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March 13, 2017

Honorable John Flanagan  
Temporary President and Majority Leader  
New York Senate  
Capital Room 330  
Albany, New York 12247

Dear Senator Flanagan:

With the conclusion of the Joint Legislative Budget Hearings on the Executive Budget, the Senate Democratic Conference has reviewed and analyzed the testimony of stakeholders and has generated a series of priorities and recommendations for the 2017 State Budget. After serious consideration of the Executive Budget submission, the Senate Democratic Conference makes the following substantive recommendations as our budget priorities for the 2017 State Budget. We believe these proposals should be given consideration and should be included in the Enacted Budget as the value of these priorities are balanced, consistent with the SFY 2017-18 financial plan, and responsibly within the recently agreed-to revenue consensus. These common-sense initiatives will grow the economy and improve the quality of life for all New Yorkers.

At the outset, the Senate Democratic Conference is gravely concerned by the Executive Branch's attempts to grant itself authorization, through the Director of the Budget, to reduce the amount of appropriations in the event of a reduction in federal funds or State revenues. This proposal raises serious questions, as it allows the Director of Budget and State Commissioners to make budgetary decisions without the Legislature. While we understand the Governor's responsibility to ensure New York's budget is fiscally sound, it is equally important to ensure the constitutional limits on the Executive's powers are not exceeded. Our primary responsibility as legislators is to represent our constituents and preserve the constitutional powers vested in the Legislative Branch of government. Failure to ensure reasonable limits on Executive authority would signal an irreversible abrogation of our constitutionally guaranteed legislative responsibility.

The initiatives outlined below are common-sense proposals to help grow our economy, improve the lives of hard-working New Yorkers and re-earn the public's trust in State government. Albany must become a place of action and not just political posturing, and that is why we urge you to review these recommendations and work with the Senate Democratic Conference to achieve meaningful results in the State Budget that move all New Yorkers forward.

While the Budget is primarily a financial document that allocates billions of dollars of revenue and aid for various purposes, it has also become the main policy document generated by the State and, as such, the Senate Democratic Conference proposes essential reforms and initiatives to be included in the Enacted Budget. New York must prioritize critical issues such as raising the age of criminal responsibility, making college affordable for New York families, and restoring funding for elementary and secondary schools so New York's children can reach their full potential.

In addition to these policy initiatives, the Senate Democratic Conference proposes a series of fiscal priorities that should be included in the Senate One House Budget Resolution and the final Enacted Budget. Critical priorities include expanding funding for homeless services and affordable housing, providing additional reserve funds to address the impact of federal cuts, expanding transportation network companies to Upstate New York with clear protections for employees, rejecting proposed Title XX changes that would cut aid to senior centers, and ensuring that the MTA receives full funding from owed revenues sources without harmful budgetary sweeps.

### **Addressing Threats at the Federal Level**

This year, enacting a budget that accurately predicts State funding needs is particularly challenging due to great uncertainty about how federal budgetary changes will impact New Yorkers. For instance, repeal of the Affordable Care Act could cost the State up to \$3.7 billion in federal assistance. Medicaid block granting and Medicare privatization could devastate our communities and slash local aid. Federal funding for education, housing, the environment, legal services, the arts, transportation, title X, maternal and child health, and medicaid funds currently provided for women's health through family planning centers and many other critical areas could also be cut, devastating key programs that support New Yorkers in all facets of life.

Unfortunately, the Legislature will not be able to evaluate the nature of possible cuts before the enactment of the budget. The Governor has instead proposed authorizing Executive discretion in the face of such cuts without Legislative input. This proposal is the wrong strategy in the face of such a potential crisis. Instead, the Legislature should be called back to a special session to address any federal cuts later in the fiscal year.

Additionally, we support reserving additional surplus dollars to ensure the most critical needs of New Yorkers are met should federal funding be eliminated. The Governor's Budget proposes to add \$150 million to the State's Rainy Day Fund "if fiscal conditions permit." This fund currently stands at \$1.8 billion and has not been increased for years. But State Finance Law (section 92-cc) allows these funds to be used only in times of explicit economic downturn or due to catastrophic events.

While the Governor has taken a positive step in recognizing the importance of increasing this reserve fund, it will not be available to fill holes left by federal policy changes that short-change New York. These financial realities require a significantly larger commitment of resources through the creation of a contingency fund to be drawn down only to replace essential lost federal funds. It is a basic principle of budgeting that in times of financial uncertainty, more money needs to be put away for contingencies.

### **Raise the Age**

The State of New York is not among the 48 states in the nation that recognize the fundamental differences between 16- and 17 year-old youth and adults. The Senate Democratic Conference understands that the 28,000 adolescents aged 16 and 17 who face being charged as adults each year are not bargaining chips, and it is imperative to enact legislation that raises the age of criminal responsibility to decrease youth recidivism rates and improve public safety.

