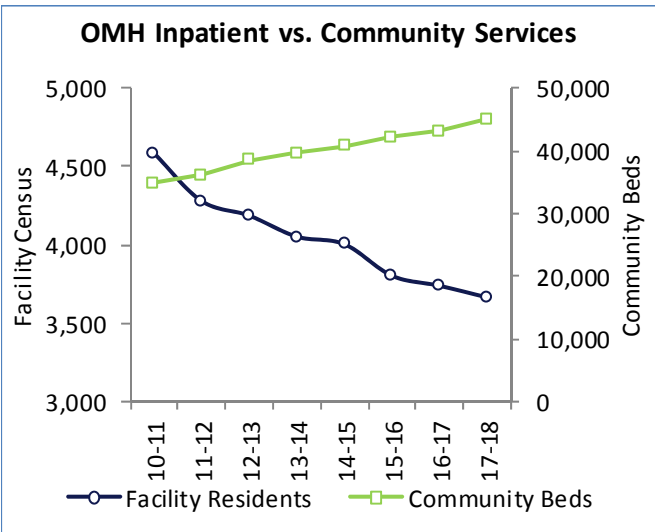
BUDGET SNAPSHOT: MENTAL HYGIENE



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

Treatment admissions for heroin and other opioids have increased 28% over the past three years.

Support for salaries at OMH, OASAS, OPWDD Direct Care Professionals increased by \$262 million in SFY 2018-19.



Sources: Department of Health; NYS Office of Mental Health; NYS Office for People with Developmental Disabilities.

BUDGET HIGHLIGHTS: MENTAL HYGIENE



- **Direct Care Worker Wages:** The Executive Budget includes a \$145.8 million state share to support a 6.5 percent wage increase for direct care professionals and a 3.25 percent increase for clinical staff funded by the Office for People with Developmental Disabilities (OPWDD), the Office of Mental Hygiene (OMH), and the Office of Alcoholism and Substance Abuse Services (OASAS).
- **Minimum Wage Funding:** The Executive includes a total of \$784.15 million in state share funding to support direct provider costs associated with the increase in the state's minimum wage, including \$703.2 million in the Department of Health; \$63.7 million in OPWDD, OASAS and OMH; and \$17.2 million in the State Education Department.
- **Office of Mental Hygiene (OMH) Facility Downsizing and Reinvestment:** The Executive proposal includes \$9.5 million in savings related to a reduction of state-operated inpatient beds, residential beds, and clinics. To increase services in the areas impacted by this downsizing, \$6.7 million is provided for community reinvestment.
- **Jail-Based Restoration Programs for Felony Defendants:** The Executive proposal includes \$1.69 million in net savings related to the development of specialized units in local jails to restore felony-level defendants to competency.
- **Office for People with Developmental Disabilities (OPWDD) Service Expansions:** An increase of \$30 million would support the creation of new service slots for individuals with disabilities, including an expansion of certified housing supports; rental subsidies to individuals living in an apartment; day programs; employment options; and respite services.
- **Opioid Epidemic Surcharge:** The Executive proposes a surcharge of two cents per morphine milligram equivalent on the sale of opioids into New York State, which would generate \$127 million to support ongoing efforts to address the opioid crisis. The Executive proposes over \$200 million in support for programs related to heroin and opiate abuse.

BUDGET REVIEW AND ANALYSIS: MENTAL HYGIENE



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

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

Table 24

Agency	Appropriations			
	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Office for People with Developmental Disabilities	4,508.20	4,698.07	189.87	4.21
Office of Mental Health	4,133.45	4,245.88	112.43	2.72
Office of Alcoholism and Substance Abuse	706.71	786.97	80.26	11.36
Department of Mental Hygiene	600.00	600.00	0.00	0.00
Justice Center for the Protection of People with Special Needs	54.54	56.40	1.86	3.40
Developmental Disabilities Planning Council	4.76	4.76	0.00	0.00

Table 25

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Office for People with Developmental Disabilities *	2,973.81	1,884.99	(1,088.82)	(36.61)
Office of Mental Health *	3,489.87	2,901.23	(588.64)	(16.87)
Office of Alcoholism and Substance Abuse*	617.01	603.90	(13.11)	(2.12)
Department of Mental Hygiene	0.00	0.00	0.00	0.00
Justice Center for the Protection of People with Special Needs	42.30	44.31	2.01	4.75
Developmental Disabilities Planning Council	4.20	4.20	0.00	0.00

Note: *These amounts reflect the transfer of \$1.49 billion in fringe and indirect cost to the General Fund and General State Charges.

Agency Funding Reorganization: The Executive proposal would shift \$1.49 billion in appropriations and spending associated with fringe benefits and indirect costs from the Mental Hygiene Program Fund and the Patient Income Account, to the General Fund and the General State Charges Budget. This change has no impact on programmatic expenditures, but would result in a \$66.54 million reduction in State Operating Funds expenditures.

Direct Care Worker Wages: The Executive Budget includes \$145.8 million in State share funding to support a 6.5 percent wage increase for direct care professionals and a 3.25 percent increase for clinical staff, including \$101.3 million in OPWDD, \$33.3 million in OMH, and \$11.3 million in OASAS.

Social Work Licensure Exemption: The Executive includes language that would define which services require psychology, social work, or mental health practitioner licensure, when performed by persons employed by a program or service operated, regulated, funded or approved by OMH, OPWDD, OASAS, Department of Health, Office for the Aging, Office of Children and Family Services, Department of Corrections and Community Supervision, Office of Temporary and Disability Assistance, and/or a local governmental units or a social services district.

Minimum Wage Funding: The Executive includes a total of \$784.15 million in State share funding to support direct provider costs associated with the increase in the State’s minimum wage, including \$703.25 million in the Department of Health; \$43.3 million in OPWDD; \$10.9 million in OASAS; \$9.5 million in OMH; and \$17.2 million in SED.



Office for People with Developmental Disabilities (OPWDD)

The Executive proposes an All Funds appropriation of \$4.7 billion, an increase of \$189.87 million or 4.2 percent from SFY 2017-18. The Executive recommends support for 18,580 full-time equivalent (FTE) positions, a decrease of 32 from the SFY 2017-18 levels, related to the attrition of staff.

Community Based Service Expansions: The Executive Budget includes an increase of \$30 million to support the creation of new service slots for individuals with developmental disabilities, including an expansion of certified housing supports; rental subsidies to individuals living in an apartment; day programs; employment options; and respite services. In addition, the Executive continues \$60 million for new services that were established as a part of the SFY 2017-18 budget.

OPWDD Transition to Managed Care: As the first step in the transition of OPWDD services to managed care, the Executive proposes an increase of \$38.9 million to support the establishment of care coordination organizations (CCO) to support individuals with developmental disabilities. This funding includes \$5.4 million to support CCO administration and system development activities and \$33.5 million to support enhanced care coordination activities. This funding would be offset by an enhanced 90 percent federal Medicaid match for health home services.

Balancing Incentive Program (BIP) Funding Transfers: The Executive proposal includes an increase of \$29.1 million to support a continuation of programs previously supported by BIP funding, including support for Systemic Therapeutic Assessment, Respite and Treatment (START) crisis services statewide.

Intermediate Care Facility (ICF) Transition Reduction: The Executive proposes a reduction of \$16.53 million related to the elimination of State-only supplemental payments to support the transition of individuals from ICFs to Individualized Residential Alternatives (IRA).

Adjust Medicaid Rates to Reflect Other Funding Sources: The Executive proposes a \$9 million reduction related to the use of other governmental program payments, including the Supplemental Security Income and Supplemental Nutrition Assistance Program, to offset Medicaid reimbursement to providers for room and board.

Capital Projects: The Executive proposes an increase of \$12.7 million in capital projects expenditures, including an increase of \$10.4 million to upgrade electronic health records systems at State-operated facilities and \$2.3 million to support personal service costs previously transferred to capital funding.

Program Eliminations: The Executive proposes the elimination of \$1.27 million in targeted grants to community based service providers.

Representative Payee Extenders: The Executive proposes language that would extend the authority for OPWDD facility directors to act as representative payees consistent with federal law and regulations.

OPWDD Managed Care and Waiver: The Executive proposes language, to make a variety of changes to OPWDD's waiver and managed care authorities, including language to change various statutory references consistent with the managed care transition; extend certain statutory provisions, including the authority to transition OPWDD services to managed care; and make various changes to OPWDD managed care authority.

Office of Mental Health (OMH)

The Executive proposes an All Funds appropriation of \$4.25 billion, an increase of \$112.43 million or 2.7 percent from SFY 2017-18.

The Executive recommends support for 13,628 FTEs, a decrease of 275 FTEs from SFY 2017-18 level, reflecting a reduction of 245 FTEs related to State-operating facility restructuring activities and 58 FTEs related to the establishment of jail-based restoration programs, offset by an increase of 26 FTEs to reduce overtime expenditures.

State Operated Facility Downsizing and Reinvestment: The Executive Budget includes a \$5.4 million reduction related to the elimination of 100 beds from State-operated psychiatric facilities, in addition to 626 beds that have closed over the past four years. The Executive Budget provides \$5.5 million to increase services in the areas impacted by these downsizings, which represents a re-investment of \$110,000 per bed. These reinvestments would be implemented prior to any bed closure, and language is included to require that beds must be vacant for 90 days prior to any reduction in capacity.

Other State Operated Facility Restructuring: The Executive Budget includes a reduction of \$2.1 million related to the elimination of other State-operated beds. These savings will be offset by an increase of \$1.2 million to increase services in the areas impacted by these downsizings. The Executive also proposes a reduction of \$2 million related to transition of services from underutilized and low-performing State-operated clinics to other nearby, less costly, not-for-profit facilities.

Develop Residential Crisis Capacity: The Executive proposes \$50 million in bonded capital funding to enable the expansion of crisis respite capacity in the community to help avoid unnecessary emergency room visits and inpatient hospitalizations.



OMH Housing Programs: The Executive proposes an additional \$10 million for existing supported housing and single residence occupancy programs. In addition, the Executive proposes an increase of \$13.88 million to support the establishment of approximately 1,300 community beds through the NY/NY III program.

Adult Home Transitions: The Executive provides \$10 million to support the establishment of 500 new supported housing beds for individuals transitioning out of adult homes and into the community. To facilitate these transitions, the Executive would provide \$3 million to support expanded peer support services and \$2 million to improve adult home resident assessments.

Jail-Based Restoration Programs for Felony Defendants: The Executive proposal includes \$1.69 million in net savings related to the development of specialized beds in local jails to restore felony-level defendants to competency. This action assumes \$2.54 million in savings from a reduction in State-operated psychiatric beds, offset by an \$850,000 investment to assist local jails in implementing improvements that are necessary to support this population.

Balancing Incentive Program (BIP) Funding Transfers: The Executive proposal includes an increase of \$14.4 million to support a continuation of programs previously supported by BIP funding, including Home & Community Based Services (HCBS) Waiver slots, community residences, and mobile integration teams.

Program Eliminations: The Executive proposes the elimination of \$6.01 million in various targeted grants to community based service providers.

Programmatic Extenders: The Executive includes language to:

- extend existing processes for certain time-limited demonstration programs for specialized inpatient psychiatry units for those who are dually diagnosed with developmental disabilities and health conditions;
- extend community reinvestment for State psychiatric center inpatient bed closures; and
- extend authority for OMH facility directors to act as representative payees consistent with federal law and regulations.

Office of Alcoholism and Substance Abuse Services (OASAS)

The Executive proposes All Funds appropriations of \$786.97 million, an increase of \$80.26 million or 11.4 percent from SFY 2017-18. The Executive recommends the support for 738 FTEs, which is unchanged from SFY 2017-18.

Opioid Epidemic Surcharge: The Executive proposes a surcharge of two cents per morphine milligram equivalent on the sale of opioids into New York State, which is projected to generate \$127 million in support of existing efforts to address the opioid crisis.

Heroin and Opiate Funding: The Executive proposes over \$200 million for heroin and opiate abuse prevention and treatment programs. The Executive also includes \$50 million in appropriation authority to support additional heroin and opiate programming, however, the Financial Plan does not reflect any anticipated expenditures against this appropriation in SFY 2018-19.

Problem Gambling Resource Centers: The Executive proposes an increase of \$3.5 million to support the establishment of seven new problem gambling resource centers, to serve as a hub for coordinating referrals for problem gambling services in each region.

Program Eliminations: The Executive proposes the elimination of \$2.45 million in grants to community based service providers.

Capital Projects: The Executive proposal includes a \$22 million increase in capital expenditures to support new bed development, facility maintenance, and the renovation of community-based programs.

Justice Center for the Protection of People with Special Needs

The Executive proposes All Funds appropriations of \$56.4 million, an increase of \$1.86 million or 3.4 percent from SFY 2017-18. The Executive recommends support for 441 FTEs, unchanged from SFY 2017-18.

Developmental Disabilities Planning Council (DDPC)

The Executive proposes All Funds appropriations of \$4.76 million, unchanged from SFY 2017-18. The Executive recommends support for 18 FTEs, unchanged from the SFY 2017-18 level.



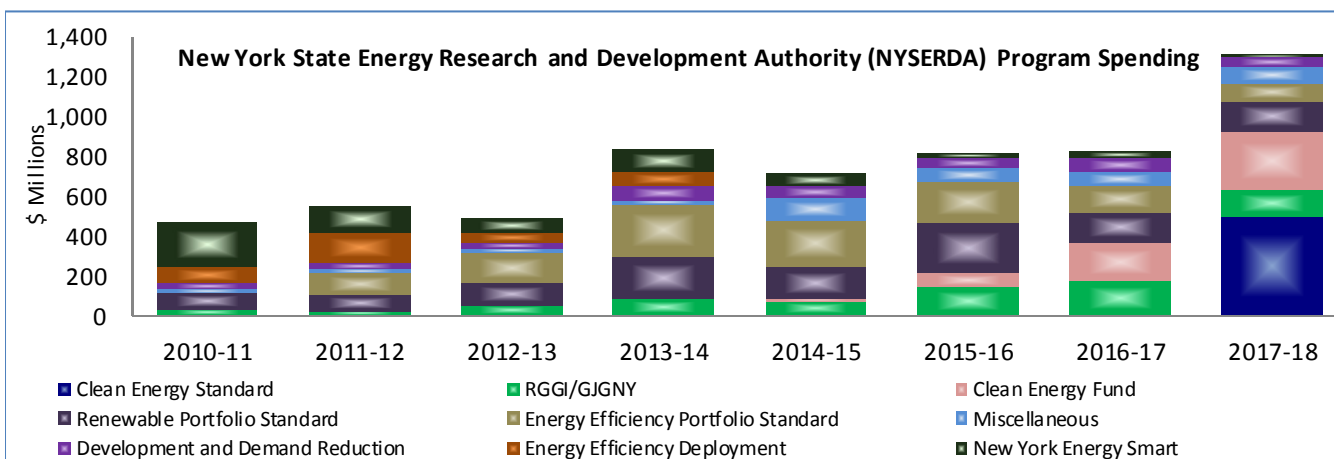
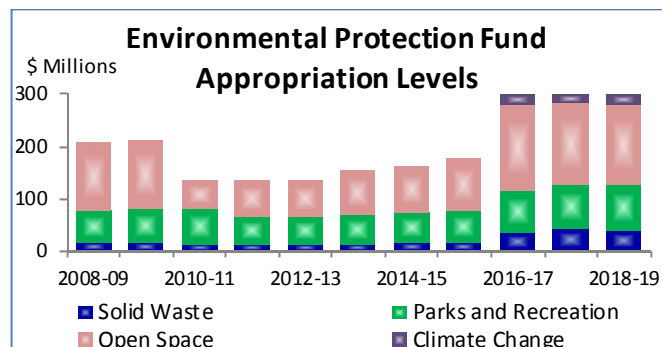
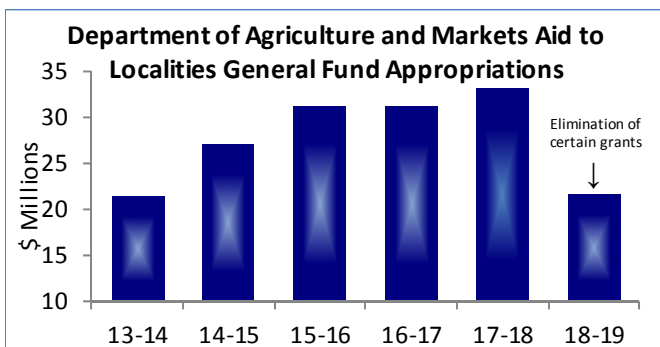
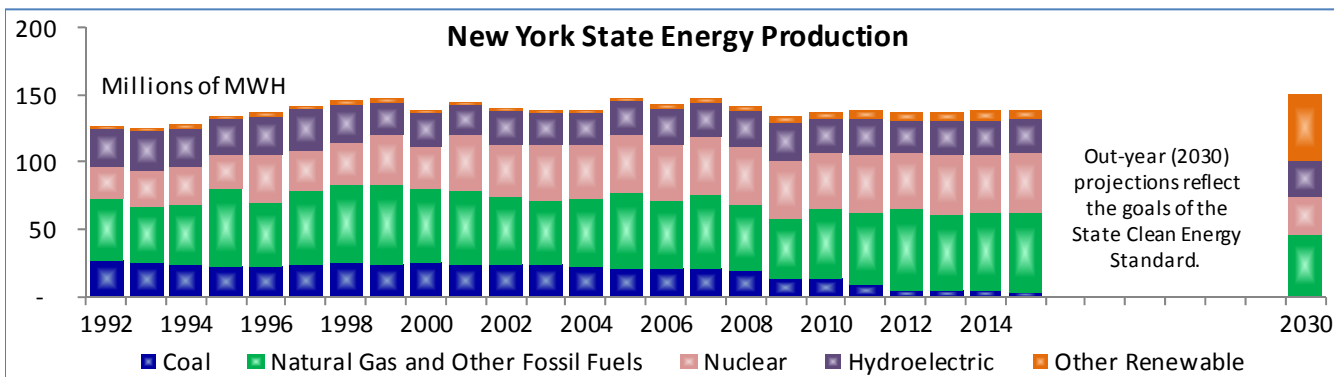
BUDGET SNAPSHOT: ENVIRONMENT, AGRICULTURE AND ENERGY



Over 27% of New York State's electrical power comes from renewable sources.

Since 2015, the Water Infrastructure Improvement Act has provided over \$500 million in grants to municipalities, leveraging nearly \$2 billion.

There were nearly 1.2 million visits to the New York State Fair in 2017.



Sources: NYS Division of Budget; NYSERDA; Clean Energy Standard; US Department of Energy; New York State Fair.

BUDGET HIGHLIGHTS: ENVIRONMENT, AGRICULTURE AND ENERGY



- **Environmental Protection Fund (EPF):** The Executive proposes to maintain funding for the EPF at \$300 million comprised of: \$39.5 million for solid waste programs: \$85.6 million for parks and recreation: \$154.3 million for open space programs: and \$20.5 million for climate change programs.
- **State Superfund Program:** The Executive proposal continues to fully fund the State's Superfund Program with a \$100 million appropriation, including funding for the Environmental Restoration Program.
- **Northrup Grumman Plume:** The Executive allocates \$150 million from the State Superfund to begin multi-year remediation of the Grumman Plume, a former US Navy and Northrup Grumman industrial site that is now polluting Long Island aquifer.
- **Hudson River Park Trust:** The Executive proposal includes \$50 million in capital funding to complete the Hudson River Park.
- **State Parks:** The Executive proposal includes \$90 million in New York Works funding for state parks in SFY 2018-19, including \$15 million to create a new state park in Jamaica Bay, Brooklyn.
- **Energy Storage:** The Executive proposes \$260 million to create 1,500 megawatts of energy storage capacity by 2025.
- **Farm to School:** The Executive proposes a \$10 million program to incentivize school districts to use more local farm-fresh products in school lunches by increasing the reimbursement schools receive for lunches from the current \$0.06 per meal to \$0.25 per meal for qualifying schools. Additionally, the proposal increases funding available to facilitate the procurement of foods from local farmers to \$1.5 million from \$1.1 million.
- **Olympic Regional Development Authority:** The Executive proposal includes \$62.5 million in capital funding for the Olympic Regional Development Authority, an increase of \$22 million from SFY 2017-18. Of this amount, \$50 million will be allocated to a strategic upgrade and modernization plan and \$10 million for energy efficiency upgrades.

BUDGET REVIEW AND ANALYSIS: ENVIRONMENT, AGRICULTURE AND ENERGY



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

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

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

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

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

The Office of Parks, Recreation and Historic Preservation (OPRHP) is responsible for the conservation, protection, and enhancement of New York State's natural, historic, and cultural resources. OPRHP provides recreational and interpretive opportunities for New York State residents and visitors at 180 parks and 35 historic sites across the state.

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

The New York Power Authority’s (NYPA) mission is to provide low-cost, reliable, clean energy to help drive New York State’s economic growth and competitiveness. NYPA runs 16 generating facilities, including the St. Lawrence–FDR Power Project.

Table 26

Appropriations				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Environmental Conservation	3,885.75	1,244.16	(2,641.59)	(67.98)
Office of Parks, Recreation, and Historic Preservation	444.72	435.89	(8.83)	(1.99)
New York Power Authority	335.00	215.00	(120.00)	(35.82)
Department of Agriculture and Markets	228.71	162.00	(66.71)	(29.17)
Department of Public Service	101.42	95.42	(6.00)	(5.92)
Olympic Regional Development Authority	42.04	70.09	28.05	66.72
Hudson River Park Trust	0.00	50.00	50.00	100.00
Energy Research and Development Authority	15.58	17.00	1.42	9.11
Adirondack Park Agency	4.64	4.54	(0.10)	(2.16)
Hudson River Valley Greenway Communities Council	123.32	0.32	(123.00)	(99.74)
Greenway Heritage Conservancy	0.16	0.16	0.00	0.00

Table 27

Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Environmental Conservation	1,152.84	1,252.57	99.73	8.65
Office of Parks, Recreation, and Historic Preservation	343.72	356.26	12.54	3.65
New York Power Authority	3.38	13.75	10.37	306.80
Department of Agriculture and Markets	114.28	116.37	2.09	1.83
Department of Public Service	79.50	80.64	1.14	1.43
Olympic Regional Development Authority	40.69	58.93	18.24	44.83
Hudson River Park Trust	0.00	0.00	0.00	0.00
Energy Research and Development Authority	24.33	22.88	(1.45)	(5.96)
Adirondack Park Agency	4.76	4.76	0.00	0.00
Hudson River Valley Greenway Communities Council	0.00	0.00	0.00	0.00
Greenway Heritage Conservancy	0.00	0.00	0.00	0.00

Department of Environmental Conservation

The Executive Budget proposes an All Funds appropriation of \$1.24 billion, a decrease of \$2.64 billion or 68 percent from the State Fiscal Year (SFY) 2017-18 level. This decrease primarily reflects a one-time \$2.5 billion, multi-year appropriation made in the SFY 2017-18 Enacted Budget for clean water infrastructure. The Executive recommends support of 2,945 full time equivalent (FTE) positions, unchanged from the SFY 2017-18 levels.

Of the \$1.24 billion All Funds appropriations, the Executive proposes \$448 million for DEC State Operating expenses and \$796 million in capital appropriations. Of the capital appropriations, approximately \$500 million would be provided as grants to municipalities, not-for-profit organizations and universities through the Environmental Protection Fund (EPF) and the Clean Water State Revolving Fund. The balance of capital appropriations are for State projects such as State Superfund cleanups, flood control projects, and improvements to DEC lands or facilities.

Water Infrastructure: The Executive proposal continues annual appropriations of \$175 million in federal funding and \$35 million in State funding for the Clean Water State Revolving Fund. This

program allows municipalities to apply for zero or low-interest loans for wastewater infrastructure and other clean water projects.

The Executive proposal would continue to allocate funds from the Clean Water Infrastructure Act of 2017, a \$2.5 billion appropriation made for water infrastructure. This appropriation includes \$1 billion for clean water and drinking water infrastructure grants which municipalities can use for the required local match to loans from the State Revolving Fund.

Environmental Protection Fund (EPF): The Executive proposes \$300 million for the EPF, unchanged from SFY 2017-18 levels.

The EPF was created in 1993 to protect and preserve the State's environment. There are four categories in the EPF.

- The Solid Waste category provides funding for recycling and waste reduction and funding of \$39.53 million is proposed for SFY 2018-19.
- The Parks and Recreation category provides public access to open space, and economic development support for areas surrounding the open space and funding of \$85.64 million is proposed for SFY 2018-19.
- The Open Space category provides funding for open space land conservation projects, biodiversity stewardship and research, agricultural and farmland protection activities, as well as non-point source abatement and control projects. The Executive proposes \$154.34 million for the Open Space category for SFY 2018-19.
- The Climate Change Mitigation and Adaptation category provides funding to limit the impact of climate change and funding of \$20.5 million is proposed for SFY 2018-19.

The Executive proposal funds land acquisition at \$30 million, a decrease of \$6.3 million from SFY 2017-18. Funding for Zoos, Botanical Gardens, and Aquaria is proposed at \$12.5 million, a decrease of \$2.5 million from SFY 2017-18 levels. The Executive also proposes to decrease funding for Natural Resource Damages to \$2.03 million, a decrease of \$1.21 million from SFY 2017-18. The Oceans and Great Lakes Initiative is increased in the Executive Budget to \$18.6 million, an increase of \$3.6 million from SFY 2017-18. The Executive also proposes to increase State Climate Adaptation Projects to \$3 million, which is \$2.25 million above SFY 2017-18 levels.

Table 28

SFY 2018-19 Executive Proposal: Environmental Protection Fund

(\$ in Thousands)

	SFY 2017-18 Enacted Budget	SFY 2018-19 Executive	Change (\$)	% Change
SOLID WASTE				
Landfill Closure/ Gas Management	700	700	-	-
Municipal Recycling	14,000	14,000	-	-
<i>Food Waste Diversion*</i>	2,000	2,000	-	-
Secondary Marketing	500	500	-	-
Pesticide Database	1,500	1,800	300	20.0
Environmental Justice	8,000	8,000	-	-
<i>Center for Native Peoples & the Envmt**</i>	-	350	350	100.0
Natural Resources Damages	3,235	2,025	(1,210)	(37.4)
Pollution Prevention Institute	4,000	4,000	-	-
<i>Interstate Chemicals Clearinghouse*</i>	100	100	-	-
Environmental Health	6,500	6,500	-	-
<i>Children's Environmental Health Centers</i>	2,000	2,000	-	-
<i>Fresh Connect</i>	625	625	-	-
Brownfield Opportunity Area Grants	2,000	2,000	-	-
Subtotal, Solid Waste	40,435	39,525	(910)	(2.3)
PARKS & REC				
Waterfront Revitalization	16,000	16,000	-	-
<i>Inner City/Underserved</i>	10,000	10,000	-	-
<i>Adirondack Projects</i>	660	1,000	340	51.5
Municipal Parks	20,000	20,000	-	-
<i>Inner City/Underserved</i>	10,000	10,000	-	-
<i>Hudson River Valley Grants Program</i>	250	500	250	100.0
<i>Lake George Park Commission**</i>	-	700	700	100.0
<i>Paul Smith's College**</i>	-	180	180	100.0
<i>SUNY ESF**</i>	-	120	120	100.0
Public Access & Stewardship	30,000	34,138	4,138	13.8
<i>Belleayre</i>	1,000	1,000	-	-
<i>Empire Forest Incentive Program**</i>	-	500	500	100.0
Hudson River Park (HRP)	3,200	1,000	(2,200)	(68.8)
ZBGA	15,000	12,500	(2,500)	(16.7)
Waterway Law Enforcement	2,000	2,000	-	-
Subtotal, Parks & Rec	86,200	85,638	(562)	(0.7)
OPEN SPACE				
Land Acquisition	36,349	30,000	(6,349)	(17.5)
<i>Community Forest Grant**</i>	-	500	500	100.0
Albany Pine Bush Commission	2,675	2,675	-	-
<i>Woodlawn Preserve</i>	50	-	(50)	(100.0)
LI Pine Barrens Commission	2,000	2,000	-	-
Environmental Commissions	712	712	-	-
LI South Shore Estuary Reserve	900	900	-	-
Ag. Non-Point Source Pollution Control	17,000	17,000	-	-
<i>Cornell Pesticide Management**</i>	-	250	250	100.0
Non-Ag Non-Point Source Pollution Control	7,000	7,000	-	-
Farmland Protection	20,000	20,000	-	-
Biodiversity Stewardship	1,000	1,350	350	35.0
<i>Cary Institute**</i>	-	100	100	100.0
Hudson River Estuary Plan	5,500	6,500	1,000	18.2
Finger Lakes; Lake Ontario Watershed	2,279	2,300	21	0.9
Lake Erie Watershed Protection	250	250	-	-
Water Quality Improvement Program	20,250	20,250	-	-
<i>Nassau County Sewage Outfall Pipe</i>	5,000	5,000	-	-
<i>Nassau County Well Testing*</i>	400	400	-	-
<i>Long Island Nitrogen Action Plan*</i>	250	250	-	-
<i>Drug Take-back</i>	1,000	1,000	-	-
<i>Source Water Assessment Plans*</i>	5,000	5,000	-	-
<i>Firefighting Foam Disposal*</i>	500	100	(400)	(80.0)

Note: ** 18-19 New Categories; *17-18 New Categories

SFY 2018-19 Executive Proposal: Environmental Protection Fund (Continued)

(\$ in Thousands)

	SFY 2017-18	SFY 2018-19		
	Enacted Budget	Executive	Change (\$)	% Change
Oceans & Great Lakes Initiative	15,000	18,600	3,600	24.0
<i>Peconic Bay Estuary</i>	200	200	-	-
Invasive Species	13,000	13,300	300	2.3
<i>Eradication</i>	6,050	6,050	-	-
<i>LI Pine Barrens Prescribed Burning **</i>	-	250	250	100.0
<i>Cornell Plant Certification Program **</i>	-	120	120	100.0
Soil & Water Conservation Districts	9,000	10,000	1,000	11.1
Agricultural Waste Management	1,500	1,500	-	-
Subtotal, Open Space	154,415	154,337	(78)	(0.1)
CLIMATE CHANGE MITIGATION & ADAPTATION				
Greenhouse Gas Management	1,700	1,000	(700)	(41.2)
State Climate Adaptation Projects *	750	3,000	2,250	300.0
Smart Growth	2,000	2,000	-	-
Climate Resilient Farms Program	2,500	2,500	-	-
Climate Smart Community Projects	12,000	12,000	-	-
Subtotal, Climate Change	18,950	20,500	1,550	8.2
TOTAL EPF	300,000	300,000	-	-

Note: ** 18-19 New Categories; *17-18 New Categories

The Executive proposes several new programs within the EPF, including \$700,000 for the Lake George Park Commission; \$350,000 for the Center for Native Peoples and the Environment; \$250,000 for the Cornell Pesticide Management Education Program (PMEP); \$250,000 for the LI Pine Barrens Commission Prescribed Burning Program, \$180,000 for Paul Smith's College; \$120,000 for the SUNY College of Environmental Science and Forestry (SUNY – ESF); \$120,000 for the Cornell University Plant Certification Program; and \$100,000 for the Cary Institute. Additionally, the Executive proposes two programs in the EPF related to the proposed modification of an existing forest land property tax exemption, totaling \$1 million.

Algae Blooms: The Executive proposes to allocate \$65 million over multiple years from the EPF and the Clean Water Infrastructure Act of 2017 to combat harmful algal blooms in 12 priority lakes, with \$10 million for developing plans and pilot programs and \$55 million for implementation.

Other DEC Capital

State Superfund Program: The Executive proposal continues to fully fund the State's Superfund Program with a \$100 million appropriation, of which 10 percent is allocated to the Environmental Restoration Program (ERP). The Executive plans to use funds from the State Superfund over a multi-year period to contain and treat the Northrop Grumman Plume, for a total of \$150 million.

Cost Shifts to Capital: The Executive proposes to shift \$19 million in fringe benefit expenses and \$4 million in Waste Tire program costs to capital projects appropriations from state operations funds.

State Operations – Conservation Fund: The Executive proposes to shift \$6 million for Environmental Conservation Officers out of the Conservation Fund and into the General Fund.

Article VII

The Executive includes the following Article VII proposals that would:

- modify the designation and funding process for the Brownfield Opportunity Areas Program;
- provide technical amendments related to the solid waste mitigation and drinking water response accounts and to the statute that distributes Environmental Protection Fund (EPF) funding for enforcement of the Bottle Bill Law;
- amend the existing forestry property tax exemption, create a new property tax exemption program for privately-owned forest land, create two new forestry-related grant programs, and modify certain forestry practice requirements;
- expand the amount of land currently protected by the Long Island Central Pine Barrens; and
- require food scraps from high volume generators to be diverted from landfills by 2021.

Hudson River Park Trust

The Executive Budget proposes capital appropriations of \$50 million for the Hudson Park Trust, and an additional \$1 million in funding from the Environmental Protection Fund. This \$50 million would complete renovations to the park, which is estimated to be 77 percent complete.

The Hudson River Park Trust is a partnership between the State and New York City governing the four-mile-long park along the Hudson River on Manhattan’s West Side. The Trust generates operating funds from fees, rents, grants, and donations, while capital funding historically comes from the State.

Office of Parks, Recreation, and Historic Preservation

The Executive Budget proposes an All Funds appropriation of \$435.89 million, a decrease of \$8.83 million or 2 percent, from SFY 2017-18 levels. The Executive recommends support of 1,763 FTE positions, an increase of 14 FTEs from the SFY 2017-18 level.

Capital Funding: The Executive recommends \$200.7 million in capital funding, a decrease of \$8 million from SFY 2017-18. The Executive proposes:

- \$92.5 million in New York Works funding, a \$30 million decrease from SFY 2017-18 and a continuation of the \$900 million Parks 2020 initiative begun in SFY 2012-13 to renovate and rehabilitate State parks. Within the New York Works appropriation \$15 million is for the completion of the 407 acre Jamaica Bay Park in Brooklyn;
- \$24.5 million for the State Park Infrastructure Fund, a \$6 million increase; and
- \$20 million in federal grant funding, a \$16 million increase which includes funding for restoration of the great lakes. There is an increase of 14 FTEs associated with this federal grant.

Department of Agriculture and Markets

The Executive Budget proposes an All Funds appropriation of \$162.01 million, a decrease of \$66.7 million or 29 percent from the SFY 2017-18 level. This decrease primarily reflects the elimination of a one-time \$50 million appropriation for State Fair revitalization and the elimination of prior year restorations. The Executive recommends support of 483 FTEs, unchanged from the SFY 2017-18 levels.

State Operations - Food Safety: The Executive Budget includes \$2.6 million for a modernized food safety inspection system, where the Department of Agriculture and Markets will partner with the Office of Information Technology Services to create electronic forms to streamline the inspection process. The Executive also proposes an increase of \$275,000 for additional marketing and advertising expenses for the Taste NY Program and the Grown and Certified Program.

Agricultural Programs: The Executive Budget recommends \$41.42 million in Aid to Localities funding, a decrease of \$11.48 million from SFY 2017-18 primarily related to the elimination of prior year restorations.

Farm to School: The Executive proposal increases funding available to facilitate the procurement of foods from local farmers to \$1.5 million from \$1.1 million. In addition, \$10 million is appropriated through the State Education Department to increase the reimbursement schools receive for lunches from the current \$0.06 per meal to \$0.25 per meal for schools purchasing 30 percent of their food from New York State farms.

