



# New York State Finance Democratic Conference

## Staff Analysis of the 2014-15 Executive Budget



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January 31, 2014

Dear Colleagues:

On Tuesday, January 21st, Governor Cuomo proposed his Executive Budget for the 2014-15 Fiscal Year. The Executive Budget presents the Governor’s plan for closing an anticipated gap of \$1.74 billion. The budget proposal closes this gap primarily through cost control measures saving \$1.9 billion and \$286 million in additional revenues achieved through extensions of expiring taxes and fees. Tax reductions with a Financial Plan impact of \$486 million are also recommended.

The overall proposed budget is \$142.1 billion. This represents a 1 percent increase over last year’s budget, with most of the increase coming from \$5 billion in Federal funds for Hurricane Sandy recovery and implementation of the Affordable Care Act.

This year’s budget gap is much more modest and manageable than the gaps the state faced in previous years. The Senate will still face extremely difficult choices in achieving a balanced budget for the coming year that meets the needs of New Yorkers, particularly in the challenging economic times we are still facing.

In addition to closing the budget gap, the Governor has proposed a number of significant policy changes that the Senate will need to evaluate. These proposed changes include an increase in the minimum wage, allowing localities to implement a pension stabilization option that would reduce current pension costs while raising future costs, expansion of prekindergarten and new certification requirements and incentives for teachers.

The data and analyses prepared by Finance Committee staff and included in this document will provide insights into these and other proposals in the Executive Budget which can inform the difficult decisions the Senate faces. I look forward to working with all of you as we consider the Governor’s proposals in our shared effort to develop a final budget that addresses existing budget gaps, protects the most vulnerable New Yorkers, and continues to reform and improve state government operations.

Sincerely,

Liz Krueger  
Ranking Minority Member  
Senate Finance Committee



# **Staff Analysis of the SFY 2014-2015 Executive Budget**

**As prepared by Senate Democratic Conference  
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# **2014 JOINT LEGISLATIVE BUDGET HEARING SCHEDULE**

## **Legislative Office Building**

### **Hearing Room B**

<b>January 27</b>	9:30 AM	Local Government Officials/ General Government
<b>January 28</b>	10:00 AM	Elementary & Secondary Education
<b>January 29</b>	10:00 AM	Environmental Conservation
<b>January 30</b>	10:00 AM	Transportation
<b>February 3</b>	9:30 AM	Health/Medicaid
<b>February 4</b>	9:30 AM	Housing
<b>February 4</b>	1:00 PM	Human Services
<b>February 5</b>	10:00 AM	Public Protection
<b>February 6</b>	9:30 AM	Higher Education
<b>February 10</b>	9:30 AM	Taxes
<b>February 10</b>	1:00 PM	Economic Development
<b>February 11</b>	9:30 AM	Mental Hygiene
<b>February 11</b>	1:00 PM	Workforce Development



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

## **SFY 2014-15 EXECUTIVE BUDGET OVERVIEW**

In the current fiscal year (SFY 2013-14), DOB estimates that the General Fund will record a cash surplus of \$310 million. This surplus is expected to be effectively carried forward into 2014-15 State Fiscal Year. According to the Governor, the combination of effective budget management and adherence to the 2% spending growth goal in each of the next four fiscal years should produce surpluses in future years, based on current DOB projections. The surplus for the current State Fiscal Year is expected to be made available through the timing of payments of an additional \$310 million in tax refunds to taxpayers in the current fiscal year, which has the effect of reducing net tax collections in the current year but increasing them by the same amount in 2014-15 State Fiscal Year. After accounting for these payments, General Fund receipts are expected to total \$61.65 billion in SFY 2013-14, or \$10 million above the level estimated in the Mid-Year Update. General Fund disbursements, including transfers to other funds, are expected to total \$61.46 billion.

In the SFY 2014-15 Executive Budget, Governor Cuomo also proposes a multi-year tax reduction plan for individuals and businesses.

The Executive Budget Financial Plan proposes to reduce spending in SFY 2014-15 by nearly \$2 billion compared to prior projections. The savings are recurring and are expected to grow in value in subsequent years.

### **Local Assistance**

Reductions in State spending from prior projections are expected to generate \$1.60 billion in General Fund savings. Savings are expected from, among other things, the elimination of SFY 2014-15 automatic health and human services “cost of living” increases, updated cost estimates for a range of State programs, reflecting the impact of the spending controls, and cost containment enacted in prior years.

Medicaid and School Aid are the State’s largest aid programs, comprising over 40% of the State Operating Funds Budget. Consistent with the intent of the reforms enacted in SFY 2011-12, both programs are recommended to grow at comparable rates, excluding growth attributable to the Smart Schools Bond Act.

### **State Agency Operations**

Since Governor Cuomo took office in January 2011, the Executive sought to reduce the costs of operating State agencies through ongoing State agency redesign and cost-control efforts. These efforts have included closures and consolidations of facilities to reduce excess capacity; strict controls on attrition and hiring; enterprise-wide consolidation of procurement, information technology, and workforce management functions; and a range of operational measures to improve efficiency. The SFY 2014-15 Executive Budget proposal holds spending for Executive agency operations constant over the Financial Plan period, with limited exceptions. According to the Executive proposal this action provides \$358 million in SFY 2014-15 savings compared to prior projections. In addition, the State’s projected costs for health insurance and pensions have been lowered based on updated information.

## Debt Management

The Executive expects savings through continued use of competitive bond sales, refundings, and consolidation of debt issuances.

New Initiatives: The Executive Budget proposes several new initiatives, the most significant of which is increased funding for a statewide Universal Full-Day Pre-Kindergarten program and increased after school programs, both phased in over the next five years. The Budget also proposes significant new capital initiatives, in the Smart Schools general obligation bond act for education that would fund enhanced technology in schools (\$2 billion) and a capital program to modernize health care facilities (\$1.20 billion).

<b>GENERAL FUND FINANCIAL PLAN PROJECTIONS (\$ billions)</b>			
<b>State Fiscal Year</b>	<b>Surplus/Before (projected)</b>	<b>Tax Action Values</b>	<b>Surplus After Tax Actions (as recommended)</b>
2014-15	\$ .486	\$ .486	\$0
2015-16	\$1.389	\$1.234	\$ .155
2016-17	\$2.247	\$2.082	\$ .165
2017-18	\$2.707	\$2.534	\$ .173

The table above summarizes the projected budget surpluses estimated prior to any actions proposed in the SFY 2014-15 Executive Budget and the surpluses remaining if those actions as proposed by the Governor are actually enacted.

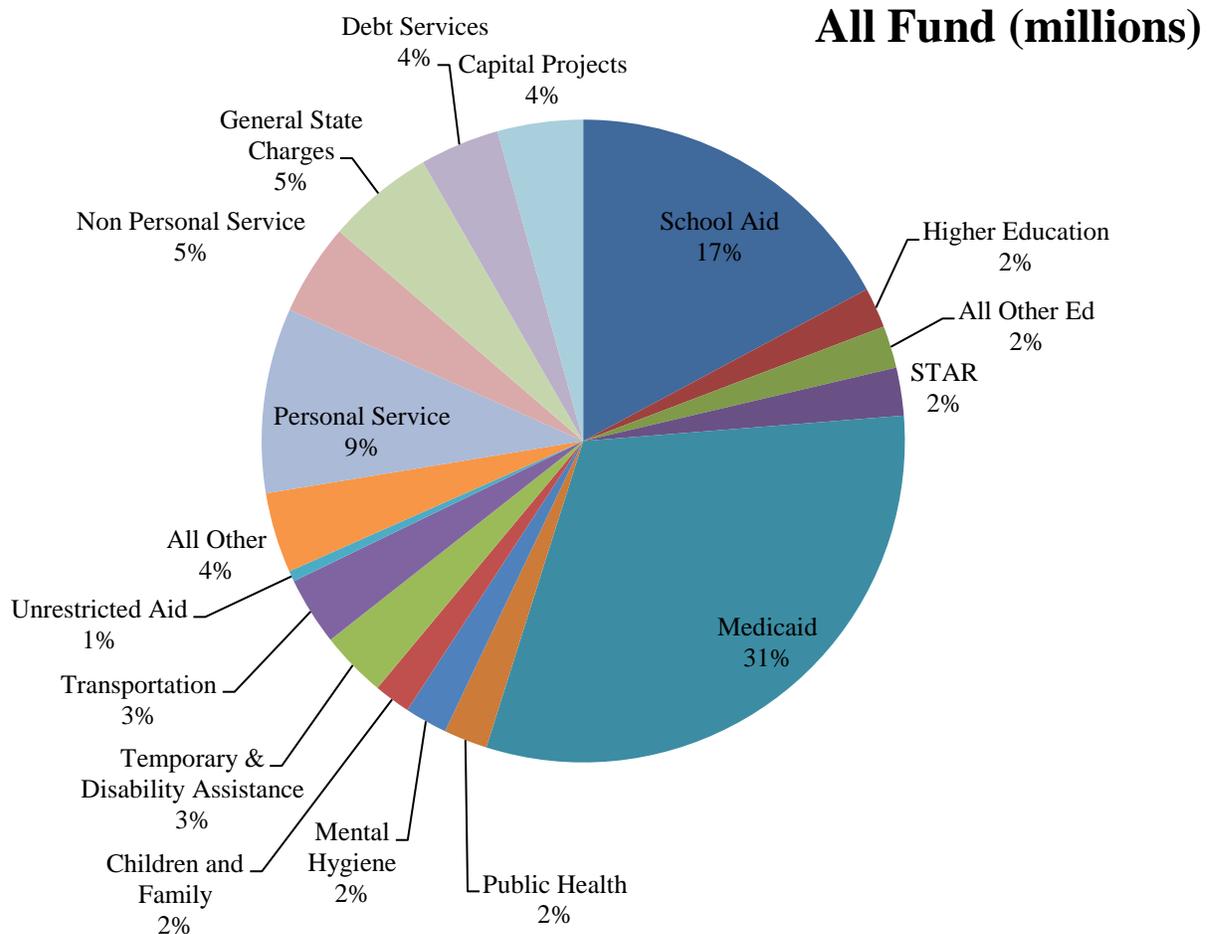
<b>SFY 2014-15 STATE RECEIPTS (\$ billions)</b>				
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>Annual Change</b>	<b>Change</b>
General Fund	\$61.653	\$63.503	\$1.850	3.0%
State Funds	\$93.158	\$96.002	\$2.844	3.1%
All Funds	\$140.770	\$141.901	\$1.131	0.8%

All Funds SFY 2013-14 tax receipts growth of 4.7% and SFY 2014-15 growth of 2% are heavily influenced by timing factors. Growth in SFY 2013-14 was driven up as a result of Superstorm Sandy recovery spending and the movement of realized capital gains and other non-wage income into Tax Year 2012 from future years in anticipation of higher 2013 federal tax rates. This manifested itself in a strong April 2013 personal income tax settlement. SFY 2013-14 also marked the last year which contained higher revenue as the result of the tax credit deferral program. The slowdown in SFY 2014-15 is the result of the first year of tax credit deferral payback, the non-recurring nature of Superstorm Sandy spending by consumers, and tax cuts proposed with this Budget.

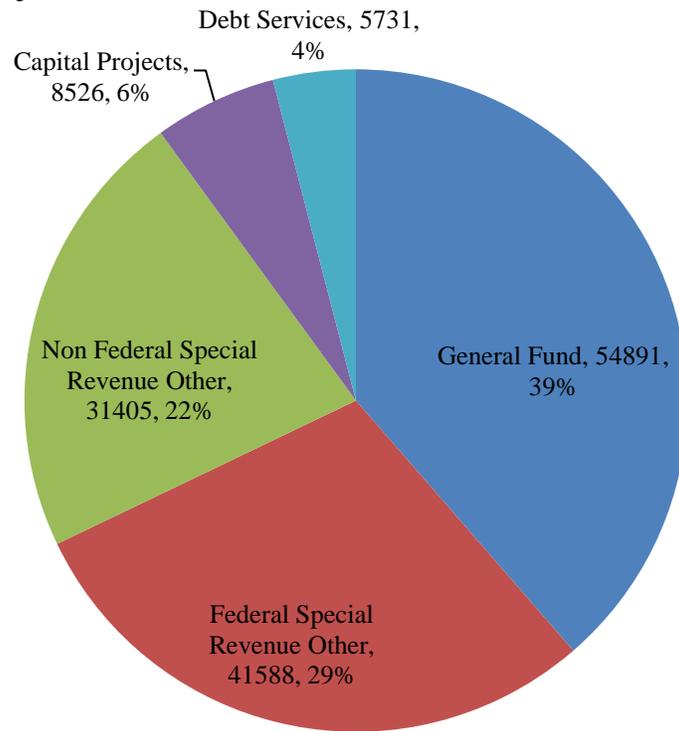
<b>SFY 2014-15 DISBURSEMENTS (\$ billions)</b>				
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>	<b>Annual Change</b>	<b>Change</b>
General Fund*	\$61.460	\$63.563	\$2.103	3.4%
State Funds**	\$96.624	\$98.874	\$2.250	2.3%
All Funds***	\$135.255	\$136.928	\$1,673	1.2%
* Includes transfers   * Includes Capital Funds   ***Does not include Hurricane Relief Support				

General Fund disbursements, including transfers to other funds, are expected to total \$63.60 billion in SFY 2015, a 3.4% increase of \$2.10 billion from SFY 2013-14 estimates. Local assistance grants are expected to total \$41.80 billion, a 3.5% annual increase of \$1.40 billion. Included within local assistance grants, General Fund disbursements are expected to increase by \$1 billion for School Aid and \$153 million for Medicaid. All other local assistance grants, which include, among other things, payments for a range of social services, public health, education, and general purpose aid programs, are expected to increase by \$235 million.

State operations disbursements in the General Fund are expected to total \$7.80 billion in SFY 2014-15, a 2.5% annual increase of \$186 million. Personal service costs are expected to increase by \$175 million, mainly reflecting the consolidation of staff under the Information Technology Services (ITS) that were previously reflected in non-General Fund accounts. Nonpersonal service costs are expected to increase by \$11 million in SFY 2014-15, in large part due to increased support for indigent legal services and civil legal services. General State Charges (GSCs) are expected to total \$5.30 billion in SFY 2014-15, a 7.4% annual increase of \$361 million from the current fiscal year.



## Spending by Funds



<b>General Fund Gap –Closing Plan for SFY 2013-14 Amount in Millions</b>	
	<b>FY 2015</b>
<b>MID-YEAR BUDGET SURPLUS/(GAP) ESTIMATE</b>	<b>\$(1,742)</b>
<b>SPENDING CHANGES</b>	<b>\$1,942</b>
<b>Agency Operations</b>	<b>\$358</b>
Executive Agencies	\$208
Independent Officials	\$104
Fringe Benefits/Fixed Costs	\$46
<b>Local Assistance</b>	<b>\$1,624</b>
Human Services COLA	\$105
Mental Hygiene	\$164
Health Care	\$132
DOH Global Cap	\$300
Education	\$457
STAR	\$172
Social Services/Housing	\$166
All Other	\$128
<b>Capital Projects/Debt Management</b>	<b>\$116</b>
<b>Initiatives</b>	<b>(\$156)</b>
School Aid/Education Aid Initiatives	(\$104)
Roswell Park Center Institute	(\$25)
Debt Service for New Initiatives	(\$5)
STEM Scholarship	(\$8)
All Other	(\$14)
<b>Adherence to 2% State Operating Funds Spending Benchmark 1</b>	<b>n/a</b>
<b>RESOURCE CHANGES</b>	<b>\$286</b>
Tax Receipts	(\$125)
Miscellaneous Receipts	\$33
Extenders/Other	(\$3)
All Other	\$71
Surplus Available from FY 2014	\$310
<b>SURPLUS/(GAP) ESTIMATE BEFORE TAX ACTIONS</b>	<b>\$486</b>
<b>Tax Actions</b>	<b>(\$486)</b>
<b>SURPLUS/(GAP) ESTIMATE AFTER TAX ACTIONS</b>	<b>\$0</b>

## WORKFORCE & LABOR

The Executive Budget estimates a total net decrease in the State workforce of 191 Full Time Equivalents (FTEs). This decrease is achieved from 3,318 attritions and 3,127 new fills. The total estimate of employees is 180,766 by the end of the fiscal year. The breakdown of the net change in FTEs is below, and a State agency detailed breakdown is listed on the following pages.

Category	3/31/14 Estimate	Attrition/New Fills	3/13/15 Estimate	Change in Numbers	Change in Percent (%)
Workforce Subject to Executive Control	119,413	(260)	119,153	(260)	(0.22)%
University Systems	57,137	0	57,137	0	0%
Independently Elected Agencies	4,407	69	4,476	69	1.57%
<b>Total</b>	<b>180,957</b>	<b>(191)</b>	<b>180,766</b>	<b>(191)</b>	<b>(0.11)%</b>

### Newly Created Positions

Due to a variety of initiatives in the Executive Budget, the Executive proposes the addition of new positions in government. These positions include the following breakdown below:

Agency	Investment Proposal	New Fills
OTDA	Assist in SSI program takeover from the federal government	+54
Comptroller	Special Education auditors	+34
Homeland Security	Expand fire protection program for OPWDD residences	+18
BOE	Creation of Campaign Finance Enforcement Unit	+11
Gaming Commission	Support upstate gaming creation	+10
Public Service	Oversight to LIPA and PSEG Long Island	+10

### Job Retraining and Employment Losses

The Executive Budget continues initiatives from SFY 2013-14 that close state institutions. These programs shrink the footprint of the state's penal and disabled institutions but also create lay-offs in the state workforce. The Executive Budget continues initiatives such as downsizing the OD Heck Developmental Center in Schenectady under OPWDD, the continued closure of certain DOCCS facilities, the downsizing of OMH facilities such as the Western NY Children's Psychiatric Center outside of Buffalo, and the implementation of the OFCS Close to Home program which limits secure beds needed outside New York City.

Last year's budget allocated \$5 million for a training pilot program to retrain employees for new placement in State employment. The Executive Budget proposes a reappropriation of the entire \$5 million, as no employees have yet to be trained under this program. Almost all employees have been placed through the Agency Reduction Transfer List (ARTL) process, which continues to place employees at present. The Executive estimates that a small fraction of employees have left state service as a result of the closures.

Major Agencies	Starting Estimate (03/31/14)	Ending Estimate (03/31/15)	Net Change
Children and Family Services, Office of	3,030	2,796	(234)
Corrections and Community Supervision, Department of	29,001	29,067	66
Education Department, State	2,663	2,721	58
Environmental Conservation, Department of	2,916	2,917	1
Financial Services, Department of	1,337	1,337	0
General Services, Office of	1,553	1,561	8
Health, Department of	4,890	5,213	323
Information Technology Services, Office of	3,778	3,819	41
Labor, Department of	3,550	3,550	0
Mental Health, Office of	14,616	14,616	0
Motor Vehicles, Department of	2,215	2,205	(10)
Parks, Recreation and Historic Preservation, Office of	1,719	1,737	18
People with Developmental Disabilities, Office for	19,031	18,311	(720)
State Police, Division of	5,419	5,439	20
Taxation and Finance, Department of	4,368	4,368	0
Temporary and Disability Assistance, Office of	1,859	1,918	59
Transportation, Department of	8,337	8,337	0
Workers' Compensation Board	1,220	1,220	0
<b>Subtotal - Major Agencies</b>	<b>111,502</b>	<b>111,132</b>	<b>(370)</b>
<b>Minor Agencies</b>	<b>7,911</b>	<b>8,021</b>	<b>110</b>
<b>Subtotal - Subject to Direct Executive Control</b>	<b>119,413</b>	<b>119,153</b>	<b>(260)</b>

University Systems	Starting Estimate (03/31/14)	Ending Estimate (03/31/15)	Net Change
City University of New York	13,643	13,643	0
State University Construction Fund	152	152	0
State University of New York	43,342	43,342	0
<b>Subtotal - University Systems</b>	<b>57,137</b>	<b>57,137</b>	<b>0</b>
<b>Independently Elected Agencies</b>			
Audit and Control, Department of	2,609	2,643	34
Law, Department of	1,798	1,833	35
<b>Subtotal - Independently Elected Agencies</b>	<b>4,407</b>	<b>4,476</b>	<b>69</b>
<b>Grand Total</b>	<b>180,957</b>	<b>180,766</b>	<b>(191)</b>

Minor Agencies	Starting Estimate (03/31/14)	Ending Estimate (03/31/15)	Net Change
Adirondack Park Agency	54	54	0
Aging, Office for the	90	95	5
Agriculture and Markets, Department of	486	486	0
Alcoholic Beverage Control, Division of	127	127	0
Alcoholism and Substance Abuse Services, Office of	762	762	0
Arts, Council on the	28	28	0
Budget, Division of the	276	276	0
Civil Service, Department of	350	350	0
Correction, Commission of	29	29	0
Criminal Justice Services, Division of	435	455	20
Deferred Compensation Board	4	4	0
Economic Development, Department of	152	152	0
Elections, State Board of	58	70	12
Employee Relations, Office of	37	37	0
Executive Chamber	136	136	0
Financial Control Board, New York State	14	14	0
Gaming Commission, New York State	420	430	10
Higher Education Services Corporation, New York State	304	292	(12)
Homeland Security and Emergency Services, Division of	396	413	17
Housing and Community Renewal, Division of	683	683	0
Hudson River Valley Greenway Communities Council	1	1	0
Human Rights, Division of	164	164	0
Indigent Legal Services, Office of	10	10	0
Inspector General, Office of the	65	65	0
Interest on Lawyer Account	8	8	0
Judicial Conduct, Commission on	50	50	0
Justice Center for the Protection of People with Special Needs	280	352	72
Labor Management Committees	77	77	0
Lieutenant Governor, Office of the	7	7	0
Medicaid Inspector General, Office of the	484	484	0
Military and Naval Affairs, Division of	387	387	0
Prevention of Domestic Violence, Office for	28	28	0
Public Employment Relations Board	33	33	0
Public Ethics, Joint Commission on	44	45	1
Public Service Department	523	527	4
Quality of Care & Advocacy for Persons With Disabilities, State, Department of	564	545	(19)
Statewide Financial System	139	139	0
Tax Appeals, Division of	27	27	0
Veterans' Affairs, Division of	98	98	0
Victim Services, Office of	74	74	0
Welfare Inspector General, Office of	7	7	0
<b>Subtotal - Minor Agencies</b>	<b>7,911</b>	<b>8,021</b>	<b>10</b>

## LOCAL GOVERNMENT ASSISTANCE

All Funds Summary of Spending				
Local Government Aid	2013-2014	2014-2015	Change	Percent
AIM Cities Towns and Villages Outside of New York City	\$715,000,000	\$715,000,000	\$0	0.00%
Citizen Empowerment Tax Credits and Grants	\$35,000,000	\$35,000,000	\$0	0.00%
Local Government Performance and Efficiency Award Program administered through the Financial Restructuring Board or the Department of State	\$40,000,000	\$40,000,000	\$0	0.00%
Local Government Efficiency Grants	\$4,000,000	\$4,000,000	\$0	0.00%
Video Lottery Terminal Impact Aid Miscellaneous Financial Assistance	\$27,245,917	\$27,245,917	\$0	0.00%
Small Government Assistance	\$217,300	\$217,300	\$0	0.00%

Funding for Local Government Assistance programs are maintained at the current years funding the following local government programs would be maintained at the same appropriation amounts as the State Fiscal Year 2013-2014 levels:

- Aid and Incentives for Municipalities for Cities, Towns and Villages - Executive Budget would maintain the same level of funding for this program at \$715 million in unrestricted AIM funding to cities, towns and villages.
- Citizens Reorganization Empowerment Grants – The Executive proposes funding this program at \$35 million dollars, which is changed from current year funding levels. The program provides for grants of up to \$100,000 for local governments to cover costs associated with studies, plans, and implementation efforts related to local government reorganization activities. These grants share the \$35 million appropriation with the Citizen Empowerment Tax Credits.
- Citizen Empowerment Tax Credits – This program is part of the Citizens Reorganization Empowerment Grants program and is only available to municipalities that received a reorganization grant and completed a consolidation. This program provides an incentive for municipalities to consolidate by providing tax credits equal to 15 percent of the newly combined local government’s tax levy, of which at least 70 percent of such amount must be used for direct relief to property taxpayers.
- Local Government Performance and Efficiency Program – The Executive proposes funding this program at \$40 million dollars, which is unchanged from current year funding levels. This program provides competitive one-time awards of up to \$25 per resident for recipient municipalities, with a maximum award of \$5 million dollars. The program recognizes local governments that have achieved efficiencies and performance improvements. The Executive references an \$80 million dollar amount, which includes the current appropriation proposal

\$40 million, as well as a reappropriation of the \$40 million dollars. The Executive proposes to add language to the appropriation and the reappropriation that would provide authority for the Financial Restructuring Board for Local Governments to provide grants from this program funding. The program is currently administered by the Department of State.

- **Local Government Efficiency Grants** - Funding of \$4 million is maintained to help cover costs associated with local government efficiency projects, such as: planning for and/or implementation of a functional consolidation, shared or cooperative services, and regionalized delivery of services. This program requires a local matching funds, if a local government implements a previously completed planning project, the local match from the planning project would be refunded (up to the local share for implementation).
- **Other Local Government Programs** - Other programs will be maintained at existing levels, including Video Lottery Terminal (VLT) Impact Aid for the city of Yonkers is funded at \$19,600,000, and other impacted municipalities at \$7,645,917. Miscellaneous Financial Assistance for Madison and Oneida counties appropriations are maintained at this year's funding level. The Oneida Indian Nation is to make this payment of \$1.5 million to Madison County and \$1.9 million to Oneida County, pending federal approval of the settlement agreement with the Oneida Indian Nation of New York.
- **Legislative additions for State Fiscal Year 2013-2014** were eliminated in the Executive Budget proposal including the legislative adds for Per capita Village Aid of \$1.5 million, and Miscellaneous Financial Assistance for \$373,000. These funds were targeted to specific municipalities, four new villages, including: Mastic Beach, Woodbury, South Blooming Grove, and Sagaponack. In addition, this legislative add included funding for a shared services project in the City of Syracuse.

**Aid and Incentives for Municipalities Funding for Selected Cities proposed in the State Fiscal Year 2014-15 Executive Budget**

<b>Aid and Incentives for Municipalities Funding for Selected Cities proposed in the State Fiscal Year 2014-15 Executive Budget</b>			
<b>Municipality</b>	<b>Executive Budget SFY 2013-14 AIM Funding</b>	<b>Proposed Dollar Change from State Fiscal Year 2013 -14</b>	<b>Proposed Percentage Change from State Fiscal Year 2013-14</b>
Albany	\$12,607,823	\$0	0%
Buffalo	\$161,285,233	\$0	0%
Mount Vernon	\$7,155,691	\$0	0%
Rochester	\$88,234,464	\$0	0%
Syracuse	\$71,758,584	\$0	0%
Yonkers	\$108,215,479	\$0	0%

# **Agency Details: Public Protection and General Government**

## DIVISION OF ALCOHOLIC BEVERAGE CONTROL

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
State Operations	\$18,065,000	\$18,065,000	0	0
<b>Total</b>	<b>\$18,065,000</b>	<b>\$18,065,000</b>	<b>0</b>	<b>0</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends funding the SLA at \$18.065 million. This represents no increase from the SFY 2013-14 budget. The Division is currently in year two of a joint venture with New York City to address ongoing underage drinking and licensing issues, however no appropriation is contained in the budget as the program is funded with federal Health and Human Services funds.

A workforce of 127 FTEs is recommended, unchanged from last year.

## AUDIT AND CONTROL (OFFICE OF STATE COMPTROLLER)

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$124,945,000	\$127,345,000	\$2,400,000	1.92%
Special Revenue-Other	\$18,628,000	\$18,628,000	\$0.00	0%
Internal Service Funds	\$22,387,000	\$22,887,000	\$500,000	2.23%
<b>Total All Funds:</b>	<b>\$272,689,000</b>	<b>\$275,589,000</b>	<b>\$2,900,000</b>	<b>1.06%</b>

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

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

The Executive proposes that the comptroller's budget have an increased appropriation of \$2.4 million, of which 2.0 million will go to support the Comptroller's Preschool Special Education audit program. S.5568-A of 2013 by Sen. Flanagan was signed by the Governor on December 18, 2013. The law provides, among other things, that the state comptroller will have the authority --- and duty --- to audit the expenses reported to SED by every provider in the state of special education services for pre-school children with disabilities. Every provider is to be audited by the comptroller at least once on or before March 31, 2018.

Additionally, Internal Services Funds have an increase of \$500,000 to defray anticipated increases in banking costs. The Executive proposes 2,643 FTE's, which represents an increase of 34 FTE's. These will support the Preschool Special Education audit program.

## AUTHORITY BUDGET OFFICE

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$14,485,000	\$14,079,000	(\$406,000)	-0.02%
Special Revenue Funds - Other	\$2,291,000	\$1,896,000	(\$395,000)	-17.24%
Internal Service Fund	\$39,773,000	\$34,445,000	(\$5,328,000)	-13.39%
<b>Total</b>	<b>\$56,549,000</b>	<b>\$50,420,000</b>	<b>(\$6,129,000)</b>	<b>-10.83%</b>

*The Authority Budget Office (ABO) was statutorily created to study, review, and report on State and local public authorities, and to promote the principles of effective corporate governance. The Authority Budget Office makes available to the public information on the finances, structure, and operations of public authorities and assesses the practices of public authorities.*

### Overview of Executive Budget Proposal

The Executive recommends no change to the Special Revenue Funds appropriation of \$1.81 million. The Executive recommendation maintains the number of FTEs at 12 for the 2014-15 fiscal year.

## DIVISION OF THE BUDGET

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
Special Revenue-Other	\$1,815,000	\$1,815,000	\$0	0%
<b>Total All Funds:</b>	<b>\$1,815,00</b>	<b>\$1,815,000</b>	<b>\$0</b>	<b>0%</b>

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

### Overview of Executive Budget Proposal

The Executive recommends an All Funds appropriation of \$50.4 million for the 2014-15 fiscal year. This represents a net decrease of \$6.1 million associated with a decrease of \$526,000 in non-personal services, along with an increase of \$1 million for expert witnesses and legal services related to the attorney general's representation of the state and its agencies.

## DEPARTMENT OF CIVIL SERVICE

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$28,776,000	\$29,297,000	\$521,000	1.81%
Special Revenue-Other	\$19,826,000	\$19,769,000	(\$47,000)	-2.37%
Internal Service Funds	\$1,650,000	\$1,650,000	\$0	0%
<b>Total All Funds:</b>	<b>\$50,242,000</b>	<b>\$50,716,000</b>	<b>\$474,000</b>	<b>.94%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of \$50.7 million. This is a net increase of \$474,000 or .94% over last year. The reductions in the Department's budget are due to the transfer of FTEs to the new Office of Information Technology Services (OITS). The DCS has transferred 55 positions to OITS, a shift of \$4.50 million in personal service. Other funding reductions are associated costs the continued assumption of services by OITS.

## STATE COMMISSION OF CORRECTION

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	Change	Percent Change
General Fund	\$2,915,000	\$2,915,000	\$0	0.00%
<b>Total All Funds:</b>	<b>\$2,915,000</b>	<b>\$2,915,000</b>	<b>\$0</b>	<b>0.00%</b>

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

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

### Overview of Executive Budget Proposal

The Executive Budget proposes State Operations funding to remain at \$2.92 million, the same amount as last year. The Executive recommends a workforce of 29 FTEs, representing no change from the enacted SFY 2013-2014 Budget.

# DEPARTMENT OF CORRECTIONS AND COMMUNITY SUPERVISION

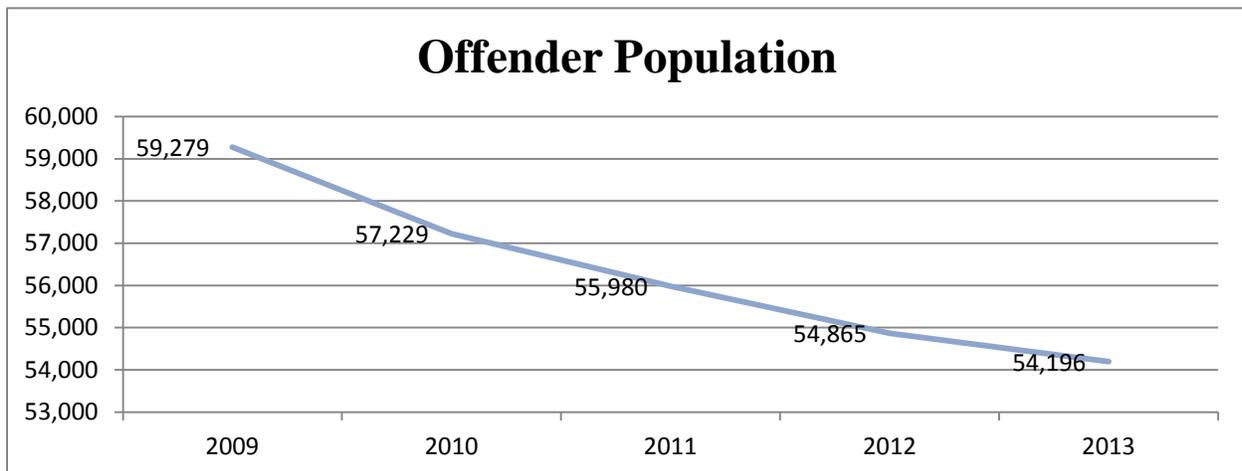
Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	Change	Percent Change
General Fund	\$2,591,804,000	\$2,606,804,000	(\$15,000,000)	-.58%
Special Revenue-Federal	\$40,500,000	\$40,500,000	\$0	2.80%
Special Revenue-Other	\$30,355,000	\$32,355,000	\$0	6.59%
Capital Projects Fund	\$310,000,000	\$15,000,000	(\$295,000,000)	-95.16%
Internal Service Funds	\$64,267,000	\$64,267,000	\$0	0.00%
Enterprise Funds	\$43,198,000	\$43,198,000	\$0	0.00%
<b>Total All Funds:</b>	<b>\$3,113,295,000</b>	<b>\$2,833,317,000</b>	<b>(\$279,978,000)</b>	<b>-8.99%</b>

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

## Overview of Executive Budget Proposal

The Executive Budget recommends \$2.83 billion for the Department of Corrections and Community Supervision, \$2.61 billion in the General Fund, a decrease of \$15 million from the prior year. This is a net decrease of \$280 million from the SFY 2013-14 Enacted Budget. This amount reflects a net increase of \$22,000 associated with the transfer of the Albion Family Tele-visiting program funding and Queensboro Re-entry Services program funding from the Division of Criminal Justice Services to the Department of Corrections and Community Supervision and a \$295 million decrease in capital projects associated with elimination of the following accounts: Environmental Protection or Improvement, Preservation of Maintenance of Assets, Health and Safety, and Program Improvement or Changes.

General Fund support for State Operations decreases by \$15 million, reflecting a \$35.50 million in general salary increases, \$3.80 million in support of updated policies and programs regarding



supervision of inmates in Special Housing Units, \$5.70 million for the increased cost of pharmaceuticals, and \$30 million in savings from the closure of four prisons.

The Executive Budget recommends a workforce of 29,067 FTEs for the Department, an increase of 66 FTEs associated with staff support policies and procedure for Special Housing Units.

## DIVISION OF CRIMINAL JUSTICE SERVICES

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	Change	Percent Change
General Fund	\$170,896,000	\$160,157,000	(\$10,739,000)	8.09%
Special Revenue-Other	\$42,409,000	\$35,279,000	(\$7,130,000)	-21.04%
Special Revenue-Federal	\$47,250,000	\$47,250,000	\$0	0%
<b>Total</b>	<b>\$260,555,000</b>	<b>\$242,686,000</b>	<b>(\$17,869,000)</b>	<b>-6.86%</b>

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

### Overview of the Executive Budget Proposal

The Executive Budget recommends a \$242.7 million All Funds appropriation for the Division representing a decrease of \$17.9 million from the 2013-14 Budget. This change is attributed to the elimination of legislative adds from the 2013-14 State Fiscal Year.

The Governor proposes a new initiative called GIVE (Gun-Involved Violence Elimination), previously funded as Operation IMPACT. This program is maintained at IMPACT's SFY 2013-14 level of \$15.20 million. This program will be offered to the same communities currently receiving Operation IMPACT funding. The counties which participate in Operation IMPACT are: Albany, Broome, Chautauqua, Dutchess, Erie, Monroe, Nassau, Niagara, Oneida, Onondaga, Orange, Rensselaer, Rockland, Schenectady, Suffolk, Ulster, and Westchester.

In addition, the Executive Budget continues \$3 million in support of gun violence prevention programs (Operation SNUG). The Executive Budget recommendation also provides \$350,000 to fully fund statutory increases to district attorney salaries effective April, 1 2014.

The Executive Budget recommends a workforce of 455 FTEs for the Division. This represents an increase of 20 FTEs reflecting delayed hiring for positions authorized in 2013-14.

Aid to Localities, funding reflects a reduction in the amount of \$5.70 million, including:

- \$2 million decrease in “safety net” funding for local labs related to DNA expansion.
- \$1.70 million decrease associated with the CARP (Crimes Against Revenue Program).
- \$2 million for a transfer of the Legal Services Assistance Fund to the General Fund.

The Executive Budget recommends the consolidation of several funding streams for Alternative to Incarceration (ATI) programs.

<b>General Fund Local Assistance Funding</b>			
<b>Aid to Localities Funding:</b>	<b>SFY 2013-14 Enacted Budget</b>	<b>SFY 2014-15 Executive Recommendation</b>	<b>Change</b>
<b>Funding and Program Assistance</b>			
NYS Defenders Association	\$1,089,000	\$1,089,000	0
Add'l NYS Defenders Association	\$1,000,000	0	(1,000,000)
New York State Prosecutors Training Institute	\$2,304,000	\$2,304,000	0
Aid to Defense	\$5,507,000	\$5,507,000	0
Aid to Prosecution	\$10,680,000	\$10,680,000	0
Special Narcotics Prosecutor	\$825,000	\$825,000	0
District Attorney Salary Reimbursement	\$3,862,000	\$4,212,000	350,000
Aid to Crime Labs	\$6,635,000	\$6,635,000	0
DNA	\$2,000,000	0	(2,000,000)
Soft Body Armor	\$513,000	\$513,000	0
Westchester County Policing Program	\$1,984,000	\$1,984,000	0
Witness Protection	\$304,000	\$304,000	0
Operation IMPACT/GIVE	\$15,219,000	\$15,219,000	0
Drug Diversion	\$618,000	\$618,000	0
Re-Entry Task Forces	\$3,063,000	\$3,063,000	0
Probation Aid Block Grant	\$44,876,000	\$44,876,000	0
ATI [200% of Poverty (TANF)]	\$2,622,000	\$2,622,000	0
ATI Consolidated Appropriation ATI and Employment: continuation of existing contracts	\$11,442,000	\$11,994,000	\$552,000 <sup>1</sup>
ATI (NYC and Counties) Probation Classification and ATI	\$3,245,000	\$5,518,000	\$2,273,00 <sup>2</sup>
Substance Abuse Treatment Programs	\$1,914,000	0	(\$1,914,000) <sup>3</sup>
Additional ATI (NFP's)	\$1,291,000	0	(\$1,291,000)
Probation Violation Centers	\$1,000,000	\$1,000,000	0
Legislative Additions	\$6,709,000	0	(\$6,709,000)
SNUG: Bronx, Queens, Rockland, and Onondaga	\$1,000,000	\$1,000,000	0
SNUG	\$2,000,000	\$2,000,000	0
Law Enforcement Initiatives: Executive	\$1,000,000	0	(\$1,000,000)
<b>Total</b>	<b>\$132,702,000</b>	<b>\$121,963,000</b>	<b>(10,739,000)</b>

<sup>1</sup> Consists of \$1,291,000 of existing contracts minus (\$359,000) ATI 13-A services and (\$380,000) DOCCS Albion and Queensboro programs

<sup>2</sup> Probation Classification \$1,914,000 & ATI 13-A services \$359,000

<sup>3</sup> Moved into classification

<b>Legal Services Assistance Account Fund Appropriations- Special Revenue</b>	<b>SFY 2013-2014 Enacted Appropriations</b>	<b>SFY 2014-15 Executive Recommendations</b>	<b>Change</b>
Aid to Prosecution	\$2,592,000	\$2,592,000	0
Aid to Defense	\$2,592,000	\$2,592,000	0
Attorney Loan Forgiveness	\$2,430,000	\$2,430,000	0
Prisoner Legal Services: Statewide Indigent Legal Services - Reentering Communities from State Facilities	\$1,000,000	\$1,000,000	0
<b>Legislative Line-outs and Lump Sums</b>	\$5,430,000	0	(\$5,430,000)
<b>Grand Total:</b>	<b>\$14,044,000</b>	<b>\$8,614,000</b>	<b>(5,430,000)</b>

\*Legislative additions would have been appropriated to **Civil/Criminal Legal Services and Domestic Violence Related Civil/Criminal Legal Services from remaining fund balance.**

\***The Executive also proposes a transfer of \$2 million from the Legal Services Assistance Fund to the General Fund.**

<b><u>Edward Byrne Justice Assistance Grant (JAG) Program</u></b>			
<b>Special Revenue-Federal Aid to Localities</b>	<b>SFY 2013-2014 Enacted Appropriations</b>	<b>SFY 2014-15 Executive Recommendation</b>	<b>Change</b>
Juvenile Justice Delinquency Prevention Formula Account (JJDP)	\$2,050,000	\$2,050,000	\$0
Juvenile Justice Delinquency Prevention Formula Account (Title V)	\$100,000	\$100,000	\$0
Juvenile Accountability Block Grant Account (JAIBG)	\$1,750,000	\$1,750,000	\$0
Violence Against Women Account	\$6,000,000	\$6,000,000	\$0
Edward Byrne Memorial Grant/JAG	\$5,000,000	6,000,000	\$1,000,000
Senate/Assembly Edward Byrne Memorial Grant/JAG	\$1,000,000	0	(\$1,000,000)
Miscellaneous Discretionary	\$7,250,000	\$7,250,000	\$0
Crime Identification Technology Account	\$2,250,000	\$2,250,000	\$0
<b>Total Federal Aid to Localities:</b>	<b>\$25,400,000</b>	<b>\$25,400,000</b>	<b>\$0</b>

## OFFICE OF VICTIM SERVICES

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-2014	Change	Percent Change
Aid to Localities	\$66,120,000	\$66,120,000	\$0	0.00%
Special Revenue-Federal	\$3,120,000	\$3,120,000	\$0	0.00%
Special Revenue-Other	\$6,426,000	\$6,426,000	\$0	0.00%
<b>Total All Funds:</b>	<b>\$75,666,000</b>	<b>\$75,666,000</b>	\$0	0.00%

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

The SFY 2014-15 Executive Budget recommends an All Funds appropriation of \$75.7 million. The Executive Budget proposal recommends 74 FTEs for 2014-15, the same number of positions as in last year.

Local assistance distributed from the Criminal Justice Improvement Account remains unchanged from last fiscal year in the amount of \$66 million.

## DEFERRED COMPENSATION BOARD

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$111,000	\$111,000	0	0
Special Revenue- Other	\$781,000	\$781,000	0	0
<b>Total</b>	<b>\$892,000</b>	<b>\$892,000</b>	<b>0</b>	<b>0</b>

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

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

The Executive Budget recommends appropriations of \$892,000 to the Deferred Compensation Board, the same amount as last year.

## STATE BOARD OF ELECTIONS

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$5,200,000	\$8,140,000	\$2,940,000	56.5%
Special Revenue-Other	\$0	\$3,000,000	\$3,000,000	0
Special Revenue-Federal	\$0	\$0	\$0	0
<b>Total All Funds:</b>	<b>\$5,200,000</b>	<b>\$11,140,000</b>	<b>\$5,940,000</b>	<b>114%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget proposes funding for the Board of Elections in the amount of \$11.1 million. This amount represents an increase of \$5.9 million more than the 2013-14 appropriation of \$5.2 million.

The increased appropriation is necessary to fund the Governor's Article VII proposal to create an Independent Enforcement Counsel's Office within the Board. The Executive Budget proposal includes a \$1 million appropriation to cover technology upgrades in support of enhanced campaign finance disclosure.

The Executive budget recommends a total workforce of 70 FTEs, an increase of 12 FTEs dedicated to campaign finance enforcement. The campaign finance enforcement office would have a total FTE count of 29 employees.

### Article VII

#### Creation Of A New Election Law Enforcement Unit

Part H of the Public Protection Article VII bill contains several of the Governor's Campaign Finance Reform proposals, one of which would create an independent, fully funded division of election law enforcement within the State Board of Elections. The Chief Enforcement Counsel would be appointed by the governor for a term of four years, subject to Senate confirmation.

The proposal mimics in almost all respects that which the Governor put forth in Program Bill 4 of 2012. One exception. However, is that in this proposal, the Enforcement Counsel would be able to assess penalties directly rather than going to the Board for a ruling and potential penalty as the board may often split down partisan political lines as the previous program bill provided.

#### Fiscal Commitment To The Independent Enforcement Counsel's Office

The budget combines existing funding of \$1.3 million slated for campaign finance enforcement with an additional \$4.1 million to support the newly created division, for a total operating budget for the unit of \$5.4 million. The following chart breaks down how said funds would be spent.

	FTEs	Currently in the BOE	Anticipated Support From OITS	FTEs	New SFY 2015 Resources	Total
Management & Enforcement	6	\$515,000		6	\$500,000	12 FTEs for \$1,015,000
Intake & Processing	5	\$295,000		2	\$100,000	7 FTEs for \$395,000
Audit & Investigations	4	\$280,000		3	\$215,000	7 FTEs for \$495,000
Education, Outreach & Training	3	\$205,000		0		3 FTEs for \$205,000
Non-Personal Services	0	\$25,000		0	\$825,000	\$850,000
IT Systems	0		\$1,100,000	0	\$1,300,000	\$2,400,000
<b>Total:</b>	<b>18</b>	<b>\$1,320,000</b>	<b>\$1,100,000</b>	<b>11</b>	<b>\$2,940,000</b>	<b>\$5,360,000</b>

With a total staff of 29, the Division of Election Law Enforcement will have the authority and the resources to independently conduct investigations into violations of the State’s election laws.

**Campaign Finance Reforms**

Part H of the Public Protection Article VII bill contains the Governor’s omnibus campaign finance reform and public financing proposal. This bill, with the exception of several minor changes is nearly identical to the Governor’s Program Bill 12 from last year.

**Program Funding**

A notable change from the initial 2012 proposal is the failure to include one of the main funding mechanisms, which has been deleted from this version. The 2012 bill amended the General Business Law to provide for a 10% surcharge on top of any penalty, damages, or settlement authorized by section 359-g or sections sixty three of sixty three-c of the executive law.

In this proposal the Governor includes language to fund the system through the general fund, a tax check off box, and annual transfers from the state’s abandoned property fund pursuant to section 95 (5) of the state finance law.

The Division of the Budget estimates the cost to publically finance a four year election cycle of primary and general elections to be \$166 million, or \$41.5 million per year. Additional costs to administer the bill and develop technology solutions in support of both the public financing program and new disclosure requirements are also estimated to average \$14.3 million over the four year election cycle. In addition, \$3 million in start up costs are estimated. Costs would peak in SFY 2018-19, related to the statewide election in 2018.

Identical Highlights of the proposal include:

- Limits public financing participating candidates as follows: Assembly races: \$2,000 primary and \$2,000 general (**\$4,000 total**) Senate races: \$4,000 primary and \$4,000 general (**\$8,000 total**); Statewide races:\$6,000 primary and \$6,000 general (**\$12,000 total**)
- Candidates may contribute their own money to their own campaign in an amount up to three times the applicable limit;
- Limits nonparticipating as follows: Assembly races:\$3,000 primary and \$3,000 general (**\$6,000 total**); Senate races:\$5,000 primary and \$5,000 general (**\$10,000 total**); Statewide races:\$10,000 primary and \$15,000 general (**\$25,000 total**)
- Reduces corporate contribution limit from \$5,000 to \$1,000;
- Establishes \$25,000 limit on contributions to parties, including housekeeping accounts;
- \$5,000 limit on cash transfer and support from parties, except that an unlimited amount can be transferred or spent in support from funds comprising no more than \$500 from each contributor
- Unlimited party spending for non-candidate specific expenditures;
- 6:1 ratio on contributions up to \$175 in primary and general;
- Requires disclosure of independent expenditures (defined to include what would usually be called Ekes) of more than \$1,000
  - All independent spenders must first register with SBOE
  - For IEs greater than \$1,000, a disclaimer of the funding person or entity is required
  - Independent spenders must report donors of more than \$1,000, with no exceptions for a segregated fund or earmarking
  - Contributions over \$1,000 must be reported within 48 hours; and within 30 days of any election, within 24 hours
- Sets \$25,000 limit on housekeeping contributions;
- Eliminates LLC Loophole;
- Further delineates and restricts how campaign funds can be used

## OFFICE OF EMPLOYEE RELATIONS

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$7,863,000	\$2,863,000	(\$5,000,000)	63.59%
Internal Service Fund	\$5,129,000	\$1,947,000	(\$3,182,000)	62.04%
<b>Total</b>	\$12,992,000	\$4,810,000	(\$8,182,000)	62.98%

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

### Overview of Executive Budget Proposal

The Executive Budget recommends a \$4.81 million appropriation for the Office of Employee Relations (OER), a decrease of \$8.18 or 63% under last year's enacted budget. The reductions to OER are due to a reduction of \$5 million pilot program for a worker retraining and continued consolidation of services in the Office of Information Technology Services (OITS).

Last year's budget appropriated \$5 million from the General Fund to support a pilot program to retrain workers who were displaced by closures in various state facilities. The Executive has not recommended a new allocation in the next fiscal year above the \$5 million reappropriation.

Additional reductions in OER's recommended allocations are due to the transfer of non-personal service costs to OITS and a general reduction in funding for purposes of collective bargaining. Less than 10% of the workforce is subject to any collective bargaining negotiations in the current year, therefore, the Executive projects a general reduction in funds necessary to support management activities in collective bargaining.

## EXECUTIVE CHAMBER

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
State Operations	\$17,854,000	\$17,854,000	\$0.00	0%
<b>Total All Funds:</b>	<b>\$17,854,00</b>	<b>\$17,854,000</b>	<b>\$0.00</b>	<b>0%</b>

### Overview of Executive Budget Proposal

The Executive recommends no change to the appropriation of \$17.85 million for the operation of the Executive Chamber. There would likewise be no change to the number of 136 FTEs for the Executive Chamber.

## LT. GOVERNOR

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
State Operations	\$630,000	\$630,000	\$0.00	0%
<b>Total All Funds:</b>	<b>\$630,000</b>	<b>\$630,000</b>	<b>\$0.00</b>	<b>0%</b>

### Overview of Executive Budget Proposal

The Executive recommends no change to the appropriation of \$630,000 for the operation of the Office of the Lieutenant Governor. There would likewise be no change to the number of 7 FTEs for the office.

