



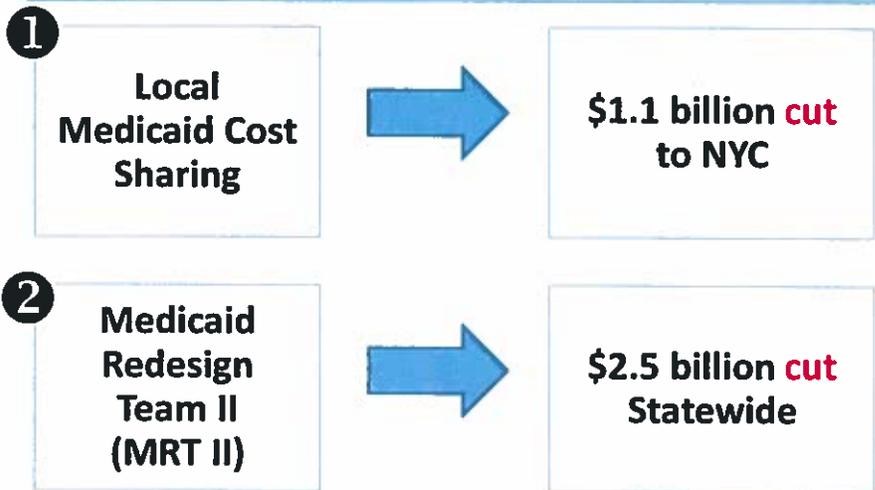
NYS FISCAL 2021 EXECUTIVE BUDGET: MEDICAID

In New York State, local Medicaid payments from counties are greater than all other locality payments in the U.S. combined, as most States fund Medicaid with only State and federal revenue. The City only determines financial eligibility for Medicaid, based on State and federal guidance, with no ability to set or modify such guidance.

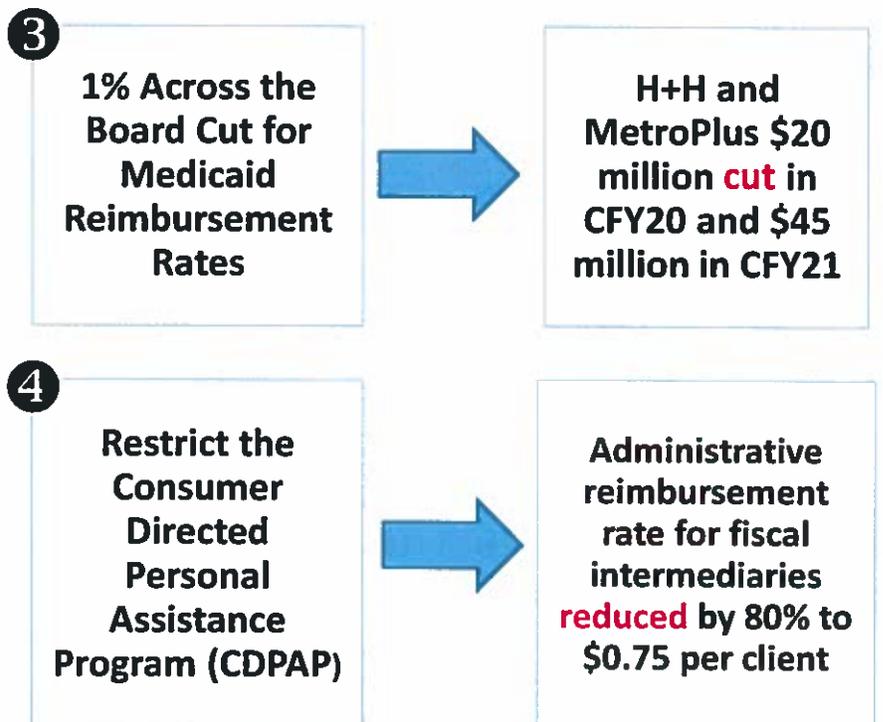
Key Facts

- **\$73.4 billion** total SFY 2021 State Medicaid budget
- **\$5.3 billion cap** City's local share
 - 6.3% of NYC's budget
 - 59% of HRA's budget
- State proposes a **\$1.1 billion cut** to Medicaid for NYC
 - \$1.1 billion = 11% of HRA's budget CFY21
 - \$1.1 billion = 14% of H+H budget CFY21
- ≈ **6 million** people enrolled in Medicaid in NYS
 - Of which, ≈ **3 million** are in NYC
- ≈ **5%** uninsured rate in NYS
- ≈ **7%** uninsured rate in NYC
- **70%** of State local share payments come from NYC, but only ≈ **50%** of State recipients reside in NYC
- ≈ **50%** NYC Medicaid recipients are HRA-administered
- ≈ **50%** NYC Medicaid recipients are State Health Exchange administered

Proposed State Budget Cuts to Medicaid



Medicaid Restrictions Already Imposed



Proposed State Budget Cuts to Medicaid Details

① Local Medicaid Cost Sharing

Proposal: Localities exceeding the 2% property tax growth cap and the 3% Medicaid growth cap will have to pay for all growth in Medicaid spending. NYC Medicaid spending grew 8% in SFY17-SFY18, and 7% in SFY18-SFY19.

