January 23, 2017

Dear Senators:

Please find attached the “Staff Analysis of the FY 2018 Executive Budget.” It is intended to assist the members of the Finance Committee and the Senate as a whole, in their deliberations. We hope that our readers find it useful.

This analysis of the Executive Budget begins with a summary of the spending plan. It then examines an explanation of proposed changes that affect receipts and provides for Senate Issues in Focus. Finally, it provides a summary of the Executive’s Article VII language bills submitted as part of the Executive Budget. The report provides an analysis of the appropriations recommended this year and an analysis of the Governor’s recommendations.

Each member of the Senate Finance Committee devotes considerable time and effort to the passage of a budget that serves the interest of every New Yorker. I am most grateful for their cooperation. It also is a pleasure to thank the staffs of both the Senate Finance Committee, and the Counsel and Program Office, whose assistance has been invaluable.

Sincerely,

Senator Catharine M. Young
Report of the Senate Finance Committee

STAFF ANALYSIS OF THE
FY 2018 EXECUTIVE BUDGET

As Prepared by the Senate Majority Coalition Finance Committee / Counsel Staff

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SECTION ONE

HIGHLIGHTS OF THE EXECUTIVE BUDGET
OVERVIEW

For the past six years, the State Senate Majority has successfully worked in a bi-partisan way to enact on time state budgets that achieve our key goals of controlling taxes and spending, creating jobs, and investing in key areas like education, health care and the environment.

The Executive Budget once again continues to utilize spending restraints to reduce long-term structural deficits and includes initiatives focused on job creation, infrastructure investment, access to education, and improvement of the health and safety of our citizens.

This year’s Executive Budget does however utilize financing avenues, such as the continuance of expiring taxes and fees, to fund new spending and the increase of surplus reserves rather than provide further broad based taxpayer relief to stimulate job growth. The Executive continues the temporary twenty-nine percent surtax on high-income earners even as the Executive Budget estimates that the General Fund will remain in balance on a cash basis for FY 2017 and the Financial Plan projects a four-year General Fund surplus of $7.7 billion.

The Executive Budget revenue outlook continues revising tax receipt estimates downward. In comparison to the Mid-Year estimate, General Fund tax receipt projections have been reduced by $1.6 billion though FY 2020. During the completion of the budget process, it will be important to apply the most up to date economic forecast to ensure possible increased revenues are directed to taxpayer relief.

The FY 2018 Executive Budget includes language within all appropriation bills providing the Executive with broad powers to reduce certain local assistance payments unilaterally in the event that any revenue to the State including federal aid is reduced from projected levels. This proposal is intertwined with a second, and unprecedented, language proposal that would allow the Executive to shut down large agency operations if the Executive determines that revenues projected to support specific local assistance programs are not sufficient for the fiscal year. This language provides unchecked power to the Executive branch to rewrite the Enacted Budget without approval of the Legislature. While the Executive argues for the need for this flexibility based on the uncertainties at the federal level and the current fiscal climate the newly advanced language would effectively make the entire enacted state budget merely advisory.

FINANCIAL PLAN

The FY 2018 Executive Budget financial plan, despite the current year shortfall in receipts still projects a structural surplus through FY 2021 of $7.7 billion after tax actions.

All Funds FY 2018 spending (excluding Extraordinary Federal Aid and financial settlement proceeds) is projected at $152.3 billion, an increase of $5 billion or 3.4 percent. The inclusion of Extraordinary Federal Aid and financial settlement proceeds brings total All Funds FY 2018 spending to $162.2 billion, an increase of $6 billion or 3.8 percent.

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<th>All Funds w/o Extraordinary Federal Aid or Settlement Proceeds</th>
<th>2017</th>
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FY 2018 State Operating Funds spending is projected at $98.1 billion, an increase of $1.8 billion or 1.9 percent from FY 2017.
BUDGET SURPLUS / (GAP)

The Executive Budget estimates that the General Fund will remain in balance on a cash basis for FY 2018 and projects increasing surpluses each year totaling $7.7 billion in 2021.

The Executive Budget estimates a FY 2018 General Fund cash deficit of $3.533 billion to be closed through net spending reductions of $2.705 billion and net resource changes of $828 million.

RECEIPTS

The Executive Budget projects FY 2018 State Operating Funds receipts at $97.5 billion, an increase of $2.9 billion or 3.1 percent. FY 2018 All Funds receipts are projected to increase from $144.7 billion to $150.5 billion, an increase of $5.8 billion or four percent. The All Funds receipts increase reflects $4.2 billion growth in tax revenue.

RECEIPTS

The FY 2018 Executive Budget includes no tax reductions in FY 2018 and FY 2019 and only $100 million in FY 2020 and FY 2021. Instead, the Executive imposes numerous new and increased taxes and fees. The Executive Budget includes $803 million in tax and fee increases in FY 2018, growing to $4.5 billion in FY 2021. The extension of the Millionaire’s Tax will increase revenues by $683 million in FY 2018, growing to $4.2 billion in FY 2021

RESERVES

The Executive Budget projects a FY 2018 General Fund closing balance of $5.6 billion, a decrease of $1.2 billion over the projected closing balance for FY 2017. Included within the FY 2018 reserve total is $1.9 billion for statutory reserves; $37 million in the Community Projects Fund; $21 million in a contingency reserve for claims made against the State and $500 million for debt reduction. There is also remaining $3.1 billion in financial settlement proceeds.

MAJOR SPENDING AREA HIGHLIGHTS

HEALTH – MEDICAID

The FY 2018 All Funds Medicaid spending, including the local share and other State agencies, is projected at $65.2 billion, a $2 billion increase, or 3.17 percent over current year spending.

Medicaid Global Spending Cap

The Executive proposes extending the State Medicaid Global Cap, which limits Department of Health (DOH) Medicaid spending growth to
the Medical component of the Consumer Price Index, currently estimated at 3.2 percent, for one year through FY 2019. Global Cap spending, is $18.2 billion in FY 2018.

DOH State Medicaid Spending
The Executive Budget projects DOH State Medicaid spending to be $18.9 billion, an increase of $1.07 billion or 6 percent over FY 2017. While this amount is over the global cap spending, statute excludes certain spending increases from the calculation. With these exceptions, spending is within the global cap.

The Executive estimates in FY 2018 approximate Medicaid enrollment of 6.28 million individuals, more than one-third of New Yorkers

Total net State Medicaid savings from the Executive’s proposal would be $382 million in FY 2018. The State continues its takeover of all local growth of Medicaid. The total mandate relief associated with eliminating Medicaid growth will be $3.2 billion in FY 2018.

The Executive proposes multiple initiatives that would implement FY 2018 Phase VII MRT initiatives. Executive MRT VI proposals impacting the FY 2018 Financial Plan include:

- Federal Actions with State Medicaid Impact-estimated savings to the State is $30 million
- Medicaid Pharmacy Initiatives- State savings estimated to be $93 million
- Long Term Care Initiatives- State savings estimated to be $83 million
- Managed Care Initiatives- State savings estimated to be $60 million
- Transportation Initiatives- State savings estimated to be $25 million
- Other Initiatives- State Savings estimated to be $256 million.

Total General Fund relief provided by the Medicaid Global Cap rises to $926 million during FY 2018. Funding would be added to the Mental Health Stabilization Fund, which increases from $1.13 billion to $1.314 billion in FY 2018, to achieve savings.

HEALTH – PUBLIC HEALTH

The FY 2018 All Funds Public Health Spending, excluding Medicaid and the Essential Plan, is projected at $4.8 billion, an increase of $434 million, or 10 percent, over current year spending.