## GENERAL STATE CHARGES

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$2,942,535,000	\$3,156,718,000	\$214,183,000	7.02%
Fiduciary Funds	\$150,500,000	\$400,500,000	\$250,000,000	90.74%
<b>Total</b>	<b>\$3,093,035,000</b>	<b>\$3,557,218,000</b>	<b>\$464,183,000</b>	<b>13.11%</b>

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

The State Fiscal Year (SFY) 2014-15 Executive Budget recommends an All Funds appropriation of \$3.55 billion, a 13.11% increase of \$464 million above SFY 2013-14 levels.

### Article VII

#### Income Related Medicare Adjustment Amounts (IRMAA) Reimbursement

As was the case in last year's budget, the Governor has proposed eliminating the state's reimbursement of certain premiums paid by State retirees. All state retirees at age 65 (or whenever they retire after age 65) are enrolled in Medicare Part B as their primary health insurance. As of 2007, upper income retirees were required by federal law to pay an additional premium on their Medicare Part B insurance from between \$42 a month to \$230.80 a month. The State fully reimburses the cost of this premium, valued in 2013 as \$4.30 million a year.

This Executive Budget proposal would eliminate the IRMAA reimbursement entirely, effective January 2015 for 2014 premiums. While the state would only save \$1.70 million in SFY 2014-15, the savings would increase yearly to \$7.20 million in SFY 2017-18 because the income rates for the IRMAA premium is not indexed to inflation and the number of retirees will increase. The Executive states that retirees account for 45% of spending on employee health benefits, which grows at a rate of 7% per year. The Executive believes that capping retiree healthcare costs is essential to managing overall personnel expenses. The following charts outline the charges and savings associated with this proposal.

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

State Fiscal Year	Projected IRMAA Retirees	Annual Savings (in millions)
2014-2015	5,585	\$1.70
2015-2016	6,452	\$5.40
2016-2017	7,454	\$6.30
2017-2018	8,612	\$7.20

## DEPARTMENT OF FINANCIAL SERVICES

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
Special Revenue-Other	\$326,630,823	\$326,630,823	\$0.00	0%
Aid to Localities	\$225,566,000	\$224,816,000	(\$750,000)	-.33%
<b>Total All Funds:</b>	<b>\$551,196,823</b>	<b>\$551,446,823</b>	<b>\$(750,000)</b>	<b>-.14%</b>

*To reform the regulation of financial services in New York to keep pace with the rapid and dynamic evolution of these industries, to guard against financial crises and to protect consumers and markets from fraud*

### **The 2014-15 Executive Recommendation**

In the 2014-15 Executive Budget for DFS, recommends an All Funds appropriation of \$551.4 million for DFS, a decrease of \$750,000 from the enacted 2013-14 budget. This decrease is due to the sunset of the Entertainment Workers Program which sunsets on July 1, 2014.

### **ARTICLE VII**

- Proposes enhanced protections to consumers regarding coverage for out-of-state network health services
- Includes a proposal to license title insurance insurers in the state of New York
- Proposes enhance a consumer protection.

## OFFICE OF GENERAL SERVICES (OGS)

Agency	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$163,313,000	\$144,635,000	\$(18,678,000)	11.44%
Special Revenue - Other	\$22,230,000	\$30,099,000	\$7,869,000	35.40%
Special Revenue - Federal	\$8,230,000	\$8,230,000	\$0	0.00%
Capital Projects Fund	\$97,000,000	\$90,000,000	\$(7,000,000)	-7.22%
Internal Service Funds	\$835,300,000	\$828,516,000	\$3,216,000	.39%
Enterprise Funds	\$1,298,000	\$1,304,000	\$6,000	.46%
Fiduciary Funds	\$6,750,000	\$750,000	\$(6,000,000)	-88.89%
<b>Total All Funds:</b>	<b>\$1,027,121,000</b>	<b>\$1,013,534,000</b>	<b>\$(13,587,000)</b>	<b>1.32%</b>

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

### Office of General Services Budget Highlights

The Executive Budget recommends \$1.104 billion for the Office of General Services (\$145 million General Fund; \$869 million Other Funds; and \$90 million Capital Funds) reflecting an All Funds decrease of \$20.6 million from the 2013-14 Budget.

The Executive proposal calls for a General Fund reduction of \$18.7 million, which is attributed primarily to the decrease in the completion of contracts related to Enterprise Services initiatives.

The increase in the Special Revenue Funds-Other is due to the Executive's proposed realignment of \$6.0 million from Fiduciary Funds and the addition of \$600,000 to facilitate non-State-funded special events hosted by OGS statewide, where DOB expects event costs to be fully offset by donations and event vendor fees. (These are events held primary at the Empire State Plaza, either above or below ground, which are not state sponsored, such a concerts, farmers' markets, etc.

The Executive Budget recommends a workforce of 1,561 FTEs. The increase of 8 FTEs from the 2013-14 level is needed to staff both the ongoing operational management and maintenance needs of the new Agriculture and Markets Food Lab and to staff the Warehouse Stockpile Initiative. The goal of this initiative is to have a contract in place that will be responsible for all aspects of managing a number of warehouses that will house disaster relief equipment and supplies. It is anticipated that the selected contractor will have significant experience in logistics and will be able to provide staffing and inventory support, and manage up to nine disaster logistics stockpiles located throughout New York State.

## DIVISION OF HOMELAND AND SECURITY AND EMERGENCY SERVICES

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$357,488,000	\$158,488,000	(\$199,000,000)	-55.67%
Special Revenue-Federal	\$13,285,474,000	\$635,474,000	(\$12,650,000,000)	-95.22%
Special Revenue-Other	\$121,491,000	\$123,701,000	\$2,210,000	1.82%
Capital Projects	\$450,000,000	\$137,000,000	(\$313,000,000)	-69.56%
Internal Service Funds	\$2,000,000	\$2,000,000	\$0	0.00%
<b>Total</b>	<b>\$14,216,453,000</b>	<b>\$1,056,663,000</b>	<b>(\$13,159,790,000)</b>	<b>-92.57%</b>

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

The Executive Budget recommends \$1.06 billion in support for the Division of Homeland Security and Emergency Services. The decrease of \$13.1 billion reflects the one time federal appropriation for Superstorm Sandy

The Executive Budget recommends a workforce of 413 Full Time Equivalent (FTEs) for the Division. This is an increase of 17 FTEs from SFY 2013-2014 all of which relate to an increased fire safety inspection role on behalf of the Office for People with Developmental Disabilities (OPWDD).

The Executive proposed several new capital project appropriations as follows:

- State-of-the-Art Weather Detection System. - An investment of \$15 million from Federal funding related to Superstorm Sandy for this program. The initiative would collaborate with an academic partner to secure a private entity to establish and operate a state-of-the-art weather detection system modeled after five other existing systems in the country to improve weather prediction and reporting to prevent loss of life and assist emergency responders in responding to extreme weather events.
- SUNY College of Emergency Preparedness, Homeland Security, and Cybersecurity – A \$15 million capital appropriation for the cost of studies, site selection, construction, reconstruction, renovation, and equipment for the creation of an interdisciplinary college. The college would provide an advanced degree, specializing in both academic and

professional aspects of law enforcement, security, public and international affairs, counterterrorism, emergency management, cyber security, and forensics.

- Equip Gas Stations with Back-up Power Capacity - \$3.1 million in Federal funds to purchase and install permanent backup generators in Upstate gas stations within a half mile of exits on critical highways.
- Expand State Strategic Fuel Reserves - \$10 to expand the state-based strategic fuel reserve statewide to serve emergency responders.
- Prepare Citizens for Emergencies - \$1 million in funding to provide emergency preparedness courses to interested citizens.
- Purchase State Preparedness Training Center Land – \$7 million to purchase land for the State Preparedness Training Center.
- Statewide Interoperable Communications Grant Program - \$75 million focused on facilitating the development, consolidation, and/or improved operation of public safety communications. The Executive proposes a change in the way funds are distributed:
  - \$50 million in grants for regional communications systems,
  - \$10 million dollars in a new grant, formula driven grants to counties to support ongoing operations of Public Safety Communication Centers, and
  - \$10 million dollars to close gaps in the statewide network, as identified in an ongoing study due to be completed in the spring of 2014.

## **Article VII**

The accompanying Public Protection General Government Article VII, part D contains language that would suspend the deposit of \$1.5 million dollars into the Emergency Service Revolving Loan Fund for four State Fiscal Years.

## OFFICE OF INDIGENT LEGAL SERVICES

Funding Sources	Adjusted Appropriation 2014-2013	Executive Recommendation 2014-2015	Change	Percent Change
Special Revenue-Other	\$82,800,000	\$82,800,000	\$0	0.0%
<b>Total All Funds:</b>	<b>\$82,800,000</b>	<b>\$82,800,000</b>	<b>\$0</b>	<b>0.0%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends \$82.8 million for the Office, the same amount as last year. The Office has a full staffing of 10 FTEs. The Budget includes the continuation of the pilot program for counsel at arraignment who are presumed indigent.

Last years' legislative adds in the amount of \$3 million for upstate case load relief and \$1 million for the Defenders Association and \$5 million for the DNA database have been eliminated.

## OFFICE OF THE INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$6,894,000	\$6,894,000	0	0
<b>Total All Funds:</b>	<b>\$6,894,000</b>	<b>\$6,894,000</b>	<b>0</b>	<b>0</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends an appropriation of \$6.89 million, the same amount as last year.

The Executive recommends staffing of 65 FTEs for the coming fiscal year.

## INTEREST ON LAWYERS ACCOUNT

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	Change	Percent Change
Special Revenue-Other	\$1,841,000	\$1,841,000	0	0%
<b>Total All Funds:</b>	<b>\$46,889,000</b>	<b>\$46,841,000</b>	<b>0</b>	<b>0%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends an appropriation of \$46.80 million the same amount as in the 2013-2014 State Fiscal Year.

Funding for the program is backfilled by the office of court administration in the amount of \$15 million every year.

## JUDICIAL COMMISSIONS

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	Change	Percent Change
General Fund	\$5,452,000	\$5,452,000	\$0	0%
<b>Total All Funds:</b>	<b>\$5,452,000</b>	<b>\$5,452,000</b>	<b>\$0</b>	<b>0%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends \$5.5 million for the three Judicial Commissions; this is a flat funding from last year.

## DEPARTMENT OF LAW

	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	Change	Percent Change
General Fund	\$99,500,000	\$102,805,000	\$3,300,000	3.3%
Special Revenue-Federal	\$27,200,000	\$27,200,000	\$0	.0%
Special Revenue-Other	\$67,300,000	\$67,300,000	\$0	0%
<b>Total All Funds:</b>	<b>\$220,600,000</b>	<b>\$223,900,000</b>	<b>\$3,300,000</b>	<b>1.5%</b>

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

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

The Executive Budget recommends an increase of \$3.30 million bringing total funding to \$223.9 million.

There is a Capital Appropriation of \$9 million for technology improvements such as case management.

### **J.P.Morgan/Chase Lawsuit Settlement**

The Executive and the Department of Law will share half the \$163 million proceed from the settlement with J.P.Morgan.Chase on the mortgage derivatives lawsuit.

Of the Executives \$81.50 million in proceeds, \$56.50 million is to go to an unspecified housing programs. The remaining funds are unallocated.

The General Fund increase of \$3.3 million is to move the White Plains Office and replace vehicles.

## DIVISION OF MILITARY AND NAVAL AFFAIRS

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$24,295,000	\$24,566,000	\$271,000	1.12%
Special Revenue-Federal	\$42,780,000	\$42,780,000	\$0	0.00%
Special Revenue-Other	\$9,577,000	\$9,577,000	\$0	0.00%
Capital Projects	\$39,200,000	\$39,200,000	\$0	0.00%
<b>Total</b>	<b>\$115,852,000</b>	<b>\$116,123,000</b>	<b>\$271,000</b>	<b>0.23%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends \$116.10 million in funding for the Division of Military and Naval Affairs, an increase of \$271,000 from SFY 2013-14, primarily reflecting a contingency authorization for State activations of the New York National Guard.

The recommended workforce remains unchanged at 387 Full Time Equivalent positions.

## OFFICE FOR THE PREVENTION OF DOMESTIC VIOLENCE

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

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

The SFY 2014-15 Executive Budget recommends \$4.90 million for the Office for the prevention of domestic violence. The office has the same number of FTEs as last year, 28 FTEs.

## PUBLIC EMPLOYMENT RELATIONS BOARD (PERB)

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$3,600,000	\$3,600,000	0	0
Internal Service Fund	\$384,000	\$384,000	0	0
<b>Total</b>	<b>\$3,984,000</b>	<b>\$3,984,000</b>	<b>0</b>	<b>0</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends appropriations of \$3.98 million for the Public Employee Relations Board., the same amount as in last year. This level of funding supports the efforts of 33 employees who resolve labor disputes in covered employment jurisdictions.

## JOINT COMMISSION ON PUBLIC ETHICS (JCOPE)

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$4,182,000	\$4,382,000	\$200,000	4.56%
<b>Total All Funds:</b>	<b>\$4,182,000</b>	<b>\$4,382,000</b>	<b>\$200,000</b>	<b>4.56%</b>

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

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

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

The Executive Budget recommends an increase of \$200,000 for an All Funds appropriation of \$4.4 million. The additional funding will be used for the creation and staffing of a sexual harassment hotline.

The workforce at JCOPE would increase from 44 to 45 FTEs as a result of the hotline.

## DIVISION OF STATE POLICE

Category	Adjusted Appropriation 2013-14	Appropriations Recommended 2014-15	Change	Percent Change
General Fund	\$601,360,000	\$601,360,000	\$0	0.00%
Special Revenue-Federal	\$7,335,000	\$7,200,000	(135,000)	-1.84%
Special Revenue-Other	61,109,000	67,109,000	6,000,000	9.82%
Capital Projects	\$25,000,000	\$16,000,000	(\$9,000,000)	-36.00%
<b>Total All Funds:</b>	<b>694,507,000</b>	<b>691,372,000</b>	<b>(3,135,000)</b>	<b>-0.45%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends \$691.4 million in All Funds for the State Police. This is a net decrease of \$3.1 million from the prior fiscal year associates with:

The Executive include \$6 million for the design and construction of a Forensic/Evidence Storage Facility at the Troop K Headquarters located in Poughkeepsie, NY. In addition, the Governor proposes \$10 million over the next three years for the creation of the NYS Protection Cloud also known as the Public Safety Solutions Center.

This proposal would:

- Provide by the State to local law enforcement agencies secure “cloud” services to enhance public safety and provide fiscal relief to municipalities and counties. These services would be at a lower cost, with better integration, higher capability technology available to local law enforcement.
- Provide crime mapping and facial recognition services available in 2014.
- Provide a records management system for law enforcement agencies available in 2015.
- Plan the consolidation of dispatch and automated vehicle location technologies in 2015.

The Executive Budget recommends a workforce of 5,439 FTEs for the Division. This is an increase of 20 FTEs reflecting a delay in the employment of several FTE positions approved in the enacted State Budget for the 2013-2014 State Fiscal Year.

## Article VII Legislation

### **Part A**

The Executive proposes to increase license sanctions for multiple alcohol and drug-related driving offenses. Specifically, drivers found guilty twice of driving while intoxicated or driving while impaired by drugs or alcohol within a three-year period will have their licenses suspended for five years. Drivers who have three such convictions in their lifetime will have their licenses permanently revoked.

The Executive proposes the following fine increases:

- Increasing the maximum fine amount for failing/refusing to take a chemical test from \$750 to \$1000;
- Civil penalty for second convictions of alcohol and drug-related driving offense from \$750 to \$1000; and
- Maximum minimum fine amount from \$500 to \$1000 for the conviction of aggravated unlicensed operation of a motor vehicle in the first degree, a class E felony.

<b>License Sanctions for Multiple Drinking and Driving Offenses</b>		
<b>Sanctions</b>	<b>Current Maximum Fine</b>	<b>Proposed Increase</b>
Failing/Refusal to Submit to a Chemical/Blood Test	\$750.00	\$1,000.00
Civil Penalty for Second-Offender of Alcohol/Drug Related and Driving Offense	\$750.00	\$1,000.00
Aggravated Unlicensed Operation 1 <sup>st</sup> Degree Class E Felony*	\$500.00	\$1,000.00
* Denotes the current mandatory minimum fee.		

### **Part B**

The Executive proposes to increase license sanctions for texting and cell phone violations committed by persons under the age of 21, and increase the maximum fines for all texting and driving violations. The proposed legislation states that any person under the age of 21 convicted of texting-while-driving will have their license suspended for one year, which is double the current length of suspension for such violations. It should be noted that this one year revocation applies to a second or subsequent conviction for a violation of texting/cell phone offense committed by a under the age of 21 driver.

The Executive has proposed the following increase in the fine schedule for cell-phone and texting related offenses since its adoption last year:

- 1st offense –minimum fine of no less than \$50 to no more than **\$200**
  - From no more than \$150
- 2nd offense within five years– minimum fine of no less than \$50 no more than **\$300**
  - From no more than \$200
- 3rd offense within five years- minimum fine of no less than \$50 no more than **\$500**
  - From no more than \$300

<b>Cell Phone Texting and Driving Offenses</b>		
<b>Cell-Phone/Texting and Driving Related Offenses</b>	<b>Current Maximum Fine</b>	<b>Proposed Increase</b>
First Offense	\$150.00	\$200.00
Second Offense within Five Years	\$200.00	\$300.00
Third Offense within Five Years	\$300.00	\$500.00

**Part C**

Extends for one year the sunset provision relating to the disposition of monies recovered by county district attorney’s. Existing law authorizes a county district attorney in New York City to retain a portion of the recoveries it makes before the filing of an accusatory instrument. The remaining amount is distributed equally between the State and the City of New York. The existing statute will otherwise expire on March 31, 2014.

For the past three years, the State and the City of New York have received equal distribution from the Manhattan District Attorney's recoveries. This equal distribution will not be altered.

**Part D**

The Executive proposes to extend until State Fiscal Year 2018 the suspension of the subsidy (deposit) to the New York State emergency services revolving loan fund from cell phone surcharge revenue due to expire this year.

**Part H Subpart A: Updated Public Trust Act**

The Executive updates the Public Trust Act of 2013 with legislation that includes changes to Public Officers Law § 73-a. The Legislative Ethics Financial Disclosure forms as proposed by the Moreland Commission are amended to direct expanded financial disclosure:

If the reporting individual practices law, is licensed by the Department of State as a real estate broker or agent or practices a profession licensed by the Department of Education, or works as a member or employee of a firm required to register as a lobbyist, describes the services rendered for which compensated was paid, including a general description of principal subject areas of matters undertaken or principal duties performed.

In addition, pursuant to this proposal, legislators would be required to disclose all direct referrals of business to their firms by lobbyists or clients of lobbyists. This bill specifies that for such referrals to trigger disclosure it shall have been made by direct communication from the lobbyist or client of lobbyist to the reporting individual. This proposal applies to new clients or customers for whom services are provided for on or after January 1, 2015, or new matters for existing clients or customers provided on after January 1, 2015.

This proposal to expand financial disclosure into referrals from lobbyists or clients of lobbyists does incorporate a mechanism to allow the reporting individual to request an exemption from answering the question on the Legislative Ethics Financial Disclosure Forms.

The Act also addresses three major areas of new and existing law – Official Misconduct, Corrupting the Government and Public Corruption, and Bribery – and incorporates them into existing statutes to provide enhanced penalties. Specific provisions under these headings include:

- Bribery of a Public Servant: A prosecutor need only prove that the person paying the bribe “intended” to influence the public official or that the person receiving it intended to be so influenced, bringing state law in line with the federal standard.
- Corrupting the Government: Anybody, whether acting in concert with a public servant or not, who engages in a course of conduct to defraud a state or local government would be guilty of a crime.
- Failure to Report Public Corruption: Create the misdemeanor crime for any public official or employee to fail to report bribery.
- Enhanced Penalties for Crimes involving Public Corruption including Official Misconduct
- Lifetime Ban from Government: Convictions arising from crimes involving Public Corruption would disqualify individuals from registering as lobbyists, holding elected or appointed office, and doing business with the State.
- Additional Tools for Prosecutors to include discretion to strip a witness who testifies before a grand jury investigating fraud on the government or official misconduct of the option to have transactional immunity. This means that a witness may still be prosecuted for his or her role in crime if the prosecutor develops evidence other than, and independent of, the evidence given by the witness.

## OFFICE FOR INFORMATION TECHNOLOGY SERVICES

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$248,100,000	\$418,262,000	\$170,162,000	68.59%
Special Revenue-Other	\$5,000,000	\$30,000,000	\$25,000,000	500%
Internal Service Funds	\$407,465,000	\$347,465,000	\$(60,000,000)	(14.72)%
Enterprise Funds	\$4,000,000	4,000,000	0.00	0%
Capital Projects	\$87,740.00	115,700,000	\$27,960,000	31.87%
<b>Total All Funds:</b>	<b>\$752,305,000</b>	<b>\$915,427,000</b>	<b>\$163,122,000</b>	<b>21.68%</b>

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

### Overview of Executive Budget Proposal

- The Office on Information Technology Services (ITS) was created in 2012 as a method of consolidating IT operations statewide. The Executive recommends an All Funds appropriation of \$915.00 million, which is an increase of \$163.00 million from the prior fiscal year. The proposal notes that this increase is supported by transfers of funds from other agencies for personal service and non-personal service obligations taken on by ITS. The Executive recommends an increase of 41 FTEs, for a total of 3,819 FTEs. The justification for this is the additional duties being taken on by ITS.

### ARTICLE VII

- Article VII legislation in the 2014 Public Protection and General Government Budget provides for the re-classification of certain employees who have been transferred from GOER, JCOPE, and Civil Service into ITS pursuant to the 2012 legislation, into IT titles consistent with their job duties. The Article VII legislation also allows for certain ITS employees to become eligible for term appointments without examination.
- The Article VII legislation also provides that ITS may enter into technology services agreements with municipal corporations, public benefit corporations, political subdivisions, public authorities, water and soil conservation districts, as well as SUNY and CUNY.
- The Article VII proposal also provides for the ability for ITS to “in-source,” meaning that consultants with specific IT skills can be hired by the States, provided that they meet certain criteria. Such appointments will last 60 months. During that time, in-sourced employees would have the opportunity to take civil service exams to become permanent state employees.
- The Article VII legislation also addresses cyber security issues; specifically, there is an extension through December, 2015 which allows ITS to provide protection to state agencies through monitoring and detecting of IT-related occurrences.

According to DOB when fully implemented, the four enterprise projects (data center, email, telecom and EIAM) will result in approximately \$100 million in annual savings. Consolidation does not result in direct savings but supports the above and future enterprise projects and permits the full, efficient use of State resources (PS and NPS).

Below is a list of the agencies tentatively targeted for consolidation in 2014-15. Consolidation will occur only after an extensive review of agency spending and obligations, which may impact the timing of these consolidations. The table below also includes IT spending amounts for 2012-13. This number should only be used as a reference since consolidation amounts are identified only after the transfer analysis is complete. Please note that the SFY 2014-15 Executive Budget appropriation amounts were not adjusted to account for these 2014-15 mid-year transfers.

<b>Agency</b>	<b>IT Spending</b>
Adirondack Park Agency	\$263,000
Dept of Agriculture & Markets	\$1,248,000
Dept of Environmental Conservation	\$13,951,000
Office of Park, Recreation & Historic Preservations	\$5,536,000
DHSES	\$7,783,000
Department of Public Service	\$1,271,000
Division of State Police	\$17,525,000
Board of Elections	\$3,180,000
Department of State	\$2,419,000
Department of Motor Vehicles	\$7,945,000
Division of Alcohol & Beverage Control	\$126,000
Workers Compensation Board	\$23,924,000
OCFS	\$46,930,000
OTDA	\$31,726,000
Department of Transportation	\$14,782,000
<b>Total</b>	<b>\$178,609,000</b>

## DIVISION OF VETERAN'S AFFAIRS

Category	Available 2012-13	Appropriations Recommended 2013-14	Change 2012-13	Percent Change
General Fund	\$14,382,000	\$15,012,000	\$630,000	4.38%
Special Revenue-Federal	\$2,466,000	\$2,466,000	\$0	0.00%
<b>Total All Funds:</b>	<b>\$16,848,000</b>	<b>\$17,478,000</b>	<b>\$630,000</b>	<b>3.74%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends \$17.5 million for the Division, an increase of \$630,000 from the prior year. This increase will support additional agency staffing authorized in the current year for the Veterans Counseling Services Program as well as an increase in annuities to blind veterans.

The Executive Budget recommends a workforce of 98 FTEs, the same amount from last year.

- Cold War Certificates for Veterans – The Executive proposes an appropriation of \$100,000 to provide certificates to qualifying veterans to comply with enacted legislation.
- Contingency Appropriation – the Executive proposes a contingency appropriation of \$171,000 for unforeseen State activations.

## WORKERS' COMPENSATION BOARD

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
Special Revenue- Other	\$203,227,000	\$187,237,000	(\$15,990,000)	(7.86)%
<b>Total</b>	<b>\$203,227,000</b>	<b>\$187,237,000</b>	<b>(\$15,990,000)</b>	<b>(7.86)%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends appropriations of \$187.3 million for the Workers' Compensation Board, a reduction of \$15.99 million or 7.86% from last year's budget. The reduction in funds is due entirely to the transfer of 130 FTEs to the Office of Information Technology Services (OITS).

### Workers' Compensation Reserves

The Executive Budget includes funding from the General Fund in the amount of \$13.21 million to the Workers' Compensation Reserves, a decrease of \$1.19 million. The decrease in appropriations is due to the shrinking of payments to the State Insurance Fund (SIF) necessary to fulfill the agreement between the New York State Department of Civil Service and SIF over owed assessments for public employees.

# **Agency Details: Educations, Labor, and Family Assistance**

## NEW YORK STATE COUNCIL ON THE ARTS

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
General Fund	\$39,974,000	\$39,974,000	\$0	0%
Special Revenue-Other	\$196,000	\$196,000	\$0	0%
Special Revenue-Federal	\$1,513,000	\$1,513,000	\$0	0%
<b>Total</b>	<b>\$41,683,000</b>	<b>\$41,683,000</b>	<b>\$0</b>	<b>0%</b>

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

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

The Executive Budget proposal recommends an All Funds appropriation totaling \$41.68 million for SFY 2014-2015. This is the same level provided in the SFY 2013-2014 enacted budget.

## CITY UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$1,369,880,400	\$1,410,608,490	\$40,728,090	2.97%
Special Revenue-Other	\$175,400,000	\$175,400,000	\$0	0.00%
Capital Projects	\$45,083,000	\$310,611,000	\$265,528,000	588.98%
Fiduciary Funds	\$2,153,638,240	\$2,255,820,900	\$102,182,660	4.74%
<b>Total</b>	<b>\$3,744,001,640</b>	<b>\$4,152,440,390</b>	<b>\$408,438,750</b>	<b>10.91%</b>

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

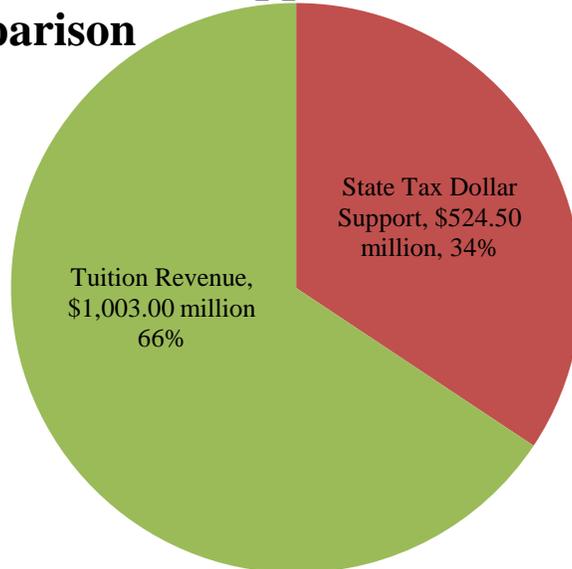
*The City University of New York (CUNY) is the nation's third largest public university system educating more than 232,000 students in the urban community of New York. The City University of New York has 11 senior colleges, a Graduate School and University Center, a Graduate School of Journalism, a Law School and six community colleges. The City University's operating budget supports an estimated 12,933 full time equivalent positions consisting of 12,641 positions supported through a combination of State tax dollars and tuition revenues and 292 positions supported through other funds. Community college staffs are not included in these totals as they are not employees of the State.*

### Overview of Executive Budget Proposal

The SFY 2014-15 Executive Budget recommends an All Funds appropriation of \$4.15 billion for the CUNY Senior Colleges, an increase of \$102.10 million, from SFY 2013-14 levels. General Fund appropriations for the CUNY system increase by \$40.73 million or 2.97% from \$1.37 billion to \$1.41 billion. The Special Revenue-Other category remains at last years' level of \$175.4 million, associated with appropriation authority to disburse self-generated revenue. Fiduciary funding representing aid to CUNY from the City of New York increases by \$102.10 million or 4.7% from SFY 2013-14.

The SFY 2014-15 Executive Budget proposes State Tax Dollar support in the amount of \$524.5 million, the same amount consistent with the SUNY/CUNY 2020 program which maintains the State's maintenance of effort requirements. Tuition revenue increases by \$60.80 million or 6% over the prior year for a total of \$1.03 billion. This increase of \$60.80 million is associated with the rational tuition policy included as part of the SUNY 2020 legislation. Overall, total core operating budget for CUNY is \$1.55 billion. State Tax Dollar Support accounts for 34% of all CUNY support while tuition revenue accounts for almost 66% of all CUNY funding (see next page).

## CUNY: State Tax Dollar Support and Tuition Revenue Comparison



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### Funding for Opportunity and Financial Aid Programs

The SFY 2013-14 funding for the Search for Education, Elevation and Knowledge (SEEK) Program is recommended at \$18.3 million, a decrease of \$551,340 from last years' level of \$18.9 million. The SEEK program provides supplemental financial aid, academic support, counseling and mentoring services for students at CUNY's Senior Colleges.

### Community Colleges

The Executive recommendation maintains base aid for community colleges at \$2,422 per Full-Time Equivalent (FTE) student. This will result in overall community college base aid in the amount of \$201.5 million. The community college base aid allocation maintains funding of \$2 million for performance associated with the New York Job Linkage Program.

The recommended SFY 2014-15 Executive Budget includes appropriations for workforce development in the amount of \$1.88 million, \$813,100 for child care centers, and \$883,390 for College Discovery. Spending for CUNY's community college rental aid would total \$8.94 million, the same amount as last year.

The Executive eliminated funding provided by the Legislature in the amount of \$1.7 million for the Accelerated Study in Associated Degree (ASAP) program. The proposed Executive Budget also reduces child care funding by \$544,000.

### Capital Plan

The Executive proposes a capital projects appropriation of \$310.60 million, an increase of \$265.5 million from SFY 2013-14 levels. This increase is associated with the second year of a new five-year capital plan. It also includes \$15.60 million to provide for the state's 50% share of projects at CUNY Community Colleges and a \$15.98 million appropriation to pay the CUNY

Construction Fund costs. Additional funds for capital construction associated with the CUNY 2020 proposal will be funded through the Empire State Development Corporation.

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

### **Article VII**

New York State Science, Technology, Engineering and Mathematics (STEM) Incentive Program: This program would provide free tuition in an amount equal to undergraduate SUNY tuition. In order to qualify for this tuition incentive program, students must:

- Graduate from high school located in New York State during the 2013-2014 School Year;
- Graduate within the top 10% of their high school class; and,
- Be enrolled in full-time study each academic year beginning in the Fall term after their graduation in an approved undergraduate program in STEM fields;
- Sign a contract with the Higher Education Services Corporation agreeing that if the student fails to complete five years of employment in a STEM field, fails to complete a degree in a STEM field, does not maintain residency in New York State or respond to HESC's requests for the status of academic or professional progress, HESC would be authorized to convert such an award into a student loan plus interest.

If a student receives educational grants and scholarships that cover the student's full cost of attendance, then, that student would be ineligible to apply for this scholarship. If a student upon graduation pursues a graduate or higher degree or a professional licensure, that student will receive a grace period to pursue such a degree.

The first round of grants will be provided in the 2014-2015 Academic Year. It is estimated that the first year's cost of this program is approximately \$8 million increasing to \$33 million when fully implemented. The Executive expects that 2,000 students will benefit from this program in its first year.

# STATE EDUCATION DEPARTMENT

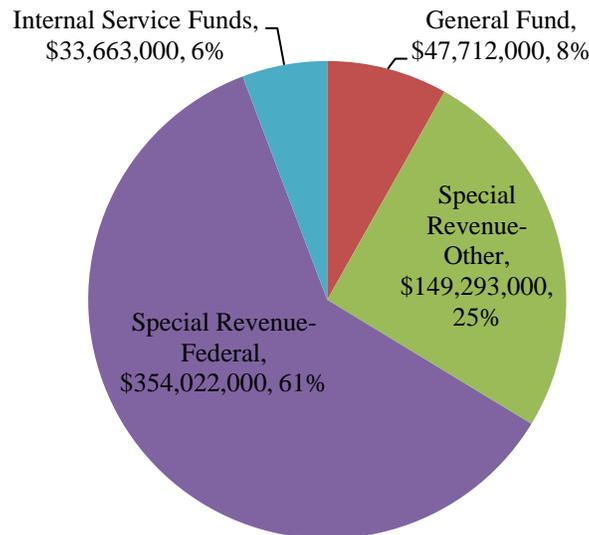
Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$37,803,065,850	\$40,539,086,850	\$2,736,021,000	7.24%
Special Revenue-Federal	\$4,672,253,000	\$4,701,734,000	\$29,481,000	0.63%
Special Revenue-Other	\$9,968,092,000	\$10,802,762,000	\$834,670,000	8.37%
Capital Projects	\$17,400,000	\$4,017,400,000	\$4,000,000,000	11494.25%
Internal Service Funds	\$33,663,000	\$33,663,000	\$0	0.00%
<b>Total</b>	<b>\$52,494,473,850</b>	<b>\$58,094,645,850</b>	<b>\$5,600,172,000</b>	<b>10.67%</b>

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

## Overview of the Executive Budget Proposal

The State Fiscal Year (SFY) 2014-2015 Executive Budget recommends an All Funds appropriation in the amount of \$58.09 billion; an increase of \$5.6 billion million or almost 10.67% from SFY 2013-14. Of this amount, the General Fund increase of \$2.74 billion is associated with a net increase in Aid to Localities funding.

### State Education Department Funding for State Operations, 14-15



State Operations-General Fund resources for the State Education Department remained at 8% of the Total State Operations funding. Aid to Localities comprises the largest share of the All Funds

spending, with \$55.49 billion, a net increase of \$834.60 million from the prior year. The Capital Projects Budget legislation includes two different appropriations for the Smart Schools program, each in the amount of \$2 billion: one in the capital projects fund where the State spending will occur in the first instance, and the other in the bond fund that will then reimburse the capital projects fund using the proceeds of the bonds sold to finance the Smart Schools program. However, the actual cost of the Smart Schools programs is \$2 billion.

### School Aid

The SFY 2014-15 Executive Budget recommends School Aid funding at \$21.28 billion, reflecting a 2.92% increase of \$602.82 million. This increase is associated with the continuation of the Foundation Aid increase provided in the enacted budget and the provision of current law funding in the net amount of \$279.53 million. The Executive State Aid recommendation also includes a Gap Elimination Adjustment restoration in the amount of \$323.3 million. The additional \$100 million UPK increase proposed by the Governor would increase the formula-base aid appropriation to \$21.38 billion, an increase of \$702.82 million or 3.4 percent.

<b>Total School Aid Allocation for SY 2014-2015 and 2013-2014</b>				
<b>Category</b>	<b>13-14 School Year</b>	<b>14-15 School Year</b>	<b>\$ Change</b>	<b>% Change</b>
Foundation Aid	\$15,182,124,758	\$15,182,124,758	\$0	0.00%
Charter School	\$33,133,175	\$29,243,872	(\$3,889,303)	-11.74%
High Tax Aid	\$223,298,324	\$223,298,324	\$0	0.00%
Transportation including Summer	\$1,635,691,029	\$1,724,985,439	\$89,294,410	5.46%
Operating Reorganization	\$8,483,856	\$8,198,195	(\$285,661)	-3.37%
BOCES	\$735,422,786	\$761,450,540	\$26,027,754	3.54%
Special Services	\$199,125,916	\$204,383,318	\$5,257,402	2.64%
High Cost EC	\$530,317,053	\$547,089,802	\$16,772,749	3.16%
Private EC	\$330,934,257	\$372,338,650	\$41,404,393	12.51%
Software, Library and Textbook	\$241,789,795	\$246,233,935	\$4,444,140	1.84%
Hardware & Tech	\$37,630,237	\$38,617,447	\$987,210	2.62%
Full Day K	\$19,318,401	\$2,353,772	(\$16,964,629)	-87.82%
UPK	\$385,034,734	\$385,034,734	\$0	0.00%
Supplemental Excess Cost Aid	\$4,313,167	\$4,313,167	\$0	0.00%
Academic Enhancement Aid	\$27,024,033	\$27,024,033	\$0	0.00%
Gap Elimination Adjustment	(\$2,156,286,074)	(\$1,638,788,735)	\$517,497,339	-24.00%
GEA Restoration	\$517,497,339	\$323,303,987	(\$194,193,352)	-37.53%
Building and Building Reorganization	\$2,722,641,352	\$2,839,108,648	\$116,467,296	4.28%
<b>Total Formula Base Aids</b>	<b>\$20,677,494,138</b>	<b>\$21,280,313,886</b>	<b>\$602,819,748</b>	<b>2.92%</b>
Governor's Full Day UPK	\$0	\$100,000,000	\$100,000,000	0.00%
Grant Programs and Other Aid Categories	\$297,100,000	\$351,260,000	\$54,160,000	18.23%
Additional Grants Performance	\$100,000,000	\$150,000,000	\$50,000,000	50.00%
<b>Total Aid</b>	<b>\$21,074,594,138</b>	<b>\$21,881,573,886</b>	<b>\$806,979,748</b>	<b>3.83%</b>

Grant programs and additional aid categories will increase by a net \$54.16 million or 18.2%. This increase would bring the total State Aid allocation to \$21.67 billion, a 3.6% increase of \$756.90 million. With the addition of a \$50 million increase in funding for the continuation of

prior year competitive programs, bringing, the School Year Total to \$21.88 billion, a 3.8% increase of \$807 million.

**Foundation Aid**

Foundation Aid accounts for over 71.34% of Total School Aid. The enacted budget for School Year 2013-2014 provided for an increase of Foundation Aid in the amount of \$174 million or 1.2% over School Year 2012-2013. The Executive State Aid recommendation incorporates that increase into the State Aid proposal for the 2014-2015 School Year.

**Foundation Aid Funding\***



\* Source: State Education Department Local Assistance Tables, September, 2013.

\*\*Foundation Aid amount for SY 2014-2015 is part of Executive Budget recommendation.

**Expense-Based Aids**

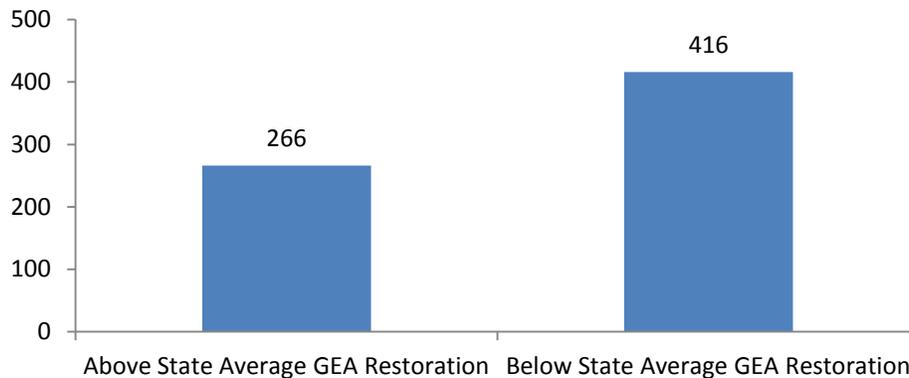
The additional increase in State Aid for SY 2014-2015 is related to the provision of current law funding for expense-based aids. Expense-based aids reimburse school districts for costs already incurred for capital construction, transportation, shared-services, and special education services. The Executive provides current law funding for expense-based aids for a total increase of \$295.22 million over school year 2013-14. See below for aid changes:

Aid Category*	13-14 School Year	14-15 School Year	\$ Change	% Change
Excess Cost-High	\$530,317,053	\$547,089,802	\$16,772,749	3.16%
Excess Cost-Private	\$330,934,257	\$372,338,650	\$41,404,393	12.51%
BOCES & Special Services	\$934,548,702	\$965,833,858	\$31,285,156	3.35%
Transportation (incl. Summer)	\$1,635,691,029	\$1,724,985,439	\$89,294,410	5.46%
Building Aid/Reorganization Aid	\$2,722,641,352	\$2,839,108,648	\$116,467,296	4.28%
<b>School Year Total</b>	<b>\$6,154,132,393</b>	<b>\$6,449,356,397</b>	<b>\$295,224,004</b>	<b>4.80%</b>

### Gap Elimination Adjustment

The Executive's GEA restoration takes into consideration several factors including school district extraordinary needs, their combined wealth ratio, their tax effort and their enrollment increases. The Executive Budget recommendation provides for a restoration in the amount of \$323.30 million. Of the Executive's restoration, high need school districts receive \$245 million or 75.7% of the total restoration. This restoration reduces the Gap Elimination Adjustment on a year to year basis from \$1.63 billion in School Year 2013-2014 to \$1.31 billion in School Year 2014-2015. The maximum restoration amount allowed for any school district is 45% of its 2013-2014 Gap Elimination Adjustment. The minimum restoration for any school district is 2.5% of the 2013-2014 Gap Elimination Adjustment. The average State GEA restoration included in the Executive recommendation is approximately 16%.

### Number of Schools Districts Below or Above State Average Restoration



### Universal Prekindergarten

The New York State Universal Pre-kindergarten (UPK) program was established under Chapter 436 of the Laws of 1997. During the 2004-05 school years, 192 districts (224 eligible) served approximately 57,000 students. Since 2004-2005, this number increased considerably from 192 to 449 school districts and the number of 4-year old increased from 57,000 to almost 124,972.

## UPK Funding\* Amounts in Millions



\*Source: State Education Department Local Assistance Tables, September, 2013.

\*\*UPK funding amount for SY 2014-2015 is part of Executive Budget recommendation.

### **New Initiative: Full Day UPK Program**

The Executive Budget Recommendation includes \$100 million for the first year of a multi-year statewide universal full-day pre-kindergarten program. Funding for this program would increase to \$200 million for School Year 2015-2016, and increase every year by \$100 million until fully phased-in.

Overall, the Executive expects a full investment of approximately \$1.50 billion when the program is fully implemented in School Year 2018-2019. In SY 2014-2015 priority is given to high need students. Funding for the new Full Day UPK program will supplement, not supplant, current local UPK expenditures of federal, state or local funds. The new proposal follows the establishment of last year's Priority Full-day prekindergarten program.

### **Priority Full-day Prekindergarten and Expanded Half-day Pre-kindergarten Grant Program**

The Enacted Budget for School Year 2013-2014 included funding for a State funded Full Day UPK grants for the 2013-2014 school year and each school year thereafter, subject to the achievement of performance targets and the availability of annual appropriations. This additional funding was provided for the purpose of establishing new full-day placements, convert existing half-day placements to full-day or create a limited number of new half-day placements.

The purpose of the Priority Full-day Pre-kindergarten and Expanded Half-day Pre-kindergarten Grant Program for High Need Students is to increase the availability of high quality pre-kindergarten placements for the highest need children and schools within New York State's

public school districts. This pre-kindergarten grant program requires grantees to adopt program quality standards including valid and reliable measures of environmental quality, the quality of teacher-student interactions, and student outcomes. First year grants were allocated as follows:

Agency Name	Total Annualized Award	Total 13-14 Award
Albany City	\$699,732	\$349,866
Amityville	\$368,838	\$184,419
Bath	\$636,469	\$350,057
Binghamton	\$633,132	\$394,641
Buffalo	\$1,215,117	\$741,220
Campbell-Savona	\$181,364	\$99,750
Central Valley	\$966,507	\$517,212
Clyde-Savannah	\$311,958	\$155,979
Dansville	\$259,763	\$132,479
East Ramapo	\$675,000	\$371,250
Geneva	\$359,347	\$108,894
Green Island	\$127,520	\$86,713
Jamestown	\$1,066,744	\$661,380
Lockport	\$146,900	\$73,440
Lyons	\$331,768	\$165,883
Monticello	\$287,965	\$179,800
New York City	\$9,997,418	\$4,998,708
North Rose Wolcott	\$420,758	\$210,379
Odessa Montour	\$190,062	\$117,838
Oswego	\$103,710	\$60,180
Peekskill	\$326,752	\$171,154
Rochester	\$9,977,445	\$5,986,466
Schenectady	\$1,000,053	\$610,032
Schoharie	\$372,000	\$204,600
Solvay	\$155,083	\$93,049
Watervliet	\$163,874	\$81,936
Yonkers	\$1,848,482	\$924,241
<b>Total</b>	<b>\$32,823,761</b>	<b>\$18,031,566</b>

### Universal Pre-kindergarten Issues

According to the National Institute for Early Education Research (NIEER), approximately more than 1.3 million children participate in State-funded pre-kindergarten programs nationwide, about 31% of all 4-year-olds and 7% of all 3-year-olds in the nation. State spending on pre-kindergarten programs totals more than \$5.10 billion across the Nation, an increase of \$157 million from the prior year.

In New York State, the Campaign for Educational Equity (CEE) recently released a report calling for a truly universal pre-kindergarten program. The report explains that current UPK funding is well below the maximum allocated amount of \$451 million provided in the 2007-2008 School Year. According to the CEE's report at least 30,000 high need four-year-olds are not served and 75% of New York's pre-K students are in half-day programs. Upon further analysis, only 25.8% of UPK participants attended full day UPK programs in New York State. Of the

25.8%, almost 80% or 20,720 UPK participants in full day UPK programs were located in district-operated programs; while 20% attended community-based organization full day UPK programs (see below). However, the need is greater than the number of slots available and the number of 4-year-olds in need of UPK slots continues to increase. According to a 2013 Census of Population estimate for New York State, almost 1.2 million of New York State residents are under the age of five. For the City of New York, almost 544,000 kids are under the age of five.

<b>Statewide Breakdown of UPK Enrollment, School Year 2012-2013 (State Aid)*</b>				
<b>Category</b>	<b>Total</b>	<b>Mid Year Expansion</b>	<b>Total</b>	<b>% Total</b>
District Operated Full Day UPK	20,685	35	20,720	20.6%
CBO Full Day UPK	5,139	42	5,181	5.2%
1/2 Day UPK District Operated	25,769	907	26,676	26.5%
CBO 1/2 Day UPK	46,978	861	47,839	47.6%
Non Resident	174	0	174	0.2%
<b>Total</b>	<b>98,745</b>	<b>1,845</b>	<b>100,590</b>	<b>100.0%</b>

\* Includes New York City.

<b>New York City Breakdown of UPK Enrollment, School Year 2012-2013 (State Aid)</b>				
<b>Category</b>	<b>Total</b>	<b>Mid Year Expansion</b>	<b>Total</b>	<b>% Total</b>
District Operated Full Day UPK	14,402	0	14,402	25.9%
CBO Full Day UPK	1,029	0	1,029	1.8%
1/2 Day UPK District Operated	7,249	540	7,789	14.0%
CBO 1/2 Day UPK	31,662	752	32,414	58.3%
Non Resident	0	0	0	0.0%
<b>Total</b>	<b>54,342</b>	<b>1,292</b>	<b>55,634</b>	<b>100.0%</b>

In order to address the shortfalls of the Universal Pre-kindergarten program in New York City, Mayor Bill de Blasio proposed a City Full Day Universal Pre-kindergarten program that would provide up to \$2.50 billion over five years. In order to finance this program, independent of State Aid, Mayor de Blasio will increase the city's income tax on earners over \$500,000, from 3.86% to 4.41%. This five-year surcharge would yield \$530 million in new revenue to pay for universal pre-K for all 4-year-olds and fund after-school programs for all middle school students. The de Blasio proposal would offer pre-K to an additional 48,000 new students.

#### **New Initiative: Smart Schools Bond Act**

The Governor's proposal requires a voter initiative for the November 2014 election that would authorize a \$2 billion bond act for classroom technology and infrastructure, and to support capital construction for full day Universal Pre-kindergarten programs.

- Funding for this program would be allocated by each school district and used for the purchase of tablets, desktop computers, and laptop computers, installation of wireless networks, computer servers, interactive whiteboards, high-speed broadband connectivity for schools and communities, and new pre-k classrooms and related capital upgrades.
- Funding would be allocated through a formula based on percentage share of school district's State Aid minus their Universal Pre-Kindergarten and Building Aid amount for School Year

2013-2014. School districts would apply for funds through a Smart Schools Review Board appointed by the Governor.

- This program would allow the use of a portion of the capital construction for projects seeking to combine building aid and bonding as long as the remaining share is covered by a local share and building aid.
- Repayment schedule for-debt service would be covered by the State on the following schedule: 30 years for prekindergarten projects, 20 years for community connectivity projects and 8 years for classroom technology. All based on the useful life of the project.

The current distribution of the Smart Schools Bond Act as proposed by the Executive is as follows:

Need Resource Category	Total Allocation	% Share
Average Need	\$539,735,099	27%
Big Four	\$154,370,852	8%
High Need Rural	\$180,321,682	9%
High Need Urban Suburban	\$213,968,989	11%
Low Need	\$128,462,039	6%
NYC	\$783,141,339	39%
<b>Grand Total</b>	<b>\$2,000,000,000</b>	<b>100%</b>

The Executive Budget recommendation would allocate 67% or \$1.33 billion of the total \$2 billion of the Smart Schools funding in high need school districts. New York City would receive \$783.1 million or 40% of the total allocation.

The Executive Budget proposed \$720 million over five years to create or expand after school programs. Funds from the program will be generated through casino revenue.

### Grant Programs and Additional Aid Categories

The Executive Budget proposal increases funding for 2014-15 for the following programs:

- \$78 million for Office of Mental Health/Office of People with Developmental Disabilities (OMH/OPWDD) pupils, an increase of \$2 million or 2.6% from 2013-2014;
- \$74 million for a Fiscal Stabilization Fund;
- \$22 million for Incarcerated Youth, an increase of \$ 1 million, or 4.8% from 2013-14;
- \$22.23 million for Homeless Pupils, an increase of \$1 million or 4.7% from 2013-14; and,
- \$45.87 million for Native American Education Aid, an increase of \$2.66 million or 6.2% from 2013-2014.