Impact: NYC's Medicaid spending is currently capped at \$5.3 billion annually and is paid from HRA's budget. As the cost of benefits is not within the City's control, it will have to reduce funding to other programs, within HRA and/or other agencies, in order to pay the estimated \$1.1 billion cost shift to NYC.

Council Stance: The Council **opposes** an increased local cost share that would hold localities financially liable for a program over which the State holds full administrative control.

② Medicaid Redesign Team II (MRT II)

Proposal: MRT II will be convened to find \$2.5 billion in reoccurring savings by April 1, 2020. If MRT II fails to identify \$2.5 billion in savings by the deadline, the governor can impose across the board cuts to spending. Notably, as around half of State Medicaid costs are covered by a federal match, MRT II would effectively need to identify \$5 billion in savings to generate \$2.5 billion for the State and localities.

Impact: It is unclear how the cut will impact NYC, and we will not know until MRT II releases their proposals, but most likely any across the board cuts would impact H+H, because H+H is the City's largest Medicaid provider.

Council Stance: 1) **Oppose** unilateral cuts by the Governor, 2) **Extend** the timeline for MRT II to identify cuts and allow for a review and comment period, 3) **Add** City government representation to MRT II Team, and 4) **Consider** cost-savings measure that the City proposed to the Governor.

Medicaid Restrictions Already Imposed Details

③ Cut in Medicaid Reimbursement Rates

Proposal: A 1% cut across the board on Medicaid reimbursement rates was proposed through State rulemaking. If effectuated it would be retroactively effective as of January 1, 2020. Notably, it excludes Federally Qualified Health Center Services.

Impact: This is estimated to be a \$20 million cut to H+H and MetroPlus in CFY20 and \$45 million in CFY21. H+H immediately responded by implementing an administrative hiring freeze.

④ Restrict Consumer Directed Personal Assistance Program (CDPAP)

Proposal: To restrict CDPAP use, proposed rulemaking creates a tiered reimbursement rate for fiscal intermediaries that pay personal aids who provide the home-based support services for the elderly and disabled. If effectuated it would be retroactively effective as of September 1, 2019.

Impact: The change reduces the administrative reimbursement by 80%, lowering it to \$0.75 per consumer. This will mean fewer fiscal intermediaries will be able to operate and will cause a reduction in wages for the healthcare aides by removing their ability to receive overtime.

Council Stance: The Council **opposes** CDPAP cuts, as this program offers a more cost-effective alternative to institutionalized care while maintaining a person's independence. However this program requires greater oversight to address potential fraud and bad business practices, as well as ensuring the practices of fiscal intermediaries align with CDPAP clients needs.



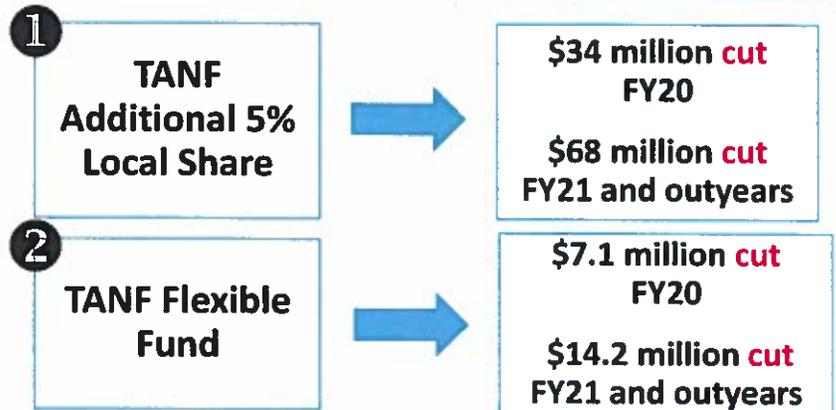
NYS FISCAL 2021 EXECUTIVE BUDGET: HUMAN SERVICES

The State's 2021 Executive Budget takes aim at the City's Social Safety Net once again. Cuts to human services for NYC total \$41.1 million in Fiscal 2020 and \$82.2 million in Fiscal 2021 and in the outyears. This is in addition to a \$1.1 billion cut to Medicaid for NYC.