Early Intervention Program (EI) Reform
The Executive proposes multiple changes to the program intended to change third-party health insurance reimbursement for EI services, estimated to generate State savings of $4.1 million in FY 2018. These changes would generate a total local savings of $74 million over five years.

Test and Monitor Public Drinking Water
The Executive proposes the establishment of the Emerging Contaminant Monitoring Act, which would require all public water systems to test drinking water for the presence of emerging contamination once every three years and report their findings. The projected fiscal impact of this proposal is $500,000 in FY 2018 and $2.9 million fully annualized.

Test and Monitor Private Drinking Water
The Executive proposes the establishment of the Residential Well Testing Act, requiring testing of individual water system (wells) prior to and as a condition of a residential real estate sale, following the completion of the drilling of any new water well, and at least once every five years for rental properties.

Health Care Facility Transformation Program II
The Executive Budget authorizes up to $500 million in new capital funding to health care institutions establishing a second Health Care Facility Transformation Program. This program
would provide funding to support capital projects, working capital, debt retirement, and other non-capital projects that facilitate health care transformation, while expanding access to health services.

**Workforce**

The Executive proposes the DOH Workforce be comprised of 5,082 Full Time Equivalents (FTEs), a net increase of 163 over current year levels.

**HUMAN SERVICES**

The FY 2018 Executive Budget recommends a decrease in All Funds spending of $71.8 million, or .8 percent, for all human services agencies, for a total of $8.9 billion.

The FY 2018 Executive Budget provides $3.2 billion in All Funds Aid to Localities appropriation support for the Office of Children and Family Services, a decrease of $95.4 million or 2.9 percent from FY 2017. This decrease is mainly attributed to reductions of: $62 million in the Foster Care Block Grant; nearly $19 million in Committee on Special Education (CSE) maintenance; and the elimination of $24.8 million in Legislative Initiatives. These reductions are offset by increases of nearly $7 million in General Fund support for child care subsidies, $2 million for post adoption subsidies, and $1 million for foster care and protective, preventive and adoption services provided by Indian Tribes.

The FY 2018 Executive Budget proposal includes Article VII legislation to raise the age of juvenile jurisdiction and enact overall juvenile justice reforms, and a $110 million capital program for new and existing facilities that are needed as a result of raising the age of juvenile jurisdiction.

The FY 2018 Executive Budget provides All Funds Aid to Localities appropriation authority of $5.2 billion for the Office of Temporary and Disability Assistance, an increase of $17 million or .3 percent from FY 2017 levels. The change can be attributed to increases of: $59 million for Safety Net Assistance; $10 million for SSI State supplement payments; $5 million for Summer Youth Employment; $1.2 million for homelessness services; and $200,000 for the creation of the Prison Case Management Pilot Program.

These increases are partially offset by decreases of $3.2 million and $19.4 million from the elimination of General Fund and TANF, respectively, Legislative Initiatives.

The Executive Budget projects $2.7 billion in total public assistance spending in FY 2018, driven by a total projected caseload of 558,720.

The FY 2018 Executive Budget proposal includes Article VII legislation to allow the State to recoup 100 percent of lottery winnings over $600 from current and past public assistance recipients, and to require enhanced background checks for workers in publicly-funded emergency shelters for families.

The FY 2018 Executive Budget recommends spending of $7.6 million for the Division of Veterans’ Affairs, a decrease of $1.7 million or 17.8 percent, which can primarily be attributed to the elimination of Legislative initiatives. The Executive Budget provides new appropriations of $100,000 for funeral and burial expenses of indigent veterans, $250,000 to expand veterans’ access to legal services and $1 million to expand the availability of veterans’ treatment courts across the State.

The FY 2018 Executive Budget recommends $158.5 million in All Funds, Aid to Localities spending for the Department of Labor, a decrease of $12.2 million or 7.2 percent. This excludes disbursements from the Unemployment Insurance (UI) Benefit Fund. The Executive
Budget includes appropriation authority for the UI Benefit Fund in the amount of $2.9 billion, a decrease of $100 million primarily related to reduced utilization.

The Executive Budget includes Article VII legislation to allow UI claimants to work part-time without a reduction in their benefit, and to centralize the Administrative Hearings functions of State agencies under a newly created Division of Central Administrative Hearings, to be led by an Administrative Law Judge who will be appointed by the Executive.

The FY 2018 Executive Budget recommends an All Funds cash spending amount of $213.6 million for the Workers’ Compensation Board. This is an increase of $11.3 million or 5.6 percent from FY 2017.

The increase is attributed to $5 million in capital spending, $2 million in General State Charges and $4.3 million in personal services. According to the Division of the Budget, the Executive proposes to transfer $140 million from the Workers’ Compensation assessment paid by businesses to General State Charges to finance the Workers’ Compensation costs of State employees.

**MENTAL HYGIENE**

The FY 2018 Executive Budget recommends All Funds spending of $7.05 billion, an increase of $34 million, or 0.5 percent for all mental hygiene agencies. The Department of Health proposes $1.3 billion in FY 2018 for Office for People with Developmental Disabilities (OPWDD) services, an increase of $223.1 million from FY 2017. Adjusting for the outside spending for OPWDD, overall actual spending in Mental Hygiene is increasing by $223 million in FY 2018, or 2.7 percent.

The FY 2018 Executive Budget supports a total Mental Hygiene workforce of 33,649, a decrease of 606 Full Time Equivalent (FTE) positions, reflecting deinstitutionalization in both Office Mental Health (OMH) Psychiatric Centers and OPWDD Developmental Centers. No layoffs are anticipated in FY 2018.

The FY 2018 Executive Budget for Mental Hygiene defers a Cost of Living Adjustment of 0.8 percent, as required by Chapter 57 of the Laws of 2006. Additionally, the Executive defers a Medicaid Inflationary Trend Factor for eligible developmental disability providers.

The FY 2018 Executive Budget for the Office of Mental Health (OMH) proposes an additional reduction of 100 adult or children’s beds if there is a continuous 90-day vacant period. The Executive proposes developing jail-based restoration to competency units that would result in approximately 50 forensic bed reductions. The Executive estimates community services will increase by $12 million in FY 2018. There are no planned closures of State-operated psychiatric centers for FY 2018; however, the Executive will continue with the planned transfer of children’s inpatient services from Western New York Children’s Psychiatric Center to Buffalo Psychiatric Center. The Executive also proposes revamping children’s services at Hutching Psychiatric Center by developing a plan for an Article 28 hospital to deliver existing services.

The FY 2018 Executive Budget proposal for OPWDD continues the plan to downsize the State-operated developmental center system. The FY 2018 reductions are estimated to save $6.1 million in State funds. A reinvestment of $3 million in community services is planned to facilitate the downsizing. The Executive estimates 56 individuals from State-operated developmental centers and 100 individuals in Intermediate Care Facilities would transition to
living in not-for-profit operated community housing.

The Executive Budget includes $200 million in funding within the Office for Alcoholism and Substance Abuse Services to address the heroin and opioid epidemic.

**SCHOOL AID**

The FY 2018 Executive Budget provides $25.61 billion in school aid, an increase of $961 million or 3.9 percent over the 2016-17 school year. This proposal provides for an increase of $333 million for expense base aids for the 2017-18 school year. Under the Executive proposal, Foundation Aid is increased by $428 million over the prior year. Additional funding of $150 million is provided in a fiscal stabilization fund with distribution of such funds subject to a chapter of the laws of FY 2018. An additional $50 million in new funding within Foundation Aid is provided for Community schools.