The Executive Budget proposal maintains funding for 2014-15 at 2013-14 levels for the following programs:

- \$96 million for Employment Preparation Education (EPE) Aid
- \$25 million for Teachers of Tomorrow;
- \$13.84 million for School Health Services;
- \$12.50 million for Bilingual Education Grants;
- \$12 million for Roosevelt;
- \$5 million for Native American Building Aid;

- \$3.29 million for Learning Technology Grants;
- \$2.70 million for Special Act School Districts;
- \$2 million for Teacher-Mentor Intern;
- \$700,000 for BOCES Aid for Special Act Districts; and,
- \$400,000 for Bus Driver Safety.

The Executive Budget proposal reduces funding in 2014-15 for the following programs:

- \$11.50 million for the Consortium for Worker Education, a decrease of \$1.5 million or 11.5% from SY 2013-14; and,
- The Executive proposal eliminates \$10.2 million in funding for the Teacher Centers Program.

#### Other State Aid Programs:

**Non-Public School Aid:** The Executive proposes \$142.79 million in SFY 2014-2015, a \$5.23 million increase from SFY 2013-14.

**Non-Public Safety Equipment:** The Executive maintains appropriation authority of \$4.5 million for this program.

The Executive Budget proposal provides funding for the following programs:

- \$24.34 million for Extended School Day/School Violence Prevention;
- \$5.29 million for Adult Literacy Education, an increase of \$300,000 from last year;
- \$3.05 million for the Summer Food Program;
- \$1.3 million for Targeted Pre-Kindergarten;
- \$740,000 for the Center for Autism and Related Disabilities at SUNY Albany, a decrease of \$250,000;
- \$922,000 for Academic Intervention for Non-public Schools;
- \$691,000 for the Health Education Program; and,
- \$466,000 for the New York State Center for School Safety

#### Special Education

- **Private Excess Cost Aids:** Private Excess Cost Aid provides reimbursement for public school children with more severe disabilities who are placed in private school settings or in the State-operated schools in Rome and Batavia. The Executive Budget proposal includes present law funding in the amount of \$372.34 million, an increase of \$41.4 million or 12.5% over the prior school year.
- **Public Excess High-Cost Aid:** High Cost is reimbursement for the additional costs associated with providing resource-intensive special education program for students with disabilities. The Executive recommendation for SY 2014-2015 provides current law funding in the amount of \$547 million, an increase of \$16.70 million or 3.1% over prior school year funding levels.

- Private Schools for the Blind and Deaf: funding in the amount of \$96.20 million is provided for State Fiscal Year 2014-2015, a decrease of \$900,000. School districts will be paid the costs in the first instance and receive reimbursement, less a local contribution, in the SY 2015-2016.
- Targeted Special Education Teacher Salary Supplement: funding in the amount of \$4 million is provided in 2014-2015 for this program. Funds are allocated from the federal Individuals with Disabilities Education Act (IDEA) to allow private special education providers to target salary adjustments for retention and recruitment, and to prevent excessive teacher turnover.
- Preschool Special Education: Section 4410 of the Education Law requires that the State provide 59.5% of the costs associated with preschool education to municipalities. For School Year 2014-2015, New York State will provide \$1.042 billion in State funding for this purpose, an increase of \$59 million from 2013-2014 School Year. Similar to last year, prior year claims on file with the State Education Commissioner as of April 1, 2014 will receive priority. Any remaining claims will be treated as next year's liability if the appropriation authority is insufficient for payment.
- Summer School Programs: Section 4408 of the Education law requires the State to provide funding for a State share of these services. For School Year 2014-2015, New York State will provide \$362.5 million in State funding for this purpose, an increase of \$24 million.

### **Office of Higher Education and the Professions**

The SFY 2014-15 Executive Budget proposes an All Funds appropriation of \$163.6 million, a reduction of \$250,000, or .15% from SFY 2013-14 levels. Funding for many higher education scholarships and grant programs remain at the 2013-14 levels

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

<b>Programs</b>	<b>13-14 SFY</b>	<b>14-15 SFY</b>	<b>\$ Change</b>	<b>% Change</b>
Direct Institutional Aid for Independent Colleges and Universities (BUNDY AID)	\$35,129,000	\$35,129,000	\$0	0.00%
Higher Education Opportunity Programs (HEOP)	\$24,996,040	\$24,996,040	\$0	0.00%
Independent Colleges Nursing Programs	\$941,000	\$941,000	\$0	0.00%
STEP	\$11,125,030	\$11,125,030	\$0	0.00%
C-STEP	\$8,429,520	\$8,429,520	\$0	0.00%
Liberty Partnerships	\$12,918,620	\$12,918,620	\$0	0.00%
Teacher Opportunity Corps	\$450,000	\$450,000	\$0	0.00%
National Board for Professional Teaching Standards	\$368,000	\$368,000	\$0	0.00%
<b>Total</b>	<b>\$94,357,210</b>	<b>\$94,357,210</b>	<b>\$0</b>	<b>0.00%</b>

### **Cultural Education Program**

- Library Aid: The Executive Budget recommends \$81.60 million in funding for Library Aid, a reduction of \$4 million from SFY 2013-14;
- Capital funding for local library construction is maintained at \$14 million;
- \$1.30 million for reimbursement of the Metropolitan Commuter Transportation Mobility Tax; and,

- Public Television and Radio Aid: The Executive Budget recommends \$14 million in funding for Public Television and Radio, same amount of aid as last year.

### **Adult Career and Continuing Education Services Program**

The Executive Budget proposal maintains funding in SFY 2014-15 at SFY 2013-14 levels for the following programs:

- College Readers at \$294,000;
- Case Services for a total of \$54 million;
- Independent Living Centers in the amount of \$12.36 million;
- Time Limited and Long Term Support Services at \$15.16 million;
- Literacy and Basic Education for public assistance recipients at \$1.84 million; and,
- Competitive grants for Adult Literacy at \$45.2 million.

### **Article VII**

**School District Consolidation Strategy:** This proposal attempts to encourage school district reorganizations and/or consolidation by offering an alternative reorganization process. The Executive recommendation would provide for a one year deferment of the impact of school tax rates after a proposed consolidation. This smoothing of the consolidation process would not exceed more than ten years.

**Teacher Excellence Fund:** This proposal would provide a salary bonus program for teachers who are qualified through their Annual Professional Performance Review (APPR) to be highly effective. Highly effective teachers will be eligible for up to \$20,000 in annual supplemental compensation through the Teacher Excellence Fund. In order to access these funds every year, school districts would have to submit a request for proposals (RFP) to the State Education Department. The criteria used to determine approval includes several factors such as school buildings with the greatest academic need, difficult-to-staff subject or certification areas or grade levels; and at critical points in a teacher's career, for example, whether or not a highly effective teacher wants to continue teaching or change professions.

**Dignity for All Students Expansion:** The Executive proposal would authorize removal proceedings of building principals or superintendents who fail to act and report patterns of harassment, bullying or discrimination involving one or more known or unknown perpetrators against a particular class or classes of persons based on their actual or perceived race, color, weight, national origin, ethnic group, religion, religious practice, disability, sexual orientation, gender or sex. Any investigation conducted by the principal, superintendent or their designee that verifies a consistent pattern of harassment, bullying or discrimination must be reported to the State Education Department, Division of Human Rights and the State Police.

### **Special Education**

**Waiver:** The Executive Article VII proposals would allow school districts to apply for a waiver for those state mandated special education requirements which exceed Federal law. The waiver would require districts to provide notice ensuring parents are aware of all relevant changes and are allowed 60 days prior to the application to comment.

**Regional Tuition Rates:** The Executive recommends the establishment of regional tuition rates for Special Education Itinerant Services. Reimbursement rates would be based on actual attendance of preschool students receiving such services.

**NYC Pilot Program:** Article VII legislation would allow NYC to establish local tuition rates through a competitive RFP process. Such rates cannot exceed tuition rates established by the Commissioner and the Division of the Budget. This proposal would create a 5 year pilot program for such a purpose.

## OFFICE OF CHILDREN AND FAMILY SERVICES

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$2,132,327,450	\$2,220,345,250	\$ 88,017,800	3.10%
Special Revenue-Other	\$88,848,000	\$78,848,000	(\$10,000,000)	-11.26%
Special Revenue-Federal	\$1,485,153,000	\$1,485,153,000	\$0	0.00%
Capital Projects Fund	\$37,675,000	\$37,675,000	\$0	0.00%
Internal Service Funds	\$43,929,000	\$13,577,000	(\$30,352,000)	-69.09%
Enterprise Funds	\$475,000	\$475,000	\$0	0.00%
<b>Total All Funds:</b>	<b>\$3,788,407,450</b>	<b>\$3,836,073,250</b>	<b>\$47,665,800</b>	<b>1.26%</b>

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

### Overview of Executive Budget Proposal

The SFY 2014-15 Executive Budget recommends an All Funds appropriation of \$3.8 billion for the OCFS. This is an increase of \$47.7 million from SFY 2013-14 funding levels. The increase reflects the impact of increased child care funding for local social services districts. To support higher costs for child care services in order to maintain child care subsidies, continued implementation of the New York City Close to Home initiative, and adjusting funding authority for Systems Support and the Human Services Contact Center to better reflect anticipated costs.

The Executive Budget also recommends a workforce of 2,796 FTEs. This is a net decrease of 234 FTEs from the previous fiscal year. The net decrease primarily reflects the continued closing and downsizing of youth facilities associated with the Close to Home initiative (-275 FTEs) and staff for continued implementation of the Human Services Contact Center (41 FTEs).

The Executive Budget proposal increases child care funding by \$21 million. This allocation is in addition to a \$64 million General Fund off set of the loss of TANF dollars for child care subsidies. The allocation of a total of \$85 million will allow local social services districts to maintain child care subsidies in light of increased child care costs.

The Executive proposes the establishment of a one-year waiver to assist eight counties with their local share (38%) of non-Federal costs associated with the Supervision and Treatment Services for Juveniles program. The waivers would be available to the counties Clinton, Fulton, Greene, Livingston, Montgomery, Orleans, Schoharie, and Yates, which have demonstrated financial hardship.

### Article VII Legislation

Part L proposes to expand OCFS' authority to contract with BOCES to cover additional lesson areas such as foreign languages, music, art, career and technical skills that would increase educational opportunities for youth at the agency's facilities. Part L also extends the timeframe for facility closures under the Close to Home initiative from September 1, 2014 to April 30, 2015, to allow for full implementation of all phases of the program.

Part G of the Executive's Health and Mental Hygiene Article VII proposal includes a one-year deferral of the scheduled 2% Cost-Of-Living Adjustment (COLA) for designated human services programs under the auspices of several State agencies, including the Office for People with Developmental Disabilities (OPWDD), Office of Mental Health (OMH), Office of Alcoholism and Substance Abuse Services (OASAS), Department of Health (DOH), State Office for the Aging (SOFA), and OCFS.

Specifically, this legislation would defer the 2% COLA for SFY 2014-15 and extend it for an additional year, through March 31, 2018. The Executive estimates that the State will save \$19 million by deferring the scheduled SFY 2014-15 human services COLA for OCFS providers.

## OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$1,583,236,000	\$1,415,887,000	(\$167,349,000)	-10.57%
Special Revenue-Other	\$22,400,000	\$22,400,000	\$0	0%
Special Revenue-Federal	\$4,080,387,000	\$3,957,198,000	(\$123,189,000)	-3.02%
Capital Projects Fund	\$30,000,000	\$63,000,000	\$33,000,000	110.00%
Fiduciary Funds	\$10,000,000	\$10,000,000	\$0	0%
<b>Total All Funds:</b>	<b>\$5,726,023,000</b>	<b>\$5,468,485,000</b>	<b>(\$257,538,000)</b>	<b>-4.71%</b>

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

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

The SFY 2014-15 Executive Budget recommends \$5.47 billion in All Funds for the agency. This is a decrease of \$258 million from the SFY 2013-14 budget. The change primarily reflects decreases in spending authority for Federal grant programs, as well as a decrease in the Supplemental Security Income (SSI) program costs due to the State administrative takeover of the program.

The Executive Budget recommends a workforce of 1,918 FTEs for OTDA, which reflects the addition of 54 staff related with SSI program State administrative take over authorized in the SFY 2012-13, and the addition of five staff to implement additional Homeless Housing and Assistance Program (HHAP) capital construction projects.

The SFY 2014-15 Executive Budget proposes to expand HHAP Capital funding. The proposal includes a total of \$63 million in capital funding for HHAP, which is a \$33 million increase over SFY 2013-14 funding. This additional funding is intended to expand and improve the supply of permanent, transitional, and emergency housing for homeless persons.

The Executive Budget proposal includes a provision to implement a fair hearings chargeback. OTDA administers and the State pays for the fair hearings process through which recipients of various benefit programs such as SNAP, public assistance and Medicaid may appeal a decision made by a local social services district. The high volume of hearing requests, of which approximately 60% are withdrawn, has led to increased State costs. This Executive Budget proposal will establish a performance based “chargeback process” to local social services districts to recoup a portion of State costs associated with administering such hearings. Under the proposal, if a district fails to meet certain performance criteria, the State would be authorized to chargeback to the district a portion of the costs incurred for hearings in that district.

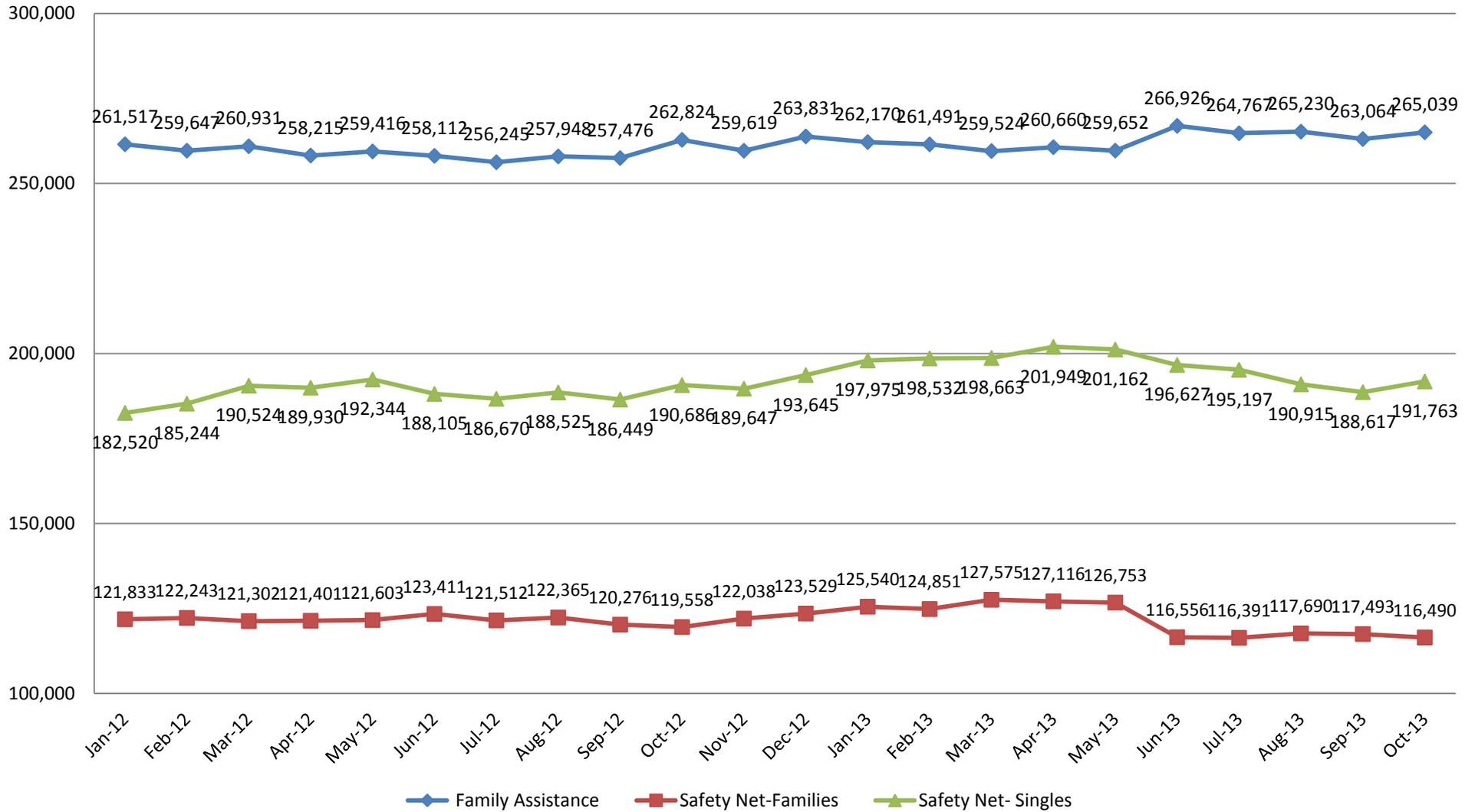
**Public Assistance Caseload**

The Executive estimates a total caseload of 564,167 for the 2014-15 State Fiscal Year. This is a 2.77% decrease from SFY 2013-14 caseload levels. The most recent phased increase to the public assistance benefit enacted in 2009-10 was completed in 2012-13, increasing the maximum monthly grant by between \$46 and \$179 depending on family size (a \$98 increase for a family of three in New York City). Under the Executive's proposal, monthly average payments for all classes of public assistance recipients will remain at SFY 2013-14 payment levels. Monthly average payments vary depending on family size and where recipients live in the State. (See Chart next page)

**Temporary Assistance to Needy Families (TANF)**

The Executive provides \$1.35 billion in funding for TANF benefits and \$1.30 billion in other TANF funding commitments. Under the Executive's proposal, many TANF initiatives have sustained funding cuts, with the exception of the flexible fund for family services which maintains the same funding as SFY 2013-14. Among the programs that have sustained cuts are SUNY and CUNY child care, emergency homeless, nurse-family partnership, non-residential domestic violence, wage subsidy and settlement houses. There is \$0 funding allocated for these programs in the Executive Budget Proposal.

## Public Assistance Monthly Census Report Recipients, Estimates, January 2012 to July 2013



<b>TANF Funding Commitments</b>		
<b>(Thousands)</b>		
	<b>2013-2014</b>	<b>2014-2015</b>
	<b>Enacted</b>	<b>Executive Proposal</b>
Public Assistance Benefits	\$1,151,904	\$1,104,922
Public Assistance Grant Increase	\$30,000	\$36,000
Emergency Assistance to Needy Families (EAF)	\$182,000	\$182,000
AFIS, CBIC, EBT	\$3,000	\$0
State Operations	\$30,000	\$30,000
<b>TANF Base Total</b>	<b>\$1,396,904</b>	<b>\$1,352,922</b>
ACCESS - Welfare-to-Careers	\$800	\$0
Advanced Technology Training and Information Networking (ATTAIN)	\$4,100	\$0
Advantage Schools	\$500	\$0
Bridge	\$102	\$0
Career Pathways	\$750	\$0
Caretaker Relative	\$101	\$0
Centro of Oneida	\$25	\$0
Child Care CUNY	\$141	\$0
Child Care Demonstration Projects (UPS)	\$2,676	\$0
Child Care Demonstration Projects (NYC)	\$4,589	\$0
Child Care Subsidies	\$373,932	\$310,035
Child Care SUNY	\$193	\$0
Community Solutions for Transportation	\$112	\$0
Educational Resources	\$250	\$0
Emergency Homeless	\$500	\$0
Flexible Fund for Family Services	\$964,000	\$964,000
Food Banks (NYS)	\$4,000	\$2,000
Non-residential Domestic Violence	\$1,210	\$0
Nurse Family Partnership	\$2,000	\$0
Preventive Services	\$610	\$0
Rochester-Genesee Regional Transportation Authority	\$82	\$0
Settlement House	\$1,000	\$0
Strengthening Families through Stronger Fathers	\$200	\$0
Summer Youth	\$25,000	\$27,500
Wage Subsidy	\$950	\$0
Wheels for Work	\$144	\$0
<b>TANF Initiatives Total</b>	<b>\$1,387,967</b>	<b>\$1,303,535</b>
<b>TOTAL TANF Commitment</b>	<b>\$2,784,871</b>	<b>\$2,656,457</b>

## HIGHER EDUCATION SERVICES CORPORATION

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$1,012,018,000	\$1,022,109,000	\$10,091,000	1.00%
Special Revenue-Federal	\$7,871,000	\$7,747,000	(\$124,000)	-1.58%
Special Revenue-Other	\$113,933,000	\$113,933,000	\$0	0.00%
<b>Total</b>	<b>\$1,133,822,000</b>	<b>\$1,143,789,000</b>	<b>\$9,967,000</b>	<b>0.88%</b>

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

### Overview of Executive Budget Proposal

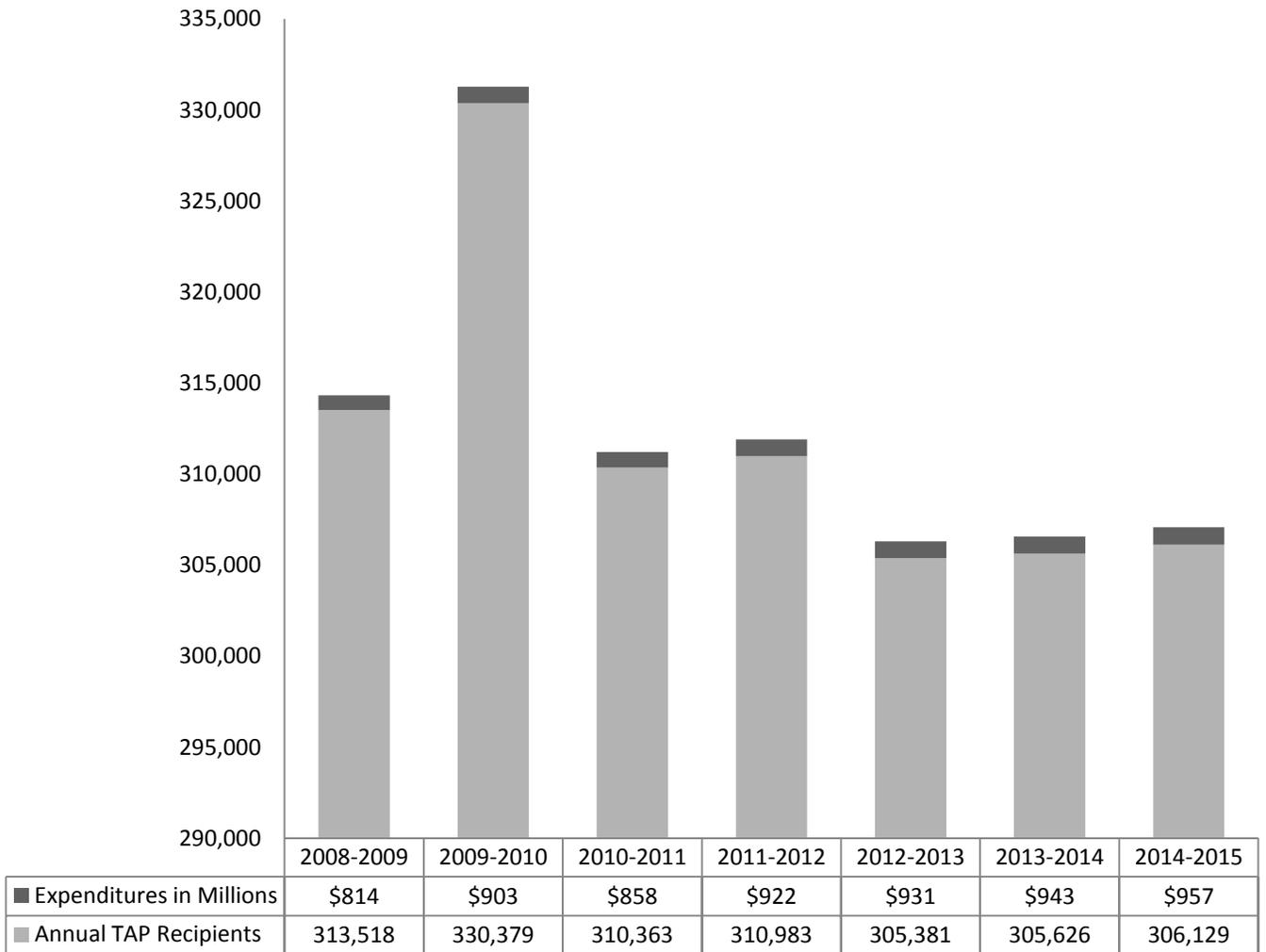
The SFY 2014-15 Executive Budget provides an All Funds appropriation of \$1.14 billion, an increase of \$9.96 million or 0.88% from SFY 2013-14. The Agency presently employs 292 Full-Time Equivalents (FTEs), almost all of whom are supported by revenues from Special Revenue-Other account. The recommended General Fund support totals \$1.02 billion, an increase of \$10 million or 1% from the current year.

TAP expenditures have considerably increased over the last several years due to increases in enrollment, the full implementation of Chapter XXII sector expenditures and other factors. Most of the TAP beneficiaries attend public and private higher education institutions in the State, particularly SUNY and independent colleges and universities.

Institution	Recipients	Share	Expenditures	Share
CUNY	73,805	24.2%	\$260.6	28.0%
SUNY	122,245	40.0%	\$322.6	34.7%
Independent Colleges	77,409	25.3%	\$230.7	24.8%
Chapter XXII TAP Schools	4,456	1.5%	\$20.1	2.2%
Other Institutions	27,466	9.0%	\$97.0	10.4%
<b>Total</b>	<b>305,381</b>	<b>100.0%</b>	<b>\$931.0</b>	<b>100.0%</b>

The Executive Budget proposes \$956.80 million for the Tuition Assistance Program (TAP). This is an increase of \$13.70 million from the enacted budget last year. The projected growth stems from the continued tuition increases at SUNY and CUNY community colleges, as well as full implementation of TAP for certain schools not under the supervision of the State Education Department. Aid for Part-Time Study will remain at \$14.40 million.

## TAP Expenditures and TAP Recipients by Year



Source: Higher Education Services Corporation. Agency Budget Request, State Fiscal Year 2014-2015.

## DIVISION OF HOUSING AND COMMUNITY RENEWAL

Funding Source	Adjusted Appropriations 2013-2014	Executive Recommendation 2014-2015	Change	% Change
General Fund	\$25,973,000	\$18,520,000	(\$7,453,000)	-28.69%
Special Rev. – Other	\$68,271,000	68,271,000	\$0	0.00%
Special Rev. – Federal	\$86,769,000	\$86,769,000	\$0	0.00%
Capital Projects	\$74,200,000	\$91,200,000	\$17,000,000	22.91%
<b>Total All Funds:</b>	<b>\$255,213,000</b>	<b>\$264,760,000</b>	<b>\$9,547,000</b>	<b>3.74%</b>

*The Division of Housing and Community Renewal (DHCR) operates under the umbrella of New York State Homes and Community Renewal (HCR), which includes other housing related state agencies. DHCR is responsible for the development, supervision and maintenance of affordable low-and-moderate income housing in New York State. The Division currently performs a number of activities in fulfillment of its mission, including oversight and regulation of the State’s public and publicly assisted rental and cooperative housing and administration of housing development and community preservation programs, including State and Federal grants and loans to housing developers to finance construction or renovation of affordable housing. In addition, the Division administers the State’s rent regulations, promulgates new and amended regulations and includes within the DHCR the recently created Tenant Protection Unit.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of \$264.76 million for the DHCR, an increase of \$9.55 million or 3.74% from the previous fiscal year. The growth primarily reflects an increase in capital funding; offset by a reduction in General Fund Local Assistance related to the expiration of program funding. The Budget recommends a staffing level of 683 FTEs for the DHCR, the same amount as from the current fiscal year.

**Continuation of the House NY Program.** The program was initiated in the 2013-14 Budget. It is designed to invest \$1 billion over five years to preserve and create 14,300 units of affordable housing. The program includes an expenditure of \$706 million to modernize 44 Mitchell Lama developments and \$231 million to preserve and create over 5,000 affordable housing units through a variety of housing programs and other initiatives. Over the five year period the State will spend \$175 million for Mitchell Lama repairs and will utilize \$531 million of bond financing for the 44 Mitchell Lama projects. Of this amount, \$32 million is included for Mitchell Lama repairs in 2014-15 State Fiscal Year.

**Expansion of the House NY Program.** The Executive Budget adds \$40 million in capital resources for the construction and renovation of housing for low income and homeless individuals and families. The House NY Program will also be expanded with the investment of \$100 million of Federal storm recovery funds to create and preserve 3,000 units of multi-family affordable housing. These measures would expand the House NY Program from a \$1 billion program to a total new funding level of \$1.14 billion.

## **Article VII**

### **Continue to Utilize MIF Resources to Support NPP/RPP and the RRAP.**

The Executive Budget utilizes \$32.40 million in excess reserves from the Mortgage Insurance Fund (MIF) to support the Neighborhood and Rural Preservation Programs (NPP/RPP) and the Rural Rental Assistance Program (RRAP) through the Housing Trust Fund Corporation. NPP would receive \$8.48 million, which is \$1.59 million less than was appropriated in the 2013-14 budget. This is due to the Executive Budget's omission of any appropriation over and above MIF funding. Likewise, RPP would receive \$3.54 million, which is \$665,000 less than was appropriated in the 2013-14 budget, due to the Budget's inclusion of only MIF funds. The RRAP would receive \$21 million made up of \$20.40 million in MIF funds and \$612,000 from the General Funds.

### **Establishes a Renter's Personal Income Tax Credit for 2.6 million renters.**

This credit may be taken by low-and-middle income taxpayers who rent their primary residences. Taxpayers will receive base credits and additional amounts based on their number of federal exemptions. Lower income renters will receive larger credits, with the credit phased out entirely for renters with federal adjusted gross incomes exceeding \$100,000. The credit may be taken in lieu of the existing real property tax circuit breaker credit for renters, if the amount of this credit is higher and the taxpayer qualifies for both credits.

A renter who is not required to file an income tax return may choose to file a return in order to receive the credit. The credit is not specifically tied to the percentage of income expended by the taxpayer for rent, often referred to as the rent burden. The credit will not be available to single persons who are not senior citizens. The credit will be phased in with one-half available for taxable years starting in 2014, at a cost to the State of \$200 million, and the full credit available for taxable years starting in 2015, for a cost to the State of \$400 million per annum.

### **Increases Low Income Housing Tax Credits for Two Fiscal Years.**

This program provides credits to builders who develop qualifying low income housing projects. The Executive Budget authorizes the Commissioner of Housing and Community Renewal to increase the credit from \$48 million to \$56 million for fiscal year 2014-15 and from \$56 million to \$64 million for fiscal year 2015-16. Credits are given in equal monthly installments for a ten year period. The total of credits awarded from this new authorization will be \$160 million over a multi-year period.

## STATE OF NEW YORK MORTGAGE AGENCY

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	Change	Percent Change
General Fund	\$173,850,000	\$191,789,000	\$17,939,000	10.3%
<b>Total All Funds:</b>	<b>\$173,850,000</b>	<b>\$191,789,000</b>	<b>\$17,939,000</b>	<b>10.3%</b>

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

The Agency receives no direct operating support from the State. Statute requires the State to guarantee payments made by the Agency to the State in prior years. The Executive Budget recommends \$191.70 million in appropriations in 2014-15 to satisfy this requirement, although no cash disbursements are projected to be made from this appropriation. The increase reflects increased SONYMA program activity and the sale of debt. All State of New York Mortgage Agency programs and operations are supported by Agency funds, consisting of mortgage income, application fees, insurance premiums, and investment proceeds.

## DIVISION OF HUMAN RIGHTS

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2013-14	Change	Percent Change
General Fund	\$12,010,000	\$12,010,000	\$0	0%
Special Revenue-Federal	\$6,000,000	\$6,000,000	\$0	0%
<b>Total All Funds:</b>	<b>\$18,010,000</b>	<b>\$18,010,000</b>	<b>\$0</b>	<b>0%</b>

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

### Overview of Executive Budget

The State Fiscal Year (SFY) 2014-15 Executive Budget recommends an All Funds appropriation of \$18 million, which is unchanged from SFY 2013-14 funding levels.

The Executive also recommends that the SFY 2013-14 staffing level of 164 FTEs remain unchanged in SFY 2014-15.

### Article VII

Part F of the education, labor, and family assistance budget would extend anti-discrimination protections to students who attend public schools. The legislation extends anti-discrimination protections that currently shield members of protected groups from discrimination, harassment, and bullying in private schools to include public schools. Specifically, this legislation defines “educational institutions” to include both public and private schools to ensure that all students are afforded protection against discrimination.

## DEPARTMENT OF LABOR

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$8,914,456	\$285,000	(\$8,629,456)	(187.61)
Special Revenue-Federal	\$747,779,000	\$757,650,000	\$9,871,000	1.31
Special Revenue- Other	\$72,740,000	\$72,740,000	0.00	0.00
Internal Service Funds	\$9,355,000	\$5,254,000	(\$4,101,000)	(57.14)
Enterprise Funds	\$5,525,000,000	\$3,740,000,000	(\$1,785,000,000)	(38.53)
<b>Total</b>	<b>\$6,363,788,456</b>	<b>\$4,575,929,000</b>	<b>(\$1,787,859,456)</b>	<b>(32.69)</b>

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

### Overview of Executive Budget

The State Fiscal Year 2014-2015 Executive Budget recommends an All Funds appropriation of \$4.57 billion, a 32.69% decrease of \$1.79 billion from SFY 2013-2014 funding levels. The vast majority of these cuts are due to a loss of federal emergency unemployment funds due to the failure of Congress to extend emergency unemployment benefits as of December 31, 2013.

### Employment and Training Programs

The Executive Budget projects an All Funds increase in Federal dollars for employment training under the Workforce Investment Act (WIA) of \$12.51 million over last year. The increase in this funding is due to expected increases in the number of eligible dislocated workers who would be qualified for coverage under WIA. The Workforce Investment Act is a federal law which promotes federal job training in partnership with States and Local Workforce Investment Boards, and is the main vehicle of Federal funding for dedicated worker training programs. The direct training programs funded by this program are generally controlled by regional Workforce Investment Boards, as State Administrative Funds have been phased out in recent years.

The Executive Budget also proposes an elimination of \$8.63 million in funding from the general fund for job training programs. These items are generally legislative additions that fund specific programs, such as the New York Committee on Occupational Safety and Health, the AFL-CIO Workforce Development Center, the Chamber of Commerce “On-the-Job” program, and multiple additional workforce development programs. The SFY 2013-2014 Executive Budget also proposed the elimination of these lines and funding was ultimately restored in the final agreed-upon budget.

### Unemployment Insurance (UI) Administration

Emergency Unemployment Compensation (EUC) has covered additions to the state-covered 26 weeks of unemployment during the height of the national recession. EUC funding was covered entirely by Federal funding in a Special Revenue Fund-Federal, covered first by the American

Recovery and Reinvestment Act (i.e. the Stimulus) and then by short-term extensions of Federal funding. As of December 31, 2013, Congress has failed to reauthorize EUC funding to cover unemployment insurance for long-term unemployed individuals. New York had 127,100 individuals, who lost their benefits as of January 1, 2014 and another 132,800 will lose their benefits in the first half of the year.

The state anticipates a total loss in federal funding of \$1.75 billion, decreasing from \$5.42 billion to \$3.67 billion in SFY 2014-2015. Cuts also affect staffing levels, and the Executive Budget recommends the elimination of 62 FTEs in SFY 2014-2015 through attrition of workers who assist in federally funding unemployment benefit programs.

### **Article VII**

The Governor's Executive Budget expands the NY Youth Works Tax Credit, which provides employers with a tax credit in certain targeted cities for employing at-risk youth. The Governor's proposal would provide an additional tax credit of \$1,000 per employee where the employer keeps the employee for an additional year of full-time employment or \$500 per employee for an additional year of part-time employment. The total length of employment would be 18 months for a full tax credit; six months for the existing tax credit and one year for the bonus tax credit proposed by the Governor. The Department also intends to support a Job Linkage program to allow businesses to partner with community colleges, which will provide trained workers eligible for the tax credit. The total value of the tax credit will be increased from \$6 million to \$10 million for employers statewide, which represents both the current "at-capacity" status of the tax credit and the expected increase in participants.

The budget also makes conforming amendments to the Tax Code to ensure that the provisions of Chapter 536 are enforced and employers receive the tax credit at the lower hourly threshold. Last year the Legislature passed S.4762A (Chapter 536 of the Laws of 2013), which lowered the number of hours necessary to qualify from 20 to 10 hours per week for a high school student. This Article VII proposal would ensure that the Legislative intent is carried out by adding necessary technical language to the Tax Code in addition to the previously adopted language added to the Labor Law.

## STATE UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$2,004,201,305	\$2,075,015,000	\$70,813,695	3.53%
Special Revenue-Other	\$6,898,158,200	\$6,985,217,200	\$87,059,000	1.26%
Special Revenue-Federal	\$428,600,000	\$415,600,000	(\$13,000,000)	-3.03%
Capital Projects	\$286,597,000	\$767,227,000	\$480,630,000	167.70%
Internal Service Funds	\$20,100,000	\$20,100,000	\$0	0.00%
<b>Total</b>	<b>\$9,637,656,505</b>	<b>\$10,263,159,200</b>	<b>\$625,502,695</b>	<b>6.49%</b>

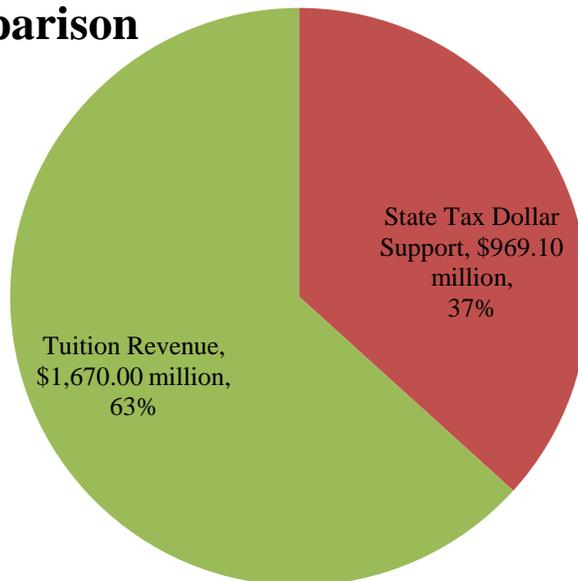
*The State University of New York (SUNY), the nation's largest public university system, offers academic, professional and vocational programs of study to more than 460,000 students at its 64 campuses. The University is governed by a Board of Trustees consisting of 17 members, with 15 appointed by the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

### Overview of Executive Budget Proposal

The SFY 2014-15 Executive Budget recommends an All Funds appropriation of \$10.26 billion for SUNY, an increase of \$625.50 million, from SFY 2013-14 levels. General Fund appropriations for the SUNY system increase by \$70.80 million or 3.5% from \$2 billion to \$2.07 billion. The Special Revenue-Other category increases by \$87 million from \$6.89 billion to \$6.98 billion.

Overall, State Tax Dollar Support accounts for \$969.10 million of all SUNY support while tuition revenue accounts for almost 37% of all SUNY funding (see next page). This is consistent with the SUNY 2020 program which maintains the State's maintenance of effort requirements. Tuition revenue increases by \$95 million or 6% over the prior year for a total of \$1.67 billion. This increase of \$95 million is associated with the rational tuition policy included as part of the SUNY 2020 legislation. Overall, total core operating budget for SUNY is \$2.64 billion.

## SUNY: State Tax Dollar Support and Tuition Revenue Comparison



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### **Community Colleges**

The community college based aid per Full-Time Equivalent (FTE) student will remain at \$2,422, the same level as in SFY 2013-14. A total of \$448.60 million is recommended for the SUNY community colleges. This includes \$3 million for a performance-based funding program.

The recommended SFY 2013-14 appropriations for community college are as follows:

- \$1.88 million for contract courses, the same amount as last year;
- \$11.50 million for rental aid, the same level as last year;
- \$1 million for SUNY child care centers, a decrease of \$653,000;
- \$940,000 for community colleges with low enrollment; and,
- \$1.69 million for high need programs, the same amount as last year.

The Executive eliminated funding provided by the Legislature in the amount of \$1.70 million for the Graduate Achievement and Placement Program (GAPP) program.

### **SUNY Hospitals**

The SFY 2014-15 Executive Budget proposals provides \$69.30 million for the three SUNY teaching hospitals: SUNY Downstate, SUNY Stony Brook, and SUNY Upstate. This is a \$20.5 million reduction from last year.

### **Capital Plan**

The Executive proposes a capital projects appropriation of \$767.202 million, an increase of \$480.63 million from SFY 2013-14 levels. This increase is associated with the second year of a new five-year capital plan. It also includes \$32.10 million to provide for the state's 50% share of

projects at SUNY Community Colleges and a \$25.10 million appropriation to pay the SUNY Construction Fund costs. Additional funds for capital construction associated with the SUNY 2020 proposal will be funded through the Empire State Development Corporation.

The Executive includes a new capital appropriation in the amount of \$10 million for the development of a School of Pharmacy at SUNY Binghamton.

### **Article VII**

New York State Science, Technology, Engineering and Mathematics (STEM) Incentive Program: This program would provide free tuition in an amount equal to undergraduate SUNY tuition. In order to qualify for this tuition incentive program, students must:

- graduate from high school located in New York State during the 2013-2014 School Year;
- graduate within the top 10% of their high school class; and,
- enrolled in full-time study each academic year beginning in the Fall term after their graduation in an approved undergraduate program in STEM fields;
- sign a contract with the Higher Education Services Corporation agreeing that if the student fails to complete five years of employment in a STEM field, fails to complete a degree in a STEM field, does not maintain residency in New York State or respond to HESC's requests for the status of academic or professional progress. HESC would be authorized to convert such an award into a student loan plus interest.

If a student receives educational grants and scholarships that cover the student's full cost of attendance, then, that student would be ineligible to apply for this scholarship. If a student upon graduation pursues a graduate or higher degree or a professional licensure, that student will receive a grace period to pursue such a degree.

The first round of grants will be provided in Academic Year 2014-2015. It is estimated that the first year's cost of this program is approximately \$8 million increasing to \$33 million when fully implemented. The Executive expects that 2,000 students will benefit from this program in its first year.

## OFFICE OF THE WELFARE INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$1,162,000	\$1,162,000	\$0	0%
<b>Total All Funds:</b>	<b>\$1,162,000</b>	<b>\$1,162,000</b>	<b>\$0</b>	<b>0%</b>

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

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

The Executive Budget recommends \$1.16 million and 7 FTEs for this agency, unchanged from SFY 2013-14 funding levels.

# **Agency Details: Health and Mental Hygiene**

## OFFICE FOR THE AGING

Fund Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$115,677,500	\$115,558,500	(\$119,000)	-0.10%
Special Revenue-Other	\$1,230,000	\$1,230,000	\$0	0.0%
Special Revenue-Federal	\$125,972,000	\$124,739,000	(\$1,233,000)	-0.98%
Enterprise Funds	\$100,000	\$100,000	\$0	0.0%
<b>Total All Funds:</b>	<b>\$242,979,500</b>	<b>\$241,627,500</b>	<b>(\$1,352,000)</b>	<b>-0.56%</b>

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

### Overview of Executive Budget Proposal

The SFY 2014-15 Executive Budget recommends \$241.63 million in All Funds for SOFA. This is a decrease of \$1.35 million from SFY 2013-14 funding levels. The decrease is a result of adjustments to appropriations to reflect current spending projections and to realign authority for IT positions with the Office of Information Technology Services. The Executive recommends a workforce of 95 FTEs for the Agency. The Executive is recommending the five additional FTEs in anticipation of an expected increase in Federal grant activity over the next few years that would result increased workloads.

The Executive Budget also includes funding in the amount of \$250,000 for education and professional development training for local AAA staff so that they will be better able to provide up-to-date information and services to older adults. This is in response to significant changes to health and long-term care policy.

### Article VII Legislation

Part G of the Executive's education, labor, and human services budget proposal includes a one-year deferral of the scheduled 2% cost-of-living adjustment (COLA) for designated human services programs under the auspices of several State agencies, including the Office for People with Developmental Disabilities (OPWDD), Office of Mental Health (OMH), Office of Alcoholism and Substance Abuse Services (OASAS), Department of Health (DOH), SOFA, and Office of Children and Family Services (OCFS).

Specifically, this legislation would defer the COLA for SFY 2014-15 and extend the COLA for an additional year, through March 31, 2018. The Executive estimates that SOFA will save approximately \$4.65 million by deferring the scheduled SFY 2014-15 human services COLA for one-year.

## DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
Special Revenue-Federal	\$4,750,000	\$4,750,000	\$0	0%
Enterprise Funds	\$10,000	\$10,000	\$0	0%
<b>Total</b>	<b>\$4,760,000</b>	<b>\$4,760,000</b>	<b>\$0</b>	<b>0%</b>

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

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

The State Fiscal Year (SFY) 2014-15 Executive Budget recommends \$4.76 million dollars in All Funds support which is consistent with funding levels included as part of the SFY 2013-14 Enacted Budget. This level of funding would provide sufficient resources to support 18 full time equivalents (FTEs) in performing the duties and functions of the Council.

## DEPARTMENT OF HEALTH

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$34,446,199,754	\$35,927,531,554	\$1,481,331,800	4.34%
Special Revenue-Federal	\$72,359,159,000	\$79,086,114,000	\$6,726,955,000	9.30%
Special Revenue-Other	\$12,299,635,800	\$11,772,493,000	(\$527,142,400)	(4.29%)
Capital Projects	\$85,600,000	\$1,360,600,000	\$1,275,000,000	1,489.49%
<b>Total</b>	<b>\$119,190,594567</b>	<b>\$128,146,738,968</b>	<b>\$8,956,144,401</b>	<b>7.51%</b>

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

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

### Overview of the Executive Budget Proposal

The SFY 2014-15 Executive Budget continues the Medicaid spending cap that was enacted as part of the SFY 2011-12 Enacted Budget and extends the State Funds cap for an additional year. Consistent with the 2 year appropriation structure, the SFY 2014-15 Executive Budget includes \$128.15 billion in All Funds support reflecting an increase of \$8.96 billion or 7.51% over SFY 2013-14 Enacted Levels. This increase of \$8.96 billion is primarily attributed to a projected increase in Medicaid spending of 3.8% over SFY 2013-14 Enacted Levels.

The SFY 2014-15 Executive Budget also proposes to extend for one year the authority to allow DOH to reduce the payment rate and benefits in order to prevent Medicaid expenditures from exceeding the Medicaid global cap. The Executive also proposes to distribute to Medicaid providers any available savings realized under the global cap. Under the Executive's proposal half of any savings generated would be proportionally distributed to providers. The remaining half of the savings would be allocated to financially distressed and critically needed providers.

The Affordable Care Act of 2010 included provisions that would improve access to health care by increasing health insurance coverage for eligible individuals. In addition, the Federal government provides enhanced financial assistance to encourage States to create a benefit exchange that would enable individuals to enroll in health insurance plans.

As New York State implemented their exchange system, known as the NY State of Health, approximately 520,000 individuals applied for health insurance coverage with more than 320,000 being enrolled. Throughout the following sections one will often notice there are State savings realized as a result of New York's implementation of ACA.

### **Medical Assistance (Medicaid) Program**

The SFY 2014-15 Executive Budget includes \$58.19 billion in All Funds support for Medicaid spending. Of this amount \$16.96 billion is attributed to the State share of Medicaid spending reflecting an increase of \$540.3 million or 3.3% over SFY 2013-14 Enacted Levels.

As part of mandate relief for local governments, the SFY 2013-14 Enacted Budget included the implementation of a hard local Medicaid spending cap to be phased-in over three year period. Under this proposal the State would assume a percentage of the localities Medicaid spending growth until the spending growth was zero percent. It was estimated that by SFY 2017-18 when the hard cap was in place, local governments would realize a 5 year cumulative savings of \$1.9 billion (\$562 million for rest of state, and \$1.30 billion for New York City). The SFY 2014-15 Executive projects that local governments would receive \$187 million in savings (\$55.30 million for rest of state, and \$131.80 million for New York City).

### **MEDICAID REDESIGN TEAM PHASE IV PROPOSALS**

The SFY 2014-15 Executive Budget continues reforming New York's health care system by including as part of the budget many of the proposals offered by the MRT. This year's Executive Budget includes Phase IV of the MRT proposals and provides \$106.20 million in State funds for the implementation of these programs and initiatives. Highlights of the Executive's recommendations are detailed below:

#### **Supportive Housing**

Building on the investments of prior years the SFY 2014-15 Executive Budget recommends a net of \$18.40 million in State funds which would bring the total amount invested by the end of SFY 2014-15 to \$100 million. These funds would be used to continue the implementation of the MRT's supportive housing initiatives including: the acceleration of NY/NYIII projects; construct new units under the homeless housing assistance program; and expansion of rental subsidies for eligible individuals. The total SFY 2014-15 investment of \$18.40 million is offset by \$6.60 million in state Medicaid savings achieved as a result of the planned closing of 3 nursing homes, and 4 hospitals, along with the decertification of nursing home and hospital beds. These restructuring efforts are expected to be accomplished on April 1, 2014.

#### **Behavioral Health Organizations (BHO) and Health and Recovery Peer (HARP) Program**

The SFY 2014-15 Executive Budget proposes \$60 million in State Medicaid funding for costs associated with the start-up implementation of the various behavioral initiatives. The Executive proposes to utilize these investments to transform the behavioral health system and facilitate its transition to managed care. Highlights of the behavioral initiatives as proposed by the MRT include:

- Transitioning behavioral health services for children in managed care, \$10 million in State cost;
- Provide a targeted inpatient rate increase for behavioral health services, \$20 million in State costs;
- Provide new home and community based services for behavioral health populations, \$15 million in State costs;

- Integrating behavioral health and physical health services by providing enhanced payment rates for State cost of \$7.50 million;
- Create a health home plus program for behavioral health services provided for Assisted Out Patient Treatments (AOT), for State cost of \$5 million.

### **Vital Access Program**

Under this program, New York State provides assistance to health care providers that are in financial distress but are considered vital in their communities. The SFY 2014-15 Executive Budget recommends the inclusion of long term care providers such as licensed home care service agencies (LHCSA) and includes \$20 million in State funds.

### **Managed Care Transition**

Working with the Office of Children and Family Services (OCFS), the Department of Health (DOH) children in foster care would receive medical services under Medicaid managed care. The SFY 2014-15 Executive Budget provides \$2.50 million in State funds to assist foster care agencies with managed care readiness activities.

### **Health Home Criminal Justice Initiative**

The SFY 2014-15 Executive Budget proposes to expand health home projects to include individuals in the criminal justice system. The expansion of this program would enable the State to award infrastructure grants to health home programs that serve the criminal justice system. The Executive proposes to invest \$2.50 million for this initiative.