The Senate Democratic Conference supports S.4157 (Montgomery) /A.4876 (Lentol) as the most comprehensive option available to effectively raise the age of criminal responsibility. At minimum, proposals to raise the age must include the following core principles:

- Raise the age for nonviolent youth offenders to 18 years old on January 1, 2018;
- Require the State to reimburse 100% of expenses incurred by localities in implementing Raise the Age legislation;
- Ensure that all youth charged as juvenile delinquents are placed in non-institutionalized settings as close to their homes as possible;
- Raise the lowest age of juvenile delinquency from 7 to 12, or 10 in the case of the most serious crimes;
- Codify the prohibition on youth placement in adult correctional facilities;
- Ensure that parents are notified of their 16- and 17-year-old's arrest, and protect youth's Constitutional rights by requiring parental involvement when waiving *Miranda* rights;
- Maximize the number of cases that originate in Family Court, and ensure that cases heard in a Youth Part of an adult court are handled by judges trained to handle the intricacies of juvenile offender cases;
- Ensure enhanced investments to diversion services and alternatives to lower incarceration rates; and

- Provide a one-year wait for youth offenders with misdemeanors to have their records sealed and 3 years for felonies.

### **Ethics, Campaign Finance Reform, and Transparency**

The Senate Democratic Conference understands the need for ethics and campaign finance reform in our government. Over the past several years, Senate Democrats have introduced the most comprehensive package of bills in the legislature aimed at restoring the public's trust in its government. Once again, we strongly urge the Senate Majority-Coalition to review our proposals in conjunction with the reforms included in the Executive Budget.

These proposals include codifying voter protections contained in the voting rights act, lowering contribution limits, limiting the role of soft money to party committees, and closing the LLC loophole. We also strongly believe the Enacted Budget should include the Executive's proposal to modernize and automate voter registration through the DMV and create a new framework for early voting and same day voter registration. We consider the costs associated with these new programs to be a small price to pay for enhancing our democracy.

Independent oversight and auditing are crucial in demonstrating the State's commitment to open, conflict-free government and sound expenditure of public resources. With these considerations in mind, the Conference supports the following legislative proposals and modifications to the Executive Budget:

- Ensure adequate, independent oversight by the Comptroller of alternative project delivery arrangements and contracts, procurement by public authorities and subsidiaries, and large deals involving State resources;
- Reject the Governor's proposal to create a new Chief Procurement Office, and ensure independent oversight and approval of self-dealing involving public authorities and State non-profits; and
- Ensure that funds appropriated in the budget are clearly identified so that the purpose and use of the funding is transparent and publicly available.

### **Education**

The Enacted Budget must include funding and policy proposals that ensure all students are provided with the same high-quality educational opportunities. The Executive Budget does not adequately acknowledge the obligations due under the Campaign for Fiscal Equity (CFE) lawsuit. In order to satisfy this obligation, the Senate Democratic Conference supports a fully phased-in Foundation Aid Formula over the next three years, with \$2.1 billion increase in funding for the 2017-18 School Year. This funding owed to schools will allow districts to reduce class sizes and restore programs and services that have previously been cut. The Conference also recognizes that support is needed for districts with a growing English Language Learner

population to provide greater opportunity for these students to succeed. Additionally, the Conference recommends the following modifications to the Executive Budget:

- Reject Foundation Aid language in the Executive Budget that would alter the Foundation Aid formula;
- Increase Community School District funding for additional programs, and provide greater flexibility to use the existing Community Schools Set-aside for existing programs;
- Support a three-year extension of Mayoral Control of the New York City school district;
- Support additional funding and the consolidation of the State's prekindergarten programs, but recommend that funding streams instead be allocated through the Universal Prekindergarten Program formula;
- Codify federal changes to the McKinney-Vento Homeless Assistance Act in state statute;
- Increase funding equitably for section 4201 schools, 4410 programs, 853 and Special Act schools, including \$4 million for the Excessive Teacher Turnover Prevention program, \$25 million in capital investments for 853 schools, \$5 million for short-term deferred maintenance projects for 4201 schools, and \$18 million for 853 schools and 4410 programs to reduce the compensation gap;
- Supports increasing building aid reimbursement for schools facing major capital needs such as Yonkers;
- Increase support for BOCES aid and Special Services Aid for Career and Technical Education;
- Support \$35 million for additional slots under the Empire After-School Program, but recommend that \$10 million be set-aside for current after-school programs;
- Increase Library Aid by \$4 million, and Library Construction Aid by \$5 million;
- Provide an additional \$5 million in support of Independent Living Centers;
- Provide assistance to promote pathways to higher education, including career and education counselors and work-experience programs;
- Provide \$11 million in funding for adult literacy education;
- Provide \$8 million in funding to support project-based assessments to help provide an additional mechanism to provide alternative measures for students; and
- Support \$18 million allocated for the My Brother's Keeper initiative.

### **Higher Education**

The Senate Democratic Conference supports a multi-year approach to increasing resources to public higher education institutions and their students. It is our priority to reduce dependence on tuition and increase State-tax dollar support by establishing a maintenance of effort requirement. This investment would provide additional faculty lines, community college base-aid increases, the expansion of the Tuition Assistance Program and higher education opportunity programs. The Senate Democratic Conference recommends the following modification to the Executive Budget:

- **Reject the Executive’s proposal to cut funding from various SUNY, CUNY and SED opportunity programs:**
  - Restore SEEK Program funding by approximately \$4.6 million;
  - Restore Education Opportunity Programs (EOP) by approximately \$8.6 million;
  - Restore Educational Opportunity Centers by approximately \$7 million;
  - Restore CUNY Leads funding by \$250,000; and
  - Increase program funding for the Arthur O. Eve Higher Education Opportunity Program (HEOP).
- **Support a multi-year approach to making college tuition affordable for New York families under the newly created EducateNY program. For students with family incomes up to \$150,000 Adjusted Gross Income (AGI), tuition would be covered for state public universities and colleges, and a supplemental tuition assistance grant of \$1,300 would be provided for those attending private colleges and universities;**
- **Modernize TAP to cover more middle-class families. Students with family incomes between \$50,000 and \$100,000 AGI would see TAP awards increase from \$500 to \$1,000;**
- **Provide \$15 million for a College Student Success Initiative for SUNY and CUNY to reduce homelessness and hunger on campuses;**
- **Support language regarding maintenance of effort at CUNY, SUNY, and SUNY Hospitals to maintain funding at 2011-12 Levels;**
- **Support additional funds commensurate with rising costs for SUNY and CUNY;**
- **Support an increase in Community College Base Aid;**
- **Increase funding by 100% for community college childcare;**
- **Provide new tax incentives to promote student loan assistance, such as employer loan repayment programs, state tax deductions for loan interest payments, expanded 529 contribution deductions, and loan-based forgiveness through State Service Corps;**
- **Support increased funding for critical maintenance projects at CUNY/SUNY;**
- **Support the Executive proposal of \$30.5 million in funding for HECAP;**
- **Increase funding for worker education by \$2 million to support career-training programs;**
- **Support data-driven and evidence-based programs that improve student success rates;**
- **Support new programs to assist students paying down college loans;**
- **Expand the STEM scholarship program to students attending private universities;**
- **Increase funding for the Foster Youth Success Initiative to \$4.5 million to support an additional cohort of students;**
- **Support an additional \$20 million to renovate the Schuyler Building into SUNY Albany’s permanent home for its new College of Engineering and Applied Sciences;**
- **Enact the DREAM Act;**
- **Reject language that would require each campuses’ CUNY Foundation and other non-profit affiliates to contribute 10% of the overall funding for CUNY operations;**
- **Restore last year’s funding level of \$250,000 in funding for UAlbany’s Center of Excellence;**

- Support legislation that would prohibit SUNY and CUNY from unnecessarily asking students about their immigration status or otherwise collecting information that could be used to aid in the deportation of enrolled students;
- Reject language that would facilitate the sale of 450 West 41st Street, a building used to house CUNY Hunter College's Master of Fine Arts program, to partially offset State funding for CUNY.

### **Health and Mental Hygiene**

The State of New York is responsible for the healthcare of millions of working New Yorkers. It is critical that the State continue its strong support for health care services, especially given the uncertainty of future federal funding for these vital programs. The Executive Budget includes 2-year financing of \$147.6 billion in All Funds support for the Department of Health, including \$65.2 billion for Medicaid spending, of which \$19 billion represents the State share for Medicaid. Many critical healthcare programs require additional support to promote a healthy life for all of New York State's residents. The Senate Democratic Conference recommends the following modifications to the Executive Budget:

- Reject the following proposals:
  - Proposed cost shifts to New York City, including:
    - Reducing the reimbursement rate from 36% to 29% under the General Public Health Works (Article VI) program; and
    - Reducing administrative funding for failure to increase Medicaid claiming for School Supportive Services;
  - End spousal refusal for spouses living together in the community;
  - Require a monthly premium of \$20 for the Essential Plan for those individuals between 138% to 200% of the federal poverty level (FPL) and index future premium increases to the consumer price index (CPI);
  - Transfer \$582 million in spending from under the Medicaid Global Cap;
  - Administrative reductions to Hospitals under the Medicaid program including:
    - Increasing the penalty for early elective deliveries from 50% to 75%;
    - Reducing the hospital quality pool by \$10 million; and
    - Reducing payments for "potentially preventable ER visits by 25%.
  - Elimination of prescriber prevails and creation of an additional supplemental rebate for any amounts in excess of a benchmark price;
- Require any federal funding cuts to be addressed by the Legislature;
- Create a fund to help restore federal funding cuts to Planned Parenthood;
- Support the Executive's proposal to reduce the price increase threshold for generic prescription drugs that triggers a mandatory rebate from 300% to a 75 % increase;
- Reject deferring the scheduled Human Services Cost of Living Adjustment for healthcare workers. Similarly, the \$225 million in funding for the minimum wage increase for

health care workers should be amended to ensure that past and future funding is passed along to providers on a timely basis;

- Reject the Governor’s proposal to eliminate the Nursing Home “bed hold” payment;
- Require the use of “transportation managers” for Adult Day Health Care programs and the Managed Long Term Care program;
- Reject consolidation of 39 public health programs into four appropriation pools;
- Restore full funding for the following programs;
  - Community Health Advocates- \$1.5 million;
  - Hunger Prevention Nutrition Assistance Program (HPNAP)- \$16.5 million;
  - Family Planning Services- \$2.4 million;
  - Healthy Eating and Physical Activity at YMCAs- \$1 million;
  - Diagnostic and Treatment Center Uncompensated Care Pool- \$20 million;
  - Pharmaceutical Take Back program- \$350,000;
  - Sickle Cell Anemia Awareness and Research- \$2 million; and
  - Early Intervention rate increase of 4%- \$6.4 million;
- Amend the Executive’s proposal to create a Health Care Modernization Team by expanding membership to include consumer or advocate’s rights groups, and increase legislative oversight of the Team;
- Support expanded testing of drinking water in public water systems and private residential drinking water wells;
- Provide additional funding for lead testing of water at daycare centers;
- Include additional Senate Democratic Conference proposals to enhance water quality and strengthen State drinking water safety regulations;
- Add language creating a supplemental reimbursement rate adjustment for “enhanced safety net hospitals” to ensure these hospitals’ financial viability;
- Allow School Based Health Centers to permanently bill Medicaid directly;
- Modify the Executive’s \$500 million capital allocation for Essential Health Care Providers that includes \$50 million for Montefiore Medical Center and \$30 million for community based providers to increase the amount available for Community Health Care providers to \$125 million and include an additional set aside of \$50 million for developmental disability providers.
- Invest additional funding for NYC Health and Hospitals for their Indigent Care Program to ensure that care will continue to be provided to the uninsured;
- Support the Governor’s proposed \$30 million in funding for End of AIDS by 2020;
- Support a \$3.1 million increase in the LGBT Health and Human Services Initiative;
- Modify the Executive’s proposed three year extension to the Health Care Reform Act (HCRA) to include more transparency of funding allocations and better align indigent funding distributions with actual indigent care provided;
- Support \$1 million to provide grants for non-profits and schools to conduct blood drives;