The Executive expense base aids proposal maintains current law formulas for these reimbursable aid categories. The increase of $333 million is a reflection of the State’s reimbursement obligation based on increased spending by schools districts in these aid categories.

The Executive Budget proposal increases Foundation Aid by $428 million and distributes 81 percent of the increase in Foundation Aid to high needs school districts. When looking strictly at relative wealth, the Executive proposal distributes 95.1 percent of the proposed Foundation aid increase to low wealth school districts including New York City. All school districts receive an increase in Foundation Aid under this proposal with 128 districts receiving a minimum one percent year over year increase.

The Executive Budget provides for a $150 million Community Schools set-aside which is an increase of $50 million above 2016-17 levels. This set-aside is included in total Foundation Aid. Similar to FY 2017, the $100 million set-aside for FY 2018 retains its flexibility, however, the $50 million set-aside for FY 2018 must be used to support the transformation of schools into Community Schools.

The Executive proposal includes over $800 million in funding for Universal Pre-Kindergarten in the 2017-18 school year with most of that intended for four-year old children. The school aid run reflects $415.56 million in funding which includes the consolidation of $30.53 million for Priority Prekindergarten (PPK) into the $385 million for the Universal Pre-Kindergarten Program. $340 million in Pre-K funding for four year olds is provided as part of a Senate initiative to fully fund Universal Pre-Kindergarten enacted in the FY 2014 budget.

The Executive proposes removing the regional cap on charter schools in New York City due to a considerable demand for more charter schools. Under current law, basic charter school tuition will revert back to the formula as it was originally intended and will not be frozen. Charter school supplemental tuition aid remains at $500 per pupil in current law and is estimated to cost $64 million in FY 2018.

The Executive Budget reduces the current $3.4 billion STAR program by $313 million. The majority of the decrease is related to the conversion the Executive’s proposal to convert the New York City PIT credit to a New York State credit. The Executive also proposes to cap the growth in STAR benefits at 2016-17 levels, and require senior citizens to participate in the Income Verification Program administered by the Department of Taxation and Finance.
The Executive Budget extends mayoral control of New York City schools for three years to June 30, 2020.

**HIGHER EDUCATION**

The FY 2018 Executive Budget recommends All Funds spending of $10.8 billion for New York State public and private higher education programs. This represents an increase of $120 million or 1.1 percent from FY 2017.

Cash spending at SUNY would increase $92 million, or 1.1 percent, from $7.97 billion to $8.06 billion. CUNY cash spending would decrease $57 million, or -3.6 percent, from $1.59 billion to $1.53 billion. The Higher Education Facilities Capital Matching Grants Program would increase from $5 million to $20 million in disbursements, and the Higher Education Services Corporation – which is responsible for providing tuition assistance and state scholarship programs – would increase $81 million, or 7.5 percent.

The Executive Budget recommends flat base aid support for SUNY Senior State colleges. The SUNY system would generate an additional $69.5 million in revenue resulting from a $250 increase in in-state tuition. This increase would be subject to Article VII language authorizing the SUNY Board of Trustees to increase tuition.

SUNY’s community colleges receive state aid via formula based on the enrollment of full-time equivalent (FTE) students. The Executive Budget leaves the formula unchanged year-to-year at $2,697/FTE. An increase in enrollment would augment assistance $7.7 million.

Operating funds for CUNY Senior Colleges would increase by $542 million or 12.7% within the FY 2018 Executive Budget. The CUNY system would generate an additional $42.8 million in revenue resulting from a $250 increase in in-state tuition. Similar to SUNY, this increase would be subject to Article VII language authorizing the increase.

The FY 2018 Executive Budget would provide $254 million to cover retroactive salary increases to CUNY employees agreed to last year. These employees have been without a contract since 2010. However, language attached to the appropriation specifies that the increase reflects a change in when payments are made to CUNY – there is no net change to CUNY’s support.

CUNY’s community colleges receive state aid via formula based on the enrollment of full-time equivalent (FTE) students. The Executive Budget leaves the formula unchanged year-to-year at $2,697/FTE. An increase in enrollment would augment assistance $7.7 million.

The FY 2018 Executive Budget provides $402 million capital appropriation for CUNY. This represents a $140 million increase, or 54 percent, from FY 2017.

The FY 2018 Executive Budget provides $1 billion for the Tuition Assistance Program (TAP), and includes language inserted into the Higher Education Services Corporation appropriation allowing undocumented immigrants to receive TAP awards, at a cost of $27 million. There is also a new Excelsior Scholarship that guarantees SUNY and CUNY students meeting specific income thresholds a tuition-free education. This scholarship carries an appropriation of $86.6 million, in addition to increasing TAP expenditures an additional $17.1 million.

The FY 2018 Executive Budget provides $46.9 million in funding for arts and cultural grants administered by the New York State Council on the
Arts. This represents the same level of funding in FY 2017.

**TRANSPORTATION**

The FY 2018 Executive Budget proposes an All Funds cash spending level for the Department of Transportation (DOT) of $9.8 billion, an increase of $388 million, or four percent from FY 2017. This increase is attributable to an increase of $320 million in State capital spending for the DOT Capital Plan; an increase of $122 million in spending to local governments for Local PAVE NY and BRIDGE NY programs; a decrease of $91 million in federal funding due to tail-end spending of 2009 federal stimulus dollars and FY 2013 New York Works acceleration funds; an increase of $30 million in transit operating aid to the MTA from additional payroll mobility tax (PMT) revenue; and, an increase of $7 million in federal grants for operating and program costs related to the administration of regional Metropolitan Planning Organizations (MPOs).

Maintaining last year’s funding, the FY 2018 Executive Budget includes $10.3 million to continue the Verrazano-Narrows Bridge E-ZPass toll rebate program for commercial users and Staten Island resident drivers. Under the program, registered Staten Island residents currently pay a roundtrip toll of $5.50 on the Verrazano-Narrows Bridge. This discounted toll would increase to $5.74 as part of the MTA fare and toll increase that is scheduled to take effect in March 2017. The Executive announced plans to make this toll discount program permanent. In the past, the Legislature has had to add funding to the budget for this program in order to maintain the toll rate.

The FY 2018 Executive Budget provides $5 billion in cash operating assistance to the State’s transit systems, maintaining last year’s funding level. The Metropolitan Transportation Authority (MTA) would receive $4.5 billion, reflecting an increase of nearly $30 million or about 0.7 percent. Non-MTA transit systems would receive $500 million, including over $300 million for Downstate non-MTA transit systems and almost $200 million for Upstate transit systems, maintaining the same funding level as FY 2017.

Under the Executive’s proposal, the Consolidated Highway Improvement Program (CHIPS) would receive $438.1 million, and the Municipal Streets and Highways Program (“Marchiselli”) would receive $39.7 million. This holds the funding for these programs at the FY 2017 levels.

The FY 2018 Executive Budget continues the third-year of the five-year Local PAVE NY and BRIDGE NY programs, which each provide $100 million per year ($500 million total) to municipalities for pavement and bridge projects.

The FY 2018 Executive Budget recommends an All Funds cash spending level for the Department of Motor Vehicles (DMV) of $321.9 million for DMV, a $19.9 million or 6.6 percent increase from last year. This increase is attributable to additional operating costs anticipated for FY 2018.

The Executive Budget proposed a DMV workforce of 2,149 FTE positions, an increase of 107 FTEs from FY 2017. This is to provide sufficient staffing levels to accommodate the implementation of REAL ID, the proposed expansion of ridesharing services, which includes DMV oversight, and an anticipated license renewal peak.