### **Medicaid Redesign Team Waiver**

The Department of Health has applied for an 1115 Medicaid Waiver that would allow the State to invest \$10 billion in Federal savings for various programs and services that would transform New York's health care system into an effective, efficient and collaborative type of delivery system. While Federal approval is still pending, the SFY 2014-15 Executive Budget recommends \$3 million in State funding to assist the Department in managing the waiver application process, fund distribution, and performance management. The SFY 2014-15 Executive Budget includes \$4 billion in appropriation authority (reflecting two years of appropriation) for transformational health care projects.

### **Regional Health Planning**

The SFY 2014-15 Executive Budget establishes Regional Health Improvement Collaboratives (RHIC's) which would be designed to support and expand regional collaboration and planning. This program would be modeled after the Finger Lakes Health System Agency (FLHSA) of Monroe County. The Executive proposes to invest \$3.50 million in State funds for the creation of 11 RHIC's throughout the State.

### **All Payer Claims Database/Statewide Health Information Network (APCD/SHIN)**

The Executive proposes to improve New York's health information technology (HIT) by encouraging greater data collection and sharing amongst regions and providers to ensure more efficient allocation of resources. The SFY 2014-15 Executive Budget includes \$3 million State Medicaid funds to support this initiative. In addition, the Executive proposes to redirect \$65

million from the covered lives assessment which would generate \$30 million in Federal matching support for these technological initiatives.

### **Other MRT Proposals**

The SFY 2014-15 Executive Budget includes \$3.20 million in State funds for the implementation of various MRT proposals aimed at improving the health of New York's residents. Details of these programs are:

- Tobacco Cessation Counseling by Dentist. Under this proposal dentist would be reimbursed for providing smoking interventions to patients. The SFY 2014-15 Executive Budget includes \$1.50 million in State costs.
- Hepatitis C Treatment. This proposal would integrate Hepatitis C (HCV) screening, treatment and supportive services into primary care settings by providing incentive payments to clinics. The 2014-15 Executive Budget includes \$1 million in State costs.
- Harm Reduction Counseling. This proposal creates a counseling service provided by community based organizations that are certified as Syringe Exchange Programs. There is \$400,000 included in the SFY 2014-15 Executive Budget for this program.
- Consumer Assistance Program. This program would provide post enrollment navigational assistance to consumers who have enrolled in health coverage. There is \$200,000 provided in the SFY 2014-15 Executive Budget for this program.

### **Home Care Worker Parity**

The SFY 2011-12 Enacted Budget required providers to establish wage parity for home care workers. In an effort to assist Medicaid providers with the cost of the wage parity requirements, the SFY 2014-15 Executive Budget proposes to increase Medicaid rates and includes \$308.6 million as follows: \$239.5 million for managed long term care plans and \$69.1 million for Medicaid fee for service plans.

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

The SFY 2014-15 Executive Budget also proposes Medicaid cost containment initiatives that would result in \$124.60 million in State savings. Details of these proposals are:

### **Pharmaceutical Initiatives**

- These proposals would reduce inappropriate prescribing of prescription drugs, and align point of sale editing for fee for service and managed care patients. Specifically:
  - Eliminating the physician prevails when prescribing brand name drugs that have a generic equivalent. This proposal would result in \$400,000 in State savings;
  - Aligns the statewide Drug Utilization review program by expanding the point of sale editing process for managed care plans. This point of sale process would consider non pharmacy claims data in order to make an approval determination. This initiative would result in State savings of \$3.10 million;
  - Expands the Clinical Drug Review Programs (CDRP) in order to prior authorize (PA) drugs before the Drug Utilization Review (DUR) Board makes a recommendation about future drugs being subjected to PA. This initiative would generate \$200,000 in State savings.

- **Minimal Supplemental Rebate.** New York receives rebates from pharmaceutical companies in order for them to participate in the Medicaid Program. The rebate amount is negotiated based on an established formula. This initiative would authorize the Commissioner to establish a minimum amount of rebate payments that pharmaceutical companies must provide to New York State in order to be on the Preferred Drug List without prior authorization. Implementing a minimum rebate level would result in \$1.40 million in additional State funds.
- **Eliminate the E-prescribing incentive payments.** Due to federal incentives and State mandates regarding E-prescribing, the payments that were provided to prescribers to encourage the use of electronic prescribing is no longer necessary. Therefore the Executive proposes to eliminate this payment, which would result in SFY 2014-15 State savings of \$1.50 million.
- **Prior Authorization for non-medically acceptable indicators for prescription drugs.** This proposal would dramatically reduce reimbursement for off label prescribing of drugs and realize SFY 2014-15 State savings of \$9.90 million;

### **Medicaid Spending Revisions**

The SFY 2014-15 Executive Budget revises projected Medicaid spending also a result of increased savings from the implementation of prior year MRT proposals and additional Federal dollars. The Executive proposes to increase the Mental Hygiene stabilization fund by \$300 million, and shifts addition OPWDD expenditures under the global spending cap. This proposal would result in SFY 2014-15 savings of \$300 million to the State's financial plan.

The SFY 2014-15 Executive Budget proposes to restore the 2% across the board reductions in provider reimbursements that was included as part of the SFY 2011-12 Enacted Budget.

### **Other Cost Containment Initiatives**

- Basic Benefit Initiatives. These initiatives would incorporate for evidence based practices for Medicaid covered services for State savings of \$2.50 million;
- Community First Choice Option. If approved by the Federal government, certain home and community based programs such as self directed programs would receive an enhanced federal matching assistance payments (FMAP) for services provided. If the State Plan Amendment (SPA) is approved the State would realize \$27.60 million in savings.
- Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009 Bonus Award. As part of the reauthorization act of 2009 the Center for Medicare and Medicaid Services (CMS) included performance awards to those States that exceeded their targets for enrolling uninsured children in the Medicaid or CHP program. New York State earned a bonus award and will receive \$13 million in additional funding.
- Spousal Support. In order to comply with Federal requirements regarding spousal contributions. Under this proposal a person would be prohibited from refusing to contribute any of the assets towards the cost of long term care being provided to their spouse who is applying for services. The SFY 2014-15 Executive Budget includes \$10 million in State savings for this proposal.
- Nursing Home Case Mix Cap. In order to prevent the inappropriate up coding of rehabilitation services and preserve the integrity of the Medicaid program, any case mix

adjustment to a nursing home is limited to 2%. This limitation of rate increases would result in \$21.50 million in State savings.

- Reduce/Eliminate Accounts Receivable Balances. Under this proposal and over the next 2-3 years, the Department of Health and the Division of Budget will work with provider groups to develop a plan by which providers will reduce the liabilities owed to the State. This recoupment of liabilities would provide \$16.50 million in additional revenues to the State.

### **Public Health**

The SFY 2014-15 Executive Budget also includes several program changes that would result in a net State savings of \$15.69 million. Details of these program changes are:

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

- The Child Health Plus Program provides health insurance coverage to children under 19 years of age if their families' income makes them eligible. Currently the rates for the premium payments for the CHP program is set by the Department of Financial Services (DFS) while the premium payment rates for Medicaid Managed Care and the Family Health Plus (FHP) program are set by the Department of Health (DOH). This has resulted in the CHP rates being significantly higher than the other Medicaid programs. Therefore the Executive recommends transferring the rate setting authority for the CHP program from the DFS to DOH and freezing the existing rates for one year, resulting in \$16.84 million in State savings.

#### **General Public Health Works (GPHW) Program**

- The General Public Health Works program provides funding to localities to support local public health programs and services. The SFY 2014-15 Executive Budget amends the GPHW programs and restricts funding for prenatal services for women. Under provisions of the Affordable Care Act (ACA) prenatal services are to be provided to eligible women. Therefore in an effort to ensure that women receive prenatal care through their health insurance, localities would no longer receive reimbursement for prenatal care provided through the GPHW program. Localities must now make every effort to assist women in enrolling in health insurance plans for their prenatal care. The elimination of prenatal services from the GPHW program will result in \$2 million in State savings.

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

- The SFY 2014-15 Executive Budget extends the HCRA program including surcharges and assessments until March 2017. The Excess Medical Malpractice Liability Coverage Pool under the HCRA program is extended for one year, until March 2015.

#### **Health Insurance Coverage (ACA)**

- Under provisions of the Affordable Care Act (ACA), enrollees would have access to greater health care services, including many of those that have been previously provided with State support such as family planning services, cancer services, and AIDS Drug services. The Executive Budget projects that coverage for these services under the ACA would result in less State support being required. Therefore, the SFY 2014-15 Executive Budget recommends the following reductions:

- AIDS Drug Assistance Program (ADAP), (\$1.25 million in State savings);
- Cancer Services, (\$450,000 in State Savings); and
- Family Planning Services, (\$1.33 million in State savings).

### **Hospital Audits**

- Currently, the Department of Health (DOH) is required to conduct audits of the working hours of Medical residents to ensure they are not working more than authorized under federal regulations. This audit is also performed by the Federal government and is therefore duplicative and administratively burdensome. The SFY 2014-15 Executive Budget eliminates this audit requirement and realizes \$1.10 million in State savings.

### **Cost of Living Adjustments (COLA)**

- The Executive Budget defers for one year the 2% COLA for human service workers and realizes savings of \$6.70 million.

### **Elimination of Legislative Additions**

- The SFY 2014-15 Executive Budget eliminates several programs and services that were included as part of the SFY 2013-14 Enacted Budget and realizes \$11.02 million in State savings. The eliminated programs are as follows:
  - AIDS Community Based Services, (\$525,000);
  - AIDS Community Service Programs, (\$525,000);
  - Family Planning (additional funding), (\$750,000);
  - School Based Health Centers, (557,000)
  - Breast Cancer Network, (\$50,000);
  - Primary Care Development Corporation, (\$400,000);
  - NYS Coalition of School Based Health Centers, (\$39,000);
  - Center for Disability Services' Women's Health, (\$250,000);
  - School Based health Center – Richfield Springs, (\$150,000);
  - Endometriosis Foundation of America, (\$200,000);
  - Women's Health, (\$550,000);
  - Care Center for Eating Disorders, (\$120,000);
  - Maternal and Early Childhood Foundation, (\$250,000);
  - Finger Lakes Health Systems, (209,000);
  - Home and Personal Care Worker Health, (\$6,000,000);
  - Infertility Services (HCRA), (\$1,000,000)

These program reductions of \$40.69 million are offset by an increase in State spending of \$25 million for the Roswell Park Cancer Institute (RPCI).

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

- The SFY 2014-15 Executive Budget includes \$25 million in State funding to replace the loss of capital monies that have expired.

### **Other Public Health Initiatives**

### **Consolidation of Public Health Awareness Programs**

- The SFY 2014-15 Executive Budget recommends the consolidation of 36 public health programs in to 10 appropriation pools. Under this proposal, there would no longer be separate appropriations for 36 individual public health programs; instead these programs would be grouped under 10 newly established categories and funding would be provided based on an evaluation process to be established by the Department of Health. The 10 public health appropriation categories are: HIV/AIDS/Hepatitis C Health Care Programs; HIV/AIDS/STD/Hepatitis C Prevention programs; HIV/AIDS and STD Clinical Education Programs; Maternal and Child Health Programs; Public Health workforce; Infectious Disease Programs/Chronic Disease Prevention; Minority Health and Health Disparity Programs; Local Health Department Public Protection; and Community Laboratory Programs. The SFY 2014-15 Executive Budget recommends \$102.79 million in funding for these programs.

### **Life Pass It On Trust Fund**

- In an effort to increase Organ/Tissue donation in New York, the SFY 2014-15 Executive Budget includes \$200,000 to establish a public/private partnership among the organ donation community and to support research and education projects.

### **Spinal Cord Injury Research Support**

- The SFY 2014-15 Executive Budget includes \$2 million in State support for the Spinal Cord Injury Research Program, which is consistent with SFY 2013-14 Enacted Levels.

### **Department of Health Tax Check Off Accounts**

- The SFY 2014-15 Executive Budget provides an increase of \$2.20 million as a result of additional revenue from the tax check off receipts. These additional funds would be allocated as follows:
  - Alzheimer's Disease Assistance Fund, \$250,000;
  - Breast Cancer Research and Education Fund, \$1,200,000;
  - Prostate Cancer Research, Detection and Education Fund, \$750,000

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

- NY State of Health is New York's health benefit exchange system that enables individuals to obtain health insurance coverage as required under the Federal Affordable Care Act (ACA). Beginning October 1, 2013, individuals began utilizing the State's benefit exchange in order to determine eligibility for subsidized health insurance coverage and to enroll in their choice of affordable plans. Since October 1, 2013 through January 17, 2014, approximately 580,000 individuals have applied for insurance coverage with 326,000 individuals being enrolled. The SFY 2014-15 Executive Budget recommends \$54.30 million in State funding for the operation of this system. This level of State funding would result in \$208 million in Federal matching funds, thereby bringing the total level of available funding for the operation of NY State of Health to \$262.50 million.
- Under the ACA, beginning January 1, 2014 New York State began receiving enhanced Federal Matching rates for single childless adults. The SFY 2014-15 Executive Budget

includes \$83 million in savings from this enhanced F-MAP. In addition, the Local districts would receive savings of \$364.7 million.

Also, if it is determined to be in the best financial interest of the State, the Executive proposes to establish a Benefit Health Plan (BHP). Under this proposal, health insurance coverage to individuals' incomes between 133 percent and 200 percent of the federal poverty level (FPL). If enacted this program would go into effect on January 1, 2015 and would reduce SFY 2015-16 Medicaid expenditures by \$300 million as a result of additional federal support for excluded immigrant population.

### **Capital Funding**

The SFY 2014-15 Executive Budget recommends \$1.20 billion in new capital investments. The capital investment would be for the creation of a new Capital Restructuring Refinancing Program. The funds for this new capital program would be used to improve financial viability and increased efficiency by supporting various infrastructure improvements. The goal of this program is to encourage a positive transformation of New York's health care system through greater collaboration among providers of services.

### **Out of Net-Work Insurance Protections**

In an effort to protect consumers from excessive medical bills from out-of-network providers the SFY 2014-15 Executive Budget includes Article VII legislation that would accomplish the following:

- Resolve disputes while holding consumers harmless if they receive emergency care from a non network provider;
- Expand the adequacy of insurance networks; and
- Improve the disclosure process for reimbursements, charges and network coverage.

# JUSTICE CENTER FOR THE PROTECTION OF PEOPLE WITH SPECIAL NEEDS

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$35,638,000	\$37,334,000	\$1,696,000	4.76%
Special Revenue-Federal	\$834,000	\$1,921,000	\$1,087,000	130.34%
Special Revenue-Other	\$8,351,000	\$9,860,000	\$1,509,000	18.07%
Enterprise Funds	\$35,000	\$527,000	\$492,000	1405.71%
<b>Total</b>	<b>\$44,858,000</b>	<b>\$49,642,000</b>	<b>\$4,784,000</b>	<b>10.66%</b>

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

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

The State Fiscal Year (SFY) 2014-15 Executive Budget recommends \$49.64 million in All Funds support reflecting an increase of \$4.78 million or 10.66% over SFY 2013-14 Enacted Levels. This level of funding provides sufficient resources to support 352 full time equivalents (FTEs) in performing the many responsibilities of the agency, including:

- 24 hour staffing of a statewide abuse reporting hotline that triggers investigations by the appropriate authorities;
- Maintaining a registry of workers who have committed serious acts of abuse;
- Develop common investigations standards and developing training curriculum for all investigators; and
- Develop a standard “code of ethics” for which all individuals working with the special needs population would be required to adhere to.

## **State Operations**

The SFY 2014-15 Executive Budget provides \$48.99 million in State operations funding reflecting an increase of \$4.62 million over SFY 2013-14 Enacted levels. This increase of funding over the SFY 2013-14 Enacted Budget would assist in fully annualizing operations associated with the creation of this new agency. The increase of \$4.62 million is attributed to the following:

- \$2.54 million in increased funding is provided for the full annualization of the agency’s operations including the costs associated with an additional 72 FTEs;
- \$587,000 in increased funding is included for cost associated with the full annualization of the Technology Related Assistance for Individuals with Disabilities (TRAID).

- \$492, 000 in additional appropriation authority for the agency’s enterprise fund to enable the Justice Center to receive payments for services provided;
- \$500,000 in increased funding would allow the Justice Center to receive additional federal grants, which would be used to support agency activities; and
- \$500,000 is provided for the agency’s grants and requests fund thereby allowing the Justice Center to receive monies from non-State sources.

### **Local Assistance**

The SFY 2014-15 Enacted Budget includes \$649,000 in Local Assistance funding reflecting an increase of \$162,000 over SFY 2013-14 Adopted Budget. This increase in funding is also attributed to the full annulization of agency operations.

## OFFICE OF THE MEDICAID INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$23,915,000	\$22,723,000	(\$1,192,000)	(4.98%)
Special Revenue-Federal	\$42,619,000	\$33,942,000	(\$8,677,000)	(20.36%)
<b>Total</b>	<b>\$66,534,000</b>	<b>\$56,665,000</b>	<b>(\$9,869,000)</b>	<b>(14.83%)</b>

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

### Overview of the Executive Budget Proposal

The SFY 2014-15 Executive Budget recommends \$56.67 million in All funds support reflecting a decrease of \$9.87 million or 14.83% from SFY 2013-14 enacted levels. This decrease is attributed to the complete transfer of information technology staff to the Office of Information Technology Services.

### OMIG Fraud Savings

The SFY 2014-15 Executive Budget recommends a number of fraud and abuse integrity initiatives that would provide a more coordinated audit process while resulting in \$15 million in State Medicaid savings. The fraud and abuse integrity initiatives include:

- The Office of Medicaid Inspector General/Division of Medicaid Audit (OMIG DMA) will work with "HMS" (a company that delivers cost containment solutions to governments throughout the Country) to conduct an audit of nursing home claims to ensure that the nursing homes are not receiving inappropriate payments for "reserved beds." HMS will also review Medicaid claims of Office for People with Developmental Disabilities (OPWDD) recipients to ensure that the providers have appropriately billed the Medicaid program for the services provided as part of the residential rates. In addition HMS will review claims for pharmaceuticals ensuring that providers did not receive duplicate payments from both Medicaid and Medicare. In the instance of duplicative payments for pharmaceuticals, HMS would recover those overpayments. These audit activities that would be performed by HMS is expected to realize \$10 million in State savings.
- The OMIG would review provider claims that were partially denied by the Medicare program and then paid in full by the Medicaid program. Upon identification of these claims New York State would seek to obtain full payments from the Medicare program. This denied claims project is expected to achieve \$2.5 million in State savings.
- The OMIG will partner with the University of Massachusetts (UMASS) to conduct a County demonstration project. Under this demonstration project, the State would review home health recipients who are eligible for both Medicaid and Medicare (dual eligible) to

ensure that New York State's Medicaid program is the payer of last resort. This proposal would result in \$2.5 million in State savings to the Medicaid program.

## DEPARTMENT OF MENTAL HYGIENE

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
Special Revenue-Other	\$600,000,000	\$600,000,000	\$0	0%
<b>Total</b>	<b>\$600,000,000</b>	<b>\$600,000,000</b>	<b>\$0</b>	<b>0%</b>

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

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

The SFY 2014-15 Executive Budget recommends \$600 million in funding which is consistent with the funding provided as part of the SFY 2013-14 Enacted Budget. The \$600 million appropriated for the patient revenue account may be allocated to any of the three agencies for the cost associated with debt service for mental hygiene bonds. Any remaining funds from the patient revenue account may also be used to provide services for patients of any of the three agencies under the Department of Mental Hygiene.

## OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$25,523,000	\$25,523,000	\$0	0.00%
Special Revenue-Federal	\$408,869,000	\$406,082,000	(\$2,787,000)	-0.68%
Special Revenue-Other	\$141,170,000	\$141,170,000	\$0	0.00%
Capital Projects	\$97,606,000	\$6,000,000	(\$91,606,000)	-93.85%
<b>Total</b>	<b>\$673,168,000</b>	<b>\$578,775,000</b>	<b>(\$94,393,000)</b>	<b>-14.02%</b>

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2014-2015 Executive Budget recommends an All Funds appropriation in the amount of \$578.7 million; a decrease of \$94.3 million or 14% from SFY 2013-14. Of this amount, the General Fund remains flat on a year to year basis.

The Executive provides support for an overall workforce of 762 Full Time Equivalent (FTEs). This is the same amount as last year. Special Revenue-Other reductions in the amount of \$2.7 million are related to a \$2.21 million State Operations reduction associated with the transfer of employees from OASAS to the Office of Information Technology Services, and \$200,000 elimination of the Queen's Village Committee for Mental Health for J-CAP, a legislative add from 2013-2014.

The largest decrease in State appropriation is associated with a \$91.6 million net reduction of capital projects. This reduction of facility construction and maintenance from \$97.6 million to \$6 million is a consequence of sufficient reappropriation authority for capital spending. OASAS currently has \$91.6 million in reappropriation authority to support on-going pipeline bed development and continuing health and safety preservation projects necessary to sustain the infrastructure of community-based and institutional programs.

## OFFICE OF MENTAL HEALTH

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$394,778,000	\$394,778,000	\$0	0%
Special Revenue-Federal	\$44,597,000	\$44,597,000	\$0	0%
Special Revenue-Other	\$2,948,796,000	\$3,100,558,000	\$151,762,000	5.15%
Capital Projects	\$196,955,000	\$90,165,000	(\$106,790,000)	(54.22%)
Internal Service Funds	\$2,597,000	\$2,597,000	\$0	0%
Enterprise Funds	\$8,606,000	\$8,606,000	\$0	0%
<b>Total</b>	<b>\$3,596,329,000</b>	<b>\$3,641,301,000</b>	<b>\$44,972,000</b>	<b>1.25%</b>

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

### Overview of the Executive Budget Proposal

The SFY 2014-15 Executive Budget recommends \$3.64 billion in All Funds support reflecting an increase of \$44.97 million or 1.25% over SFY 2013-14 Enacted Levels. This increase in funding is achieved through an additional \$151.76 million in Special Revenue – Other appropriations reflecting an increase in fringe benefits costs associated with revised billing rates and costs associated with the ongoing transition to community based types of services. This increase of \$151.76 million is offset by a reduction of \$106.76 million in Capital funding. This reduction in Capital appropriation reflects the availability of sufficient spending under the agency’s re-appropriation authority.

The SFY 2014-15 Executive Budget proposes to continue the transformation from State operated in-patient facilities to community based types of care and support services. As part of this transformation of mental health services the savings achieved through the closing or restructuring of State operated facilities would be invested to create or expand community based and supportive services and programs.

### State Operations

The SFY 2014-15 Executive Budget includes an OMH restructuring plan that would close or consolidate 18 inpatient wards, resulting in the elimination of 399 beds, saving the State \$30.3 million. Also the Executive Budget includes a net increase of \$8.20 million for the creation of two new Sex Offender Management and Treatment Act (SOMTA) wards to be located in the Central New York Psychiatric Center. Finally, the SFY 2014-15 Executive Budget includes a \$44.96 million increase in funding for costs associated with increased fringe benefits, collective bargaining, and other related costs.

### Local Assistance

The SFY 2014-15 Executive Budget includes \$56.89 million in local assistance funds to invest in the development of community based services and programs. Details of those programs are:

- The SFY 2014-15 Executive Budget proposes to develop additional community mental health adult residential programs, including 300 beds for NY/NYIII, and 150 community residence and single room occupancy beds. The Executive Budget includes \$8 million in State funds.
- The SFY 2014-15 Executive Budget also proposes to invest the savings generated from the closing of 399 beds at State operated inpatient facilities and develop additional community based services to meet the needs of those moving from State operated facilities. In addition of the amounts available, \$6.5 million would be used to support the increase by \$550 for rental stipends for the Downstate region. The Executive includes \$25 million for the creation of these community based services.
- As part of Federal litigation which requires the State provide OMH supported housing, the Executive recommends an increase of \$7 million for the creation of 200 nursing home beds and 500 adult home beds to be located in various parts of the State.
- The SFY 2014-15 Executive Budget recommends an increase of \$20.7 million for the completion of community mental health adult residential programs that was established as part of the SFY 2013-14 Enacted Budget.
- The SFY 2014-15 Executive Budget realizes \$3.81 million in State savings from the elimination of Legislative initiatives that were included as part of the SFY 2013-14 Enacted Budget.

#### **Article VII**

The SFY 2014-15 Executive Budget includes Article VII language that would extend for three years the provision that authorized facility directors of State operated facilities to use patient funds to pay for the cost of their care and treatment.

The SFY 2014-15 Executive Budget also includes Article VII language that continues OMH's authority to recover exempt income from community residences.

# OFFICE FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$1,807,803,000	\$1,820,920,000	\$13,117,000	.73%
Special Revenue-Federal	\$751,000	\$751,000	\$0	0%
Special Revenue-Other	\$2,662,434,000	\$2,545,022,000	(\$117,412,000)	(4.41%)
Capital Projects	\$168,950,000	\$48,910,000	(\$120,040,000)	(71.27%)
Internal Service Funds	\$348,000	\$348,000	\$0	0%
Enterprise Funds	\$2,657,000	\$2,657,000	\$0	0%
<b>Total</b>	<b>\$4,642,943,000</b>	<b>\$4,418,608,000</b>	<b>(\$224,335,000)</b>	<b>(4.83%)</b>

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

## Overview of the Executive Budget Proposal

The SFY 2014-15 Executive Budget recommends \$4.42 billion in All Funds support reflecting a decrease of \$224.34 million or 4.83% from the previous fiscal year. This decrease is primarily attributed to the reduction of \$120 million in Capital funding reflecting the availability of sufficient spending under the agency's re-appropriation authority. In addition, \$117.41 million in Special Revenue -Other appropriation reduction is taken to more closely reflect SFY 2014-15 projected program spending. There are no expected program changes as a result of this appropriation reduction.

Similar to action proposed in the other agencies under the Department of Mental Hygiene, the SFY 2014-15 Executive Budget proposes to transition care and services from State operated facilities to community based services. As part of this transition, OPWDD reinvests the savings generated through the downsizing of institutional care into community based and supportive services.

## State Operations

The SFY 2014-15 Executive Budget proposes a net decrease of \$48.23 million in State operations spending, details of the proposals are:

- The SFY 2014-15 Executive Budget achieves \$59 million in State savings as a result of actions authorized in prior years that resulted in the declining census at State operated facilities.
- The SFY 2014-15 Executive Budget achieves another \$10.6 million in State savings as a result of the continued transitioning to community based services. As a result of this proposal additional institutional type settings would be closed or restructured and the savings reinvested for the creation of community based services.

- The proposed savings of \$60.60 million is offset by an increase of \$21.36 million. The SFY 2014-15 Executive Budget recommends \$21.36 million in increased funding reflecting the costs associated with changes to collective bargaining, transfers of staff to the Office of Informational Technology Services (OITS) and increased fringe benefits costs.

### **Local Assistance**

The SFY 2014-15 Executive Budget proposes a net reduction of \$56.06 million in local assistance spending. This net reduction includes \$58.08 million in program investments for community based services. Details of the Executive's local assistance proposals are:

- The SFY 2014-15 Executive Budget includes \$48.98 million in increased costs for the full implementation of community services programs and services that were authorized as part of the SFY 2013-14 Enacted Budget.
- The SFY 2014-15 Executive Budget recommends \$9.10 million in new local assistance funding for new community based services that would be necessary as a result of the downsizing of New York's more costly institutional types of care. It is estimated that approximately 300 individuals would be served in the new community based settings.
- The SFY 2014-15 Executive Budget reduces local assistance spending by \$95.53 million to reflect actual program spending for this fiscal year. There is no expected programmatic impact as a result of this reduction.
- The SFY 2014-15 Executive Budget realizes \$7.70 million in local assistance spending as a result of reducing the costs of out of State Placements. The Executive proposes to provide day rehabilitation and care management services for individuals that age out of school at private residential placements. Currently, the State provides tuition payments for these individuals. It is estimated that there are 100 individuals who have aged out of school and would be impacted by this proposal.
- The SFY 2014-15 Executive Budget includes \$9.80 million in State savings attributed to the reforming of day services to encourage integrated employment. The Executive estimates that there are approximately 9,300 individuals between the ages of 18-40 that are believed to have the ability to function in a more integrated setting. The SFY 2014-15 savings is based on the premise that about 6,500 individuals would be able to participate in these integrated employment opportunities.
- Finally, the SFY 2014-15 Executive Budget includes reductions to sheltered workshops in order to realize efficiencies. The restructuring of shelter workshops would result in \$1.10 million in State savings.

### **Article VII**

The SFY 2014-15 Executive Budget includes language that would extend to direct care workers, working in non certified settings, the existing exemptions included in the Nurse Practice Act.

**Agency Details:  
Transportation,  
Economic  
Development,  
and  
Environmental  
Conservation**

## ADIRONDACK PARK AGENCY

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
General Fund	\$4,385,400	\$4,385,400	\$0	0%
Special Revenue-Federal	\$700,000	\$700,000	\$0	0%
<b>Total</b>	<b>\$5,085,400</b>	<b>\$5,085,400</b>	<b>\$0</b>	<b>0%</b>

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

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

The Executive budget recommends an All Funds appropriation of \$5.09 million for SFY 2014-2015, remaining at the same level as in the SFY 2013-2014 enacted budget.

## DEPARTMENT OF AGRICULTURE AND MARKETS

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
General Fund	\$53,298,000	\$51,764,000	(\$1,534,000)	-2.88%
Special Revenue-Other	\$34,591,000	\$33,649,000	(\$942,000)	-2.72%
Special Revenue-Federal	\$49,644,000	\$49,644,000	\$0	0%
Capital Projects	\$ 5,500,000	\$5,500,000	\$0	0%
Enterprise Funds	\$21,266,000	\$21,261,000	(\$5,000)	-0.02%
Fiduciary Funds	\$ 1,836,000	\$1,836,000	\$0	0%
<b>Total</b>	<b>\$166,135,000</b>	<b>\$163,654,000</b>	<b>(\$2,481,000)</b>	<b>-1.49%</b>

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

### Overview of the Executive Budget Proposal

The Executive Budget recommends \$163.65 million All Funds appropriations for the Department of Agriculture and Markets for SFY 2014-15; a \$2.48 million decrease from the SFY 2013-14 enacted budget. This change reflects reductions in local assistance funding partially offset by \$1.10 million in personal service growth and the transfer of \$1.10 million in Taste NY funding from the Department of Economic Development to the Department of Agriculture and Markets. Taste NY promotes locally grown and produced products at highly trafficked locations such as airports, thruway service areas and sporting and concert events.

The Executive Budget recommends no changes in agency staffing level, maintaining 486 FTEs

The Executive Budget decreases funding for the FreshConnect farmers market program from \$450,000 to \$350,000, a \$100,000 reduction. Fresh Connect awards competitive grants to create and expand farmers markets in underserved communities throughout New York State.

### Agriculture & Markets Local Assistance Grants

The Executive Budget provides \$18.45 million in state local assistance funding, a reduction of \$2.7 million from the SFY 2013-14 enacted budget. Specifically, funding for the Farm Viability Institute is reduced from \$1.5 million to \$400,000; funding for the NYS Apple Growers Association is reduced from \$1 million to \$206,000; funding for Farm Family Assistance is reduced from \$584,000 to \$384,000; and funding for Cornell Diagnostic Lab's Rabies program is reduced from \$250,000 to \$50,000. Funding for other initiatives, including the Maple Producers Association, the Tractor Rollover Protection Program, Northern NY Agricultural

Development, Eastern Equine Encephalitis, NYS Christmas Tree Farmers, and the NYS Berry Growers Association were eliminated.

<b>Cornell Diagnostic Lab</b>	<b>Enacted Budget 2013-14</b>	<b>Executive Recommendation 2014-15</b>	<b>\$ Change</b>	<b>% Change</b>
“Core” Diagnostic Lab	\$3,750,000	\$4,425,000	\$675,000	18.00%
NYS Cattle Health Assurance	\$360,000	\$360,000	\$0	0%
Quality Milk (Mastitis)	\$1,174,000	\$1,174,000	\$0	0%
Johnes Disease	\$480,000	\$480,000	\$0	0%
Rabies	\$250,000	\$50,000	(\$200,000)	-80.00%
Avian Disease	\$252,000	\$252,000	\$0	0%
<b>Cornell Diagnostic Lab Total:</b>	<b>\$6,266,000</b>	<b>\$6,741,000</b>	<b>\$475,000</b>	<b>7.58%</b>

<b>Cornell Ag Education Programs</b>	<b>Enacted Budget 2013-14</b>	<b>Executive Recommendation 2014-15</b>	<b>\$ Change</b>	<b>% Change</b>
Ag in Classroom	\$80,000	\$80,000	\$0	0%
Future Farmers of America	\$192,000	\$192,000	\$0	0%
Ass’n of Ag Educators	\$66,000	\$66,000	\$0	0%
<b>Cornell Ag Education Total:</b>	<b>\$338,000</b>	<b>\$338,000</b>	<b>\$0</b>	<b>0%</b>

<b>Other Cornell Programs</b>	<b>Enacted Budget 2013-14</b>	<b>Executive Recommendation 2014-15</b>	<b>\$ Change</b>	<b>% Change</b>
Farm Family Assistance	\$584,000	\$384,000	(\$200,000)	-34.25%
Geneva Exp St Seed Program	\$128,000	\$128,000	\$0	0%
Golden Nematode	\$62,000	\$62,000	\$0	0%
Geneva Exp St Hops Eval/Test	\$40,000	\$40,000	\$0	0%
Integrated Pest Management	\$500,000	\$500,000	\$0	0%
Pro-Dairy	\$822,000	\$822,000	\$0	0%
<b>Cornell Other Total:</b>	<b>\$2,474,000</b>	<b>\$2,274,000</b>	<b>(\$200,000)</b>	<b>-8.08%</b>

Other Programs	Enacted Budget 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
Ag. Child Care (Migrant)	\$6,521,000	\$6,521,000	\$0	0%
Wine / Grape Foundation	\$1,000,000	\$713,000	(\$287,000)	-28.70%
Farm Viability Institute	\$1,500,000	\$400,000	(\$1,100,000)	-73.33%
Dairy Profit Teams	\$150,000	\$150,000	\$0	0%
Dairy Profit Teams / Farm Viability Institute	\$220,000	\$0	(\$220,000)	-100%
NYS Apple Growers Ass'n	\$1,000,000	\$206,000	(\$794,000)	-79.40%
Maple Producers Ass'n	\$125,000	\$0	(\$100,000)	-100%
Tractor Rollover Protection Program	\$100,000	\$0	(\$100,000)	-100%
Northern NY Agriculture Development	\$500,000	\$0	(\$500,000)	-100%
Eastern Equine Encephalitis	\$150,000	\$0	(\$150,000)	-100%
Turfgrass Env Stewardship	\$150,000	\$0	(\$150,000)	-100%
North Country Low Cost Vaccine	\$20,000	\$0	(\$20,000)	-100%
NY Christmas Tree Farmers	\$100,000	\$0	(\$100,000)	-100%
NYS Berry Growers Ass'n	\$200,000	\$0	(\$200,000)	-100%
Long Island Farm Bureau	\$200,000	\$0	(\$200,000)	-100%
Genesee County Ag Academy	\$100,000	\$0	(\$100,000)	-100%
Island Harvest	\$25,000	\$0	(\$25,000)	-100%
Taste NY	\$0	\$1,100,000	\$1,100,000	-
<b>Other Programs Total:</b>	<b>\$12,401,000</b>	<b>\$9,430,000</b>	<b>(\$2,971,000)</b>	<b>-23.96%</b>
<b>Ag &amp; Markets Aid to Localities Total:</b>	<b>\$21,141,000</b>	<b>\$18,445,000</b>	<b>(\$2,696,000)</b>	<b>-12.75%</b>

### Capital Projects

The Executive Budget Proposal includes \$5.5 million for New York State Fair infrastructure upgrades. This is the same level of funding provided in the SFY 2013-14 enacted budget.

### Article VII

The Executive recommends Article VII language to aid in the collection of outstanding penalties by authorizing the Department of Agriculture and Markets to withhold food processing license renewals from establishments with outstanding penalties of \$2,400 or more. This policy change is intended to increase compliance with food safety laws and provide \$100,000 in additional annual revenue to the department that was previously left uncollected.

## DEPARTMENT OF ECONOMIC DEVELOPMENT (DED)

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$70,552,000	\$ 63,182,946	(\$7,369,054)	(10.44%)
Special Revenue-Federal	\$ 8,000,000	\$8,000,000	\$0	0%
Special Revenue-Other	\$ 3,458,000	\$ 3,458,000	\$0	0%
<b>Total</b>	<b>\$82,010,000</b>	<b>\$74,640,946</b>	<b>(\$7,369,054)</b>	<b>(8.99%)</b>

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

### Overview of the Executive Budget Proposal

The Executive proposes \$74.64 million for the Department of Economic Development. This is a decrease of \$7.37 million or 8.99% from the SFY 2013-14 Budget. The reduction primarily reflects decreased spending resulting from operational and administrative efficiencies, the non-recurrence of one-time SFY 2013-14 Legislative adds, and certain non-personal service costs. The Executive Budget recommends a workforce of 152 FTEs for the DED, which is unchanged from SFY 2013-14 levels. Major budget actions include:

- The budget includes \$3.75 million in new Aid to Localities funding to support expenses of the Innovation Hot Spots and Incubators Program, an increase of \$2.5 million from SFY 2013-14. Designated Hot Spots and Incubators will serve as high technology innovation incubators providing growth support funding for start-up companies.
- The budget includes \$5 million in Aid to Localities funding for Market NY to support an advertising competition for the best regional marketing plans, unchanged from last year.
- The Executive Budget authorizes nearly \$32.7 million in Aid and Localities appropriations to support ongoing university-based matching grants and other high technology and research and development programs.
- A \$700,000 State Operations appropriation is recommended for international trade activities and offices, the same level as last year.
- Tourism Matching Grants would receive \$3.8 million in Aid to Localities appropriations to assist local tourism promotion agencies. A \$2.5 million appropriation is recommended for "I ♥ NY" tourism advertising. Both programs received same amount of funding in the enacted SFY 2013-14 Budget.

## ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
Special Revenue-Other	\$16,230,000	\$16,230,000	\$0	0.00%
Capital Projects	\$37,000,000	\$12,100,000	(\$24,900,000)	(67.30%)
<b>Total</b>	<b>\$53,230,000</b>	<b>\$28,330,000</b>	<b>(\$24,900,000)</b>	<b>(46.78%)</b>

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

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

The Executive Budget recommends \$28.33 million for NYSERDA. This is a decrease of \$24.90 million, a 46.78% decrease from the previous fiscal year. This decrease reflects the discontinuation of a \$25 million appropriation for the Cleaner, Greener Communities program, which was included in the SFY 2013-14 Budget. Funding for programs will be reauthorized in SFY 2014-15 via a \$25 million reappropriation. Major budget actions include:

- An appropriation of \$16.23 million, the same level as SFY 2013-14, for NYSERDA's research, demonstration and development programs, which funds energy analysis and planning activities and a competitive research and development grant program.

## DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
General Fund	\$110,895,200	\$113,114,200	\$2,219,000	2.00%
Special Revenue-Other	\$264,465,800	\$265,601,800	\$1,136,000	.43%
Special Revenue-Federal	\$79,198,000	\$79,198,000	\$0	0%
Capital Projects Fund	\$444,300,000	\$546,400,000	\$102,100,000	22.98%
Internal Service Funds	\$95,000	\$95,000	\$0	0%
<b>Total</b>	<b>\$898,954,000</b>	<b>\$1,004,409,000</b>	<b>\$105,455,000</b>	<b>11.73%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends \$1 billion in All Funds appropriations for the Department of Environmental Conservation for SFY 2014-15, an increase of \$105.46 million over the SFY 2013-14 Enacted Budget. This increase results from a new \$100 million capital appropriation for the State Superfund Program which did not receive an appropriation in last year's enacted budget. The Executive Budget recommends keeping the agency workforce flat at 2,917 FTEs, adding 1 net employee since the previous fiscal year.

The Executive Budget proposes to fund the State Superfund program with a one-year \$100 million capital appropriation, \$10 million of which would provide grants to clean up municipal brownfields through the Environmental Restoration Program. The State Superfund program was financed through reappropriations last year after the \$1.20 billion bond authorization expired in the 2012-13 State Fiscal Year. The Executive proposes Article VII language that would similarly allow a portion of remaining Superfund reappropriations to fund the Environmental Restoration Program in future years.

The Executive Budget continues NY Works statewide infrastructure investment through DEC with \$40 million in new capital funding, the same level as last year. This year's DEC funding will be used for a variety of environmental projects including: upgrading air monitoring equipment, improving access to recreation on state land, improving state fish hatcheries, upgrading DEC facilities including the shellfish lab and dam improvements, replacing agency vehicles and equipment, plugging and remediating abandoned oil and gas wells, and completing e-business initiatives to allow DEC customers to have updated online services.

### Aid to Localities

The Executive Budget recommends \$1.68 million in local assistance funding, a decrease of \$928,000 from the SFY 2013-14 enacted budget. The Executive proposes to eliminate prior year

Legislative adds to local assistance appropriations that fund the Cornell research station at Shackleton Point \$78,000, Cornell community integrated pest management \$500,000, and invasive species eradication \$350,000.

### Environmental Protection Fund (EPF)

The Executive Budget recommends an appropriation of \$157.00 million for the Environmental Protection Fund. This represents an increase of \$4.00 million, supported by additional Bottle Bill revenues as directed by Article VII language contained in the SFY 2013-14 Enacted Budget. Appropriations include \$14 million for solid waste programs, \$57.95 million for parks and recreation, and \$85.05 million for open space.

The Executive Budget creates two new lines in the EPF's Open Space Account by including: \$2 million for Suffolk County under Water Quality Improvement to remediate nitrogen impairment of groundwater caused by septic systems and cesspools; and \$250,000 for a Resiliency Planting Program under Land Acquisition to protect against storm surge and flooding by restoring streamside and coastal buffers through selective tree and shrub planting.

EPF capital appropriations provide funding for priority environmental infrastructure projects. The tables below indicate a breakdown of EPF category funding:

Solid Waste	Enacted 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
Landfill Closure/Gas Management	\$250,000	\$250,000	\$0	0%
Municipal Recycling	\$7,000,000	\$7,000,000	\$0	0%
Pollution Prevention Institute	\$3,250,000	\$3,250,000	\$0	0%
Secondary Marketing	\$1,000,000	\$1,000,000	\$0	0%
Natural Resource Damages	\$155,000	\$1,300,000	\$1,145,000	738.70%
Pesticide Database	\$1,000,000	\$1,200,000	\$200,000	20.00%
<b>Solid Waste Total:</b>	<b>\$12,655,000</b>	<b>\$14,000,000</b>	<b>\$1,345,000</b>	<b>10.63%</b>

Parks and Recreation	Enacted 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
Waterfront Revitalization	\$12,500,000	\$12,500,000	\$0	0%
<i>Inner City/Underserved</i>	\$6,250,000	\$6,250,000	\$0	0%
Municipal Parks	\$15,500,000	\$15,500,000	\$0	0%
<i>Inner City/Underserved</i>	\$7,750,000	\$7,750,000	\$0	
Hudson River Park	\$3,000,000	\$2,000,000	(\$1,000)	-33.33%
Public Access & Stewardship	\$16,600,000	\$17,600,000	\$1,000	.01%
<i>Belleayre</i>	\$500,000	\$500,000	\$0	0%
ZBGA	10,250,000	10,350,000	100,000	.98%
<b>Parks and Rec Total:</b>	<b>\$57,850,000</b>	<b>\$57,950,000</b>	<b>\$100,000</b>	<b>-.17%</b>

Open Space	Enacted 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
Land Acquisition	\$20,000,000	\$20,150,000	\$150,000	.75%
Land Trust Alliance	\$1,575,000	\$2,000,000	\$425,000	26.98%
Urban Forestry	\$500,000	\$1,000,000	\$500,000	50%
Resiliency Planting Program	0	\$250,000	\$0	-
Smart Growth	\$400,000	\$400,000	\$0	0%
Farmland Protection	\$13,000,000	\$14,000,000	\$1,000,000	7.69%
Agricultural Waste Management	\$1,000,000	\$1,500,000	\$500,000	50%
Biodiversity Stewardship	\$500,000	\$500,000	\$0	0%
Albany Pine Bush Commission	\$2,000,000	\$2,000,000	\$0	0%
Invasive Species	\$4,600,000	\$4,600,000	\$0	0%
Lake George	\$100,000	\$450,000	\$350,000	350%
LI Pine Barrens Commission	\$1,100,000	\$1,100,000	\$0	0%
Oceans & Great Lakes Imitative	\$4,750,000	\$4,800,000	\$50,000	1.05%
Water Quality Improvement Program	\$6,945,000	\$6,800,000	(\$145,000)	-2.09%
Suffolk County	\$0	\$2,000,000	\$2,000,000	-
LI South Shore Estuary Reserve	\$900,000	\$900,000	\$0	0%
Non-Point Source Poll Cont	\$18,700,000	\$18,700,000	\$0	0%
Agricultural	\$14,200,000	\$14,200,000	\$0	0%
Non-Agricultural	\$4,500,000	\$4,500,000	\$0	0%
Soil and Water Conservation Districts	\$3,500,000	\$4,500,000	\$1,000,000	28.57%
Finger Lake - Lake Ontario Watershed	\$1,300,000	\$1,300,000	\$0	0%
Hudson River Estuary Plan	\$3,800,000	\$3,800,000	\$0	0%
Mohawk River	\$800,000	\$800,000	\$0	0%
<b>Open Space Total:</b>	<b>\$82,495,000</b>	<b>\$85,050,000</b>	<b>\$2,535,000</b>	<b>3.07%</b>
<b>Total EPF:</b>	<b>\$153,000,000</b>	<b>\$157,000,000</b>	<b>\$4,000,000</b>	<b>2.61%</b>

## Article VII

- Permanently Extend Pesticide Product Registration Fees:** This bill permanently extends pesticide registration fees that sunset on July 1, 2014 and generates \$8 million in annual revenue for the State including \$5 million for the EPF. This bill also makes permanent current agency review timeframes and amends reporting requirements to provide county level data of pesticide sales which are to be posted on DEC's website.
- Promote New York State Fishing and Hunting:** This bill promotes outdoor recreation by re-authorizing crossbow hunting in the state, creating three and five year sporting licenses at reduced fees, offering up to ten promotionally priced licenses, increasing free fishing days from two to eight, and reducing the price of seven day fishing licenses. This bill also clarifies the liability of owners who allow the public to recreate on their property and reduces the setback from an occupied structure for the discharge of a bow or crossbow from 500 to 150 feet. Additionally, this bill authorizes DEC to subcontract the production of hunting and

fishing guides and creates distinctive license plates for lifetime sporting license holders and holders of long term parks vehicle access passes.

- **Extend and Reform the Brownfield Redevelopment Program:** This bill extends the Brownfield Redevelopment Program for ten years until 2025 and makes a number of reforms to program structure and eligibility criteria. The proposed reforms to the program include:
  - Extend the Program for ten years until Dec. 31<sup>st</sup>, 2025
  - Separate eligibility for the remediation program from eligibility for redevelopment tax credits
  - Establish criteria for projects eligible for redevelopment tax credits that include: property that has been abandoned for 15 years; property that has been abandoned and tax delinquent for 10 years; property value in relation to remediation costs is upside down; the project is a priority economic development project as determined by Empire State Development (industry and job creation requirements)
  - Provide increases to the redevelopment tax credit for projects that: are located in a high poverty high unemployment area; conform to Brownfield Opportunity Area planning; build affordable housing units
  - Create a fast track program to expedite projects that forego tax credits
  - Impose performance timelines for projects that lag or sit idle in the program
  - Allow Class II superfund sites that are not responsible parties to enter the program
  - Specify clean up costs that may be claimed under the remediation tax credit
  - Allow DEC to directly undertake municipal environmental restoration projects
  - Waive certain hazardous waste generation fee

# METROPOLITAN TRANSPORTATION AUTHORITY

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
Special Revenue-Other	\$2,303,636,000	\$2,284,165,000	\$19,471,000	.85%
Capital Projects	0	0	0	0
<b>Total</b>	<b>\$2,303,636,000</b>	<b>\$2,284,165,000</b>	<b>\$19,471,000</b>	<b>.85%</b>

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

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

## Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget proposal provides for three types of State-supported funding for the MTA:

- Transit operating aid appropriations, which are provided through the budget of the State Department of Transportation (DOT);
- Capital program reappropriations, which are provided through bonding authorized in prior budgets; and
- Contingency appropriations, which provide no direct financial aid to the Authority in SFY 2014-15. These appropriations are intended to provide operating aid to the MTA in the event that the SFY 2014-15 budget is not passed by the April 1<sup>st</sup> deadline as it is established in the State Constitution.

The Executive Budget proposal for SFY 2014-15 provides \$5.39 billion in MTA transit assistance. Of this amount \$4.35 billion is made available through the Department of Transportation and \$1.04 billion is funded through reappropriations for capital assistance.

## State Transit Operating Aid for the MTA

Transit operating aid for the MTA is located within the DOT budget.

In SFY 2014-15, the Executive proposes nearly \$4.35 billion in transit operating aid for the Authority. This represents an increase of more than \$85 million, or approximately 2% above disbursement levels in the SFY 2013-14 Adjusted Budget. This includes General Fund support of \$309.25 million to offset the revenue impact of the 2011 additional payroll tax exemptions on the MTA's 2014 fiscal year.

The SFY 2014-15 Executive Budget Proposal maintains an appropriation of approximately \$25.3 million to offset the costs to the MTA for the Reduced Fare for School Children Program for New York City.

### Capital Funding for the MTA

The SFY 2014-15 Executive Budget Proposal contains no new appropriations for the MTA capital program. In 2012, the Enacted Budget appropriated \$770 million from authority-backed bonding to provide the State's share of assistance for the final three years of the MTA's \$22 billion 2010-14 Capital Program. The MTA is also scheduled to receive nearly \$386 million in reappropriations from 2005 Bond Act funds.

The schedule for last year's \$770 million was staggered, for cash flow purposes, into the following five-year timetable:

State Assistance Timeline for FY 2012-14 of the MTA Capital Program (in millions)				
2012-13	2013-14	2014-15	2015-16	2016-17
\$150	\$0	\$0	\$310	\$310
The authority bonds will be issued by the Empire State Development Corporation, Dormitory Authority, and Thruway Authority pursuant to authorization granted in the budget.				

### Current Five-Year Capital Program

After its initial \$26 billion five-year capital program was rejected by the Capital Program Review Board, the MTA sustained the first two years of its 2010-14 Capital Program mainly through reliance on over \$2 billion in federal transit aid and state-approved issuance of \$6 billion in new MTA borrowing. After multiple attempts to reduce its expenses and streamline its needs over the final three years of its plan, the MTA approved a \$13 billion capital program through 2014, contingent on federal aid, grants, and loans, going deeper into debt, state and local contributions, and a few other initiatives.