KEY FACTS

- **1.42 million** NYC residents below the poverty line, **29%** are children
- TANF: FY20 State funding for shelter was **\$171 million**. TANF cut will decrease State shelter funding by **\$68 million**.
- FY21 DHS Shelter Budget: **\$1.8 billion**
- 2019 Shelter Census: Approximately **59,400** people in DHS shelter.
 - **21,457 Children**
 - **14,700 Families**
- **840,022** NYC residents claimed the State Earned Income Tax Credit (EITC) in 2017
- **Almost 400,000** families would benefit from an expansion of the Empire State Child Tax Credit
- Home Stability Support: Fair Market Rate (FMR) is **\$1,951 a month** for a two bedroom apartment. Current Shelter Allowance is approximately **\$400 a month**.
- **8,000** children in foster care: **down over 50%** in last decade; over **\$640 million** in spending

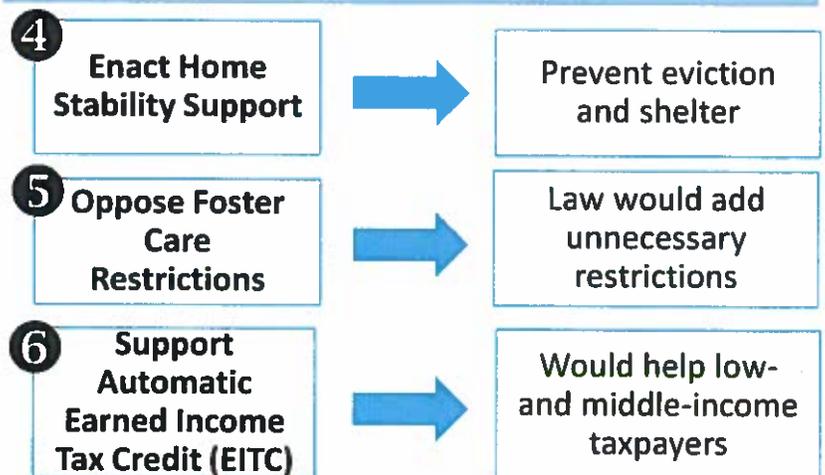
Oppose Cuts to Social Services



Support New Tax Credits



Legislative Proposals



In addition, the State has passed significant costs for providing human services to the City over the past several years. This includes over **\$265 million annually** in lost revenue for children's services, including \$142 million for Raise the Age and \$40 million for Close to Home, which the City backfilled in Fiscal 2019. The 2020 Enacted State Budget included a 10 percent TANF City-share resulting in **\$125 million annually** in lost revenue, as well as a **\$59 million cut** to Article VI public health funding, which were both backfilled by the City.

❶ Temporary Assistance to Needy Families (TANF)

Proposal: Create 5 percent local share on only New York City for the Family Assistance program. TANF is a federal program, administered by States, which assists families with children by providing cash benefits for food, housing, and childcare expenses. The agency primarily impacted by this TANF cut is DHS, specifically for shelter spending, because Cash Assistance spending is mandated.

Impact: The loss of TANF funding to the City would be \$68 million annually. The total loss in funding across State Fiscal Year 2020 and 2021 is \$102 million.

Council Stance: Oppose – will shift costs from State to City, compounded with \$125 million TANF cut from FY20.

❷ TANF Flexible Fund (FFFS) for Child Welfare Services

Proposal: Limits the services the City is able to claim under the Flexible Fund for Family Services (FFFS) on child welfare services. Although children's services would not see a decline in revenue, the increased mandate on the use of FFFS on child welfare would leave a \$25 million Statewide gap for services previously paid for with FFFS, a cut which would be shared out among the localities.

Impact: \$7.1 million FY20 and \$14.2 million at full impact FY21.

Council Stance: Oppose – restrictive guidelines on the FFFS grant result in less funding for NYC and other localities.

❸ Expand Empire State Child Tax Credit

Proposal: Expands tax credit to include families with children younger than 4 (currently it is only for children between the ages of 4-16) with incomes of \$50,000 or less, to provide an annual average benefit of nearly \$400 to almost 400,000 families.

Impact: \$157 million Statewide

Council Stance: Support, although there is a concern that budget adds tax credit while proposing significant cuts to similar population of low-income and vulnerable children and families.

❹ Enact Home Stability Support (S.2375/A.1620)

Proposal: Home Stability Support (HSS) would require the State to fund housing vouchers for people experiencing homelessness at 85 percent of the Fair Market Rate (FMR).

Impact: \$40 million in the first year

Council Stance: Support – This proposal would ensure that people receiving vouchers in New York City are able to pay fair market rate rent on apartments, increasing the number of people who are able to move out of shelter.

❺ Foster Care Restrictions (Article VII Legislation)

Proposal: The State is preparing to implement the federal Families First Preventive Services Act in September 2021. New legal language proposed with the budget would go further than federal requirements and mandate moving children within 30 days if an assessor finds that a Qualified Residential Treatment Program (QRTP) is not an appropriate care setting. This would also negatively impact youth placed in Close to Home juvenile justice treatment settings.

Council Stance: The State should not implement this because the assessment tool and assessors are not yet determined. The 30 day limit could require additional moves for children in care and should be avoided. The State can address this issue in the Fiscal 2022 budget if needed after more in-depth review and analysis .

❻ Automatic Earned Income Credit (EIC) (Article VII Legislation)

Proposal: Require State Department of Taxation and Finance to issue EIC checks to eligible taxpayers for the value of their State and City EIC, even if they do not claim it on their returns, without having to file an amended return.

Cost: Likely under \$2 million Statewide to address non-filers and others who would become eligible.