The FY 2018 Executive Budget recommends an All Funds cash spending level of $644 million for the MTA, a $132 million or 26 percent increase from last year. This increase is attributable to increased spending from a FY 2013 appropriation for State support to MTA capital as well as MTA dedicated funds from the 2005 Transportation Bond Act.
The Thruway has traditionally not been financed by funds that are part of the State Budget. However, the FY 2017 Enacted Budget provided $700 million in settlement funds to the Thruway, building upon approximately $1.3 billion in financial settlement funds included in the FY 2016 Enacted Budget. This overall $2 billion capital investment is being used to help construct the new Tappan Zee Bridge and support the Thruway’s core capital program, and the funding will also allow the authority to avoid a toll increase until at least 2020.

To promote electric vehicle usage, the Executive has proposed, as part of his State of the State address, installing 69 new charging stations along the Thruway, adding to the four stations that are now in the system.

PUBLIC PROTECTION

The FY 2018 Executive Budget recommends All Funds spending of $5.4 billion, a decrease of $587 million or 10 percent over FY 2017 for all public protection agencies.

The Executive recommends $3.2 billion in All Funds appropriations for the Department of Corrections and Community Services, an increase of $81 million from FY 2017 levels. The Executive proposes no correctional facility closures for FY 2018. The projected prison population is 51,500.

The Executive proposes an increase of 165 Full Time Equivalent (FTE) positions within the Department’s supervision of inmates program. This is in response to FY 2016 Security Staffing Reviews. As a way to reduce expenses, maximum level facilities will go from having visitation all seven days of the week, to only Friday, Saturday, and Sunday. The department expects to decrease 39 correction officers through attrition due to this decision.

The Executive Budget recommends $269 million in All Funds appropriations for DCJS, a decrease of $21.1 million from FY 2017. The Executive proposes a decrease of $16.1 million in General Fund Local Assistance programs and a $5.4 million decrease in Traditional Criminal Justice Aid to Localities Funding.

The Executive Budget provides $1.57 billion in All Funds appropriation support for the Division of Homeland Security and Emergency Services, an increase of $57.8 million from FY 2017. This increase is primarily attributable to $50 million increased Capital spending for the Division’s Statewide Interoperable Communication Program grant awarded in Fiscal Years 2014 and 2015.

The Executive Budget recommends $926 million in All Funds appropriations for the Division of State Police reflecting an increase of $53 million from FY 2017 levels and $39 million increase in State Operations from FY 2017.

The Executive proposes to shift 49 FTE’s from the General Fund and increase 75 FTE’s in Capital Funding, resulting in a net increase of 26 FTE’s related to the processing of Sexual Offense Evidence Kits.

The Executive Budget recommends $109 million in All Funds support for the Office of Indigent Legal Services, an increase of $10.2 million from FY 2017. The Executive eliminates State Operations appropriations totaling $3.2 million and transfers the funding to Aid to Localities funds. The Executive proposes an increase of $1.25 million for the development of a plan to provide indigent defense services statewide. The Executive Budget proposes an increase of $8.6 million for the Hurrell-Harring Settlement counties in response to newly established caseload standards.
The FY 2018 Executive Budget recommends $119.7 million in All Funds support for the Office of Victim Services, an increase of $176,000 from FY 2017 levels. The Executive proposes to maintain $106.7 million in Aid to Localities, same as FY 2017 levels.

ECONOMIC DEVELOPMENT AND JOB CREATION

The FY 2018 Budget recommends an All Funds appropriation of $195.8 million for economic development programs; this is a decrease of $10.1 million or 4.9 percent over the current fiscal year. This funding reduction is the result of the elimination of $11.4 million in FY 2017 legislative additions, offset by an increase of approximately $1.3 million in State Operations.

The Executive Budget recommends an appropriation of $26.9 million in the state operations budget for the Department of Economic Development (DED). This is an increase of $1.3 or 5.1 percent over FY 2017. The increase is primarily due to an increase of $1 million in personal and contractual services in marketing and advertising.

The Executive Budget recommends an appropriation of $61.3 million in the ATL budget for DED. This is a decrease of $1.3 million or two percent over FY 2017. The reduction is primarily due to the elimination of $4.7 million in FY 2017 legislative additions offset with an increase of $3.5 million for marketing and promotional funding to include new funding of $1.45 million for Taste-NY Agri-tourism.

The Executive Budget recommends an appropriation of $107.6 million in the ATL budget for the Empire State Development Corporation’s (ESDC) This is a decrease of $10.2 million or 8.6 percent over FY 2017. The local aid reduction is primarily due to the elimination of $8.2 million in FY 2017 legislative additions offset with an increase of $3 million for the proposed Excelsior Business Program (EBP) (currently known as START-Up NY).

The Executive Budget recommends an appropriation of $2.39 billion in capital expenditures for ESDC. This is an increase of $348 million or 17.1 percent over FY 2017. The increase is due to $1.88 billion in new capital projects offset with the elimination of $1.53 billion in specific economic development initiatives in the FY 2017 budget. The FY 2018 capital budget includes $808 million in “Settlement Fund”, $400 million for Buffalo Billion, Phase II, $300 million for Life Science Initiatives, and $108 million for the Kingsbridge National Ice Center.

AGRICULTURE/ENVIRONMENT/HOUSING

The FY 2018 Executive Budget recommends All Funds disbursements of $2.2 billion, an increase of $431.5 million for the State’s Environmental Conservation, Energy, Agriculture, and Housing agencies. Increases in funding are recommended for the Adirondack Park Agency ($16,000); the Department of Agriculture and Markets ($4.8 million); the Department of Environmental Conservation ($227.6 million); the Energy Research and Development Authority ($11.3 million); the Department of Public Service ($3.1 million); the Division of Housing and Community Renewal ($154.6 million); the Olympic Regional Development Authority ($2.3 million); the New York Power Authority ($26.4 million); and the Office of Parks, Recreation and Historic Preservation ($1.4 million). In addition, the Executive once again recommends no funding for the Hudson River Park Trust.

The FY 2018 Executive Budget recommends All Funds spending of $4.76 million for the Adirondack Park Agency (APA), an increase of $16,000, or .34 percent, from the current year.
The FY 2018 Executive Budget recommends All Funds spending of $102.5 million for the Department of Agriculture and Markets, representing an increase of $4.8 million, or 4.9 percent, from the current fiscal year. The Executive recommends the elimination of $9.5 million in local assistance programs. The Executive also proposes $50 million for improvements at the State Fair.

The FY 2018 Executive Budget recommends All Funds spending of $1.24 billion for the Department of Environmental Conservation (DEC), an increase of $227.6 million, or 22.6 percent from FY 2017. The FY 2017 Executive Budget maintains spending for the Environment Protection Fund (EPF) at $300 million.

The FY 2016 and 2017 Enacted Budget provided a total of $400 million for the Water Quality Infrastructure Improvement Act of 2015 to provide grants to municipalities for the replacement and repair of existing wastewater infrastructure and drinking water infrastructure. The FY 2018 Executive Budget recommends a $2 billion Clean Water Infrastructure Act. The Act would be funded at $400 million per year over five years for projects which improve municipal wastewater drinking water systems, replace lead service lines, provide source water protection, expedite the cleanup of hazardous waste that may impact drinking water, improve the management of road salt, and green infrastructure projects, among other water quality improvement purposes.