However, this plan was disrupted by Superstorm Sandy in October 2012. Sandy caused an additional \$5 billion in damages, leading to a \$4.75 billion capital program amendment for recovery projects. The MTA then amended its capital program again by \$5.77 billion for disaster mitigation (asset "hardening") projects. The funding authorized under the second plan amendment is contingent on award of federal funding for mitigation projects. It plans to finance any local match required with previously authorized bonds and available pay-as-you-go funds.

### Upcoming Five-Year Capital Program

The MTA is not expected to release its 2015 Capital Program draft until September 2014, but its Twenty Year Needs Assessment projects over \$26 billion in core needs for 2015-19. This document focused mainly on signal upgrades, fleet replacement, system maintenance, and fare payment systems. It remains to be seen how this plan will change in the wake of Governor Cuomo's State of the State Address, in which he declared his support for West Side Access, a proposal to add commuter rail access connecting the East Bronx with Penn Station and the New Haven Line. The project is expected to cost more than \$1 billion to complete.

The following three tables explain how the MTA's capital program has changed in the wake of Superstorm Sandy:

<b>MTA 2010-2014 Capital Plan Amendment All Agency Summary (\$ in millions)</b>				
<b>Plan</b>	<b>March 2012 Approved Plan</b>	<b>2012 Post- Sandy Recovery Plan</b>	<b>2013 Sandy Mitigation Plan</b>	<b>Change from March 2012 Plan</b>
Core Capital Plan				
New York City Transit	\$11,649	\$11,649	\$11,642	(\$1,199)
Long Island Rail Road	\$2,316	\$2,316	\$2,314	\$(2)
Metro-North Railroad	\$1,544	\$1,544	\$1,544	\$0
MTA Bus	\$297	\$297	\$297	\$0
MTA Wide Security/Disaster Recovery Program (Core CPRB Agencies)				
Security	\$335	\$335	\$335	\$0
Disaster Recovery – Repair	\$0	\$3,977	\$3,977	\$3,977
Disaster Recovery – Mitigation	\$0	\$0	\$5,674	\$5,674
MTA Interagency	\$315	\$315	202	(\$113)
Core Subtotal	\$16,456	\$20,433	\$25,984	\$9,528
Network Expansion Projects	\$5,739	\$5,739	\$5,865	\$126
Total 2010-2014 CPRB Plan	\$22,195	\$26,172	\$31,849	\$9,654
Bridges and Tunnels	\$2,079	\$2,079	\$2,078	(\$1)
MTA Wide Security/Disaster Recovery Program (Bridges and Tunnels)				
Disaster Recovery – Repair	\$0	\$778	\$778	\$778
Disaster Recovery – Mitigation	\$0	\$0	\$96	\$96
<b>Total 2010-2014 Capital Plan</b>	<b>\$24,274</b>	<b>\$29,029</b>	<b>\$34,801</b>	<b>\$10,527</b>

*This chart is adapted from the MTA's Capital Program Amendment presentation for the Board. It is amended to start with the March plan amendment, reducing the total CPRB Plan from \$23.8 billion to \$22.2 billion, as a baseline. Numbers may not total due to rounding.*

<b>MTA 2010-2014 Capital Plan Amendment Approved Plan Increase for Superstorm Sandy Mitigation by Agency (\$ in millions)</b>	
<b>Agency</b>	<b>Approved July 2013 Plan</b>
New York City Transit	\$5,091
Long Island Rail Road	\$409
Metro-North Railroad	\$128
MTA Bus Company	\$46
Bridges and Tunnels	\$96
<b>Mitigation Projects: 2010-2014 Plan</b>	<b>\$5,770</b>

*This chart is available in the MTA's Capital Program Amendment presentation for the Board. Numbers may not total due to rounding.*

**MTA 2010-2014 Capital Plan Amendment  
Funding Plan for Superstorm Sandy Recovery & Mitigation (\$ in millions)**

<b>Funding Plan</b>	<b>December 2012 Approved Plan (Recovery)</b>	<b>July 2013 Approved Plan (Mitigation)</b>	<b>Change</b>
Federal Formula, Flexible and Misc.	\$5,783	\$5,827	\$44
Federal High Speed Rail	\$295	\$295	-
Federal Security	\$225	\$221	(\$4)
Federal RRIF Loan	\$2,200	\$2,200	-
MTA Bus Federal Formula/Match	\$167	\$148	(\$19)
City Capital Funds	\$762	\$762	-
State Assistance	\$770	\$770	-
MTA Bonds	\$10,503	\$10,503	-
Other	\$1,490	\$1,472	(\$18)
Superstorm Sandy Recovery Funds			
Insurance and federal reimbursement (including interim MTA borrowing) *	\$3,185	\$8,732	\$5,547
Pay-as-you-go capital	\$0	\$160	\$160
MTA Bonds	\$792	\$758	(\$34)
<b>Total 2010-2014 CPRB Plan</b>	<b>\$26,172</b>	<b>\$31,849</b>	<b>\$5,676</b>
Bridges and Tunnels Bonds	\$2,079	\$2,079	-
B&T Superstorm Sandy Recovery Funds			
Insurance and federal reimbursement (including interim TBTA borrowing) *	\$620	\$699	\$79
B&T Bonds	\$158	\$175	\$17
<b>Total 2010-2014 Capital Plan</b>	<b>\$29,029</b>	<b>\$34,801</b>	<b>\$5,773</b>

\* Subject to future federal appropriation and guidance. Numbers may not total due to rounding. Chart available in MTA's Capital Program Amendment presentation to Board.

### Contingency Appropriations

The Executive proposes two contingency appropriations for the MTA totaling over \$2.30 billion in the SFY 2014-15 Executive Budget:

- The first contingency appropriation provided to the Authority totals \$612.53 million, a decrease of \$25.94 million or about 4% from the Dedicated Mass Transportation Fund. This is due to an anticipated reduction in Petroleum Business Tax receipts in future years.
- The second contingency appropriation is approximately \$1.69 billion. This represents a 2.76% increase from the SFY 2013-14 Enacted Budget. This contingency appropriation is required pursuant to the new Section 92-ff of State Finance Law which was enacted as part of Chapter 25 of the Laws of 2009 (the MTA Bailout).

These contingency appropriations to support operating costs and debt service payments of the MTA in SFY 2014-15 in the event that the state budget for the next fiscal year is not enacted on time.

#### **Article VII**

- ***Strengthens Toll Collection Enforcement Measures against Toll Evaders.*** The Executive Budget amends the Public Authorities Law and Vehicle & Traffic Law to increase penalties and enforcement mechanisms against toll violators. This includes increasing financial penalties, adding potential criminal penalties, and permitting the State to enter into reciprocal agreements with other states to increase coordination in addressing toll evasion. The four tolling authorities in New York, including the MTA affiliate Triborough Bridge and Tunnel Authority, assert that toll evasion reduces revenue by \$150 million over the last five years. More information on this proposal is included in the Department of Motor Vehicles section.
- ***MMTOA Debt-Service Sweep.*** The Public Protection and General Government legislation contains language that would transfer \$40 million from the Metropolitan Mass Transportation Operating Assistance account (MMTOA) to the State's General Debt Service Fund to assist the State in providing debt service payments for MTA capital borrowing. This is twice the amount authorized in the SFY 2013-14 Enacted Budget. The Financial Plan also includes \$20 million in transfers from MMTOA for the same purpose starting in the 2016 Fiscal Year.

## DEPARTMENT OF MOTOR VEHICLES

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
Special Revenue-Federal	\$39,106,000	\$39,626,000	\$520,000	1.33%
Special Revenue-Other	\$82,997,000	\$79,171,000	(\$3,826,000)	(4.61%)
Capital Projects	\$205,759,000	\$194,314,000	(\$11,445,000)	(5.56%)
Internal Service Funds	\$15,000,000	\$5,300,000	(\$9,700,000)	(64.67%)
<b>Total</b>	<b>\$342,862,000</b>	<b>\$318,411,000</b>	<b>(\$24,451,000)</b>	<b>(7.13%)</b>

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

### Overview of Executive Budget Proposal

The Executive Budget proposes approximately \$318.41 million of appropriations for State Fiscal Year 2014-15, a decrease of \$24.45 million or about 7% from the 2013-14 Enacted Budget. This decrease reflects the realization of a transfer of personal service costs over to the Office of Information Technology Services through the consolidation of IT work and attrition. The DMV's Agency budget requested a \$350.75 million All Funds appropriation.

The Executive Budget recommends a workforce of 2,205 FTEs for the Department, a decrease of 10 FTEs from 2013-14. This is due to attrition related to increasing usage of the Department's online platform and automated kiosks.

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

Under the SFY 2014-15 Executive Proposed Budget, the Dedicated Highway and Bridge Trust Fund (DHBTF) would support over \$194 million of DMV's expenses. This represents a decrease of approximately \$11.45 million or 5.56% from the appropriation in the SFY 2013-14 Enacted Budget.

The DHBTF is the primary source of State funding for transportation capital infrastructure investment. The appropriation from the DHBTF for the Department of Motor Vehicles would primarily support expenses associated with the Department's administrative functions and initiatives. Overall, the DHBTF appropriation in the SFY 2014-15 Executive Proposed Budget represents more than 61% of the total value of appropriations made to DMV.

The DMV is projected to collect more than \$1.7 billion in revenue for the State and localities in SFY 2014-15.

## **Article VII & Budget Actions**

### **Customer Service Initiative**

DMV continues its customer service overhaul that began in SFY 2013-14, this overhaul includes installation of self-service kiosks in nearly all 27 DMV offices, weekend office hours in certain locations, and greeters to assist customers and expedite their transaction. DMV is also overhauling its call center to expedite prearranged office visits, and is finalizing modernization of its website and creation of an app for mobile devices.

### **Extends DMV Weekend Office Hours Permanently.**

The Executive proposes legislation that would permanently extend DMV's power to designate certain branch offices to serve the public and transact business on Saturdays permanently. The current program is set to expire on March 29, 2015.

### **Makes Internet Defensive Driving Course Permanent**

The Executive also proposes legislation to permanently extend the DMV's authorization for its online defensive driving program (Accident Prevention Course Internet Program, also referred to as IPIRP). It was initially authorized as a five-year pilot program, and expires on May 18, 2014.

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

The Executive proposes to amend the license suspension penalty for Commercial Driver's License (CDL) holders, requiring suspension of a CDL until the driver adds or removes a license restriction pursuant to the DMV's directive.

DMV must provide at least thirty days' notice before imposing this suspension. Operation with an improperly marked license would constitute a violation, punishable by a fine of \$75 up to \$300 and imprisonment of up to fifteen days. This proposal is submitted to ensure compliance with Federal Motor Carrier Safety Act regulations. Failure to comply with FMCSA regulations could jeopardize up to \$65 million in federal highway aid and \$8 million in FMSCA program funding.

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

The Executive also proposes penalty increases for drivers who fail to obey toll regulations (toll evaders). This measure affects the DMV in several ways:

- Authorizes suspension of toll evaders' licenses based on three offenses, rather than five, and also permits consideration of other jurisdictions' toll violation tickets;
- Increases the penalty schedule from \$25-\$200 to \$100-\$500 for drivers who operate vehicles without license plates or have obscured license plates on toll highways, bridges, and tunnels;
- Requires denial of a vehicle registration or renewal if an applicant has unpaid or unanswered toll tickets;
- Authorizes the Department to enter into reciprocal agreements or compacts with other entities to suspend drivers' licenses or deny vehicle registration/renewals for failure to appear, failure to pay, and for three or more toll notice violations within eighteen months. The Department would be authorized to treat similar offenses from other states as if they occurred in New York State, and require other states to do the same. Covered entities that

can enter into these agreements include other states, the District of Columbia, U.S. territories, and Canadian provinces;

- Reduces the burden of proof for establishing a charge against a driver to 51% (“preponderance of the evidence”); and
- Amends the criminal “theft of services” statute, which currently covers riders who attempt to use public transportation service without paying, to include failure to pay tolls. This is punishable by a Class A misdemeanor.

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

## NEW YORK GAMING COMMISSION

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
State Operations	\$106,211,700	\$114,595,100	\$8,383,400	7.89%
<b>Total All Funds:</b>	<b>\$106,211,700</b>	<b>\$114,595,100</b>	<b>\$8,383,400</b>	<b>7.89%</b>

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

### Overview of Executive Budget Proposal

The Executive Budget recommends \$114.60 million in All Funds for the Commission, which represents an increase of \$8.38 million or 7.9%. The appropriation increase is due to the implementation of casino gaming pursuant to the 2013 Upstate Gaming Economic Development Act. The increase would fund an additional 10 FTEs as well as costs associated with site selection, background checks, and regulatory review of casino applications as well as development.

### Article VII Proposals

Part D of the revenue Article VII would increase the racing regulatory fee assessed on thoroughbred, harness, off-track, and simulcast pari-mutuel wagering from .50% to .60% to fully cover costs associated with regulation. Traditionally, agencies such as Lottery, DFS, Racing and Wagering, and Banking operate on assessments of the entities that are regulated. The racing regulation fee was first implemented in 2003. According to the Executive since that time on-track attendance and pari-mutuel handle have declined by 50% resulting in a shortfall of over \$5 million. According to the Division of the Budget enactment of this proposal would raise an additional \$1.6 million annually for the regulation of racing.

Part AA of the revenue Article VII extends the State’s current simulcasting rates for another year. The SFY 2013-14 Executive Budget proposed making the current rates permanent, which the legislature rejected, and as such they were subsequently extended for another one year period. This proposal continues that one year extension.

Part EE of the revenue Article VII makes several technical amendments to the Upstate Gaming Economic Development Act of 2013. Specifically, section one of the bills would allow monthly transfers of cash into the state lottery fund rather than in the following fiscal year as is currently required. Such cash could then be used to cover any potential shortfall if any regarding future payouts.

In addition, the bill clarifies several of the original effective dates including one pertaining to legalized sports betting should the federal government amend that law.

The bill also extends for an additional year the term in which an applicant must re-apply or renew a video gaming license. Under current law such license would expire on June 30, 2014. The Gaming Commission requested enactment of this proposal to assist in the review of VLT licenses over a protracted period of time rather than all at once.

## OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
General Fund	\$4,086,000	\$4,168,000	\$82,000	2.01%
Special Revenue-Other	\$1,331,000	\$150,000	(\$1,181,000)	-88.73%
Capital Projects	\$0	\$6,900,000	\$6,900,000	-
<b>Total</b>	<b>\$5,417,000</b>	<b>\$11,218,000</b>	<b>\$5,801,000</b>	<b>107.09%</b>

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

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

The Executive Budget recommends an All Funds appropriation of \$11.22 million for SFY 2014-15, an increase of \$5.80 million from the SFY 2013-14 Enacted Budget. This increase is due to a new \$6.90 million capital appropriation offset by a \$1.18 million decrease from a non-recurring, one-time draw down from the Winter Sports Education Trust Fund included in the SFY 2013-14 enacted budget.

The Executive proposes a total of \$9.40 million in new capital appropriations for upgrades at ORDA managed facilities. This includes a \$6.90 million appropriation to ORDA for energy efficiency and renovation projects that will reduce long-term operating costs and a \$2.5 million sub-allocation of NY Works funding from the Office of Parks, Recreation and Historic Preservation for capital improvements.

## OFFICE OF PARKS, RECREATION & HISTORIC PRESERVATION

Agency	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
General Fund	\$136,834,700	\$132,575,700	(\$4,259,000)	-3.11%
Special Revenue-Other	\$96,374,900	\$93,966,900	(\$2,408,000)	-2.50%
Special Revenue-Federal	\$10,020,900	\$10,450,900	\$430,000	4.29%
Capital Projects Fund	\$103,700,000	\$148,700,000	\$45,000,000	43.39%
<b>Total</b>	<b>\$346,930,500</b>	<b>\$385,693,500</b>	<b>\$38,763,000</b>	<b>11.17%</b>

*The goal of the Office of Parks Recreation and Historic Preservation is to provide and maintain safe, pleasurable, recreational opportunities and programs for all New York State residents and visitors. The Office of Parks, Recreation and Historic Preservation also acts as a responsible guardian of the State's valuable natural, historic, and cultural resources. The Office is responsible for the operation and maintenance of 179 State parks and 35 historic sites which include a number of performing arts centers, golf courses, marinas, beaches, cabins, swimming pools, campgrounds, and a variety of restaurants, and other historic sites.*

### Overview of Executive Budget Proposal

The Executive Budget recommends \$385.69 million in All Funds appropriations for the Office of Parks, Recreation and Historic Preservation for SFY 2014-15, an increase of \$38.76 million from the SFY 2013-14 enacted budget. This change reflects a \$45 million increase in NY Works capital appropriations offset by decreases to the General Fund and Special Revenue funds due to a non-recurring retroactive UUP Lifeguard settlement paid out during the 2013-14 budget year.

The Executive proposes to increase staffing by 18 positions, from 1,719 to 1,737 FTEs, or a 1.05% increase. This includes four additional federally funded historic preservation staff and 14 new positions to help facilitate infrastructure projects undertaken with the recent influx of parks capital funding.

### Parks Capital Spending

The Executive continues NY Works funding for State park infrastructure upgrades with \$92.50 million in new capital appropriations, an increase of \$45 million from the SFY 2013-14 Enacted Budget. This includes \$2.5 million to be sub-allocated to the Olympic Regional Development Authority for a variety of capital projects improvements. This Parks appropriation will help fund the continued effort to rehabilitate the State's aged park infrastructure.

## DEPARTMENT OF PUBLIC SERVICE (DPS)

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
Special Revenue-Federal	\$3,500,000	\$3,500,000	\$0	0.00%
Special Revenue-Other	\$82,142,000	\$85,816,000	\$4,674,000	5.69%
<b>Total</b>	<b>\$85,642,000</b>	<b>\$89,316,000</b>	<b>\$3,674,000</b>	<b>4.11%</b>

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

### Overview of the Executive Budget Proposal

The Executive Budget recommends \$89.32 million for the Department of Public Service in SFY 2014-15, which is an increase of \$3.67 million or 4.11% from the SFY 2013-14 budget. This growth reflects an increase in funding to establish an Office dedicated to the oversight of electric service on Long Island, partially offset by a decrease in local assistance funding and savings from operational and administrative efficiency initiatives.

The Executive Budget recommends a workforce of 527 employees for the Department, a net increase of four employees from SFY 2013-14 levels. This growth reflects the addition of ten employees in SFY 2014-15 increased for oversight of utility services and rates on Long Island. These mandated staff increases are offset by the attrition of six employees resulting from the streamlining of certain agency operations. Major budget actions include:

- The Executive Budget proposes \$5.5 million in new State Operations funding from Special Revenue-Other for the creation of a Long Island Office to oversee electric utility service on Long Island. This enhanced oversight is intended to ensure that Long Island electric customers receive reliable utility service at just and reasonable rates. The ten additional employees funded will result in a total of 39 DPS employees assigned to the oversight of Long Island's electric service.

### Article VII

The Executive Budget includes legislation that will provide \$850,000 in savings and enable DPS to streamline its operations, including the approval of cable franchise agreements, regulation of telephone companies, and shared metering violations.

The 18-a Temporary Utility Assessment, will be eliminated immediately for industrial customers. The expiration for other customers scheduled for 2017 will be accelerated. This action would provide a total of \$600 million in savings to utility customers over three years--\$200 million each year from the 2014-15 to 2016-17 fiscal years.

## DEPARTMENT OF STATE

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$18,045,000	\$16,931,000	(\$1,114,000)	-6.17%
SRO-FED	\$7,995,000	\$7,995,000	\$0.00	0%
SRO-Other	\$43,489,000	\$42,970,000	\$(519,000)	-1.19%
Capital Project Funds-oth	\$10,000,000	0	\$(10,000,000)	0%
<b>Total All Funds:</b>	<b>\$145,413,000</b>	<b>\$133,625,000</b>	<b>(\$11,788,000)</b>	<b>-8.11%</b>

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2014-15 Executive Budget recommends a total budget appropriation of \$133.6 million for the Department, a decrease of \$11.8 million from the last fiscal year. This is a result of the elimination of last year's Brownfield Opportunity Areas Program, as well as "operational and administrative efficiencies." There is a new \$10 million proposed appropriation for remediation of municipal brownfields in the budget of the Department of Environmental Conservation.

## URBAN DEVELOPMENT CORPORATION

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$42,537,000	\$42,935,000	\$398,000	1.00%
Capital Projects	\$403,057,000	\$1,296,945,000	\$893,888,000	221.78%
Total	<b>\$445,594,000</b>	<b>\$1,339,880,000</b>	<b>\$894,286,000</b>	<b>200.70%</b>

*The Urban Development Corporation is (UDC) a public benefit corporation that does official business as the Empire State Development Corporation (ESDC). Its overall objective is to stimulate economic growth through the creation of jobs by fostering business development, enhancing industrial competitiveness, revitalizing downtown areas, advancing high technology and promoting activities. It engages in three principal activities: economic and real estate development; State facility financing; and housing portfolio maintenance.*

### Overview of the Executive Budget Proposal

The Executive proposes \$1.34 billion for ESD. This is an increase of \$894.29 million (or 200.70% increase) from the SFY 2013-14 budget. The increase primarily reflects the resources necessary to fully implement the Governor's billion dollar commitment to Buffalo and for other strategic economic development capital initiatives. Major budget actions include:

- **Regional Economic Development Councils:** The Executive Budget provides another \$150 million of capital funding to support a fourth round of new and competitively selected projects that will further advance each region's economic development objectives. Regional Councils will also have the opportunity to compete for an additional \$70 million of Excelsior Job Credits, as well as funds from other State Agencies made available to the Regional Councils via the Consolidated Funding Application process.
- **Buffalo Regional Innovation Cluster:** The Executive Budget seeks to fully appropriate the Governor's \$1 billion commitment to Buffalo by authorizing an additional \$680 million in new capital funding for the program. This complements \$150 million in prior-year capital appropriations and \$170 million in tax credits reserved under the Excelsior Jobs Program.
- **Nano Utica:** The Executive Budget proposes \$180 million in capital funding to support the purchase of equipment for a project at Nano Utica, the State's second major hub of nanotechnology research and development.
- **NYSUNY 2020/NYCUNY 2020:** The Executive Budget proposes \$110 million in capital funding for a new and expanded round of NYSUNY 2020 and NYCUNY 2020 grants, \$55 million for each university system. Funding will continue to be awarded through a bottom-up competitive process through which campuses develop plans for improving academic outcomes, finding efficiencies, and promoting innovation and economic development.
- **New York Genome Center:** As part of the State's \$105 million commitment to create the NY Genomic Medicine Network. Capital funding in the amount of \$55.75 million will support the construction of a new facility to conduct research in genomics.

- **Onondaga Lake Communities Revitalization:** The Executive Budget proposes \$30 million in capital funding for a new program to support economic development and infrastructure improvements that encourage the revitalization of Onondaga Lake and its surrounding communities.
- **Economic Transformation Program:** A capital appropriation of \$24 million is provided for a new program to support communities adversely affected by future correctional and juvenile justice facility closures. In consultation with the Regional Councils, those communities will be able to use the funds to leverage private sector investments that create jobs and support initiatives that transform their economies.
- **Clarkson-Trudeau Partnership:** The Executive Budget proposes \$10 million in capital funding for a new program to support a partnership between the State, Clarkson University and the Trudeau Institute to form a world-class biotech enterprise and further establish the North Country Region as a premier center of biotechnology research and development.
- **Cornell University College of Veterinary Medicine:** The Executive Budget proposes \$5 million initial State capital investment for a new program to support the expansion of the Cornell University College of Veterinary Medicine. Cornell has a plan to expand the annual student enrollment 20% at the veterinary college.
- **SUNY College for Nanoscale and Science Engineering:** The Executive Budget proposes \$50 million for an ongoing commitment to the SUNY College of Nanoscale and Science Engineering.
- **Ongoing Economic Development Programs:** The Executive Budget proposes \$42.9 million to support ongoing economic development programs, including: the Empire State Economic Development Fund; Minority and Women-Owned Business Development and Lending Programs; the Urban and Community Development Program and the Entrepreneurial Assistance Program.

## Article VII

Section 19 of this bill would authorize the transfer of up to \$90 million from the Power Authority of the State of New York to the credit of the General Fund, with at least \$25 million transferred by June 30, 2014 and the remainder transferred by March 31, 2015. Of the \$90 million transfer, \$50 million is for the “New York Open for Business” advertising campaign, \$25 million for the General Fund, and \$15 million for the New York State Innovation Venture Capital Fund.

## DEPARTMENT OF TAXATION AND FINANCE

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	%
General Fund	\$279,250,000	\$279,250,000	0	0%
Special Revenue-Other	\$106,171,000	\$102,382,000	(\$3,789,000)	(3.6%)
Special Revenue-Federal	\$5,000,000	\$5,000,000	0	0%
Internal Service Funds	77,442,000	77,442,000	0	0%
<b>Total All Funds:</b>	<b>\$467,863,400</b>	<b>\$464,074,400</b>	<b>(\$3,789,000)</b>	<b>(0.8%)</b>

*The Department of Taxation and Finance administers State taxes and various local taxes and also manages the State Treasury. The Department executes its mission through eight programs: Audit, Collections and Enforcement, Centralized Operations Support, Office of Conciliation and Mediation, Management, Administration and Counsel, Revenue Processing and Reconciliation, Tax Policy, Revenue Accounting and Taxpayer Guidance; Technology and Information Services, and Treasury Management.*

### Overview of Executive Budget Proposal

The Executive Budget recommends \$464.1 million All Funds (\$279.3 million General Fund; \$184.8million Other Funds) for the Department of Taxation and Finance. This is a decrease of \$3.8 million or 0.8 percent from adjusted 2013-14 levels. The net decrease primarily reflects the elimination of obsolete operating accounts.

The Executive Budget recommends a workforce of 4,368 FTEs for the Department. This represents the same level of workforce as in SFY 2013-14.

Major budget actions include:

- Continuing to effectuate the STAR property tax exemption re-registration initiative to address waste, fraud, and abuse in the STAR program.
- Implementing the NYS Family Tax Relief Credit initiative which provides qualifying families with a \$350 tax credit for three consecutive years beginning in 2014. This initiative will provide more than \$1 billion in tax relief for Middle Class families.
- Leveraging the operational and technological capabilities of the Department's print facility to assume the print operations of several agencies to achieve efficiencies and savings.
- Continuing investment in the Department's successful consolidation of the call center operations of several State agencies to achieve superior customer service and operational efficiencies, which positions the Department to assume a greater role in statewide call center consolidation efforts going forward.
- Continuing to expand and enhance the Department's web filing options to drive efficiencies and improve customer service.
- Continuing to expand and enhance the Department's Business Analytics capabilities in order to drive efficiencies, increase revenue collections, and mitigate fraudulent activities.

## DIVISION OF TAX APPEALS

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$3,121,000	\$3,121,000	\$0	0%
<b>Total</b>	<b>\$3,121,000</b>	<b>\$3,121,000</b>	<b>\$0</b>	<b>0%</b>

*The Division of Tax Appeals provides the public with a due process system for resolving disputes with the Department of Taxation and Finance. The Division of Tax Appeals is headed by the Tax Appeals Tribunal, which is comprised of three commissioners appointed by the Governor and confirmed by the Senate. Under the direction of the Tax Tribunal, dispute adjudication is provided through small claims hearings, formal hearings, and the Tribunal appeals process.*

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

The Division of Tax Appeals is supported solely with State tax dollars. The Executive Budget recommends a General Fund appropriation of \$3.12 million which is the same as the current year.

The Executive Budget recommends a \$3.12 million General Fund appropriation and a workforce of 27 FTEs for the Division of Tax Appeals. This represents the same levels of funding and workforce as in SFY 2013-14.

## NEW YORK STATE THRUWAY AUTHORITY

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
General Fund	\$3,121,000	\$3,121,000	\$0	0%
<b>Total All Funds:</b>	<b>\$3,121,000</b>	<b>\$3,121,000</b>	<b>\$0</b>	<b>0%</b>

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

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

### Overview of Executive Budget Proposal

The Executive recommends a \$2 million capital appropriation for the Thruway Authority for the Canal Development Program. This is the same level of funding as in the SFY 2013-14 Enacted Budget.

The Executive Budget also continues a \$24 million General Fund appropriation in the State Operations budget for “the cost of goods and services incurred after December 31, 2013 by the New York State Thruway Authority on behalf of the State of New York...” It also continues to subsidize the operating expenditures of Troop T; this troop patrols the Thruway. It also waives a cost recovery fee that was valued at around \$5 million. This state subsidy is valued at nearly \$86 million per year. These changes were effected in the SFY 2013-14 Enacted Budget as a means of assisting the Thruway Authority to avoid increasing tolls on commercial vehicles.

### Tappan Zee Financing & Capital Program Issues Ahead

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

This led to reduced project cost estimates and expedited timelines, with a winning bid of \$3.9 billion and a projected construction timeline of five years. To partially finance this megaproject, the state applied for a \$2 billion low-interest federal loan through the Transportation Infrastructure Finance and Innovation Act (TIFIA). In October 2013, a \$1.6 billion TIFIA loan was approved for the State. Dredging and pre-construction of trestles began in spring 2013; construction of the span is still projected to take five years.

However, left unanswered is how the remainder of the bridge will be financed. It is currently projected to cost \$4.80 billion with interest, with the federal loan leaving \$3.20 billion unfunded. In its revised 2013 Budget, the Thruway Authority issued \$537 million in bonds to begin financing the new Tappan Zee. Prior to this issuance, the Thruway Authority's proposed total budget was around \$978 million; after the borrowing, it increased to \$1.42 billion. For 2014, the Thruway's proposed budget expands to \$2.11 billion.

**Budgeting & Capital Program.** The Thruway Authority's debt service to pay for this borrowing has increased significantly as a percentage of its operating expenditures. The Thruway Authority's debt service payments were \$200 million in 2012; they increased to more than \$240 million in 2013. They are projected to reach around \$260 million for 2014, rising to around \$420 million per year by 2017. The Authority's long-term plan also includes five new senior debt bond issuances exceeding \$1 billion through 2017 for non-Tappan Zee capital projects, as well as seven junior bond issuances totaling more than \$4.50 billion for the Tappan Zee. The Capital Program is anticipated to increase from less than \$400 million in 2012 to \$1.50 billion in 2014. By 2017, the Thruway Authority is projected to have nearly \$8 billion in outstanding junior and senior debt.

With about \$684 million in anticipated revenues contrasted with about \$257 million in debt service, the Authority's projected debt service payments equal almost 38% of its projected 2014 revenues. Last, the workforce climate also deserves note: the Thruway proposes reducing the number of budgeted positions by 230 in its 2014 Budget, if implemented; the Thruway will have reduced its workforce by more than 1,100 positions relative to its 1995 level.

**Capital Assistance from the State.** In SFY 2012-13 and 2013-14, the state provided around \$103 million in federal highway aid to the Thruway Authority for assistance with fulfilling capital program projects, easing the Thruway Authority's budgetary pressures. Funding has been reduced to \$25 million in the 2014-15 Executive Budget, leaving the Authority with reduced year-to-year state capital assistance.

## Article VII

- **Guarantees Operating Assistance and Fee Exemption to Avert Toll Hikes.** In addition to waiving a cost recovery fee and taking on the costs of state police patrol of the Thruway, the Executive Budget includes a \$24 million general fund appropriation to cover "additional goods and services" of the Authority. This appropriation was used in SFY 2013-14 primarily to pay for Xerox's management of the Thruway's E-Z Pass account system, and also for some costs associated with workers' compensation insurance from the State Insurance Fund.
- **Strengthens Toll Collection Enforcement Measures against Toll Evaders.** The Executive Budget amends the Public Authorities Law and Vehicle & Traffic Law to increase penalties and enforcement mechanisms against toll violators. This includes increasing financial penalties, adding potential criminal penalties, and permitting the state to enter into reciprocal agreements with other states to increase coordination in addressing toll evasion. The four tolling authorities in New York, including the MTA affiliate Triborough Bridge and Tunnel Authority, assert that toll violators have cost the

tolling authorities \$150 million in reduced revenue over the last five years. More information on this proposal is included in the Department of Motor Vehicles section.

- **Design-Build Expansion.** The Executive Budget includes legislation that would make the Infrastructure Investment Act of 2011 – which authorizes design-build and best value contracts among certain agencies and authorities – effective permanently. It is currently set to expire on December 9, 2014. The law currently permits the Thruway Authority and four other state entities to enter into these alternative project delivery arrangements.

## DEPARTMENT OF TRANSPORTATION

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	\$ Change	% Change
General Fund	\$97,550,900	\$97,550,900	\$0	0%
Special Revenue-Federal	\$77,557,000	\$82,986,000	\$5,429,000	7%
Special Revenue-Other	\$4,708,250,800	\$4,860,450,800	\$152,200,000	3.23%
Capital Projects	\$4,179,385,000	\$5,067,591,000	\$888,206,000	21.25%
Fiduciary Funds	\$50,000,000	\$50,000,000	\$0	0%
<b>Total</b>	<b>\$9,112,743,700</b>	<b>\$10,158,578,700</b>	<b>\$1,045,835,000</b>	<b>11.48%</b>

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

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

### Overview of Executive Budget Proposal

The Executive Budget recommends about \$10.16 billion for the Department. This is an increase of about \$1.05 billion or about 11.50% from the 2013-14 Enacted Budget. This increase is associated with the placing of CHIPS and Marchiselli programs on budget, and the previously appropriating CHIPS, Marchiselli, Suburban Highway Improvement Program (SHIPS), multi-modal funding, as well as increased transit revenue receipts.

The Executive Budget recommends a total new workforce of 8,337 FTEs. This reflects the transfer of 50 FTEs from a special revenue fund to Capital Projects.

The Executive also proposes to add five more freight rail safety inspectors, doubling DOT's current inspection capability. These inspectors would review freight, intercity passenger, and commuter rail track and equipment on the State's rail network.

### New York Works Infrastructure Investment

The Executive Budget includes \$225 million of new State funding for infrastructure projects. It includes \$155 million for core infrastructure improvements like highways and bridges, \$45 million for project engineering, and \$25 million for multi-modal programs like transit, rail, and aviation. The Executive provides the same amount of funding as last year but this proposal will consolidate the multi-modal purposes rather than lining out funding for each transportation sector

as had been done in the 2013-14 Enacted Budget. This appropriation comes from the Capital Projects Fund.

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

The Executive Budget proposes appropriating roughly \$4.81 billion in transit operating assistance; this represents an increase of more than \$93 million from 2013-14 Enacted Budget disbursements. The MTA will receive more than \$4.3 billion, an increase of \$85 million - or approximately 2% - more than 2013-14 Enacted Budget disbursements. This includes General Fund support of approximately \$309 million to offset the revenue impact of the 2011 MTA payroll tax exemptions. Non-MTA downstate transit systems will be provided over \$286 million, an increase of about \$6 million, or 2%, in aid. Upstate transit systems will receive nearly \$176 million, which is about \$2.30 million more than it received in 2013-14 cash disbursements.

The Executive proposes transferring \$40 million from the Mass Transportation Operating Assistance account to pay debt service on bonds previously issued for the MTA capital program. This is a 100% increase from the \$20 million sweep in the 2013-14 Enacted Budget.

The Executive also proposes to continue transferring \$12 million from the General Fund to the Public Transportation Systems Operating Account (PTOA) for expenses.

The table below outlines the overall amount of transit aid provided to each of the major regional transit systems in the SFY 2014-15 Executive Budget Proposal, as well as the year-to-year change in assistance.

State Transit Operating Assistance, SFY 2014-15 Executive Budget				
Operator	Proposed 2014-15	Estimated 2013-14	Change	Percent
MTA	4,345,948,600	4,260,833,600	\$85,115,000	2%
Rockland	3,172,700	3,110,600	62,100	2%
Staten Island Ferry	30,950,500	30,344,600	605,900	2%
Westchester	51,949,000	50,932,000	1,017,000	2%
MTA Long Island Bus	62,831,500	61,601,500	1,230,000	2%
Suffolk	24,439,100	23,960,700	478,400	2%
NYC DOT	82,710,200	81,091,000	1,619,200	2%
Other Systems	30,002,000	29,414,700	587,300	2%
<b>Total Non-MTA</b>	<b>\$286,055,000</b>	<b>\$280,455,100</b>	<b>5,599,900</b>	<b>2%</b>
<b>TOTAL DOWNSTATE</b>	<b>\$4,632,003,600</b>	<b>\$4,541,288,700</b>	<b>\$90,714,900</b>	<b>2%</b>
Upstate Aid				
CDTA	31,624,000	31,203,800	420,200	1.35%
CNYRTA	28,867,700	28,484,100	383,600	1.35%
RGRTA	33,105,700	32,665,800	439,900	1.35%
NFTA	45,531,600	44,926,600	605,000	1.35%
Other Systems	36,754,100	36,265,700	488,400	1.35%
<b>TOTAL UPSTATE</b>	<b>\$175,883,100</b>	<b>\$173,546,000</b>	<b>\$2,337,100</b>	<b>1.35%</b>
<b>Total All Transit</b>	<b>\$4,747,672,700</b>	<b>\$4,714,834,700</b>	<b>\$93,052,000</b>	<b>1.97%</b>

\*Percentages are rounded to meet two decimal places.

\*\*In past years, this chart had included “formula aid” of \$4.31 million for downstate systems and \$1.96 million for upstate systems. This has been removed from this year’s chart, as it is a reserve fund rather than a fund from which obligations are made. Appropriations for these funds remain the same as last year.

Included in the overall amount of MTA transit operating assistance, the continued funding for the Reduced Fare for School Children Program. The SFY 2013-14 Executive Budget proposal includes approximately \$25.30 million to offset MTA costs.

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

The Executive's proposal includes more than \$5.10 billion in SFY 2014-15 for Capital Projects. DOT is currently entering what would be the fifth year of a five-year capital program funding phase. Highlights for capital spending in SFY 2014-15 are bulleted below:

- The recommended core highway investment level for SFY 2014-15 is more than \$1.93 billion, compared with \$2.13 billion estimated for the previous fiscal year. This a reduction of about \$200 million compared with SFY 2013-14, mainly due to the expiration of a 2012 federal capital project accelerated funding initiative. The estimated 2013-14 obligation total is reduced by about \$230 million from the SFY 2013-14 Enacted Budget estimate.
- The Executive projects \$354 million in SFY 2014-15 obligations for preventive highway maintenance, equipment and facilities, an increase of \$32 million from SFY 2013-14 estimates. This is nearly identical to the SFY 2013-14 Enacted Budget estimate.
- The Executive again incorporates Right of Way and Consultant Engineering expenditures into the Core Highway Program and NY Works lines, due to the linking of design and build processes. This renders comparison of consultant obligations and state forces engineering impossible.
- The SFY 2014-15 Enacted Budget increased Consolidated Highway Improvement Program (CHIPS) funding by \$75 million, to more than \$438 million. Marchiselli funding continued at \$39.7 million. This increased appropriation level continues in SFY 2014-15. There is also appropriation language releasing \$156 million in previously authorized but undisbursed CHIPS funds, as well as \$240 million in Marchiselli authorization, as well as \$49 million in multi-modal funds and \$1.7 million in Suburban Highway Improvement Program (SHIPS) authorization. This constitutes the majority of the year-to-year capital projects appropriation increase.
- The most recent five-year Federal Transportation act, SAFETEA-LU, expired in 2009. In July 2012, Congress passed MAP-21, which provides \$105 billion for surface transportation programs through 2014. The Federal aid appropriation for SFY 2014-15 continues at \$2 billion, which includes provisions for State and local highway and bridges, engineering, rail and community enhancement programs, maintaining the same level of funding as in the prior year. However, this year's appropriation is broken into \$1.6 billion for construction, reconstruction, and preservation projects eligible for design build and best-value procurement, along with \$50 million for non-design build projects, \$225 million for engineering and environmental work, and \$125 million for private engineering and environmental work.
- The Executive proposes \$37 million for non-MTA Transit. This is consistent with SFY 2013-14 estimates, but down \$3 million from 2012 and down \$13 million from 2011.
- The Executive also proposes a total of \$54 million for passenger rail and freight projects. This is consistent with SFY 2013-14 estimates, and an increase compared to the \$47 million obligated in 2012. These funds include \$44.33 million to subsidize Amtrak

service from Albany to Montreal and Albany to Buffalo and \$10 million for passenger and freight rail projects.

- The Executive proposes a reduction in additional federal program expenditures from \$103 to \$25 million in SFY 2014-15. This aid level was increased in SFY 2012-13 and 2013-14 to assist the Thruway Authority in fulfilling its capital needs, with DOT obligating an increased percentage of the \$2 billion in annual federal highway aid it receives for Thruway purposes.
- Finally, the Executive’s proposal includes \$4 million in SFY 2014-15 for aviation capital. This is identical to SFY-2013-14 estimates, but down \$2 million from 2012 and down \$10 million from the 2011 state fiscal year.

<b>Executive Proposed DOT 2014-15 Capital Plan Obligations (with 2013-14 comparison)</b>				
<b>OBLIGATIONS (\$ millions)</b>	<b>2013-14 Estimated</b>	<b>2014-15 Proposed</b>	<b>YR-TO-YR CHANGE</b>	<b>% CHANGE</b>
Core Highway Program (including any Design / Build contracts) (1)	1,925	1,734	(191)	-10%
New York Works - Highway Program (1)	200	200	0	0%
Administration	89	76	(13)	-15%
State Forces Engineering/Program Mgmt	394	410	16	4%
Preventive Maintenance	322	354	32	10%
Maintenance Facilities	18	18	0	0%
Other Federal Programs	103	25	(78)	-75%
Rail Development	54	54	0	0%
Aviation Systems	4	4	0	0%
Non-MTA Transit	37	37	0	0%
New York Works - Other Modes (1)	25	25	0	0%
Capital Aid to Locals	478	478	0	0%
<b>Total Obligations</b>	<b>3,649</b>	<b>3,416</b>	<b>(233)</b>	<b>-6%</b>

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

**General Fund Transfer to DHBTF.** Over the past several years, the amount of revenue being deposited into the Dedicated Highway and Bridge Trust Fund (DHBTF) has been out-matched by the level of obligated expenditures and debt service payments that have to be made from the Fund. To address this issue, General Fund transfers to the DHBTF have been enacted in order to fill the “gap” in the Dedicated Fund since SFY 2008-09. For SFY 2014-15, the Executive recommends a General Fund transfer of approximately \$673 million. This represents an increase of approximately \$48 million or about 8% compared to the transfer that was recommended for

SFY 2013-14. It should be noted that the original estimate for 2013-14 was almost \$625 million, and was modified down to around \$402 million in this year's Financial Plan. So the recommended \$673 million for SFY 2014-15 may be subject to significant variation in next year's Financial Plan.

## **Article VII**

### **Place CHIPS and Marchiselli Programs on Budget to Fulfill Local Requests**

The Executive Budget includes legislation to include the CHIPS and Marchiselli programs on budget, so that the state would directly pay for these local projects by appropriation from the Capital Projects Fund, rather than having the Thruway Authority borrow and using bond proceeds to finance the projects. This is designed to ensure that sufficient proceeds are available for local project finance requests, and comport more closely with the state's quarterly bond issuance schedule. The Division of Budget asserts that this action will not impact the Thruway Authority's financial plan, as bonding for these local highway programs are not factored into its debt coverage ratio. Funding formula language would now solely be in the appropriation language. CHIPS and Marchiselli funding remained at their increased SFY 2013-14 level of nearly \$478 million.

### **Design-Build Expansion**

The Executive Budget includes legislation that would make the Infrastructure Investment Act of 2011 – which authorizes design-build and best value contracts among certain agencies and authorities – effective permanently. It is currently set to expire on December 9, 2014. The legislation would also authorize all counties, as well as cities, towns, or villages with a population of fifty thousand or more, to use these alternative procurement mechanisms on construction projects that are exempt from Wicks Law restrictions on certain public works projects. The law currently permits the Thruway Authority, Department of Transportation, Office of Parks, Recreation, and Historic Preservation, Department of Environmental Conservation, and Bridge Authority to enter into these alternative project delivery arrangements. Similar design-build authorization language is contained in federal and state highway aid appropriations as well.

### **Rail Safety and Truck Regulation Account Merger; Ensuring Full Receipt of DMV Revenues.**

The Executive proposes to extend, by one day, a host of DMV and other fees that are deposited in the DHBTF and Dedicated Mass Transportation Trust Fund (DMTTF). This change is being proposed to ensure that these two trust funds receive their full year's worth of disbursements. Otherwise, they are at risk of missing the final day of the State Fiscal Year. A similar proposal is made to extend the DHBTF's authority to cover DMV operations by one day. This part additionally dedicates special revenue funds from rail safety inspection and motor carrier inspection fees into the Dedicated Highway and Bridge Trust Fund. Consolidating these funds increases the DOT's flexibility with respect to workforce assignments, enabling it to respond more quickly to transportation incidents that require increased oversight or inspection. This also provides more revenue coverage to the DHBTF for borrowing purposes. Finally, the legislation amends the DHBTF to permit usage on these purposes, as well as permitting use of DHBTF funds for non-personal services like contractual services, equipment, and supplies for bus inspections.

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

The Executive proposes to amend the license suspension penalty for Commercial Driver's License (CDL) holders, requiring suspension of a CDL until the driver adds or removes a license restriction pursuant to the DMV's directive. DMV must provide at least thirty days' notice before imposing this suspension. Operation with an improperly marked license would constitute a violation, punishable by a \$75-\$300 fine and imprisonment of up to fifteen days. The Executive's rationale for this proposal is ensuring compliance with Federal Motor Carrier Safety Act regulations on properly marking CDLs to reflect in-state and interstate driving restrictions; failure to comply with FMCSA regulations could jeopardize receipt of up to \$65 million in federal highway aid and \$8 million in FMSCA program funding.

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

The Public Protection and General Government legislation contains language that would transfer \$40 million from the Metropolitan Mass Transportation Operating Assistance account (MMTOA) to the State's General Debt Service Fund, to assist the State in providing debt service payments for MTA capital borrowing that it had agreed to reimburse in prior years. This is twice the amount authorized in the SFY 2013-14 Enacted Budget. The Financial Plan also includes \$20 million transfers from MMTOA for this same purpose on an annual basis, starting in the 2016 fiscal year.

### **Simplification of DHBTF & DMTTF Aid**

In Part W of the Revenue proposal, the Executive proposes to send DMV Driver Responsibility Act receipts to the DHBTF directly, rather than requiring a larger contribution of Motor Vehicle General Fund receipts to be split between the DHBTF and DMTTF. This is not expected to have a revenue impact or affect either trust fund, but will simplify revenue distribution.

# TRIBAL STATE COMPACT

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
Special Revenue-Other	\$50,800,000	\$111,400,000	\$60,600,000	119.2%
<b>Total All Funds:</b>	<b>\$50,800,000</b>	<b>\$111,400,000</b>	<b>\$60,600,000</b>	<b>119.2%</b>

## Overview of the Executive Budget Proposal

### Tribal State Compact Revenue

State Finance Law requires that in instances where the State receives Native American casino revenues pursuant to a compact with the respective Tribe, the State must provide local host governments with up to 25% of the State's share of compact revenues. Accordingly, the Executive Budget recommends \$111.40 million from this fund be dispersed, which is an increase of \$60.60 million for the SFY 2014-15 budget. This figure represents 25% of the State's estimated revenues from Native American casinos located in Buffalo, Niagara Falls, Salamanca, and Hogansburg.

### Video Lottery Terminals

The State allows all seven harness tracks and one thoroughbred track to operate approximately 18,150 Video Lottery Terminals (VLTs) at Video Lottery Gaming (VLG) facilities located on those race facilities. The NYS Gaming Commission owns and operates the VLTs used at the VLG facilities. All State revenue derived goes to pay for the regulation of the VLTs and VLG facilities and to State support for schools. The tracks are also allowed to keep a commission for operating the VLG facility. The names and locations of the facilities, the amount of machines at each facility, the statutory commission percentages paid to each facility operator and the total net win can be found in the VLG Facility Commission Rate chart below.

Harness Track/VLT Facility	No of VLTs	Commission Rate	Net Win (thousands)
Batavia Downs Casino (Batavia, NY)	785	35%	\$731,482
Finger Lakes Casino and Raceway (Farmington, NY)	1,549	31%	\$2,391,688
Empire City Casino at Yonkers Raceway (Yonkers, NY)	5,412	30%	\$8,573,035
Hamburg Casino at the Fairgrounds (Hamburg, NY)	940	41%	\$1,027,034
Monticello Casino and Raceway (Monticello, NY)	1,110	41%	\$788,304
Resorts World Casino, New York City (Queens, NY)	5,005	38%	\$13,967,051
Saratoga Gaming and Raceway (Saratoga Springs, NY)	1,782	31%	\$2,483,097
Tioga Downs Casino (Nichols, NY)	802	39%	\$1,010,740
Vernon Downs Casino and Hotel (Vernon, NY)	767	41%	\$658,280
18,152 Total			

**Note:** This chart represents the number of VLTs at each facility as well as revenue generated for the week ending January 11, 2014.

The commission rate includes payments to the VLG facility operator as well as a 7.50% payment to horse race purses and a 1.50% to the breeders' fund. The Resorts World Casinos commission

also includes a 3% contribution to NYRA Racing Operations and a 4% contribution to NYRA Capital expenditures.

### **Financial Impact of New York’s VLT Racinos From April 2013 Through December 2013**

The chart below indicates how much aid to education New York’s nine **Racinos** generated for the State from April 2013 – December 2013.

Total Credits Played	Credits Won	Net Win	Education Contribution	Agent /Operator Commission	Marketing Allowance	Lottery Administration
\$24,430,885,797	\$22,836,437,965	\$1,452,662,800	\$657,644,205	\$510,922,906	\$124,547,224	\$145,266,281
	93.47%	5.95%	45.27%	35.17%	8.57%	10.00%

#### **Credits Played**

The amount of onscreen credits wagered on a video gaming machine (VGM). This amount includes Credits Played resulting from; (a) cash and vouchers inserted into a VGM, and (b) any Credits Won used to make a wager on a VGM.

#### **Credits Won**

The amount of onscreen credits won on a VGM. Also includes any progressive jackpot liability due to players.

#### **Net Win**

The net revenues remaining after payout of prizes to players. (Credits Played less Credits Won) Net win is commonly referred to as "Hold" or "Net Machine Income".

#### **Education Contribution**

The portion of Net Win allocated to the State Education Fund for direct aid to education.

#### **Agent Commission**

The portion of Net Win paid to the casino operator as compensation for operating the gaming facility. Most operating expenses of the gaming facility are paid from the agent commission (including the horse racing subsidies), with the exception of the gaming floor itself, which is provided by the other vendors and paid for by the Lottery.