Council Stance: The City should support this proposal. It would ensure that low- and middle-income taxpayers receive the funds they are due under the law, lessening their tax burden.

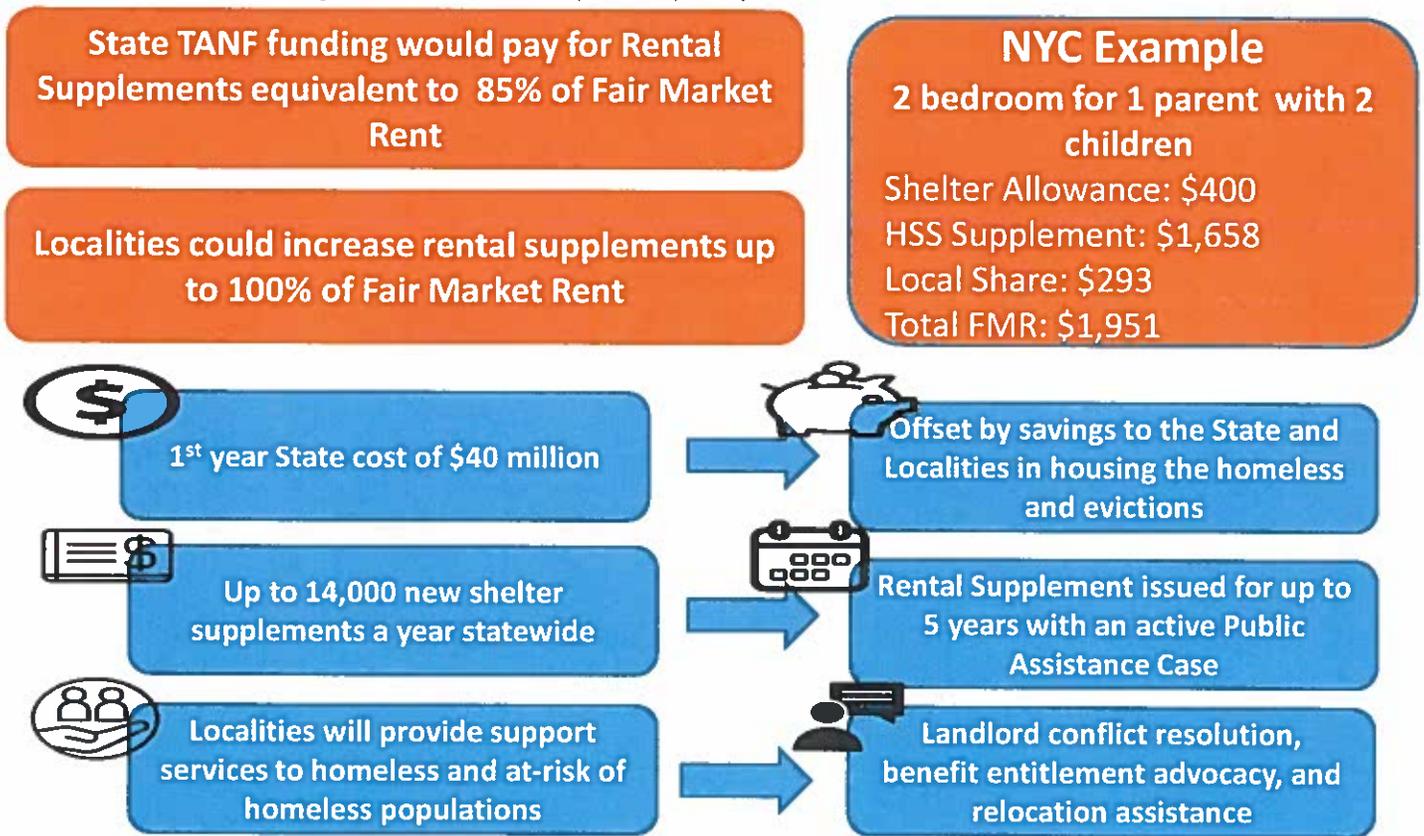


NYS FISCAL 2021 EXECUTIVE BUDGET: HOUSING

NYC Council Supports Home Stability Support (S.2375/A.1620)

Home Stability Support (HSS) would create a new statewide rental supplement for families and individuals who are eligible for public assistance and who are facing eviction, homelessness, or loss of housing due to domestic violence or hazardous living conditions. HSS would phase in over five years and would replace all existing rental supplement programs across the state.

HSS would bridge funding between the New York State public assistance grant specifically meant for housing costs, also referred to as shelter allowance, and 85% of the Fair Market Rent (FMR) determined by US Department of Housing and Urban Development (HUD).

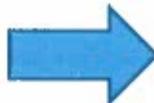


New York City Housing Authority

The City has allocated \$2.78 billion to NYCHA's capital program over the next 5 years. The State should match our commitment and permit NYCHA to use design build.