- Modify the Executive’s proposal to reform the Early Intervention Program, which would increase reimbursement from insurance companies, by eliminating the requirement that providers appeal a third party denial instead of the fiscal agent; and
- Modify revenue-generating health proposals such as regulating and taxing vapor products as tobacco products to ensure that newly realized taxing revenue is dedicated to anti-smoking initiatives.

### *Mental Hygiene*

- Provide additional funding for mental health and hygiene programs as follows:
  - Increase funding for Substance Abuse Prevention Intervention Specialists (SAPIS)- \$2 million;
  - Increase salaries for direct support professionals overseen by the Office for People with Developmental Disabilities- \$45 million;
  - PTSD Research and Recognition Program- \$1.6 million;
  - New York State Suicide Prevention and Crisis Centers- \$350,000 for Western NY and add an additional \$650,000 to expand services statewide; and
  - Developmental Disability Alliance- \$140 million.
- Provide loan assistance similar to programs available for other medical professionals for individuals working in mental health and developmental disability professions;
- Reject establishing Jail-Based Restoration Programs for defendants deemed incompetent to stand trial; and
- Update the Mental Hygiene Law definition of “school” in order to address modern community based settings.

### **Housing, Construction and Community Development**

New York State faces a critical housing shortage. According to the Coalition for the Homeless, the number of New York City homeless that spend each night in City shelters has reached record levels. Currently, there are roughly 71,000 homeless individuals in New York State and 60,000 homeless in New York City. Access to supportive and affordable housing has proven to be the most successful and cost-effective solution to end homelessness and provide opportunities for successful outcomes. The Senate Democratic Conference proposes the following modifications to the Executive Budget:

- Support the Executive’s Affordable and Homeless Housing Plan appropriations of \$2.5 billion to fund programs that would provide 6,000 supportive housing units over the next five years, new construction of affordable rental housing for low-income families and seniors, Mitchell-Lama properties, and support other important housing initiatives;
- Restore any cuts in federal funding to NYCHA to ensure residents are held harmless by reductions in federal aid;
- Add \$1.5 billion for a NYCHA 5-year capital program to address rehabilitation and reconstruction of its aging infrastructure and begin paying down its \$16 billion capital

backlog. This program should aspire to be a dollar-to-dollar match between New York City and State aid. In addition, the State should immediately disburse any unspent funds appropriated to NYCHA in SFY 2016-17;

- Increase funding for the Office of Rent Administration (ORA) by \$5 million to improve response time for tenant complaints;
- Create a separate appropriation line for the Tenant Protection Unit (TPU) in the budget;
- Provide authorization and funding for a Home Stability Support program scaled up over four years to prevent evictions and decrease the need for homeless shelters;
- Add \$200 million over three years for foreclosure prevention service providers throughout the state, including funding for the Foreclosure Prevention Services Network, providing a Right to Counsel for housing matters including eviction and foreclosure proceedings, and homeownership and foreclosure counseling services that are proven to help individuals make sound financial decisions and improve outcomes for homeowners;
- Support dedicating \$141 million from the Mortgage Insurance Fund to support the Neighborhood and Rural Preservation Programs and the Rural Rental Assistance Program through the Housing Trust Fund Corporation, as well as homeless housing programs through the Homeless Housing and Assistance Corporation;
- Further consider the proposed Affordable New York Housing Program (421a). While the Conference understands the need for a tax incentive program to promote the private development of affordable housing, the current proposal should be improved to create a sufficient number of affordable units in light of the amount of revenue that is lost to the program;
- Oppose the \$1 million cut in Mitchell-Lama rehabilitation funds and provide additional funds for Mitchell-Lama rehabilitation to prevent properties from being sold-off; and
- Allocate \$10 million to provide new Resident Service Coordinators in all newly developed senior housing, and make competitively available for existing senior housing. Service coordination is a cost-effective measure to allow seniors to age-in-place and avoid expensive nursing homes.