#### **Marketing Allowance**

The portion of the Net Win paid to the casino operator to finance the costs of advertising, marketing and promoting video lottery play at the casino.

## **Article VII**

### **Part Z**

Part Z of the revenue Article VII continues for one year the tax rate of 41% for the VLT facility at Monticello Raceway in Sullivan County. A one year extension was provided in the 2013-14 budget last year.

In 2008 Monticello was given a higher commission rate for a five year period in exchange for opting out of participation in the VLT vendor's capital award program. As such, a five year sunset was applied on the enhanced commission rate to coincide with the five year sunset period on the capital award program. Extension of this provision is now necessary to keep Monticello in line with the current formula since the Executive Budget in revenue Part BB would continue the capital award program for an additional year.

The Monticello Raceway is approximately 50 miles from the Mt. Airy Lodge in the Poconos and 60 miles away from the Hard Rock Casino in Wilkes Barre, Pennsylvania. Monticello believes they would lose even more business to Pennsylvania if this provision is not extended. If the commission rate is not extended a decrease of approximately \$3 million in VLG receipts from this facility would occur.

### **Part BB**

Part BB of the revenue Article VII extends for one additional year the capital awards rate provided to VLT vendors throughout the state. The program allows VLT facilities to keep an additional percentage of winnings to be used exclusively for capital upgrades at the facilities. If not otherwise extended this program would expire December 31, 2014. The program was first enacted in 2008 and allows VLT facilities to keep up to an extra \$2.5 million a year in VLT receipts to be used exclusively for capital upgrades.

According to the Executive those facilities such as Tioga Downs and Saratoga Harness and Racino would not be eligible for a continued capital award under this program if the facility is converted from a VLT facility to an actual casino. In addition, the new VLT facilities authorized under the Upstate Economic Gaming Act of 2013 for Nassau and Suffolk OTB's are not eligible for this program.

## HUDSON RIVER VALLEY GREENWAY COMMUNITIES COUNCIL

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
General Fund	\$321,000	\$321,000	\$0	0%
<b>Total</b>	<b>\$321,000</b>	<b>\$321,000</b>	<b>\$0</b>	<b>0%</b>

*The Hudson River Valley Greenway Communities Council (Greenway Council) was established to coordinate activities associated with the development and enhancement of local land use planning techniques and the creation of a voluntary regional planning compact for the Hudson River Valley with local and county governments to the Greenway Council is made available to Greenway Communities, in the form of planning grants, compact grants and technical assistance through the "Greenway Communities Program."*

### Overview of Executive Budget Proposal

The Executive Budget proposal recommends a General Fund appropriation totaling \$321,000 for SFY 2014-2015, remaining at the same level as provided in the SFY 2013-2014 enacted budget.

## HUDSON RIVER VALLEY GREENWAY HERITAGE CONSERVANCY

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014- 15	\$ Change	% Change
General Fund	\$166,000	\$166,000	\$0	0%
<b>Total</b>	<b>\$166,000</b>	<b>\$166,000</b>	<b>\$0</b>	<b>0%</b>

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

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

The Executive Budget proposal recommends a General Fund appropriation totaling \$166,000 for SFY 2014-2015, remaining at the same level as provided in the SFY 2013-2014 enacted budget.

## GREEN THUMB PROGRAM

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	\$ Change	% Change
General Fund	\$2,831,000	\$2,964,000	\$133,000	4.70%
<b>Total</b>	<b>\$2,831,000</b>	<b>\$2,964,000</b>	<b>\$133,000</b>	<b>4.70%</b>

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

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

The Executive Budget proposal recommends a General Fund appropriation totaling \$2.96 million for SFY 2014-2015, an increase of \$133,000 from the SFY 2013-2014 enacted budget. This increase is due to the State's minimum wage increase.

# **Agency Details: Legislative and Judiciary**

## JUDICIARY

Funding Source	Adjusted Appropriation 2013-14	Executive Recommendation 2014-15	Change	Percent Change
<b>OPERATING BUDGET</b>				
General Fund	\$1,756,360,952	\$1,819,326,742	62,965,790	3.59%
Special Revenue-Fed	\$9,000,000	\$7,500,000	(\$1,500,000)	(16.67%)
Special Revenue-Other	\$207,874,917	\$210,181,551	\$2,306,634	1.10%
<b>TOTAL OPERATING FUNDS</b>	\$1,973,235,869	\$2,037,008,293	\$63,772,424	3.23%
<b>GENERAL STATE CHARGES</b>				
General Fund	\$634,428,210	\$642,103,529	\$7,675,319	1.20%
Special Revenue-Fed	\$0	\$0	\$0	0%
Special Revenue Other	\$26,232,397	\$27,030,262	\$797,865	3.04%
<b>TOTAL GENERAL STATE CHARGES</b>	\$660,660,607	\$669,133,791	\$8,473,184	1.28%
<b>TOTAL ALL FUNDS</b>	\$2,633,896,476	\$2,706,142,084	\$72,245,608	2.74%

*The Judiciary is one of the three branches of New York State Government. Article VI of the State Constitution establishes a Unified Court System (UCS), defines the organization and jurisdiction of the courts and provides for the administrative supervision of the courts by a Chief Administrator on behalf of the Chief Judge of the State of New York. Pursuant to the Unified Court Budget Act, the cost of operating the UCS, excluding town and village courts, is borne by the State. The Judiciary provides a forum for the resolution of civil claims and family disputes, criminal charges and charges of juvenile delinquency, disputes between citizens and their government, and challenges to government actions. It also supervises the administration of estates, considers adoption petitions, and presides over dissolution of marriages, and provides protection for children and the mentally ill. In addition, the Judiciary regulates the admission of lawyers to the New York State Bar and regulates their conduct.*

The Judiciary's General Fund Operating Budget request is \$1.82 billion. The request is an increase of \$63 million over the current fiscal year appropriation, or 3.6%. On a cash basis, the requested increase is 2.5% (\$44.20 million), the difference relating to a prior year re-appropriation technicality. When evaluating this budget, it is the 2.5% cash basis request that is primary.

This increase is necessary to accommodate significant cost increases, including a \$17 million increase in funding for the final year of the phase-in of statutorily mandated indigent criminal defense standards, and \$17.50 million for collectively bargained increments for represented nonjudicial employees. In addition the budget includes a \$15 million increase for Civil Legal Services. This budget also includes funding to ensure courtrooms can remain open to the public until 5 pm each day.

The Judiciary is also seeking \$5 million to add Family Court Judges.

## LEGISLATURE

Funding Source	Adjusted Appropriation 2013-2014	Executive Recommendation 2014-2015	Change	% Change
General Fund	\$217,844,801	\$217,844,801	0	0
Special Revenue-Other	\$1,600,000	\$1,600,000	0	0
<b>Total All Funds:</b>	<b>\$219,444,801</b>	<b>\$219,444,801</b>	<b>0</b>	<b>0</b>

The recommended General Fund appropriation of \$217,844,801 for SFY 2014-15 for the Legislature represents no change from the amount appropriated for each of the last four years.

The Executive recommended appropriations of \$1,600,000 for Special Revenue Fund-Other and \$500,000 for Grants and Bequests Funds for SFY 2014-2015 represent no change from the amounts appropriated from the previous fiscal year.

# **Economics, Revenue, and Capital**

# ECONOMIC OUTLOOK

## National Economy

UNITED STATES ECONOMIC INDICATORS					
Calendar Year Percent Change					
	Actual	Estimate	Forecast		
	2012	2013	2014	2015	2016
Real GDP	2.8	1.9	2.7	2.7	2.9
Personal Income	4.2	2.9	4.3	5.3	5.3
Wages	4.3	3.1	4.5	5.6	5.4
Consumption	2.2	2.0	2.9	3.1	3.1
Corporate Profits	7.0	4.4	6.3	5.7	6.3
S&P 500 Price Index	8.7	19.0	11.0	3.9	4.4
Consumer Price Index	2.1	1.5	1.6	2.0	2.3
Non-Agricultural Employment	1.7	1.6	1.7	2.0	1.9
Unemployment Rate (%)	8.1	7.4	6.8	6.3	5.9

*Source: NYS Division of Budget*

### Overview

Generally, DOB presents a picture of the national economy as one of making fairly widespread progress. However, compared with recovery from other recessions, the recovery from the “Great Recession” has been slow. In fact, DOB asserts that the current recovery has been the slowest since the 1930’s. It took until the middle of the fourth year of the recovery for real personal income, minus transfers and industrial production, to finally surpass their pre-recession peaks. Real manufacturing and trade sales will likely have passed peak in the fourth quarter of 2013 or the first quarter of 2014. That leaves employment as the only series that remains significantly below where it was before the start of the recession. But as it is also the only indicator that directly relates to the Federal Reserve’s dual mandate, it is likely that monetary policy will remain highly accommodative until employment has comfortably risen above where it was at the end of 2007. The Budget Division projects that employment will surpass its January 2008 peak by the end of the second quarter of this year.

In its SFY 2014-15 Executive Budget presentation, DOB does indicate that the national economy is achieving “self-sustainability.” Real US GDP grew 4.1% in the third quarter of 2012, the steadiest growth since the fourth quarter of 2011. DOB projects real housing growth of 3.7% during the last quarter of 2013, the first quarter above 3% since 2010’s fourth quarter. Real US GDP growth of 2.4% is estimated for the final quarter of 2013, following 4.1% growth in the third quarter and 2.5% in the second quarter.

DOB asserts that there are good reasons to believe that this improvement can be sustained. Although the most recent jobs data indicates that the labor market is weak, but getting stronger. Also, home prices and new residential construction are creating both real estate wealth and jobs, while equity market growth has supported strong growth in financial wealth. Consistently stronger household spending resulting from rising income and wealth should give private

business more confidence to invest and hire. Demand for U.S. exports among the nation's largest trading partners – Canada and Mexico – has expanded, and the euro-area economy has stopped shrinking, which also bodes well for improved growth among emerging market economies in Latin America and Asia.

Although initial estimates of the projected unemployment rate for fourth quarter of 2013 are the lowest since the fourth quarter of 2008, it is still high from a historical standpoint, implying that a high degree of slack remains in the labor market. A consequence of that slack is continued weak income growth. Labor income has historically tended to rise with productivity. Labor productivity was strong coming out of the recession as employment continued to fall even as output rose. However, productivity has since waned, which is consistent with weak output and investment growth. Correspondingly, there has been very little real earnings growth since the technical end of the recession in mid-2009. By the fourth quarter of 2013, the most recent quarter for which data are available, real earnings were still down 1% from the second quarter of 2009. Productivity gains are expected to improve as both investment and output growth accelerates, accompanied by moderate gains in employment.

As usual, there are a number of risks and variables associated with the forecast. DOB highlights that while the euro-area economy is no longer contracting (in the aggregate), unemployment rates are still rising in some areas and there are concerns about especially *low* rates of inflation. If the recovery is even more sluggish than expected, the implications for emerging markets and the global economy more generally will be negative, and will likely result in slower export and corporate profits growth than reflected in this forecast. The impact will reverberate through U.S. labor and financial markets, resulting in slower growth than anticipated. On the other hand, if the recovery in Europe is stronger than expected, the implications for the forecast will be quite positive.

## NEW YORK ECONOMY

NEW YORK ECONOMIC INDICATORS					
Calendar Year Percent Change					
	Actual 2012	Estimate 2013	Forecast		
			2014	2015	2016
Personal Income	3.1	1.9	5.2	4.9	5.0
Wages (Total)	2.9	1.6	5.4	4.6	4.6
Nonfarm Employment (Total)	1.3	1.2	1.2	1.2	1.3
Unemployment Rate	8.5	7.7	7.5	6.8	6.2
<i>Source: NYS Division of Budget</i>					

### Overview

In its SFY 2014-15 Executive Budget presentation, the Budget Division (DOB) asserts that New York State's private labor market continues to enjoy robust growth, exhibiting only a minor loss of the momentum it possessed coming out of the recovery. On a year-to-year basis, private sector NYS employment grew 1.8% in the second quarter of last year. Growth was primarily led by leisure and hospitality sector and strong job growth in the construction sector fueled in turn by the solid real estate market. However, public sector job losses brought total employment growth down to 1.3% in the second quarter. The Budget Division estimates private sector State employment growth of 1.7% for all of 2013 and 1.5% growth in 2014, representing four consecutive years of above-average employment growth.

Despite strong job gains, ongoing downsizing in the financial sector, combined with a shrinking government sector continues to put downward pressure on total wage growth, which remains weak by historical standards. Wages grew 3.3% on a year-ago basis in the second quarter of last year, well below the average quarterly growth rate of 5.6% from 1983Q1 through 2007Q4, the 25-year period before the financial crisis. The Budget Division projects NY State wage growth of 5.4% growth in 2014, following growth of 1.6% in 2013, and 2.9% in 2012.

Since the end of the recession, the New York State labor market has enjoyed relatively strong private sector job growth. According to DOB, in the second quarter of CY 2013, New York led the nation in three labor market sectors: leisure, hospitality, and other services; construction; and educational services. The growth in the first sector primarily confirms New York City's status as a shopping and tourist destination that was surely aided by a weaker dollar. Job growth in the construction industry benefited from a strong real estate market, particularly in New York City. In contrast, the State's utilities, manufacturing and mining, and finance and insurance sectors all experienced declines despite nationwide growth.

In its Budget presentation, the Budget Division projects total State employment growth of 1.2% for 2014, following growth of about the same for the previous year. Private sector job growth of 1.5% is projected for 2014, after growth of 1.7% in previous year. The State's labor market recovery compares to overall national job growth for 2014 of 1.7% and 2.1% in private growth.

## **FEDERAL RESERVE BEIGE BOOK**

According to the Federal Reserve's [Beige Book](#), published on January 12, 2014, Economic growth in the Second District (NY region), during late 2013, continued at a moderate pace. Contacts note that cost pressures have increased somewhat, while selling prices are mixed but generally stable. A growing proportion of business contacts across the District in both manufacturing and other sectors report increased activity. Labor market conditions have continued to improve modestly since the last report. General merchandise retailers indicate that holiday season sales were mixed but moderately strong, on balance, with steeper discounting than last year. New auto sales remained fairly robust in November but there were preliminary signs of slowing in December. Tourism activity showed some signs of slowing in late 2013. Home sales activity picked up in the final months of 2013, while commercial real estate markets have been mixed. Finally, banks in the District report declining loan demand particularly for residential mortgages as well as widespread reductions in delinquency rates.

### **Consumer Spending**

In the Beige Book, Retailers report that sales were on or ahead of plan over the holiday season, with same-store sales steady to up moderately from a year earlier. Contacts at major malls in upstate New York report that business was strong in November but mixed in December; overall, holiday season sales were roughly on par with 2012 levels. More broadly, a trade association survey of retailers across New York State indicates that sales overall were up 1-3% from a year earlier and roughly on plan. Contacts report that sales were hampered by harsh weather in late November into early December across much of New York State. Contacts at major retail chains indicate that sales in the region were somewhat ahead of plan and up roughly 5% from comparable year-ago levels, though one notes that post-holiday sales were somewhat disappointing. There was a broad consensus among retail contacts that there was heavier promotion and deeper discounting than in the 2012 season.

Auto dealers in upstate New York report that new vehicle sales were quite strong in November but there were preliminary signs of weakening in December. There are scattered reports of inventory accumulation. Sales of used automobiles have continued to be soft since the last report. Wholesale and retail credit conditions for auto purchases continue to be characterized as favorable.

Tourism activity has been mixed in late 2013 with some signs of softening. Manhattan hotels report that revenues per room fell more than 10% from a year earlier in November the first 12 month decline since the fall of 2012. Occupancy rates slipped by more than the seasonal norm in November, and room rates were down from a year earlier. While November 2012 hotel metrics were distorted by Superstorm Sandy with some hotels shut down for part of the month but others accommodating displaced residents and rescue workers this does not account for the more recent weakness. Broadway theatres, however, continue to report brisk business: attendance and revenues were fairly strong in December, running 4 and 10%, respectively, ahead of 2012 levels.

The Beige Book reports that consumer confidence has been mixed but generally a bit improved since the last report. The Conference Board's survey of residents of the Middle Atlantic states (NY, NJ, PA) shows confidence falling to a more than one-year low in November following the

government shutdown but rebounding briskly in December. Based on Siena College's survey of New York State residents, confidence, which had fallen to a more than one year low in October, rebounded weakly in November and held steady in December.

### **Construction**

Residential real estate markets in the district have seen increased activity since the last Federal Reserve Beige Book Report. However, prices have been mixed. Federal Reserve Book respondents in western New York State report that sales activity has continued to be brisk, and inventories remain low; home prices have retreated from their recent highs, though there are still reports of multiple offers. Manhattan's co-op and condo market registered its strongest fourth quarter sales activity on record; one contact surmises that a spike in mortgage rates drove many fence-sitters to buy. Sales prices of Manhattan apartments were little changed in the fourth quarter and up around 2% from a year earlier; price increases have been more pronounced in Queens and especially Brooklyn. Manhattan's rental market appears to have reached a plateau, with rents essentially flat and down slightly from a year earlier. A contact in New Jersey's housing industry describes the market as stable to improving gradually, with an overhang of distressed properties continuing to restrain prices of both new and existing homes.

### **Other Business Activity**

The labor market has continued to improve gradually since the last report (December 2013) according to the Federal Reserve. A major employment agency reports that hiring activity was more robust than usual in December, particularly in the finance industry, though it is difficult to gauge the labor market from December, which is typically a slow month, they are optimistic about early 2014 prospects. One employment agency contact, however, has noticed more resumes from job applicants previously employed in the health care industry, and still a number of applicants from the legal industry. More broadly, in the final months of 2013, the vast majority of business contacts report that staffing levels have been flat. However, substantially more businesses plan to expand than reduce their workforces in 2014.

### **Financial Developments**

Small to medium sized banks across the district report decreased demand for consumer loans and, especially, residential mortgages, while they reported no change in demand for commercial loans and mortgages. For residential mortgages, half of the bankers reported a decrease, while the other half reported no change. Bankers also report decreased demand for refinancing. Credit standards are reported to be unchanged across all loan categories. Respondents note a decrease in spreads of loan rates over costs of funds for all loan categories particularly residential mortgages. Most bankers indicate that average deposit rates are unchanged. Finally, bankers report widespread declines in delinquency rates for all loan categories particularly commercial loans and mortgages.

## GENERAL FUND RECEIPTS

General Fund Receipts				
(Millions of Dollars)				
	Estimated SFY 2013-14	Forecast SFY 14-15	Change	Percent Change
<b><i>Personal Income Tax</i></b>				
Withholding	\$33,160	\$35,049	\$1,889	5.7%
Estimated Payments	\$14,727	\$14,274	(\$453)	-3.1%
Final Returns	\$2,378	\$2,316	(\$62)	-2.6%
Other Payments	\$1,217	\$1,261	\$44	3.5%
<b>Gross Collections</b>	<b>\$51,482</b>	<b>\$52,900</b>	<b>\$1,418</b>	<b>2.7%</b>
STAR Special Revenue Fund	(\$3,389)	(\$3,429)	(\$40)	1.2%
Refunds/Offsets	(\$8,636)	(\$8,769)	(\$133)	1.5%
Revenue Bond Tax Fund	(\$10,712)	(\$11,033)	(\$321)	3.0%
<b>Net Collections</b>	<b>\$28,745</b>	<b>\$29,699</b>	<b>\$954</b>	<b>3.3%</b>
<b><i>User Taxes and Fees</i></b>				
Sales and Use	\$5,890	\$6,069	\$179	3.0%
Cigarette/Tobacco	\$384	\$389	\$5	1.3%
Alcoholic Beverage	\$251	\$256	\$5	0.0%
<b>Total</b>	<b>\$6,525</b>	<b>\$6,724</b>	<b>\$199</b>	<b>3.0%</b>
<b><i>Business Taxes</i></b>				
Corporation Franchise	\$3,078	\$2,424	(\$654)	-21.2%
Corporation and Utilities	\$606	\$622	\$16	2.6%
Insurance	\$1,299	\$1,375	\$76	5.8%
Bank	\$1,005	\$1,209	\$204	20.3%
<b>Total</b>	<b>\$5,988</b>	<b>\$5,630</b>	<b>(\$358)</b>	<b>6.0%</b>
<b><i>Other Taxes</i></b>				
Estate and Gift	\$1,220	\$1,175	(\$45)	-3.7%
Pari-Mutuel	\$17	\$17	\$0	0.0%
Other	\$1	\$0	(\$1)	-100%
<b>Total</b>	<b>\$1,238</b>	<b>\$1,192</b>	<b>(\$46)</b>	<b>3.7%</b>
<b>Total Tax Collections</b>				
Miscellaneous Receipts	\$3,251	\$3,857	\$606	18.6%
Federal Grants	\$2	\$0	(\$2)	-100.0%
<b>Total Receipts</b>	<b>\$45,749</b>	<b>\$47,062</b>	<b>\$1,313</b>	<b>2.8%</b>

Source: New York State Division of the Budget.

## ALL FUNDS RECEIPTS

<b>All Funds Receipts</b>				
(Millions of Dollars)				
	<b>Estimated 2013-14</b>	<b>Forecast 2014-15</b>	<b>Change</b>	<b>Percent Change</b>
<i>Personal Income Tax</i>	<b>\$42,846</b>	<b>\$44,131</b>	<b>\$1,285</b>	<b>3.0%</b>
<i>User Taxes and Fees</i>				
Sales and Use	\$12,595	\$12,988	\$393	3.1%
Cigarette/Tobacco	\$1,421	\$1,374	(\$47)	-3.3%
Motor Fuel Tax	\$500	\$502	\$2	0.4%
Alcoholic Beverage	\$251	\$256	\$5	2.0%
Highway Use Tax	\$140	\$141	\$1	0.7%
Auto Rental Tax	\$114	\$119	\$5	4.4%
Taxicab Surcharge	\$86	\$100	\$14	16.3%
<b>Total</b>	<b>\$15,107</b>	<b>\$15,480</b>	<b>\$373</b>	<b>2.5%</b>
<i>Business Taxes</i>				
Corporation Franchise	\$3,561	\$2,991	(\$650)	-18.3%
Corporation and Utilities	\$794	\$814	\$20	2.5%
Insurance	\$1,457	\$1,541	\$84	5.8%
Bank	\$1,189	\$1,418	\$229	19.2%
Petroleum Business Tax	\$1,185	\$1,169	(\$16)	-1.4%
<b>Total</b>	<b>\$8,186</b>	<b>\$7,853</b>	<b>(\$333)</b>	<b>-4.1%</b>
<i>Other Taxes</i>				
Estate and Gift	\$1,220	\$1,175	(\$45)	-3.7%
Real Estate Transfer Tax	\$815	\$855	\$40	4.9%
Pari-Mutuel	\$17	\$17	\$0	0.0%
Other	\$1	\$0	(\$1)	-100. %
<b>Total</b>	<b>\$2,053</b>	<b>\$2,047</b>	<b>(\$6)</b>	<b>-0.3%</b>
<i>Payroll Tax</i>	\$1,222	\$1,283	\$61	5.0%
<b>Total Tax Collections</b>	<b>\$69,414</b>	<b>\$70,794</b>	<b>\$1,380</b>	<b>2.0%</b>
Miscellaneous Receipts	\$23,850	\$25,315	\$1,465	6.1%
<b>Total Receipts</b>	<b>\$93,264</b>	<b>\$96,109</b>	<b>\$2,845</b>	<b>3.1%</b>
Source: New York State Division of the Budget				

## PERSONAL INCOME TAX

	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$26,884	\$28,745	\$29,669	\$954	3.3%
<b>All Funds</b>	\$40,227	\$42,846	\$44,131	\$1,285	3.0%

### General Fund

The personal income tax, New York's largest source of revenue, accounts for almost 60% of General Fund receipts. The tax is imposed at a graduated rate (from 4% to 8.82%) on a taxpayer's taxable income: adjusted gross income less deductions. Following closely to the Federal definitions of adjusted gross income, New York's adjusted gross income is comprised of five major components: wages, capital gains, interest, and dividends, taxable pensions, and business and partnership income. Similar to the Federal income tax, taxpayers are allowed to either itemize their deductions, which are also closely aligned with Federal deductions, or to take the standard deduction, which ranges from \$3,000 to \$15,400, depending on the type of filer.

### Special Revenue Funds

As part of the STAR program enacted in 1998, a portion of personal income tax receipts is dedicated to a special revenue fund, the School Tax Relief (STAR) Fund, in order to reimburse localities for lost school tax revenues resulting from the program as well as to pay the Middle Class STAR rebates.

In addition, 25% of personal income tax revenues, net of refunds, are deposited into a debt service fund, the Revenue Bond Tax Fund, to pay the debt service on the State's personal income tax revenue bonds. Deposits in this fund in excess of the required debt service are then transferred back to the General Fund.

### Proposed Legislation

- Establish the real property tax freeze personal income tax credit
- Establish the residential real property personal income tax credit
- Establish a renter's personal income tax credit
- Close the resident trust loophole
- Repeal the personal income tax add-on minimum tax
- Increase the personal income tax filing income threshold
- Extend the non-custodial earned income tax credit for two years
- Extend the commercial television production tax credit for two years
- Expand the low income housing credit
- Reform the investment tax credit
- Extend and reform the Brownfield Clean-Up program
- Repeal the financial services investment tax credit
- Enhance the Youth Works tax credit
- Create a 20 % real property tax credit for manufacturers
- Amend the START-UP NY statute for a Section 186-e excise tax technical change

- Authorize a professional and business license tax clearance
- Modify Delivery of family tax relief credit after Tax Year 2014
- Align mobility and personal income tax filings for the self-employed;
- Eliminate the income threshold inflation adjustment for enhanced STAR benefits

## **Receipts**

### *2013-14 Estimates*

All Funds receipts through December are \$29.84 billion, an increase of \$2 billion (7.4%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$42.8 billion, an increase of \$2.6 billion (6.5%) from the 2012-13 State Fiscal Year. This primarily reflects robust growth in extension (i.e., prior year estimated) payments for tax year 2012, modest growth in withholding, moderate growth in current estimated payments for tax year 2013, and strong growth in final payments, partially offset by substantial growth in total refunds. Withholding in SFY 2013-14 is projected to be \$1.2 billion (3.8%) higher compared to the prior year. This reflects the net effect of modest wage growth offset by reduced revenue attributable to the first full fiscal year of withholding table inflation adjustment. Total estimated payments are expected to increase \$2.50 billion (20.8%). Estimated payments for tax year 2013 are projected to increase by \$547 million (6.1%), while extension payments (i.e., prior year estimated) for tax year 2012 are estimated to grow substantially (\$2 billion or 62.2%) due to the one-time accelerated realization of capital gains in anticipation of rising federal income tax rates in 2013 and an atypical overestimation of liability that resulted in significant extension overpayment. Delinquent collections and final return payments are projected to be \$74 million (6.5%) and \$230 million (10.7%) higher, respectively. The increase in total refunds of \$1.4 billion reflects an \$801 million (17.5%) increase in prior refunds related to tax year 2012, a \$310 million (17.7%) increase in current year refunds related to tax year 2013, and a \$332 million (107.4%) increase in the State-city offset, partially offset by a \$23 million (4%) decline in refunds related to tax years prior to 2012.

### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$44.10 billion, an increase of \$1.30 billion (3%) from 2013-14 State Fiscal Year. This increase primarily reflects increases of \$1.90 billion (5.7%) in withholding, partially offset by a \$133 million (1.5%) increase in total refunds and a \$452 million (3.1%) decline in total estimated payments. The increase in total refunds is primarily attributable to the first year of business tax credit deferral payback, which is projected to increase tax year 2013-related refunds by \$75 million in SFY 2014-15, and the first year of payments for two credits: the Middle Class Family Tax Relief credit and the proposed Real Property Tax Freeze Credit. The additional refunds associated with these credits are largely offset by declines in both prior year refunds related to tax year 2013 and current refunds related to tax year 2014. The decline in total estimated payments includes growth of \$568 million (5.9%) in estimated payments related to tax year 2014, entirely offset by a \$1 billion (19.7%) decline in extension (i.e., prior year estimated) payments for the 2013 tax year. The dramatic downturn in extension payments for tax year 2013 relates to the accelerated realization of capital gains into tax year 2012, primarily at the expense of tax year 2013, due to the sunset of lower marginal Federal tax rates on capital gains and the imposition of the 3.8 % Net Investment Income Tax as part of the 2010 Health Care and Education Reconciliation Act. Taxpayers significantly overpaid with their extensions for tax year 2012, and this overpayment is not expected for extensions for tax year

2013. Payments from final returns are expected to decline \$62 million (2.6%), also suffering from the capital gains acceleration into tax year 2012, and delinquent collections are projected to increase by \$44 million (3.6%) compared to the prior year. The aforementioned increase in total refunds of \$133 million reflects a \$227 million (4.2%) decline in prior year refunds for tax year 2013, a \$310 million (15.1%) decline in current year refunds for tax year 2014, a \$3 million (0.5%) increase in previous years refunds related to tax years prior to 2013, the addition of the estimated \$410 million cost of the Middle Class Family Tax Relief credit, and \$400 million attributable to the proposed Real Property Tax Freeze credit, partially offset by a \$143 million decrease in the state-city-offset.

## ALCOHOLIC BEVERAGE CONTROL LICENSE FEES

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$61.2	\$63.0	\$56.0	(\$7.0)	(11.1%)
<b>All Funds</b>	\$61.2	\$63.0	\$56.0	(\$7.0)	(11.1%)

### Summary

#### General Fund

New York State distillers, brewers, wholesalers, retailers, and others who sell alcoholic beverages are required by law to be licensed by the State Liquor Authority. License fees vary depending on type of business, location, purpose, and type of alcoholic beverage sold.

#### Special Revenue Funds

Collections from these fees are not deposited into any special revenue funds.

#### Proposed Legislation

The Executive has not proposed any new legislation in the SFY 2014-15 budget.

#### Receipts

In SFY 2013-14, receipts from alcoholic beverage control license fees are estimated to total \$63 million, an increase of \$1.80 million from the previous year. In SFY 2014-15, receipts from alcoholic beverage control license fees are estimated to total \$56 million, a decrease of \$7 million from 2013-14 State Fiscal Year.

## ALCOHOLIC BEVERAGE TAXES

(Millions of Dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$246.2	\$251.0	\$256.0	\$5.0	2.0%
<b>All Funds</b>	<b>\$246.2</b>	<b>\$251.0</b>	<b>\$256.0</b>	<b>\$5.0</b>	<b>2.0%</b>

### Summary

#### General Fund

New York State imposes an excise tax on liquor, beer, wine and specialty alcoholic beverages. The current tax rates are as follows:

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

#### Special Revenue Funds

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

#### Proposed Legislation

The Executive has not proposed any new legislation in the SFY 2014-15 budget.

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$189 million, an increase of \$6 million (3.3%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$251 million, an increase of \$4.80 million (1.9%) from previous year. Estimated growth is primarily based on the continuation of recent wine and liquor consumption trends, as well as the recent surge in craft beer popularity. Of the total estimated receipts, \$183.40 million is projected to be derived from liquor, \$48 million from beer and \$19.60 million from wine and other taxed beverages.

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$256 million, an increase of \$5 million (2%) from 2013-14 State Fiscal Year. Liquor and wine receipts are expected to grow modestly. Beer consumption is expected to experience marginal growth as craft beer interest continues to revive the beer market to an extent. Of total projected alcoholic beverage tax receipts, \$187.4 million is projected to be derived from liquor, \$48.50 million from beer, and \$20.10 million from wine and other specialty beverages.

## AUTO RENTAL TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$0	\$0	\$0	\$0	0%
<b>All Funds</b>	<b>\$109.0</b>	<b>\$114.0</b>	<b>\$119.0</b>	<b>\$5.0</b>	<b>4.4%</b>

### Summary

#### General Fund

Collections from this tax are not deposited into the General Fund.

#### Special Revenue Funds

Starting in 1990, the State imposed a 5% tax on charges for the rental or use of a passenger car weighing 9,000 pounds or less. In 2009 the rate was increased to 6%. A supplemental tax of 5% was imposed on the receipts from the rental of a passenger car that is rented or used within the Metropolitan Commuter Transportation District (MCTD). The tax does not apply to a car lease covering a period of one year or more.

Receipts from the 6% statewide tax are deposited to the Dedicated Highway and Bridge Trust Fund. Receipts from the supplemental tax are deposited into the Metropolitan Transportation Authority's Aid Trust Account of the MTA Financial Assistance Fund.

#### Proposed Legislation

The Executive has not proposed any new legislation in the SFY 2014-15 budget.

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$95 million, an increase of \$9 million (10.5%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$114 million, an increase of \$5 million (4.6%) from 2012-13 State Fiscal Year. This growth reflects the continuing increase in New York tourism spending.

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$119 million, an increase of \$5 million (4.4%) from 2013-14 State Fiscal Year. This increase reflects projected growth in New York tourism spending.

## CIGARETTE AND TOBACCO TAXES

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	%Change
<b>General Fund</b>	\$442.7	\$384.0	\$389.0	\$5.0	(1.6%)
<b>Other Funds</b>	\$1,107.9	\$1,037.0	\$985.0	(\$52.0)	(5.0%)
<b>All Funds</b>	<b>\$1,550.6</b>	<b>\$1,421.0</b>	<b>\$1,374.0</b>	<b>(\$47.0)</b>	<b>(3.3%)</b>

### Summary

#### General Fund

New York imposes an excise tax on cigarette and tobacco products sold and/or used within the State. Currently New York State imposes a \$4.35 per pack excise tax on cigarettes. The Federal government imposes an excise tax rate of \$1.01 per pack on cigarettes. NYC also imposes a separate \$1.50 per pack excise tax on cigarettes. New York State currently has the highest cigarette tax rate in the country.

The State also imposes separate tax rates on other tobacco products. The levels are as follows: 75% of the wholesale price on tobacco products and cigars, and a tax of \$2.00 per ounce on snuff. Cigars with a weight of less than four pounds per 1,000 (little cigars) are taxed at the state rate equivalent to cigarettes.

Currently 27% of cigarette tax receipts collected is deposited in the General Fund. Additionally, the General Fund receives 100% of the receipts from the taxes collected on non-cigarette tobacco products.

#### Special Revenue Funds

Beginning in SFY 2005-06, spending related to the Health Care Reform Act (HCRA) was included in the State's financial plan. As a result, a portion of the cigarette tax collections are deposited to the HCRA fund. Following legislation passed in the State Fiscal Year 2010-11 budget, 73% of cigarette tax being deposited to the HCRA Special Revenue Fund.

#### Proposed Legislation

In the SFY 2014-15, no new legislation is proposed with this budget.

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$1.15 billion, a decrease of \$60 million (4.9%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$1.42 billion, a decrease of \$129.60 million (8.4%) from 2012-13. The large decrease is due, in part, to cigar tax refunds.

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$1.37 billion, a decrease of \$47 million (3.3%) from 2013-14 State Fiscal Year.

## HIGHWAY USE TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14	SFY 2014-15
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$0	\$0	\$0	\$0	0%
<b>All Funds</b>	<b>\$145.0</b>	<b>\$140.0</b>	<b>\$141.0</b>	<b>\$1.0</b>	<b>0.7%</b>

### Summary

#### General Fund

Collections from the highway use tax are not deposited into the General Fund.

#### Special Revenue Funds

Articles 21 and 21-A of the Tax Law imposes a tax on commercial vehicles using the public highways of the State. Highway use tax revenues are derived from three sources: the truck mileage tax, fuel use tax and registration fees. The truck mileage tax is determined by multiplying the weight of the truck and its miles of laden or unladen miles traveled on public highways. The fuel use tax is levied upon fuel that is purchased from out of state, but consumed in state on public highways. The tax rate is the sum of the motor fuel tax component (eight cents per gallon), the State sales tax rate, and the lowest county sales tax rate. Registrations are required for vehicles subject to the highway use tax, and are imposed at \$15 for a three year registration.

#### Proposed Legislation

Legislation proposed with this Budget would extend the alternative fuels tax exemptions for two years.

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$107 million, a decrease of \$6 million (5. %) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$140 million, a decline of \$5 million (3.4%) from 2012-13 State Fiscal Year. This decrease is primarily due to lower estimated registration collections, as this is not a triennial renewal year. Net truck mileage tax receipts are estimated at \$102 million, fuel use tax receipts at \$32 million and registration fees at \$6 million.

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$141 million, an increase of \$1 million (0.7%) from 2013-14 State Fiscal Year.

#### General Fund

No highway use tax receipts are deposited into the General Fund.

#### Other Funds

Currently, all highway use tax receipts are directed to the Dedicated Highway and Bridge Trust Fund.

## MOTOR FUEL TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$0	\$0	\$0	\$0	
<b>All Funds</b>	<b>\$492.5</b>	<b>\$500.0</b>	<b>\$502.0</b>	<b>\$2.0</b>	<b>0.4%</b>

### Summary

#### General Fund

No collections from the motor fuel tax are deposited into the General Fund.

#### Special Revenue Funds

Article 12-A of the Tax Law imposes a tax on the sale of motor and diesel motor fuel. The current tax rate is eight cents per gallon. Motor fuel tax revenues are deposited into two funds, the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Fund, with 79% and 21% going to each respectively.

Although the motor fuel tax is imposed on the consumer, the tax is remitted upon importation into New York. This tax-on-first-import system is designed to reduce gasoline tax evasion, which has involved bootlegging from other states and successions of tax-free sales among “dummy” corporations masked by erroneous record keeping and reporting.

Since 1988, taxes on diesel motor fuel have been collected upon the first non-exempt sale in the State. Prior to that time, the diesel motor fuel tax was collected at the time of retail sale or use by a bulk user.

The tax is generally remitted monthly, although vendors whose average monthly tax is less than \$200 may remit quarterly. Chapter 55 of the Laws of 1992 required accelerated remittance of the tax by taxpayers with annual liability of more than \$5 million for motor fuel and petroleum business tax (PBT) combined. These taxpayers are required to remit taxes electronically or by certified check by the third business day following the first 22 days of each month. Taxpayers can choose to make either a minimum payment of three-fourths of the comparable month’s tax liability for the preceding year, or 90% of actual liability for the first 22 days. Taxes for the balance of the month are remitted by the twentieth of the following month.

Motor fuel tax collections are a function of the number of gallons of fuel imported into the State by distributors. Gallonage is determined in large part by fuel prices, the amount of fuel held in inventories, the fuel efficiency of motor vehicles and overall state economic performance.

For a more detailed discussion of the methods and models used to develop

#### Proposed Legislation

Legislation proposed with this Budget would extend the alternative fuels tax exemptions for two years.

#### Receipts

*2013-14 Estimates*

All Funds receipts through December are \$362 million, a decrease of \$8 million (2.2 %) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$500 million, an increase of \$7.5 million (1.5%) from 2012-13 State Fiscal Year.

*2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$502 million, an increase of \$2 million (0.4%) from 2013-14 State Fiscal Year.

**General Fund**

No motor fuel tax receipts are deposited into the General Fund.

## MOTOR VEHICLE FEES

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
General Fund	\$129.3	\$26.0	\$155.0	\$128.7	489.4%
Other Funds	\$1,248.6	\$1,269.0	\$1,145.3	(\$123.7)	(9.7%)
<b>All Funds</b>	<b>\$1,377.9</b>	<b>\$1,295.3</b>	<b>\$1,300.3</b>	<b>\$5.0</b>	<b>0.4%</b>

### Summary

#### General Fund

Motor vehicle fees are imposed under the Vehicle and Traffic Law. These fees are generally based on the weight and purpose of vehicle.

In 2006, the Vehicle and Traffic Law was amended to require the deposit of \$169.4 million in motor vehicle fees to transportation dedicated funds. Any shortfall or surplus from these fees would be paid by or deposited to the General Fund.

Motor vehicle fees are imposed by the Vehicle and Traffic Law. In general, motor vehicles, motorcycles, trailers, semi-trailers, buses, and other types of vehicles operating in New York are required to be registered with the Department of Motor Vehicles. In 2011, 10.7 million vehicles were registered in New York State, including 808,806 commercial vehicles. The Vehicle and Traffic Law also requires drivers to be licensed by the Department of Motor Vehicles, the current license renewal period is eight years. In 2011, New York State had 11.2 million licensed drivers. Numerous other fees, related to the processes of registration or licensing, are also components of motor vehicle fees. Examples are: fees for inspection and emission stickers; repair shop certificates; and insurance civil penalties.

#### Special Revenue Funds

Revenues from motor vehicle fees are deposited to the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Trust Fund. In 2009, supplemental registration and license fees were imposed within the Metropolitan Commuter Transportation District (MCTD). Revenues generated from these supplemental fees will go to support the MTA Aid Trust Account of the MTA Special Assistance Fund.

#### Proposed Legislation

Legislation proposed with this Budget would simplify the methodology for distributing motor vehicle receipts.

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$954 million, a decrease of \$59 million (5.8%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$1.29 billion, a decrease of \$82.6 million (6%) from 2012-13. General Fund receipts are estimated to be \$26.3 million, a decrease of \$103 million (79.7%) from 2012-13 due to 2013-14 being a non-peak year in the eight-year license renewal cycle.

*2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$1.30 billion, an increase of \$5 million (0.4 %) from 2013-14 State Fiscal Year.

## SALES AND USE TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14	SFY 2014-15
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	%Change
<b>General Fund</b>	\$8,423.1	\$5,890.0	\$6,069.2	\$179.2	3.0%
<b>Debt Service</b>	\$2,808.6	\$5,890.0	\$6,069.2	\$179.2	3.0%
<b>MTOAF**</b>	\$757.5	\$815.0	\$850.0	\$35.0	4.3%
<b>All Funds</b>	<b>\$11,989.3</b>	<b>\$12,595.0</b>	<b>\$12,988.4</b>	<b>\$393.40</b>	<b>3.1%</b>

\*\*Mass Transportation Operating Assistance Fund

### Summary

The sales and compensating use tax was enacted in 1965 at the rate of 2%. The tax rate was increased to 3% in 1969, to 4% in 1971 and to 4.25 % in 2003. The rate reverted to 4% on June 1, 2005. Please see the “Comparison of New York State Tax Structure with Other States” section for further information on the tax rate.

Effective June 1, 2006, the State sales tax rate on motor fuel and diesel motor fuel was capped at eight cents per gallon.

An additional 5% sales tax is imposed on the receipts from the sale of telephone entertainment services that are exclusively delivered aurally.

Counties and cities are authorized to impose general sales tax rates up to 3%. Of the 57 counties and the 20 cities (including New York City) that impose the general sales tax, 51 counties and three cities received legislative authority to impose additional rates of tax above the statutory 3% general sales tax rate. Over 90% of the State’s population resides in an area where the tax rate equals or exceeds 8%. Since almost all counties have an additional rate, an Executive Budget proposal would require localities, not the State, to renew this rate every two years by a majority vote of the county legislative body.

### General Fund

Retail sales of tangible personal property are taxed under Article 28 of the Tax Law unless specifically exempted. Services are only taxable if they are enumerated in the Tax Law. The current State sales tax rate is 4%. The sales and use tax, account for approximately 18% of state revenues. The General Fund receives approximately 70% of all sales tax collections.

### Special Revenue Funds

Of the State portion of the Sales Tax, a quarter of it is deposited to the Local Government Assistance Tax Fund (LGAC). These deposits are used to pay the debt service on bonds issued by the Local Government Assistance Corporation. Any receipts in excess of debt service are transferred back to the General Fund. An additional 0.375% tax is imposed on purchases made in the Metropolitan Commuter Transportation District (MCTD). The Mass Transportation Operating Assistance Fund was created to help finance State public transportation. The receipts from the supplemental MCTD sales and use tax are earmarked for this dedicated fund.

## **Proposed Legislation**

- Extend the alternative fuel exemptions for two years
- Repeal the Boxing and Wrestling Exhibitions Tax

## **Receipts**

### *2013-14 Estimates*

All Funds receipts through December are \$9.56 billion, an increase of \$555 million (6.2%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$12.60 billion, an increase of \$605.8 million (5.1%) from 2012-13. Through December, there has been year-over-year sales tax growth in most of the industries measured. There has been strong growth in vehicle sales (8.2%), construction (16.2%) and utility expenditures (9.1%), some of which is attributable to rebuilding after Superstorm Sandy. Wholesale trade and food services, the other two large sales tax collection industries, exhibited growth of 6.2% and 5.3%, respectively. Due to the sales tax cap on motor fuel, the State does not experience any increase in receipts when fuel prices are above \$2 per gallon. These factors help to explain base growth rates (i.e., growth absent law changes) during the first three quarters of 6%, 6.2%, and 2.5%, respectively. Base growth during the final quarter of 2013-14 is estimated to be 4.6%. This equates to total base growth of 4.8% for 2013-14 State Fiscal Year.

### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$12.99 billion, an increase of \$393.4 million (3.1%) from 2013-14 State Fiscal Year. Tax law changes proposed with Budget will reduce receipts by \$1.60 million.

## BANK TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$1,569.9	\$1,005.0	\$1,209.0	\$204.0	20.3%
<b>Other Funds</b>	\$315.0	\$184.0	\$209.0	\$25.0	13.6%
<b>All Funds</b>	<b>\$1,911.9</b>	<b>\$1,189.0</b>	<b>\$1,418.0</b>	<b>\$229.0</b>	<b>19.3%</b>

### Summary

#### General Fund

Under Article 32 of the Tax Law, New York State imposes a tax on banking corporations doing business within the State. The bank tax is calculated on four bases:

- (1) 7.1% of allocated net income;
- (2) 3% of alternative minimum income;
- (3) a tax on asset value; or
- (4) a fixed dollar minimum tax of \$250.

The amount of the tax remitted is the greatest of the bases.

#### Special Revenue Funds

Banks doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund (MTOAF).

### Receipts

#### All Funds

##### *2013-14 Estimates*

All Funds receipts through December are \$721.5 million, a decrease of \$567.50 million (44%) from the comparable period in the prior fiscal year. This decrease is primarily driven by weakness in 2013 liability year payments. Additionally, several large audits were received in the April through December 2012 period. All Funds 2013-14 receipts are estimated to be \$1,189 million, a decrease of \$722.90 million (37.8%) from 2012-13 State Fiscal Year. The year-over-year decrease is driven by weak 2013 liability payments mainly from calendar year filers as well as a decline in audit receipts (\$250 million).

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$1.42 billion, an increase of \$229 million (19.3%) from 2013-14. Tax year 2014 liability payments are expected to rebound from the low levels seen in the 2013-14 State Fiscal Year.

#### General Fund

General Fund 2013-14 receipts are expected to be \$1.01 billion, a decrease of \$591.90 million (37.1%) from the 2012-13 State Fiscal Year. General Fund collections reflect the same trends impacting 2013-14 All Funds receipts.

For SFY 2014-15, General Fund receipts are projected to be \$1.21 billion, an increase of \$204 million (20.3%) from the 2013-14 State Fiscal Year. General Fund collections reflect the trends described above for 2014-15 All Funds receipts.

### **Other Funds**

Bank tax receipts from the business tax surcharge deposited to MTOAF generally reflect the All Funds trends described above. MTOAF bank tax receipts for 2013-14 reflect year-to-date trends and are estimated at \$184 million. Surcharge receipts for 2014-15 are projected to be \$209 million

### **Proposed Legislation**

- Authorize additional credits of \$8 million for the low income housing credit for each of the next two fiscal years
- Extend and reform the Brownfield Clean-Up program
- Repeal the financial services investment tax credit
- Combine the corporate franchise and bank taxes as part of corporate tax reform

## CORPORATION FRANCHISE TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$2,623.7	\$3,078.0	\$2,424.0	(\$654.0)	(21.2%)
<b>All Funds</b>	<b>\$3,008.7</b>	<b>\$3,561.0</b>	<b>\$2,911.0</b>	<b>(\$650.0)</b>	<b>(18.3%)</b>

### Summary

#### General Fund

Under Article 9-A of the Tax Law, New York State levies a tax on corporations doing business within the State. The Corporate Franchise Tax is calculated on four calculation bases:

- (1) 7.1% of net income apportioned to New York using a single sales factor (small businesses, manufacturers, and high-tech firms are subject to a lower rate of 6.5%)
- (2) 1.5% of alternative minimum income
- (3) 0.15% of allocated business and investment capital with a cap of \$350,000 for manufacturers and \$10 million for all others
- (4) A fixed dollar minimum tax ranging between \$25 and \$5,000 based on New York sourced gross income.

The base that yields the greatest tax liability is remitted to the State.

#### Special Revenue Funds

Corporations doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund.

#### Proposed Legislation

- Extend the commercial television production tax credit for two years
- Authorize additional credits of \$8 million for the low income housing credit for each of the next two fiscal years
- Reform the investment tax credit
- Extend and reform the Brownfield Clean-Up program
- Repeal the financial services investment tax credit
- Establish a 20 % real property tax credit for manufacturers
- Enhance the Youth Works tax credit
- Amend the START-UP NY statute for a Section 186-e excise tax technical change
- Eliminate the net income tax on upstate manufacturers
- Combine the Corporate Franchise and Bank taxes as part of corporate tax reform

#### Receipts

*2013-14 Estimates*

All Funds receipts through December are \$2.23 billion, an increase of \$383.50 million (20.7%) from the comparable period in the prior fiscal year. This increase is primarily driven by the receipt of several large audit cases in the first quarter of the current fiscal year. All Funds 2013-14 receipts are estimated to be \$3,561 million, an increase of \$552.3 million (18.4%) from the 2012-13 State Fiscal Year. The increase is mostly attributable to a 57% increase in audits of \$428.9 million.

#### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$2.91 billion, a decrease of \$650 million (18.3%) from the 2013-14 State Fiscal Year. This decrease is primarily attributable to the first year of the credit deferral payback to taxpayers as well as lower expected audit receipts.

#### **General Fund**

General Fund 2013-14 receipts are estimated to be \$3.08 billion, an increase of \$454.3 million (17.3%) from the 2012-13 State Fiscal Year. The increase reflects the same trends impacting 2013-14 All Fund receipts.

General Fund 2014-15 receipts are projected to be \$2.42 billion, a decrease of \$654 million (21.2%) from the 2013-14 State Fiscal Year. The decrease reflects the same trends impacting All Funds receipts for the 2014-15 State Fiscal Year.

#### **Other Funds**

The MCTD 17 % business tax surcharge will result in MTOAF deposits of an estimated \$483 million in 2013-14 and a projected \$487 million in the 2014-15 State Fiscal Year.