The FY 2018 Executive Budget recommends All Funds spending of $25.6 million for the New York State Energy Research and Development Authority. This represents an increase of $11.3 million, or 78.6 percent, from the current fiscal year. The FY 2018 Executive Budget proposes to transfer $23 million of off-budget assessed Regional Greenhouse Gas Initiative (RGGI) funds to the General Fund.

The FY 2018 Executive Budget recommends All Funds spending of $77.4 million for the Department of Public Service (DPS), an increase of $3.1 million, or 4.2 percent, from the current fiscal year.

The FY 2018 Executive Budget recommends All Funds spending of $416.6 million for the Division of Housing and Community Renewal, a net increase of $154.6 million, or 59 percent, from the current fiscal year. The increase can be attributed to the first disbursements of capital funds toward a multi-year statewide plan for affordable housing.

The FY 2018 Executive Budget includes Article VII language that would utilize $141.5 million in surplus Mortgage Insurance Fund reserves, to support the housing related programs while also providing General Fund savings.

The FY 2018 Executive Budget recommends All Funds spending of $12.7 million for the Olympic Regional Development Authority (ORDA), an increase of $2.3 million, or 22 percent.

The FY 2018 Executive Budget recommends All Funds spending of $28.3 million for the New York Power Authority (NYPA), an increase of $26.4 million from the current fiscal year. This increase is due to funding a portion of a multi-use trail network along the Hudson River Valley Greenway and Erie Canalway trails (referred to in Executive announcements as the Empire State Trail.)

The FY 2018 Executive Budget recommends All Funds spending of $333.2 million for the Office of Parks, Recreation and Historic Preservation, an increase of $1.4 million from the FY 2017 Enacted Budget. This increase results primarily from additional New York Works Capital funding.
STATE OPERATIONS / WORKFORCE

The number of State employees remains relatively unchanged. The FY 2018 Executive Budget proposes a net All Funds workforce decrease of 136 full time equivalent (FTE) positions from 181,744 to 181,608. The decrease is net of a 1,885 FTE reduction through attrition offset by an increase of 1,749 new hires.

Major workforce net changes proposed in FY 2018 include an increase of 163 FTE within the Department of Health; an increase of 126 FTE within the Department of Corrections and Community Supervision; a 107 FTE increase within the Department of Motor Vehicles; a 179 FTE decrease within the Office of Information Technology Services; and a 606 FTE decrease within the Office of Mental Hygiene.
FY 2018 Executive Budget All Funds Cash Disbursements
(millions of dollars)

Notes: Totals may not foot due to rounding. Includes extraordinary federal funding related to Superstorm Sandy and the Affordable Care Act, and monetary settlements from banks.
FY 2018 Executive Budget All Funds Cash Disbursements Percentage By Major Function

- Medicaid - All Agencies: 35%
- Education: 22%
- Other Health / Mental: 7%
- Transportation: 7%
- Social Welfare: 6%
- General State Charges: 3%
- Debt Service: 3%
- Other: 7%
- Public Protection: 3%
- Higher Education: 7%

Total: 100%
Notes: Totals may not foot due to rounding. Includes extraordinary federal funding related to Superstorm Sandy and the Affordable Care Act, and monetary settlements from banks.
FY 2018 Executive Budget State Operating Funds Cash Disbursements Percentage By Major Function

- Education: 31%
- Medicaid - All Agencies: 24%
- Higher Education: 10%
- Debt Service: 6%
- General State Charges: 5%
- Transportation: 5%
- Social Welfare: 3%
- Public Protection: 4%
- Other Health / Mental: 5%
- Other: 7%
- General State Charges: 5%

FY 18 Executive Budget Summary
### Executive's Tax and Revenue Action Proposals

#### (Millions of Dollars)

<table>
<thead>
<tr>
<th>Action</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Reductions</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Child and Dependent Care Tax Credit Enhancement</td>
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<td>($42)</td>
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<tr>
<td>Life Sciences Tax Credits Creation</td>
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<tr>
<td>Employee Training Incentive Program Tax Credit Expansion</td>
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<tr>
<td>Empire State Film Tax Credit Extension</td>
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<tr>
<td>Post-Production Film Tax Credit Extension</td>
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<td>Alternative Fuels Property and Electric Vehicle Recharging Property Credit Extension</td>
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<td>New York Youth Works Tax Credit Extension</td>
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<td>Non-Driver Identification Replacement Fee Waiver for Crime Victims</td>
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<tr>
<td>Extend Monticello VLT Rates for One Year</td>
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<td>$0</td>
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<tr>
<td><strong>Total Revenue Reductions</strong></td>
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<td>$0</td>
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<tr>
<td><strong>Tax Increases</strong></td>
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<tr>
<td>Millionaire's Tax Extension</td>
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<td>High Income Charitable Contribution Deduction Limitation Permanent Extension</td>
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<tr>
<td>Taxation of Cigars</td>
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<td><strong>Total Tax Increases</strong></td>
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<td><strong>Enforcement Actions</strong></td>
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<td>Excess Medical Malpractice Coverage Tax Clearance</td>
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<tr>
<td>New State Employee Tax Clearance</td>
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<td>Bank Account Data Matching</td>
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<td>Jeopardy Assessments for Cigarette and Tobacco Tax Expansion</td>
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<td>Amount of Untaxed Cigarettes Required to Seize a Vehicle Clarification</td>
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<td>Real Estate Transfer Tax Loophole Closure</td>
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<td>Warrentless Wage Garnishment Permanent Extension</td>
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<tr>
<td>Require State S-Corp Conformity with Federal Return</td>
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<td>Investment Tax Credit Reform</td>
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<td>Internet Sales Tax</td>
<td>$68</td>
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<td>Impose Real Estate Transfer Tax on the Transfer of a Real Estate Business Interest</td>
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<td>Co-op Sale Loophole Closure</td>
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<tr>
<td>Sales Tax Related Entities Loophole</td>
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<tr>
<td>Non-Resident Asset Sale Loophole</td>
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<tr>
<td><strong>Total Enforcement Actions</strong></td>
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<tr>
<td><strong>Other Revenue Actions</strong></td>
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<tr>
<td>Treat Disregarded Entities as a Single Taxpayer for Tax Credit Purposes</td>
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<td>OGS Expedited Handling of Document Fees</td>
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<td>$5</td>
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<tr>
<td><strong>Total Other Revenue Actions</strong></td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
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<tr>
<td><strong>New Taxes and Fees</strong></td>
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<tr>
<td>State Assessment Fee on Upstate Transportation Network Companies Fares</td>
<td>$16</td>
<td>$32</td>
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<tr>
<td>Tax on Vapor Products</td>
<td>$3</td>
<td>$5</td>
<td>$5</td>
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<tr>
<td>Surcharge on High Priced Drugs</td>
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<tr>
<td>Public Safety Communications Surcharge (E-911) for Prepaid Devices</td>
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<td>$26</td>
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<tr>
<td>Pharmacy Benefit Manager Registration and Disclosure Prorated Fee</td>
<td>$0</td>
<td>$0</td>
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<td>$0</td>
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<tr>
<td><strong>Total New Fees and Taxes</strong></td>
<td>$26</td>
<td>$63</td>
<td>$63</td>
<td>$63</td>
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<tr>
<td><strong>Fee Increases and Extensions</strong></td>
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<tr>
<td>Oil and Gas Production Values Fee Extension</td>
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<tr>
<td>Production Costs for Realtor Identification Realignment</td>
<td>$0</td>
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<td>$0</td>
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<tr>
<td>Taste-NY Alcohol Permit</td>
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<td>$0</td>
<td>$0</td>
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<tr>
<td>Motion Picture Theatre Alcohol Permit</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Divisible Load Permit Cap Increase</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
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<tr>
<td>Title Fees Increase</td>
<td>$74</td>
<td>$81</td>
<td>$81</td>
<td>$81</td>
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<tr>
<td>REAL ID Licenses Implementation</td>
<td>$7</td>
<td>$16</td>
<td>$17</td>
<td>$17</td>
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<tr>
<td>Non-Resident Driving Reinstatement Fee</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Attorney Suspension Fee</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Driver License Suspension Fee $75 to $105; OCA Criminal History Fee Increase; Registration Fee for Attorneys from $375 to $475**</td>
<td>$0</td>
<td>$53</td>
<td>$77</td>
<td>$101</td>
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<tr>
<td><strong>Total Fee Increases</strong></td>
<td>$82</td>
<td>$151</td>
<td>$176</td>
<td>$200</td>
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<tr>
<td><strong>Net Total Revenue Actions</strong></td>
<td>$934</td>
<td>$3,903</td>
<td>$5,048</td>
<td>$4,596</td>
</tr>
<tr>
<td><strong>Cash Flow Changes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convert the NYC STAR PIT Rate Reduction into a NYS Credit-Revenue Reduction**</td>
<td>$0</td>
<td>($340)</td>
<td>($354)</td>
<td>($369)</td>
</tr>
<tr>
<td>Convert the NYC STAR PIT Rate Reduction into a NYS Credit-Spending Savings**</td>
<td>$277</td>
<td>$352</td>
<td>$367</td>
<td>$382</td>
</tr>
</tbody>
</table>