Table 29

Executive Budget SFY 2018-19 Proposed Aid to Localities Appropriations			
	Enacted	Executive	Change
Cornell Diagnostic Lab			
"Core" Diagnostic Lab	\$5,425,000	\$4,425,000	(\$1,000,000)
NYS Cattle Health Assurance Program	360,000	360,000	-
Quality Milk Production Services Program	1,174,000	1,174,000	-
Cornell University Johne's Disease Program	480,000	480,000	-
Cornell University Rabies Program	610,000	50,000	(560,000)
Cornell University Avian Disease Program	252,000	252,000	-
Other Cornell Programs			
Cornell University Agriculture in the Classroom	380,000	267,000	(113,000)
Cornell University Future Farmers of America	842,000	730,000	(112,000)
Association of Agricultural Educators	416,000	303,000	(113,000)
Cornell University Farm Family Assistance	800,000	384,000	(416,000)
Hop Evaluation and Field Testing Program	200,000	40,000	(160,000)
Cornell University Golden Nematode Program	62,000	62,000	-
Cornell University Pro-dairy Program	1,200,000	822,000	(378,000)
Cornell University Onion Research	50,000	0	(50,000)
Cornell University Vegetable Research	100,000	0	(100,000)
Cornell University Honeybee Research	50,000	0	(50,000)
Cornell University Maple Research	125,000	0	(125,000)
Cornell University Berry Research	260,000	0	(260,000)
Cornell University Veterans to Farm	115,000	0	(115,000)
Cornell Sheep Farming	10,000	0	(10,000)
Cornell Farm Labor Specialist	200,000	0	(200,000)
Other Programs			
Ag Child Care (Migrant)	9,275,000	8,275,000	(1,000,000)
Local Fairs	500,000	340,000	(160,000)
New York Wine and Grape Foundation	1,020,000	713,000	(307,000)
New York Farm Viability Institute	1,900,000	400,000	(1,500,000)
Dairy Profit Teams	150,000	150,000	-
Dairy Profit Teams/NY FVI	220,000	0	(220,000)
New York State Apple Growers Association	750,000	206,000	(544,000)
Apple Research and Development Program	500,000	0	(500,000)
Wood Products Development Council	100,000	0	(100,000)
Maple Producers Association	215,000	0	(215,000)
NY Corn and Soybean Growers Association	75,000	0	(75,000)
Tractor Rollover Protection Program	250,000	0	(250,000)
Northern NY Agricultural Development	600,000	0	(600,000)
Eastern Equine Encephalitis Program	175,000	0	(175,000)
Turfgrass Environmental Stewardship	150,000	0	(150,000)
North Country Low-cost Rabies Vaccine	25,000	0	(25,000)
NY Christmas Tree Farmers	125,000	0	(125,000)
New York State Berry Growers	60,000	0	(60,000)
Grown on Long Island	100,000	0	(100,000)
Genesee County Ag. Academy	100,000	0	(100,000)
Island Harvest Food Bank	20,000	0	(20,000)
Taste NY	1,100,000	1,100,000	-
Farm-To-School	750,000	750,000	-
North Country Farm-To-School	300,000	0	(300,000)
Long Island Deer Fence Matching Grants	200,000	0	(200,000)
Senior Farmers Market Nutrition Program	500,000	0	(500,000)
Electronic Benefits Transfer	138,000	138,000	-
North Country Agriculture Academy	200,000	0	(200,000)
NYS Brewers	10,000	0	(10,000)
NYS Distillers Guild	10,000	0	(10,000)
NYS Cider Association	10,000	0	(10,000)
Farm to Table Trail	50,000	0	(50,000)
Farmer Muck Boot Training Camp	100,000	0	(100,000)
Seeds of Success School Gardens Program	100,000	0	(100,000)
Chautauqua County Beekeepers	10,000	0	(10,000)
TOTAL	\$32,899,000	\$21,421,000	(\$11,478,000)

Capital: The Executive Budget recommends \$6.22 million in capital funding, a decrease of \$60 million from SFY 2017-18. This is a result of the Executive’s proposal to discontinue capital funding for Local Fairs (\$5 million) and for Animal Shelters (\$5 million), as well as the elimination of a one-time appropriation of \$50 million for the State Fair.

Article VII: The Executive proposes Article VII legislation to permanently transfer administration of dairy and other agricultural marketing orders from the Department of Agriculture and Markets to Empire State Development Corporation. The temporary transfer, which began in 2016, expires in July 2018.

Department of Public Service

The Executive Budget proposes an All Funds appropriation of \$95.42 million, a decrease of \$6 million or 6 percent from SFY 2017-18 levels. This decrease reflects the elimination of a one-time increase to fringe benefit costs. The Executive recommends support of 520 FTEs, unchanged from the SFY 2017-18 level. Most of the budget for the Department of Public Service is for operating costs, which includes the operations of the Public Service Commission. DPS is primarily funded from an assessment on public utility companies rather than the General Fund.

Article VII: The Executive proposes Article VII legislation to continue the authorization for the Public Service Account to fund the regulatory expenses of various agencies through a utility assessment (\$3.34 million) and for the Department of Health to finance public health education programs with revenues generated from an assessment on cable television companies (\$454,000).

NYS Energy Research and Development Authority (NYSERDA)

The Executive proposes an All Funds appropriation of \$17 million, an increase of \$1.43 million or 9 percent from the SFY 2017-18 level. This \$17 million capital appropriation is for the federal match for West Valley, a former reprocessing facility for used nuclear fuel that is being decontaminated by the U.S. Department of Energy.

Table 30

NYSERDA Revenues (\$ in Thousands)				
Revenue Source	SFY 2015-16	SFY 2016-17	SFY 2017-18	Percent of 2017-18
Zero Emissions Credits (ZECs)	-	952	483,451	47.01%
Renewable Energy Credits (RECs)	-	611	-	0.00%
Utility Surcharge Assessments	532,401	61,197	351,192	34.15%
Allowance Auction Proceeds (RGGI)	165,660	88,417	90,424	8.79%
State Funding	14,346	14,815	29,769	2.89%
Loan Interest	3,438	11,255	21,619	2.10%
Federal Grants	9,483	6,642	21,597	2.10%
Miscellaneous	56,836	29,696	30,450	2.96%
Total NYSERDA Revenues	782,164	213,585	1,028,502	100.00%

Source: NYSERDA Revised Budgets 2017-18, 2016-17, 2015-16.

NYSERDA revenues are primarily off-budget assessments on utilities, including revenues from the Zero Emissions Credit (ZEC) program. Most programs are therefore not appropriated in the Executive Budget, with the exception of the state share for West Valley. The ZEC program does not increase available resources for NYSERDA because NYSERDA collects the funds and then passes them to upstate nuclear power plants. The Renewable Energy Credits are one of several ways that utilities can meet their renewable energy obligations as prescribed by the Clean Energy Standard.

Energy Storage: The Executive proposes \$260 million to create 1,500 megawatts of energy storage capacity by 2025. Of this amount, \$200 million would be loans to storage companies from Green Bank and \$60 million would be State projects to facilitate implementation.

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

Article VII: The Executive proposes legislation to extend for another year the \$19.7 million assessment on gas and electric corporations for the NYSERDA research, development and demonstration program, with a provision to include \$150,000 for the Department of Agriculture and Markets Fuel NY program.

Adirondack Park Agency

The Executive proposes an All Funds appropriation of \$4.5 million, a decrease of \$100,000 or two percent from SFY 2017-18, reflecting the completion of a federal grant. The Executive recommends support of 54 FTE positions, unchanged from the SFY 2017-18 level.

Olympic Regional Development Authority

The Executive proposes an All Funds appropriation of \$70.09 million, an increase of \$28.05 million or 67 percent from SFY 2017-18. This increase is primarily a result of a \$22 million increase to the capital budget for renovations and energy efficiency upgrades at ORDA facilities. Additionally, the Executive proposes to fund the operating budget for ORDA at \$10.09 million, an increase of \$6.05 million from SFY 2017-18. The Executive proposal continues to make \$2.5 million available from the New York Works appropriation in the Office of Parks, Recreation, and Historic Preservation Capital Budget.

New York Power Authority (NYPA)

The Executive proposes an All Funds appropriation of \$215 million, a decrease of \$120 million or 36 percent from SFY 2017-18.

The Executive includes the following Article VII proposals that would:

- authorize NYPA to provide energy-related projects, programs and services to any of its power customers; and
- authorize NYPA to develop renewable energy projects, and to procure and sell renewable products to public entities and NYPA customers.

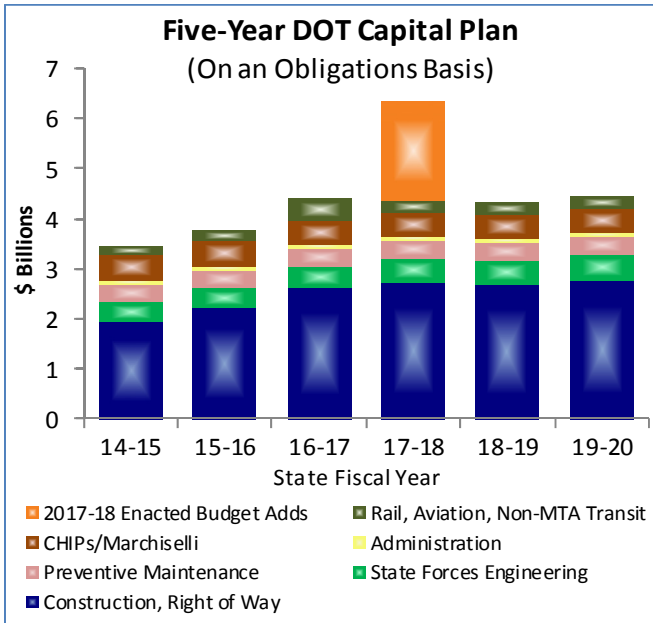
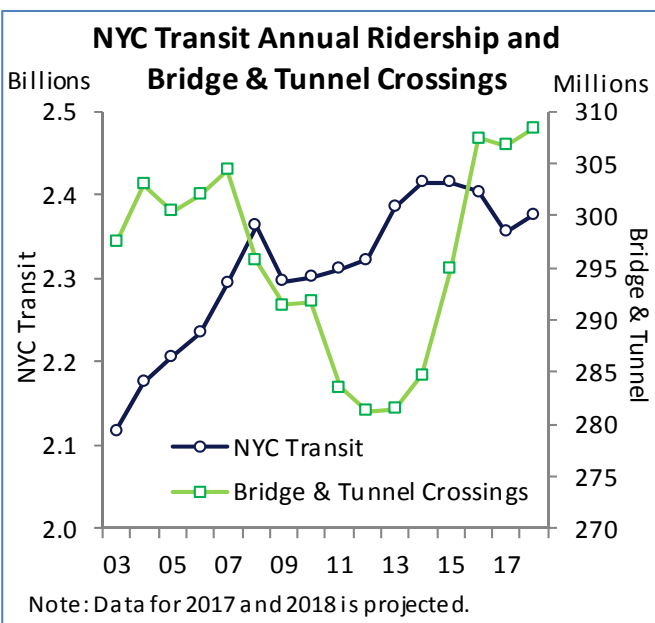
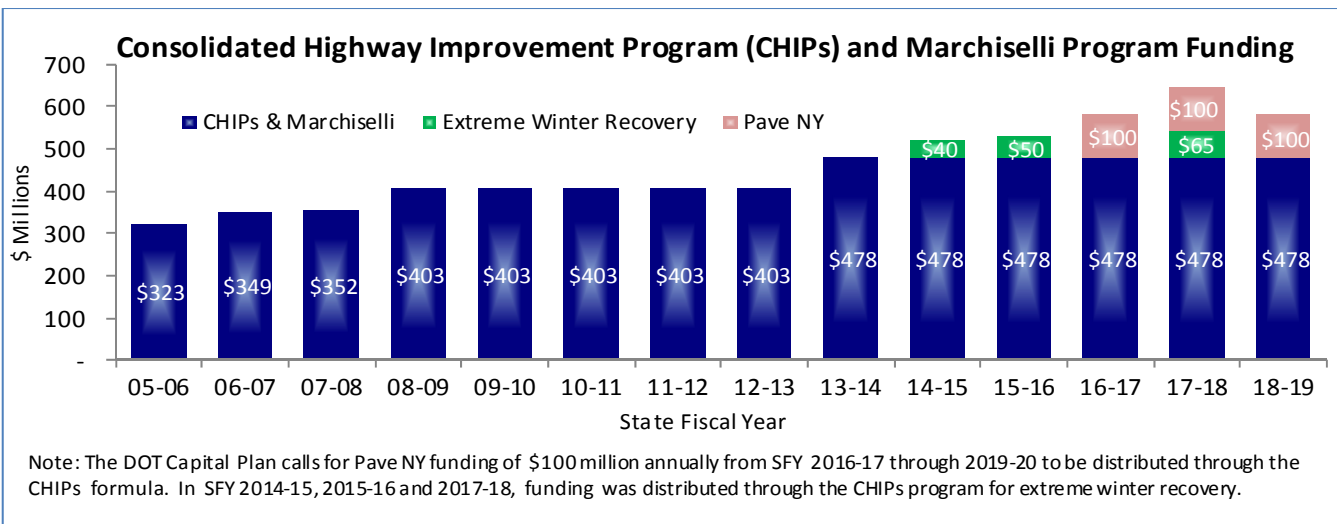
BUDGET SNAPSHOT: TRANSPORTATION



In July 2017, the MTA announced the \$836 million Subway Action Plan to address subway service disruptions.

The number of taxi and TNC vehicles in the Manhattan Central Business District has risen 59% since 2013, slowing average traffic speeds by 22%.

64 percent of bridges in New York State are rated in good or excellent condition, compared to 41 percent in New York City.



Source: NYS Assembly Ways and Means Committee, Metropolitan Transportation Authority, NYS Department of Transportation, Bruce Schaller: "Empty Seats, Full Streets: Fixing Manhattan's Traffic Problem" December 2017.

BUDGET HIGHLIGHTS: TRANSPORTATION



- **Funding for NYC Subway Action Plan:** The Executive recommends \$254 million to fund half of the operating costs for the Subway Action Plan and \$174 million for half of the capital costs of the plan.
- **MTA Capital Plan Funding:** The Executive maintains the previous state commitment of \$7.3 billion to the 2015-19 MTA Capital Plan by making the fourth of five annually \$1.47 billion appropriations. The state commitment would now total \$8.6 billion including prior year appropriations and amounts proposed for the Subway Action Plan.
- **Local Capital Construction Programs:** The Executive proposal would continue appropriation levels of \$438.1 million for the Consolidated Highway Improvement Program (CHIPs) and \$39.7 million for the Marchiselli program. The Executive continues funding of \$100 million for PAVE NY, distributed through the CHIPs formula, and provides a continued \$100 million for the Bridge NY program.
- **Transit Operating Assistance:** The Executive recommends \$5.372 billion in annual support for transit systems, including the MTA, reflecting an increase of \$371 million or 7.4 percent from SFY 2017-18.
- **Cashless Tolling:** The Executive proposal would expand cashless tolling throughout the Thruway System by 2020.
- **MTA Funding from New York City:** The Executive proposes legislation that would require New York City to fully fund all capital needs of the New York Transit Authority; in cases of a declared emergency, New York City would be required to fully match state capital funding related to such emergency.
- **MTA Value Capture:** The Executive proposes legislation that would allow the MTA to access up to 75 percent of the incremental increase in taxes on properties that were developed along certain transportation improvement sub districts.

BUDGET REVIEW AND ANALYSIS: TRANSPORTATION



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

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

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

In addition, the Thruway Authority is responsible for operating a 570-mile toll highway system including the construction of the replacement of the Tappan Zee Bridge.

Table 31

Agency	Appropriations			
	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Transportation	12,136.45	9,840.95	(2,295.50)	(18.91)
Metropolitan Transportation Authority	3,995.08	2,585.29	(1,409.79)	(35.29)
Department of Motor Vehicles	343.98	362.20	18.22	5.30
New York State Thruway Authority	0.00	0.00	0.00	0.00

Table 32

Agency	Disbursements			
	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Transportation	10,133.69	9,360.59	(773.10)	(7.63)
Metropolitan Transportation Authority	970.86	414.00	(556.86)	(57.36)
Department of Motor Vehicles	323.69	338.88	15.19	4.69
New York State Thruway Authority	0.00	0.00	0.00	0.00

Metropolitan Transportation Authority

NYC Subway Action Plan: The NYC Subway Action Plan was unveiled in July 2017 and provided a framework for improving the transit system through expedited repairs to signals, tracks and cars while enhancing customer service. The Action Plan is comprised of \$508 million in operating costs and \$348.5 million in capital costs. Projected operating costs related to the Subway Action Plan are \$342 million in 2019 and \$300 million annually thereafter.

The Executive proposes \$254 million to fund 50 percent of the operating costs of the Subway Action Plan, supported by \$194 million in settlement funds and \$60 million from accelerated mobility tax receipts. These funds will support 2,700 new FTEs to increase incident response times, provide maintenance and repair work for track and infrastructure (\$115 million), train cars (\$170 million), stations (\$101 million), communications (\$100 million), signals (\$17 million) and power issues (\$5 million).

The Executive proposes \$174 million to fund half of the capital need of the Subway Action Plan. In December 2017, the MTA increased the New York City Transit portion of its capital program by \$348.5 million for the capital components of the NYC Subway Action Plan. This money will be spent on the modification of 220 subway cars (\$175 million), signal improvements (\$112 million), continuous welded rail (\$53 million) and the purchase of lifts, washers, vacuum trucks and other non-revenue vehicles (\$8.5 million).

MTA 2015-19 Capital Plan: The Executive maintains the State’s commitment to provide \$8.6 billion for the 2015-19 MTA Capital Plan by proposing the fourth of five \$1.47 billion appropriations, in addition to \$1.1 billion appropriated previously and \$174 million in new capital proposed for the Subway Action Plan. The MTA Capital Plan was amended three times in 2017, increasing the size of the current five-year plan to \$29.9 billion. The first amendment increased funding for the Penn Station/Moynihan Station Redevelopment Project. The second increased the size of the Plan by \$2.8 billion, capturing

unspent amounts from the 2010-14 Capital Plan. This second amendment allowed for \$1.95 billion of initial funding for the LIRR third track initiative and \$700 million for Phase II of the Second Avenue Subway. A third amendment added the \$348.5 million to the capital portion of the Subway Action Plan.

The majority of the MTA capital plan, 78 percent, is for maintaining a state of good repair and the normal replacement of assets. The remaining 22 percent is for expansion projects, including East Side Access, LIRR third-track, Second Avenue Subway, and Penn Station Access.

State Emergency Declaration: On June 29, 2017, the Governor declared a disaster emergency in the Metropolitan Commuter Transportation District (MCTD) under Executive Order 168 in response to derailments and delays throughout the system that impacted riders and the local and regional economy. The Executive Order suspends a series of laws governing the MTA's contracts and procurements and has so far been invoked regarding procurements totaling \$273 million. The Executive proposal includes legislation to modify the MTA procurement process.

MTA Contingency Appropriation: The Executive budget proposes to reduce MTA contingency appropriations by \$1.5 billion to \$944 million. The Executive proposal moves the Payroll Mobility Tax off-budget, which provides the MTA with a dedicated funding stream that is not contingent on the enactment of future State budgets. This contingency appropriation can be used to support operating costs as well as debt service payments for the MTA in SFY 2019-20 in the event that the State budget for that fiscal year is not enacted by April 1, 2019.

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

- require the MTA to establish “transportation improvement subdistricts” which surround capital program projects and are expected to result in an increase of real property values, and establish requirements for the municipality to levy and collect an incremental property tax in such subdistricts of which a portion shall be paid to the MTA;
- clarify that the City of New York shall provide funding for all capital costs of the New York City Transit Authority (NYCTA); and in the case of a declared emergency, the State shall be authorized to appropriate capital funds essential for repairs provided that the City of New York makes an identical appropriation within 60 days; and
- modify the procurement process for the MTA to increase procurement thresholds that require competitive bidding.

Department of Transportation (DOT)

The Executive proposes All Funds appropriations of \$9.8 billion, a decrease of \$2.3 billion or 19 percent from SFY 2017-18. The decrease is the result of adjusting for one-time appropriations made in SFY 2017-18 for a series of DOT capital projects, as well as the shift of payroll mobility tax revenue off-budget. The Executive recommends funding support of 8,523 full-time equivalent (FTE) positions, which is an increase of 70 from SFY 2017-18 and includes the take-over of Cayuga County snow and ice removal (20 FTEs) and additional DOT snow and ice removal (50 FTEs).

The DOT Budget has two main components: transit assistance and capital expenditures. Transit assistance is primarily funded by dedicated transportation tax revenue and distributed to over 130 mass transit authorities around the State, including the MTA. Transit assistance to the MTA supports operations, and is distinct from State support for the MTA Capital Plan. The DOT Capital Plan funds the maintenance of State highways and bridges as well as CHIPs, rail, and aviation projects and is primarily funded through the Dedicated Highway and Bridge Trust Fund.

Transit Assistance: The Executive proposes \$5.36 billion in support for transit systems, which is an increase of 7.3 percent or \$362.8 million from SFY 2017-18. This increase primarily reflects additional support for the MTA's Subway Action Plan. The MTA's transit assistance for SFY 2018-19 is \$4.84 billion. This funding comprises 29 percent of the MTA's 2018 annual budget of \$16.6 billion.

The Executive proposal includes appropriations totaling \$10.3 million, a reduction of \$3.5 million from SFY 2017-18, which supports the Verrazano Narrows Bridge Staten Island Resident Rebate Program and its companion Commercial Rebate Program.

From the amounts within the transit operating assistance, \$204.7 million is provided for upstate transit systems, which reflects an increase of \$2 million or 1 percent from SFY 2017-18. Non-MTA downstate transit systems are provided \$312.7 million, also reflecting an increase of 1 percent from SFY 2017-18. The Executive has proposed an additional \$8 million in transit operating assistance for the Lower Hudson Transit Link, to provide express bus service across the Mario M. Cuomo Bridge, connecting Rockland and Westchester counties.

Table 33

Executive Proposal: Transit Operating Assistance				
Cash Disbursements				
(\$ in Millions)				
	SFY 2017-18	SFY 2018-19	\$ Change	% Change
	Enacted Budget	Proposal		
MTA				
NYC Transit Authority	1,825.3	1,858.8	33.5	1.8
Commuter Rail (MNR & LIRR)	663.5	669.2	5.7	0.9
MTA (Other)	2,000.7	908.6	(1,092.1)	(54.6)
MTA (Payroll Mobility Tax)	0.0	1,410.6	1,410.6	0.0
MTA Subtotal	4,489.5	4,847.2	357.7	8.0
Non-MTA Downstate Systems				
Nassau	68.0	68.7	0.7	1.0
NYC DOT	89.5	90.4	0.9	1.0
Rockland	3.4	3.5	0.0	1.0
Staten Island Ferry	33.5	33.8	0.3	1.0
Suffolk	26.4	26.7	0.3	1.0
Westchester	56.2	56.8	0.6	1.0
FORMULAS	32.5	32.8	0.3	1.0
Non-MTA Downstate Systems Subtotal	309.5	312.6	3.1	1.0
Lower Hudson Transit Link	0.0	8.0	8.0	100.0
Upstate Systems				
Capital District Transportation Authority (CDTA)	36.4	36.8	0.4	1.0
Central New York Regional Transportation Authority (CNYRTA)	33.3	33.6	0.3	1.0
Niagara Frontier Transportation Authority (NFTA)	52.5	53.0	0.5	1.0
Rochester Genesee Regional Transportation Authority (RGRTA)	40.4	40.8	0.4	1.0
FORMULAS	40.1	40.5	0.4	1.0
Upstate Systems Subtotal	202.6	204.7	2.0	1.0
Transit Operating Assistance Total:	5,001.7	5,364.5	362.8	7.3

DOT Capital Plan: The Executive proposes \$4.3 billion, on an obligations basis, for the fourth year of the five-year \$29.2 billion DOT Capital Plan, a decrease of \$2 billion or 32 percent. The decrease is the result of adjusting for one-time appropriations in the SFY 2017-18 Capital Budget.

Approximately 66 percent of capital plan spending is on road and bridge maintenance and construction, and associated consultant engineering and right of way costs. Other major components include funding to municipalities for local road and bridge construction including the CHIPs and Marchiselli programs, Pave NY and Bridge NY (15 percent), DOT's in-house engineering costs (9.8 percent), and summer road maintenance (7.9 percent). The Capital Plan also allocates 5.5 percent of funding to other modes of transportation over the five-year plan period, including: \$352 million for rail; \$292 million for aviation; and \$417 million for non-MTA transit systems.

Local Road & Bridge Programs: The Executive proposal provides \$677.8 million for local roads and bridges, a reduction of \$65 million from SFY 2017-18 related to the Extreme Winter Recovery program. The Executive maintains the following programs at prior year levels:

- \$438.1 million for the Consolidated Highway Improvement Program (CHIPs);
- \$100 million for PAVE NY distributed through the CHIPs formula; and
- \$100 million for the Bridge NY program.
- \$39.7 million for the Marchiselli program;

State Operations Appropriations: The Executive proposes All Funds State Operations appropriations of \$386.5 million, an increase of \$340.2 million from the SFY 2017-18 level. This reflects the move of several programs from the Dedicated Highway and Bridge Trust Fund account to the General Fund. These programs include the DOT Operations Program for snow and ice removal (\$325 million), the Bus Safety Program (\$7.23 million), the Motor Carrier Safety Program (\$6.24 million), and the Rail Safety Program (\$792,000).

Dedicated Highway and Bridge Trust Fund (DHBTF): The DOT capital plan is funded largely from the DHBTF. The DHBTF itself is funded through dedicated transportation taxes and fees (including those collected by the DMV), as well as through bond proceeds, federal funds and a General Fund transfer. The DHBTF has a projected funding shortfall which is closed by a \$193 million transfer from the General Fund. The change in the General Fund transfer is primarily a result of the Executive proposal to shift the DOT snow and ice removal costs (\$426 million) and four DMV accounts (\$17.3 million) from the DHBTF to the General Fund.

Table 34

Dedicated Highway and Bridge Trust Fund

(\$ in Millions)

	SFY 2017-18 Estimate	SFY 2018-19 Projection	\$ Change	% Change
Receipts				
Dedicated Taxes (including Motor Vehicle Fees, Petroleum Business Tax, Motor Fuel Tax, Highway Use Tax, Auto Rental Tax, Corporation & Utility Tax)	2,038.5	2,091.0	52.5	2.6
Miscellaneous Receipts (primarily bond proceeds)	563.1	558.8	(4.3)	(0.8)
Transfers from Federal Funds	360.2	375.9	15.7	4.4
Transfers from General Fund	664.0	193.4	(470.6)	(70.9)
Transfers from other Funds	8.9	2.2	(6.7)	(75.6)
Total Receipts	3,634.7	3,221.3	(413.4)	(11.4)
Disbursements				
Road and Bridge Capital Construction Program	628.0	534.8	(93.2)	(14.8)
Administration	74.1	75.0	0.9	1.2
State Forces Engineering	433.6	485.0	51.4	11.9
Consultant Engineering	184.6	173.5	(11.1)	(6.0)
DOT Operations	731.0	392.8	(338.2)	(46.3)
DMV Operations	223.0	228.5	5.5	2.5
Transfers for ITS	57.6	57.6	-	0.0
Transfer for State Debt Service	804.0	798.0	(6.0)	(0.7)
Transfer for Local Debt Service (CHIPS)	499.0	476.3	(22.7)	(4.5)
Total Disbursements	3,634.9	3,221.5	(413.4)	(11.4)

The Executive includes the following Article VII proposals that would:

- increase penalties for motor carrier violations;
- authorize commercial facilities at highway rest areas under the jurisdiction of the Department of Transportation (DOT);
- authorize the Public Transportation Safety Board (PTSB) to enforce federal requirements relating to rail fixed-guideway public transportation systems;
- require DOT to collect a \$120 fee on certain passenger-carrying motor vehicles subject to DOT inspection; and
- redirect various DMV and DOT-related revenues from the Dedicated Highway and Bridge Trust Fund to the General Fund, and to statutorily require the payment of future revenues raised by the Metropolitan Transportation Authority (MTA) regional payroll mobility tax directly to the MTA without appropriation.

Department of Motor Vehicles

The Executive proposes All Funds appropriations of \$362.2 million, an increase of \$18.2 million or 5.3 percent above the SFY 2017-18 level. The Executive recommends funding support of 2,345 FTEs, an increase of 89 positions. The increase in funding and positions is in anticipation of the implementation of the REAL ID Act and an expected upsurge in license renewals.

The DMV State Operations Budget is composed of specific programs which are self-supported by fees. The DMV appropriations are in the table below.

Table 35

Department of Motor Vehicles Appropriations					
(\$ in Thousands)					
	SFY 2016-17	SFY 2017-18	SFY 2018-19		
	Enacted	Enacted	Executive	\$ Change	% Change
Administration Program					
DMV Seized Asset Account	400	400	400	0	0.0
Federal Seized Asset Account	1,000	1,000	1,000	0	0.0
Banking Service Account	5,300	5,300	5,300	0	0.0
DMV Equitable Sharing Agreement (Justice)	0	0	1,000	1,000	100.0
DMV Equitable Sharing Agreement (Treasury)	0	0	1,000	1,000	100.0
Administrative Adjudication Program					
Administration Adjudication Account	42,189	42,656	44,103	1,447	3.4
Clean Air Program					
Mobile Source Account	19,162	20,143	20,623	480	2.4
Compulsory Insurance Program					
Compulsory Insurance Account	14,758	14,758	9,807	(4,951)	(33.5)
Distinctive Plate Development Program					
	0	24	24	0	0.0
Governor's Traffic Safety Committee					
Highway Safety Research and Operating Grants	13,966	14,095	14,493	398	2.8
Highway Safety Programs	21,600	23,400	22,000	(1,400)	(6.0)
Highway Safety Research & Development	6,000	6,000	6,000	0	0.0
Transportation Safety Program					
Motorcycle Safety Account	1,628	1,628	1,610	(18)	(1.1)
Internet Point Insurance Reduction Program	512	512	425	(87)	(17.0)
Capital (Transportation Support)	199,255	214,063	234,414	20,351	9.5
Total	325,770	343,979	362,199	18,220	5.3

The Executive proposes DMV operations appropriations of \$234.4 million from fees deposited into the DHBTF, a capital fund. This is an increase of 9.5 percent from SFY 2017-18 to support the 89 new FTEs. The proposal would shift four DMV appropriations to State Operations from the DHBTF, including the Compulsory Insurance Program, the DMV Seized Asset Account, the Motorcycle Safety Account and the Internet Point Insurance Reduction Program. The year to year reductions in these appropriations



reflect a shift of employee fringe benefits to General State Charges and do not reflect programmatic reductions.

The Executive proposal also creates two new DMV accounts, the DMV Equitable Sharing Agreement Justice Account and the DMV Equitable Sharing Agreement Treasury Account, to satisfy accounting requirements by the State Comptroller. These new accounts do not reflect any additional funding.

The Executive includes the following Article VII proposals that would:

- amend various provisions of law relating to seat belt requirements, junior drivers, texting while driving, and the use of mobile telephones and portable electronic devices while driving, and to establish a railroad grade-crossing camera enforcement program;
- modify and make permanent the statute authorizing the testing of autonomous vehicles on public roads;
- eliminate the authority of the New York City Traffic Violations Bureau to utilize certain New York State Comptroller reporting procedures; and
- authorize the Department of Motor Vehicles to administer, and driver's license applicants to take and complete, the mandatory five-hour pre-licensing course over the internet.

Thruway Authority

The 2018 Thruway Authority Budget is \$1.57 billion, which includes \$459 million for the replacement of the Governor Mario M. Cuomo (Tappan Zee) Bridge and is funded primarily through various off-budget revenues, consisting of mostly tolls. State funding is therefore not traditionally included in the Executive Budget. The SFY 2016-17 Enacted Budget included a capital appropriation of \$700 million, in addition to \$1.285 billion appropriated in the 2015-16 Enacted Budget for total support of the Thruway in the 2015-16 to 2019-20 Transportation Capital Plan of \$1.985 billion. Of this amount, \$1.2 billion or 61 percent has been used for the replacement of the Tappan Zee Bridge and 39 percent has been spent on Thruway projects statewide.

The Executive proposes that the Thruway, without additional State funding, will implement cashless tolling throughout the entire Thruway system. This project will be completed using existing Thruway funds, with an expected completion date of 2020.

The Executive also includes an Article VII proposal that would authorize the Thruway Authority to dispose of its fiber optic system through agreements based on set fees rather than by public auction.

BUDGET SNAPSHOT: ECONOMIC DEVELOPMENT

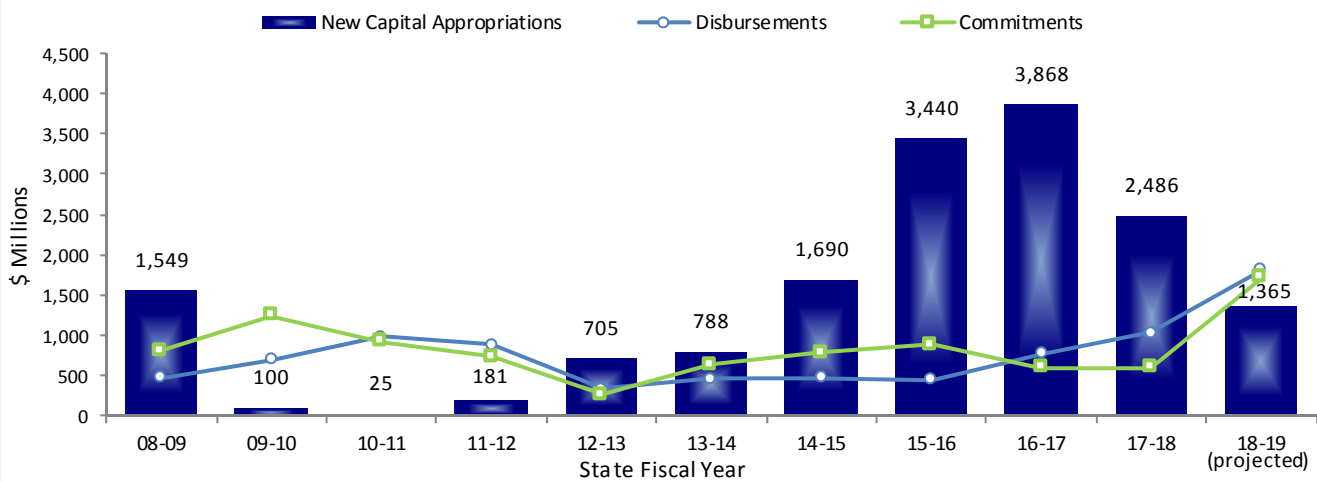


New York State ranks second in the nation in academic research and development expenditures.

New York State has over 8.1 million private sector jobs and a 4.7% unemployment rate.

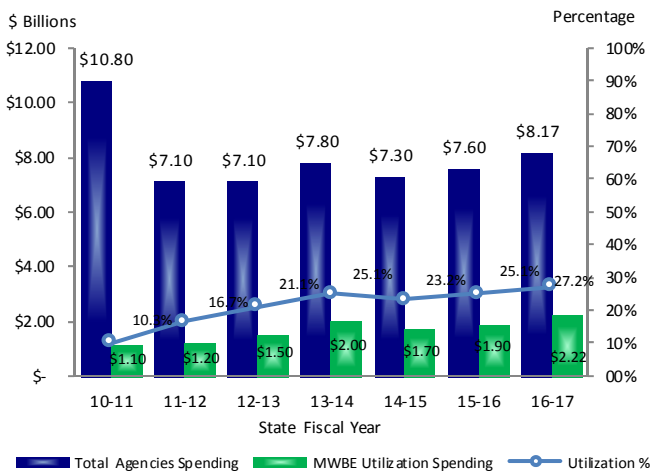
New York State currently supports more than 9,800 Minority- and Women-Owned Businesses

State Economic Development Capital Initiatives

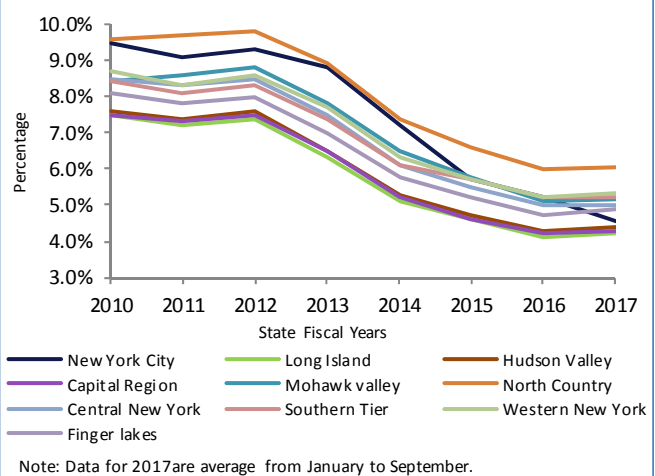


Note: Includes amounts made available through the ESDC and Miscellaneous Capital Appropriations

Statewide MWBE Utilization Spending



New York State Regional Unemployment Rate



Note: Data for 2017 are average from January to September.