## CORPORATION AND UTILITIES TAXES

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$686.3	\$606.0	\$622.0	\$16.0	2.6%
<b>All Funds</b>	<b>\$894.5</b>	<b>\$794.0</b>	<b>\$814.0</b>	<b>\$20.0</b>	<b>2.5%</b>

### Summary

#### General Fund

Under Article 9 of the Tax Law, New York levies taxes and fees on a number of specialized industries including public utilities, newly organized or reorganized corporations, out-of-state corporations doing business in New York State, transportation and transmission companies, and agricultural cooperatives. Each section of the article levies a tax on a different industry:

- Section 180 imposes a tax on newly incorporated or reincorporated domestic businesses.
- Section 181 imposes a license fee on foreign corporations for the privilege of exercising a corporate franchise or conducting business in a corporate or organized capacity in New York State.
- Section 183 imposes a franchise tax on the capital stock of transportation and transmission companies, including telecommunications, trucking, railroad, and other transportation companies.
- Section 184 imposes an additional franchise tax of 0.375% on the gross receipts of transportation and transmission companies.
- Section 185 imposes a franchise tax on farmers, fruit-growers and other agricultural cooperatives.
- Section 186-a imposes a 2% gross receipts tax on charges for the transportation, transmission, distribution, or delivery of electric and gas utility services.
- Section 186-e imposes a 2.5% gross receipts tax on charges for telecommunications services.

#### Special Revenue Funds

Corporations and utilities doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund (MTOAF). Collections from the taxes imposed under sections 183 and 184 are deposited into the MTOAF and the Dedicated Highway and Bridge Trust Fund (DHBTF).

#### Proposed Legislation

- Repeal the franchise tax on agriculture cooperatives
- Repeal the organization tax on In-State corporations (Section 180) and then license and maintenance fees on Out-of-State corporations (Section 181) as part of corporate tax reform
- Extend and reform the Brownfield Clean-Up program

#### Receipts

*2013-14 Estimates*

All Funds receipts through December are \$484.90 million, a decrease of \$57 million (10.5%) from the comparable period in the prior fiscal year. The decrease is attributable to a large telecommunications refund (\$30 million) that was paid in October 2013. Additionally, a large telecommunications audit was received in April 2012. All Funds 2013-14 receipts are estimated to be \$794 million, a decrease of \$100.50 million (11.2%) from the 2012-13 State Fiscal Year. The decrease is attributable to significantly higher refunds (resulting from previous overpayments by a single taxpayer) and lower audit receipts.

#### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$814 million, an increase of \$20 million (2.5%) from 2013-14. It is expected that tax year 2014 liability payments will grow modestly from the prior year.

#### **General Fund**

General Fund 2013-14 receipts are estimated to be \$606 million, a decrease of \$80.30 million (11.7%) from 2012-13. The decrease reflects the same trends impacting 2013-14 All Fund receipts. General Fund 2014-15 receipts are projected to be \$622 million, an increase of \$16 million (2.6%) from the 2013-14 State Fiscal Year. The increase reflects the same trends impacting All Funds receipts for the 2014-15 State Fiscal Year.

#### **Other Funds**

Eighty % of Section 183 and 184 collections are deposited into the MTOAF and will total an estimated \$58 million for 2013-14 and \$58 million for 2014-15. The remaining portion of section 183 and 184 collections (20%) is earmarked for the DHBTF. DHBTF receipts are estimated at \$15 million in 2013-14 and projected at \$15 million in the 2014-15 State Fiscal Year.

The MCTD 17% business tax surcharge will result in MTOAF deposits of an estimated \$115 million in 2013-14 and a projected \$119 million in the 2014-15 State Fiscal Year.

## INSURANCE TAXES

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	%Change
<b>General Fund</b>	\$1,345.7	\$1,299.0	\$1,375.0	\$76.0	5.9%
<b>Other Funds</b>	\$162.9	\$158.0	\$166.0	\$8.0	5.1%
<b>All Funds</b>	<b>\$1,508.6</b>	<b>\$1,457.0</b>	<b>\$1,541.0</b>	<b>\$84.0</b>	<b>5.8%</b>

### Summary:

#### General Fund

Under Article 33 of the Tax Law and the Insurance Law, the State imposes taxes on insurance corporations, insurance brokers, and certain insured for the privilege of conducting business or otherwise exercising a corporate franchise in New York. Life and non-life insurers are taxed as follows:

- Non-life insurers are subject to a premiums-based tax. Accident and health premiums received by non-life insurers are taxed at the rate of 1.75% and all other premiums received by non-life insurers are taxed at the rate of 2%. A \$250 minimum tax applies to all non-life insurers.
- The franchise tax on life insurers has two components. The first component is a franchise tax computed under four alternative bases, with tax due based on the highest tax calculated under the four alternative bases. In addition, a 0.8 of one mill tax rate applies to each dollar of subsidiary capital allocated to New York. The second component is an additional franchise tax on gross premiums, less returned premiums. The tax rate on premiums is 0.7% and applies to premiums written on risks located or resident in New York. This tax is added to the tax due under the first component.

Under Article 33-A of the Tax Law and the Insurance Law, the State imposes a tax rate of 3.6% of premiums on independently procured insurance. This tax is imposed on any individual, corporation or other entity purchasing or renewing an insurance contract covering certain property and casualty risks located in New York from an unauthorized insurer.

#### Special Revenue Funds

Insurers doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund (MTOAF).

#### Proposed Legislation

No new legislation proposed with this SFY 2014-15 Budget.

#### Receipts

*2013-14 Estimates*

All Funds receipts through December are \$853 million, a decrease of \$26.8 million (3%) from the comparable period in the prior fiscal year. The State transitioned the medical portion of the Empire Plan to self-insurance, effective January 1, 2013. This resulted in lower tax year 2013 liability since the State no longer remits the insurance tax as part of a premium payment. All funds 2013-14 receipts are estimated to be \$1,457 million, a decrease of \$51.6 million (3.4%) from 2012-13. The decrease is attributable to the factors described above.

#### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$1,541 million, an increase of \$84 million (5.8%) from 2013-14. Receipts in 2014-15 assume underlying growth in premiums partially offset by the transition of additional portions of the Empire Plan to self-insurance, effective January 1, 2014.

#### **General Fund**

General Fund 2013-14 receipts are estimated to be \$1.30 billion, a decrease of \$46.7 million (3.5%) from 2012-13. The decrease reflects the same trends impacting 2013-14 All Fund receipts. General Fund 2014-15 receipts are projected to be \$1.38 billion, an increase of \$76 million (5.9%) from the 2013-14 State Fiscal Year. The increase reflects the same trends impacting All Funds receipts for the 2014-15 State Fiscal Year.

#### **Other Funds**

The MCTD 17% business tax surcharge will result in MTOAF deposits of an estimated \$158 million in 2013-14 and a projected \$166 million in the 2014-15 State Fiscal Year.

## PETROLEUM BUSINESS TAXES

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	%Change
<b>General Funds</b>	\$0	\$0	\$0	\$0	0%
<b>All Funds</b>	<b>\$1,139.8</b>	<b>\$1,185.0</b>	<b>\$1,169.0</b>	<b>(\$16.0)</b>	<b>(1.4%)</b>

### Summary

#### General Fund

As of April 1, 2001, all Petroleum Business Tax receipts previously deposited in the General Fund are redistributed to the Mass Transportation Operating Assistance Fund and to the Dedicated Funds Pool.

#### Special Revenue Funds

Petroleum Business Taxes (PBT) are imposed on petroleum related businesses based upon the quantity of various petroleum products imported for sale or use in the State. PBT rates are annually indexed on January 1 of each year to reflect the twelve month change in the Petroleum Producers Price Index ending the previous August 31. Rates are limited to a maximum 5% increase or decrease per year.

Of the base PBT collections; 12% are deposited in the Mass Transportation Operating Assistance Fund; 55% are deposited in the Highway and Bridge Trust Fund; 33% are deposited in the Dedicated Mass Transportation Trust Fund.

#### Proposed Legislation

- Legislation proposed with this Budget would extend the alternative fuels tax exemptions for two years.

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$887 million, an increase of \$25 million (2.9%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$1.19 billion, an increase of \$45.20 million (4%) from the 2012-13 State Fiscal Year. The increase in receipts is primarily due to the 5% increase in the PBT index on January 1, 2013, offset by the 0.8% decrease in the PBT index on January 1, 2014. Petroleum business tax receipts derived from motor fuel and diesel motor fuel are assumed to follow the same consumption trends as fuel subject to the motor fuel excise tax (see section titled Motor Fuel Tax). Gasoline taxable gallonage is estimated to increase by 1.4% and diesel taxable gallonage is estimated to increase by 2.6%.

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$1.17 billion, a decrease of \$16 million (1.4%) from the 2013-14 State Fiscal Year. The decrease in receipts is primarily due to the 0.8%

decrease in the PBT index, effective January 1, 2014, and the projected 4% decrease on January 1, 2015.

**General Fund**

No PBT receipts are deposited into the General Fund.

## ESTATE TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$1,014.0	\$1,220.0	\$1,175.0	(\$45)	(3.7%)
<b>All Funds</b>	<b>\$1,014.0</b>	<b>\$1,220.0</b>	<b>\$1,175.0</b>	<b>(\$45)</b>	<b>(3.7%)</b>

### Summary

#### General Fund

As of February 1, 2000, New York's estate tax rate is equal to the maximum value of the Federal estate tax credit a person can take for state estate taxes paid. In addition, the amount of the State exemption was set to equal the amount of the Federal exemption; capped at \$1 million. As such, New York estates with a value of \$1 million or less owe no estate taxes. For those estates that exceed \$1 million, the tax rate increases from 0.8% to 16.0% depending upon the value of the estate.

#### Special Revenue Funds

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

#### Proposed Legislation

Legislation is proposed that would reform the Estate Tax.

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$973 million, an increase of \$175 million (21.9%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$1.22 billion, an increase of \$206 million (20.3%) from 2012-13.

Small estate (less than \$0.5 million in payments) collections through December are \$362.40 million, a decrease of \$12.70 million from the comparable period in the prior fiscal year. Small estate 2013-14 receipts are estimated to be \$483 million, a decrease of \$4.3 million (0.9 %) from the 2012-13 State Fiscal Year.

Large estate (payments between \$0.5 and \$4 million) payments through December are \$261.10 million, an increase of \$29.90 million (12.9%) above the comparable period in the prior fiscal year. Large estate 2013-14 receipts are estimated to be \$337 million, an increase of \$30.1 million (9.8%) from 2012-13. Extra-large (payments between \$4 million and \$25 million) and super-large (payments greater than \$25 million) estate collections through December are \$349.10 million, an increase of \$158.50 million (83.2%) from the same period in the prior fiscal year. Extra-large estate and super-large estate 2013-14 payments are estimated to be \$400 million, an increase of \$180.20 million (82%) from the previous fiscal year.

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$1.18 billion, a decrease of \$45 million (3.7%) from the 2013-14 State Fiscal Year. This decrease is mainly the result of Executive Budget legislation that would raise the estate tax threshold and cut the rate. Large estate 2014-15 receipts are projected to be \$353 million, an increase of \$16 million (4.7%), and collections from small estate payments are projected to remain level at \$483 million.

Super-large and extra-large estate 2014-15 receipts are projected to be \$339 million, a decrease of \$61 million (15.3%) from the 2013-14 State Fiscal Year.

## REAL ESTATE TRANSFER TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$0	\$0	\$0	\$0	0%
<b>Other Funds</b>	\$756.4	\$815.0	\$855.0	\$40.0	4.9%
<b>All Funds</b>	<b>\$756.4</b>	<b>\$815.0</b>	<b>\$855.0</b>	<b>\$40.0</b>	<b>4.9%</b>

### Summary

#### Tax Base and Rate

The New York State Real Estate Transfer Tax (RETT) is imposed by Article 31 of the Tax Law on each conveyance of real property or interest therein, when the consideration exceeds \$500, at a rate of \$4 per \$1,000 of consideration (price). The tax became effective August 1, 1968. Prior to May 1983, the rate was \$1.10 per \$1,000 of consideration. Effective July 1, 1989, an additional 1 percent tax was imposed on residential conveyances for which the consideration is \$1 million or more.

#### Administration

Typically, the party conveying the property (grantor) is responsible for payment of the tax, either through the purchase of adhesive documentary stamps, by the use of a metering machine, or through other approaches provided by the Commissioner of Taxation and Finance.

#### Proposed Legislation

No new legislation is proposed with this Budget

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$682 million, an increase of \$126 million (22.7%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$815 million, an increase of \$58.60 million (7.7%) from 2012-13.

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$855 million, an increase of \$40 million (4.9%) from the 2013-14 State Fiscal Year. The short term outlook for the housing market is based upon a number of factors, including mortgage rates continuing to slowly rise, a re-examination of credit standards in the face of expected Federal Reserve "tapering" and continued slow and steady recovery of the overall economy. Average existing home prices are expected to grow, though more modestly compared to 2013. In SFY 2014-15 there should be a leveling off of REIT and other commercial activity following a substantial price increase and a record volume of sales during the 2013 summer months. The continuing diversification of the NYC economy is likely to positively impact the commercial market and demand for office space in the coming years.

#### General Fund

The General Fund will receive no direct deposit of real estate transfer tax receipts in 2013-14 or 2014-15 fiscal years. However, the balance of the Clean Water/Clean Air Fund, not needed for debt service, is transferred into the General Fund.

**Other Funds**

The statutory annual amount of real estate transfer tax receipts deposited into the Environmental Protection Fund is \$119.10 million.

## PARI-MUTUEL TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-13 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$17.4	\$17.0	\$17.0	\$0	0%
<b>All Funds</b>	<b>\$17.4</b>	<b>\$17.0</b>	<b>\$17.0</b>	<b>\$0</b>	<b>0%</b>

### Summary

The State has levied taxes on pari-mutuel wagering activity conducted at horse racetracks since 1940. Off-track betting (OTB) parlors were first authorized in 1970 and simulcasting was first authorized in 1984. Each racing association or corporation and Off-Track Betting Corporation pays the State a portion of the commission (the “takeout”) withheld from wagering pools (the “handle”) as a tax for the privilege of conducting pari-mutuel wagering on horse races. There are numerous tax rates imposed on wagering on horse races. The rates vary depending upon the type of racing (thoroughbred or harness), the type of wager (regular, multiple, or exotic) and location at which it is placed (at the track, or off-track through simulcasting or at an Off-Track Betting Corporation). The average effective pari-mutuel tax rate was 0.92% of the handle in 2009. In an effort to support the New York agricultural and breeding industries, a portion of the takeout is allocated to the State’s thoroughbred and standard bred (harness) horse breeding and development funds.

With the increase in OTB activity and simulcasting over the last 20 years, off-track bets now account for 75% of the statewide handle. The expansion of OTBs has contributed, in part, to the corresponding decline in handle and attendance at racetracks. To promote growth of the industry, the State has authorized higher takeouts to support capital improvements at non-New York Racing Association (NYRA) tracks and, more importantly, reduced its on-track tax rates by as much as 90% at thoroughbred and harness tracks, authorized the expansion of simulcasting at racetracks and OTB facilities, allowed in-home simulcasting experiments and telephone betting, lowered the tax rates on simulcast wagering, redirected the State franchise fee on nonprofit racing associations to repay loans from the New York State Thoroughbred Capital Investment Fund, and reduced tax rates on NYRA bets. In 2001, the State authorized the operation of video lottery terminals, at authorized racetracks, and directed a portion of VLT receipts to be used for purse enhancements and for the breeder’s funds.

In 2008, the State awarded a 25 year license to operate the Aqueduct, Belmont, and Saratoga Racetracks to the New York Racing Association. Also, in 2008, the State took over operation of the New York City Off-Track Betting Corporation.

In December of 2010, the New York City Off-track Betting Corporation ceased pari-mutuel wagering operations after the failure to reach an agreement on a restructuring plan to bring the corporation out of bankruptcy.

### General Funds

Pari-mutuel receipts have declined steadily over the years due to competition from nearby casinos and the growth of other gaming venues such as Video Lottery Terminals (VLTs), resulting in a reduction of handle and attendance at on and off track betting locations (OTBs).

### **Special Revenue Funds**

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

### **Proposed Legislation**

Legislation proposed with this Budget would extend for one year certain tax rates.

### **Receipts**

#### *2013-14 Estimates*

All Funds receipts through December are \$13.4 million, a decrease of \$0.80 million (5.6%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$17 million, a decrease of \$0.40 million (2.3%) from the 2012-13 State Fiscal Year.

Receipts from OTBs are estimated at \$5.30 million for 2013-14, a decrease of \$0.10 million (1.9%) below the prior fiscal year. This decline reflects trend declines in industry handle. Receipts through December from off-track betting are \$4 million, a decrease of \$0.30 million (7%) from the 2012-13 State Fiscal Year.

Receipts through December from thoroughbred on-track handle, including simulcasts, are \$8.90 million, a decrease of \$0.50 million (5.3%) from the same period last year. Receipts for the fiscal year are estimated at \$11.10 million, a decrease of \$0.30 million (2.6%).

Pari-mutuel tax receipts from on-track harness wagering are estimated to be \$0.60 million in 2013-14, consistent with 2012-13 levels.

#### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$17 million, no change from the previous fiscal year. On-track handle and OTB handle are estimated to continue to decline. These declines are expected to be offset by new revenue from the market origin fee.

## RACING ADMISSION/BOXING AND WRESTLING EXHIBITIONS TAX

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$1,000	\$1,000	\$400	(\$0.6)	(60.0%)
<b>Other Funds</b>	\$1,000	\$1,000	\$400	(\$0.6)	(60.0%)
<b>All Funds</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$400</b>	<b>(\$0.6)</b>	<b>(60.0%)</b>

### Summary

#### General Fund

This category includes the 4% admissions tax placed on racetracks and simulcast theaters and the 3% tax imposed on gross receipts of boxing and wrestling events and exhibitions held in New York State. Year to year revenue collections have historically shown great fluctuations due to one or two high-profile boxing events that generate large incomes. Additionally, some racing facilities have eliminated admission charges due to increased competition from video lottery terminals.

#### Special Revenue Funds

None of the collections from these taxes are deposited to special revenue funds.

#### Proposed legislation:

Legislation proposed with this Budget would repeal the Boxing and Wrestling Exhibitions Tax.

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$873,827, an increase of \$134,118 (18.1%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$1,000,000, a decrease of \$29,000 (2.8%) from the 2012-13 State Fiscal Year.

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$400,000, a decrease of \$600,000 (60%) from 2013-14, due to proposed legislation repealing the Boxing and Wrestling Exhibitions Tax.

## METROPOLITAN TRANSPORTATION AUTHORITY RECEIPTS

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$0	\$0	\$0	\$0	0%
<b>All Funds</b>	<b>\$1,508.9</b>	<b>\$1,527.0</b>	<b>\$1,609.0</b>	<b>\$82.0</b>	<b>5.4%</b>

### Summary

#### General Fund

All of the MTA receipts are deposited into dedicated funds.

#### Special Revenue Funds

In order to provide financial relief to the MTA, the (Mobility) payroll tax was established in 2009. This tax was imposed at a rate of 0.34% of a business' payroll. Along with this tax, a sales tax of \$0.50 per taxi ride, additional motor vehicle license and registration fees, and the aforementioned auto rental tax were imposed. The collections from these taxes are deposited to the Metropolitan Transportation Authority Financial Assistance Fund.

Effective June 1, 2009, a supplemental tax of 5% was imposed on the rental of a passenger vehicle in the MCTD. The tax base and administration of this tax are the same as the State Auto Rental Tax.

Effective September 1, 2009, there is a supplemental motor vehicle license fee of one dollar per six month interval and a supplemental registration fee of \$25 in the MCTD. The timing and administration of these fees are the same as the State fee.

Effective November 1, 2009, a tax of \$0.50 was imposed on taxicab rides that originate in NYC and end within the MCTD. On July 1, 2010, the incidence of the tax was statutorily shifted to medallion owners from taxicab vehicle owners.

#### Proposed Legislation

Legislation proposed with this Budget would align mobility and personal income tax filings for the self-employed.

#### Receipts

The following table shows the projected receipts from the taxes that are imposed within the MCTD.

<b>PROJECTED RECEIPTS FROM MTA DEDICATED TAXES</b>		
(millions of \$)		
	<b>SFY 2013-14</b>	<b>SFY 2014-15</b>
MTA Payroll Tax (Mobility)	\$1,220.0	\$1,283.0
Motor Vehicle Fees	\$176.0	\$181.0
Auto Rental Tax	\$43.0	\$45.0
Taxicab Surcharge	\$86.0	\$100.0
<b>Total</b>	<b>\$1,527.0</b>	<b>\$1,609.0</b>

## MISCELLANEOUS RECEIPTS/GENERAL FUND

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$3,504.1	\$3,251.1	\$3,857.5	\$606.4	18.7%

### Summary:

#### General Fund

Revenues from miscellaneous receipts are received from a variety of sources, both recurring and non-recurring. The revenues include fees imposed by various State agencies, abandoned property, and income from the investment of the balances of the State's funds, reimbursements from the State's public authorities and municipalities, and transfers from other State entities. Revenues from miscellaneous receipts fluctuate year to year as a result of the amount of "one-shots" in any given fiscal year as opposed to economic conditions.

#### Proposed Legislation

- Eliminate the 18-a Temporary Assessment for industrial customers and accelerate the phase out for all others
- Simplify the methodology for distributing motor vehicle receipts.

#### Receipts

In SFY 2013-14, General Fund miscellaneous receipts are estimated to total \$3.25 billion, a decrease of \$253 million. For SFY 2014-15, General Fund miscellaneous receipts are projected to total \$3.86 billion, an increase of \$606 million from the 2013-14 State Fiscal Year.

## LOTTERY

(millions of dollars)	Actual	Estimated	Forecast	SFY 2013-14 to SFY 2014-15	
	SFY 2012-13	SFY 2013-14	SFY 2014-15	Change	% Change
<b>General Fund</b>	\$0	\$0	\$0	\$0	0%
<b>Other Funds</b>	\$3,074.0	\$3,172.0	\$3,164.0	(\$8.4)	(0.3%)
<b>All Funds</b>	\$3,074.0	\$3,172.0	\$3,164.0	(\$8.4)	(0.3%)

### Summary

#### General Fund

Collections from lottery sales are not deposited into the General Fund.

#### Special Revenue Funds

The New York State Lottery is an independent division of the Department of Taxation and Finance. It was established in 1966 as a result of a voter referendum. The purpose of the Lottery is to raise revenues for education in the State of New York through the sale of Lottery products.

The basic game types include:

- Instant scratch-off games;
- Daily numbers games; twice daily fixed payout games (“Numbers” and Win-4”) which are fixed-odds;
- Nightly “Pick 10” which allows patrons to choose ten numbers from a field of 80 and “Quick Draw” consisting of an on-line game drawn every four minutes;
- Video lottery games, which are lottery games played on video gaming devices. Video Lottery Terminals (VLTs) are authorized only at selected thoroughbred and harness tracks; and
- Lotto games are pick-your-own-numbers games offering large top prizes. These games are comprised of Take-5, Lotto, Sweet Millions, Mega Millions, and Powerball.

#### Proposed Legislation

- Extend Monticello Video Lottery Terminal (VLT) commission rates for one year
- Extend the Video Lottery Gaming (VLG) vendor's capital awards program for one year

#### Receipts

##### *2013-14 Estimates*

All Funds receipts through December are \$2.10 billion, an increase of \$86.7 million (4.3%) from the comparable period in the prior fiscal year. All Funds 2013-14 receipts are estimated to be \$3.172 billion, an increase of \$98.4 million (3.2%) from 2012-13. Unspent administrative allowances and miscellaneous income account for \$395 million of receipts.

##### *2014-15 Projections*

All Funds 2014-15 receipts are projected to be \$3.16 billion, a decrease of \$8.4 million (0.3 percent) from 2013-14. Unspent administrative allowances and miscellaneous income account for \$392 million of receipts.

#### Instant Games and Video Lottery Gaming

Receipts from Instant Games sales are projected to decrease by \$7 million (1.1%) to \$625 million. Recent trend declines in the instant games market are projected to continue in the 2014-15 State Fiscal Year.

Receipts from the State's VLT operations are projected to total \$944 million in 2014-15, an increase of \$6.6 million (0.7%). Growth is projected to continue at the Resorts World and Empire City Casinos, albeit at lower rates. Legislation proposed in this Budget extending Monticello's current commission rate would reduce revenue to support education by \$3 million.

**Revenue Action List**  
(millions of dollars)

Description	Effective Date	General Funds		All Funds		
		2014-15	2015-16	2014-15	2015-16	
<b>Tax Reform Actions</b>						
Tax Corporate Tax Reform	1/1/2015	-	(205)	-	(205)	
Establish a 20 Percent Real Property Tax Credit For Manufacturers	1/1/2014	-	(136)	-	(136)	
Eliminate the Net Income Tax On Upstate Manufacturers	1/1/2014	(24)	(24)	(24)	(24)	
Eliminate 18-a Temporary Assessment For Industrial Customers, Accelerate Phase Out For All Others	4/1/2014	(200)	(200)	(200)	(200)	
Establish the Real Property Tax Freeze Personal Income Tax Credit	1/1/2014	(400)	(976)	(400)	(976)	
Establish the Residential Real Property Personal Income Tax Credit	1/1/2014	-	(200)	-	(200)	
Reform the Estate Tax	1/1/2014	-	(200)	-	(200)	
Repeal the Personal Income Tax Add-On Minimum	4/1/2014	(33)	(175)	(33)	(175)	
Repeal the Boxing and Wrestling Exhibitions Tax	1/1/2014	-	-	-	-	
Repeal the Franchise Tax On Agricultural Cooperatives	9/1/2014	-	-	-	-	
Repeal Article 12 of the Tax Law	1/1/2015	-	-	-	-	
Increase Personal Income Tax Filing Income Threshold	6/1/2014	-	-	-	-	
Modify Signature Requirements on e-Filed Returns Prepared by Tax Professionals	1/1/2014	-	-	-	-	
Align Mobility and Personal Income Tax Filings For the Self-Employed	1/1/2015	-	-	-	-	
Streamline Corporate Audit Procedures (Administrative)	4/1/2015	-	150	-	172	
Reform The Investment Tax Credit	1/1/2014	65	65	65	65	
Repeal the Financial Services Investment Tax Credit	1/1/2014	30	30	30	30	
Close the Resident Trust Loophole	1/1/2014	75	225	75	225	
Authorize a Professional and Business License Tax Clearance	4/1/2014	-	3	-	3	
<b>Other Revenue Actions</b>						
Expand the Low Income Housing Credit	4/1/2014	-	(8)	-	(8)	
Enhance the Youth Works Tax Credit	1/1/2014	-	(4)	-	(4)	
Modify Delivery of the Family Tax Relief Credit After Tax Year	1/1/2015	-	410	-	410	
<b>Revenue Extenders</b>						
Extend the Alternative Fuels Tax Exemptions For Two Years	9/1/2014	(2)	(4)	(8)	(16)	
Extend the Non-Custodial EITC For Two Years	1/1/2015	-	-	-	-	
Extend the Commercial Production Tax Credit For Two Years	1/1/2015	-	-	-	-	
Extend and Reform the Brownfield Clean-Up Program	1/1/2016	-	-	-	-	
Extend Monticello Video Lottery Terminal Rates For One Year	4/1/2014	-	-	(3)	-	
Extend Certain Tax Rates and Simulcast Provisions For One Year	7/1/2014	-	-	-	-	
Extend the Video Lottery Gaming Vendor's Capital Awards Program For One Year	4/1/2014	-	-	-	-	
Extend Fees For the Establishment of Oil and Gas Unit of Production Value	4/1/2014	-	-	-	-	
<b>STAR Actions</b>						
Eliminate the Income Threshold Inflation Adjustment For Enhanced STAR Benefits	4/1/2014	-	-	-	3	
<b>Technical Corrections</b>						
START-UP NY Technical Amendment	1/1/2014	-	-	-	-	
Simplify the Distribution of Motor Vehicle Fee Receipts	4/1/2014	-	-	-	-	
Make Technical Amendments to the Commercial Gaming Statute	Various	-	-	-	-	
<b>Fees</b>						
Require Regulatory Racing Fee to Cover Cost of Regulation	4/1/2014	-	-	2	2	
<b>Total Revenue Actions</b>			<b>(489)</b>	<b>(1249)</b>	<b>(496)</b>	<b>(1234)</b>

## **EXECUTIVE SFY 2014-15 ARTICLE VII REVENUE BILL:**

### **S. 6359/A. 8559**

#### **Part A – Corporate Tax Reform**

This bill would establish a single new system of taxation for general business corporations and banking corporations by repealing the separate provisions of the Tax Law for banking corporations (Tax Law Article 32) and amending the business corporation tax under Article 9-A to accommodate changes in the financial services industry and make other modernization changes.

This reform proposal would source a business' receipts to the location of its customers. This assigns income to various states based on where the customers are located and eliminates factors that would increase tax if a company increased its activity in New York.

Both the New York State Tax Relief Commission and the New York State Tax Reform and Fairness Commission highlighted the need for New York corporate tax reform and specifically identified the different rules under which banks and other corporations are taxed.

Highlights of the reforms and structural changes made by the bill include (1) the repeal of both Article 32 and the organization and license taxes and maintenance fees in Tax Law sections 180 and 181 and (2) the replacement of the entire net income base with a similar business income base subject to a fully effective tax rate of 6.5% (effective January 1, 2016) as compared to the existing 7.1% rate.

Under the is proposal, all Article 32 (bank Tax) taxpayers will pay under one of three Article 9-A bases: business income base; the capital base; or the fixed dollar base.

Smaller businesses will continue to have a business income base rate of 6.5% and for qualified manufacturers, this part retains current reductions in the business income base rate from 5.7% to 5.5% for taxable years 2016 and 2017, and 4.875% for taxable years starting on or after 2018. For upstate manufacturers, this part reduces the business tax rate to 0% starting in taxable year 2015.

This bill also raises the MTA surcharge only under Article 9-A to 24.5% from the current rate of 17%. This increase is offset, in varying degrees by other reduction changes. The net impacts of these proposals on the MTA are revenue neutral. The MTA surcharge would be made permanent. This increase (only under Article 9-A) offsets the ENI rate reduction, single sales factor apportionment, the elimination of the AMT tax base.

Credits that are allowed under current law are incorporated in to a new Section (210-b) of the State Tax law. New credits recommended by the Governor in the SFY 2014-15 Executive Budget are incorporated in this new proposal.

**Fiscal Impact:** Reduces revenues by \$205 million in SFY 2015-16 and \$346 million annually thereafter.

**Part B – Allow direct payment of STAR tax savings in certain cases**

This bill would allow the Department of Taxation and Finance to pay the STAR tax savings directly to eligible property owners who register for STAR after receiving their 2014-15 school tax bills.

The STAR Registration Program was enacted as part of the 2013-14 State Budget to eliminate inappropriate “Basic STAR” exemptions while enabling qualified owners to receive their rightful tax relief. The law permits late registrations under certain conditions, so it is possible that a limited number of property owners may seek to register after receiving their 2014-15 school tax bills. While there is a mechanism in current law to restore a STAR exemption after a school tax bill has been issued, it is a process that forces the property owner to wait for a refund while local government and school district personnel process the necessary paperwork. This proposal would allow the Tax Department to directly reimburse these property owners without delay, while sparing local officials the need to bear administrative burdens in support of this State program.

If direct reimbursement is required, it would be done by the NYS Department of Taxation and Finance, not the locality.

**Fiscal Impact:** None

**Part C –Extend fees for the establishment of oil and gas unit of production values**

This bill would extend fees for the establishment of oil and gas unit of production values by the Department of Taxation and Finance (the Department). The Department establishes "unit of production values" which local assessors must use when assessing oil and gas wells and related facilities, pursuant to Article 5, Title 5 of the Real Property Tax Law. This program, which has been in place since 1981, relieves local assessors of the burden of attaining the necessary expertise to value these properties, while assuring producers that their assessments will be determined on a uniform, rational basis throughout the State. In recognition of the benefit this program provides for the industry, producers have been obliged since 1992 to pay fees to the State to offset the administrative costs involved in developing these values. The statute imposing those fees – §593 of Real Property Tax Law – has always been subject to a sunset clause, and has been repeatedly renewed since enactment. This bill would extend the program until 2018.

**Fiscal Impact:** Extends an existing revenue stream. Approximately \$50,000 is raised annually from these fees.

**Part D – Increase racing regulatory fee from 0.5% to 0.6%**

This bill would increase the racing regulatory fee on thoroughbred, harness, off-track pari-mutuel betting and simulcast racing from 0.5% to 0.6%.

Regulation of the horse racing industry is intended to be self-financing—paid for entirely by the industry. However, the cost of regulating the industry has consistently exceeded the revenues

collected by the industry. This bill ensures that assessments on the industry are sufficient to meet the cost of regulation and support of the industry.

**Fiscal Impact:** Increases revenue by \$1.6 million annually.

**Part E: Modify signature requirements on e-filed returns prepared by tax professionals**

This bill reflects the recommendation of the New York State Tax Reform and Fairness Commission that the signature requirement for e-filed returns be modified. It would allow taxpayers to use electronic signatures when authorizing their tax preparers to e-file their tax returns and related documents. This would make the process less burdensome for tax professionals and serve to further reduce barriers to electronic filing.

Only taxpayers filing under the State's personal income tax would be eligible for these provisions.

**Fiscal Impact:** None

**Part F: Eliminate the Income Threshold Inflation Adjustment For Enhanced STAR Benefits**

This bill eliminates the annual cost of living adjustment for the income standard applicable to the Enhanced (senior) STAR exemption under the STAR program.

This bill amends RPTL §425(4) by eliminating the annual cost of living adjustment made to the income standard for Enhanced STAR eligibility beginning with the 2015-16 school year, effectively freezing the income threshold at \$81,900. Existing law requires that the income threshold applicable for Enhanced STAR eligibility be adjusted annually to account for a cost-of-living adjustment percentage.

STAR was enacted in 1997 to offset rising property taxes for homeowners and to provide additional targeted property tax relief to senior citizens. Since that time, a number of program enhancements have been made that contributed to increases in the current and projected cost of the STAR program. The costs of the STAR program increased approximately 32% between 2001-02 and 2012-13. The direct costs of the STAR program, including reimbursements made under RPTL § 1306-a and State Finance Law § 54-f, in 2012-13 were over \$3.3 billion.

**Fiscal Impact:** Reduces General Fund spending by \$3.1 million in the 2015-16 State Fiscal Year.

**Part G: Extend the Noncustodial Parent Earned Income Tax Credit for Two Years**

This bill would extend the noncustodial parent earned income tax credit for two years, through the 2016 tax year.

The credit is available to noncustodial parents who pay child support for a qualifying child with whom they do not reside. This credit rewards noncustodial parents who are working, and it provides a substantial work incentive for those not working or working intermittently. The credit is intended to encourage low-income noncustodial parents to comply with child support orders. It

is also intended to encourage low-income noncustodial parents to become more involved in the economic and social well-being of their children. The credit currently applies to taxable years beginning before January 1, 2015. This bill would extend the credit for two years through tax year 2016.

**Fiscal Impact:** Decreases All Funds tax receipts by \$4 million in each of the 2016-17 and 2017-18 State Fiscal Years.

**Part H: Mandate for professional and business licenses electronic tax clearance upon application or renewal**

This bill would create a new program to aid in enforcing and collecting past-due tax liabilities by preventing applicants from receiving or renewing professional or business licenses if they owe certain past-due tax liabilities.

In return for the privilege of receiving such license, an applicant with fixed and final tax liabilities would be required either to pay the past-due tax liabilities or to enter into a payment agreement with the Department of Taxation and Finance. The bill would also permit electronic sales tax registration clearances for licenses related to business activities that require such registrations. The taxpayer must have a liability greater than \$500 to be required to receive clearance.

**Fiscal Impact:** Increases All Funds receipts by \$3 million in SFY 2015-16 and annually thereafter.

**PART I: Close the resident trust loophole**

In general, from an income tax perspective, income that is earned by a trust may be included in the income of the grantor, the trust, or the beneficiaries of the trust. Under the existing State Tax Law, however, the accumulated income (i.e. the income of a trust that is not distributed to a beneficiary) of several types of trusts is not subject to any New York tax at the grantor level, the trust level, or the beneficiary level.

This bill would remedy this problem by (1) taxing New York beneficiaries of non-resident trusts and exempt resident trusts on the accumulated income of the trusts when the income is distributed to the beneficiary and (2) including the income of a trust established by a New York resident in the current income of its grantor.

The bill would also provide a credit for non-resident trust and exempt resident trust beneficiaries for taxes paid to other jurisdictions, require non-resident trusts and exempt resident trusts to file information returns, and make conforming changes to the New York City Administrative Code.

**Fiscal Impact:** Increases tax revenues by \$75 million in SFY 2014-15, \$225 million in SFY 2015-16, and \$150 million annually thereafter.

**Part J: Repeal the additional minimum personal income tax**

This bill would implement the recommendation of the New York State Tax Reform and Fairness Commission that the additional minimum personal income tax be repealed. The Commission

found that this tax pre-dates the 1986 tax reforms and pertains to only 200 taxpayers with minimal revenue generated. Currently, this tax is only applied against very limited categories of activity.

This bill would also make conforming changes to New York City's add-on minimum tax.

**Fiscal Impact:** Minimal (\$200,000) revenue loss

**Part K: Establish the Residential Real Property Personal Income Tax Credit**

This bill, a recommendation of the Tax Reduction Commission, would create a new real property tax circuit breaker that offers larger credit amounts for all taxing jurisdictions that stay within the property tax cap. The credit is targeted to help low-income and middle class New York homeowners with qualifying incomes up to \$200,000. The credit value rises with the size of the homeowner's property tax burden. The bill would also keep the existing circuit breaker in place so that New York homeowners currently benefiting from the circuit breaker are not denied a benefit if their taxing jurisdictions do not comply with the property tax cap. Benefits are structured according to the formulae in the bill.

This provision is permanent and includes taxpayers in NYC. The average credit is \$500 which would benefit 1.9 million taxpayers statewide.

There is no limitation on home value.

**Fiscal Impact:** Reduces All Funds receipts by a total of \$200 million in SFY 2015-16, by \$525 million in SFY 2016-17, and by \$1 billion annually thereafter.

**Part L: Establish a renter's personal income tax credit**

This credit may be taken by low-and middle-income taxpayers who rent their primary residences. Taxpayers will receive base credits and additional amounts based on their number of federal exemptions. Lower income renters will receive larger credits, with the credit phased out entirely for renters with federal adjusted gross incomes exceeding \$100,000. The credit may be taken in lieu of the existing real property tax circuit breaker credit for renters, if the amount of this credit is higher and the taxpayer qualifies for both credits. A renter who is not required to file an income tax return may choose to file a return in order to receive the credit. The credit is not specifically tied to the percentage of income expended by the taxpayer for rent, often referred to as the rent burden. The credit will not be available to single persons who are not senior citizens. The credit will be phased in with one-half available for taxable years starting in 2014, at a cost to the State of \$200 million, and the full credit available for taxable years starting in 2015, for a cost to the State of \$400 million per annum. These provisions are permanent.

New York City taxpayers are covered by these provisions. The average statewide benefit is excepted to be \$300. Condominiums, co-ops, and mobile homes are covered. In order to qualify for benefits, taxpayers do not have to live in municipalities that adhere to the property tax cap or ones in which consolidation plans are in place.

Eligible taxpayers include: persons 65 years or older; married persons with one spouse over 65; married persons, with one or more dependents; heads of household; and, a surviving spouse with one or more dependent

The credit values are as follows: renters with dependent: at least \$144 which increases depending on the number of dependents; married renters from \$114 to \$230; and a single senior renter from \$140 to \$220.

The benefits are determined by the formulas present in the bill. Approximately 19% of the benefits would accrue to upstate taxpayers and 68% to taxpayers in NYC; 13% of the value of the credits would accrue to downstate suburban taxpayers. There is a two year phase-in of this program.

**Fiscal Impact:** Reduces All Funds receipts by a total of \$200 million in State Fiscal Year 2015-16 and \$400 million annually thereafter.

**Part M: Modify delivery of the family tax relief credit after Tax Year 2014**

This bill would eliminate the prepayment element of the family tax relief credit in section 606(vv) of the tax law for taxable years beginning on or after January 1, 2015.

This bill would amend § 606(vv) of the Tax Law to eliminate the prepayment of the family tax relief credit in taxable years beginning on or after January 1, 2015 and provide that eligibility for the credit will be based on the taxpayer's tax return for the current year. Existing law provides that the prepayment would be available in each year that the credit is allowed (i.e., tax years 2014, 2015 and 2016). Because of the prepayment, it was necessary to determine eligibility from a taxpayer's return filed two years prior.

These provisions do not change the amount or structure of the credit. The first year of the 3 year program will disburse a rebate check to taxpayers as previously enacted.

This is a 3 year program.

**Fiscal Impact:** Increases All Funds tax receipts by \$410 million in SFY 2015-16 and reduce All Funds tax receipts by \$410 million in SFY 2017-18.

**Part N: Increase the personal income tax filing threshold to reduce the number of taxpayers who need to file personal income tax returns**

This bill would eliminate the requirement that a resident who has a modified federal adjusted gross income in excess of \$4,000 but less than the New York standard deduction (\$15,650 for married couples) file a personal income tax return if he or she does not file a federal personal income tax return. This bill would require only residents who have modified federal adjusted gross income in excess of the New York standard deduction to file a personal income tax return. Raising the filing threshold to the current standard deduction levels would eliminate filing for approximately 270,000 taxpayers who owe no New York personal income tax and are not eligible for any refunds (one-half of whom are senior citizens). The Internal Revenue Service uses a similar standard.

**Fiscal Impact:** None

**Part O: Extend the Empire State Commercial Production Tax Credit for Two Years**

This bill would extend the Empire State Commercial Production Tax Credit for two years, until December 31, 2016.

The Empire State Commercial Production tax credit is available for taxable years beginning on or after January 1, 2007 and expires on December 31, 2014. In general, the credit is available to qualifying taxpayers under Articles 9-A and 22 in an amount equal to 20% of the qualifying production costs incurred in the actual filming or recording of a qualified commercial in New York that exceed the average of the previous years' costs for which the credit was applied, plus 5% of costs if costs exceed \$500,000 in the calendar year in the Metropolitan Commuter Transportation District (MCTD) and above \$200,000 in the calendar year outside the MCTD. This bill would extend the expiration of the tax credit by two years, until December 31, 2016.

**Fiscal Impact:** Decreases All Funds tax receipts by \$7 million in each of the 2016-17 and 2017-18 State Fiscal Years.

**Part P: Authorize additional credits of \$8 million for the low-income housing credit for each of the next two fiscal years**

This bill would increase the aggregate amount of low-income housing tax credit the Commissioner of Housing and Community Renewal may allocate from \$48 million to \$56 million for State Fiscal Year (SFY) 2014-15 and from \$56 million to \$64 million for the 2015-16 State Fiscal Year. This program provides credits to builders who develop qualifying low-income housing projects. The Executive Budget authorizes the Commissioner of Housing and Community Renewal to increase the credit from \$48 million to \$56 million for fiscal year 2014-15 and from \$56 million to \$64 million for the 2015-16 State Fiscal Year. Credits are given in equal monthly installments for a ten year period. The total of credits awarded from this new authorization will be \$160 million over a multi-year period.

**Fiscal Impact:** Decreases All Funds tax receipts by \$8 million in SFY 2015-16, \$16 million annually through SFY 2024-25 and \$8 million in the 2025-26 State Fiscal Year.

**Part Q: Extend and Reform the Brownfield Cleanup Program**

This bill would extend the Brownfield cleanup program and tax credits for 10 years and further reform the program.

**Fiscal Impact:** Enactment of this bill would have no impact on tax receipts during the Financial Plan period, but would provide long term savings.

**Part R: Establish a 20 percent real property tax credit for manufacturers; eliminate the net income tax on upstate manufacturers; reform the investment tax credit (ITC); and repeal the financial services investment tax credit**

The New York State Tax Reform and Fairness Commission recommended ITC reform in order to more effectively target the State's investment. The ITC would no longer be available for

property used by companies that do not qualify as manufacturers. In addition, the New York State Tax Reform and Fairness Commission recommended that the financial services ITC authorized under Articles 9-A, 22, 32 and 33 of the Tax Law be eliminated because the credit is complex, frequently subject to complicated recapture provisions, and provides benefits to an extremely limited segment of the financial services industry.

Section 1 would add the definition of a “qualified New York manufacturer” to the Tax Law. It is derived from the definition currently in place for the reduced Article 9-A tax rates for manufacturers, which defines a “qualified New York manufacturer” as a taxpayer that is principally engaged in manufacturing (i.e., more than 50% of its gross receipts derived from the sale of manufactured goods) and has a minimum amount of property used for manufacturing within the state or employees engaged in manufacturing within the state.

Section 2 would create a new refundable real property tax credit for qualified New York manufacturers under Article 9-A (corporate franchise tax) equal to 20% of the real property tax qualified New York manufacturers paid on property used for manufacturing during the taxable year.

Sections 3 and 4 would make conforming changes to Article 22 (personal income tax) for the new refundable real property tax credit for qualified manufacturers.

Section 5 would reform the ITC under Article 9-A by restricting the credit to qualified New York manufacturers and qualified New York agricultural and mining businesses for property used to produce goods for sale or research and development property. This section also repeals the financial services ITC.

Section 6 would amend the ITC for taxpayers that lease tangible personal property to reflect the repeal of the financial services ITC and the disallowance of the ITC for a qualified film production facility.

Sections 7 and 8 would exclude air pollution control facilities and air or water pollution control facilities from receiving the ITC and would repeal the rehabilitation for historic barns and retail enterprise credits that are part of the investment tax credit.

Sections 9 through 13 would make conforming changes to Article 22 (personal income tax) for the reform of the ITC and repeal of the financial services ITC.

Section 14 would repeal the ITC for Article 32 (bank tax) taxpayers.

Section 15 would repeal the ITC for Article 33 (insurance tax) taxpayers.

Section 16 would reduce the entire net income tax rate from 5.9% to 0% for qualified upstate New York manufacturers defined as taxpayers that have a zero allocation percentage in the Metropolitan Commuter Transportation District for purposes of the MTA business tax surcharge.

Section 17 would amend the capital base definition under Article 9-A to include the definition of a qualified New York manufacturer as defined in Section 1 of the bill.

Section 18 would amend the alternative minimum tax definition under Article 9-A to include the definition of a qualified New York manufacturer as defined in Section 1 of the bill.

Section 19 would amend the fixed dollar minimum tax definition under Article 9-A to include the definition of a qualified New York manufacturer as defined in Section 1 of the bill.

Section 20 states that for the purposes of determining whether a taxpayer is an eligible qualified New York manufacturer and able to receive the associated tax benefits available for tax years 2012 through 2014, the taxpayer shall use the guidelines and criteria that were in effect for December 31, 2013.

Section 21 would remove the Excelsior ITC component for taxpayers who file under Article 32 or Article 33.

**Fiscal Impact:** The real property tax credit for manufacturers would decrease All Funds tax receipts by \$136 million in each of SFYs 2015-16 through the 2018-19 State Fiscal Year.

The reform of the ITC would increase All Funds tax receipts by \$65 million in each of SFYs 2014-15 through the 2018-19 State Fiscal Year.

The repeal of the financial services ITC would increase All Funds tax receipts by \$30 million in each of SFYs 2014-15 through the 2018-19 State Fiscal Year.

The reduction of the entire net income rate for qualified upstate New York manufacturers would decrease All Funds tax receipts by \$24 million in SFYs 2014-15 through 2015-16 and \$25 million in SFYs 2016-17 through the 2018-19 State Fiscal Year.

#### **Part S: Repeal the franchise tax on agriculture cooperatives**

The bill would repeal the franchise tax on agriculture cooperatives and exempt those corporations from tax. The bill would also make conforming changes to the Tax Law and various other laws. Only 45 taxpayers pay this tax, and the median tax is \$160 with one-third of taxpayers only paying \$10. Since SFY 2006-07, in only one year (SFY 2011-12) were receipts greater than the amount of refunds paid out.

**Fiscal Impact:** Minimal

#### **Part T: Provide a refundable credit for the excise tax on telecommunication services paid by START-UP NY companies**

This bill would provide a refundable credit for the excise tax on telecommunication services paid by START-UP NY companies. The bill would provide that START-UP NY companies would be allowed a refundable credit equal to the section 186-e tax that is passed through to such businesses.

**Fiscal Impact:** The cost of this bill is included in the Financial Plan as part of the cost of the START-UP NY program.

**Part U: Enhance the Youth Works Tax Credit**

Currently, employers can claim the New York State Youth Works credit only for employees employed either full time or part-time (who worked at least twenty hours per week).

This bill amends the Tax Law to conform to amendments to the Labor Law that were added by Chapter 536 of the Laws of 2013 which expanded coverage of the credit to include employees who work at least ten hours per week while enrolled full time in high school, for purposes of calculating the credit.

Additionally this bill would provide an additional \$1,000 tax credit for employers that retain youth in full-time status for one additional year and an additional \$500 for employers that retain youth in a part-time status for one additional year.

Finally, this bill increases the allocation amounts under programs two through five from \$6 million to \$10 million.

**Fiscal Impact:** Decreases All Funds tax receipts by \$4 million in each of the 2015-16 through 2018-19 State Fiscal Years.

**Part V: Extend the alternative fuels tax exemptions for two years**

This bill would extend the sunset for the exemptions in the Tax Law for alternative fuels from September 1, 2014 to September 1, 2016. Unless this sunset is extended, the Tax Law will no longer allow full exemptions for E85, CNG, and hydrogen, and partial exemption for B20 from the motor fuel taxes (Article 12-A), the petroleum business taxes (Article 13-A), fuel use taxes (Article 21-A) and State and local sales and compensating use taxes (Articles 28 and 29).

**Fiscal Impact:** Reduces All Funds sales and use, petroleum business, and motor fuel taxes by a total of \$8 million in SFY 2014-15, \$16 million in SFY 2015-16 and \$8 million in the 2016-17 State Fiscal Year.

**Part W: Simplify the distribution of motor vehicle fee receipts**

This bill would replace all current Department of Motor Vehicles General Fund (MVGF) transfers with a simplified structure.

This bill would replace the identification of specific motor vehicle fee revenue streams as they flow into the General Fund with Driver Responsibility Act revenue going directly onto a dedicated fund and a simple General Fund transfer to the correct dedicated funds.

**Fiscal Impact: None**

**Part X: Estate Tax Reform**

Consistent with the Tax Relief Commission Report, this bill would increase the New York exclusion amount to the Federal amount of \$5.25 million over four years, with the exclusion indexed to inflation thereafter. The current exclusion amount is \$1 million.

The bill would also phase down over four years the top tax rate from 16% to 10% by the 2017-18 State Fiscal Year. It would also require certain gifts made after April 1, 2014 to be included in a decedent's New York gross estate, closing a loophole by preventing deathbed gifts from escaping the estate tax.