### **Human Services**

Human services agencies in New York State provide support to vulnerable populations and ensure safety and equality for all New Yorkers. The State Office for the Aging (SOFA), Office of Children and Family Services (OCFS), and the Office of Temporary and Disability Assistance (OTDA) administer supportive services programs for seniors, individuals and families living in poverty, as well as services for children in foster care or in need of protective interventions, support for adults and disabled individuals who are unable to work, and provide child care subsidies for working families. The Senate Democratic Conference proposes modifications to the Executive Budget to ensure that New York State meets the needs of vulnerable populations:

- Oppose the Executive Budget proposal to restrict \$27 million in discretionary Title XX funding to childcare subsidies, which would result in 65 senior center closures in New York City and the loss of vital services to 6,000 seniors;
- Increase funding for Healthy Families NY to \$27.8 million, a \$4.5 million increase;
- Include legislation that would create the Childcare Advance program, a tax-deferral benefit to allow working families to pay for childcare;
- Restore and increase funding for Childcare Facilitated Enrollment;
- Support rental assistance for low-income HIV-positive New Yorkers as provided for in legislation sponsored by Senator Hoylman;
- Modify the following within the Office for the Aging (SOFA):
  - Oppose the proposal to shift support for the NY Connects program to the Federal Balancing Incentive Program (BIP) grant and the Medicaid Global Cap;
  - Provide an additional \$5.95 million in funding for Naturally Occurring Retirement Communities (NORCs) and Neighborhood NORCs;
  - Add \$200,000 for the Center for Elder Law & Justice; and
  - Add \$700,000 in funding for Elder Abuse Victims Services.
- Modify the following within the Office of Children and Family Services (OCFS):
  - Add \$1.4 million for 2-1-1;
  - Add \$15 million in Capital Funding for the Council of Family and Child Caring Agencies (COFCCA), or \$30 million over 2 years;
  - Add \$1 million in opportunity funding for COFCCA, \$500,000 for the NYS Child Welfare Incentive Scholarship and \$500,000 for the NYS Child Welfare Worker Loan Forgiveness Incentive Program;
  - Provide \$1 million in funding for the NYS Alliance for Boys & Girls Clubs, Inc.;
  - Provide an additional \$15.5 million for the Advantage Afterschool Program;
  - Include an additional \$3 million for the Nurse Family Partnership Program;
  - Include \$3.2 million for Child Advocacy Centers;
  - Include an additional \$3 million in funding for Runaway and Homeless Services;
  - Add \$15 million in Capital funding for Runaway and Homeless Services; and
  - Add \$10 million in Capital funding for YMCAs.
- Modify the following within the Office of Temporary and Disability Assistance (OTDA):
  - Increase TANF funding for the Summer Youth Employment Program (SYEP) by \$8.86 million for a total allocation of \$44.86 million;
  - Add \$4 million for Settlement Houses;
  - Request \$2 million for the Diaper Purchasing Allowance Program;
  - Add \$8.26 million for the Disability Advocacy Program;
  - Add an additional \$3 million in TANF funding for Non-Residential Domestic Violence Services;
  - Add \$5 million in TANF funding for the Advantage After School Program; and
  - Provide additional TANF funding for the following initiatives:
    - ACCESS-Welfare-to-Careers-\$800,000;

- Advanced Technology Training and Information Networking (ATTAIN)-\$4 million;
  - Career Pathways-\$2.85 million;
  - Child Care CUNY-\$141,000;
  - Child Care Demonstration Projects (UPS)-\$2.68 million;
  - Child Care Demonstration Projects (NYC)-\$6.24 million;
  - Child Care SUNY-\$193,000;
  - Preventive Services for Foster Care Families-\$1.6 million;
  - Strengthening Families through Stronger Fathers-\$200,000;
  - Wage Subsidy Program-\$475,000; and
  - Wheels for Work-\$144,000.
- Reject the proposal to remove the 25% county share waiver exemption for Community Services for the Elderly, which could result in a loss of services for the elderly;
  - Reject deferment of the human service workers COLA;
  - Reject the proposal to increase lottery intercepts from 50% to 100% for current and past recipients of public assistance within the last 10 years;
  - Support the proposal to enhance background checks for employees of emergency family homeless shelters;
  - Support the proposal to update the definition of an “abused child” to comply with the Federal Family Court Act;
  - Support the proposal to authorize municipalities to establish plans for runaway and homeless youth and increase the time that these youth can stay in emergency shelters;
  - Support the proposal to license voluntary foster care agency health facilities, making them eligible to receive reimbursement under managed care;
  - Support the reauthorization of Child Welfare Financing;
  - Support the COLA increase for SSI benefits and increase of Personal Needs Allowance;
  - Reject the proposal to reduce foster care block grants through state/local cost shift; and
  - Support a phase-in that restores the 50-50 State-local split of Safety Net Assistance to reflect equitable and historical cost sharing.

### **Labor and Workforce**

The Executive Budget provides continued attrition of the State workforce, with human service agencies realizing many of the largest reductions. For all State agencies subject to Executive control, the Executive Budget reduces the State workforce from 118,809 as of this coming April to 118,673 by the same time in 2018. Moving forward, the State must provide additional support for our public employees. In particular, years of workforce attrition and unfilled positions have paralyzed many agencies. Particular attention must be paid to State agencies that provide direct support services, such as OMH and OPWDD, and agencies that propose to circumvent competitive civil service examination, such as OITS.