FY21 Executive Budget Actions

\$0 new capital funds to NYCHA in FY21



State Budget Request

\$2 billion in annual Capital funds to NYCHA and Design Build Authority

Supportive Housing

Key Facts

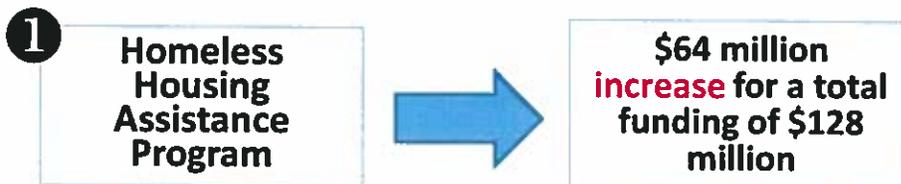
New York State Program

- New York State Supportive Housing Program (NYSHHP) funding totals \$31 million to support 181 contracts
- Empire State Supportive Housing Initiative (ESSHI) goal is to develop 20,000 new supportive housing over 15 years
 - Funding for 6,000 units appropriated in April 2017

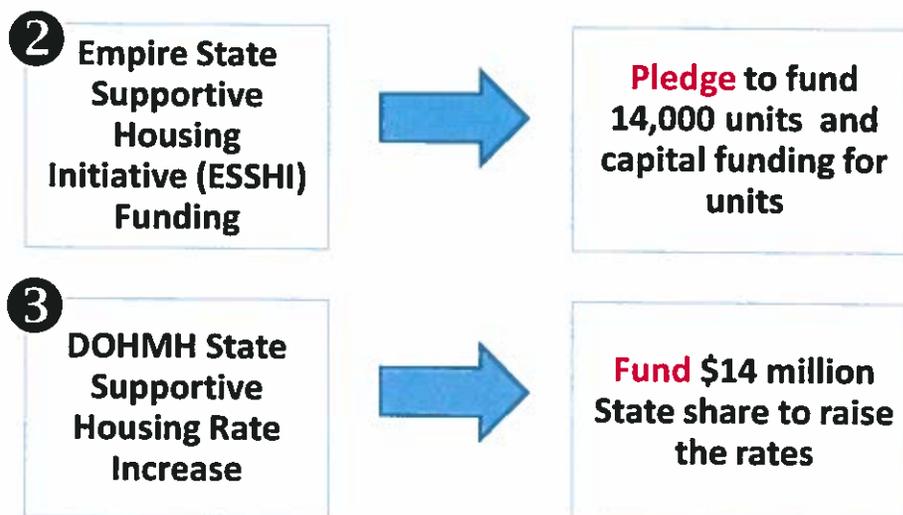
New York City Program

- NYC 15/15 commits to build 15,000 units of supportive housing over 15 years
 - 50% new construction
 - 50% scatter site
- 8,800 DOHMH Supportive Housing Units
 - 2/3 NY/NYIII
 - 1/3 NYC 15/15 Units
- 4,697 units of HASA Supportive Housing
 - 2,436 individuals in scatter-site
 - 2,261 permanent congregate

Housing Funding Included in 2021 State Executive Budget



Not Included in 2021 State Executive Budget



Supportive Housing Details

- 1 Homeless Housing Assistance Program (HHAP)
Use of Funds: HHAP provides capital grants and loans to not-for-profit corporations, charitable and religious organizations, municipalities, and public corporations to acquire, construct or rehabilitate housing for persons who are homeless and are unable to secure adequate housing without special assistance.
- 2 Empire State Supportive Housing Initiative (ESSHI)
Request: Pledge funding for 14,000 additional units of supportive housing over the next 10 years. By adding this language, it fosters continued confidence by developers and investors in supportive housing. Currently there are only commitments to fund 6,000 units over five years. Also, the State needs to add capital funding for these additional units.
- 3 DOHMH Supportive Housing Rate Increase
Request to the State: Provide \$14 million to raise the rates of DOHMH supportive housing to align with NYC 15/15 rates. The City has already committed \$6 million, its share of the rate increase for these units.