The bill would also repeal the GST tax in Article 26-B of the Tax Law, as recommended by Governor Cuomo's Tax Reform and Fairness Commission. Currently, federal law imposes estate, gift and GST taxes as part of a comprehensive scheme for the taxation of wealth transfers. Federal law also provides for a unified credit that is applied to each of these taxes so that all such wealth transfers receive equivalent tax treatment. New York's gift tax was repealed, effective January 1, 2000. The current GST is based on a federal credit for state GST taxes that expired in 2004. Moreover, that federal credit, and therefore, New York's GST tax, applied only to certain specific types of generation-skipping transfers (i.e., distributions and terminations of trusts that occurred at the same time and as the result of the death of an individual). Because the federal GST tax already provides an effective disincentive to wealth transfers to grandchildren and later

**Fiscal Impact:** Reduces revenues by \$33 million in SFY 2014-15; \$175 million in SFY 2015-16; \$371 million in SFY 2016-17; \$612 million in SFY 2017-18; and, \$757 million in SFY 2018-19.

#### **Part Y: Repeal the Boxing and Wrestling Exhibitions Tax**

This bill would repeal Article 19 of the Tax Law, which imposes the State's Boxing and Wrestling Exhibitions Tax on a promoter's gross receipts from ticket sales to attend the event and on the promoter's sale of broadcast rights to the event, at the rate of three percent. The bill would also repeal section 1820 of the Tax Law, which imposes misdemeanor penalties for willful failure to comply with provisions of Article 19.

The replacement of the boxing and wrestling tax with the sales tax on admissions to boxing and wrestling bouts was recommended by the New York State Tax Reform and Fairness Commission to create more consistent tax treatment between boxing and wrestling events and other sporting events.

**Fiscal Impact:** None

#### **Part Z: Extend Monticello Raceway Video Lottery Terminal rates for one year**

This bill would extend for one year the current distribution of video lottery gaming revenue at Monticello Raceway (Monticello).

**Fiscal Impact:** Decreases All Funds revenue by \$3 million in the 2014-15 fiscal year.

#### **Part AA: Extend certain tax rates and certain simulcasting provisions for one year**

This bill would extend for one additional year various provisions of the Racing, Pari-Mutuel Wagering and Breeding (Racing) Law which expire during the 2014-15 fiscal year.

**Fiscal Impact:** Maintains revenue structure for this Program

**Part BB: Extend the Video Lottery Gaming (VLG) vendor's capital awards program for one year**

This bill would extend for one year the deadline to receive approval and to complete capital projects that are reimbursed through the Video Lottery Gaming (VLG) vendor's capital award program.

**Fiscal Impact:** Maintains current VLG revenue

**Part CC: Repeal Article 12 of the Tax Law**

Article 12 of the Tax Law imposes a tax on all sales and deliveries or transfers of shares or certificates of stock. With the creation of the Municipal Assistance Corporation (MAC) to provide financial assistance to New York City, these revenues were used as additional security for MAC bonds. In 1981, a 100% rebate of the tax was instituted, but the tax itself was kept in place to continue backing the MAC bonds. The MAC bonds were retired in 2008, which means the backing of these revenues is no longer needed for this purpose.

This bill would repeal Article 12 and also would repeal related funds (State Finance Law sections 92-B and 92-I, which is the Incentive Fund). The remaining sections of the bill make conforming changes to the Tax Law, Banking Law, Public Authorities Law, State Finance Law, and the Administrative Code of the City of New York.

This act would take effect June 1, 2014; however, the repeal of Incentive Fund would not take effect until two years after the effective date of this act, and a taxpayer's right to claim a rebate would be preserved for those two years. This would allow taxpayers, who may have paid the tax before its repeal, the full statutory two years currently allowed to file for a rebate of the tax paid.

**Fiscal Impact:** None

**Part DD: Align mobility and personal income tax filings for the self-employed**

This bill would allow self-employed individuals who are subject to the Metropolitan Commuter Transportation Mobility Tax ("MCTMT") to file their MCTMT returns at the same time as their personal income tax returns.

This is a new bill recommended by the New York State Tax Reform and Fairness Commission. It would change the due dates for filing returns and making estimated tax payments for self-employed individuals subject to the MCTMT. The bill would uncouple the due date for estimated MCTMT payments for self-employed individuals from the date for estimated MCTMT payments for employers (i.e., April 30, July 31, October 31, January 31). Instead, such payments would be due on the same date as quarterly estimated personal income tax payments (i.e., April 15, June 15, September 15, January 15). Taxpayers would be allowed to file combined returns for their personal income tax and MCTMT, and the Tax Department would be authorized to

pursue joint assessments and actions for the two taxes. The bill also would change the MCTMT return due date from April 30 to April 15, to conform to the personal income tax due date.

Allowing self-employed individuals to file their MCTMT returns in conjunction with their personal income tax returns, and to make their quarterly estimated MCTMT payments with their quarterly estimated personal income tax payments, would simplify tax compliance for these taxpayers.

**Fiscal Impact:** None

**Part EE: Make technical amendments to the commercial gaming law**

This bill would allow for the distribution of moneys in the Commercial Gaming Revenue Fund for support of education to be made in the year received. It also makes technical changes to the Upstate New York Gaming and Economic Development Act of 2013.

This bill would allow revenue from commercial gaming dedicated to support education to be distributed following monthly transfers to cover a shortfall, if any, in the Video Lottery Education Fund. Under current law, commercial gaming revenue dedicated to support education may not be distributed until the fiscal year following receipt of the revenue.

Section one of the bill would amend State Finance Law § 97-nnnn(4) to require transfers to the Video Lottery Education Fund to be made on a monthly basis, and allows revenue to be distributed to support education in the year revenue is received.

Section two of the bill would amend State Finance Law § 97-nnnn(5) to make technical corrections to law references.

Section three of the bill would amend section 52 of Chapter 174 of the Laws of 2013 to make technical corrections to clarify the effective dates of certain provisions of Upstate New York Gaming and Economic Development Act of 2013.

Section four of the bill would amend State Finance Law §99-h(3-a) to clarify that payments of regional county aid equal 10% of exclusivity payments received by the State.

**Fiscal Impact:** Allows revenue from commercial gaming dedicated to support education to be used in the year received.

**Part FF - Provide a two-year property tax freeze through a refundable personal income tax credit**

This bill would create a refundable personal income tax credit for homeowners which would effectively hold property taxes on their primary residences constant for two years

**This bill effectively freezes property taxes on the primary residences of homeowners with annual incomes at or less than \$500,000 in local governments and school districts that stay within the cap for the next two years.** This will be effective for school districts starting with the 2014-15 school year and for local governments beginning in the 2015 fiscal years.

**In order for homeowners in their jurisdiction to receive the tax credit in the second year, school districts and local governments must continue to stay within the tax cap and must work together to develop and implement plans for sharing or consolidating services that, when implemented, will achieve real savings for taxpayers.**

Only primary residences are covered by this freeze. Municipalities must be freeze compliant in order to taxpayers to utilize the benefits of this program.

Municipal efficiency plans must realize 1% savings in 2015; 2% in 2016; and in 2017 4%. All efficiency plans must be submitted to the Department of State.

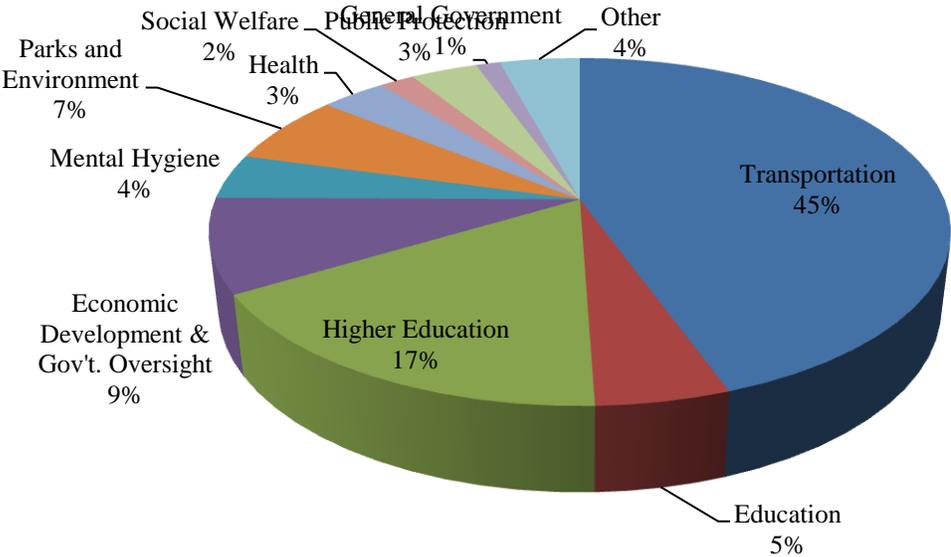
Schools tax credits would be provided in the fall of 2014 and the fall of 2015. Municipal taxpayer relief would occur in the fall of 2015 and the fall of 2016.

**Fiscal Impact:** Would reduce State PIT All Funds receipts by a total of \$400 million in SFY 2014-15, \$976 million in SFY 2015-16, and \$475 million in the 2016-17 State Fiscal Year.

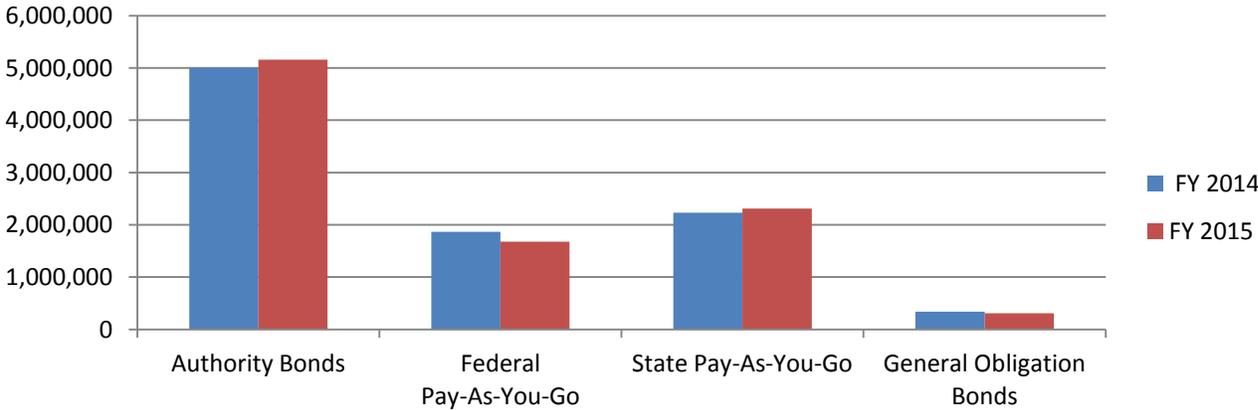
# CAPITAL SPENDING AND FINANCING

## Capital Spending

Each year, a five year Capital Program and financing plan is required to be submitted with the Executive Budget. The executive proposes \$48.6 billion in his State Fiscal Year (SFY) 2014-2015 budget. As in previous years, capital spending for transportation constitutes the largest share of all capital spending by category, 45%, and education/higher education accounts for 22%. Spending is projected to remain flat for SFY 2014-2015 at \$9.46 billion, with a small increase of \$27.23 million (.03%) from \$9.43 billion to \$9.46 billion.



Capital spending is financed through four funding sources: State pay as-you-go, Federal-pay as you go, General obligation bonds and authority bonds. Pay as-you-go financing are capital projects paid out of the State General Fund. General obligation bonds are those whose debt is issued by bonding specifically approved by voters of the New York State. Authority bonds are those bonds issued by various State Public Authorities and the debt payments are appropriated by the State. As shown below, bonds issued by authorities represent the largest funding source for state capital spending.



## **Debt Financing**

State debt falls into two categories:

- 1) State Supported Debt is debt which creates an obligation to make debt service payments. This type of debt includes general obligation bonds, appropriation backed debt and revenue backed debt. Revenue backed debt includes: Personal Income Tax revenue bonds, Local Government Assistance Corporation bonds are supported by Sales Tax Revenues, State University dormitory bonds are supported by revenue from dormitory fees, mental health bonds are supported by patient fees, and transportation debt is supported by fuel and transportation related taxes.
- 2) State-Related debt are debt issuances where the State may need to use state resources to make debt service payments should the non-state funding source be insufficient or unable to make the required payments. This type of debt includes State guaranteed debt, moral obligation debt, and contingent contractual obligations. Some examples of State-Related debt are the Tobacco Securitization bonds, and the liability of the Dormitory Authority to assume bonds issued to finance public hospitals.

## **Debt Outstanding by Credit Structure**

### **\$57.1 Billion Projected at March 31, 2015**

State-related debt outstanding is projected to total \$57.10 billion in SFY 2014-15, an increase of \$1.50 billion (3%) from the 2013-14 State Fiscal Year. New debt issuances are expected to total \$5.60 billion in SFY 2015, offset by \$4 billion in debt retirements. The annual increase in outstanding debt includes \$1.20 billion for education facilities, \$410 million for health and mental hygiene, \$237 million for transportation, and \$153 million for State facilities and equipment. Over the period of the Plan, State-related debt outstanding is projected to increase from \$55.60 billion in SFY 2013-14 to \$59.40 billion in SFY 2018-19, or an average increase of 1.3% annually.

## **Capital projects spending overview**

State capital projects are projected to total \$9.50 billion in SFY 2015. This includes \$8.50 billion in spending that appears in the State's Financial Plan and \$931 million in "off-budget" spending that is financed directly from bond proceeds.

Capital spending in SFY 2015 is expected to be financed with State-supported debt (\$5.50 billion, 58%), Federal aid (\$1.70 billion, 18%), and State cash resources (\$2.30 billion, 24%). Capital spending over the next five years is expected to average approximately \$9.40 billion annually, with the largest spending for transportation (45%) and education/higher education (22%). In SFY 2015, capital spending growth is projected to be flat on a year-over-year basis.

## **Debt outstanding**

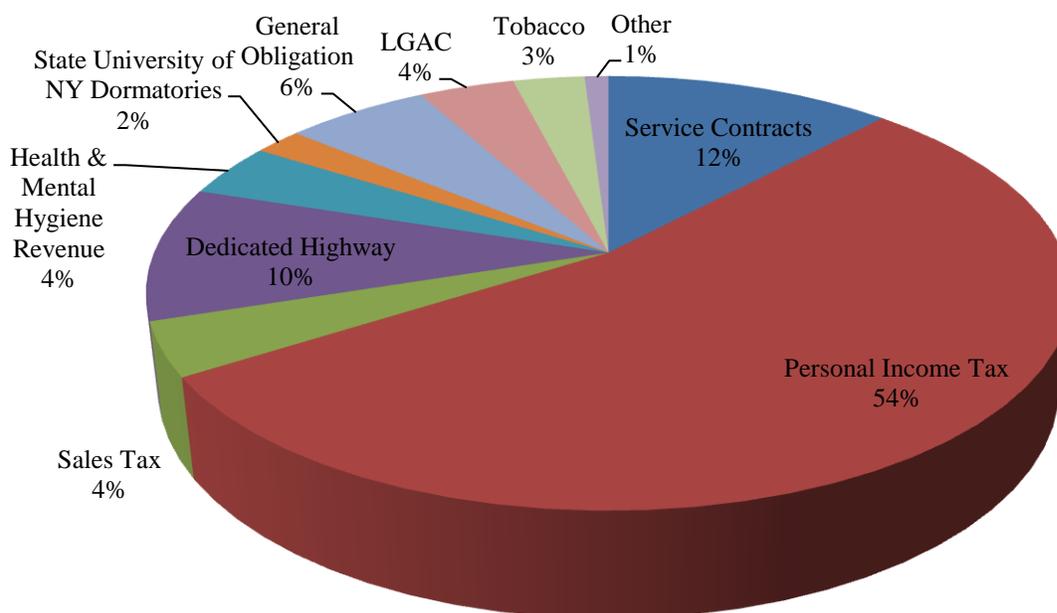
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Over the period of the Plan, State-related debt outstanding is projected to increase from \$55.60 billion in SFY 2014 to \$59.40 billion in SFY 2019, or an average increase of 1.3% annually.

### State Fiscal Year 2015 Debt Service

State-related debt service is projected to total \$6.20 billion in the 2014-15 fiscal year. The State’s debt service costs consist primarily of payments to meet obligations for bonds issued over the past 30 years, as well as new debt service costs that will result from bond issuances projected to occur during the forecast period. The vast majority – about \$6 billion – consists of debt service payments due on existing debt. The remainder of SFY 2015 payments (\$182 million) is expected to result from new money debt issuances. Significant bond-financed capital investments, primarily for transportation, education, economic development and correctional facilities, drive most of the State’s debt service costs. The majority of debt service costs are for bonds issued on the State's behalf by public authorities. As the State issues bonds under the PIT and sales tax credit structures, debt service for service contract bonds will decline, while the PIT and Sales Tax Revenue Bond debt service will increase.

### Total State Debt Outstanding by Credit Structure



### State Debt Cap

The Debt Reform Act of 2000 restricted the issuance of State-supported debt to capital purposes only, and limits such debt to a maximum term of 30 years. The Act limits the amount of new State-supported debt to 4% of State personal income and new State-supported debt service costs to 5% of All Funds receipts. The restrictions apply to all new State supported debt issued after April 1, 2000.

The cap on new State-supported debt outstanding began at 0.75% of personal income in SFY 2001 and was fully phased-in at 4% of personal income during SFY 2011, while the cap on new State-supported debt service costs began at 0.75% of All Funds receipts in SFY 2001 and will be fully phased in at 5% during SFY 2014.

Based on personal income and debt outstanding forecasts, the remaining capacity under the debt cap is expected to decline from \$3.2 billion in SFY 2014 to \$106 million in SFY 2017. This includes the estimated impact of the bond-financed portion of increased capital commitment levels.

The State debt projections from SFY 2014 to SFY 2019 reflect a 1.3% average annual increase in debt levels and a 5% average annual increase in statewide personal income. As a result, debt as a percentage of personal income is expected to decline over the five-year Plan period, settling at 4.4% in SFY 2019.

Over a longer time range, State-related debt outstanding as a percentage of personal income is projected to drop from 6.3% in SFY 2005 to 4.4% in SFY 2019. This decline is primarily related to the retirement of tobacco bonds that were issued to help close deficits in the 2002-03 and 2003-4 State Fiscal Years. Debt outstanding as a percentage of personal income is projected to decline due to the recovery of personal income growth.

### **Capital and Debt Management Reform**

The Executive Capital Plan includes statutory and administrative reforms that are expected to enhance the State's capital and debt management practices. It is projected that this reform would generate savings for SFY 2015 and thereafter. The executive proposed moving Consolidated Highway Improvement Program from "off-budget" accounting to "on-budget" accounting. This would more accurately reflect spending reported to the State Comptroller for the Statewide Financial System.

# Appendix

## ARTICLE VII 2014-15

<b>EDUCATION, LABOR AND FAMILY ASSISTANCE</b>	
Part	Description
A	Amend Education Law and make other changes necessary to authorize School Aid and implement education-related programs in the Executive Budget
B	Authorize the \$2 billion Smart Schools Bond Act of 2014 to be submitted for voter approval in November of 2014
C	Amend Education Law and State Finance Law as necessary to implement the Smart Schools bond Act of 2014
D	Establish the Nurse Practitioners Modernization Act
E	Amend Education and Executive Law in relation to the investigation and reporting of patterns of harassment, bullying or discrimination and removal of school officers
F	Extend anti-discrimination protections to students who attend public schools
G	Establish the Science, Technology, Engineering and Mathematics Incentive Program for the top 10% of New York's high school students
H	Extend the New York State Higher Education Capital Matching Grant Program
I	Authorize the pass-through of any Federal Supplemental Security Income Cost of Living Adjustment which becomes effective on or after January 1, 2015
J	Prohibit electronic benefit transfers of public assistance benefits at certain venues
K	Mortgage Insurance Fund Utilization
L	Expand educational services at Office of Children and Family Services youth facilities and extend the timeframe for facility closures under the Close to Home initiative
<b>HEALTH AND MENTAL HYGIENE ARTICLE VII LEGISLATION</b>	
Part	Description
A	Changes the General Public Health Work program, improves HIV testing, restructures certain health research and education programs, promotes capital access to strengthen health care infrastructure and promote transformative health care projects, provides relief from unnecessary State requirements to expand primary care access and health care integration, and authorizes new health care service delivery models
B	This bill would reauthorize provisions of the Health Care Reform Act (HCRA) for three years
C	Make statutory changes necessary to continue implementing Medicaid Redesign Team recommendations
D	Expand existing exemption in the Nurse Practice Act to direct care staff in non-certified settings funded, authorized or approved by OPWDD
E	Extend for three years the clarification that Office of Mental Health and the Office for People with Developmental Disabilities facility directors who act as representative payees may use a person's funds for their care and treatment consistent with federal law and regulations
F	Authorize the Office of Mental Health to continue to recover Medicaid exempt income from providers of community residences
G	One-year deferral of the human services "Cost-of-Living Adjustment"

## REVENUE

Part	Description
A	Corporate tax reform
B	Allow direct payment of STAR tax savings in certain cases
C	Extend fees for the establishment of oil and gas unit of production values
D	Increase racing regulatory fee from 0.5 percent to 0.6 percent
E	Modify signature requirements on e-filed returns prepared by tax professionals
F	Eliminate the income threshold inflation adjustment for enhanced STAR benefits
G	Extend the noncustodial parent earned income tax credit for two years
H	Mandate for professional and business licenses electronic tax clearance upon application or renewal
I	Close the resident trust loophole
J	Repeal the additional minimum personal income tax
K	Establish the residential real property personal income tax credit
L	Establish a renter's personal income tax credit
M	Modify delivery of the family tax relief credit after Tax Year 2014
N	Increase the personal income tax filing threshold to reduce the number of taxpayers who need to file personal income tax returns
O	Extend the Empire State Commercial Production tax credit for two years
P	Authorize additional credits of \$8 million for the low-income housing credit for each of the next Two fiscal years
Q	Extend and Reform the Brownfield Cleanup Program
R	Establish a 20 percent real property tax credit for manufacturers; eliminate the net income tax on upstate manufacturers; reform the investment tax credit; and repeal the financial services investment tax credit
S	Repeal the franchise tax on agriculture cooperatives
T	Provide a refundable credit for the excise tax on telecommunication services paid by START-UP NY companies
U	Enhance the Youth Works tax credit 24
V	Extend the alternative fuels tax exemptions for two years
W	Simplify the distribution of motor vehicle fee receipts
X	Comprehensive estate tax reform
Y	Repeal the Boxing and Wrestling Exhibitions Tax
Z	Extend Monticello Raceway Video Lottery Terminal rates for one year
AA	Extend certain tax rates and certain simulcasting provisions for one year
BB	Extend the Video Lottery Gaming (VLG) vendor's capital awards program for one year
CC	Repeal Article 12 of the Tax Law 32
DD	Align mobility and personal income tax filings for the self-employed
EE	Make technical amendments to the commercial gaming law
FF	Provide a two-year property tax freeze through a refundable personal income tax credit

**TRANSPORTATION, ECONOMIC DEVELOPMENT,  
AND ENVIRONMENTAL CONSERVATION**

Part	Description
A	Allow the Department of Transportation to make payments to municipalities from appropriations for the Consolidated Local Street and Highway Improvement Program, Suburban Highway Improvement Program, Multi-Modal and Marchiselli programs.
B	Make the Infrastructure Investment Act permanent and extend the provisions to certain local entities
C	Consolidate two existing Special Revenue Funds within the Dedicated Highway and Bridge Trust Fund (DHBTF), and makes technical corrections to two expiration dates in existing law
D	Make permanent the authorization of the Department of Motor Vehicles to serve the public on Saturdays
E	Make permanent the authorization of the Department of Motor Vehicles to provide the Accident Prevention Course Internet Program
F	Bring New York State into compliance with federal requirements relating to medical certifications of commercial driver's license holders
G	Strengthen enforcement measures against persistent toll violators
H	Make permanent the pesticide product registration fees and the timeframes for pesticide product registration review and streamlines pesticide reporting requirements
I	Implement Open for Fishing and Hunting II by enhancing New York's fish and wildlife program, including authorizing the use of crossbows, creating 3- and 5-year hunting, fishing and trapping licenses, reducing 7-day fishing license fees, authorizing promotional reduced license fees and 6 additional free fishing days, increasing the availability of private property for recreational activities; and authorizing distinctive license plates
J	Authorize the Department of Agriculture and Markets to withhold the renewal of a food processing license to establishments that have outstanding penalties of \$2,400 or more
K	Authorize the New York State Energy Research and Development Authority to finance a portion of its research, development and demonstration, and policy and planning programs, and to finance the Department of Environmental Conservation's climate change program, from an assessment on gas and electric corporations
L	Authorize and direct the Comptroller to receive for deposit to the credit of the General Fund a payment of up to \$913,000 from the New York State Energy Research and Development Authority
M	Require retail gasoline outlets located in strategic locations in upstate New York to have emergency back-up power capacity
N	Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents Authorize the Department of State to send copies of incorporation certificates to each county clerk electronically
O	Authorize the State to charge the fee required by federal law for including real estate appraisers on the federal National Registry of real appraisers
P	Authorize the Department of Health to finance certain activities with revenues generated from an assessment on cable television companies
Q	Implement Open for Fishing and Hunting II by enhancing New York's fish and wildlife Program, including authorizing the use of crossbows, creating 3- and 5-year hunting, fishing and trapping licenses, reducing 7-day fishing license fees, authorizing promotional reduced license fees and 6 additional free fishing days, increasing the availability of private property for Recreational activities;

	and authorizing distinctive license plates
R	Authorize the Department of Agriculture and Markets to withhold the renewal of a food processing license to establishments that have outstanding penalties of \$2,400 or more
S	Authorize the New York State Energy Research and Development Authority to finance a portion of its research, development and demonstration, and policy and planning programs, and to finance the Department of Environmental Conservation's climate change program, from an assessment on gas and electric corporations
T	Authorize and direct the Comptroller to receive for deposit to the credit of The General Fund a payment of up to \$913,000 from the New York State Energy Research and Development Authority
U	Require retail gasoline outlets located in strategic locations in upstate New York to have emergency back-up power capacity
V	Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents
W	Authorize the Department of State to send copies of incorporation certificates to each county Clerk electronically
X	Authorize the State to charge the fee required by federal law for including real estate appraisers on the federal National Registry of real appraisers
Y	Authorize the Department of Health to finance certain activities with revenues generated from an assessment on cable television companies
Z	Extend the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund
AA	Extend the general loan powers of the New York State Urban Development Corporation

## NEW INITIATIVES

Executive Budget New Initiatives (Appropriation Amounts)				
Program Name	Fund	Category	Total Amount	Agency
Capital Restructuring Refinancing Program	Capital	Capital	\$1,200,000,000	Health
Regional Health Improvement Collaboratives	SRF	ATL	\$7,000,000	Health
All Payer Claims Data Base	Capital	Capital	\$10,000,000	Health
Statewide health Information Network	Capital	Capital	\$55,000,000	Health
Regional Centers of Excellence for Behavioral Health	SRO	ATL	\$25,000,000	OMH
Sexual harassment Hotline at JCOPE	General Fund	State Operations	\$200,000	JCOPE
New Independent Office of Campaign Finance Enforcement	General Fund	State Operations	\$5,360,000	SBOE
Phase I Casino Siting & Development	General Fund	State Operations	\$8,383,400	Gaming
Buffalo Regional Innovation Cluster	Capital	Capital	\$680,000,000	DED
Nano Utica	Capital	Capital	\$180,000,000	DED
New York Genome Center	Capital	Capital	\$55,750,000	DED
Onondaga Lake Communities Revitalization	Capital	Capital	\$30,000,000	DED
Economic Transformation Program	Capital	Capital	\$24,000,000	DED
Clarkson-Trudeau Partnership	Capital	Capital	\$10,000,000	DED
Cornell University College of Veterinary Medicine	Capital	Capital	\$5,000,000	DED
Long Island Office	Special Revenue-Other	State Operations	\$5,500,000	DPS
DPS efficiencies	State Operations	Article VII	-\$846,000	DPS
Accelerate 18a Utility Assessment phase out - \$600 million cost to the State over 3 years	General Fund	Article VII	\$200,000,000	Energy
Full Day Pre-kindergarten Program	General Fund	Aid to Localities	\$1,475,000,000	SED
Smart Schools Bond Act	Capital	Capital Projects	\$2,000,000,000	SED
Teacher Excellence Fund	General Fund	Article VII	\$20,000,000	SED
After School Expansion	Special Revenue-Other	Aid to Localities	\$720,000,000	SED
Pathways in Technology and Early College High School Program (P-Tech)	General Fund	Aid to Localities	\$5,000,000	SED
STEM Tuition Scholarships	General Fund	Article VII	\$33,000,000	Higher Education
Third Round of SUNY / CUNY 2020	Capital Projects	Capital	\$110,000,000	SUNY/CUNY
Pay for Success	General Fund	Aid to Localities	\$125,000,000	Human Services
Public Safety Solutions Center "NYS Protection Cloud implemented and paid over the course of three years	Capital	Capital	\$10,000,000	State Police
SUNY College for Emergency Preparedness	Capital	Capital	\$15,000,000	DHSES

# CAPITAL AND DEBT AT A GLANCE

CAPITAL SPENDING AND DEBT MEASURES AT-A-GLANCE (millions of dollars)							
	Results	Estimated	Projections				
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Total Capital Spending</b>	8,904	9,430	9,458	10,296	9,181	8,764	9,150
Annual Growth		5.9%	0.3%	8.9%	-10.8%	-4.5%	4.4%
<b>Financing Source</b>							
Pay-As-You-Go (Federal and State)	4,282	4,094	3,992	3,729	3,687	3,641	3,688
Annual Growth		-4.4%	-2.5%	-6.6%	-1.1%	-1.3%	1.3%
Bonded Capital Spending	4,622	5,336	5,466	6,567	5,494	5,123	5,462
Annual Growth		15.4%	2.4%	20.1%	-16.3%	-6.7%	6.6%
<b>Capital Spending Category</b>							
Capital Spending in State Financial Plan	7,539	7,992	8,526	9,399	8,361	7,954	8,350
Annual Growth		6.0%	6.7%	10.2%	-11.0%	-4.9%	5.0%
Capital Spending Directly from Bond Proceeds	1,365	1,438	932	897	820	810	800
Annual Growth		5.4%	-35.2%	-3.7%	-8.6%	-1.2%	-1.2%
<b>Capital Spending by Program</b>							
Transportation	4,432	4,678	4,443	4,213	4,176	3,990	4,034
Annual Growth		5.6%	-5.0%	-5.2%	-0.9%	-4.5%	1.1%
Education	97	101	101	1,121	388	387	317
Annual Growth		4.1%	0.0%	1009.9%	-65.4%	-0.3%	-18.1%
Higher Education	2,029	1,902	1,810	1,619	1,550	1,494	1,465
Annual Growth		-6.2%	-4.8%	-10.6%	-4.2%	-3.6%	-1.9%
Economic Development and Government Oversight	426	604	874	917	777	729	800
Annual Growth		41.8%	44.8%	4.9%	-15.2%	-6.2%	9.7%
Mental Hygiene	236	343	379	385	393	402	402
Annual Growth		45.2%	10.6%	1.6%	2.0%	2.3%	0.0%
Parks and Environment	738	673	636	632	616	602	558
Annual Growth		-8.9%	-5.4%	-0.7%	-2.4%	-2.3%	-7.3%
Health	431	479	331	353	349	284	284
Annual Growth		11.1%	-31.0%	6.7%	-1.1%	-18.7%	0.0%
Social Welfare	130	134	136	160	186	186	186
Annual Growth		3.1%	1.5%	17.6%	16.2%	0.0%	0.0%
Public Protection	244	285	408	377	303	272	272
Annual Growth		16.8%	43.1%	-7.6%	-19.6%	-10.1%	0.0%
All Other	141	231	340	519	443	418	832
Annual Growth		63.8%	47.2%	52.8%	-14.7%	-5.7%	99.0%
<b>Debt Measures</b>							
State-Related Debt Outstanding	55,692	55,572	57,119	59,045	59,606	59,259	59,381
Annual Growth		-0.2%	2.8%	3.4%	1.0%	-0.6%	0.2%
State-Related Debt Service	6,668	6,550	6,160	6,891	7,238	7,536	7,549
Annual Growth		-1.8%	-6.0%	11.9%	5.0%	4.1%	0.2%
Debt Issuances	3,619	4,150	5,574	6,162	4,907	4,300	5,004
Annual Growth		14.7%	34.3%	10.6%	-20.4%	-12.4%	16.4%
Debt Outstanding as a % of Personal Income	5.3%	5.2%	5.1%	5.0%	4.8%	4.6%	4.4%
Debt Service as a % of All Funds Receipts	5.0%	4.7%	4.3%	4.7%	4.9%	4.9%	4.8%
Debt per Capita	2,846	2,828	2,902	2,995	3,017	2,994	2,995
Debt Reform Act - Est. Debt Capacity (Cumulative)	4,155	3,179	1,866	157	106	1,025	1,591

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From the Department of Budget

# CAPITAL SPENDING

ESTIMATED CAPITAL SPENDING INCLUDED IN STATE BUDGET (thousands of dollars)		ESTIMATED CAPITAL SPENDING BY AUTHORITIES NOT INCLUDED IN STATE BUDGET (thousands of dollars)	
State Agencies	State Disbursements FY2015	Public Authorities <sup>(2)</sup>	Authority Disbursements FY2015
City University of New York	566,004	Albany Port District Commission	4,719
Department of Agriculture and Markets	9,899	Battery Park City Authority	20,000
Department of Correctional Services	233,010	Buffalo and Fort Erie Public Bridge Authority	45,377
Department of Environmental Conservation	541,360	Capital District Transportation Authority	19,810
Department of Health	330,500	Central New York Regional Transportation Authority	7,753
Department of Motor Vehicles	189,961	Development Authority of the North Country	6,763
Department of State	2,200	Homes and Community Renewal	1,356,005
Department of Transportation	4,067,954	Energy Research and Development Authority <sup>(2)</sup>	733,714
Division of Housing and Community Renewal	85,229	Hudson River Park Trust	16,805
Division of Military and Naval Affairs	43,507	Long Island Power Authority	428,552
Division of State Police	32,583	Metropolitan Transportation Authority <sup>(1)</sup>	5,492,141
Empire State Development Corporation	818,214	New York Power Authority	227,712
Energy Research and Development Authority <sup>(2)</sup>	24,600	New York State Bridge Authority	35,486
Higher Education Facilities Capital Matching Grants	7,000	Niagara Frontier Transportation Authority	117,979
Homeland Security and Emergency Services	98,569	Ogdensburg Bridge and Port Authority	16,995
Judiciary	5,100	Port Authority of New York and New Jersey	2,942,969
Metropolitan Transportation Authority <sup>(1)</sup>	183,229	Port of Oswego Authority	50
NYS Economic Development Programs	14,859	Rochester-Genesee Transportation Authority	43,326
Office for People with Developmental Disabilities	83,099	Roosevelt Island Operating Corporation	18,669
Office of Alcoholism and Substance Abuse Services	54,911	Thousand Islands Bridge Authority	11,250
Office of Children and Family Services	20,914	Thruway Authority <sup>(1)</sup>	331,200
Office of General Services	115,383	United Nations Development Corporation	8,726
Office of Information Technology	91,247		
Office of Mental Health	240,763		
Office of Parks, Recreation and Historic Preservation	94,827		
Office of Temporary and Disability Assistance	30,000		
Olympic Regional Development Authority	6,900		
State and Municipal Capital Facilities	50,000		
State Education Department	100,585		
State Equipment Financing	50,000		
State University of New York	1,237,468		
Thruway Authority <sup>(1)</sup>	1,800		
World Trade Center	26,000		
<b>Total- State Agencies</b>	<b>9,457,675</b>	<b>Total- Public Authorities</b>	<b>11,886,001</b>

<sup>(1)</sup> These agencies have both state and authority disbursements.

<sup>(2)</sup> These agencies have both state and authority disbursements.

<sup>(2)</sup> Excludes conduit financing entities: DASNY and EFC.

TOTAL ESTIMATED CAPITAL SPENDING IN FY 2015 (thousands of dollars)	
Total- State Budgeted Capital Spending	9,457,675
Total- Public Authorities (Not in State Budget)	11,886,001
<b>Total</b>	<b>21,343,676</b>

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From the Department of Budget

## CAPITALS SPENDING BY FUNCTION

CAPITAL SPENDING BY FUNCTION AND FINANCING SOURCE				
CAPITAL PROGRAM AND FINANCING PLAN				
FY 2014 AND FY 2015				
(thousands of dollars)				
	<u>FY 2014</u>	<u>FY 2015</u>	<u>Annual \$</u> <u>Change</u>	<u>Annual %</u> <u>Change</u>
<b>Spending</b>				
Transportation	4,678,461	4,442,944	(235,517)	-5%
Education	100,946	100,585	(361)	0%
Higher Education	1,902,424	1,810,472	(91,952)	-5%
Economic Development & Gov't. Oversight	604,010	874,472	270,462	45%
Parks and Environment	672,517	636,187	(36,330)	-5%
Mental Hygiene	342,607	378,773	36,166	11%
Health	479,051	330,500	(148,551)	-31%
Social Welfare	134,477	136,143	1,666	1%
Public Protection	284,971	407,669	122,698	43%
General Government	109,332	208,830	99,498	91%
All Other	121,650	131,100	9,450	8%
<b>Total</b>	<b>9,430,446</b>	<b>9,457,675</b>	<b>27,229</b>	<b>0%</b>
Off-Budget Spending <sup>(1)</sup>	<u>(1,439,328)</u>	<u>(930,639)</u>	<u>508,689</u>	<u>-35%</u>
<b>Financial Plan Capital Spending</b>	<b><u>7,991,118</u></b>	<b><u>8,527,036</u></b>	<b><u>535,918</u></b>	<b><u>7%</u></b>
	<u>FY 2014</u>	<u>FY 2015</u>	<u>Change</u>	<u>Change</u>
<b>Financing Source</b>				
Authority Bonds	4,999,187	5,159,904	160,717	3%
Federal Pay-As-You-Go	1,865,431	1,679,136	(186,295)	-10%
State Pay-As-You-Go	2,228,247	2,313,109	84,862	4%
General Obligation Bonds	<u>337,581</u>	<u>305,526</u>	<u>(32,055)</u>	<u>-9%</u>
<b>Total</b>	<b><u>9,430,446</u></b>	<b><u>9,457,675</u></b>	<b><u>27,229</u></b>	<b><u>0%</u></b>
<sup>(1)</sup> Represents spending which occurs directly from bond proceeds held by public authorities.				
Note: Annual change is primarily attributable to the CHIPS program being moved "on-budget".				

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From the Department of Budget

# NEW CAPITAL INITIATIVES

FY 2015 EXECUTIVE BUDGET NEW BONDED CAPITAL INITIATIVES (thousands of dollars)						
	FY 2015 Appropriation	Capital Spend Out				
		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Smart Schools Bond Referendum</b>	<b>2,000,000</b>	0	1,000,000	350,000	350,000	300,000
<b>Health Care Restructuring</b>	<b>1,200,000</b>	200,000	200,000	200,000	200,000	200,000
<b>Economic Development</b>	<b>1,041,650</b>					
Buffalo Regional Innovation Cluster <sup>(1)</sup>	680,000	125,000	175,000	125,000	100,000	155,000
Nano Utica	180,000	20,000	20,000	20,000	20,000	20,000
NY Genome Center	55,750	27,875	0	0	27,875	0
Onondaga Revitalization	30,000	0	10,000	10,000	10,000	0
Economic Transformation Program	24,000	6,000	6,000	6,000	6,000	0
All Other Economic Development	71,900	21,900	50,000	0	0	0
<b>Higher Education Infrastructure</b>	<b>773,628</b>					
SUNY/CUNY Systemwide Infrastructure	763,628	3,350	67,278	190,000	137,158	365,842
Binghamton School of Pharmacy	10,000	5,000	5,000	0	0	0
<b>Hazardous Waste Remediation (Superfund)</b>	<b>100,000</b>	0	0	0	50,865	49,135
<b>All Other</b>	<b>247,700</b>					
Homeland Security	122,000	59,000	60,000	3,000	0	0
Information Technology	85,700	49,700	36,000	0	0	0
Housing	40,000	0	24,000	16,000	0	0
<b>Total</b>	<b>5,362,978</b>	517,825	1,653,278	920,000	901,898	1,089,977

<sup>(1)</sup> Reflects an acceleration of capital authorization from previous plan.

*Expert from the FY 2015 CAPITAL PROGRAM AND FINANCING PLAN  
From the Department of Budget*

# STATE BOARD OF ELECTIONS

## Independent Expenditures

Subpart C adds four new subdivisions 12-15 to Section 14-100 of the Election Law, including definitions and provisions pertaining to “independent expenditures”.

Independent Expenditure is defined as “An expenditure made by a person for an audio or video communication, or a written communication to a general public audience that is conveyed to 1,000 or more members of a general public audience” which:

- Unambiguously refers to and advocates for or against a clearly identified candidate or expressly advocates the success or defeat of a ballot proposal; and
- Such candidate, the candidate’s political committee or its agents, or a political committee formed did not authorize, suggest, foster, request, or cooperate in any such communication.

Independent expenditures would not include expenditures made in connection with news stories, commentaries, or editorials unless the medium of communication is owned by a political party, political committee, or candidate.

Any “person”<sup>4</sup> making any independent expenditure in the upcoming calendar year must first register with the BOE as a political committee. Any independent expenditures of more than \$1,000 in the aggregate must be disclosed to the BOE, providing the name of the person making the expenditure, and the fact that it was not authorized or requested by the candidate or his/her committee, the name, address, occupation and employer of the person making the independent expenditure.

A knowing and willful violation of these provisions is subject to a civil penalty of \$5,000 or equal to the cost of the communication – whichever is greater.

## Subpart D - Campaign Receipts and Expenditures; Public Financing

Subpart D creates the Public Financing System (PFS), the Public Financing Unit (PFU) within the State Board of Elections (BOE) responsible for administering and enforcing the new system, and establishes new contribution limits for participating candidates.

### Limitations and Definitions

**For PFS Participating Committees or Candidates:** Contributions are limited to \$6,000 in the aggregate for the primary of a candidate or committee, and \$6,000 in the aggregate for any general election to statewide office. State Senate candidates are limited to \$4,000 for primary or general elections, and State Assembly candidates are limited to \$2,000 for primary or general elections (currently \$2,500 for both). Participating candidates for any office may contribute 3 times the applicable limit of their own money to their own authorized committee.

**For Non-Participating Committees or Candidates:** With the exception of Assembly candidates, contributions limits are lower under the proposal for non-participants. Statewide office contributions are limited to \$10,000 for primary and \$15,000 for general elections (for a

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<sup>4</sup> “Person” means a person, group of persons, corporation, unincorporated business entity, labor organization or business, trade or professional association or organization, or political committee.

total of \$25,000; current limits are \$12,000 and \$25,000, respectively for a total of \$37,000). State Senate candidates are limited to \$5,000 for primary or general elections (for a total of \$10,000; current limits are \$4,000 for primary and \$6,250 for general elections for a total of \$10,250). The limits for Assembly candidates, which are currently \$2,500 for primary or general elections, are \$3,000 for each (for a total of \$6,000). Family member limits are unchanged. The limit that any non-family contributor can make to any party or constituted committee is lowered from \$62,500 to \$25,000.

Transfers are limited to \$5,000 in cash and support from parties, except that an unlimited amount can be transferred or spent in support from funds comprising no more than \$500 from each contributor.

Limited Liability Companies (LLCs) are treated like any other corporation, and *corporate contribution* limits are dropped from \$5,000 in the aggregate per calendar year to \$1,000.

*Personal Use* of campaign funds is prohibited and clearly defined. It includes, but is not limited to:

- paying interest to oneself or a family member for a loan to a campaign
- any residential or household items, supplies or expenditures of the candidate or his/her family;
- mortgage, rent or utility payments, etc., in excess of fair market value for any property owned by the candidate or his/her family and used for campaign purposes;
- childcare, tuition payments, clothing, and dues, fees or gratuities to any country club, health club or recreational facility, with the exception of payment for a specific campaign fundraising event;<sup>5</sup>
- salary payments or compensation for anything other than bona fide, campaign-related duties; and salary payments to any family member not doing bona fide campaign work, in which case such compensation must be fair market value;
- admission to sporting, concert or theater events, unless the event is campaign or office-related;
- fines or penalties in connection with a criminal conviction, or assessed by JCOPE or the LEC; and
- travel expenses including automobile purchases and leases, unless used exclusively for campaign or office-related purposes.

## **New Title II to the Election Law<sup>6</sup>**

This section creates the PFS, justified through Legislative findings that reform of the campaign finance system are critical to the restoration public confidence in the state's democratic process and ensuring accountability. Large contributions under the existing system have created the potential for and appearance of corruption. A voluntary public finance system will encourage qualified candidates to participate in the electoral process.

Under the PFS, any primary, special or general election for the four state-wide offices and the Senate and Assembly will be covered. The new system will begin with the current two- and four-year election cycles that began with the last general election for Senate and Assembly and the last general for state-wide offices, respectively. Participating candidates benefit from a 6-1

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<sup>5</sup> This may or may not apply to Senator Marty Golden's use of his family banquet hall.

<sup>6</sup> For purposes of organizational flow and eased of reading, these sections are not necessarily presented in their sectional order in the bill.

contribution match with public funds - \$6.00 for every \$1.00 of eligible contributions for the first \$175.00 of eligible private funds per contributor, up to the limits.<sup>7</sup>

#### **A. NYS Campaign Finance Fund – Revenue and Payments**

The legislation would establish the NYS Campaign Finance Fund (CFF) in the joint custody of the State Comptroller and the Commissioner of Tax and Finance. The CFF will receive revenues from an personal income tax check-off, surcharge, the Abandoned Property Fund (APF), the General Fund and “any other moneys transferred to the Fund,” as well as private contributions.

Beginning in January 1, 2014, a CFF \$10 check-off will appear personal income tax form which, if checked, will reduce the individual tax liability by this amount. In addition, in January of each general election year, or 6 weeks prior to any special state election, the Comptroller will transfer all moneys from the APF to the CFF. Any excess remaining on March 31st following the general election will be transferred back.

Funds are to be paid out to participating committees by the Comptroller on vouchers approved by the BOE within 4 days of receipt in by the Comptroller’s Office. Any shortage in the CFF is to be paid by the Comptroller through General Fund – again within 4 days of receipt. Beginning in 2016, any surplus in the CFF that exceeds 25% of disbursements over the 4-year election cycle reverts to the General Fund.

#### **B. Eligibility and Matchable Contributions**

A candidate may have *only one* authorized committee. He/she must: be running in a covered election with an opponent; be certified by the BOE in the form of an affidavit setting forth acceptance of agreement to comply with terms and conditions, *submitted at least four months prior to the election*; meet all requirements to have his/her name on the ballot; not make use of personal funds or property, or that jointly held with a spouse or unemancipated child (see above); and continue to abide by post-election requirements.

Further, candidates must raise a certain amount in *matchable contributions* to meet the *eligibility threshold*” for the office they seek.<sup>8</sup> Matchable contributions are any contribution or portion of a contribution for a covered election in the same elections cycle by a natural person who is a US citizen and resident of NY State, that has been reported in full to the BOE. The eligibility threshold for the respective office must be reached, as follows:

- Governor: \$650,000 in matchable contributions, with at least \$6,500 in amounts between \$10 and \$175 per contributor from residents of NYS;
- Lieutenant Governor (LG), Attorney General (AG), and Comptroller: \$250,000/\$2,000 from NYS residents;
- Senate: \$20,000/\$200 from residents of the district; and
- Assembly: \$10,000/\$100 from residents of the district.

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<sup>7</sup> Contributions must be verified by the Public Financing Unit within 4 days of receiving the reported contribution. Payments will be made electronically into the committee account.

<sup>8</sup> A candidate who meets the requirements for the primary will be deemed eligible for any other election for the same office in the same calendar year.

*Non-matchable contributions* include:

- in-kind contributions;
- contributions in the form of a purchase paid for an item with intrinsic or enduring value;
- transfers from a party or constituted committee;
- contributions from a previous election cycle;
- illegal contributions;
- contributions from minors;
- contributions from vendors for campaigns;
- contributions from registered lobbyists; and
- unitemized contributions.

### **C. Caps on Public Financing Matching Funds<sup>9</sup>**

The aggregate amount of matching funds that a candidate may receive is limited, depending on the office sought. Those limitations are as follows:

- Limits in a primary election for respective offices
  - Governor: not to exceed (nte) \$8,000,000
  - LG, AG, Comptroller: nte \$4,000,000
  - Senate: nte \$375,000
  - Assembly: \$175,000
- Limits in a general election for respective offices:
  - Governor and LG combined: nte \$10,000,000
  - AG, Comptroller: nte \$4,000,000
  - Senate: nte \$375,000
  - Assembly: \$175,000

### **D. Restrictions on Expenditures**

The use of public funds is restricted. They may not be used for any expenditure:

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

### **E. Reporting and Review**

Any contribution or loan of \$1,000 or more must be disclosed within 48 hours, in addition to its inclusion on the next applicable statement. In addition to the reporting requirements already provided in Election Law, each authorized and political committee (participating or non-participating) must report every March 15<sup>th</sup> and May 15<sup>th</sup> of each election year.

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<sup>9</sup> Total amount to the candidate's authorized committee in the election cycle

For all committees (participating or non-participating), every contribution of \$500 or more must include the occupation and business address of each contributor, lender and intermediary.

Participating candidates have the option of filing as often as once a week to receive matching funds at the earliest possible time.

#### **F. Audits, Reports and Enforcement**

Sections 14-208 through 14-210 provide for the powers and duties of the BOE. Under those provisions, the Public Financing Unit of the Board will work with the Enforcement Unit Board to enforce provisions that include rendering advisory opinions, developing a program of public information and candidate education, promulgating rules and regulations; and maintaining an interactive, searchable database to be put on the website.

The BOE must also audit all candidates receiving public funds within 2 years of the election – cost borne by the committee, using public, private or combination of funds. Candidates who run in both primary and general must maintain 3% balance of public funds to comply with audit. The audit can find overages, requiring repayment by committee, unless the overage was the BOE's fault, in which case it will be deducted from any future payment by the BOE to the committee. If Fund payments exceed committee expenses in the same calendar year, committee must repay the Fund no later than 27 days after all committee liabilities are paid, or on the day the final audit is complete.<sup>10</sup>

The BOE must also review and evaluate the effect of public financing on elections, and submit a report to the Legislature every 3 years, beginning on January 1, 2019, to include a list of candidates, contributions, loans and expenditures, the amount of matching funds made, spent and repaid, an analysis of effects on private financing, and recommendations.

Violations of any provision are subject to civil penalty of up to \$15,000. The knowing and willful submission of a false statement constitutes criminal conduct – a misdemeanor, in addition to any other penalty under this or any other section of law. Issues are to be contested in the Supreme Court of Albany County.

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<sup>10</sup> The candidate and Treasurer are jointly and severably liable for any repayments to the BOE.