Source: 2011-2017 Annual Reports, Division of Minority and Women's Business Development; 2008-2017 Enacted Budget; 2018-19 Executive Budget; New York State Department of Labor.

BUDGET HIGHLIGHTS: ECONOMIC DEVELOPMENT



- **New Capital Initiatives:** The Executive proposes \$1.27 billion in appropriations under the Urban Development Corporation for capital projects throughout the state.
- **Life Sciences Laboratory Public Health Initiative:** The Executive appropriates \$600 million for the Life Sciences Laboratory Public Health Initiative, which would develop a life sciences research, innovation, and infrastructure laboratory in the Capital District.
- **High Technology Innovation and Economic Development Infrastructure Projects:** The Executive proposal includes \$300 million to support research, development, and innovative technology projects.
- **New York Works Economic Development Fund:** The Executive provides \$200 million to support projects that create, expand, retain, or attract new jobs and businesses.

BUDGET REVIEW AND ANALYSIS: ECONOMIC DEVELOPMENT



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

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

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

Table 36

Appropriations				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Urban Development Corporation	2,675.95	1,358.19	(1317.76)	(49.24)
New York State Gaming Commission	330.68	359.58	28.90	8.74
Department of Economic Development	92.56	82.63	(9.93)	(10.73)
Council on the Arts	47.04	46.88	(0.16)	(0.34)

Table 37

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Urban Development Corporation	1,554.57	1,942.99	388.42	24.99
New York State Gaming Commission	225.20	204.30	(20.90)	(9.28)
Department of Economic Development	95.97	93.75	(2.22)	(2.31)
Council on the Arts	46.13	45.95	(0.18)	(0.39)

Urban Development Corporation (UDC)/Empire State Development Corporation

The Executive proposes All Funds appropriations of \$1.36 billion, a decrease of \$1.32 billion or 49.2 percent below the State Fiscal Year (SFY) 2017-18 level.

Capital: The Executive proposal includes \$1.27 billion in Capital Projects appropriations under the Urban Development Corporation, a decrease of \$1.30 billion or 50.6 percent below the SFY 2017-18 level.

Table 38

Economic Development Capital Initiatives			
(\$ in Thousands)			
Category/Item	SFY 2017-18	SFY 2018-19	Change
Life Sciences Laboratory Public Health Initiative	150,000	600,000	450,000
High Tech Innovation and Economic Development Infrastructure	0	300,000	300,000
New York Works Economic Development Fund	200,000	200,000	0
Regional Economic Development Councils	150,000	150,000	0
Market New York Program	8,000	8,000	0
Clarkson-Trudeau Partnership	5,000	5,000	0
Western NY Football Retention Efforts	2,278	2,305	27
Moynihan Station Development	700,000	0	(700,000)
Buffalo Regional Innovation Cluster	400,000	0	(400,000)
Life Sciences Initiative	320,000	0	(320,000)
Strategic Projects Program	207,500	0	(207,500)
NY-SUNY/CUNY 2020 Challenge Grant Programs	110,000	0	(110,000)
Kingsbridge National Ice Center	108,000	0	(108,000)
New York Power Electronics Manufacturing Consortium	33,000	0	(33,000)
Restore NY Communities Initiative	70,000	0	(70,000)
Economic Development Infrastructure Projects	65,000	0	(65,000)
Snow and Ice Removal Heavy Equipment	20,000	0	(20,000)
Cultural, Arts, and Public Spaces Fund	10,000	0	(10,000)
City of Auburn and Town of Owasco Drinking Water Treatment Systems	2,000	0	(2,000)
Total Capital Appropriations, Urban Development Corp.	2,560,778	1,265,305	(1,295,473)
Downtown Revitalization Initiative - Round Three	0	100,000	100,000
Total Appropriations, Department of State	0	100,000	100,000
Downtown Revitalization Initiative - Round Two	100,000	0	(100,000)
Total Settlement Fund Appropriations in Economic Development	100,000	0	(100,000)
Nonprofit Arts and Cultural Organizations	10,000	0	(10,000)
Total Arts and Cultural Facilities Improvement Program	10,000	0	(10,000)
Smithtown Business District Sewer Improvement Area	20,000	0	(20,000)
Kings Park Waste Water Treatment Facility	20,000	0	(20,000)
Cryo-electron Microscopy (CryoEM) Facility	15,000	0	(15,000)
MacArthur Airport Renovation/Expansion (\$20m total)	14,000	0	(14,000)
Total for Initiatives funded through Reappropriations	69,000	0	(69,000)
GRAND TOTAL	2,739,778	1,365,305	(1,374,473)



Life Sciences Laboratory Public Health Initiative: The Executive continues support for the Life Sciences Laboratory Public Health Initiative to develop a life sciences research, innovation, and infrastructure laboratory in the Capital District. The Executive proposal provides an additional \$600 million in capital for Life Sciences Laboratory, for a total of \$750 million in capital support.

High Technology Innovation and Economic Development Infrastructure Projects: The Executive proposal would create a new lump-sum appropriation of \$300 million to provide capital support for research, development, and innovative technology projects that create or retain jobs and support innovation in New York State.

Regional Economic Development Councils (REDC): The Executive Budget provides \$150 million for an eighth round of REDC competitive awards, and \$70 million in Excelsior Tax Credits designated for the same purpose. To date, the Executive has announced seven rounds of REDC awards of approximately \$5.4 billion. The Executive asserts that these awards have created or retained over 220,000 jobs.

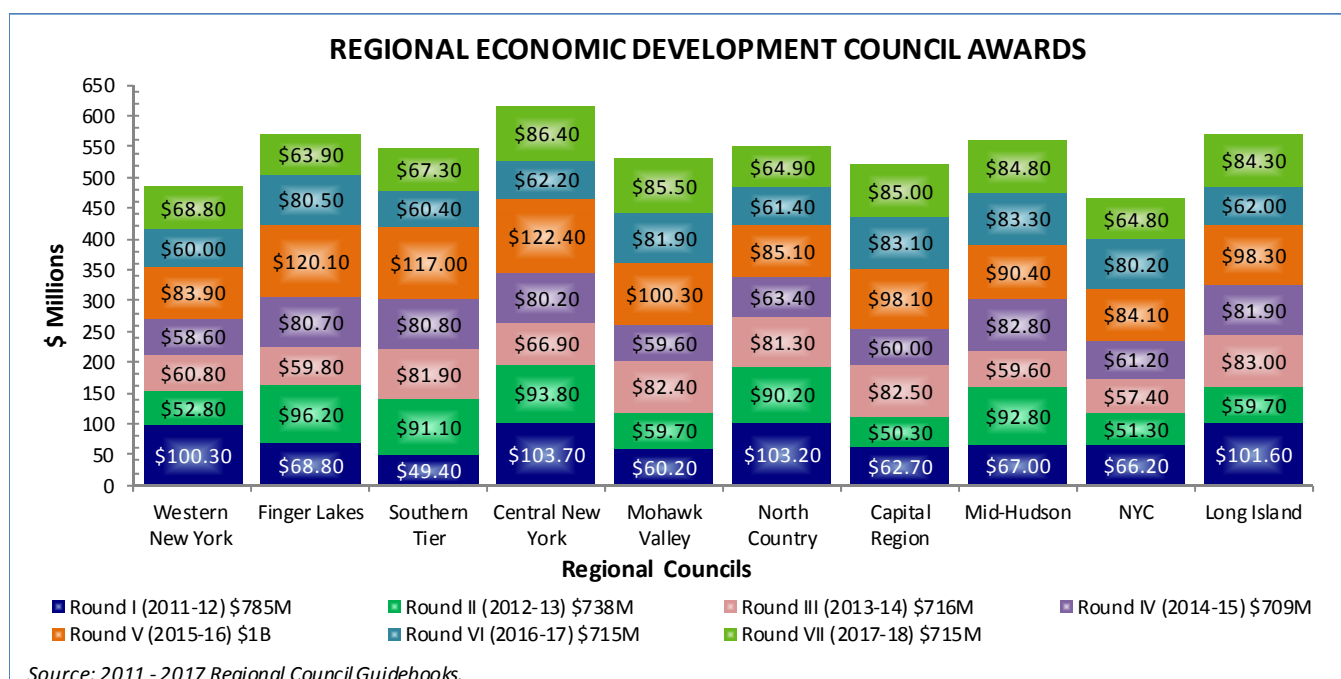


Figure 4

Downtown Revitalization Initiative (DRI): The Executive Budget provides \$100 million for a third round of DRI competitive awards. The initiative will target 10 downtown areas, one in each economic development region, that is either suffering from population loss or economic distress to help increase the property tax base. To date, the Executive has announced two rounds of DRI awards totaling \$200 million. The program is administered through the Department of State.

Table 39

Downtown Revitalization Initiative Awardees		
Region	Round 1 SFY 2016-17	Round 2 SFY 2017-18
Western New York	Jamestown	Olean
Finger Lakes	Geneva	Batavia
Southern Tier	Elmira	Watkins Glen
Central New York	Oswego	Cortland
Mohawk Valley	Oneonta	Rome
North Country	Plattsburgh	Watertown
Capital Region	Glens Falls	Hudson
Mid Hudson	Middletown	Kingston
New York City	Jamaica	Bronx
Long Island	Westbury	Hicksville (Oyster Bay)
Note: Each selected municipality received a \$10m award. Source: Urban Development Corporation (UDC).		

Colleges/Universities: The Executive proposes \$5 million to support the Clarkson-Trudeau Partnership, which promotes biotechnology research and development. This proposal continues the multi-year commitment for this initiative, which has received \$32 million to date.

Western New York Football: The Executive provides a total of \$6.91 million to cover contractual obligations for the retention of the Buffalo Bills in Western New York.

Economic Development Funds: The Executive proposes \$200 million in capital funding through the New York Works Economic Development Fund and provides \$26.18 million in operating support for the Empire State Economic Development Fund. In addition, \$44.5 million is provided to finance a wide range of economic development efforts, including the Open for Business program, Global NY initiatives and trade missions, and advertising of the START-UP NY program.

Article VII

The Executive proposes Article VII language that would:

- extend the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund until July 1, 2019;
- extend the general loan powers of the New York State Urban Development Corporation until July 1, 2019;

- reauthorize and extend the provisions of law relating to participation by minority-and women-owned business enterprises in state contracts and expands upon those provisions based upon the findings of the 2016 Disparity Study; and
- expand the definition of an authorized entity that may utilize design-build contracts through the Infrastructure Investment Act to include additional State Agencies.

Department of Economic Development

The Executive proposes All Funds appropriations of \$82.63 million, a decrease of \$9.93 million or 10.7 percent below the SFY 2017-18 level. The Executive recommends support for 153 full time equivalent (FTE) positions, which is five FTEs more than the SFY 2017-18 level, and will be utilized within the Division of Minority and Women’s Business Development.

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

New York State Tourism: The Executive proposes \$18.3 million in total support for the continuation of the Market NY Program, an increase of \$5.3 million above the prior year. In addition, \$3.82 million is allocated to provide Local Tourism Matching Grants.

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

Other Initiatives: The Executive proposes \$3.57 million to promote local agritourism, as well as New York produced food and beverage products, an increase of \$2.12 million above the SFY 2017-18 level.

Article VII

The Executive proposes Article VII language that would update provisions of law relating to participation by minority and women-owned business enterprises (MWBE) in state contracts based upon the 2016 Disparity Study findings, and would create a workforce diversity program. This proposal would also create new criminal offenses related to defrauding the MWBE program, and extend the MWBE program for five years.

New York State Gaming Commission

The Executive proposes an All Funds appropriation of \$359.58 million, an increase of \$28.9 million or 8.7 percent above the SFY 2017-18 level. The Executive proposes a workforce of 411 FTEs, an increase of seven FTEs, to account for the opening of additional gaming facilities.

Agency Operations: The Executive proposes \$113.58 million for agency operations, a net decrease of \$100,000 below the SFY 2017-18 level. The Executive offsets increases for Charitable Gaming (\$1.02 million), Administration of the Lottery (\$101,000), and Horse Racing and Pari-Mutuel Wagering (\$51,000) through decreases in support for the Gaming Program (\$985,000) and Interactive Fantasy Sports (\$289,000).

Commercial Gaming Revenue: The Executive proposes \$60 million in aid to host governments and non-host counties within a gaming region, a decrease of \$28 million over SFY 2017-18. Specifically, the Executive provides appropriations for host and regional aid for the Resorts World (\$10 million), Rivers (\$10 million), and Del Lago/Tioga Downs (\$10 million) casinos.

Tribal State Compacts: The Executive proposal appropriates \$186 million for payments made pursuant to Tribal-State Compacts, an increase of \$57 million from SFY 2017-18.

Article VII

The Executive proposes Article VII language that would:

- extend certain tax rates and certain simulcasting provisions for one year;
- amend Racing Operations provisions to create an advisory committee to make recommendations on the structure, operations and funding of equine drug testing and research. Increase NYRA's reserve for operating expenses, and allow NYRA to conduct night-time racing at Belmont Park Racetrack;
- allow breeding funds to be used for equine aftercare for retired horses;
- eliminate the Video Lottery Gaming (VLG) hold harmless transfer provision, which requires commercial casino revenues to hold harmless video lottery gaming revenues dedicated to education;

- reconfigure the video lottery gaming tax rates, the current additional commission structure, the capital awards distribution, and require video lottery gaming operators to submit an annual marketing plan to be approved by the commission; and
- remove unnecessary restrictions on licensing and employment for people with criminal convictions.

New York State Council on the Arts (NYSCA)

The Executive proposes an All Funds appropriation of \$46.88 million, a decrease of \$160,000 or 0.3 percent below the SFY 2017-18 level. The Executive recommends funding support of 30 full-time equivalent positions, which is unchanged from SFY 2017-18.

BUDGET SNAPSHOT: PUBLIC PROTECTION

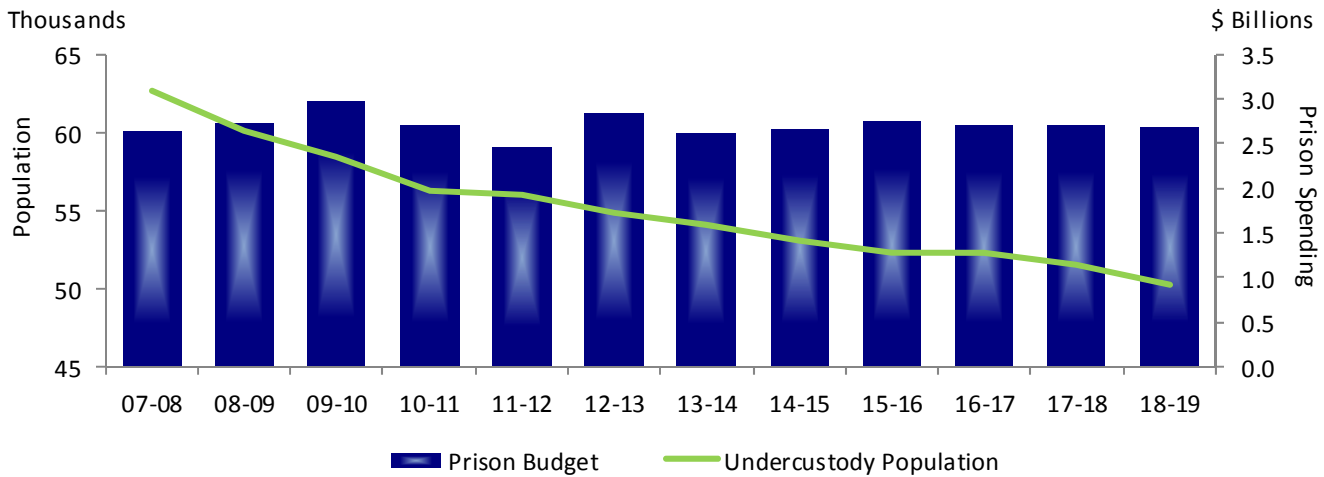


Violent crime rates have been reduced by 7.26% statewide over the past ten years.

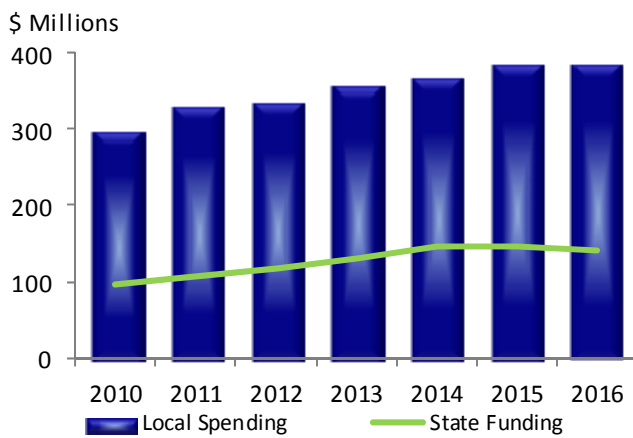
Over the past seven years, 13 prisons have been closed, reflecting a continued reduction in the prison population.

Currently, there are 1,224 individuals under the age of 21 in DOCCS facilities; and 67 aged 16 and 17.

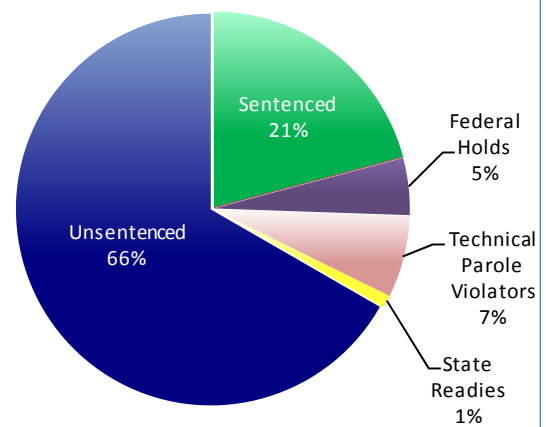
NYS Undercustody Population vs. Prison Spending



Indigent Legal Services Spending



New York's Local Jail Population



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

BUDGET HIGHLIGHTS: PUBLIC PROTECTION



- **Indigent Legal Services Expansion:** The SFY 2017-18 budget established a multi-year plan to improve the quality of public defense services statewide, with the state supporting 100 percent of the incremental local costs. The Executive Budget includes \$50.7 million to support the first year of the statewide *Hurrell-Harring* initiative, with full implementation costs projected at approximately \$250 million.
- **Gang Prevention:** The Executive Budget provides \$11.5 million to support a comprehensive strategy of engaging at-risk youth in social and educational programs in order to interrupt the MS-13 recruiting pipeline.
- **Bail and Pre-trial Detention Reform:** The Executive proposes legislation to create a presumption that people facing misdemeanor and non-violent felony charges be released without requiring cash bail. Monetary bail would be permitted, but not required, in remaining cases after an individualized assessment of the case, including personal and financial circumstances.
- **Improve Access to a Speedy Trial:** The Executive proposes legislation to limit the issuance and duration of speedy trial waivers; require court reviews of statements of readiness by the prosecution; and require that a motion to dismiss be made at least 20 days before the trial begins.
- **Modify the Discovery of Evidence Process:** The Executive proposes legislation that would require prosecutors and the defense to share evidentiary information under certain time frames prior to the start of the trial.
- **Reduce Barriers to Re-entry:** The Executive proposes legislation to remove certain suspensions and bans on driver's licenses and occupational licenses; to expand opportunities for geriatric parole, merit release and limited credit time allowances; and to eliminate the parole supervision fee.
- **Child Victims Act:** The Executive proposes legislation to eliminate criminal statutes of limitation for all sexually-related felony offenses when committed against a person who is less than 18 years of age. In addition, the proposed legislation also extends the statute of limitations for civil claims alleging sexual abuse to 50 years from the date of the offense.

BUDGET REVIEW AND ANALYSIS: PUBLIC PROTECTION



The State of New York spends approximately \$5.7 billion annually to support its Public Protection Agencies, which include the Department of Corrections and Community Supervision (DOCCS), Division of Criminal Justice Services (DCJS), Division of Homeland Security and Emergency Services (DHSES), Division of State Police (DSP), the Department of Law, Division of Military and Naval Affairs (DMNA), Office of Indigent Legal Services (ILS), Office of Victim Services (OVS), Office for the Prevention of Domestic Violence (OPDV), New York Interest on Lawyers Account (IOLA), State Commission of Correction (SCOC), and Judicial Commissions.

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

Table 40

Appropriations				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Corrections and Community Supervision	3,279.05	3,295.22	16.18	0.49
Division of Homeland Security and Emergency Services	1,576.98	1,534.71	(42.27)	(2.68)
Division of State Police	926.12	994.66	68.53	7.40
Division of Criminal Justice Services	286.10	281.35	(4.75)	(1.66)
Department of Law	261.69	263.87	2.19	0.84
Division of Military and Naval Affairs	139.31	156.51	17.20	12.35
Office of Victim Services	119.70	119.70	0.00	0.00
Office of Indigent Legal Services	109.64	161.25	51.61	47.07
Interest on Lawyer Account	46.98	47.04	0.06	0.12
Judicial Commissions	5.65	5.76	0.11	1.98
Office for the Prevention of Domestic Violence	5.60	5.60	0.00	0.00
State Commission of Correction	2.96	2.96	0.00	0.00

Table 41

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Department of Corrections and Community Supervision	3,004.18	3,008.00	3.81	0.13
Division of Homeland Security and Emergency Services	1,383.99	1,092.27	(291.72)	(21.08)
Division of State Police	826.24	776.40	(49.84)	(6.03)
Department of Law	241.98	247.03	5.05	2.09
Division of Criminal Justice Services	222.49	212.70	(9.79)	(4.40)
Division of Military and Naval Affairs	122.68	112.42	(10.26)	(8.36)
Office of Indigent Legal Services	79.78	166.39	86.61	108.56
Office of Victim Services	86.74	85.52	(1.22)	(1.41)
Judicial Commissions	5.65	5.76	0.11	1.98
Office for the Prevention of Domestic Violence	2.88	2.88	0.00	0.00
State Commission of Correction	2.65	2.65	0.00	0.00

Department of Corrections and Community Supervision

The Executive proposes All Funds appropriations of \$3.29 billion, an increase of \$16.18 million or 0.49 percent from the State Fiscal Year (SFY) 2017-18 level. The Executive recommends support for 29,183 full-time equivalent (FTE) positions, a decrease of 71 FTEs from the SFY 2017-18 level.

Special Housing Unit (SHU) Modifications: The Executive proposal includes a reduction of \$6.84 million, and 110 FTEs, related to the closure of SHU units at the Upstate, Southport, and Cayuga correctional facilities, reflecting a continued reduction in the undercustody SHU population. The Executive also proposes an investment of \$2.26 million and 36 FTEs to support program expansions at Lakeview and Upstate related to SHU settlement agreements.

Parole Board Expansion: The Executive proposal includes an increase of \$305,000 related to the addition of three parole board members, which would increase the total Parole Board membership from 13 members to 16 members.

Prison Transportation Days: The Executive proposal would reduce the number of prisoner transportation days between facilities from four to three days per week, for a savings of \$200,000.



State Ready Inmate Transportation: The Executive proposal includes \$750,000 in savings related to the elimination of county reimbursement for personal service costs associated with the transfer of state ready inmates.

Expand Merit Time Eligibility and Limited Credit Time Allowance (LCTA) Programs: The Executive proposal includes \$128,000 in savings related to an expansion of merit time eligibility for individuals who successfully complete two consecutive semesters of college programming, and the addition of four programs which would qualify an individual for the six-month LCTA program.

Establish Temporary Release Pilot Programs: This bill would authorize DOCCS to pilot two temporary release programs, a college educational leave program and a work release program, which would be limited to fifty individuals.

Establish Geriatric Parole: The Executive proposal would authorize geriatric parole for individuals that are at least 55 years of age and suffering from a chronic or serious condition, disease, syndrome, or infirmity that renders the individual incapable of providing self-care within a correctional facility.

Eliminate the Parole Supervision Fee: The Executive proposal would eliminate the \$30 per month parole supervision fee from all persons over the age of 18 currently supervised under presumptive release, parole, conditional release or post-release supervision. This fee generated \$373,921 in SFY 2016-17.

Remove Certain Limits on Post-Conviction Licensing and Employment: The Executive proposal would clarify that employers and licensing agencies need to evaluate an individual's criminal history in compliance with Article 23-A of the Correction Law relating to prospective applicants.

Medical Expense Savings: The Executive includes a reduction of \$4.5 million in medical expenses related to a reduction in drug costs for the treatment of individuals with Hepatitis C.

Improve DOCCS Medical Records System: The Executive proposes an increase of \$3 million to support the purchase of an electronic medical record system for DOCCS health care services.

Transfer from the General Fund to the Correctional Industries Account: The Executive proposes a transfer of \$8.77 million in General Fund expenditures and 116 correctional officer positions from the General Fund to the Correctional Industries Account.

Division of Criminal Justice Services

The Executive proposes All Funds appropriations of \$281.35 million, a decrease of \$4.75 million or 1.66 percent from the SFY 2017-18 level. The Executive recommends support for 436 FTE positions, unchanged from the SFY 2017-18 level.

Local Assistance Reductions and Eliminations: The Executive proposes the elimination of \$17.86 million in various General Fund programs that provide grants to localities and not-for-profits for criminal justice-related activities.



Table 42

DCJS General Fund Project Eliminations

Program	SFY 2017-18 Enacted Budget	SFY 2018-19 Executive Proposal	Change (\$)	Change (%)
Law Enforcement, Anti-Violence, Anti-Drug, Crime Control Prevention	\$2,891,000	0	(2,891,000)	100.00%
Westchester Policing Program	1,984,000	0	(1,984,000)	100.00%
Domestic Violence Legal Services	1,609,000	0	(1,609,000)	100.00%
NYSDA - Additional (\$1 M Base)	1,000,000	0	(1,000,000)	100.00%
Prisoners' Legal Services	750,000	0	(750,000)	100.00%
Law Enforcement Equipment & Technology Upgrades	730,000	0	(730,000)	100.00%
Traditional DV Legal Services Restoration (CJIA)	609,000	0	(609,000)	100.00%
Alternatives to Incarceration - Additional	500,000	0	(500,000)	100.00%
Finger Lakes Law Enforcement	500,000	0	(500,000)	100.00%
Southern Tier Law Enforcement	500,000	0	(500,000)	100.00%
Aid to Defense	441,000	0	(441,000)	100.00%
Brooklyn Legal Services Corp A	325,000	0	(325,000)	100.00%
S.T.R.O.N.G. Youth	300,000	0	(300,000)	100.00%
Fortune Society	300,000	0	(300,000)	100.00%
Civil Air Patrol	300,000	0	(300,000)	100.00%
Child Care Center of New York	250,000	0	(250,000)	100.00%
Community Service Society - Record Repair Counseling Corps	250,000	0	(250,000)	100.00%
Fireman's Association of New York	250,000	0	(250,000)	100.00%
Vera Institute: Common Justice	200,000	0	(200,000)	100.00%
NY Judicial Institute: Legal Education Opportunity	200,000	0	(200,000)	100.00%
Yeshiva University, Benjamin N. Cardozo School of Law	200,000	0	(200,000)	100.00%
Jewish Community Council of Greater Coney Island - SNUG Brooklyn	200,000	0	(200,000)	100.00%
Legal Action Center - ATI	180,000	0	(180,000)	100.00%
Brooklyn Defender	175,000	0	(175,000)	100.00%
New York County Defender Services	175,000	0	(175,000)	100.00%
Albany Law School - Immigration Clinic	150,000	0	(150,000)	100.00%
Legal Aid Society - Immigration Law Unit	150,000	0	(150,000)	100.00%
Legal Services NYC - DREAM Clinics	150,000	0	(150,000)	100.00%
Make the Road NY	150,000	0	(150,000)	100.00%
Friends Of the Island Academy	150,000	0	(150,000)	100.00%
Greenpoint Outreach Domestic and Family Intervention Programs	150,000	0	(150,000)	100.00%
District Attorney Office - Queens County	150,000	0	(150,000)	100.00%
Rape Crisis Centers	147,000	0	(147,000)	100.00%
Correctional Association -ATI	127,000	0	(127,000)	100.00%
NY Prosecutors Training Institute	126,000	0	(126,000)	100.00%
Goddard Riverside Community Center	125,000	0	(125,000)	100.00%
Bailey House - Project FIRST	100,000	0	(100,000)	100.00%
John Jay College Prison to College Pipeline	100,000	0	(100,000)	100.00%
District Attorneys Office - Bronx County	100,000	0	(100,000)	100.00%
Groundswell	75,000	0	(75,000)	100.00%
The Mohawk Consortium	75,000	0	(75,000)	100.00%
Legal Services NYC	75,000	0	(75,000)	100.00%
Northern Manhattan Improvement Corporation	75,000	0	(75,000)	100.00%
Legal Services of the Hudson Valley	75,000	0	(75,000)	100.00%
Youth Represent	75,000	0	(75,000)	100.00%
NYS Defenders Association	59,000	0	(59,000)	100.00%
Exodus Transitional Community	50,000	0	(50,000)	100.00%
SNUG - Wyandanch	50,000	0	(50,000)	100.00%
SNUG - North Amityville	50,000	0	(50,000)	100.00%
Inwood Community Services	50,000	0	(50,000)	100.00%
Manhattan Legal Services	50,000	0	(50,000)	100.00%
Center for Court Innovation - Crown Heights Mediation Center	50,000	0	(50,000)	100.00%
MFY Legal Services	50,000	0	(50,000)	100.00%
Center for the Integration and Advancement of New Americans	50,000	0	(50,000)	100.00%
Emerald Isle Immigration Center	50,000	0	(50,000)	100.00%
Her Justice	50,000	0	(50,000)	100.00%
Elmcor Youth and Adult Activities Program	44,000	0	(44,000)	100.00%
Osborne Association - ATI	31,000	0	(31,000)	100.00%
NYU Veteran's Entrepreneurship Program	30,000	0	(30,000)	100.00%
Bergen Basin Community Development Corporation	26,000	0	(26,000)	100.00%
Jacob Riis Settlement House	20,000	0	(20,000)	100.00%
Bronx Veterans Mentors	15,000	0	(15,000)	100.00%
Grand Total	\$17,869,000	0	(17,869,000)	100.00%

Transfer New York State Defenders Funding to the Indigent Legal Services Fund (ILSF): The Executive would eliminate \$1.03 million in General Fund support for the New York State Defenders Association, and would instead fund these services through the ILSF.

Rape Crisis Centers: The Executive budget transfers \$1 million in funding for rape crisis centers from the Department of Health to DCJS. In addition, the Executive reduces overall rape crisis center funding by \$147,000.

Youth Gang Prevention Activities: The Executive proposes an increase of \$500,000 to support local youth gang prevention activities, including prevention activities related to MS-13.

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

Table 43

Legal Services Assistance Fund Allocations			
(\$)			
Program	SFY 2017-18	SFY 2018-19	Change (\$)
Aid to Prosecution	2,592,000	2,592,000	-
Aid to Defense	2,592,000	7,658,000	5,066,000
HESC Loan Forgiveness Program	2,430,000	2,430,000	-
Prisoners' Legal Services	2,200,000	2,200,000	-
Civil Legal Service Grants	2,830,000	0	(2,830,000)
Domestic Violence and Veterans Legal Services	950,000	0	(950,000)
Indigent Parolee Program	600,000	0	(600,000)
Grand Total	14,194,000	14,880,000	686,000

Transfer Aid-to-Defense Services Funding to the LSAF: The Executive would eliminate \$6.09 million in General Fund support for aid to defense services, and would instead fund these services through the LSAF.

Bail and Pre-trial Detention Reform: The Executive includes language to modify the law regarding bail procedures to: authorize the courts to release defendants under non-monetary conditions by selecting the least restrictive alternative that ensures the defendant's appearance in court; require the court to make an assessment of a defendant's personal and financial circumstances where monetary bail has been set; and to allow a judge to order a defendant to be held in pretrial custody in certain circumstances.

Improve Access to a Speedy Trial: The Executive proposes language to: require an individual’s consent before implementing a speedy trial waiver; require the waiver be approved by a judge; establish maximum waiver periods based on the severity of the charge; limit number of waivers that can be filed; require court reviews of statements of readiness by the prosecution; and require a motion to dismiss be made at least 20 days before the trial begins.

Modify the Discovery Process: The Executive proposes legislation that would require prosecutors and the defense to share evidentiary information under certain time frames prior to the start of the trial and to add new crimes involving tampering with a witness or intimidating a witness or victim.

Modify Civil Asset Forfeiture Procedures: The Executive proposes language to prohibit asset seizure and forfeiture unless there has been an arrest and criminal conviction.

Extension of Pre-Indictment Settlement Distributions: The Executive includes language to extend the existing formula for distribution of certain monies recovered by county district attorneys in pre-indictment settlements for one year.

The Child Victims Act: The Executive proposes language to:

- eliminate the statute of limitation for “sexually-related felonies” when committed against a person who is less than 18 years of age;
- expand the list of crimes committed against a child for which the statute of limitations is tolled until the child turns 18;
- extend the statute of limitation for civil claims for “sexually-related offenses” committed to 50 years from the date of the offense, limited to actions against the person who committed the offense; and
- eliminate the requirements to file a notice of claim in such cases; and revive previously time-barred civil claims for “sexually-related offenses” for a period of one year.

Remove Firearms from Domestic Abusers: The Executive includes a variety of proposals to limit firearm possession in instances of domestic violence, including language to:

- expand the definition of “serious offense” to include certain crimes committed against members of the same family or household;



- set forth a procedure for determining whether certain misdemeanor crimes are serious offenses under the Penal Law;
- require that when certain temporary orders of protection or orders of protection are issued or willfully violated by a defendant, the court shall suspend or revoke any firearms license, order the defendant ineligible for such licenses, and order the immediate surrender of all firearms;
- clarify a defendant's right to notice and a hearing; and
- require the prompt notification of certain law enforcement agencies regarding any order of suspension or revocation of, or ineligibility for, a firearms license or surrender of firearms, as well as any change in the status of such order.

Establish New Sexual Extortion Crimes: The Executive proposes legislation to create new felony crimes for Sexual Extortion and create a class A misdemeanor for the Unlawful Publication of Sexual Images;

Division of Homeland Security and Emergency Services

The Executive proposes All Funds appropriations of \$1.53 billion, a decrease of \$42.27 million or 2.68 percent from the SFY 2017-18 level. The Executive recommends support for 599 FTE positions, an increase of 35 FTEs from the SFY 2017-18 level.

Disaster Preparedness and Emergency Response: The Executive budget adds \$1.9 million to support the addition of 20 FTEs that would support disaster preparedness and emergency response efforts.

Other Workforce Initiatives: The Executive provides \$1.9 million and seven FTEs related to the annualization of SFY 2017-18 initiatives.

Public Safety Communications Account Transfer: The Executive includes language to suspend the annual transfer of funds from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund, for an additional two fiscal years.

Division of State Police

The Executive proposes All Funds appropriations of \$994.66 million, an increase of \$68.53 million or 7.4 percent from the SFY 2017-18 level. The Executive recommends support for 5,741 FTE positions, an increase of 30 FTEs from the SFY 2017-18 level.



MS-13 Gang Initiative: The Executive proposal would provide \$8.03 million to support the addition of 26 FTEs which would support initiatives related to combating MS-13.

Sexual Offense Evidence Kits: The Executive Budget would use existing resources to support an additional four FTEs to process the backlog of sexual offense evidence kits.

Interoperability Projects: The Executive provides \$5 million in capital funding to support interoperable communication initiatives within the State Police. These costs would be reimbursed through DHSES interoperable grant awards.

Administrative Subpoena Authority: The Executive's proposal would provide the Superintendent of State Police with administrative subpoena power related to certain online sexual offenses involving children.

Office of Indigent Legal Services

The Executive proposes All Funds appropriations of \$161.25 million, an increase of \$51.61 million or 47.07 percent from the SFY 2017-18 level. The Executive recommends support for 34 FTE positions, an increase of four FTEs from the SFY 2017-18 level.

Indigent Legal Services Expansion: The SFY 2017-18 budget established a multi-year plan to improve the quality of public defense services statewide, with the State supporting 100 percent of the incremental local costs. The Executive Budget includes \$50.72 million to support the first year of the statewide *Hurrell-Harring* initiative, with full implementation costs projected at approximately \$250 million.

State Operations Funding: The Executive proposes an increase of \$887,000 to support the addition of four FTEs, the expanded activities of the Office, and the annualization of prior year staffing levels.