**There are no individual fiscal impacts for these fees that are intended to fund Indigent Legal Services.
## All Funds Cash Financial Plan

**FY 2016 through FY 2018**  
(millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2016 Results</th>
<th>2017 Current</th>
<th>Change</th>
<th>Percent</th>
<th>2018 Proposed</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening fund balance</strong></td>
<td>9,355</td>
<td>11,810</td>
<td>2,455</td>
<td>26.24%</td>
<td>(2,179)</td>
<td>9,631</td>
<td>-18.45%</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>74,673</td>
<td>75,303</td>
<td>630</td>
<td>0.84%</td>
<td>79,534</td>
<td>4,231</td>
<td>5.62%</td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td>27,268</td>
<td>25,439</td>
<td>(1,829)</td>
<td>-6.71%</td>
<td>26,597</td>
<td>1,158</td>
<td>4.55%</td>
</tr>
<tr>
<td>Federal grants</td>
<td>51,324</td>
<td>52,885</td>
<td>1,561</td>
<td>3.04%</td>
<td>54,265</td>
<td>1,380</td>
<td>2.61%</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td>153,265</td>
<td>153,627</td>
<td>362</td>
<td>0.24%</td>
<td>160,396</td>
<td>6,769</td>
<td>4.41%</td>
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<tr>
<td><strong>Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants to local governments</td>
<td>110,314</td>
<td>114,732</td>
<td>4,418</td>
<td>4.00%</td>
<td>118,721</td>
<td>3,989</td>
<td>3.48%</td>
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<tr>
<td>Personal Service</td>
<td>13,597</td>
<td>13,667</td>
<td>70</td>
<td>0.51%</td>
<td>13,476</td>
<td>(191)</td>
<td>-1.40%</td>
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<tr>
<td>Non-Personal Service</td>
<td>6,975</td>
<td>7,186</td>
<td>211</td>
<td>3.03%</td>
<td>7,193</td>
<td>7</td>
<td>0.10%</td>
</tr>
<tr>
<td>General State charges</td>
<td>7,739</td>
<td>7,934</td>
<td>195</td>
<td>2.52%</td>
<td>8,257</td>
<td>323</td>
<td>4.07%</td>
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<tr>
<td>Debt service</td>
<td>5,598</td>
<td>5,310</td>
<td>(288)</td>
<td>-5.14%</td>
<td>5,566</td>
<td>256</td>
<td>4.82%</td>
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<tr>
<td>Capital projects</td>
<td>6,485</td>
<td>7,336</td>
<td>851</td>
<td>13.12%</td>
<td>8,960</td>
<td>1,624</td>
<td>22.14%</td>
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<tr>
<td><strong>Total disbursements</strong></td>
<td>150,708</td>
<td>156,165</td>
<td>5,457</td>
<td>3.62%</td>
<td>162,173</td>
<td>6,008</td>
<td>3.85%</td>
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<tr>
<td><strong>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Use</strong></td>
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<tr>
<td><strong>Closing Fund Balance</strong></td>
<td>11,810</td>
<td>9,631</td>
<td>(2,179)</td>
<td>-18.45%</td>
<td>8,478</td>
<td>(1,153)</td>
<td>-11.97%</td>
</tr>
</tbody>
</table>

### Notes

All Funds is the most comprehensive measure of State spending because it includes Federal transfer payments (or grants).

Unadjusted All Funds spending for FY 2018 is projected at $162.2 billion, an increase of $6 billion or 3.8 percent. Excluding extraordinary items related to federal disaster aid for Superstorm Sandy and additional federal aid associated with the Affordable Care Act, All Funds spending would be $153 billion, a decrease of $3.2 billion or 2 percent.
## State Funds Cash Financial Plan

**FY 2016 through FY 2018**  
(millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2016 Results*</th>
<th>2017 Current</th>
<th>Change</th>
<th>Percent</th>
<th>2018 Proposed</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Fund Balance</td>
<td>9,548</td>
<td>12,308</td>
<td>2,760</td>
<td>28.91%</td>
<td>10,109</td>
<td>(2,199)</td>
<td>-17.87%</td>
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</table>

### Receipts

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
<th>Percent</th>
<th>2018</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>74,673</td>
<td>75,303</td>
<td>630</td>
<td>0.84%</td>
<td>79,534</td>
<td>4,231</td>
<td>5.62%</td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td>27,076</td>
<td>25,204</td>
<td>(1,872)</td>
<td>-6.91%</td>
<td>26,381</td>
<td>1,177</td>
<td>4.67%</td>
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<tr>
<td>Federal grants</td>
<td>78</td>
<td>79</td>
<td>1</td>
<td>1.28%</td>
<td>79</td>
<td>0</td>
<td>0.00%</td>
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<tr>
<td><strong>Total Receipts</strong></td>
<td><strong>101,827</strong></td>
<td><strong>100,586</strong></td>
<td><strong>(1,241)</strong></td>
<td><strong>-1.22%</strong></td>
<td><strong>105,994</strong></td>
<td><strong>5,408</strong></td>
<td><strong>5.38%</strong></td>
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</table>