The Executive Budget also proposes various initiatives that would affect both public- and private-sector employees. The Conference proposes the following modifications in relation to these initiatives:

- Support new initiatives that would help crack down on wage theft and increase support to the Department of Labor to expand wage theft enforcement. In the long-term, the State should eliminate the tipped worker sub-minimum wage;
- Enact new provisions to enhance remedies for whistleblowers and workers who file wage and hour claims, and enhance penalties against employers who are responsible for deaths on the job site;
- Reject any proposal to reduce workers' compensation benefits and speed the implementation of an increase in the workers' compensation benefits enacted in the 2013 budget;
- Support the inclusion of language that would allow unemployed workers to begin to re-enter the workforce through part-time employment;
- Reject several proposals that would hurt public employees and diminish benefits for the state's retirees. Proposals that would cut Medicare Part B, IRMAA, and NYSHIP premium reimbursements and increase healthcare costs should be rejected entirely, as the Legislature has done for the past several years;
- Reject the Governor's proposal to consolidate administrative hearings into a centralized agency, as the current proposal grants broad control exclusively to the Executive and would diminish the state's Administrative Law Judge workforce and reduce area specialization;
- Support Buy American manufactured goods, particularly iron and steel, as part of the construction of a public building or a public works project;
- Support the restoration and addition of funding in the area of workforce development of the following amounts:
  - Displaced Homemakers- \$975,000;
  - New York State Pre-Apprenticeship Training Centers- \$100,000;
  - American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Cornell Leadership Institute- \$150,000;
  - AFL-CIO Cornell University Domestic Violence Program- \$150,000;
  - Worker Institute at Cornell University- \$350,000; and
  - New York State YouthBuild- \$10 million in funding for a new statewide program.

### **Public Protection**

The Executive has advanced a series of criminal justice reform proposals supported by the Senate Democratic Conference. Our Conference firmly believes in a speedy trial process as well as bail reform, and supports the statewide implementation of the Hurrell-Harring decision to assist counties that are required to provide counsel at arraignment. We support changes to witness protection procedures and applying the procedures to all cases. In addition, we support

the Office of Court Administration's plan to take over town and village case management in an effort to modernize and expedite this system. It is also important to restore the Office of Indigent Legal Services' State Operations funding stream and provide funding for attorneys that defend homeowners from being foreclosed on, as previously available through the Department of Law.

The Senate Democratic Conference proposes modifications to the following Aid to Localities and State Operations programs:

- Restore funding for Prisoner's Legal Services in the Department of Corrections and Community Supervision;
- Support \$4.8 million allocated by the Executive for the Hate Crimes Task Force;
- Codify and fully fund the Court Appointed Special Guardians (CASA) role within OCA and support a corresponding increase in OCA's budget;
- Reject the Governor's proposal to shift responsibility for mailing a copy of service of process from the Department of State to individual plaintiffs;
- Provide a \$340,000 increase for the Commission on Judicial Conduct;
- Restore the \$1.2 million cut to the Defenders Association;
- Provide a \$2.3 million increase to the Legal Service Assistance Fund;
- Continue \$500,000 in annual funding for the New York Legal Education Opportunity Program to assist low-income students taking the Bar Exam and support diversity among applicants to law schools and law students;
- Include an additional \$175,000 for the Legal Services of the Hudson Valley (Yonkers Eviction Prevention Program);
- Restore \$2.3 million for the Westchester Policing Program;
- Provide \$5 million for a Gun Violence Institute;
- Provide additional support for the Office of New Americans to assist in immigrant legal services and naturalization support, and support the Executive proposal to create a public-private legal defense project (the Empire State Immigrant Defense Fund). This program should ensure that immigrants can access legal services regardless of their location within the state;
- Support the expansion of SNUG to \$4.5 million;
- Restore \$3 million for upstate caseload relief;
- Restore \$21.5 Million in DCJS programmatic cuts;
- Restore \$700,000 for the American Red Cross in the Department of Homeland Security and Emergency Services; and
- Restore \$300,000 in funding to the Office of Victim's Services for Suicide Prevention and Crisis Center in Western New York.

### **Environment, Agriculture, and Parks**

The Senate Democratic Conference recognizes the significant investments necessary to conserve New York's vast natural resources as we face challenges new and old presented by climate

change, ageing clean water infrastructure, and contamination events often relic of our industrial past. To this effect, the Conference proposes the following budget recommendations to protect our air, water and lands; support agriculture and healthy food options; modernize the State Park System; and expand cultural opportunities in our communities:

- Support an increase to \$800 million in annual water quality funding to expand community access to infrastructure grants, support initiatives to preserve water quality, and quickly remediate contamination events –spending for these purposes should be clearly delineated in budget language;
- Ensure that water quality infrastructure funds include support directed to improve water quality and sewer systems in Southeast Queens;
- Support the Executive’s proposal to fund a \$300 million Environmental Protection Fund;
- Support the proposed \$5 million EPF sub-allocation to Nassau County for wastewater treatment improvements and water quality monitoring;
- Provide a \$125,000 EPF sub-allocation to assist with water quality monitoring in Manhasset Bay, Hempstead Harbor, and Oyster Bay/Cold Spring Harbor;
- Reject the transfer of \$2 million for local reimbursement of navigation law enforcement into the EPF;
- Ensure NYC eligibility for climate resiliency project funding;
- Reject the proposed \$23 million sweep of RGGI proceeds to the general fund;
- Reject any proposal that would further delay the implementation of the Diesel Emission Reduction Act (DERA);
- Support the Executive’s proposal to divert organic food waste produced by certain large generators to food banks and organics recyclers;
- Provide tax credit support for homeowners working with certified arborists and foresters to manage the spread of the invasive emerald ash borer;
- Fully restore Aid to Localities funding for agricultural programs;
- Provide an additional \$350,000, bringing total support for Future Farmers of America to \$892,000, to ensure FFA can maintain and expand critical student services and programs;
- Expand school children’s access to healthy food in New York and support New York’s Farm to School program;
- Provide an additional \$500,000 to Hunger Prevention and Nutrition Assistance Program (HPNAP) base-funding to provide regional food banks with resources to purchase additional foods during the holiday season;
- Allocate \$190,000 to fund a Cornell Cooperative Extension Agricultural Workforce Specialist to work with farm employers on labor compliance laws and regulations;
- Support \$120 million in NY Works capital funding for continued State Park infrastructure improvements;
- Support a \$5 million Catskill Park line item within the DEC NY Works capital appropriation;
- Support an increase to NYSCA and Humanities New York grants for local community and non-profit cultural development;

- Support \$10 million dedicated to increasing business and tourism in downtowns through a Cultural, Arts and Public Spaces Development Fund; and
- Support funding for the creation of the Empire State Trail.