Department of Law

The Executive proposes All Funds appropriations of \$263.87 million, an increase of \$2.19 million or 0.84 percent from the SFY 2017-18 level. The Executive recommends support for 1,839 FTE positions, unchanged from the SFY 2017-18 level.

Technology Projects: The Executive Budget includes \$1 million in capital funding to support technology projects, including replacement of the Service Now legacy system and IT security initiatives.

Division of Military and Naval Affairs

The Executive proposes All Funds appropriations of \$156.51 million, an increase of \$17.2 million or 12.35 percent from the SFY 2017-18 level. The Executive recommends support for 390 FTE positions, unchanged from the SFY 2017-18 level.

Capital Projects: The Executive budget provides an additional \$13.2 million for maintenance, repairs and improvements to several armories statewide.

Armory Maintenance Fund: The Executive includes language to establish a fund for the maintenance and operation of the State's armories.

Office for the Prevention of Domestic Violence

The Executive proposes All Funds appropriations of \$5.6 million, which is unchanged from the SFY 2017-18 level. The Executive recommends support for 27 FTE positions, a reduction of one FTE position from the SFY 2017-18 level.

Office of Victim Services

The Executive proposes All Funds appropriations of \$119.7 million, which is unchanged from the SFY 2017-18 level. The Executive recommends support for 92 FTE positions, unchanged from the SFY 2017-18 level.

New York Interest on Lawyer Account

The Executive proposes All Funds appropriations of \$47.04 million, an increase of \$60,000 or 0.12 percent from the SFY 2017-18 level. The Executive recommends support for nine FTE positions, an increase of one from the SFY 2017-18 level.

Commission of Correction

The Executive proposes All Funds appropriations of \$2.96 million, unchanged from the SFY 2017-18 level. The Executive recommends support for 32 FTE positions, unchanged from the SFY 2017-18 level.



Judicial Commissions

The Executive proposes All Funds appropriations of \$5.76 million, an increase of \$110,000 or 1.98 percent from the SFY 2017-18 level. The Executive recommends support for 50 FTE positions, unchanged from the SFY 2017-18 level.

Commission on Judicial Conduct: The Executive budget provides an additional \$112,000 to support increased lease costs at the Commission's New York City office.

BUDGET SNAPSHOT: LOCAL GOVERNMENTS



Total Expenditures by Local Government

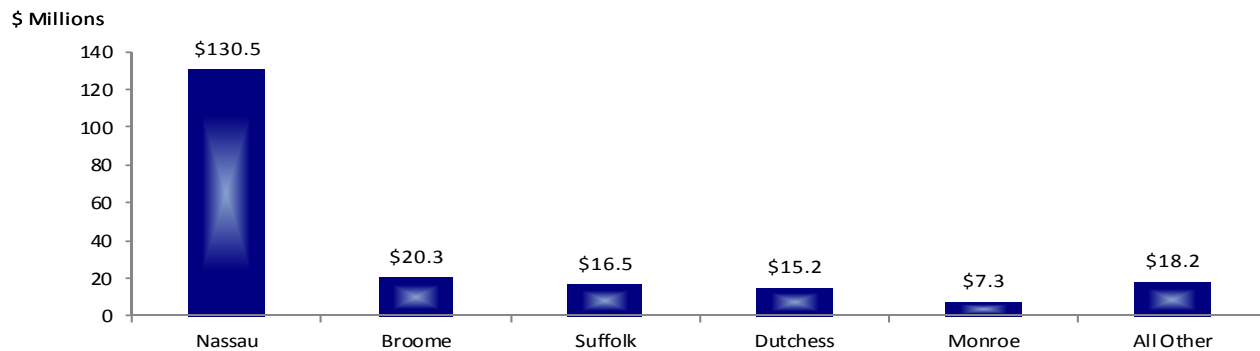
Counties: \$24.6 billion
Cities: \$4.8
Towns: \$7.6 billion
Villages: \$3.0 billion
Fire Districts: \$800 million

Major Sources of Local Revenue:

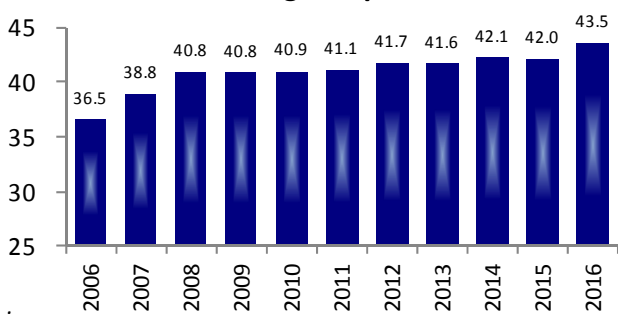
Property Taxes: 43%
State Aid: 25%
Sales Tax: 9%
Federal Aid: 6%
Other: 17%

Year 1, County-Wide Shared Services Plans: 34 county participants and \$208 million projected savings. Proposal includes \$225 million to match local savings.

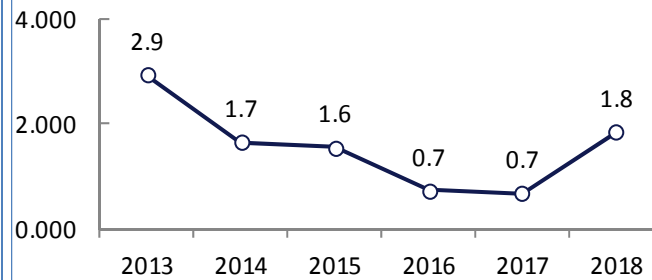
Projected Savings for First Year of Countywide Shared Services Initiative



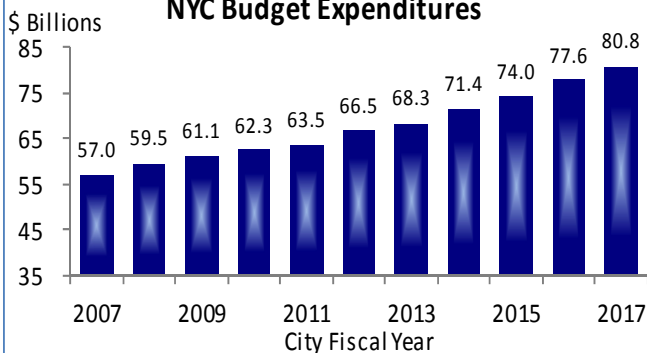
Local Budget Expenditures



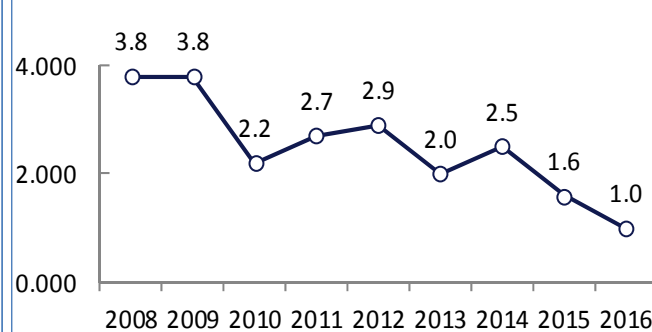
Local Property Tax Cap (Rate of Inflation)



NYC Budget Expenditures



Property Tax Levy Growth



Sources: NYS Division of Budget; NYC Comptroller CAFR; NYC OMB; NYS Comptroller; Rockefeller Institute of Government.

BUDGET HIGHLIGHTS: LOCAL GOVERNMENTS



- **Aid and Incentives for Municipalities (AIM):** Under the Executive proposal, program support would remain at \$715 million, the same level as the previous eight years.
- **County-Wide Shared Services Initiative:** Of the 57 counties required to participate, 34 submitted adopted shared services plans to the state by the 2017 deadline, generating \$208 million in projected savings in 2018. The Executive proposal provides \$225 million to fund a one-time savings match.
- **Shared Services Panels:** The Executive proposal would make the panels established by the County-Wide Shared Services Initiative permanent and provides for optional participation by fire districts and fire protection districts.
- **Eliminating Shared Services Barriers:** The Executive proposal would streamline the process for adjacent towns to share town justices and authorize counties, at the request of its cities, towns, or villages, to take over land use, planning, and zoning regulations.
- **Continued Restructuring Programs:** The Executive proposal would continue funding to support the Municipal Consolidation and Efficiency Competition, the Municipal Restructuring Fund, Citizen Empowerment Tax Credits, Citizens Reorganization Empowerment Grants, and Local Government Efficiency Grants.

BUDGET REVIEW AND ANALYSIS: LOCAL GOVERNMENTS



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

Table 44

Agency	Appropriations		Change (\$ in Millions)	Change (%)
	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)		
Aid and Incentives for Municipalities	754.00	754.00	0.00	0.00
County-Wide Shared Services	0.00	225.00	225.00	100.00
Municipalities with VLT Facilities	28.89	28.89	0.00	0.00
Miscellaneous Financial Assistance	5.22	2.25	(2.97)	(56.90)
Small Government Assistance	0.22	0.22	0.00	0.00

Table 45

Agency	Disbursements		Change (\$ in Millions)	Change (%)
	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)		
Aid and Incentives for Municipalities	714.70	714.70	0.00	0.00
County-Wide Shared Services	0.00	0.00	0.00	0.00
Municipalities with VLT Facilities	28.90	28.90	0.00	0.00
Miscellaneous Financial Assistance	7.50	2.30	(5.20)	(69.33)
Small Government Assistance	0.20	0.20	0.00	0.00



Aid and Incentives for Municipalities (AIM)

The Executive Budget for State Fiscal Year (SFY) 2018-19 provides \$714.7 million in unrestricted AIM for cities (excluding New York City), towns, and villages.

The AIM program was created in SFY 2005-06 to consolidate various unrestricted local aid funding programs and to provide unrestricted aid that could be utilized at the discretion of the local entity. From SFY 2010-11 through SFY 2018-19, AIM has remained unchanged. Of the \$714.7 million available, cities receive \$647.1 million, towns receive \$47.9 million, and villages receive \$19.7 million.

Table 46

2018-19 Executive Budget: Aid and Incentives for Municipalities Proposal

City	Amount	City	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*			\$47,911,167
Villages*			\$19,726,905
Total			\$714,731,701

Note*: (1) The Village of Cherry Creek, Chautauqua County, dissolved effective December 31, 2017. The Village's AIM will henceforth be paid to the Town of Cherry Creek.
(2) The Village of Barneveld, Oneida County, dissolved effective December 31, 2017. The Village's AIM will henceforth be paid to the Town of Trenton.

Source: NYS Division of the Budget.



Consolidation, Dissolution, and Restructuring

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

Citizens Reorganization Empowerment Grants (CREG) and Citizen Empowerment Tax Credits (CETC): Citizens Reorganization Empowerment Grants provide local governments up to \$100,000 to cover costs associated with planning and implementing, reorganization, and consolidation efforts. Citizen Empowerment Tax Credits provide additional funding for cities, towns, and villages (excluding New York City) that consolidate or dissolve. The tax credits provide an annual aid bonus of 15 percent of the newly combined tax levy with the stipulation that 70 percent of the amount be used for direct property tax relief to taxpayers. These initiatives are supported by a \$35 million appropriation. Under the Executive proposal, municipalities that incorporate after December 31, 2017 are ineligible for the CETC. For villages that dissolve after December 31, 2017, the annual aid is limited to the lesser of \$1 million or the amount of real property taxes levied by such village in the village fiscal year prior to the village fiscal year in which such dissolution took effect. These changes are meant to close an eligibility loophole and prevent disproportionate payments.

The Municipal Consolidation and Efficiency Competition (MCEC): This program would allow counties, cities, towns, and villages to compete in developing innovative consolidation action plans to permanently reduce operational costs and achieve recurring property tax savings. Each consortium of local governments intending to apply must develop a Municipal Consolidation and Efficiency Plan (MCEP) to submit to the Department of State. Phase I of the competition ended January 27, 2017, in which all consortiums must have submitted an Intent to Propose to the Department of State. Upon receipt of the Intent, all qualifying applicants received \$50,000 to develop an MCEP, which were due June 28, 2017. Winners have yet to be announced. The competition is supported by a \$20 million appropriation made in SFY 2016-17; however, the final award will equal the difference between the total appropriation and the total number of \$50,000 awards given.

Municipal Restructuring Fund (MRF): This program was provided an allocation in SFY 2015-16 to help local governments implement transformational projects that contribute to lower operating costs and reduced property tax burdens. Funding is available in project stages and is largely based upon the completed projects' estimated long-term savings (20 percent of savings). Project plans are accepted on a continuous basis with funding proposals due July 12, 2017, and November 8, 2017.

Financial Restructuring Board (FRB): The Financial Restructuring Board can make loans or grant awards of up to \$5 million under the Local Government Performance and Efficiency Program (LGPEP) to 389 fiscally eligible municipalities that accept the Board’s recommendations. The FRB has undertaken comprehensive reviews for the cities of Albany, Elmira, Fulton, Jamestown, Lockport, Niagara Falls, Plattsburgh, Poughkeepsie, Rochester, Troy, and Utica; the villages of Alfred, Amityville, Hoosick Falls, Owego, and Wilson; and the town of Fishkill. Additional comprehensive reviews are expected for the city of Dunkirk and the villages of Herkimer and Potsdam.

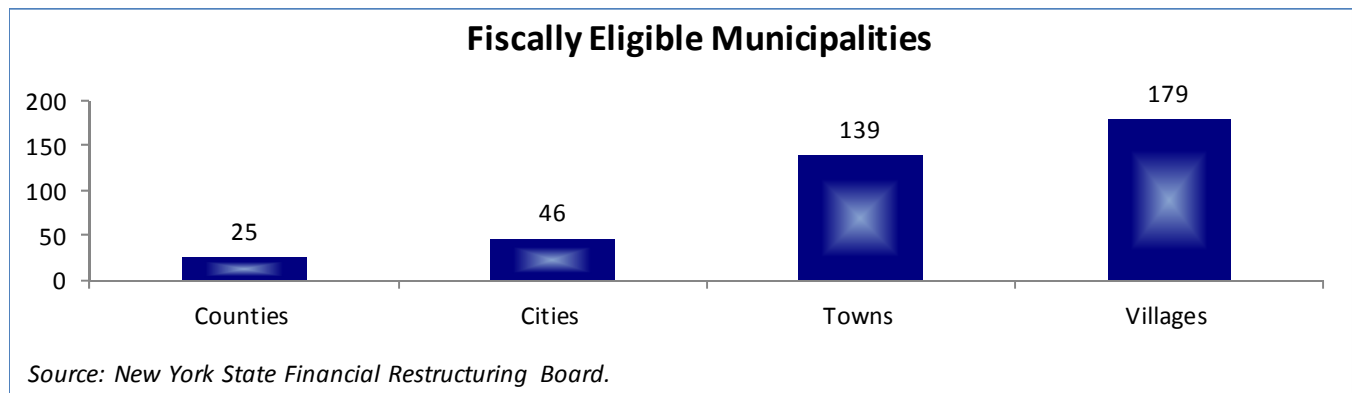


Figure 5

County-Wide Shared Services Initiative

Of the 57 counties required to participate, 34 submitted adopted plans to the State by the 2017 deadline, generating \$208 million in projected savings in 2018. The Executive proposes a \$225 million appropriation to fund a one-time savings match for actual and demonstrable savings in the first year of the plan’s implementation. The Executive proposal does not anticipate any disbursement from this appropriation until SFY 2019-20, as any savings achieved in 2018 will need to be certified. A county and all of the local governments within the county that took part in the plan must collectively apply for the matching funding and agree on the distribution and use of any matching funding before such funds are disbursed.

Proposed Changes to Shared Services Panels: The Executive proposal makes the panels established pursuant to the County-Wide Shared Services Initiative permanent and provides for optional participation by fire districts and fire protection districts. County executives must update previously approved plans or develop a new one to be submitted to county legislative bodies 45 days prior to a panel vote. Additionally, the Secretary of State would be authorized to consult and offer guidance to the shared services panels. Approved plans must be publically presented and transmitted to the Secretary of State no later than 30 days from the date of panel approval. Beginning in 2020, by January 15th of the following calendar year in which a plan was not approved and submitted, an explanation for the failed plan and the votes by each panel member must be made public, and sent to the Secretary of State.

Eliminating Barriers: The Executive proposal authorizes and streamlines the process for adjacent towns to share town justices. It also provides counties with zoning authority in order to promote intermunicipal agreements, at the request of its cities, towns, or villages, pertaining to land use, planning, and zoning regulations.

Miscellaneous Financial Assistance

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

Video Lottery Terminal (VLT) Aid

The Executive proposal maintains VLT aid at \$28.9 million for eligible municipalities in which a video lottery gaming facility is located. The municipalities that host these facilities, with the exception of the City of Yonkers, receive aid in an amount equal to 70 percent of aid received in the SFY 2008-09.

Table 47

Aid to Municipalities with Video Lottery Terminal (VLT) Facilities	
(\$ Thousands)	
Yonkers	19,600
Batavia Downs	802
Fairgrounds (Buffalo)	1,154
Finger Lakes	2,369
Monticello	1,234
Saratoga Springs	3,101
Vernon Downs	626
Total	28,886

Source: New York State Division of Budget.

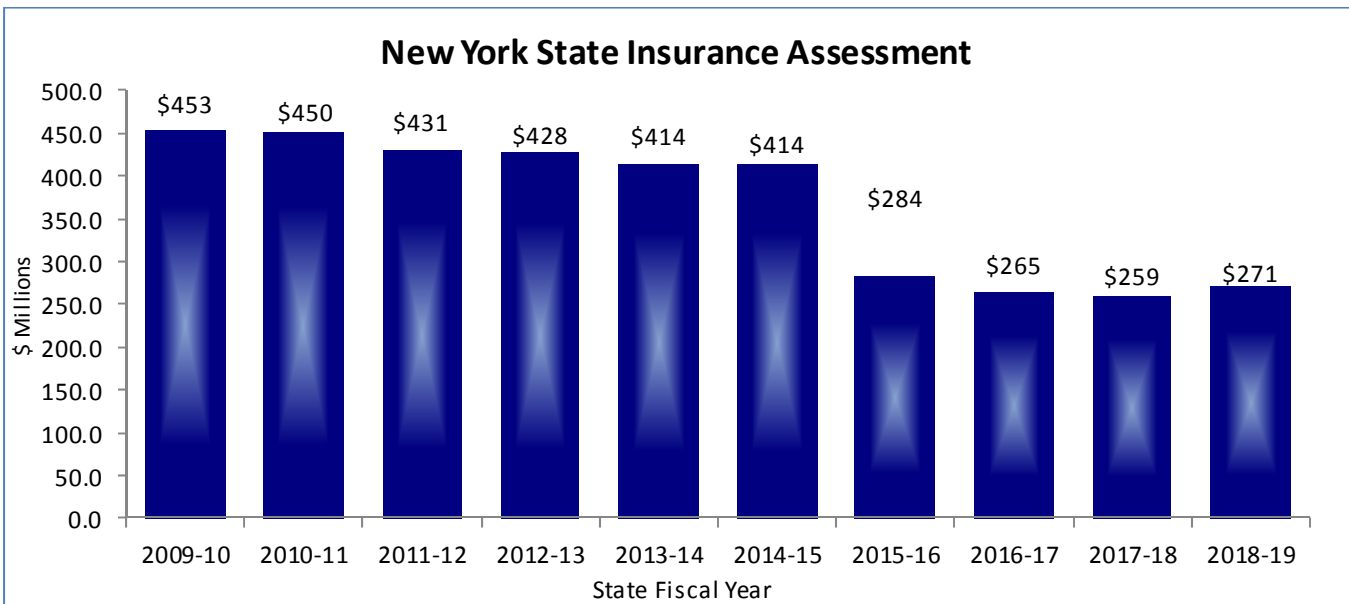
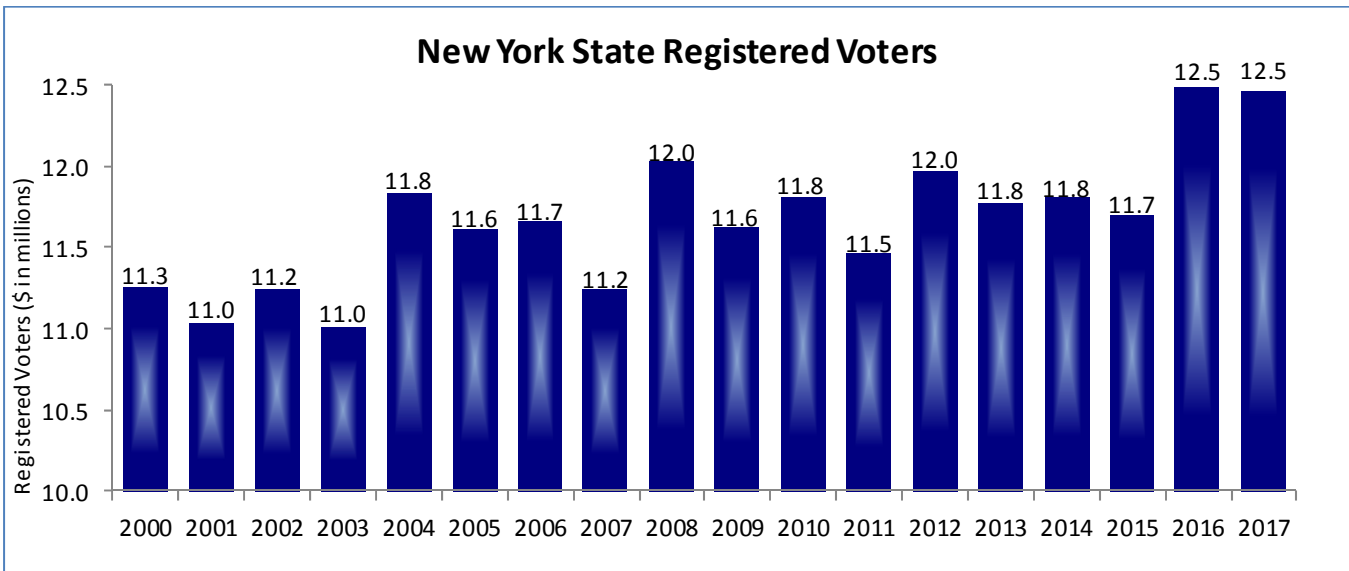
BUDGET SNAPSHOT: GENERAL GOVERNMENT



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

Thirty-seven states offer early voting in elections.

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



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

BUDGET HIGHLIGHTS: GENERAL GOVERNMENT



- **Women's Agenda:** The Executive proposes several legislative changes to advance the interests of women, including a provision to protect contraceptive coverage, establishment of a Maternal Mortality Review Board, curtailing access to firearms in domestic violence cases, criminalization of sex-related extortion and publication of sexual images, improved sexual harassment policies, and improved anti-discrimination provisions in public education institutions.
- **Student loan debt:** The Executive proposes to license and regulate student loan servicers; create a Student Loan Ombudsman at the Department of Financial Services; standardize the student debt consulting industry; and prohibit state agencies from denying licenses to people behind or in default on student loans.
- **Brownfield Opportunity Areas (BOA) Program:** The Executive proposes to modify the process by which Brownfield Opportunity Areas are nominated for designation and financed through the Department of State to assist municipalities, community based organizations or community boards.
- **Transparency for Digital Political Advertisements:** The Executive proposes legislation to regulate paid internet and digital political advertisements, including on social media platforms.
- **Voter registration and early voting:** The Executive proposes a range of legislation to improve engagement in the electoral process, including automatic voter registration upon application for a driver's license, license renewal, or identification card; and establishing a system for in-person early voting.

BUDGET REVIEW AND ANALYSIS: GENERAL GOVERNMENT



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

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

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

Table 48

Appropriations				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Office of General Services	1,281.80	1,207.13	(74.67)	(5.83)
Office of Information Technology Services	854.13	854.63	0.50	0.06
Department of Taxation and Finance	456.52	461.52	5.00	1.10
Department of Financial Services	414.37	433.30	18.93	4.57
Department of Audit and Control	346.24	354.38	8.14	2.35
Workers' Compensation Board	195.43	216.54	21.11	10.80
Department of State	157.26	247.75	90.49	57.54
Division of Budget	50.71	49.18	(1.53)	(3.02)
Statewide Financial System	30.49	30.49	0.00	0.00
Executive Chamber	18.48	18.48	0.00	0.02
Division of Alcoholic Beverage Control	13.31	13.31	0.00	0.00
State Board of Elections	11.56	16.56	5.00	43.25
Office of the Inspector General	7.24	7.44	0.20	2.76
Joint Commission on Public Ethics	5.58	5.58	0.00	0.00
Division of Tax Appeals	3.04	3.04	0.00	0.00

Table 49

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Office of General Services	312.51	419.09	106.58	34.10
Office of Information Technology Services	682.27	654.96	(27.31)	(4.00)
Department of Taxation and Finance	298.50	255.91	(42.59)	(14.27)
Department of Financial Services	359.54	375.36	15.82	4.40
Department of Audit and Control	185.35	193.54	8.19	4.42
Workers' Compensation Board	197.33	216.54	19.22	9.74
Department of State	133.66	146.28	12.62	9.44
Division of Budget	31.12	29.60	(1.52)	(4.88)
Statewide Financial System	30.14	30.14	0.00	0.00
Executive Chamber	13.58	13.58	0.00	0.00
Division of Alcoholic Beverage Control	12.68	12.48	(0.20)	(1.58)
State Board of Elections	17.98	8.59	(9.39)	(52.22)
Office of the Inspector General	7.37	7.43	0.06	0.81
Joint Commission on Public Ethics	5.53	5.58	0.05	0.90
Division of Tax Appeals	3.04	3.04	0.00	0.00

Office of General Services

The Executive proposes an All Funds appropriation of \$1.21 billion, a decrease of \$74.7 million or 5.8 percent from SFY 2017-18. The Executive recommends support for 1,915 full-time equivalent (FTE) positions, unchanged from SFY 2017-18.

Restacking Operational Costs: The Executive proposes a \$3.5 million increase for the operational costs of consolidation of State government office real estate. Funding would support building operations for agencies that have been consolidated into State-owned property instead of privately-owned leased space.

Capital Funding: The Executive includes capital funding of \$179 million, a reduction of \$70.6 million from SFY 2017-18.

- This reduction is mostly attributable to the elimination of one-time funding for a Cogeneration Plant and Microgrid for Empire State Plaza, for which funding is reappropriated.
- Additionally, the Executive proposes to shift payment for maintenance titles from the General Fund to the Capital Projects funds. The transfer would have no net impact on the financial plan, but there would be a decrease of \$8 million in the General Fund, and an offsetting increase of \$14 million in Capital Funds, which includes salary plus fringe benefit costs. The transfer would affect 92 FTEs plus hourly employees.
- Further, the Executive proposes a \$3 million appropriation for unspecified design and construction projects that are anticipated in SFY 2018-19.

Concourse Gift Shop Expansion: The Executive proposes \$200,000 to expand the offerings of gift shop, enabling it to begin to sell E-Z Pass tags.

GovBuy Vendor Expo: The Executive proposes to transfer funding for the GovBuy Vendor Expo to Enterprise Funds and increase funding by \$225,000 to a total of \$275,000. GovBuy offers vendors an opportunity to showcase goods, services, and technologies they offer.

Article VII

The Executive proposes Article VII legislation that would:

- extend the authority of the State Commission on the Restoration of the Capitol for five years;
- expand the types of government bodies that may obtain surplus state land for nominal consideration, as well as the purposes for which the land may be used;
- establish the parking services account, solid waste account, and special events account as Enterprise Funds; and
- establish the position of a NYS Chief Procurement Officer to oversee the State's procurement process.



Office of Information Technology Services (ITS)

The Executive proposes an All Funds appropriation of \$854.3 million, a net increase of \$500,000 over SFY 2017-18. The Executive recommends support for 3,406 FTEs, unchanged from SFY 2017-18.

The increase is the result of the transfer of \$500,000 in federal funding from the Division of Homeland Security and Emergency Services (DHSES) to ITS related to the Geographic Information Systems (GIS) program. Previously, such funding was appropriated in DHSES and suballocated to ITS.

Article VII

The Executive proposes Article VII legislation that would:

- permit 300 information technology (IT) term appointments for eligible, highly specialized positions without examination for up to five years; and
- require a study concerning the feasibility of assigning a single identifying code to contractors, vendors, and other payees to track such entities and expenditures.

Department of Taxation and Finance

The Executive proposes an increase in appropriations to the Department of Taxation and Finance by \$5.0 million or 1.1 percent. The increase is driven by a potential change at the federal level with respect to equitable sharing funds. The Executive is recommending a workforce level of 3,978 FTEs employees; this level of employment is unchanged from the SFY 2017-18 budget.

Reorganize Appropriations: The Executive proposes to reorganize the program allocations for appropriations made under the Department of Taxation and Finance, as the Real Property Tax Services Program will be absorbed into the Revenue Analysis, Collection, Enforcement, and Processing Program. This change reflects the current structural organization of the Department.

Aid to Localities Appropriation: The Executive proposes to maintain last fiscal year's funding for the Aid to Localities Budget for a total of \$4.926 million. The Revenue Analysis, Collection, Enforcement, Processing, and Real Property Tax Services Program and the Medical Marijuana Program remain funded at their SFY 2017-18 levels of \$0.926 million and \$4.0 million, respectively.

Article VII

The Executive recommends Article VII legislation that would:

- convert taxes on state-owned land into a PILOT which will grow annually based on the allowable levy growth factor, in lieu of annual reassessments;
- extend the provisions allowing the Department of Taxation and Finance to determine assessment ceilings for telecom properties until December 31, 2022, and adjust the cap to provide a smooth transition to more accurate values; and
- allow the Department of Taxation and Finance to appeal adverse Tax Appeals Tribunal decisions.

Department of Financial Services (DFS)

The Executive proposes an All Funds appropriation of \$414.37 million, which is an increase of \$18.9 million or 4.6 percent from the SFY 2017-18 level. The Executive recommends continued funding support for 1,382 FTE positions, which is unchanged from SFY 2017-18.

The Executive provides an increase of \$2.98 million to the Banking Program and \$7.93 million to the Insurance Program to support increases in salary and fringe benefit costs.

Program Eliminations: The Executive reduces funding for the Entertainment Worker Demonstration Program by \$65,000 and proposes to transition these enrollees to new coverage through the New York Health Benefit Exchange.

Healthy NY Program: The Executive Budget includes a \$7.7 million reduction in stop-loss funding for the Healthy NY Program, related to the continuing transition of these individuals to the health benefit exchange.

Family Planning Services: The Executive increases the amount DFS provides for family planning services by \$13.15 million, with a commensurate reduction of funding in the Department of Health.

Article VII Proposals

The Executive recommends Article VII legislation that would:

- authorize DFS to license and regulate student loan servicers, set standards for student debt consultants, and prohibit state agencies from suspending or denying the issuance of professional licenses for individuals behind or in default on their student loans;
- authorize the Department of Financial Services to license and regulate student loan servicers involved in loans with borrowers in New York State;
- set standards and penalties for the student debt consulting industry;
- prohibit state agencies from denying licenses to people behind or in default on student loans;
- extend the provisions of the Physician's Excess Medical Malpractice Program through June 30, 2019;
- require health insurers to cover one method from the FDA determined categories of contraceptives with no cost-sharing;
- require health insurers to cover more than one method of contraceptives per category, if an individual's doctor deems such service to be medically necessary;
- allow patients to access emergency contraception at a pharmacy with a non-patient specific prescription;
- authorize physicians, certified nurse practitioners, or licensed midwives to prescribe non-patient specific prescriptions;
- require patient education when emergency contraception is dispensed; and
- provide coverage for the dispensing of 12 months of contraceptives at one time.

Department of Audit and Control

The Executive proposes All Funds appropriations of \$354.4 million, an overall increase of \$8.1 million or 2.4 percent over the SFY 2017-18 funding level. The Executive Budget recommends support for 2,663 FTE positions, unchanged from SFY 2017-18.

Agency Operations: The Executive proposal appropriates \$317.6 million for agency operations, an increase of \$3.4 million or 1.1 percent. The proposal provides increases in personal service and contractual services (\$394,000) associated with the new Achieving a Better Life Experience (ABLE) Program, which relates to the establishment of savings accounts for individuals with developmental disabilities to promote health, independence and quality of life. Additionally, the Executive proposes increases in maintenance undistributed appropriation authority for personal service purposes within the Administration Program (\$2.1 million), the Abandoned Property Program (\$396,000), and the Chief Information Office (\$641,000).

Capital Projects: The Executive Budget provides \$4.7 million to fund the final phase of the Payroll System replacement project, including the necessary training of employees.

Workers' Compensation Board

The Executive proposes All Funds appropriations of \$216.5 million, an increase of \$21.1 million or 10.8 percent, over SFY 2017-18. This increase is largely attributable to a \$20 million capital appropriation to support the Business Information System redesign and the medical portal. The Executive also proposes personal service increases of \$1.1 million, related to increased responsibilities including the implementation of Paid Family Leave. The Executive recommends support for 1,110 FTE positions, unchanged from the SFY 2017-18 level.

Article VII

The Executive proposes Article VII language that would modify the type of investments that State Insurance Fund surplus funding may support.

Department of State (DOS)

The Executive proposes All Funds appropriations of \$247.7 million, a net increase of \$90.5 million or 57.5 percent over the SFY 2017-18 level. The Executive recommends support for 526 FTE positions, an increase of one position.

Consumer Protection Program: The Executive proposes \$4.8 million for the Consumer Protection Program, a net increase of \$373,000 over SFY 2017-18. The Executive proposes to transfer funding for Fire Safety Outreach to the Consumer Protection Program from the Public Service Commission, representing a \$51,000 increase, and increase funding by \$322,000 for one additional FTE and for contractual services related to increased advocacy activity for complex rate cases.



Community Initiatives: The Executive proposes to eliminate a total of \$10.5 million in legislative adds which includes:

- \$10 million for legal defense and other services for immigrants in the Office for New Americans; and
- \$505,000 for the Public Utility Law Project.

Additionally, there is \$2.5 million in new federal funding to support poverty reduction and prevention initiatives administered by AmeriCorps in 16 different counties.

Downtown Revitalization: The Executive proposes \$100 million in new Capital Projects funding for a downtown revitalization program for the purposes of transformative housing, economic development, transportation, and community projects.

Article VII

The Executive proposes Article VII language that would:

- require a plaintiff to mail a copy of service of process to defendants rather than DOS;
- extend, for one year, the ability of the Secretary of State to charge fees for expediting certain documents issued by or requested from the DOS Division of Corporations;
- enhance the Brownfield Opportunity Areas (BOA) Program, by removing the requirement that BOAs be nominated to receive a BOA designation and by streamlining the BOA process;
- eliminate the 25 percent match requirement for utilizing Federal Community Service Block Grant funds; and
- require all new or substantially renovated buildings with publicly accessible restrooms to provide safe and compliant diaper changing stations.

Division of the Budget (DOB)

The Executive proposes All Funds appropriations of \$49.2 million, a decrease of \$1.5 million from the SFY 2017-18 level. The Executive recommends support for 261 FTE positions, which is unchanged from SFY 2017-18 level.

The proposal eliminates \$527,000 related to membership dues for the Council of State Governments, the National Conference of Insurance Legislators, and the National Conference of State Legislators, and transfers \$1 million to General State Charges to support costs of expert witnesses in legal cases for which the Attorney General provides representation to the State.

The Budget proposal continues to authorize interchange and transfer of appropriations among multiple State agencies, and adds additional interchange and transfer language that allows for the unlimited transfer of funds from any department.

Statewide Financial System (SFS)

The Executive proposes All Funds appropriations of \$30.49 million to support the ongoing maintenance and operating costs of SFS, unchanged from SFY 2017-18. The Executive recommends support for 141 FTE positions, maintained at the SFY 2017-18 level.

Executive Chamber

The Executive proposes All Funds appropriations of \$18.5 million, for the support of the Office of the Governor (\$17.9 million) and the Office of the Lieutenant Governor (\$630,000), which is unchanged from the SFY 2017-18 level. The Executive recommends support for 143 FTE positions, which is unchanged from the SFY 2017-18 level. There are 136 FTEs for the Office of the Governor and seven FTEs assigned to the Office of the Lieutenant Governor.

Division of Alcoholic Beverage Control (ABC)

The Executive proposes an All Funds appropriation of \$13.31 million, which remains unchanged from the SFY 2017-18 level. The Executive recommends support for 120 FTE positions, which remains unchanged from SFY 2017-18 level.