NYS FISCAL 2021 EXECUTIVE BUDGET: EDUCATION

Key Facts

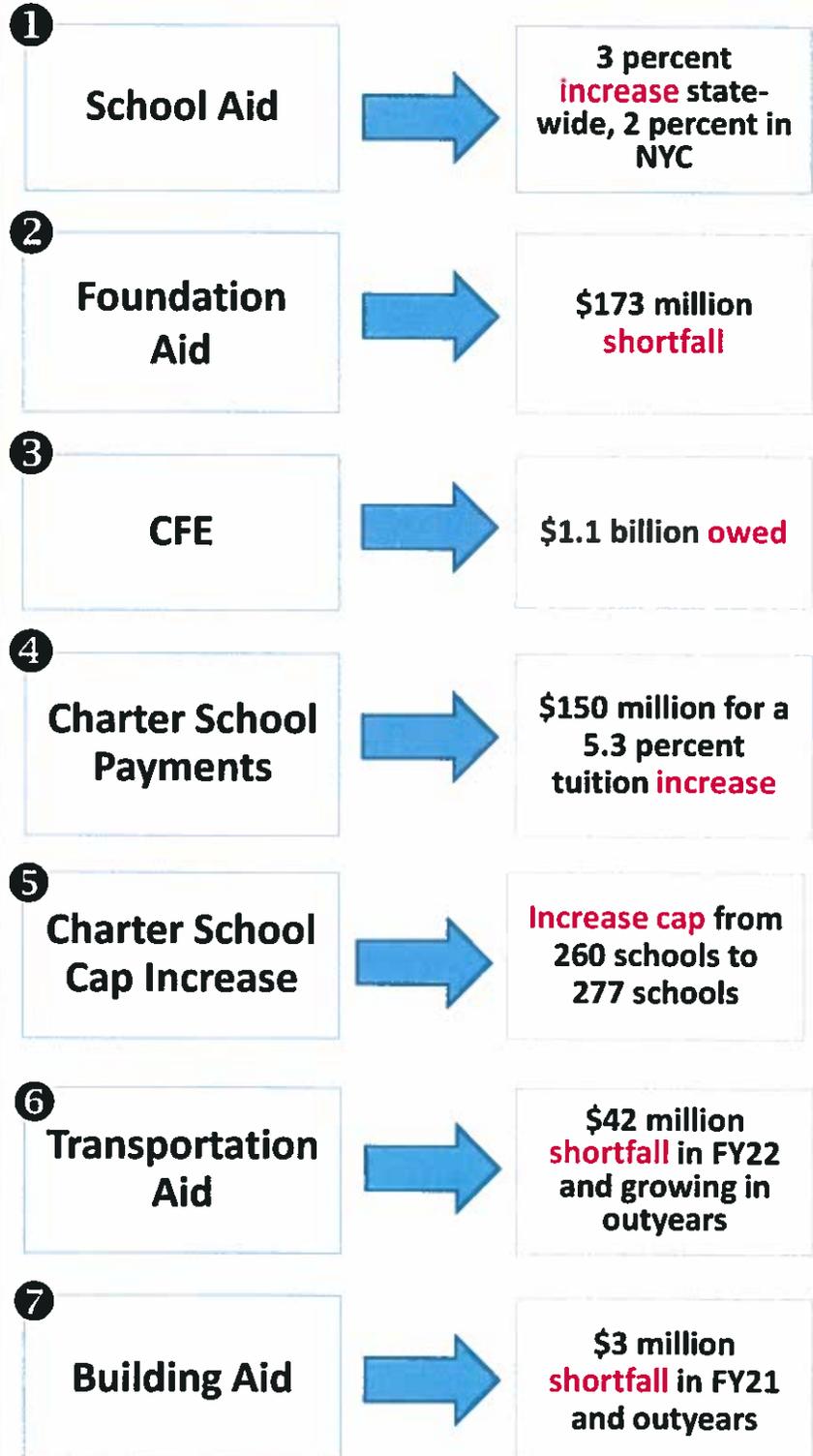
- **\$11.7 billion** estimated State Aid for Fiscal 2021 in City Budget
- **\$136 million** projected shortfall in State Aid

DOE Budget	FY21*
General Education	\$7.7
Special Education	4.1
Fringe Benefits	4.0
Charter Schools	2.4
UPK/3-K	2.0
Categorical Programs	1.8
Transportation	1.2
Other Areas	4.8
Total	\$28.0

**Dollars in Billions*

- **1,099,944** public school students
 - 19.3% in special education
 - 14.8% English Language Learners
 - 72.6% qualify for free and reduced priced lunch
 - 75.9% graduate on time
- **146,580** FTE staff
 - 72,158 teachers
- **1,866** district schools
 - 12,880 Buildings
 - 1,096,470 Seats
- **261** charter schools
 - 119,551 charter students
 - \$16,150 charter tuition per pupil
- **10,801** bus routes
 - 5,019 general ed. bus routes
 - 5,782 special ed. bus routes

State Executive Budget Proposals



State Executive Budget Details

1 School Aid

Proposal: The Fiscal 2021 New York State Executive Budget proposes increasing School Aid by approximately \$826 million, a 3 percent increase from Fiscal 2020. NYC's estimated School Aid grows by \$224 million or 2 percent, to \$11.6 billion. New York City's share of state aid would fall from 3% to 2%. Three percent growth would increase NYC school aid by \$340 million. Overall, the proposed school aid to NYC is \$136 million less than anticipated.

Council Stance: The Council opposes this proposal and continues to push for a fully funded Foundation Aid formula.

2 Foundation Aid

Proposal: The Executive Budget proposes to consolidate 10 expense-based aid categories into Foundation Aid starting in the 2020-21 school year.

Council Stance: The State budget should support the City's expected increase in school aids without imposing any additional spending requirements. The \$200 million left unallocated should support fixed costs associated with the consolidated aids. Foundation Aid should grow by a minimum of 1.2% to match the City's anticipated budget.

3 Campaign for Fiscal Equity (CFE)

Proposal: The Executive Budget does not fulfill the Campaign for Fiscal Equity (CFE) lawsuit. NYC is owed \$1.1 billion under the Campaign for Fiscal Equity (CFE) lawsuit.