### **Economic Development & Energy**

The Senate Democratic Conference strives to enact policies that foster job creation and economic development throughout the entire state with special value placed on micro-, small-, and medium-sized businesses because of their significant impacts on job growth in our communities. The Conference advocates for every New Yorker to have an equal opportunity to participate and thrive in New York's economy. Therefore, the Senate Democratic Conference recommends the following modifications to the Executive Budget:

- Add \$10 million to the Minority- and Women-Owned Business Enterprises (MWBE) Development and Lending Program administered by Empire State Development (\$2 million for compliance and \$8 million for loans and bonding);
- Accept, with reservations, the Executive's one-year extension of the MWBE program;
- Support a delay in implementing the nuclear subsidy provisions of the Zero Emission Credit program and require PSC to conduct additional review and alternatives analysis subject to public comment.
- Direct \$50 million in new funding for the Small Business Revolving Loan Fund, targeting businesses that have difficulty accessing regular credit markets, and offering regular and micro-loans pursuant to the need;
- Provide \$50 million for the Federal Community Development Financial Institutions, allowing the program to provide credit, banking services, and investment capital to low and moderate income communities throughout the state;
- Add \$2 million to the Entrepreneurial Assistance Program (EAP) to assist entrepreneurs, -especially minorities, women, and dislocated workers- in strengthening and creating new businesses. Of this amount, \$350,000 restores funding to EAP centers for the assistance of veterans starting or seeking to start new business ventures, or to train veterans in the principles and practices of entrepreneurship to prepare them for self-employment opportunities;
- Dedicate \$25 million in funds for the Urban and Community Development Program to help economically distressed communities;
- Provide \$108 million towards the redevelopment of the Kingsbridge National Ice Center;
- Direct \$400 million for Buffalo Billion Squared through the Empire State Development, and another \$100 million to various other agencies;
- Provide \$25 million in new funding to establish the Hire NY program to provide zero-interest loans to businesses with less than 5 employees for the purpose of hiring New York residents;
- Fund each center at \$1.6 million for both the Centers of Excellence and the Centers for Advanced Technology programs;

- Add \$15 million for the New York Community Development Financial Institutions (CDFI) Fund;
- Provide a comprehensive record of all economic development incentives that are entered into between State entities and businesses in order for the Legislature and the Governor to make well-informed decisions about tax expenditures;
- Revise Article VII language (Part V, TED) so it only covers the Department of Health to prevent an increase in assessments to utility ratepayers; and
- Provide \$750,000 for the Public Utility Law Project.

### **Local Government**

This year's Executive Budget proposes a consolidation plan that would link State aid to the adoption of a county-wide shared services program. The Senate Democratic Conference supports the general idea of cost saving measures, as long as critical services and resources are preserved. Additionally, the Senate Democratic Conference supports property tax reforms and the following modifications to State aid for local governments:

- Increase AIM Base Level Grant funding from \$715 million to \$1.5 billion;
- Remove language that subjects Base Level Grant funding to possible reductions if receipts are less than the amount assumed in the 2017-18 Financial Plan;
- Provide \$12.5 million in support for the City of Albany;
- Remove the proposed cap on STAR exemptions at 2017 levels;
- Repeal the STAR Credit changes created by Chapters 60 and 73 of the Laws of 2016 and make the STAR Exemption available to new homeowners with full reversion back to the original State STAR reimbursement program; and
- Deny the STAR Senior Income Verification Program.

### **Revenue**

Even though the recovery from the Great Recession of 2008-09 has been underway for many years, real wage growth has still not shown the gains needed to support a real middle class standard of living. It is vital that working families across all regions of the state obtain immediate and concrete relief in the SFY 2017-18 Enacted Budget. To implement this basic premise, our Conference recommends the following State tax and revenue modifications to the Executive Budget:

- Support a progressive income tax in New York State that, at a minimum, ensures that the rates by bracket do not decrease below current levels;
- Support the proposal to tax carried interest earnings at the same rate as earned income, and these carried interest earnings should not receive a preferential capital gains tax rate;
- Support the Executive's proposal to increase existing NYS Child and Dependent Care Credit benefits;
- Support the continued implementation of the NYS Middle Class Personal Income Tax Reduction Program that was enacted by the State Legislature in 2016;