Article VII

The Executive proposes Article VII language that would:

- modify the existing on-premises hotel license for retail sale of alcoholic beverages to allow hotel licensees to operate without having to have an on-premises restaurant serving full sit-down meals and would instead allow hotels to make available soup, sandwiches, or other foods, whether fresh, processed or frozen;



- create a new license for production and sale of mead and braggot in New York State (farm meadery license). It would also enable all other licensed farm manufactures to include mead and braggot among the craft beverages they offer for tastings, as well as for sale on or off their licensed premises, on par with other craft beverages; and
- create a new exporter license for businesses that export NYS alcoholic beverages, and do not sell to wholesalers or retailers within the State.

State Board of Elections (SBOE)

The Executive proposes an All Funds appropriation of \$16.6 million, an increase of \$5 million or 43 percent from the SFY 2017-18 level. Support for 76 FTE positions remains unchanged from the SFY 2017-18 level.

The Executive proposes an appropriation of \$5 million to establish an Election Support Center to defend against election disruption and to prepare for disaster recovery related to cyber-attacks. The Election Support Center will create a cyber security toolkit which will include standard procedures and best practices and provide cyber risk vulnerability assessments to County Boards. Spending plans would be developed by the State Board of Elections in consultation with County Boards and would require approval by the Director of the Budget.

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

The Executive recommends Article VII legislation that would:

- clarify that paid internet or digital advertisements are included in the definition of political communication; require any expenditure for a paid internet or digital advertisement by an independent expenditure committee to be reported to the State Board of Elections; require such paid internet or digital advertisement to stipulate who paid for, or otherwise published, such communication in a clear and conspicuous manner; prohibit any foreign government, or any government instrumentality or agent, from registering as an independent expenditure committee; require television and radio broadcasters and online platforms to make reasonable efforts to ensure independent expenditures comply with state Election Law; and require online platforms to maintain and make available for public inspection records of requests to purchase such platforms for certain independent expenditures;
- provide for automatic voter registration upon application for a driver's license, license renewal, or identification card;

- establish a system for in-person early voting;
- include limited liability companies LLC's within the \$5,000 annual aggregate contribution limit for corporations, require LLCs that make contributions to identify all direct and indirect owners of membership interests and require all contributions by an LLC to be attributed to each member in proportion to each member's ownership interests;
- establish a voluntary public financing system and create the "New York State Campaign Finance Fund";
- require that statements filed by political committees include information about intermediaries, limit contributions to "housekeeping accounts" to \$25,000, provide that the receipt of any campaign contribution or loan in excess of \$1,000 be disclosed within 60 days of receipt, lower the campaign contributions limits for all candidates participating in the public financing system, and to a lesser extent, for candidates not participating in public financing, limit transfers and spending by party and constituted committees to elect or oppose a candidate; and
- prohibit individuals, organizations or business entities that submit bids, quotes, or responses to state contract solicitations from making campaign contributions to any officeholder in the branch of government awarding the contract while the decision is pending, and for six months following the contract award for the winner of the contract;

Office of the Inspector General

The Executive proposes an All Funds appropriation of \$7.44 million, an increase of \$200,000 or 2.76 percent from SFY 2017-18. The Executive would provide \$200,000 in new appropriation authority to establish new accounts to prevent the comingling of seized funds that may be shared between State and Federal agencies. This action is being proposed to remain in compliance with a federal audit. The Executive recommends support for 109 FTEs, unchanged from SFY 2017-18.

Article VII

The Executive proposes Article VII legislation that would:

- expand the State Inspector General's authority to include nonprofit organizations and foundations affiliated with SUNY & CUNY;

- define where the State Inspector General is able to investigate officers, employees, and contracted parties related to State procurements; and
- implement and enforce financial controls at SUNY and CUNY Foundations with increased oversight from the Inspector General.

Joint Commission on Public Ethics (JCOPE)

The Executive proposes an All Funds appropriation of \$5.58 million, unchanged from SFY 2017-18. The Executive recommends support for 52 FTEs, also unchanged from SFY 2017-18.

Article VII

The Executive proposes Article VII legislation that would:

- require members of the Legislature to seek an advisory opinion on outside income from the Legislative Ethics Commission;
- create new Financial Disclosure requirements for certain local elected officials, to be filed with JCOPE; and
- change the provisions of the freedom of information law (FOIL) that apply to the state legislature.

Division of Tax Appeals

The Executive proposes a General Fund appropriation of \$3.0 million for the Division of Tax Appeals, unchanged from SFY 2017-18. The Executive recommends 27 FTEs employees for the operations of the Division of Tax Appeals, unchanged from SFY 2017-18.



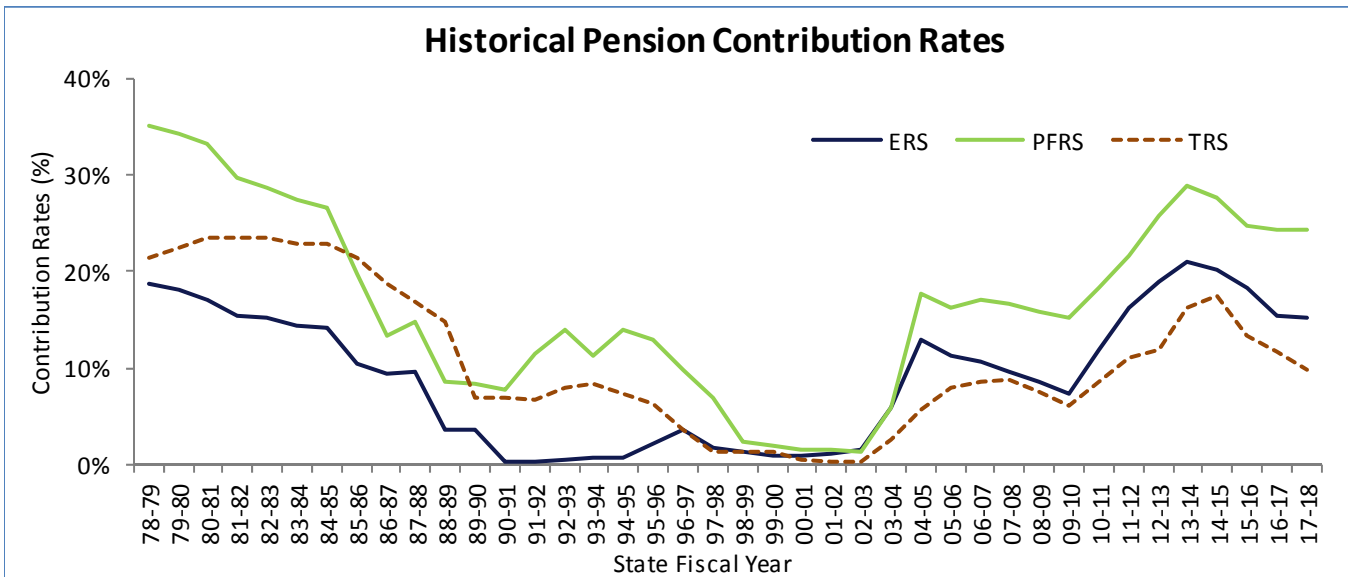
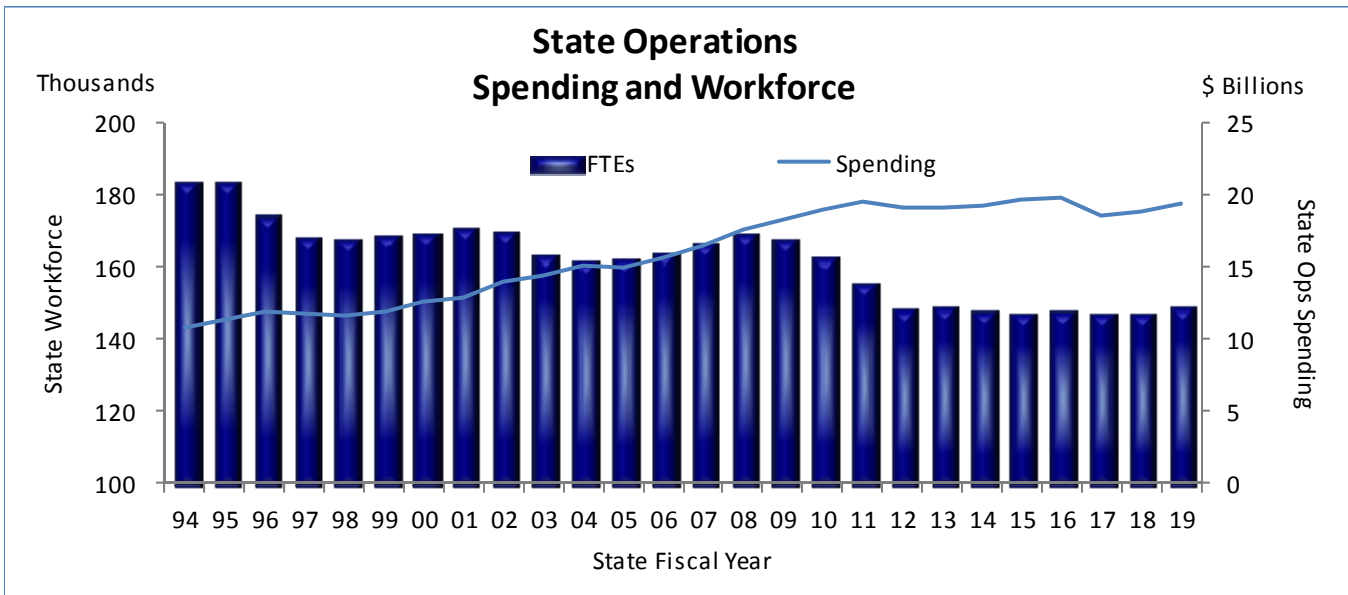
BUDGET SNAPSHOT: STATE OPERATIONS AND WORKFORCE



State Agency spending comprises 11.5% of the All Funds budget.

By the end of SFY 2018-19, there will be approximately 182,565 state employees.

There are nearly 155,000 retirees enrolled in the NYS Health Insurance Plan (NYSHIP).



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

BUDGET HIGHLIGHTS: STATE OPERATIONS AND WORKFORCE



- **Executive Agencies:** The Executive proposes to hold agency spending flat with limited exceptions, such as costs attributable to the NY State of Health marketplace. Agencies are expected to continue to use less costly forms of service delivery and improve administrative practices.
- **Fringe Benefits:** The Executive Budget includes a payment for the full Employees' Retirement System (ERS)/Police and Fire Retirement System (PFRS) pension bill in April 2018, rather than on a monthly basis as previously assumed, saving the state \$61.9 million. The Executive also proposes eliminating Income Related Medicare Adjustment Amount (IRMAA) reimbursement for retirees over certain income levels, and maintaining reimbursement of the standard Medicare Part B premium at current levels.
- **Interest Charged on Judgments:** The Executive Budget includes language that would change the interest rate paid by the state and other governmental jurisdictions in court judgments from a fixed nine percent rate to a variable market-interest rate.

BUDGET REVIEW AND ANALYSIS: STATE OPERATIONS AND WORKFORCE



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

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

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

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

Table 50

Agency	Appropriations			
	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
General State Charges	4,044.11	7,182.11	3,138.00	77.59
Department of Civil Service	55.49	56.49	1.00	1.80
Office of Employee Relations	4.86	4.86	0.00	0.00
Public Employment Relations Board	3.98	3.98	0.00	0.00



Table 51

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
General State Charges	4,910.98	6,834.06	1,923.08	39.16
Department of Civil Service	13.41	13.56	0.15	1.12
Office of Employee Relations	2.58	2.60	0.02	0.78
Public Employment Relations Board	3.57	3.60	0.03	0.84

General State Charges

The Executive proposes All Funds appropriations of \$7.18 billion, an increase of \$3.15 billion of which \$2.66 billion is attributable to a restructuring of the manner by which fringe benefits are accounted for in General State Charges (GSC), and \$473.5 million is attributable to annual growth in fringe benefits and fixed costs. While there is a 78 percent increase over the SFY 2017-18 appropriation level; fringe benefits and fixed costs would increase by 5.8 percent year-to-year.

Fringe Benefit Restructuring: Currently, fringe benefits are appropriated within GSC for General Fund employees and within each agency for employees funded outside the General Fund. Under the Executive proposal, fringe benefits would instead be appropriated under GSC, using General Fund resources. Included in this restructuring \$1.5 billion in fringe benefits are transferred to the General Fund, including \$1.4 billion in Mental Hygiene and \$106.8 million in the Dedicated Highway and Bridge Trust Fund (DHBTF). This proposal has no cash impact but would result in a \$66.5 million reduction in State Operating expenditures.

Health Insurance Benefits: The Executive budget proposes a \$283.6 million increase over the SFY 2017-18 level for health insurance benefits contributions, which reflects a 7.6 percent increase in the New York State Health Insurance Plan costs. Coverage of mental health and substance abuse services are the major components of growth in the rate renewal. The increase is offset by savings associated with an Article VII proposal that would discontinue Income Related Monthly Adjustment Amount for certain retirees (\$2.7 million). Additionally, the Executive proposes to freeze Medicare Part B reimbursement at the 2018 level, which would result in no savings in SFY 2018-19, and savings in SFY 2019-20 of \$2 million.

Pensions: The Executive budget proposes a \$6.3 million increase in pension funding, an increase of 0.3 percent, which is due to a stable workforce level, new entrants in Tier V and Tier VI, and improved returns on investment of pension funds. The budget assumes a \$61.9 million in savings by making a full payment to the retirement systems in April 2017 instead of monthly payments.

Workers' Compensation Benefits: The Executive proposes a net \$149.9 million increase in Workers' Compensation benefits for injured State employees, representing a 45.9 percent increase from SFY 2017-18. This increase is reflective of higher medical costs and growth in the average weekly wage, which results in higher Workers' Compensation benefits, as well as a planned reduction from the prior year in the use of reserve funds to offset this cost.

Fixed Costs: The Executive budget proposes to change the interest rate paid by the State and other governmental jurisdictions in court judgments from a fixed nine percent rate to a variable market-based index, resulting in a decrease of \$6 million.

The Executive recommends Article VII legislation that would:

- cease reimbursement of the Income Related Monthly Adjusted Amount (IRMAA) for certain retirees based on income, and freeze State reimbursement of Medicare Part B premiums to eligible enrollees, retirees and their dependents at the current level of \$134 effective April 1, 2018;
- enact the NYS Secure Choice Savings Program to be administered by the Deferred Compensation Board. This program would create a voluntary-enrollment payroll deduction for private sector employees who do not have a retirement savings plan through their employers; and
- provide a market-based interest rate on court judgments and accrued claims to public and private entities.

Department of Civil Service

The Executive proposes All Funds appropriations of \$56.5 million, an overall increase of \$1 million or 1.8 percent over SFY 2017-18 levels. Increased funding would support Chapter 273 of the Laws of 2017, which provides State reimbursement for sick leave for eligible State, public authority, or local government officers and employees with qualifying World Trade Center Conditions pursuant to section 92-d of the General Municipal Law. The Executive recommends support for 350 full-time equivalent (FTE) positions, unchanged from the SFY 2017-18 level.

Office of Employee Relations

The Executive provides an All Funds appropriation of \$4.9 million, which is unchanged from the SFY 2017-18 funding levels. The Executive recommends support for 37 FTEs, unchanged from the SFY 2017-18 level.

Public Employment Relations Board

The Executive proposes an All Funds appropriation of \$3.98 million, which is unchanged from the SFY 2017-18 level. The Executive recommends support for 33 FTE positions, unchanged from the SFY 2017-18 level.



Table 52

Workforce Impact Summary						
All Funds						
FY 2017 Through FY 2019						
	FY 2017 Actuals (3/31/17)	Starting Estimate (03/31/18)	Attritions	New Fills	Net Change	Ending Estimate (03/31/19)
Adirondack Park Agency	53	54	(1)	1	0	54
Aging, Office for the	90	95	(3)	3	0	95
Agriculture and Markets, Department of	472	483	(30)	30	0	483
Alcoholic Beverage Control, Division of	12	120	(6)	6	0	120
Alcoholism and Substance Abuse Services, Office of	745	738	(105)	105	0	738
Arts, Council on the	28	30	(3)	3	0	30
Audit and Control, Department of	2,647	2,663	(81)	81	0	2,663
Budget, Division of the	234	261	(40)	40	0	261
Children and Family Services, Office of	2,932	2,965	(729)	671	(58)	2,907
City University of New York	13,635	13,547	(6)	8	2	13,549
Civil Service, Department of	324	350	(67)	67	0	350
Correction, Commission of	31	32	(1)	1	0	32
Corrections and Community Supervision, Department of	29,189	29,254	(110)	39	(71)	29,183
Criminal Justice Services, Division of	410	436	(22)	22	0	436
Deferred Compensation Board	4	4	(1)	1	0	4
Economic Development, Department of	147	148	(8)	13	5	153
Education Department, State	2,590	2,692	(269)	269	0	2,692
Elections, State Board of	75	76	(6)	6	0	76
Employee Relations, Office of	32	37	(2)	2	0	37
Environmental Conservation, Department of	2,956	2,945	(234)	234	0	2,945
Executive Chamber	121	136	(36)	36	0	136
Financial Control Board, New York State	12	12	0	0	0	12
Financial Services, Department of	1,325	1,382	(78)	78	0	1,382
Gaming Commission, New York State	410	411	(17)	17	0	411
General Services, Office of	1,755	1,915	(337)	337	0	1,915
Health, Department of	4,853	5,082	(566)	947	381	5,463
Higher Education Services Corporation, New York State	200	190	(10)	10	0	190
Homeland Security and Emergency Services, Division of	467	564	(39)	74	35	599
Housing and Community Renewal, Division of	644	682	(48)	48	0	682
Hudson River Valley Greenway Communities Council	0	1	0	0	0	1
Human Rights, Division of	155	164	(15)	15	0	164
Indigent Legal Services, Office of	17	30	0	4	4	34
Information Technology Services, Office of	3,486	3,406	(170)	170	0	3,406
Inspector General, Office of the	92	109	(10)	10	0	109
Interest on Lawyer Account	9	9	0	0	0	9
Judicial Conduct, Commission on	44	50	(2)	2	0	50
Justice Center for the Protection of People with Special Needs	417	441	(30)	30	0	441
Labor Management Committees	75	77	(6)	6	0	77
Labor, Department of	2,861	2,990	(329)	329	0	2,990
Law, Department of	1,787	1,839	0	0	0	1,839
Lieutenant Governor, Office of the	5	7	(2)	2	0	7
Medicaid Inspector General, Office of the	432	426	(48)	48	0	426
Mental Health, Office of	14,221	13,903	(1,670)	1,395	(275)	13,628
Military and Naval Affairs, Division of	366	390	(42)	42	0	390
Motor Vehicles, Department of	2,184	2,256	(5)	94	89	2,345
Parks, Recreation and Historic Preservation, Office of	1,752	1,749	(152)	166	14	1,763
People with Developmental Disabilities, Office for	18,958	18,630	(1,479)	1,447	(32)	18,598
Prevention of Domestic Violence, Office for	26	27	(1)	1	0	27
Public Employment Relations Board	30	33	(3)	3	0	33
Public Ethics, Joint Commission on	51	52	(3)	3	0	52
Public Service Department	508	520	(33)	33	0	520
State Police, Division of	5,645	5,711	(208)	238	30	5,741
State University Construction Fund	144	146	0	6	6	152
State University of New York	45,316	45,657	0	0	0	45,657
State, Department of	499	525	(91)	92	1	526
Statewide Financial System	137	141	(14)	14	0	141
Tax Appeals, Division of	23	27	(1)	1	0	27
Taxation and Finance, Department of	3,946	3,978	(40)	40	0	3,978
Temporary and Disability Assistance, Office of	1,973	2,006	(248)	248	0	2,006
Transportation, Department of	8,487	8,453	(353)	423	70	8,523
Veterans' Affairs, Division of	89	98	(3)	3	0	98
Victim Services, Office of	79	92	(7)	7	0	92
Welfare Inspector General, Office of	7	7	(1)	1	0	7
Workers' Compensation Board	1,122	1,110	(56)	56	0	1,110
Total	181,436	182,364	(7,877)	8,078	201	182,565

BUDGET REVIEW AND ANALYSIS: JUDICIARY



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

The Judiciary's proposed budget request recommends All Funds appropriations of \$3.06 billion, which is an increase of \$88.1 million or 2.96 percent from the State Fiscal Year (SFY) 2017-18 level.

Table 53

Appropriations				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Office of Court Administration	2,976.20	3,064.30	88.10	2.96

Table 54

Disbursements				
Agency	2017-18 Adjusted (\$ in Millions)	2018-19 Exec Request (\$ in Millions)	Change (\$ in Millions)	Change (%)
Office of Court Administration	2,961.00	3,062.53	101.53	3.43

Civil Legal Services: The proposed budget includes a total of \$100 million to support the recommendations of an Office of Court Administration Taskforce to expand civil legal services, unchanged from the SFY 2017-18 level.

Capital Projects: The Judiciary's budget includes \$18 million to support improvements to court technology infrastructure, including modernization of the Judiciary's secure, high-speed area network and the purchase of an automated case management system, a \$3 million increase. These funds would

also be used to replace bullet proof vests for court officers, and to purchase magnetometers and other security screening devices.

Expanded Court Hours: The Executive includes language that would require every state-paid judge or justice to certify monthly that he or she worked full eight hour day for each workday of the preceding month and that such certifications be reviewed periodically by the State Comptroller. This would also require all courthouses to be open during the day from 9AM to 5PM, and remove half day schedules for all courts in the State.



Economy



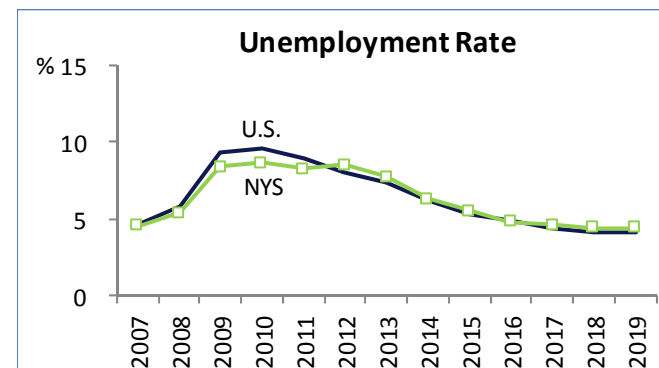
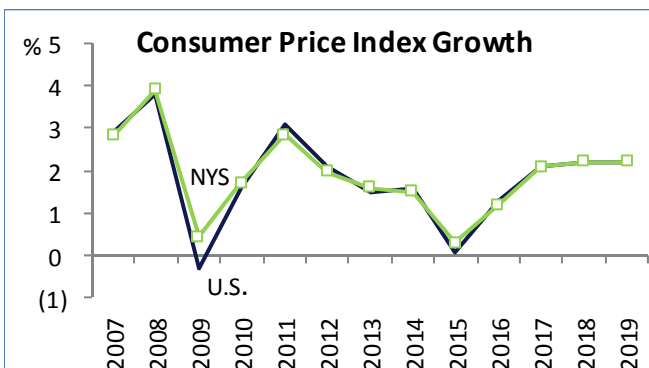
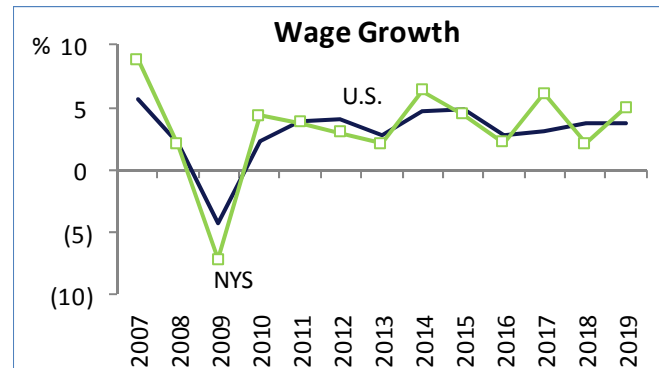
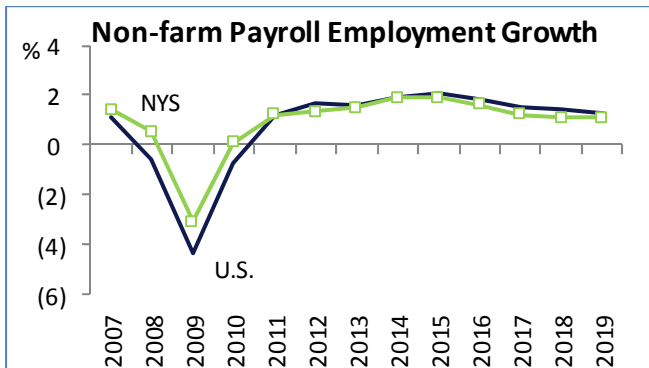
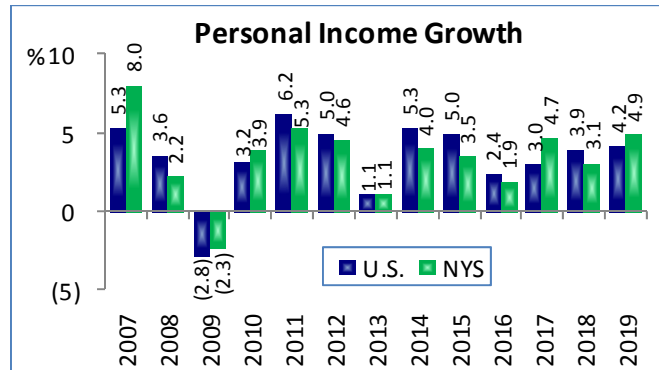
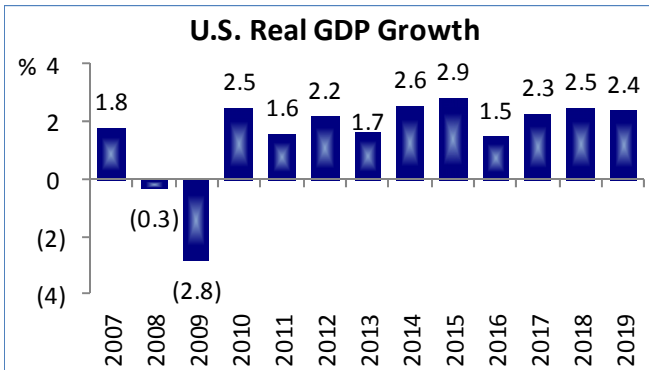
BUDGET SNAPSHOT: ECONOMY



The national economy is projected to grow by 2.5 percent in 2018, supported by consumer, business, and government spending.

The New York State private sector continues to experience job growth, particularly in the health care/social assistance services, utilities, and information sectors where the state leads the nation.

Wages in New York State are expected to grow 2.1 percent in 2018, with base wages rising by 4.1 percent, and variable wages decreasing 10.2 percent.



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

BUDGET HIGHLIGHTS: ECONOMY



- According to the Executive, the U.S. economy, as measured by real GDP, is projected to grow by 2.5 percent in 2018 and another 2.4 percent in 2019.

Table 55

U.S. Economic Outlook (Percent Change)			
	2017	2018	2019
Real GDP	2.3	2.5	2.4
Consumption	2.7	2.4	2.3
Residential Investment	1.6	4.7	5.4
Nonresidential Investment	4.7	5.4	4.3
Exports	3.1	3.3	4.1
Imports	3.6	4.7	4.5
Government	(0.0)	1.0	1.1
Personal Income	3.0	3.9	4.2
Wages & Salaries	3.1	3.7	3.8
Employment	1.5	1.4	1.3
Unemployment Rate (percent)	4.4	4.1	4.1
CPI-Urban	2.1	2.2	2.2
S&P 500 Stock Price	17.0	9.0	5.0
Federal Fund Rate	1.0	1.8	2.3
Treasury Note Rate (10-year)	2.3	2.8	3.3

Note: Values are as reported in the Executive Budget 2018-19 released on January 16, 2018.
Source: NYS Division of the Budget.

- The Executive projects state private employment will grow by 1.3 percent in 2018 and in 2019.

Table 56

New York State Economic Outlook (Percent Change)			
	2017	2018	2019
Employment	1.2	1.1	1.1
Private Employment	1.4	1.3	1.3
Personal Income	4.7	3.1	4.9
Total Wages (calendar year basis)	6.1	2.1	5.0
Base Wages	4.0	4.1	4.2
Variable Compensation	20.3	(10.2)	10.7
Total Wages (fiscal year basis)	3.8	4.2	4.2
Base Wages	3.8	4.2	4.2
Variable Compensation	3.9	4.5	4.6
New York Area CPI	2.0	2.2	2.2

Note: Values are as reported in the Executive Budget 2018-19 released on January 16, 2018.
Source: NYS Division of the Budget.

BUDGET REVIEW AND ANALYSIS: ECONOMY



The National Economy: The Executive projects that the U.S. economy, as measured by Gross Domestic Product (GDP), will grow by 2.5 percent in 2018 and 2.4 percent in 2019, following growth of an estimated 2.3 percent in 2017 (see Table 57). The Executive suggests that the current economic expansion will likely be the second longest expansionary period since 1850. According to the Executive, this expansion shows no sign of easing. The Executive posits that for 2018, economic growth will be driven by greater global demand for U.S. exports, stronger pre-tax corporate profits, low unemployment, strong household balance sheets, and higher investment in the energy sector as oil prices rise. The Executive forecast does not include any direct impact from the federal Tax Cuts and Jobs Act, which became law on December 22, 2017.

Table 57

U.S. Economic Forecast Comparison			
	2017	2018	2019
Real Gross Domestic Product (GDP) (2009 chained percent change)			
Division of the Budget	2.3	2.5	2.4
Blue Chip Consensus	N/A	2.7	2.4
Moody's Analytics	2.3	2.9	2.2
Macroeconomic Advisers	2.2	2.7	2.5
Consumer Price Index (CPI) (percent change)			
Division of the Budget	2.1	2.2	2.2
Blue Chip Consensus	N/A	2.1	2.2
Moody's Analytics	2.1	2.4	2.7
Macroeconomic Advisers	2.1	1.7	1.9
Unemployment Rate (percent)			
Division of the Budget	4.4	4.1	4.1
Blue Chip Consensus	N/A	3.9	3.8
Moody's Analytics	4.4	3.8	3.7
Macroeconomic Advisers	4.4	3.9	3.6

Note: Numbers are as reported in the Executive Budget 2018-19 released on January 16, 2018.
Source: NYS Division of the Budget.

- **Consumption:** The Executive projects personal consumption spending growth of 2.4 percent in 2018, following growth of an estimated 2.7 percent in 2017. According to the Executive, household spending is expected to continue to slow over the forecast horizon as employment

growth slows and households, particularly those comprised of people approaching retirement age, focus on rebuilding their savings.

- **Investment:** The Executive projects 5.4 percent growth in business investment spending in 2018, following an estimated increase of 4.7 percent in 2017. According to the Executive, growth will be mainly supported by spending on equipment and intellectual property, as spending on structures decelerates. Furthermore, the Executive indicates that the projected acceleration in nonresidential investment spending corresponds with an expected increase in energy-related investment due to higher oil prices and an improvement in global demand.
- **Exports and Imports:** The Executive forecasts that growth in exports of U.S. goods and services will be 3.3 percent in 2018, up from an estimated 3.1 percent in 2017. The Executive forecast is based on favorable global economic conditions in the Eurozone, Japan, India, Canada, Mexico, and China. The Executive projects that imports will grow 4.7 percent in 2018, following an estimated growth of 3.6 percent in 2017 as the U.S. economy strengthens and the dollar appreciates. The Executive suggests that if companies took advantage of the tax bill provision that allows for the repatriation of overseas profits at a lower tax rate, then they would typically sell foreign holdings and buy assets denominated in dollars, driving up the value of the dollar.
- **Government Spending:** The Executive projects that state and local government spending, adjusted for inflation, will grow 0.1 percent in 2018, following an estimated slight decline of 0.02 percent in 2017. The Executive projects that federal government spending will grow 1.1 percent in 2018, after decreasing slightly by 0.01 percent in 2017.
- **Inflation:** The Executive forecasts that inflation, as measured by the Consumer Price Index (CPI), will increase by 2.2 percent in 2018, up from 2.1 percent in 2017, as energy prices stabilize and non-energy prices, such as the prices of housing, education and other services, and medical prices firm up.
- **Employment:** The Executive projects U.S. employment growth will slow to 1.4 percent in 2018, after an increase of 1.5 percent in 2017 and 1.8 percent in 2016. The Executive anticipates that the professional and business services and construction industries will lead employment growth in 2018. However, education, health care, and transportation and warehousing industries employment will grow at a slower pace and contribute less to overall employment growth. The Executive forecasts the unemployment rate will fall to 4.1 percent in 2018 from an average of 4.4 percent in 2017.

- **Corporate Profits:** The Executive projects corporate profits will grow 6.2 percent in 2018, led by rest-of-world profits as well as those gained in the domestic financial sector. Profits grew an estimated 4.7 percent in 2017.
- **Stock Market:** The Executive acknowledges that the equity market had been relatively quiet in 2017 compared to the rest of the current expansion. However, in the long run, equity price growth is expected to be consistent with growth in corporate earnings, discounted by changing interest rates. The Executive projects equity price growth of 9.0 percent in 2018, following growth of 17.0 percent in 2017.

The New York State Economy: The Executive projects that the State economy will continue to improve, but state employment growth will slow to 1.1 percent in 2018, after growing an estimated 1.2 percent in 2017. New York State is also on track to experience a business cycle expansion of record length as determined from the New York State Index of Coincident Economic Indicators.

- **Personal Income:** The Executive projects total State personal income will grow 3.1 percent in 2018, weaker than the estimated 4.7 percent growth in 2017. According to the Executive, growth in state personal income has been mainly due to wage growth, which is the largest component of personal income. Hence, the slower growth anticipated in 2018 for personal income reflects anemic growth in wages.
- **Wages:** The Executive forecasts wages in the state will slow to 2.1 percent in 2018, following an estimated growth of 6.1 percent in 2017. The weak wage growth expected in 2018 is in large part due to shifting of income in 2017 from both the fourth quarter of 2016 and the first quarter of 2018. The shift is taxpayers' response to tax code changes in an effort to reduce their tax liabilities. The Executive projects that bonus growth in the finance and insurance sector will decline 13.7 percent in 2018, after an estimated increase of 23.6 percent in 2017.
- **Employment:** Though the state labor market growth is slowing, private job growth remains well above historical averages, and continues to be led by health care, education, construction, leisure and hospitality, and professional and business services industries. Total nonfarm employment in the state grew an estimated 1.2 percent in 2017, compared to 1.5 percent nationwide. The Executive forecasts that state employment will slow to 1.1 percent in 2018, weaker than the 1.4 percent projected for the rest of the nation (see Figure 6).

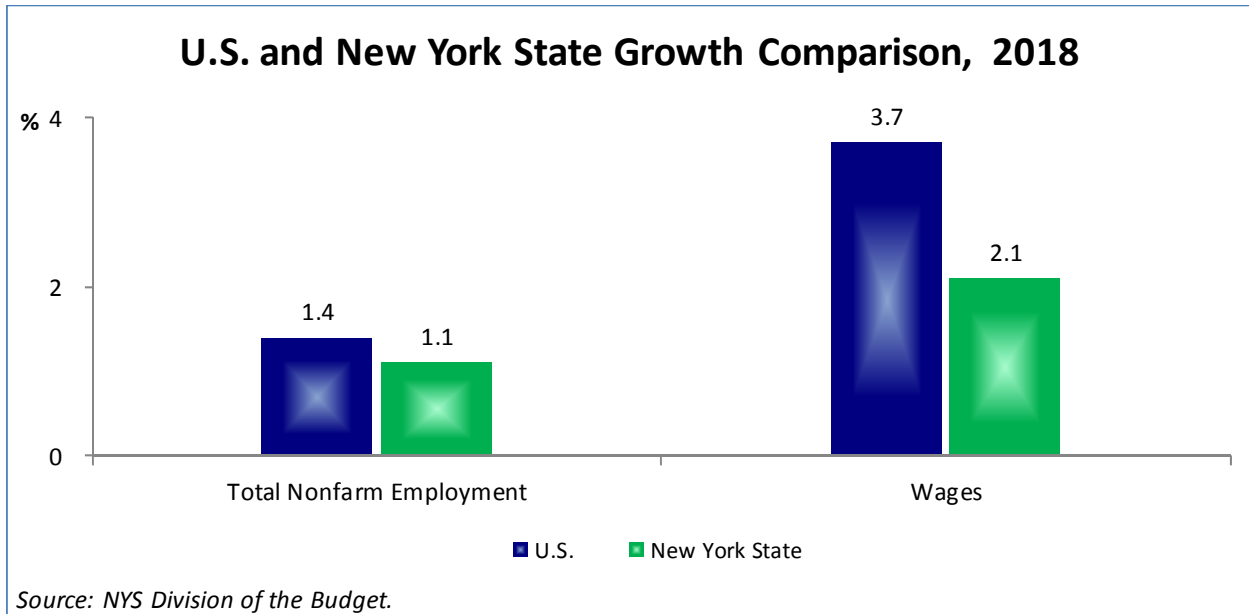


Figure 6

- **Employment by Sector:** The Executive projects that private employment in the State of New York will grow 1.3 percent in 2018, after growing an estimated 1.4 percent in 2017. State employment growth has outpaced the nation in the health care and social assistance, information, and utilities sectors in the second quarter of 2017 compared to a year earlier (see Table 58). In general, according to the Executive, the State’s labor market has enjoyed strong private employment growth.