Council Stance: The Council calls for the State to recognize and fulfill its obligations under the CFE lawsuit and fully phase-in a fully funded Foundation Aid formula.

4 Charter Schools Payments

Proposal: The Executive Budget would impose a Charter school tuition increase of 5.3 percent, raising the mandatory per pupil spending of \$16,150 to \$17,006.

Council Stance: Increasing the charter school tuition rate would divert an additional \$150 million from the NYC DOE's budget to charter schools, bringing total spending to \$2.4 billion. Mandatory charter school spending increases should be matched with State school aid increases, and should not exceed spending growth in the City's district public schools.

5 Charter School Cap Increase

Proposal: Re-issuing the license of charters that closed before 7/1/2015 will allow up to 17 charters to re-open, increasing the number of charter schools under the cap from 260 to 277 schools.

Council Stance: The Council opposes this increase in the charter school cap as it is an unfunded mandate to the City.

6 Transportation Aid

Proposal: The Executive Budget proposes to cap growth in future Transportation Aid for operating expenses to the greater of inflation or inflation plus district enrollment growth.

Council Stance: The Council opposes this proposal as the future Cap would leave the City with at least a \$30 million shortfall in the out years, thus reducing funding necessary for the transportation of general and special education pupils.

7 Building Aid

Proposal: The Executive Budget proposes a new tier of Building Aid for projects approved beginning in the 2020-21 school year.

Council Stance: The Council opposes this proposal, as Building Aid will be locked in a new lower ratio within the Building Aid formula that will result in lower building aid in Fiscal 2021 and onwards leading to less capital funds for schools.



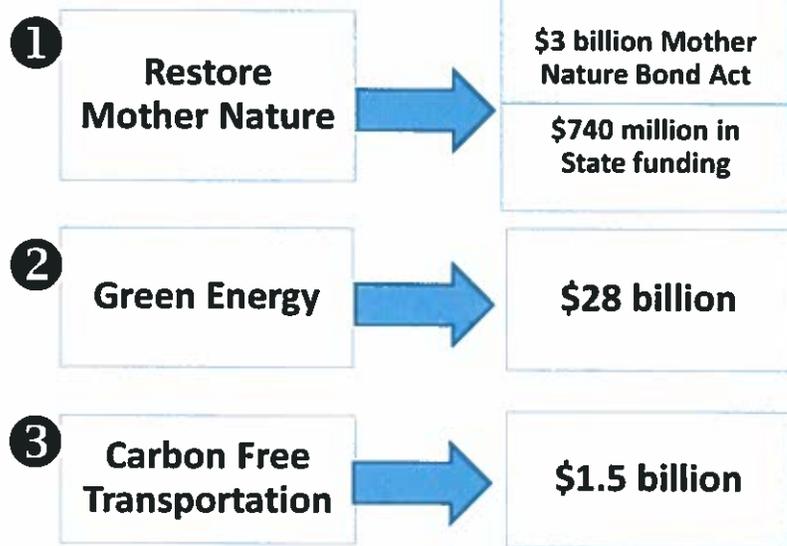
NYS FISCAL 2021 EXECUTIVE BUDGET: ENVIRONMENTAL CONSERVATION

Proposed Investment for Environment & Resiliency: The State has taken decisive action to protect land, air and water throughout the State by proposing a \$3 billion Restore Mother Nature Bond Act as part of an overall \$33 billion five-year investment for the environment and resiliency measures. The proposed investments closely align with New York City’s goal of achieving an 80 percent reduction in greenhouse gas emissions by 2050, as well as infrastructure resiliency goals. To-date, the locations for the proposed investments have not determined.

KEY FACTS ABOUT CLIMATE CHANGE & NEW YORK CITY EFFORTS TO COMBAT IT

- **Human Activities:** Estimated to have caused approximately **1.0 Celsius** of global warming above pre-industrial levels and is likely to reach **1.5 Celsius** between **2030 and 2052** if it continues at the current rate.
- **Greenhouse Gas Emissions:** New York City committed itself to an 80 percent reduction in greenhouse gas emissions by 2050.
 - To reach an 80 percent reduction over the next 30 years, New York City will target waste, buildings, and transportation sectors; and
 - The buildings sector alone accounts for roughly 67 percent of total citywide greenhouse gas emissions citywide, while transportation comprises 30 percent and the remaining is largely from waste.
- **Coastal Resiliency:** New York City has over 520 miles of coastline, with portions of its infrastructure, landscapes and buildings extremely vulnerable to flooding events.

Budget Proposal: \$33 billion five-year investment in Environmental Conservation and Resiliency



Legislative Proposals



① **Combating Climate Change**

Proposal: Invest \$33 billion over five-years to combat climate change, of which \$3 billion is for the Restore Mother Nature Bond Act combined with \$740 million in State funding, as well as \$28 billion for Green Energy and \$1.5 billion for Carbon Free Transportation.

Cost: TBD.