- Support the Executive's proposal to extend internet sales tax collection responsibilities to marketplace providers;
- Include tax-relief for small businesses that hire young workers or workers with physical or developmental disabilities to help subsidize minimum wage increases;
- Support legislative and technological initiatives to stop sales tax avoidance/suppression schemes;
- Support a 50% expansion of benefits for the current Earned Income Tax Credit Program (EITC);
- Support 2017 legislation proposed in both Houses of the State Legislature to eliminate existing tax credit program benefits provided in the NYS Tax Law to energy service companies (ESCO's);
- Support the enactment of a new geothermal energy systems tax credit;
- Support the Executive's proposal to reform the State's Investment Tax Credit (ITC). This proposal would deny tax credit benefits to companies that are not directly involved in manufacturing activities;
- Renew several tax benefits for Lower Manhattan due to expire in 2017. These programs are vital to ensuring that Downtown Manhattan continues to be economically competitive and to continue the long-term rebuilding of an area devastated by the attacks on the World Trade Center;
- Support the Executive's proposal to require New York corporations that file as Federal S Corporations to also file as an S Corporation for State tax purposes; and
- Support the Executive's proposal to close a non-resident asset sales tax loophole. This provision closes a loophole and imposes a tax on nonresident taxpayers who are partners in partnerships that sell the partnership assets and then later classify the transaction as a sale of an intangible (non-taxable) partnership interest.

## **Transportation**

Transportation-related expenditures carry a tremendous economic multiplier effect, and strong critical infrastructure is essential to our economy's functioning. With this in mind, the Senate Democratic Conference supports appropriations reflecting the investments required to meet the state's infrastructure needs as well as new policy initiatives that promote sound regional development:

- Support legislation authorizing Transportation Network Companies (TNC), and modify the proposal to include handicap accessibility, workers' rights, and consumer protections;
- Reform design-build pending improved information verifying cost-savings and MWBE participation, and ensure that any authorization for design-build includes the use of project labor agreements on major infrastructure projects where cost-effective. Additional information justifying expansion of design-build to all state agencies, authorities and local government is needed, though the State should explore extending Design-Build authorization to New York City and enact a pilot program focusing on the

Brooklyn-Queens Expressway. As with state authorization, MWBE participation and workforce protections like PLAs are critical to the authorization;

- Continue parity between transit and road/bridge funding achieved in last year's Enacted Budget and provide additional detail on new road/bridge projects;
- Keep the State's statutory promise by restoring the \$65 million of Payroll Mobility Tax offsets, and eliminate the \$121.5 million sweep of downstate transit funds, which could cover a year's worth of affordable fares for low-income straphangers, or facilitate expansion of the City Ticket program and provide additional service in transit deserts like Southeast Queens and East Brooklyn;
- Adjust State transit operating aid (STOA) for inflation and invest an additional \$15 million in STOA systems' growth. One way to support STOA's revenues is by dedicating TNC-related fee revenues to STOA. Many operators, including Westchester's Bee Line and the NFTA, have increased system needs and costs;
- Support the proposed \$84.5 million for non-MTA transit as a baseline but require timely and regular release of these capital funds so system operators can adequately plan to accommodate their needs;
- Increase CHIPS funding by \$150 million to create local jobs and improve bridge and pavement conditions, increase local assistance under the BRIDGE NY program by \$50 million, and update the arterial highway maintenance formula for inflation. Important local investments are needed, including on I-684 in Northern Westchester;
- Increase capital assistance for freight and passenger rail systems to \$50 million per year, including additional funds for cleaner freight rail locomotives in Southern Queens;
- Support \$6 million for Nassau Inter County Express bus (NICE) service;
- Clarify the funding stream for the BRIDGE NY/PAVE NY programs rather than lumping in with other appropriations;
- Promote open government by providing a long-term needs assessment for DOT projects and timely submission of a five-year capital program, modeled after the MTA statute;
- Revise alternative procurement authorization for MTA to ensure that local regulations are respected;
- Oppose DMV fee increases;
- Reject the proposed creation of a Port Authority Inspector General; and
- Provide additional information on fiscal and workforce impacts of the DOT takeover of canal system maintenance.

### **Veterans**

Few responsibilities are more important than serving those who have served us abroad and have helped to promote peace and prosperity. New York has long exercised leadership in supporting our veterans and ensuring they have the necessary resources to transition back into civilian life. This year's Enacted Budget should be no different, and as such, the Conference supports the following modifications to the Executive Budget:

- Restore \$2.78 million and add an additional \$1 million for the Joseph P. Dwyer Veteran Peer to Peer Services to expand access across the state;
- Support \$1.35 million for Veterans Defense Programs;
- Create a new Veterans Research and Recognition Project by allocating \$1.6 million for the training and utilization of RTM, a treatment for post-traumatic stress disorder;
- Add \$500,000 for the NYS Defenders Association;
- Add \$200,000 for the Legal Services of the Hudson Valley Veterans and Military Advocacy Project;
- Add \$200,000 for Warrior Salute;
- Add \$200,000 for Helmets to Hardhats;
- Add \$100,000 for Veterans Justice Project;
- Add \$100,000 for the SAGE Veterans Project;
- Add \$40,000 for the Vietnam Veterans of America NYS Council;
- Add \$450,000 for Veterans Mental Health Training Initiatives;
- Add \$25,000 for the Veterans Miracle Center;
- Fully fund Veterans Treatment Court and make these Parts available in all counties; and
- Increase the \$250,000 for veterans' access to the Court Program.

Sincerely,



Senator Andrea Stewart-Cousins  
Leader, Senate Democratic Conference



Senator Liz Krueger  
Ranking Member, Senate Finance Committee

cc: Governor Andrew M. Cuomo  
Speaker Carl E. Heastie  
Senate Coalition Leader Jeffrey D. Klein