Table 58

New York State Employment Year-Ago Percent Change for 2017Q2: NYS vs U.S.		
	<u>NYS</u>	<u>U.S.</u>
Total	1.3	1.6
Total Private	1.5	1.7
Healthcare & Social Assistance Services	3.5	2.3
Management, Administrative, and Support Services	1.8	2.9
Leisure, Hospitality and Other Services	1.7	1.8
Professional, Scientific, and Technical Services	1.7	3.3
Information	1.6	(1.6)
Real Estate and Rental and Leasing	1.3	2.7
Utilities	1.1	(0.2)
Construction	1.0	2.7
Educational Services	0.8	1.8
Transportation and Warehousing	0.7	1.8
Government	0.3	0.6
Finance and Insurance	(0.2)	1.8
Wholesale Trade	(0.5)	0.9
Retail Trade	(0.7)	0.1
Manufacturing and Mining	(1.1)	0.4

Source: NYS Division of the Budget.

- **Employment by Region:** According to the Executive, New York City led the State in private employment growth in the first half of 2017, but at a slower pace than just a year earlier. Upstate employment growth has been weaker than in downstate. Compared to the first half of 2016, the Western New York, Southern Tier, and Central New York regions were experiencing job losses in the first half of 2017. Outside of New York City, the Hudson Valley and the Mohawk Valley regions grew the fastest at 1.5 percent, followed by Long Island at 1.4 percent (see Figure 7).

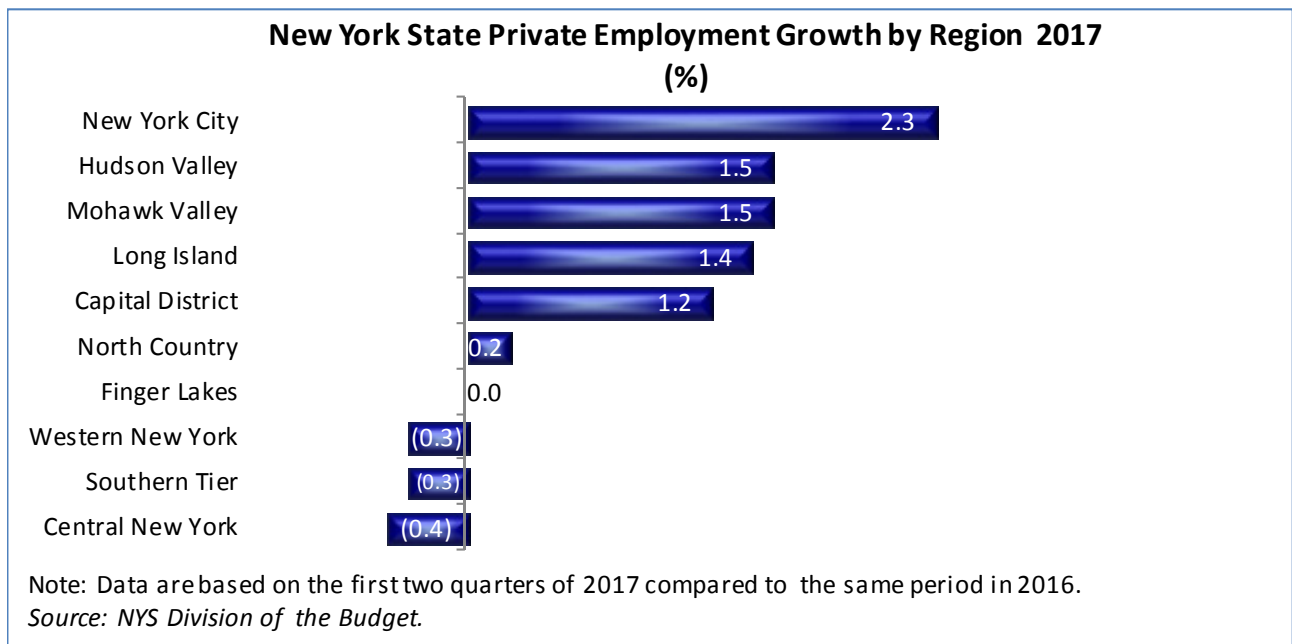


Figure 7

Risks: The Executive states that the passage of the federal Tax Cuts and Jobs Act presents risks to the forecast, largely but not solely to the upside. In addition, none of the elements of the tax reduction plan are certain to result in productivity-enhancing investment. Because of the prominence of bonus income and capital gains realizations in taxable income, the risks and uncertainties are heightened for personal income tax revenues. Anticipating changes in taxpayer behavior adds an additional layer of risk and uncertainty to the New York State adjusted gross income forecast. The Executive’s forecast assumes no major shifts in federal or spending policies at this time.

There are a number of other risks to this forecast. The euro-area economy is still growing slowly, while the true underlying growth rate in China remains highly uncertain. If growth in either area is more sluggish than expected, the implications for the global economy will be negative, with slower growth in U.S. exports and corporate profits adversely impacting the forecast. Although oil prices are expected to stabilize, more tepid global growth could send oil prices even lower, which could have a deleterious effect on both business hiring and investment, as well as on equity markets. If the Federal Reserve

increases long term interest rates faster than anticipated, the impact on the global economy will also be negative. In addition, the Executive indicates that any developments that have an impact on credit and financial markets present risks to the forecast for revenue, wages, bonuses, and capital gains realization.





Revenue



BUDGET SNAPSHOT: REVENUE

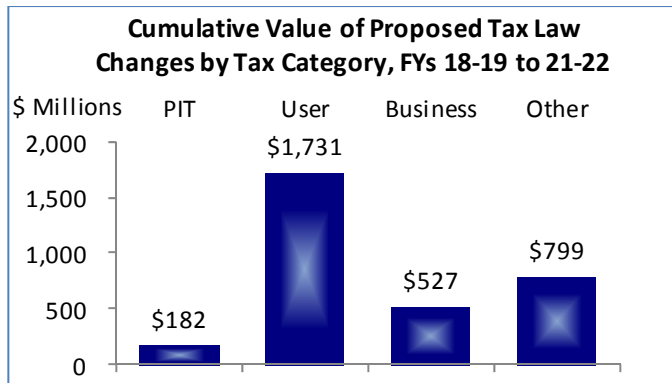
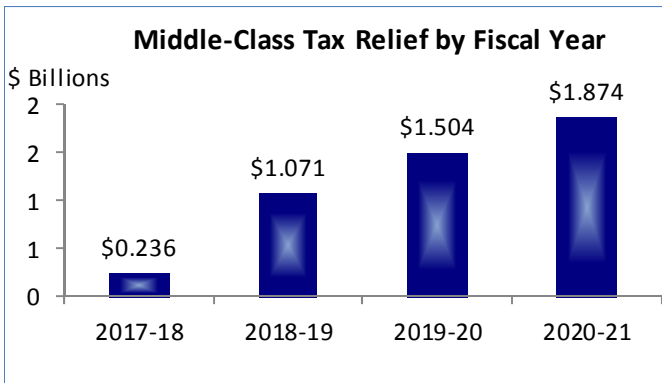
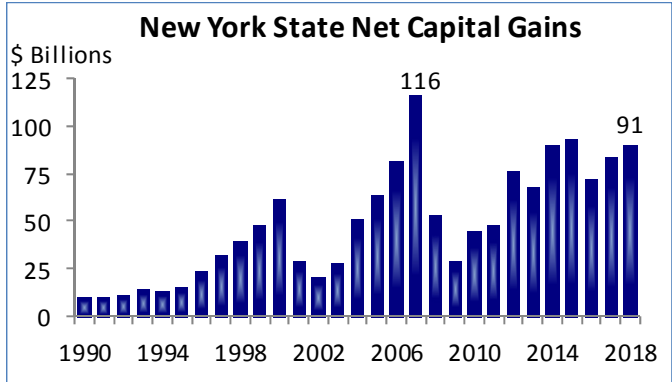
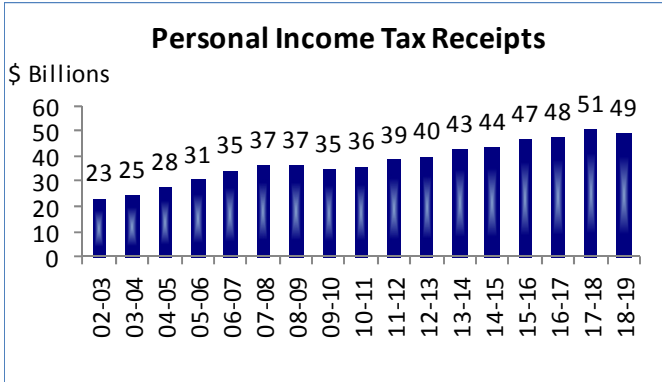
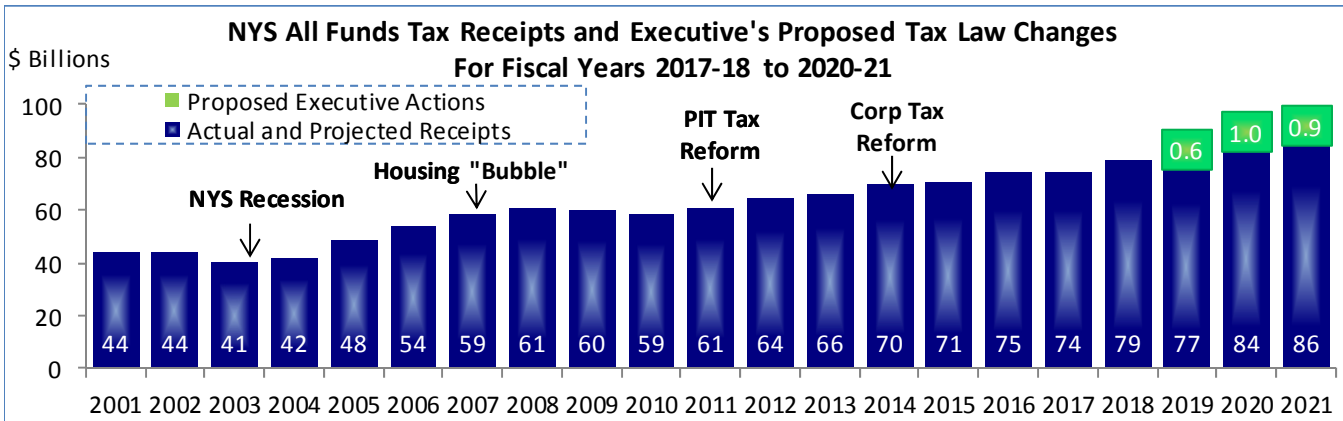


Current year All Funds revenue is projected at \$164.6 billion; a growth of 5.2%.

Year-to-date All Funds tax revenues have increased by 3.1%.

2018-19 tax receipts are projected at \$77.4 billion.

2018-19 All Funds revenues are projected at \$163.2 billion; a decline of 0.8%.



Sources: NYS Division of the Budget, NYS Department of Taxation and Finance; NYS Assembly Ways and Means Committee Staff.

BUDGET HIGHLIGHTS: REVENUE



- **Response to Federal Tax Reform:** No legislation is included to address new limits on deductibility of state and local taxes, as required by recent changes in federal tax law. Instead, the Department of Taxation and Finance has prepared a preliminary report to outline options for state tax reform that includes options for additional opportunities for charitable contributions to New York State and the creation of a statewide payroll tax, as well as the option to add tax deductibility through a new statewide unincorporated business tax.
- **Tax Cuts and Credits:** The Executive proposal would enhance the New York Youth Jobs Program by increasing the employer credit amounts and provide an increase in the vending machine sales tax exemption.
- **Tax Reforms:** Executive proposals include: closing the carried interest loophole; requiring online marketplace providers to collect sales tax; extending the right to appeal adverse tax tribunal decisions to the Tax Department; ending the sales tax exemption for Energy Service Companies; providing sales tax responsibility relief for certain LLC owners; simplifying taxes on the resale of prepared food; converting the veterinary sales tax credit into an exemption; simplifying the taxation of state-owned land; and clarifying residency requirements.
- **Enforcement Initiatives:** The Executive proposes to: expedite processing of child care tax credit payments; extend the statute of limitations on amended tax returns; provide for employee wage reporting consistency; allow warrantless tax debt to be assessed against unclaimed funds; improve cigar tax enforcement; and provide for consistency within the real estate transfer tax.
- **Tax Law Extenders:** The Executive proposes to extend the Hire-A-Vet Credit for two years and to extend the telecom mass property assessment for four years.
- **STAR Program Actions:** The Executive proposes to: maintain Basic and Enhanced STAR benefits at existing levels; make participation in the Income Verification Program mandatory; require manufactured home parcel reporting; and require filing of real property transfer reports.
- **Other Revenue Actions:** The Executive proposes to: defer business related tax-credit claims; impose a health tax on vapor products; and establish an opioid epidemic surcharge.

BUDGET REVIEW AND ANALYSIS: REVENUE



EXECUTIVE ALL FUNDS RECEIPTS 2017-18 ESTIMATES AND 2018-19 FORECAST

Table 59

Executive Budget - All Funds Receipts					
(\$ in Millions)					
	SFY 2016-17	SFY 2017-18	% Change	SFY 2018-19	% Change
Personal Income Tax	\$47,565	\$50,935	7.1%	\$49,244	-3.3%
User Taxes	\$16,212	\$16,754	3.3%	\$17,664	5.4%
Business Taxes	\$6,979	\$7,346	5.3%	\$8,198	11.6%
Other	\$3,617	\$3,917	8.3%	\$2,263	-42.2%
Total Taxes	\$74,372	\$78,952	6.2%	\$77,369	-2.0%
Miscellaneous Receipts	\$26,594	\$27,829	4.6%	\$27,959	0.5%
Federal Funds	\$55,406	\$57,777	4.3%	\$57,878	0.2%
Total All Funds	\$156,372	\$164,558	5.2%	\$163,206	-0.8%

SFY 2017-18 All Funds Receipts Estimate

- The Executive estimates State Fiscal Year (SFY) 2017-18 All Funds tax receipts to total \$78.952 billion, or growth of 6.2 percent over the previous fiscal year, an increase of \$4.58 billion. The majority of the additional revenue is attributed to Personal Income Tax receipts growth of 7.1 percent, or \$3.37 billion.
- Including Miscellaneous Receipts and Federal Funds, All Funds receipts are estimated to increase 5.2 percent to \$164.558 billion in SFY 2017-18.

SFY 2018-19 All Funds Receipts Forecast

- The Executive forecasts SFY 2018-19 All Funds tax receipts to total \$77.369 billion, a decline of 2 percent or \$1.583 billion over SFY 2017-18 due to the Executive's proposal to provide MTA Payroll Tax revenue directly to the MTA.
- Including Miscellaneous Receipts and Federal Funds, All Funds receipts are forecast to decline by 0.8 percent, or \$1.352 billion, to \$163.206 billion.

REVENUE PROPOSALS – (Revenue Article VII unless otherwise noted)

Personal Income Tax Proposals

- The Executive proposes to close the carried interest tax loophole and tax the carried interest income of hedge fund and private equity investors as ordinary income. In addition to characterizing carried interest as earned income for non-residents (instead of capital gains) this proposal would subject these earnings to a 17 percent fee until the federal government also treats carried interest as ordinary income for all taxpayers. This provision would take effect once the states of Connecticut, Massachusetts, New Jersey, and Pennsylvania enact legislation with a similar effect.
- The Executive proposes to amend residency requirements for taxpayers so that irrespective of intent to be a resident of the state for part of the year, the taxpayer would be deemed to be resident of the state as long as he or she has spent 184 days in the state.
- The Executive proposal maintains the current Empire State Child Credit by using the calculation for the credit that was effective before the federal tax reform of December 2017. The federal changes altered the refundability, eligible income ranges, and value of the child credit. The proposal eliminates the adverse fiscal impact that this component of federal tax reform would have on the state.
- The Executive proposes to link the three-year statute of limitations for amended tax returns to the date on which they are filed, not the date on which the original return was filed.
- The Executive proposes to require employers to file individual employee gross wages and withholding amounts on a quarterly basis instead of on an annual basis.
- The Executive proposes to give the state the ability to collect fixed and final tax debt from the unclaimed funds held by the state Comptroller without filing a warrant.
- The Executive proposes to allow the Department of Taxation and Finance to access data from other state agencies that list the recipients of child daycare subsidies.
- The Executive proposes to allow the Department of Taxation and Finance to appeal the decisions of the Tax Tribunal, similar to taxpayers with cases before the Tax Tribunal.

STAR Program Proposals

- The Executive proposes to limit the growth of the annual School Tax Relief (STAR) benefit from the current two percent to zero percent, thereby holding 2018-19 and all future STAR benefits at 2017-18 levels.
- The Executive proposes to require Enhanced STAR recipients to verify their adjusted gross income (AGI) through the Income Verification Program administered by the Department of Taxation and Finance in order to receive the Enhanced STAR benefit. Under current law, taxpayers may also provide such proof by bringing income documentation to their local assessor.
- The Executive proposes to make a variety of technical changes to the real property tax law. The proposals would: repeal obsolete property tax freeze credit provisions while maintaining the tax cap reporting requirements; remove out-of-date references; requires municipalities to receive county consent prior to offering partial payments of property taxes if the county prepares their tax bills or provides tax collection software; provides the county with sole authority to collect partial payments for municipalities if the county collects their taxes; clarify that married couples can only receive one STAR benefit; conform payment deadlines; and ratify the Tax Department's practice regarding the application of the Consumer Price Index to Enhanced STAR amounts for all school districts.
- The Executive proposes to eliminate the annual assessment of taxable state owned land and beginning in 2018 base the payment on the prior year payment amount which would be increased annually by the "allowable levy growth factor" used in the tax cap calculation.
- The Executive proposes to extend the current program providing state assessment ceilings on telecommunication property on private property for another four years. In addition, the proposal would provide for a phase-in of assessment changes.
- The Executive proposes to require parties to file a real property transfer form whenever a cooperative apartment is sold or whenever there is a transfer or acquisition of a controlling interest in an entity with an interest in real property.
- The Executive proposes to require owners of mobile home parks to file quarterly informational returns listing all residents of the mobile home park and any other information that the Department of Housing and Community Renewal may require.



Transportation and Economic Development Article VII

- The Executive proposes to recoup a portion of increases in real property tax collections for the MTA as a result of investments made by the MTA.
- The Executive proposes to create a new property tax benefit for privately owned forests and open space to encourage timber sales.

Business Tax Proposals

- The Executive proposes to extend the Hire-a-Veteran Tax Credit for two years. The credit available to employers is capped at \$5,000 for each veteran hired and \$15,000 for each disabled veteran that is hired. The credit would be extended through 2020.
- The Executive proposes to increase, by 50 percent, the amount of credit available to employers claiming the Youth Jobs Program Tax Credit. This proposal would also require employers to comply with increased reporting requirements related to the administration of the credit.
- The Executive proposes to defer the payment of any taxpayer's aggregate tax credits that are in excess of two million dollars. Such taxpayers would be able to claim the deferred credits over three years beginning in tax year 2021. The Film Production Tax Credit, the Post Production and Commercial Production Tax Credits, as well as the Youth Jobs and the Hire a Veteran Tax Credits would be exempt from the deferral program.
- The Executive proposes a new windfall profit fee on for-profit health care insurance companies at a rate of 14 percent of profits earned. The revenue would be dedicated to the Health Care Reform Act (HCRA).

Transportation and Economic Development Article VII

- The Executive proposes to modify the Brownfield Opportunity Area statute and to expand the pool of applicants eligible for brownfield tax credits.

Other Tax Proposals

- The Executive proposes to align the joint tax liability provisions of the additional Real Estate Transfer Tax (RETT), which is levied on residential sales in excess of one million dollars, to those of the basic RETT. Additionally, the proposals would extend the deadline to apply for a RETT refund from two to three years.

- The Executive proposes to establish a new basis for taxation of cigars by changing the definition of wholesale price to the amount shown on the invoice of a manufacturer or other person that sells to a distributor.
- The Executive proposes to tax vapor products at a rate of ten cents per fluid milliliter. The vaping products tax would be administered similarly to the taxes on tobacco products.
- The Executive proposes to place a tax on opioid prescription drugs at a rate of two cents per morphine milligram equivalent sold. The revenue raised would be dedicated to opioid addiction prevention, treatment, and recovery.

Transportation and Economic Development Article VII

- The Executive proposes to collect a \$120 fee for the semi-annual inspection of certain for-profit for hire vehicles.
- The Executive proposes to charge companies that use the Department of Transportation right-of-way for fiber optic lines.
- The Executive proposes to create an on-line internet licensing course and to collect fees from students taking the course.
- The Executive proposes to redirect tax collections from the Metropolitan Mobility Payroll Tax to the MTA without state appropriation.

Consumption and Use Tax Proposals

- The Executive proposes to require internet marketplace providers to collect sales tax on behalf of third-party vendors. This proposal would also require out-of-state businesses which have no NYS nexus and sell at least five million dollars of goods to NYS customers, to inform these customers that they might owe use tax. Additionally, such businesses would be required to file an annual form with the Department of Taxation and Finance which states the aggregate amount of sales they made to customers in the state.
- The Executive proposes to simplify the taxation of prepared food by alleviating businesses that purchase prepared food from paying the sales tax on such products and then collect the sales tax again when it is resold. Under this proposal, food service businesses would be able to purchase all products that they resell tax free.



- The Executive proposes to collect sales tax from businesses that purchase energy from Energy Service Companies (ESCOs). Under current law, businesses are not charged sales tax on transmission fees when energy is purchased from an ESCO, however, they are charged sales tax when they purchase energy from a company that is not an ESCO.
- The Executive proposes to convert the veterinarian drug sales tax credit for livestock into a sales tax exemption for veterinarian and farmer livestock drug sales.
- The Executive proposes to alleviate minority share members of limited liability corporations (LLCs) or a member of limited partnership from liability for the entire sales tax debt of the LLC if they do not participate in the management of the company. The current statutory obligation is to hold all owners of the LLC equally responsible for the sales tax debt.
- The Executive proposes to increase the sales tax exemption for vending machines from \$1.50 to \$2 only for machines that have the option to collect payment from a credit or debit card. The entire sales tax exemption for vending machines would sunset on May 31, 2020.
- The Executive proposes to make technical changes to the local sales tax distribution laws to ensure conformity to the general provisions.

Gaming Tax Proposals

- The Executive proposes to allow NYRA to double their reserve fund and to allow NYRA tracks to race at night.
- The Executive proposes to allow horse breeding funds to be used for retired horse care.
- The Executive proposes to extend certain horse racing and pari-mutuel wagering tax rates as well as horse racing simulcasting provisions for one year.
- The Executive proposes to simplify the taxation and regulation of video lottery facilities and to modify the additional commission computation to align it with its original intent.
- The Executive proposes to eliminate an inter-gaming fund transfer to reduce governmental administration costs.

Table 60

TAX AND OTHER REVENUE ACTIONS				
(\$ in Millions)				
	General Fund		All Funds	
	SFY 2018-19	SFY 2019-20	SFY 2018-19	SFY 2019-20
Responding to Federal Tax Reform				
Maintain 2017 Empire State Child Tax Credit Benefits	-	-	-	-
Tax Credit Proposals				
Enhance the NY Youth Jobs Program	-	-	-	-
Increase the Vending Machine Sales Tax Exemption	-	-	-	-
Subtotal	-	-	-	-
Tax Reform and Simplification Proposals				
Close the Carried Interest Loophole	-	-	-	-
Impose an Internet Fairness Conformity Tax	75	150	80	159
Allow the Tax Department to Appeal Tax Appeals Tribunal Decisions	-	5	-	5
Clarify New York Residency Requirements for Tax Purposes	-	-	-	-
Discontinue the Energy Services Sales Tax Exemption	90	120	96	128
Provide Responsible Person Sales Tax Relief for Minority LLC Owners	-	-	-	-
Simplify Taxes on the Resale of Prepared Food	-	-	-	-
Convert the Veterinary Sales Tax Credit into an Exemption	-	-	-	-
Modify the Taxation of State-Owned Land	-	-	-	-
Subtotal	165	275	176	292
Tax Enforcement Proposals				
Provide for Expedited Processing of Child Care Tax Credit Payments Using State Data	-	5	-	5
Extend the Statute of Limitations on Amended Tax Returns	3	3	3	3
Provide for Employee Wage Reporting Consistency	-	-	-	-
Allow Warrantless Tax Debt to be Assessed Against Unclaimed Funds	3	3	3	3
Change Cigar Tax Enforcement	12	23	12	23
Provide for Consistency Within the Real Estate Transfer Tax	-	-	-	-
Subtotal	18	34	18	34
Tax Law Extender Proposals				
Extend the Hire a Vet Credit for Two Years	-	-	-	-
Extend Telecom Mass Property Assessments for Four Years	-	-	-	-
Subtotal	-	-	-	-
School Tax Relief (STAR) Program Proposals				
Maintain Basic and Enhanced Exemption Benefits at Existing Levels	49	95	-	-
Make Participation in the Income Verification Program (IVP) Mandatory	35	35	-	-
Require Manufactured Home Parcel Reporting	-	-	-	-
Require Filing of Real Property Transfer Reports	-	-	-	-
Subtotal	85	130	-	-
Other Revenue Proposals				
Defer Business Related Tax-Credit Claims	82	278	82	278
Impose a Tax on Vapor Products	3	5	3	5
Establish an Opioid Epidemic Surcharge	-	-	127	171
Subtotal	85	283	212	454
Gaming Proposals				
Simplify Video Lottery Gaming (VLG) Tax Rates and Additional Commission Provisions	-	-	22	20
Extend Certain Tax Rates and Certain Simulcasting Provisions for One Year	-	-	-	-
Eliminate the Video Lottery Gaming Hold Harmless Transfer Provision	-	-	-	-
Allow Horse Breeding Funds to be used for Equine Aftercare	-	-	-	-
Amend Racing Operations Provisions	-	-	-	-
Subtotal	-	-	22	20
Fee Proposals				
Impose a Vehicle Safety Inspection Fee	3	3	3	3
Modernize Highway Right-of-Way Fees	-	-	15	30
Impose a Healthcare Insurance Windfall Profit Fee	-	-	140	140
Subtotal	3	3	158	173
Technical Amendments				
Amend the Local Sales Tax Statute for Technical Changes	-	-	-	-
Amend Real Property Tax Law for Various Technical Amendments	-	-	-	-
Subtotal	-	-	-	-
TOTAL REVENUE PROPOSALS	356	725	586	973

Table 61

All Funds Receipts SFY 2017-18
(\$ in Millions)

	2016-17 Actual	2017-18 Estimate	Change	Percent Growth
Personal Income Tax	\$47,565	\$50,935	\$3,370	7.1%
Gross Receipts	\$56,517	\$61,060	\$4,543	8.0%
Withholding	\$37,524	\$39,459	\$1,935	5.2%
Estimated Payments	\$14,972	\$17,734	\$2,762	18.4%
Vouchers	\$10,912	\$14,278	\$3,366	30.8%
IT 370s	\$4,060	\$3,456	(\$604)	-14.9%
Final Payments	\$2,588	\$2,441	(\$147)	-5.7%
Delinquencies	\$1,433	\$1,426	(\$7)	-0.5%
Total Refunds	\$8,952	\$10,125	\$1,173	13.1%
Prior Year Refunds	\$5,199	\$6,338	\$1,139	21.9%
Current Refunds	\$1,750	\$1,750	\$0	0.0%
Credits	\$678	\$689	\$11	1.6%
Previous Refunds	\$474	\$500	\$26	5.5%
State/City Offsets	\$851	\$848	(\$3)	-0.4%
Collections	\$47,565	\$50,935	\$3,370	7.1%
User Taxes and Fees	\$16,212	\$16,754	\$542	3.3%
Sales and Use Tax	\$13,869	\$14,510	\$641	4.6%
Motor Fuel Tax	\$519	\$515	(\$4)	-0.8%
Cigarette Tax	\$1,236	\$1,177	(\$59)	-4.8%
Highway Use	\$138	\$96	(\$42)	-30.4%
Alcoholic Beverage Tax	\$258	\$262	\$4	1.6%
Medical Marihuana Excise Tax	\$1	\$2	\$1	100.0%
Auto Rental Tax	\$127	\$133	\$6	4.7%
Taxi Surcharge	\$64	\$59	(\$5)	-7.8%
Business Taxes	\$6,979	\$7,346	\$367	5.3%
Corporate Franchise	\$3,166	\$3,286	\$120	3.8%
Utility Tax	\$720	\$737	\$17	2.4%
Insurance Tax	\$1,580	\$1,721	\$141	8.9%
Bank Tax	\$389	\$505	\$116	29.8%
Petroleum Business Tax	\$1,124	\$1,097	(\$27)	-2.4%
Other	\$3,617	\$3,917	\$300	8.3%
Estate and Gift	\$1,091	\$1,314	\$223	20.4%
Real Estate Transfer	\$1,126	\$1,147	\$21	1.9%
Pari Mutuel	\$16	\$15	(\$1)	-6.3%
Payroll Tax	\$1,380	\$1,438	\$58	4.2%
Total Taxes	\$74,372	\$78,952	\$4,580	6.2%
All Funds Misc Receipts	\$26,594	\$27,829	\$1,235	4.6%
Federal Grants	\$55,406	\$57,777	\$2,371	4.3%
Total All Funds Receipts	\$156,372	\$164,558	\$8,186	5.2%

Table 62

All Funds Receipts SFY 2018-19				
(\$ in Millions)				
	2017-18	2018-19		Percent
	Estimate	Forecast	Change	Growth
Personal Income Tax	\$50,935	\$49,244	(\$1,691)	-3.3%
Gross Receipts	\$61,060	\$60,335	(\$725)	-1.2%
Withholding	\$39,459	\$41,314	\$1,855	4.7%
Estimated Payments	\$17,734	\$14,921	(\$2,813)	-15.9%
Vouchers	\$14,278	\$12,729	(\$1,549)	-10.8%
IT 370s	\$3,456	\$2,192	(\$1,264)	-36.6%
Final Payments	\$2,441	\$2,599	\$158	6.5%
Delinquencies	\$1,426	\$1,501	\$75	5.3%
Total Refunds	\$10,125	\$11,091	\$966	9.5%
Prior Year Refunds	\$6,338	\$6,699	\$361	5.7%
Current Refunds	\$1,750	\$1,750	\$0	0.0%
Credits	\$689	\$1,247	\$558	81.0%
Previous Refunds	\$500	\$522	\$22	4.4%
State/City Offsets	\$848	\$873	\$25	2.9%
Collections	\$50,935	\$49,244	(\$1,691)	-3.3%
User Taxes and Fees	\$16,754	\$17,664	\$910	5.4%
Sales and Use Tax	\$14,510	\$15,266	\$756	5.2%
Motor Fuel Tax	\$515	\$512	(\$3)	-0.6%
Cigarette Tax	\$1,177	\$1,152	(\$25)	-2.1%
Highway Use	\$96	\$142	\$46	47.9%
Opioid Epidemic Surcharge	\$0	127	\$127	
Alcoholic Beverage Tax	\$262	\$267	\$5	1.9%
Medical Marihuana Excise Tax	\$2	\$2	\$0	0.0%
Auto Rental Tax	\$133	\$137	\$4	3.0%
Taxi Surcharge	\$59	\$59	\$0	0.0%
Business Taxes	\$7,346	\$8,198	\$852	11.6%
Corporate Franchise	\$3,286	\$4,341	\$1,055	32.1%
Utility Tax	\$737	\$710	(\$27)	-3.7%
Insurance Tax	\$1,721	\$1,868	\$147	8.5%
Bank Tax	\$505	\$143	(\$362)	-71.7%
Petroleum Business Tax	\$1,097	\$1,136	\$39	3.6%
Other	\$3,917	\$2,263	(\$1,654)	-42.2%
Estate and Gift	\$1,314	\$1,033	(\$281)	-21.4%
Real Estate Transfer	\$1,147	\$1,212	\$65	5.7%
Pari Mutuel	\$15	\$15	\$0	0.0%
Payroll Tax	\$1,438	\$0	(\$1,438)	-100.0%
Total Taxes	\$78,952	\$77,369	(\$1,583)	-2.0%
All Funds Misc Receipts	\$27,829	\$27,959	\$130	0.5%
Federal Grants	\$57,777	\$57,878	\$101	0.2%
Total All Funds Receipts	\$164,558	\$163,206	(\$1,352)	-0.8%

A. Federal Tax Reform, New York State Tax Law and Revenue Implications

Key Personal Income Tax Provisions

<i>Topic</i>	<i>Prior law</i>	<i>New law</i>	<i>New York Law and Impact</i>	<i>Fiscal</i>
Increase of the Standard Deduction	The standard deduction for married couples was \$12,700 and \$6,350 for single filers.	The new federal law increases the value of the standard deduction for each filing status. For married filing jointly and singles the new federal standard deduction is set at \$24,000, and \$12,000, respectively.	New York requires taxpayers who have claimed the standard deduction on their federal income tax return to also claim the standard deduction on their state return. A higher federal standard deduction will lead fewer taxpayers to claim itemized deductions on their federal returns. Therefore, the state will have more taxpayers claiming the standard deduction and fewer itemized deductions overall.	The state would see <u>\$44 million in additional revenue</u> from the increase in the federal standard deduction.
Eliminating Personal Exemptions	Taxpayers reduced their taxable income using personal exemptions available for the taxpayer, spouse, and any dependents.	The new federal law temporarily eliminates this exemption.	Federal suspension of personal exemptions is not expected to impact the State's dependent exemption.	Suspension of the federal exemptions will adversely impact the availability of the standard deduction for single filers for a <u>potential liability increase of \$840 million</u> .

Topic	Prior law	New law	New York Law and Impact	Fiscal
Enhanced Child Tax Credit (CTC)	Taxpayers with a qualified child under the age of 17 were eligible for a maximum Child Tax Credit of \$1,000 per child. The amount of the credit was phased out as income exceeds \$75,000 (\$110,000 for joint filers).	The new law enhances the CTC by increasing the maximum credit to \$2,000, while increasing the refundable portion to \$1,400 per qualifying child. The new law also provides a new nonrefundable \$500 credit for other dependents aged 17 and over.	These changes will flow through to the calculation of the Empire State Tax (ESC) credit, resulting in additional and higher tax credit claims by state taxpayers.	Absent any legislative changes, the State is expected to see a <u>revenue decrease of approximately \$500 million</u> . The Executive Budget holds state law constant mitigating the impact of this action.
Limitation on Itemized Deductions	The overall value of itemized deductions was limited by 3% of each dollar that a taxpayer's income exceeds \$267,000 (or \$320,000 for joint filers).	The law eliminated the 3% limitation on itemized deductions, thereby increasing the total amount of itemized deductions allowed under federal law.	New York itemized deductions are calculated based on the deductions allowed on a taxpayer's federal itemized deduction schedule. Taxpayers must then add or subtract certain deductions allowed or disallowed under state law. New York also applies an additional statutory deduction limitation for certain high-income taxpayers.	Elimination of the 3% federal deduction limitation will increase the base amount for New York itemized deductions, <u>decreasing state revenues by approximately \$36 million</u> . However, this impact will be offset by the likelihood that total itemized deductions will decrease due to the limitations and repeal of certain deductions under the new federal law.
Mortgage Interest Deduction	Interest paid or accrued during the taxable year on debt of up to \$1 million or home equity debt up to \$100,000 could be claimed as an itemized deduction.	The new federal law lowers the maximum value of mortgages for which mortgage interest payments are deductible to \$750,000 for debt incurred after December 15, 2017, and suspends the deduction for mortgage insurance paid or accrued for home equity debt.	The amount that taxpayers can claim on their federal return for mortgage interest deductions is included in the base amount for purposes of calculating New York State itemized deductions.	This new limitation is expected to <u>have a minimal impact on state revenue in the near term</u> .