Council Stance: Support – as it aligns with the City’s goal of reducing greenhouse gas emissions and ensuring our infrastructure is resilient.

② **Ban Single-Use and Packaging Styrofoam Products**

Proposal: Would prohibit the distribution and use of expanded polystyrene, commonly known as Styrofoam, single-use food containers and packaging materials by January 1, 2022.

Cost: No Impact.

Council Stance: Support – aligns with NYC’s Local Law 142 of 2013, which restricts the sale or use of certain expanded polystyrene items, such as single use food service containers or packaging peanuts.

③ **Expand Extended Producer Responsibility Programs**

Proposal: Expands Extended Producer Responsibility to include mattresses and carpets.

Cost: TBD.

Council Stance: Support – would likely reduce the amount of refuse in the City’s waste stream; however, the amount to be reduced is unknown at this time. First, the City must complete a waste characterization study to understand the composition of mattresses and carpets in our waste stream.

④ **Renew Record Funding for the Environmental Protection Fund (EPF)**

Proposal: Continues Environmental Protection Funding at \$300 million, the highest level of funding in the programs history. Funding is earmarked for land acquisition, farm protection, invasive species presentation and eradication throughout the State.

Cost: TBD.

Council Stance: Support - EPF funding remains unchanged from FY20 to FY21. The City must wait to until adoption to see whether reapportions were made.

⑤ **Green Economy Tax Credit**

Proposal: Creates a refundable, discretionary Green Jobs Tax Credit totaling up to 7.5 percent of wages for each net new job created fostering expansion of green economy business, and position New York State to further capitalize on green economic growth. Additionally, the State will create a tax credit totaling up to 5 percent of qualifying new capital investments in connection with qualifying green economy projects and increasing up to 8 percent of eligible investment for research and development in quality green economy projects.

Cost: No impact.

Council Stance: Support – aligns with the City’s goal of reducing greenhouse gas emissions and supporting green jobs.

⑥ **Amending the Environmental Conservation Law Relating to Ban Fracking**

Proposal: Would permanently ban fracking by amending environmental law to restrict the NYS DEC from approving permits that authorize an applicant to drill, deepen, plug back, or convert well that use high-volume hydraulic fracturing to complete or recomplete natural gas resources.

Cost: No impact.

Council Stance: Support - aligns with NYC's goal to foster alternative energy growth rather than carbon emitting energy – and further aligns with past calls upon the State to reduce hydraulic fracturing.



NYS FISCAL 2021 EXECUTIVE BUDGET: NYC PROPERTY TAX REFORM

On January 30, 2020, the NYC Advisory Commission on Property Tax Reform released its preliminary report to meet its charge to improve the fairness, transparency, and equity of the City's property tax in a revenue neutral way.

Preliminary Recommendations

1. Create a residential class with all 1-10 unit residential properties, and coop & condo units
2. Assess new residential class at sales-based market values
3. End fractional assessments for residential class
4. Replace caps with phase-in of value changes
5. Institute a Homeowner Exemption
6. Establish a Circuit Breaker for Low-Income Homeowners
7. Maintain current valuation methods for remaining three classes
8. Replace class shares with tax rate system that prioritizes stable and predictable rates
9. Transition to new system gradually but immediately for properties that sell
10. Start a periodic comprehensive review of the tax system

Impact on NYC's Property Owners & their Tax Bills

- ✓ Assessments will be understandable and directly related to the true value of the home
- ✓ Tax rates will be stable & set directly by the City
- ✓ Bills will be fair & equitable across neighborhoods
- ✓ Relief will be targeted to primary resident & low-income homeowners

Issues Still To Be Addressed

1) Specific Levels of Tax Rates & New Breaks

- Preliminary report focuses on the general architecture of the new system
- Specific levels of taxation or benefits have not yet been determined
- Tax rates, the parameters of the homeowners exemption, circuit breaker, and any additional benefits will ultimately effect the impact of the reform on property owners
- Rates and parameters will be set in a manner that ensures revenue neutrality

2) Impact on Renters

- Renters make up 2/3 of City households, half of which live in large rental buildings
- Large rentals (11+ units) are taxed at roughly twice the effective rate of smaller residential property like homes, small rentals & coops/condos
- How property taxes influence rents is not clear cut, and so lower taxes on large rental properties may not result in appreciably lower rents
- Alternative idea could be to extend homeowner circuit breaker to renters
- Relief could be paid through higher taxes on luxury or pied-a-terre housing

3) Transitioning to the New System Considerations

- Avoid shocking real estate market with too quick changes
- Provide relief to those currently overtaxed in a timely manner
- Protect vulnerable and those with large increases to avoid displacement

4) Other Issues Raised by the Public & Elected Officials

- Through public hearings and submitted testimony

Timeline to Reform

Spring 2020

- Public Hearings in all five boroughs
- Further deliberation & analysis by Commission

Summer 2020

- Final Report is Released

Beyond

- City uses final report to develop a formal proposal for property tax reform
- City works with Albany to pass legislation