### Disbursements

<table>
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<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
<th>Percent</th>
<th>2018</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants to local governments</td>
<td>64,540</td>
<td>67,328</td>
<td>2,788</td>
<td>4.32%</td>
<td>70,050</td>
<td>2,722</td>
<td>4.04%</td>
</tr>
<tr>
<td><strong>Departmental Operations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Service</td>
<td>12,981</td>
<td>13,035</td>
<td>54</td>
<td>0.42%</td>
<td>12,840</td>
<td>(195)</td>
<td>-1.50%</td>
</tr>
<tr>
<td>Non-Personal Service</td>
<td>5,602</td>
<td>5,757</td>
<td>155</td>
<td>2.77%</td>
<td>5,759</td>
<td>2</td>
<td>0.03%</td>
</tr>
<tr>
<td>General State charges</td>
<td>7,452</td>
<td>7,631</td>
<td>179</td>
<td>2.40%</td>
<td>7,940</td>
<td>309</td>
<td>4.05%</td>
</tr>
<tr>
<td>Debt service</td>
<td>5,598</td>
<td>5,310</td>
<td>(288)</td>
<td>-5.14%</td>
<td>5,566</td>
<td>256</td>
<td>0.05%</td>
</tr>
<tr>
<td>Capital projects</td>
<td>5,059</td>
<td>6,245</td>
<td>1,186</td>
<td>23.44%</td>
<td>7,959</td>
<td>1,714</td>
<td>0.27%</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td><strong>101,232</strong></td>
<td><strong>105,306</strong></td>
<td><strong>4,074</strong></td>
<td><strong>4.02%</strong></td>
<td><strong>110,114</strong></td>
<td><strong>4,808</strong></td>
<td><strong>4.57%</strong></td>
</tr>
</tbody>
</table>

### Net other financing sources (uses)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
<th>Percent</th>
<th>2018</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,165</td>
<td>2,521</td>
<td>295</td>
<td>13.71%</td>
<td>2,956</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Use

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
<th>Percent</th>
<th>2018</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,760</td>
<td>(2,199)</td>
<td>(88)</td>
<td>-3.22%</td>
<td>(1,164)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Closing Fund Balance

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
<th>Percent</th>
<th>2018</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12,308</td>
<td>10,109</td>
<td>(2,199)</td>
<td>-17.87%</td>
<td>8,945</td>
<td>(1,164)</td>
<td>-11.51%</td>
</tr>
</tbody>
</table>

**Notes**

State Funds includes all State spending except Federal transfer payments.

The FY 2018 Executive Budget projects a State Funds spending increase of $4.8 billion or 4.6 percent, inclusive of Executive Budget actions. On a current services basis, the Executive Budget projects an increase from $105.3 billion to $110.1 billion.
## State Operating Funds Cash Financial Plan

**FY 2016 through FY 2018**

*(millions of dollars)*

<table>
<thead>
<tr>
<th></th>
<th>2016 Results</th>
<th>2017 Current</th>
<th>Change</th>
<th>Percent</th>
<th>2018 Proposed</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening fund balance</strong></td>
<td>9,890</td>
<td>12,641</td>
<td>2,751</td>
<td>27.82%</td>
<td>10,401</td>
<td>(2,240)</td>
<td>-17.72%</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>73,279</td>
<td>73,945</td>
<td>666</td>
<td>0.91%</td>
<td>78,236</td>
<td>4,291</td>
<td>5.80%</td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td>23,255</td>
<td>20,525</td>
<td>(2,730)</td>
<td>-11.74%</td>
<td>19,163</td>
<td>(1,362)</td>
<td>-6.64%</td>
</tr>
<tr>
<td>Federal grants</td>
<td>73</td>
<td>74</td>
<td>1</td>
<td>1.37%</td>
<td>74</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td>96,607</td>
<td>94,544</td>
<td>(2,063)</td>
<td>-2.14%</td>
<td>97,473</td>
<td>2,929</td>
<td>3.10%</td>
</tr>
<tr>
<td><strong>Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Assistance Grants</td>
<td>62,653</td>
<td>64,465</td>
<td>1,812</td>
<td>2.89%</td>
<td>65,955</td>
<td>1,490</td>
<td>2.31%</td>
</tr>
<tr>
<td>Departmental Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Service</td>
<td>12,981</td>
<td>13,035</td>
<td>54</td>
<td>0.42%</td>
<td>12,840</td>
<td>(195)</td>
<td>-1.50%</td>
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<td>0.03%</td>
</tr>
<tr>
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<td>7,452</td>
<td>7,631</td>
<td>179</td>
<td>2.40%</td>
<td>7,940</td>
<td>309</td>
<td>4.05%</td>
</tr>
<tr>
<td>Debt service</td>
<td>5,598</td>
<td>5,310</td>
<td>(288)</td>
<td>-5.14%</td>
<td>5,566</td>
<td>256</td>
<td>4.82%</td>
</tr>
<tr>
<td>Capital projects</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>0.00%</td>
<td>2</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total disbursements</strong></td>
<td>94,288</td>
<td>96,200</td>
<td>1,912</td>
<td>2.03%</td>
<td>98,062</td>
<td>1,862</td>
<td>1.94%</td>
</tr>
<tr>
<td><strong>Net other financing sources (uses)</strong></td>
<td>432</td>
<td>(584)</td>
<td></td>
<td></td>
<td>(540)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Receipts over Disbursements and Reserves</strong></td>
<td>2,751</td>
<td>(2,240)</td>
<td></td>
<td></td>
<td>(1,129)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Closing Fund Balance</strong></td>
<td>12,641</td>
<td>10,401</td>
<td>(2,240)</td>
<td>-17.72%</td>
<td>9,272</td>
<td>(1,129)</td>
<td>-10.85%</td>
</tr>
</tbody>
</table>

### Notes

State Operating Funds is a measure of all spending excluding capital and Federal transfer payments.

The Executive uses State Operating Funds as the primary measure of State spending because it encapsulates the cost of current operations.

The Executive is expected to propose, and negotiate with the legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent.
## General Fund Cash Financial Plan

**FY 2016 through FY 2018**

(millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2016 Results</th>
<th>2017 Current</th>
<th>Change</th>
<th>Percent</th>
<th>2018 Proposed</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening Fund Balance</strong></td>
<td>7,300</td>
<td>8,934</td>
<td>1,634</td>
<td>22.38%</td>
<td>6,807</td>
<td>(2,127)</td>
<td>-23.81%</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>45,963</td>
<td>46,308</td>
<td>345</td>
<td>0.75%</td>
<td>49,844</td>
<td>3,536</td>
<td>7.64%</td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td>5,842</td>
<td>3,374</td>
<td>(2,468)</td>
<td>-42.25%</td>
<td>2,298</td>
<td>(1,076)</td>
<td>-31.89%</td>
</tr>
<tr>
<td>Federal receipts</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00%</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Transfers From Other Funds</td>
<td>17,871</td>
<td>18,213</td>
<td>342</td>
<td>1.91%</td>
<td>18,941</td>
<td>728</td>
<td>4.00%</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>69,676</td>
<td>67,895</td>
<td>(1,781)</td>
<td>-2.56%</td>
<td>71,083</td>
<td>3,188</td>
<td>4.70%</td>
</tr>
<tr>
<td><strong>Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Assistance Grants</td>
<td>43,314</td>
<td>44,988</td>
<td>1,674</td>
<td>3.86%</td>
<td>47,247</td>
<td>2,259</td>
<td>5.02%</td>
</tr>
<tr>
<td>Departmental Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Service</td>
<td>6,011</td>
<td>6,099</td>
<td>88</td>
<td>1.46%</td>
<td>6,015</td>
<td>(84)</td>
<td>-1.38%</td>
</tr>
<tr>
<td>Non-Personal Service</td>
<td>1,944</td>
<td>2,154</td>
<td>210</td>
<td>10.80%</td>
<td>2,290</td>
<td>136</td>
<td>6.31%</td>
</tr>
<tr>
<td>General State charges</td>
<td>5,397</td>
<td>5,491</td>
<td>94</td>
<td>1.74%</td>
<td>5,741</td>
<td>250</td>
<td>4.55%</td>
</tr>
<tr>
<td>Transfers To Other Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>1,196</td>
<td>927</td>
<td>(269)</td>
<td>-22.49%</td>
<td>946</td>
<td>19</td>
<td>2.05%</td>
</tr>
<tr>
<td>Capital projects</td>
<td>2,721</td>
<td>3,608</td>
<td>887</td>
<td>32.60%</td>
<td>3,445</td>
<td>(163)</td>
<td>-4.52%</td>
</tr>
<tr>
<td>State Share Medicaid</td>
<td>2,036</td>
<td>1,432</td>
<td>(604)</td>
<td>-29.67%</td>
<td>1,301</td>
<td>(131)</td>
<td>-9.15%</td>
</tr>
<tr>
<td>SUNY Operations</td>
<td>998</td>
<td>996</td>
<td>(2)</td>
<td>n/a</td>
<td>1,000</td>
<td>4</td>
<td>0.40%</td>
</tr>
<tr>
<td>Other</td>
<td>4,425</td>
<td>4,327</td>
<td>(98)</td>
<td>-2.21%</td>
<td>4,341</td>
<td>14</td>
<td>0.32%</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>68,042</td>
<td>70,022</td>
<td>1,980</td>
<td>2.91%</td>
<td>72,326</td>
<td>2,304</td>
<td>3.29%</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Receipts over Disbursements and Reserves</strong></td>
<td>1,634</td>
<td>(2,127)</td>
<td>(1,243)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Closing Fund Balance</strong></td>
<td>8,934</td>
<td>6,807</td>
<td>(2,127)</td>
<td>-23.81%</td>
<td>5,564</td>
<td>(1,243)</td>
<td>-18.26%</td>
</tr>
</tbody>
</table>