<p>State and Local Tax Deductions</p>	<p>Any state and local taxes paid during the taxable year could be claimed as an itemized deduction on a federal return. State and local taxes include:</p> <ul style="list-style-type: none"> • State and local income taxes; • State and local general sales taxes (in lieu of income taxes); • Real estate taxes; • Personal property taxes. 	<p>The new federal law caps the aggregate itemized deduction for state and local taxes, including property taxes, at \$10,000 (\$5,000 for married taxpayers filing separate returns).</p>	<p>All state and local taxes claimed as an itemized deduction on a federal return are included in the base amount for the purposes of calculating New York State itemized deductions. Because New York requires state itemized deduction calculations to start with the deductions claimed on the companion federal return, the new \$10,000 federal cap on state and local tax deductions will substantially lower the amount of itemized deductions claimed at the state level.</p>	<p>Absent any change, <u>the state would see a revenue increase of approximately \$400 million.</u></p>
<p>Miscellaneous Deductions</p>	<p>Certain expenses, e.g. unreimbursed business expenses incurred by an employee, union dues, and tax preparation fees, could be claimed as itemized deductions to the extent that they exceed 2% of adjusted gross income.</p>	<p>The law temporarily repeals all miscellaneous deductions currently subject to the 2% floor.</p>	<p>Misc. deductions subject to the 2% floor are included in the base amount for the purposes of calculating New York itemized deductions.</p>	<p>Eliminating <u>these deductions would generate an additional \$281 million in state tax revenue.</u></p>

Key Business Tax Provisions

Topic	Prior law	New law	New York Law and Impact	Fiscal
<p>1) “Deemed Repatriation” (treatment of deferred foreign income)</p> <p>2) Current Year Inclusion of Global Intangible Low-Taxed Income (GILTI) by U.S. Shareholders</p>	<p>Prior to the federal tax reform of 2017, U.S. corporations were taxed on their worldwide income, with income earned by a foreign subsidiary not being taxable in the U.S. until it was distributed to the U.S. corporation.</p>	<p>The new law requires shareholders owning at least 10% of a foreign subsidiary to include as Subpart F income the shareholder’s pro rata share of accumulated earnings and profits of its foreign subsidiary. The shareholder is allowed a separate deduction for a portion of the foreign earnings and profits. This income recognition is a one-time event, but taxpayers have the option to pay the net tax liability over eight years.</p> <p>To curtail tax avoidance achieved by locating income-producing intangible assets in low-tax havens the new law also requires inclusion of a pro rata share of a Controlled Foreign Corporation’s (CFC) global low taxed intangible income (GILTI) in gross income</p>	<p>Including these earnings and profits as Subpart F income means they would be considered other exempt income that is exempt from tax under New York law (2014 Corporate Tax Reform).</p> <p>The new deduction introduces certain complications that may end up providing certain taxpayers a windfall in the form of a double benefit (an exemption and a deduction).</p> <p>The GILTI income would flow through to New York and be treated as business income, and thus be subject to tax.</p>	<p>New York could potentially realize a <u>revenue gain of approximately \$60 million resulting from the interest expense attribution related to this exempt income.</u></p> <p>GILTI income expected fiscal: <u>the combined impacts of the income inclusion and flow through deductions are estimated to produce approximately \$30 million.</u></p>

Topic	Prior law	New law	New York Law and Impact	Fiscal
Limiting deductions for business interest expenses		Business interest expense deductions in excess of 30% of adjusted taxable income would be disallowed.	This change would flow through and increase a corporation's New York starting point.	Limiting deductions for business interest expenses is <u>estimated to raise revenues by approximately \$45 million.</u>
Limiting the deductions for employee fringe benefits		Limiting the deductions for employee fringe benefits, such as meals, entertainment, transportation, etc.	All flow through to New York and increase the New York starting point.	Taken together, these limitations <u>produce approximately \$15 million in state savings.</u>
Small Business Changes		<p>a) <i>Immediate expensing:</i> The law increases the expensing limit from \$500,000 to \$1 million, increases the income phase-out threshold from \$2 million to \$2.5 million, and expands the type of property eligible for the benefit; and,</p> <p>b) <i>Accounting methods reform and simplification:</i> The federal law raises the eligibility thresholds for using cash v. accrual accounting, valuing inventories, and other accounting methods to \$25 million in gross receipts from \$5 million or \$10 million (depending on the item).</p>	Both changes produce a meaningful revenue loss at the state level due to changes that flow through to New York	<p><u>The first action is estimated to cost New York \$17.5 million.</u></p> <p><u>The second action is estimated to cost New York \$30 million.</u></p>

B. Potential State Responses to Federal Tax Reform

The Department of Taxation and Finance has released a “Preliminary Report on the Federal Tax Cuts and Jobs Act” including several proposals to mitigate the disproportionately adverse impacts of the new federal tax system on New York taxpayers.

The report includes three main proposals:

- **Charitable Contributions:** The proposal builds on the new expanded federal deduction by encouraging additional charitable donations to the state that would be deductible at the federal level. To incentivize such giving the state could offer a tax credit to offset some percentage of the contribution.

The report recommends the creation of state-operated charitable funds to receive taxpayer contributions to support the delivery of programs and services. The state would have to provide tax credits that would offset some portion of that contribution while the federal deduction will compensate for any remaining contributions.

- **Options for a Statewide Employer Compensation Expense Tax (“Payroll Tax”):** While the new federal tax reform law limits the deductibility of state and local income taxes paid by individuals, the deduction remains for taxes paid by employers. Therefore, all options presented in the report “shift” revenue reliance from the personal income tax side to an employer-based system of taxes. The options presented are:

A. Progressive Statewide Employer Compensation Expense Tax System:

- Option 1: *use the current tax withholding system to calculate a new “payroll tax” on wages that employers would be required to pay.* Employees will continue to file under the current personal income tax system but they would receive a tax credit corresponding to the taxes paid by their employer to reduce or eliminate the income tax due.
- Option 2: *entirely replace the current personal income tax system with a progressive employer “payroll tax”.* This option will call for several issues to be addressed in terms of design and implementation to ensure progressivity and adequate revenue generation. It will also require a means to tax non-wage income to preserve current revenues.

- Option 3: *adopt Option 2 but do not exempt wages from the personal income tax.* Instead, taxpayers would receive a wage credit against their income tax liabilities. The underlying “payroll tax” would not vary based on factors like filing status or other sources of income, unlike the current system.
- B. Flat Rate Employer Compensation Expense Tax while Maintaining the Progressive Income Tax System:** would adopt a flat across-the-board “payroll tax” coupled with income tax reduction mechanisms such as income tax credits, exemptions, or rate reductions.
- Option 1: *implement a flat “payroll tax” at or below the lowest marginal tax rate while maintaining the progressive income tax system.* As in previous options a wage credit would have to be provided for income tax relief to employees. Several complications arise under this option including: no economic benefits for incomes taxed at rates above the flat employer rate as well as assuring that taxpayers receive benefits from the income tax reductions on an ongoing basis in advance of April tax filing.
 - Option 2: *implement a flat “payroll tax” at a higher rate while maintaining the progressive income tax system.* To maintain progressivity, a system of refundable tax credits could be designed that approximates the progressivity of the combined system.
- C. Target Employer Compensation Expense Tax above Specified Wage Threshold:** would adopt a payroll tax but only for wages over a specific threshold. A corresponding tax credit or exemption schedule must be implemented to offset the potential adjustment in salary that might result. Focusing the shift towards a payroll tax on high-income New Yorkers, this option potentially addresses the effect on limiting the deductibility of state taxes and helps protect the progressivity of the tax system.
- D. Tax Surcharge on Supplemental Wages:** state and federal income tax withholding rules differentiate between regular wages and supplemental wages, i.e. bonuses, commissions, etc. Such wages will not be subject to income taxes; employers would be required to pay a flat rate surcharge on such wages.
- E. Employer Opt-In Employer Compensation Expense Tax:** employers who elect to participate would pay an “entity-level” payroll tax with employees receiving corresponding credits to offset individual income tax liabilities.
- F. Issues for Further Study:** the report concludes the various options under the second main proposal by outlining a variety of issues and complications related to these approaches

including: form of income tax relief, cash flow issues for employees and the state, a windfall for federal employees, impact on labor costs and local governments, treatment of low-income workers, implications for various state tax credits and benefits eligibility and potential revenue losses, as well as certain residency issues.

➤ **Options for an Unincorporated Business Tax (UBT):** the two options below shift non-deductible individual income taxes to a deductible business tax on pass-through businesses and would credit part of the value of the tax to the owners of the businesses on their personal income taxes.

A. Tax on the Net Income of Flow Through Entities and Sole Proprietor Businesses: this option is modeled after New York City's UBT and applies a flat rate (4 percent in NYC) on taxable net income. A state-wide UBT could credit up to the full value of the entity level tax against owners' personal income taxes. (Challenges associated with this option include administrative complexity for taxing authorities and businesses as well as income sourcing and allocation, expense attribution etc.) The state could also consider applying the tax on another tax base such as gross receipts, net worth, or paid-in capital.

B. Tax on the Gross Receipts of Flow Through Entities: this option will parallel the filing fees currently paid by limited liability companies (LLCs) and certain partnerships, and the fixed dollar minimum tax currently paid by S corporations. Since those fees are administered based on the level of New York source gross income, imposing a tax on gross receipts would have the benefit of being administered in a parallel fashion. This option has the benefit of being easier to administer compared to the UBT outlined above.



Capital and Debt



BUDGET SNAPSHOT: CAPITAL AND DEBT



State-Supported Debt is estimated at \$54.9 billion.

Annual State-Supported Debt Service to total \$5.6 billion.

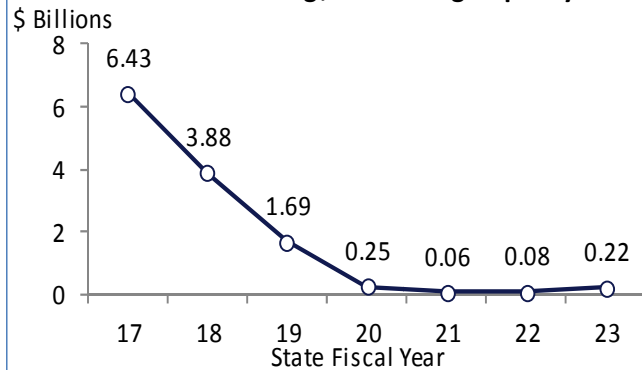
New State Debt Issuances total \$6.8 billion.

Capital Plan spending totals \$15.2 billion.

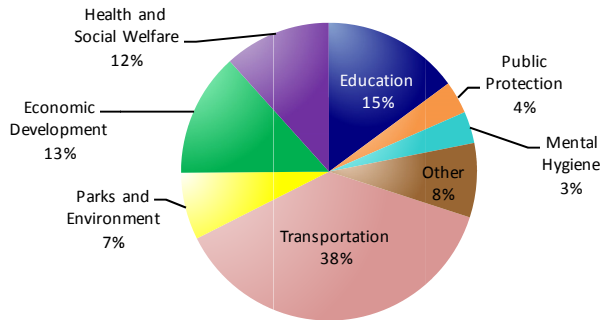
New Capital Obligations SFY 2018-19 Executive Budget (\$ in Millions)

	Appropriations
Transportation/Transit	6,997
Parks and Environment	580
Economic Development	1,410
Health & Mental Hygiene	1,137
Education/Higher Education	1,043
Public Protection/General Government	587
All Other Capital Appropriations	1,904
Total	13,657

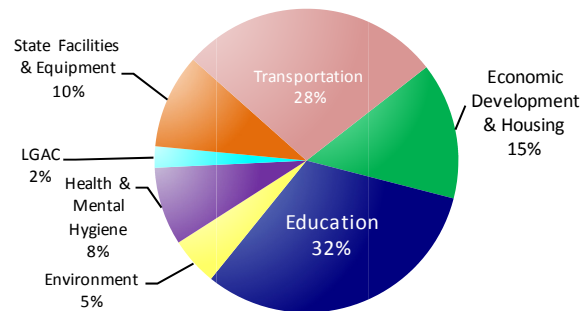
Debt Outstanding, Remaining Capacity



SFY 2018-19 Capital Spending by Function



SFY 2018-19 Debt Outstanding by Function



State Supported Debt Service



Capital Projects Spending



Source: NYS Division of the Budget.

BUDGET HIGHLIGHTS: CAPITAL AND DEBT



- **Capital Program and Financing:** The Executive Capital Program and Financing Plan totals \$15.2 billion for State Fiscal Year (SFY) 2018-19, an increase of \$1.8 billion or 13.5 percent from SFY 2017-18.
- **Debt Issuance:** The Executive proposes to issue \$6.8 billion in debt to finance new and existing capital projects spending in SFY 2018-19, an increase of \$782 million or 13 percent from SFY 2017-18.
- **Debt Outstanding:** State-supported debt outstanding is projected to remain under the statutory debt cap over the Plan period. Remaining capacity under the cap declines from \$3.9 billion in SFY 2017-18 to \$61 million in SFY 2020-21.
- **Monetary Settlements:** The state has received \$10.7 billion in monetary settlements since SFY 2014-15, and \$7.8 billion has been allocated for capital purposes, including a new \$125 million in capital appropriations in the Executive Budget.
- **Statewide Capital Efficiency Plan:** The Executive implements a Capital Efficiency Plan that is expected to reduce bonded capital spending by \$1.4 billion across the five-year capital plan.
- **Design-Build:** The Executive proposes to expand the authority for the use of design-build procurement, which allows design and construction services to be contracted by a single entity, to Dormitory Authority of the State of New York (DASNY), Empire State Development Corporation (ESDC), Office of General Services (OGS), Department of Health (DOH), and Olympic Regional Development Authority (ORDA). Under current law, only the Thruway Authority, Department of Transportation (DOT), Office of Parks, Recreation and Historic Preservation (OPRHP), Department of Environmental Conservation (DEC), the State Bridge Authority, and other specific projects are authorized to use design-build.
- **MTA Capital Commitment:** The Executive maintains the previous state commitment of \$7.3 billion to the 2015-19 MTA capital plan by making the fourth of five annual \$1.47 billion appropriations. The state commitment to the MTA capital plan would now total \$8.6 billion, including previous appropriations and the proposed \$174 million for the Subway Action Plan.

BUDGET REVIEW AND ANALYSIS: CAPITAL AND DEBT



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

Table 63

Capital Spending by Function Capital Program and Financing Plan SFY 2018-19 Through SFY 2022-23 (\$ in Millions)					
Spending	2018-19	2019-20	2020-21	2021-22	2022-23
Transportation	5,693	5,234	4,737	4,613	4,598
Education	815	477	290	229	152
Higher Education	1,443	1,391	1,386	1,378	1,378
Economic Development & Gov't Oversight	2,041	1,905	1,836	1,635	1,499
Mental Hygiene	525	525	532	534	583
Parks and Environment	1,113	1,088	1,104	1,133	1,174
Health	1,043	838	704	605	424
Social Welfare	719	629	601	545	540
Public Protection	540	461	433	440	438
General Government	420	290	222	169	148
Other	<u>812</u>	<u>457</u>	<u>182</u>	<u>860</u>	<u>1,322</u>
Total	<u>15,165</u>	<u>13,296</u>	<u>12,027</u>	<u>12,140</u>	<u>12,255</u>
Off-Budget Spending ¹	(675)	(641)	(635)	(637)	(626)
Net Cash Spending	<u>14,490</u>	<u>12,655</u>	<u>11,393</u>	<u>11,503</u>	<u>11,629</u>

Note: ¹ Represents spending which occurs directly from bond proceeds held by public authorities.

The Five-Year Capital Plan

The Executive proposes a \$64.9 billion Five-Year Capital Plan that prioritizes transportation, economic development, and higher education initiatives. The Executive's State Fiscal Year (SFY) 2018-19 Capital Plan totals \$15.2 billion, which reflects an increase of 13.5 percent or \$1.8 billion from SFY 2017-18.

New Capital Initiatives

The Executive budget proposes \$13.7 billion in new capital appropriations, all of which are projected to be committed and spent over a multi-year period for various infrastructure programs such as economic development, transportation, health care, higher education, parks and environment, social welfare, and other programs.

Table 64

New Capital Appropriations SFY 2018-19 Executive Budget (\$ in Thousands)			
<u>Transportation/Transit</u>	<u>6,996,565</u>	<u>Parks & Environment</u>	<u>580,000</u>
MTA-State Share of Subway Action Plan	174,000	Environmental Protection Fund	300,000
CHIPs/Other Local Roads	477,797	State Superfund	100,000
MTA Capital Plan (Year 4)	1,467,200	Parks NY Works	90,000
DOT Capital Plan (Year 4)	4,877,568	Hudson River Park	50,000
		DEC NY Works	40,000
<u>Economic Development</u>	<u>1,410,000</u>	<u>Education & Higher Education</u>	<u>1,042,671</u>
Life Sciences/Public Health Initiative	600,000	SUNY/CUNY Systemwide Maintenance	634,222
High Technology Initiatives	300,000	SUNY Hospitals	255,300
NYW Economic Development Fund	200,000	Community College Projects	87,149
Regional Economic Development Councils-Rd 8	150,000	Capital Matching Grants	30,000
Downtown Revitalization Initiative-Round 3	100,000	Anti-Hate Crime Safety & Security Proj.	15,000
Olympic Regional Development	60,000	Library Capital Grants	14,000
		Breakfast After the Bell Program	7,000
<u>Health & Mental Hygiene</u>	<u>1,137,176</u>	<u>General Government & Public Protection</u>	<u>586,700</u>
Statewide Health Care Transformation Grants	425,000	Prison Facilities	427,000
Mental Hygiene Program	610,872	IT Initiative Funding	85,700
Roswell Park Capital	51,304	Preservation of State Facilities	49,000
Health Care IT Initiatives	50,000	OGS Office Optimization Funding	25,000
		<u>All Other Capital Appropriations</u>	<u>1,903,951</u>
		<u>Total Capital Appropriations</u>	<u>13,657,063</u>

The Executive proposes \$7.0 billion in capital obligations for transportation purposes, including \$4.9 billion to fund the Department of Transportation (DOT) and \$1.5 billion to continue to fund the Metropolitan Transportation Authority (MTA) capital plan. An additional \$1.4 billion is provided in new economic development capital obligations, a 51 percent (\$1.5 billion) decrease from SFY 2017-18.

Capital Spending of Settlement Funds

Table 65

Use of Monetary Settlements						
(\$ in Millions)						
	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	
	Enacted	Enacted	Enacted	Enacted	Executive	Total
	Budget	Budget	Budget	Budget	Budget	
Capital Purpose	0	4,550	1,960	1,205	125	7,840
Thruway Stabilization Program	0	1,285	700	0	0	1,985
Upstate Revitalization Initiative	0	1,500	170	0	0	1,670
Affordable and Homeless Housing	0	0	640	0	0	640
Broadband Initiative	0	500	0	0	0	500
Buffalo Billion, Phase II	0	0	0	400	0	400
Health Care	0	355	0	200	125	680
Security and Emergency Response	0	150	0	100	0	250
Life Sciences Initiative	0	0	0	320	0	320
Municipal Restructuring/Downtown Revitalization	0	150	20	100	0	270
MTA Capital Plan (Penn Station Access)	0	250	0	65	0	315
DOT Capital Plan Contribution	0	0	200	0	0	200
Long Island Transformative Projects	0	150	0	0	0	150
Environmental Protection Fund	0	0	120	0	0	120
Upstate Infrastructure and State Fair	0	115	0	0	0	115
Other Economic Development Projects	0	0	85	0	0	85
Southern Tier and Hudson Valley Farmland	0	50	0	0	0	50
Empire State Poverty Reduction Initiative	0	0	25	0	0	25
Non MTA Transit	0	0	0	20	0	20
Community Health Care Revolving Loans	0	20	0	0	0	20
Roswell Park Cancer Institute	0	16	0	0	0	16
Behaviorial Health Care Grants	0	10	0	0	0	10
Non-Capital Purposes	275	1,115	165	729	577	2,861
Transfer to Audit Disallowance - Federal Settlement	0	850	0	0	0	850
Financial Plan - General Fund Operating Purposes	275	250	102	461	383	1,471
Reserve for Retroactive Labor Settlements	0	0	0	155	0	155
Department of Law - Litigation Services Operations	0	10	63	27	0	100
Transfer to Local Assistance Account - Mass Transit	0	0	0	10	0	10
Transfer to OASAS Chemical Dependence Program	0	5	0	0	0	5
CSX Litigation Payment	0	0	0	76	0	76
MTA Operating Aid - Subway Action Plan	0	0	0	0	194	194
Total	275	5,665	2,125	1,934	702	10,702

Source: NYS Division of Budget

Since SFY 2014-15, the State has received \$10.7 billion in monetary settlements primarily from financial institutions. Prior to the current Executive proposal, \$7.8 billion had been appropriated for capital initiatives. The Executive proposal allocates an additional \$125 million for hard dollar Health Care Capital grants, \$343 million for General Fund relief, and \$194 million for MTA operating aid.

The Executive plans to gradually transfer settlement funds to the Dedicated Infrastructure Investment Fund (DIIF) for use for capital projects over the next several years. The balance of settlement funds will remain in the General Fund allowing the state to maintain a larger cash balance. The state will also use settlement proceeds to make cash advances for the Javits expansion project in New York City (\$1 billion) and other non-DIIF capital purposes (\$1.8 billion).

The temporary use of funds for the Javits expansion project began in SFY 2017-18 and continues through SFY 2020-21. Bond proceeds will be used to backfill this use of the settlement funds in SFY 2019-20 and SFY 2020-21. Settlement funds were also used to pay for non-DIIF capital expenses totaling \$1.8 billion between SFY 2016-17 and SFY 2017-18. These advances are expected to be fully reimbursed by the end of the SFY 2018-19 in order to fund their original purposes. These cash advances allowed the State to delay necessary bond issuances in order to preserve capacity under the State debt cap.

Table 66

Allocation of Monetary Settlement to Capital Projects Funds									
(\$ in Millions)									
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Opening Balance	0	3,693	3,536	4,046	2,643	1,554	728	111	
Initial Settlements Allocated to Capital Projects Funds	4,550	1,960	1,205	125	0	0	0	0	7,840
Transfers to Capital Projects Funds Excluding Javits Expansion	(857)	(817)	(1,335)	(1,678)	(1,269)	(1,156)	(617)	(111)	(111)
Remaining Settlement Funds	3,693	4,836	3,406	2,493	1,374	398	111	0	0
Transfer to DIIF for Javits Center Expansion	0	0	(160)	(350)	(320)	(170)	0	0	(1,000)
Bond Proceed Receipts for Javits Center Expansion	0	0	0	0	500	500	0	0	1,000
Management of Debt Issuances*	0	(1,300)	800	500	0	0	0	0	0
Adjusted Remaining Settlement Funds	3,693	3,536	4,046	2,643	1,554	728	111	0	0

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

Financing the Capital Plan for 2017-18

The Executive proposal would finance the Five-Year Capital program through a combination of State and Federal Pay-As-You-Go (PAYGO) funding totaling \$6.7 billion and bonded resources totaling \$8.4 billion.

Table 67

Capital Program and Financial Plan Financing Sources SFY 2018-19 (\$ in Millions)				
Financing Source	FY 2018	FY 2019	\$ Change	Annual % Change
Authority Bonds	6,129	7,711	1,583	26%
Federal Pay-As-You-Go	2,232	2,397	164	7%
State Pay-As-You-Go	4,208	4,337	129	3%
General Obligation Bonds	790	720	(70)	(9)%
Total	13,359	15,165	1,806	14%

State Debt Issuances Over Five Years

Table 68

State Debt Issuances Summarized By Financing Program SFY 2017-18 Through SFY 2021-22 (\$ in Millions)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<u>General Obligation Bonds</u>	920	610	441	171	108
<u>Revenue Bonds</u>					
Personal Income Tax	4,532	4,754	4,066	4,475	4,570
Sales Tax	1,327	1,367	1,408	1,450	1,493
Subtotal Revenue Bonds	5,859	6,121	5,474	5,925	6,063
Total State-Supported	6,779	6,731	5,915	6,096	6,171

The Executive estimates \$6.8 billion in new bond issuances in SFY 2018-19, as follows:

- \$4.5 billion through the Personal Income Tax (PIT) Revenue Bond Program;
- \$1.3 billion through the Sales Tax Revenue Bond Program; and
- \$920 million of State General Obligation Bonds.

Projected debt issuances for SFY 2018-19 have increased by \$782 million or 13 percent over SFY 2017-18.

State-Supported Debt

Table 69

New York State-Supported Debt Outstanding by Function SFY 2018-19 (\$ in Millions)		
	Amount	Share
Education	17,454	31.81%
Transportation	15,291	27.86%
State Facilities & Equipment	5,522	10.06%
Economic Development & Housing	7,993	14.57%
Health & Mental Hygiene	4,559	8.31%
Environment	2,816	5.13%
LGAC	1,241	2.26%
Total State-Supported Debt	54,878	

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

Debt Affordability

State-supported debt outstanding is projected to remain under the statutory debt cap over the Five-Year Capital Plan, declining from \$3.8 billion remaining in capacity in SFY 2017-18 to its lowest point of \$61 million in SFY 2020-21. The state cap on growth for the amount of debt outstanding is limited to four percent of state personal income.



Table 70

Debt Outstanding Subject to Cap Remaining Capacity Summary						
(\$ in Millions)						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Mid-Year Update to the SFY 2018 Financial Plan	3,826	1,846	448	58	216	N/A
Personal Income Forecast Adjustment	(137)	(57)	(69)	(55)	(28)	-
Executive Capital Reestimates	195	(96)	(526)	(683)	(1,170)	-
Capital Efficiencies - 5% Reduction	-	-	399	742	1,061	-
FY 2019 Executive Budget Financial Plan	3,884	1,693	252	61	79	221

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

- the Statewide Capital Efficiency Plan, which when implemented in SFY 2018-19 is expected to reduce bonded capital spending by \$1.4 billion across five years;
- the extension of authorization for design-build procurement methods to the Dormitory Authority of the State of New York (DASNY), Empire State Development Corporation (ESDC), Office of General Services (OGS), Department of Health (DOH), and Olympic Regional Development Agency (ORDA);
- the transfer of \$394 million in non-capital costs associated with DOT’s snow and ice removal and DOT and Department of Motor Vehicles (DMV) regulatory activities from the Dedicated Highway Bridge Trust Fund (DHBTF) to the State General Fund;
- the transfer and spending authority of \$500 million for the Debt Reduction Reserve Fund; and
- the conversion and/or phase-out of the practice of off-budget capital spending.

State-Related Debt

State-related debt outstanding is projected to total \$55.2 billion in SFY 2018-19, an increase of \$3.2 billion or 6.2 percent from SFY 2017-18. Over the Executive plan, State-related debt outstanding is projected to increase from \$52.0 billion in SFY 2017-18 to \$62.3 billion in SFY 2022-23, an average increase of 3.7 percent.

Table 71

State-related Debt Outstanding (Other State Debt Obligations in Addition to State-supported) (\$ in Millions)		
	2017-18 Estimated	2018-19 Projected
Contingent Contractual		
DASNY/MCFFA Secured Hospitals Program	193	165
Tobacco Settlement Financing Corporation	0	0
Moral Obligation		
Housing Finance Agency	0.8	0.2
State Guaranteed		
Job Development Authority (JDA)	0.0	0.0
Other State Financing		
MBBA Prior Year School Aid Claims	172	139
Subtotal	366	304
State-supported Debt	51,605	54,878
Total State-related Debt	51,970	55,182

State-related debt is defined as state supported debt plus the following debt obligations: Contingent Contractual Obligation (DASNY/MCFFA Secured Hospitals Program); Moral Obligation (Housing Finance Agency Moral Obligation Bonds); State Guaranteed Debt (Job Development Authority); and State Funded Debt (MBAA Prior Year School Aid Claims).

This debt is paid by non-State resources in the first instance with State appropriations available to make payments in the event that State resources are needed. These obligations are estimated to total \$304 million in SFY 2018-19, a decrease of \$62 million or 17 percent from SFY 2017-18.

State-related debt outstanding has decreased significantly as the State has not issued debt from these credits in recent years, focusing instead on the issuance of personal income tax and sales tax revenue bonds, as well as General Obligation bonds. As a result, state-supported debt outstanding has increased by \$3.3 billion or 6.3 percent from SFY 2017-18 to SFY 2018-19.

State Debt Retirements

Retirements of state-related debt has significantly impacted the State's ability to finance its capital programs. In SFY 2018-19, state-related debt retirements are projected to be \$3.6 billion, a decrease of \$683 million or 16.1 percent from SFY 2017-18. Over the next five years, retirements of state-related debt are projected to increase slightly, averaging \$4.2 billion annually.

Table 72

New York State - Principal Retirement	
Period	Cumulative Percentage of Existing Debt Scheduled for Retirement as of 1/01/2018
5 Years	34%
10 Years	61%
15 Years	80%
20 Years	91%
25 Years	98%
30 Years	100%

Related Article VII

The Executive proposes language that would:

- extend for an additional two years the authorization of DASNY to create subsidiaries for the purpose of limiting its potential liability;
- authorize DASNY to provide financing, construction, and other services to the Office of Children and Family Services; and
- extend the authorization for design-build procurement to DASNY, ESDC, DOH, OGS, and ORDA.



Budget Bills and Hearing Schedule



APPROPRIATION BUDGET BILLS

A. 9500 / S. 7500	State Operations Budget Appropriation Bill
A. 9501 / S. 7501	Legislature and Judiciary Budget Appropriation Bill
A. 9502 / S. 7502	Debt Service Budget Appropriation Bill
A. 9503 / S. 7503	Aid to Localities Budget Appropriation Bill
A. 9504 / S. 7504	Capital Projects Budget Appropriation Bill
A. 9505 / S. 7505	Public Protection and General Government Article VII Bill
A. 9506 / S. 7506	Education, Labor and Family Assistance Article VII Bill
A. 9507 / S. 7507	Health and Mental Hygiene Article VII Bill
A. 9508 / S. 7508	Transportation, Economic Development and Environmental Conservation Article VII Bill
A. 9509 / S. 7509	Revenue Article VII Bill
A. 9510 / S. 7510	Good Government and Ethics Reform Article VII Bill
A. 9511 / S. 7511	Women's Agenda Article VII Bill

Proposed Constitutional Amendments

- Outside Income of Legislators
- Establishes Same Day Voter Registration
- Term Limits for Elected Officials
- Protected Class



NON-APROPRIATION BUDGET BILLS

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

A. 9505 - PUBLIC PROTECTION AND GENERAL GOVERNMENT

PART	DESCRIPTION	SUMMARY
A	Speedy Trial Reform	This part would create a procedure for defendants to waive their rights to a speedy trial either in open court, or in writing; allow the court to inquire about, and in certain circumstances invalidate, statements of readiness by the prosecution; and require motions to dismiss for denial of a speedy trial to be supported by sworn allegations supporting the dismissal.
B	Judge Certifications	This part would require every state- paid judge or justice to certify monthly that he or she worked full eight hour days for each workday of the preceding month; require such certifications to be reviewed periodically by the comptroller.
C	Bail Reform	This part would authorize courts to release defendants under non-monetary conditions by selecting the least restrictive alternative to assure the defendant's appearance in court; require the court to make an assessment of a defendant's personal and financial circumstances where monetary bail is permitted; and allow a judge to order certain defendants held in pretrial custody following a hearing.
D	Criminal Discovery Reform	This part would provide for the automatic pretrial exchange of certain information between the prosecution and defense; enact a right of redaction for the prosecution; and, add new crimes involving tampering with a witness or intimidating a witness or victim.
E	Civil Asset Forfeiture Reform	This part would prohibit all asset seizures unless there has been an arrest and a criminal conviction and require that forfeiture information provided to Department of Criminal Justice System under existing law include demographic data.
F	Monies Recovered by District Attorneys - Extender	This part would extend for one year the existing formula for distribution of certain monies recovered by county district attorneys in pre-indictment settlements.

G	Eliminate Payments to Counties for State Ready Inmates	This part would reduce the reimbursements made to counties for the cost of transporting inmates from local jails to state prisons.
H	Merit Time and Limited Credit Time Allowance	This part would make inmates who complete two consecutive semesters of college in a prison-based program eligible for merit release and would add certain programs to the list of significant programming accomplishments required for eligibility for a limited time credit allowance.
I	Eliminate Parole Supervision Fee	This part would repeal the authorization for DOCCS to collect \$30 a month as a parole supervision fee from each person on community supervision.
J	Temporary Release Program Pilots	This part would create two temporary release pilot programs of up to 50 inmates who are eligible for the limited credit time allowance.
K	Licensing and Employment for Persons with Convictions	This part would modify a number of sections of law in order to make it clear that employers and licensing agencies should evaluate an individual's criminal record in compliance with Article 23-A of the Correction Law before making a hiring or licensing decision.
L	Geriatric Parole	This part would permit discretionary parole for certain inmates over 55 years of age who have completed at least one half of their minimum sentences, and who have been certified to have an age-related chronic or serious condition that substantially diminishes their ability to provide self-care within the correctional setting.
M	Mobile Surcharge Revenue	This part would suspend the annual transfer of funds from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund for an additional two fiscal years.
N	Subpoena Process for Online Sexual Abuse Cases	This part would authorize the state police to issue administrative subpoenas for testimony and certain records in certain investigations involving possible crimes against minors.
O	Armory Rental Account	This part would establish a fund for the maintenance and operation of armories around the state.
P	Child Victim Act	This part would eliminate the statute of limitation for "sexually-related felonies" when committed against a person who is less than 18 years of age; expand the list of crimes committed against a child for which the statute of limitation is tolled until the child turns 18; extend the statute of limitation for civil claims for "sexually-related offenses" committed against a child to 50 years from the date of the offense limited to actions against the person who committed the offense; eliminate the requirements for the filing of a notice of claim in such cases; and revive

		previously time-barred civil claims against a perpetrator for “sexually-related offenses” for a period of one year.
Q	On-Premises Retail Liquor License for Hotels	This part would modify the existing on-premises hotel license for retail sale of alcoholic beverages to allow hotel licensees to operate without having to have an on-premises restaurant serving full sit-down meals and would instead allow hotels to make available soup, sandwiches, or other foods, whether fresh, processed or frozen.
R	Mead/Braggot Regulation	This part would create a new farm license for production and sale of mead and braggot in New York State, and it would also enable all other licensed farm manufacturers to include mead and braggot among the craft beverages they offer for tastings and sale on or off their licensed premises.
S	Alcoholic Beverage Exporter License	This part would create a new exporter license to authorize businesses to export New York State alcoholic beverages, but not allow such licensees to sell their products to wholesalers or retailers within the state.
T	Capitol Restoration	This part would extend the authority of the State Commission on the Restoration of the Capitol for five years.
U	Surplus Land	This part would expand the types of government bodies that may obtain surplus state land for nominal consideration and would also adjust the purposes for which the land may be used.
V	Creation of Certain Accounts	This part would establish the parking services account, solid waste account and special events account as enterprise funds to be overseen the Comptroller.
W	Office of Information of Technology Services Term Appointments	This part would allow the Department of Civil Service to authorize the placement of 300 term appointments, for up to 5 years, without an examination for information technology positions requiring special expertise and qualifications within the Office of Information Technology Services.
X	New York State Secure Choice Savings Program	This part would establish the New York State Secure Choice Savings program for private-sector employees, in the form of a voluntary enrollment payroll deduction individual retirement account, which shall be administered by the New York State Deferred Compensation Board.
Y	Diversification of New York State Insurance Fund Investments	This part would provide the New York State Insurance Fund greater flexibility with regard to investments of surplus funds.
Z	Medicare Premium Charges Cap	This part would limit the reimbursement amount for Medicare Part B standard premium charges to no more than \$134 a month for all eligible employees.

AA	Medicare Income Related Monthly Adjustments	This part would terminate reimbursements of income related monthly adjustment account payments made by the state on behalf of retired employees commencing on January 1st, 2019.
BB	Market Interest Rate on Court Judgments	This part would establish the interest rate on a judgment or accrued claim as the "one-year United State treasury bill rate."
CC	Citizen Empowerment Tax Credit	This part would limit eligibility for the Citizen Empowerment Tax Credit and would limit additional aid received by eligible municipalities.
DD	Municipal Shared Services	This part would authorize adjoining towns to share town justices and would authorize counties to regulate and administer planning and zoning on behalf of a city, town or village.
EE	County-Wide Shared Services Panels	This part would permanently extend the County-Wide Shared Services Panels created in the SFY 2017-2018 budget.
FF	Town of Islip Resource and Recovery Agency Auditor	This part would remove the requirement that the director of the division of the budget nominate the auditor responsible for conducting an annual audit of the Town of Islip Resource and Recovery Agency.

A. 9506- EDUCATION, LABOR AND FAMILY ASSISTANCE

PART	DESCRIPTION	SUMMARY
A	School Aid	This part would amend various provisions of Education Law related to school aid; charter school facilities aid and supplemental basic tuition; graduate level teacher and leader education program data reporting; special education requirement waivers; school-level funding plans for large school districts; a respect for diversity education program, and aid to public libraries.
B	Lunch Shaming	This part would ban school lunch shaming practices; require that all public schools with at least 70 percent or more of its students eligible for free or reduced-priced meals under the Federal National School Lunch Program offer all students a school breakfast after the instructional day has begun; and increase the state reimbursement for school lunches for schools that purchase at least 30 percent of their food from New York State farmers, producers, processors or growers.
C	School Bus Safety Cameras	This part would authorize boards of education of common and union free school districts to establish a school bus safety camera program to impose a penalty on the owners of vehicles which have passed a stopped school bus and increase the fines for passing a stopped school bus.
D	Recovery High Schools	This part would authorize Boards of Cooperative Educational Services to enter into memorandums of understanding with non-component school districts, including the Buffalo, New York, Rochester, Syracuse and Yonkers School Districts, to provide collaborative alternative education programs known as recovery high schools.
E	The New York State DREAM Act	This part would enact the New York State DREAM Act to allow undocumented students to be eligible for the Tuition Assistance Program (TAP) and other state financial assistance programs.
F	Public Accountancy Firms	This part would allow public accountancy firms to have minority ownership by individuals who are not certified public accountants.
G	Close to Home Initiative - Extender	This part would extend the Close to Home initiative by 5 years to 2023 and repeal provisions relating to State funding and reimbursement to New York City for costs associated with the initiative.

H	Ella McQueen Reception Center	This part would authorize the Office of Children and Family Services to close the Ella McQueen reception center with a 30 day notice to the Speaker of the Assembly and Temporary President of the Senate.
I	Youth Development Program - Extender	This part would extend the Youth Development Program by 3 years to 2021.
J	Office of Children and Family Services (OCFS) and Cooperative Educational Services (BOCES)	This part would extend the authority of Office of Children and Family Services to contract with BOCES to provide certain educational services to youth in Office of Children and Family Services juvenile justice facilities for three years.
K	Capital Construction Services to OCFS	This part would authorize Dormitory Authority of the State of New York (DASNY) to provide financing, construction, and other services to Office of Children and Family Services.
L	Social Security COLA	This part would authorize the 2019 Federal Supplemental Security Income Cost of Living Adjustment (COLA) of \$3 to \$22 depending on living arrangement.
M	Rental Subsidy for Public Assistance Recipients Living with HIV/AIDS Outside NYC	This part would allow a local social service district the option to provide individuals on public assistance living with medically diagnosed HIV infection a 30 percent rent cap and reimburse districts if Medicaid savings are realized.
N	Mortgage Insurance Fund Transfers	This part would transfer \$44 million from the Mortgage Insurance Fund to the Neighborhood and Rural Preservation programs, the Rural Rental Assistance Program, and certain homeless assistance programs administered by the Office of Temporary and Disability Assistance.

A. 9507 - HEALTH AND MENTAL HYGIENE

PART	DESCRIPTION	SUMMARY
A	Medicaid Redesign Team - Hospitals	This part would reduce Medicaid capital expenditures by 1% and establish a workgroup to determine how this reduction can be done through streamlining; reduce distributions under the Indigent Care pool for 2019 calendar year; authorize the Commissioner of Health to establish performance metrics connected to distributions from the statewide general hospital quality pool; authorize the Commissioner of Health to establish alternative payment methodologies for psychotherapy services; and increase the number of physical therapy visits covered by Medicaid from 20 per year to 40 per year.
B	Implement Medicaid Redesign Team - Long Term Care	This part would authorize reductions in payments to nursing homes with poor performance; authorize an expansion of assisted living program beds; restrict enrollment in managed long term care plans; require enrollment in a managed long term care plan to be for a period of one year; prohibit an individual placed in a nursing home for 6 months or more from participating in a MLTC program or other care coordination model; eliminate spousal refusal; decrease the amount or resources a spouse is allowed to maintain; establish minimum rates for clinic services provided to individuals participating in the traumatic brain injury waiver program; and direct the Department of Health to conduct a study of home and community based services in rural areas of the State.
C	Medicaid Managed Care and Health Homes Programs	This part would add Medicaid managed care enrollees to those eligible to receive incentive payments for wellness activities and unnecessary hospital use; establish enrollment targets for health home participation by certain high risk enrollees; require employees and subcontractors of health homes that provide services to individuals that are developmentally disabled, or under age 21 to undergo a criminal background check and make the hiring entity eligible for potential reimbursement of associated costs; provide health homes and subcontractors of health homes with access to the statewide database of child abuse and maltreatment; require health homes and subcontractors of health homes to report abuse or maltreatment; and authorize the COH to apply penalties to managed care providers that do not submit a performing

		provider system partnership plan by July 1, 2018.
D	Medicaid Redesign Team - Pharmacy	This part would make a series of changes related to the Medicaid pharmacy benefit including: increasing the professional pharmacy dispensing fee from \$10 to \$10.08; authorize the Commissioner of Health to make modifications to the list of OTC drugs by regulation without prior notice and comment; increase required copay for OTC products from \$0.50 to \$1.00; eliminate prescriber prevails in fee for service and managed care; authorize MDs, NPs and pharmacists to provide comprehensive medication management for patients with chronic diseases; require a treatment plan and attestation of prescriber monitoring when opioids are prescribed for pain lasting over 3 months or past the time of normal tissue healing; and extend the pharmacy drug cap through SFY 2020.
E	Medicaid Redesign Team - Transportation	This part would authorize the use of the State's Transportation Manager for MLTC plans excluding Program of All-Inclusive Care for the Elderly programs; end supplemental medical assistance payments made to emergency medical transportation providers on March 31, 2018; and eliminate the supplemental payment to rural transportation networks.
F	Managed Care Plans Rate Adjustments	This part would allow the Commissioner of Health to reduce Medicaid rates for Medicaid managed care plans with reserves in excess of the minimum contingent reserve requirement.
G	Retail Clinics	This part would create and define health service delivery through medical practices located in retail space owned by a corporate entity and establish reporting requirements, allowable health care services, staffing requirements eligibility requirements operation standards, and collaborative agreements with other medical providers.
H	Certified Registered Nurse Anesthetists	This part would provide certification and a scope of practice for certified registered nurse anesthetists.
I	Office of Medicaid Inspector General (OMIG) Recovery of Overpayments	This part would clarify that payments made by the Medicaid program to managed care organizations and to any subcontractor or provider are public funds; require managed care organizations to collect overpayments from subcontractors or providers; require managed care organizations to refer all cases of potential fraud, waste, or abuse to the OMIG, and authorize the OMIG to impose a fine of up to \$100,000 when a managed care organization willfully fails to refer cases of fraud to OMIG; authorize the OMIG to impose fines for failure to comply with any Medicaid statute, rule, regulation, or directive; and authorize the assessment of penalties for inaccurate

		encounter data in cases of fraud or abuse.
J	False Claims Act	This part would increase the civil penalties for false or fraudulent claims under the New York False Claims Act to align with the amounts provided under the Federal False Claims Act.
K	Extend the Medicaid Global Cap	This part would extend the Medicaid Global Cap for an additional state fiscal year, until state fiscal year 2019-20.
L	Modify the Child Health Insurance Program (CHIP)	This part would allow Department of Health to contract with an entity to provide services on behalf of Child Health Insurance Program (CHIP) and, In the event of a reduction or elimination of federal funding to support CHIP, authorize the Executive to make changes to the program necessary to continue it with state-only funding.
M	Physician's Excess Medical Malpractice Program	This part would extend the provisions of the Physician's Excess Medical Malpractice program through June 30, 2019.
N	Cost of Living Adjustment Payments Made by the Department of Health	This part would retroactively eliminate the cost of living adjustment (COLA) to certain programs made by Department of Health back to the COLA's establishment in 2006.
O	Early Intervention Program	This part would amend the Early Intervention (EI) program's process for evaluating and determining eligibility; clarify various sections of law regarding the processing of Early Intervention claims and increases the monetary penalty for violations; require Early Intervention providers to appeal denials of claims prior to seeking reimbursement from another party; require parents to provide additional information; and establish that Early Intervention providers and services are subject to utilization review and external appeal requirements.
P	Health Care Reform Act (HCRA) Funded Initiatives	This part would eliminate the Empire Clinical Research Investigator Program (ECRIP) and repeal the requirement that hospitals establish a plan and be audited annually by DOH on the working conditions for certain hospital medical staff and postgraduate trainees.
Q	Health Care Capital	This part would create the third statewide health care facility transformation program to provide funding of \$425M to eligible health care systems statewide.
R	Lead Paint Exposure	This part would require reporting by municipalities to Department of Health on lead paint inspection data and remediation activities; require that any residential building constructed prior to 1978 in an area designated as high risk be presumed to have been painted with lead-based paint; and require the Secretary of State to establish rules and regulations pertaining to the inspection and abatement of high risk areas.
S	Establish the Regulatory	This part would authorize healthcare providers to collaborate

	Modernization Initiative	with emergency medical personnel to provide care that is within the scope of their training in residential settings; authorize certain providers to provide integrated primary care, mental health, and substance use disorder services; expand the definition of “originating site” for the purposes of Medicaid reimbursement for telehealth services; expand the list of practitioners eligible to deliver services via telehealth; and allow remote patient monitoring to include follow-up communications by telephone.
T	Extenders	This part would extend: DOH’s ability to require rebates for certain drugs that undergo a significant price increase; provision relating to spousal budgeting in long term care waiver programs; Medicaid audits; Care at Home waivers; and the elimination of the trend factor for hospital reimbursement.
U	Time Limited Demonstration Programs	This part would extend the use of time-limited demonstration programs for specialized inpatient psychiatric units for children and adults with intellectual and/or developmental disabilities, until March 31, 2021.
V	Community Reinvestment	This part would extend community reinvestment for State psychiatric center inpatient bed closures until March 31, 2021.
W	Restoration to Competency Programs	This part would authorize the Office of Mental Health to establish voluntary restoration to competency programs within locally-operated jails and State prisons.
X	Representative Payee	This part would extend authority for Office of Mental Health and the Office for People with Developmental Disabilities facility directors to act as representative payees consistent with federal law and regulations, until June 30, 2021.
Y	Social Work Licensure Exemption	This part would define which services that are provided by individuals working in programs regulated, operated, funded or approved by various state agencies, and/or local governmental units or social service districts require social work licensure.
Z	Office of People For People With Developmental Disabilities (OPWDD) Waiver Services	This part would make statutory changes to reflect the transition of OPWDD waiver services from the 1915(c) waiver to the 1115 waiver and extend the agency’s managed care authority.
AA	Human Services Cost-of-Living Adjustment (COLA)	This part would eliminate the statutory Human Services Cost of Living Adjustment for the period of April 1, 2018 to March 31, 2019.

A. 9508 - TRANSPORTATION, ECONOMIC DEVELOPMENT AND ENVIRONMENTAL CONSERVATION

PART	DESCRIPTION	SUMMARY
A	Motor Carrier Violations	This part would increase penalties for various Transportation Law violations committed by motor carriers.
B	Highway Rest Stop Commercial Sales	This part would authorize the Department of Transportation (DOT) to provide commercial facilities at highway rest areas under DOT's jurisdiction.
C	Public Transportation Safety Board (PTSB)	This part would authorize the PTSB to enforce certain federal requirements with respect to rail fixed guideway public transportation systems.
D	Thruway Authority Property Disposal	This part would authorize the Thruway Authority to dispose of its fiber optic system through agreements based on set fees rather than by public auction.
E	Department of Transportation (DOT) Bus Inspection Fees	This part would authorize DOT to charge a \$120 inspection fee on commercial passenger motor vehicles which are subject to DOT inspection requirements.
F	Department of Transportation Fiber Optic Lines	This part would authorize the DOT to enter agreements to allow fiber optic utilities to occupy the State right-of-way, and to establish a uniform process for the siting of wireless facilities in counties, cities, towns and villages.
G	Highway Safety	This part would amend various provisions of law relating to occupant restraints, junior drivers, and driving while texting or engaging in a call on a mobile device, and would authorize a program for the use of railroad grade crossing photo violation monitoring devices.
H	Autonomous Vehicles	This part would modify and make permanent provisions of law relating to autonomous vehicle demonstrations and tests, and repeal a provision of law prohibiting the operation of a vehicle without at least one hand or prosthetic device on the steering mechanism.
I	Department of Motor Vehicles (DMV) Traffic Violations Bureau (TVB) Reporting	This part would eliminate the authority of the DMV TVB in the City of New York to utilize certain New York State Comptroller reporting procedures.
J	DMV On-Line Pre-Licensing Course	This part would authorize DMV, for a period of five years, to provide for the delivery of the mandatory five-hour driver's license pre-licensing course through the internet.
K	Dedicated Highway and Bridge Trust Fund and	This part would redirect various DMV and DOT-related revenues from the Dedicated Highway and Bridge Trust Fund to the

	Metropolitan Transportation Authority (MTA)	General Fund, and would statutorily require the payment of future revenues raised by the Metropolitan Transportation Authority (MTA) regional payroll mobility tax directly to the MTA without appropriation.
L	Metropolitan Transportation Authority (MTA) Tax	This part would require the MTA to establish “transportation improvement subdistricts” and establish requirements for the local municipality to levy and collect an incremental property tax in such subdistricts of which a portion shall be paid to the MTA.
M	New York City Transit Authority (NYCTA) Capital Costs	This part would require that the city of New York to provide funding for all capital costs of NYCTA and authorize the state to appropriate emergency capital funds provided an identical appropriation is made by the city of New York.
N	Metropolitan Transportation Authority (MTA) Procurement	This part would modify the procurement process for the MTA to increase procurement thresholds that require competitive bidding.
O	Empire State Economic Development Fund - Extender	This part would extend the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund until July 1, 2019.
P	General Loan Powers of the New York State Urban Development Corporation - Extender	This part would extend the general loan powers of the New York State Urban Development Corporation until July 1, 2019.
Q	Minority- and Women-Owned Business Enterprises (MWBE)	This part would update and extend the provisions of law relating to participation by minority- and women-owned business enterprises in state contracts.
R	Infrastructure Investment Act/Design Build	This part would expand the entities that may utilize the alternative project delivery method known as design-build for certain public works projects.
S	Fees for Expedited Handling of Certain Documents	This part would extend, for one year, the ability of the Secretary of State to charge fees for expediting certain documents issued by or requested from the Department of State’s Division of Corporations.
T	Service of Process by Secretary of State	This part would require persons or entities suing corporations to serve legal papers directly on the party instead of serving the Secretary of State as agent; require condominium boards to file a certificate with the Secretary of State designating it an agent and paying a \$60 filing fee.
U	Brownfield Opportunity Areas (BOA) Program	This part would modify the process by which Brownfield Opportunity Areas (BOAs) are designated and funded.
V	Federal Community Service Block Grants	This part would eliminate the requirement that recipients of Community Service Block Grants secure a twenty-five percent local match.

W	Student Loan Servicers	This part would authorize the Department of Financial Services to license and regulate student loan servicers; standardize the student debt consulting industry; and, prohibit state agencies from denying licenses to people behind or in default on student loans.
X	Dormitory Authority of the State of New York (DASNY) Subsidiaries	This part would extend for two years the authorization for DASNY to create subsidiaries.
Y	Agricultural marketing orders	This part would make permanent the transfer of administration of dairy and other agricultural marketing orders from the Department of Agriculture and Markets to Empire State Development.
Z	Empire Forests for the Future Initiative	This part would modify the existing forestry property tax exemption; create a new property tax exemption program for privately-owned forest land; create two new forestry-related grant programs; and modify certain forestry practice requirements.
AA	Environmental Protection Fund (EPF) and Clean Water Infrastructure Act of 2017 Changes	This part would make technical changes to the EPF and Clean Water Infrastructure Act of 2017.
BB	Food Waste	This part would require high volume food waste generators to divert food waste from landfills.
CC	Long Island Pine Barrens	This part would preserve certain land by including it within the Long Island Central Pine Barrens.
DD	State Agency Utility Assessment Reimbursement	This part would extend for an additional year the authorization for certain expenses of the Office of Parks, Recreation and Historic Preservation and the departments of Agriculture & Markets, Health, Environmental Conservation, and State to be reimbursed by a utility assessment.
EE	New York State Energy Research and Development Authority (NYSERDA) Revenue from the Department of Public Service - Extender	This part would extend for an additional year the authorization for NYSERDA to receive up to \$19,700,000 from an assessment on gas and electric corporations.
FF	New York Power Authority (NYPA) Energy Projects, Programs and Services	This part would authorize NYPA to provide energy-related projects, programs and services to any of its power customers.
GG	NYPA Renewable Energy Products	This part would authorize NYPA to develop renewable energy projects, and to procure and sell renewable products to public entities and NYPA customers.

A.9509 - REVENUE

PART	DESCRIPTION	SUMMARY
A	Cap STAR benefit growth	Beginning with the 2018-19 school year, cap the STAR benefit at the prior year's amount.
B	Mandatory participation in the Income Verification Program (IVP) for Enhanced STAR recipients	Require Enhanced STAR recipients to participate in the STAR Income Verification Program (IVP) instead of allowing income verification through local assessor.
C	Require filing of Real Property Transfer Report for Co-Ops and Co-Op shares	Require a real property transfer report to be filed with the Department of Taxation and Finance whenever there is a sale of a co-op apartment or unit, or whenever there is a transfer or acquisition of a controlling interest in an entity with an interest in real property.
D	Reporting Requirement for Mobile Homes	Require manufactured home park owners to submit registration statement forms quarterly, instead of annually. Allow the Commissioner of HCR to expand the scope of the form through regulation.
E	Technical Amendments to Property Tax Laws	Make technical amendments to various provisions of law relating to property tax programs.
F	State-Owned Lands Tax Cap Limitation	Change taxable State-owned land payment calculation from an assessment-based formula, to one based upon the prior year's taxes multiplied by the municipal corporation's applicable "allowable levy growth factor" used in its tax cap calculation.
G	Telecom Mass Property Assessments Extender and Fix	Extend for four years the Telecom Mass Property Assessments program and provide for a phase-in of assessment changes.
H	Extend the Statute of Limitations on Amended Tax Returns	Extend the statute of limitations for assessing additional tax on amended returns.
I	Make Wage Reporting Quarterly	Authorize the Department of Taxation and Finance to require detailed quarterly employee wage reporting.
J	Simplify the Sale for Resale Exemption for Prepared Food and Drink	Allow restaurants, cafeterias, or caterers to purchase food and drink exempt from sales tax if sold for resale.
K	Allow Tax Debt to Be Assessed Against Unclaimed Funds	Authorize the Department of Taxation and Finance to share information with the Comptroller for the purposes of offsetting taxpayer's fixed and final tax liabilities against unclaimed funds.

L	Allow the Department of Taxation and Finance Access to Information Relating to Public Assistance	Authorize to share information related to persons receiving public assistance or care obtained by social services for tax purposes.
M	Close the Carried Interest Loophole	Impose immediate tax on investment services, provided that neighboring states enact identical bill.
N	Authorize Department of Taxation and Finance to Appeal Tribunal Decisions	Authorize the Department of Taxation and Finance to appeal decisions by Tax Tribunals.
O	Clarify New York Residency Requirements for Personal Income Tax	Clarify that being present in New York for more than 183 days meets the statutory resident requirement.
P	Maintain 2017 Empire State Child Tax Credit Benefits	Maintain the child tax credit amount the same as the amount prior to the Tax Cuts and Jobs Act of 2017.
Q	Extend the Hire a Vet Tax Credit for Two Years	Extend the hire-a-vet tax credit until 2020.
R	Enhance the New York Youth Jobs Program	Enhance the New York Youth Jobs program by increasing the tax credit amount available to employers by 50% and modify reporting requirements.
S	Defer Business Related Tax-Credit Claims	Defer tax credits in excess of two millions for 3 years.
T	Amend the Refund and Joint Liability Provisions of the Real Estate Transfer Tax	Extend the refund filing period from 2 to 3 years and make the seller and buyer jointly and severally liable if the buyer failed to pay the mansion tax.
U	Amend the Definition of Wholesale Price for Tobacco Tax (cigar)	Repeal the manufacturer's invoice as presumptive evidence of wholesale price of cigars (other than snuff and little cigars).
V	Discontinue the Energy Services Sales Tax exemption	Repeal the current exemption of transportation, transmission, or delivery of gas or electricity provided to third party energy service companies.
W	Convert the Veterinary Sales Tax Credit to an Exemption	Authorize upfront exemption of drugs and medicine used by veterinarians or farmers for livestock or poultry used in farm production.
X	Provide Responsible Person Sales Tax Relief for Minority LLC Owners	Reduce absolute liability on a limited partner of a limited partnership or a limited member of limited liability company, provided such partner or member is a minority shareholder and has no duty to act.
Y	Increase the Vending Machine Sales Tax Exemption	Increase the vending machine exemption to machines that accept cashless purchases to \$2.00 or less. The exemption sunsets May 31, 2020.

Z	Amend the Local Sales Tax Statute for Technical Changes	Extend the sale tax distribution provisions for Genesee, Monroe, Onondaga, and Orange counties until November 30, 2020.
AA	Require Marketplace Provider to Collect Sales Tax and Require Filing on Out-of-State Seller	Require marketplace providers to collect sales tax for tangible property sold by third-party vendors and require annual filing on out-of-state seller for sales tax information.
BB	Impose a Tax on Vapor Products	Impose tax on vapor products at the rate of 10 cents per milliliter and require to list the amount of vapor products sold in milliliter.
CC	Establish an Opioid Epidemic Surcharge	Impose a surcharge on the first sale of all opioids in the state in the amount of 2 cents per milligram.
DD	Impose a Healthcare Insurance Windfall Profit Fee.	Impose a surcharge of 14 percent on the net underwriting gain from the sales of health insurance on risks in New York.
EE	New York Racing Association operations	Increase NYRA's reserve for operating expenses, allow night-time racing, and establish an advisory committee to review current aspects of equine drug testing.
FF	Aftercare for retired racehorses	Authorize the use of funds from the New York State Breeding and Development Fund and the Agriculture and New York Horse Breeding Development Fund for the aftercare of retired horses.
GG	Extend certain tax rates and certain simulcasting provisions for one year	Extend the current pari-mutuel tax rates and out-of-state simulcasting provisions for one year.
HH	Video Lottery Gaming hold harmless transfer	Eliminate the provision which requires commercial casino revenues to hold harmless video lottery gaming revenues dedicated to education.
II	Video Lottery Gaming tax rates and additional commission structures	Reconfigure video lottery gaming tax rates, additional commission structure, the capital awards distribution, and marketing allowance.

A. 9510 – GOOD GOVERNMENT AND ETHICS REFORMS

PART	DESCRIPTION	SUMMARY
A	Digital Political Ads	This part would clarify that “paid internet or digital advertisements” are included in the definition of political communication; require any expenditure for a paid internet or digital advertisement by an independent expenditure committee to be reported to the State Board of Elections; require such paid internet or digital advertisement to state who paid for, or otherwise published, such communication, in a clear and conspicuous manner; prohibit any foreign government, or government instrumentality or agent, from registering as an independent expenditure committee; require television and radio broadcasters and online platforms to make reasonable efforts to ensure independent expenditures comply with the Election Law; require online platforms to maintain and make available for public inspection records of requests to purchase such platforms for certain independent expenditures.
B	Early Voting and Automatic Registration	This part would provide for automatic voter registration upon application for a driver’s license, license renewal, or identification card; and establish a system for in-person early voting.
C	Outside Income	This part would require members of the legislature to seek an opinion from the Legislative Ethics Commission when seeking outside employment.
D	LLC Loophole	This part would include limited liability companies (LLCs) within the \$5,000 annual aggregate contribution limit for corporations; require that all LLCs that make contributions to identify all direct and indirect owners of membership interests; and require all contributions by an LLC to be attributed to each member in proportion to each member’s ownership interests.
E	Financial Disclosure Requirements for Local Government Officials	This part would require certain local government officials to file state-approved financial disclosure forms with the Joint Commission on Public Ethics.
F	Campaign Finance Reforms and Public Financing	This part would require that statements filed by political committees include information about intermediaries; limit contributions to “housekeeping accounts” to \$25,000; provide that the receipt of any campaign contribution or loan in excess of \$1,000 be disclosed within 60 days of receipt; lower the campaign contributions limits for all candidates participating in

		the public financing system, and to a lesser extent, for candidates not participating in public financing; limit transfers and spending by party and constituted committees to elect or oppose a candidate; establish a voluntary public financing system; create the “New York State Campaign Finance Fund.”
G	Freedom of Information Law (FOIL)	This part would establish a uniform FOIL policy that would apply to the legislature in the same manner as other agencies.
H	Jurisdiction of State Inspector General	This part would expand the jurisdiction of the State Inspector General to include State University of New York (SUNY) and City University of New York (CUNY) affiliated nonprofit organizations and foundations.
I	Inspector General Jurisdiction	This part would provide authority to the Inspector General to investigate allegations of fraud, corruption, criminal activity and conflicts of interest by officers and employees of the state and contracted parties related to any state procurement.
J	State Inspector General Financial Oversight of SUNY and CUNY	This part would allow the State Inspector General to independently oversee implementation and enforcement of financial control policies for SUNY, CUNY, and their affiliated nonprofit organizations and foundations.
K	Chief Procurement Officer	This part would establish a new Chief Procurement Officer, who would have oversight over all state procurements.
L	Government Vendor Campaign Contributions	This part would prohibit individuals, organizations or business entities that submit bids, quotes, or responses to state contract solicitations from making campaign contributions to any officeholder in the branch of government awarding the contract while the decision is pending, and for six months following the contract award for the winner of the contract.
M	Single Identifying Vendor Codes	This part would require the Comptroller, the Attorney General, the Chief Information Officer of the Office of Information Technology Services, and the Commissioner of the Office of General Services to collectively issue a report on the feasibility of assigning single identifying vendor codes to all state contractors, vendors and grantees directly receiving payments of state funds.

A. 9511 –WOMEN’S AGENDA

PART	DESCRIPTION	SUMMARY
A	Comprehensive Contraceptive Coverage Act	This part would require health insurance policies to include coverage of contraceptive drugs, devices, and products and prohibit any cost-sharing requirements or other restrictions or delays with respect to this coverage.
B	Reproductive Health	This part would repeal provisions criminalizing abortion in certain circumstance, as well as repeal prohibitions on pharmacists providing contraception to a minor under the age of sixteen.
C	Maternal Mortality Review Board	This part would create a maternal mortality review board within the Department of Health to identify factors leading to maternal death and develop strategies for the prevention of maternal death.
D	Composition of the State Board of Medicine	This part would require that at least one physician appointee to the state board of medicine be an expert on reducing health disparities among demographic subgroups and at least one physician appointee be an expert on women’s health.
E	Firearms and Domestic Violence	This part would expand the definition of “serious offense” to include certain crimes committed against members of the same family or household; set forth a procedure for determining whether certain misdemeanor crimes are serious offenses; require suspension or revocation of a firearms license when certain orders of protection are issued or willfully violated by a defendant; clarify a defendant’s right to notice and a hearing; and require the prompt notification of certain law enforcement agencies regarding the suspension or revocation of, or ineligibility for, a firearms license.
F	Sexual Extortion and Publication of a Sexual Image	This part would create new felony crimes for sexual extortion and create a class A misdemeanor for the unlawful publication of sexual images.
G	Sexual Offense Kit Retention	This part would require hospitals to retain sexual offense evidence for the longer of five years or when the victim reaches the age of nineteen.
H	Discrimination in Educational Institutions	This part would extend the anti-discrimination protections of the Human Rights Law to students who attend public schools, BOCES, public colleges, and public universities.

I	Sexual Harassment	This part would require any contractor that does business with the state to report statistics on their own sexual harassment violations and disclose their training and prevention methods; prohibit employment contracts limiting an employee's ability to seek justice for discrimination based on sexual harassment; prevent taxpayer funds from being used for settlements related to sexual harassment prohibit public entities from entering into sexual harassment related non-disclosure clauses, unless it is the express preference of the victim establish a unit within JCOPE to investigate complaints of sexual harassment, and establish penalties for those found liable; and require state and municipal employers to develop a sexual harassment prevention policy.
J	Computer Science Education	This part would require the Governor to convene a working group of educators, industry experts, institutions of higher education and employers to review, develop or adopt existing frameworks for model computer science education standards for kindergarten through grade twelve.
K	"Be Aware, Be Informed" Education Program	This part would require the Commissioner of Education, in consultation with the Department of Health, to establish a "Be Aware, Be Informed" awareness, prevention, and education program within the Education Department to educate students in grades kindergarten through twelve about healthy relationships and teen dating violence.
L	Free Feminine Hygiene Products in Public Schools	This part would require all elementary and secondary public schools serving students in grades six through twelve to provide free feminine hygiene products in restrooms.
M	Diaper Changing Stations	This part would require diaper changing stations in publicly accessible bathrooms in certain new or substantially renovated buildings.

PROPOSED CONSTITUTIONAL AMENDMENTS

PART	DESCRIPTION	SUMMARY
	Outside Income	This concurrent resolution would limit the amount of outside income that members of the legislature may earn to fifteen percent of their legislative salary.
	Same Day Voter Registration	This concurrent resolution would remove the constitutionally required 10 day voter registration deadline and permit voters to register up to, and including, election day.
	Term Limits	This concurrent resolution would impose a two term limit on Members of the Legislature, the Governor, the Lieutenant Governor, the Attorney General, and the Comptroller; and would create four year terms for Members of the Legislature.
	Protected Class	This concurrent resolution would amend the equal protection clause of the New York Constitution to add "sex" as a protected class.

**JOINT FISCAL COMMITTEE HEARINGS ON THE EXECUTIVE BUDGET
STATE FISCAL YEAR 2018-19**

DATE	TIME	TOPIC
January 23	9:30 AM	Higher Education
January 24	9:30 AM	Housing
	2:30 PM	Workforce Development
January 25	9:30 AM	Transportation
January 29	10:30 AM	Economic Development
January 30	9:30 AM	Public Protection
January 31	9:30 AM	Elementary & Secondary Education
February 5	10:00 AM	Local Government Officials and General Government
February 6	10:00 AM	Human Services
February 7	9:30 AM	Environmental Conservation
February 8	9:30 AM	Taxes
February 12	10:00 AM	Health/Medicaid
February 13	9:30 AM	Mental Hygiene

FORECAST OF RECEIPTS

On or before February 28 Release of revenue receipts by the Fiscal
Committees of the Legislature

Hearings will be held in the Hamilton Room (Hearing Room B) in the Legislative Office Building, Albany.





Glossary



Glossary of Commonly Used Acronyms

AAA	Area Agencies on Aging
ACA	Affordable Care Act
AG	Attorney General
AGI	Adjusted Gross Income
AIM	Aid and Incentives for Municipalities
APCD	All-Payer Claims Databases
APD	All Payer Database
AY	Academic Year
BANs	Bond Anticipation Notes
BEA	Bureau of Economic Analysis
BNPP	BNP Paribas, S.A., New York Branch
BOCES	Boards of Cooperative Educational Services
CBO	Congressional Budget Office
CHIP	Children’s Health Insurance Program
CHP	Child Health Plus
CMS	Centers for Medicare & Medicaid Services
COLA	Cost-of-Living Adjustment
CPI	Consumer Price Index
CUNY	City University of New York
DA	District Attorney
DANY	New York County District Attorney
DASNY	Dormitory Authority of the State of New York
DDPC	Developmental Disabilities Planning Council
DEC	Department of Environmental Conservation
DFS	Department of Financial Services
DHBTf	Dedicated Highway and Bridge Trust Fund
DHSES	Division of Homeland Security & Emergency Services
DIIF	Dedicated Infrastructure Investment Fund
DMV	Department of Motor Vehicles
DOB	Division of the Budget
DOCCS	Department of Corrections and Community Supervision
DOH	Department of Health
DOS	Department of State
DOT	Department of Transportation
DSH	Disproportionate Share Hospital
DSP	Division of State Police
DSRIP	Delivery System Reform Incentive Payment
DTF	Department of Taxation and Finance
EI	Early Intervention
EP	Essential Plan
EPF	Environmental Protection Fund
EPIC	Elderly Pharmaceutical Insurance Coverage
ERS	Employees' Retirement System
ESDC	Empire State Development Corporation

Glossary of Commonly Used Acronyms

ESPRI	Empire State Poverty Reduction Initiative
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FHP	Family Health Plus
FMAP	Federal Medical Assistance Percentage
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GPHW	General Public Health Work
GSCs	General State Charges
GSPS	General Support for Public Schools
HCRA	Health Care Reform Act
HESC	Higher Education Services Corporation
HUT	Highway Use Tax
IPOs	Initial Public Offerings
ISF	Internal Service Fund
IT	Information Technology
ITS	Information Technology Services
LGAC	Local Government Assistance Corporation
LIGC	Life Insurance Guaranty Corporation
LLC	Limited Liability Company
M/C	Management/Confidential
MA	Medicaid
MCTD	Metropolitan Commuter Transportation District
MLTC	Manage Long-Term Care
MMC	Medicaid Manage Care
MMIS	Medicaid Management Information System
MRT	Medicaid Redesign Team
MSA	Master Settlement Agreement
MTA	Metropolitan Transportation Authority
NPS	Non-Personal Service
NYC	New York City
NYS	New York State
NYSHIP	New York State Health Insurance Program
NYSLRS	New York State and Local Retirement System
NYSOH	New York State of Health
NYSTA	New York State Thruway Authority
NYU	New York University
OAG	Office of the Attorney General
OASAS	Office of Alcoholism and Substance Abuse Services
OCA	Office of Court Administration
OCFS	Office of Children and Family Services

Glossary of Commonly Used Acronyms

OMH	Office of Mental Health
OPEB	Other Post-Employment Benefits
OPWDD	Office for People with Developmental Disabilities
ORDA	Olympic Regional Development Authority
OSC	Office of the State Comptroller
OTDA	Office of Temporary and Disability Assistance
PA	Public Assistance
PAYGO	Pay-As-You-Go
PBT	Petroleum Business Tax
PEF	Public Employees Federation
PFRS	Police and Fire Retirement System
PIGI	Personal Income Growth Index
PILOT	Payments in Lieu of Taxes
PIT	Personal Income Tax
PS	Personal Service
QHP	Qualified Health Plan (NYSOH)
RFI	Request for Information
RFP	Request for Proposals
RSSL	Retirement and Social Security Law
SED	State Education Department
SFY	State Fiscal Year
SHIN-NY	Statewide Health Information Network for New York
SIF	State Insurance Fund
SOF	State Operating Funds
SOFA	State Office for the Aging
SRF	Special Revenue- Federal
SRO	State Special Revenue
SSI	Supplemental Security Income
STAR	School Tax Relief
STARC	Sales Tax Asset Receivable Corporation
STEM	Science, Technology, Engineering and Mathematics
STIP	Short-Term Investment Pool
SUNY	State University of New York
SY	School Year
TAP	Tuition Assistance Program
TNC	Transportation Network Company
TRS	Teachers' Retirement System
UPL	Upper Payment Limit
URI	Upstate Revitalization Initiative
VAP	Vital Access Provider Program
VAPAP	Vital Access Provider Assurance Program
VBPQIP	Value Base Payment Quality Incentive Program
VLT	Video Lottery Terminal
WCB	Workers' Compensation Board