### Notes

The General Fund is the major operating fund of the State and the traditional measure of State spending; however over the years it has become less reliable as a measure due to spending and taxes in other funds.

The Executive Budget projects FY 2018 General Fund Receipts (including transfers) to increase by $3.2 billion or roughly 4.7 percent from FY 2017, driven largely by increased tax revenue projections.

The Executive Budget projects FY 2018 General Fund Disbursements (including transfers) to increase by $2.3 billion or 3.3 percent from FY 2017. This is driven mainly by an increase of $2.3 billion in local assistance grants.
<table>
<thead>
<tr>
<th>Cash Disbursements By Function</th>
<th>All Funds</th>
<th>State Funds</th>
<th>State Operating Funds</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 Executive Budget</td>
<td>Thousands ($)</td>
<td>Percent</td>
<td>Thousands ($)</td>
<td>Percent</td>
</tr>
<tr>
<td>Local Assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td>1,372,485</td>
<td>3.20%</td>
<td>1,364,430</td>
<td>3.22%</td>
</tr>
<tr>
<td>Education, school aid</td>
<td>28,862,600</td>
<td>5.95%</td>
<td>26,139,200</td>
<td>6.41%</td>
</tr>
<tr>
<td>Education, STAR</td>
<td>2,605,997</td>
<td>-18.76%</td>
<td>2,605,997</td>
<td>-18.76%</td>
</tr>
<tr>
<td>Education, other</td>
<td>3,137,983</td>
<td>-0.34%</td>
<td>2,235,357</td>
<td>-0.83%</td>
</tr>
<tr>
<td>Health, other</td>
<td>8,310,671</td>
<td>10.68%</td>
<td>2,359,201</td>
<td>10.67%</td>
</tr>
<tr>
<td>Health, Medicaid (all components)</td>
<td>52,558,744</td>
<td>4.27%</td>
<td>19,520,418</td>
<td>5.67%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>2,988,897</td>
<td>-0.15%</td>
<td>2,980,956</td>
<td>-0.15%</td>
</tr>
<tr>
<td>General Government</td>
<td>198,734</td>
<td>7.32%</td>
<td>143,027</td>
<td>10.67%</td>
</tr>
<tr>
<td>Local Government Assistance</td>
<td>754,077</td>
<td>-0.77%</td>
<td>754,077</td>
<td>-0.77%</td>
</tr>
<tr>
<td>Mental Hygiene (adjusted)</td>
<td>1,914,029</td>
<td>2.70%</td>
<td>1,751,060</td>
<td>2.96%</td>
</tr>
<tr>
<td>Parks and Environment</td>
<td>211,775</td>
<td>-1.18%</td>
<td>55,505</td>
<td>-4.34%</td>
</tr>
<tr>
<td>Public Protection</td>
<td>1,363,433</td>
<td>-30.33%</td>
<td>365,381</td>
<td>2.30%</td>
</tr>
<tr>
<td>Social Welfare, other (adjusted)</td>
<td>6,564,922</td>
<td>-0.33%</td>
<td>1,948,287</td>
<td>2.25%</td>
</tr>
<tr>
<td>Social Welfare, welfare assistance</td>
<td>1,219,599</td>
<td>8.10%</td>
<td>1,219,599</td>
<td>8.10%</td>
</tr>
<tr>
<td>Transportation</td>
<td>6,892,150</td>
<td>4.28%</td>
<td>6,359,242</td>
<td>4.66%</td>
</tr>
<tr>
<td>All Other</td>
<td>(234,332)</td>
<td>-42.66%</td>
<td>249,078</td>
<td>109.13%</td>
</tr>
<tr>
<td>Total Local Assistance</td>
<td>118,721,764</td>
<td>3.48%</td>
<td>70,050,815</td>
<td>4.05%</td>
</tr>
<tr>
<td>Percent of Total Spending</td>
<td>73.19%</td>
<td>63.59%</td>
<td>67.23%</td>
<td>77.08%</td>
</tr>
<tr>
<td>State Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>13,476,539</td>
<td>-1.39%</td>
<td>12,840,055</td>
<td>-1.50%</td>
</tr>
<tr>
<td>Non Personal Services</td>
<td>7,193,085</td>
<td>0.11%</td>
<td>5,759,498</td>
<td>0.05%</td>
</tr>
<tr>
<td>General State Charges</td>
<td>8,257,356</td>
<td>4.08%</td>
<td>7,940,065</td>
<td>4.05%</td>
</tr>
<tr>
<td>Total State Operations</td>
<td>28,926,980</td>
<td>0.49%</td>
<td>26,539,618</td>
<td>0.44%</td>
</tr>
<tr>
<td>Percent of Total Spending</td>
<td>17.83%</td>
<td>24.09%</td>
<td>27.05%</td>
<td>22.92%</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>8,960,662</td>
<td>22.13%</td>
<td>7,959,927</td>
<td>27.44%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>5,602,639</td>
<td>4.73%</td>
<td>5,602,639</td>
<td>4.73%</td>
</tr>
<tr>
<td>Total FY 2018 Spending</td>
<td>162,212,045</td>
<td>100.00%</td>
<td>110,152,999</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Notes: General Fund totals do not include transfers to other funds. All Funds totals include extraordinary federal aid related to Superstorm Sandy and the Affordable Care Act, and bank settlement funds. The Medicaid All Components total includes Medicaid spending in other state agencies.
### FY 18 Executive Budget Summary

#### Multi-Year Cash Disbursements Trend

**Billions of Dollars**

<table>
<thead>
<tr>
<th>Year</th>
<th>All Funds</th>
<th>All Funds, adjusted*</th>
<th>State Funds</th>
<th>State Operating Funds</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$121.6</td>
<td>$121.6</td>
<td>$83.1</td>
<td>$78.2</td>
<td>$48.4</td>
</tr>
<tr>
<td>2010</td>
<td>$126.9</td>
<td>$126.9</td>
<td>$86.0</td>
<td>$80.7</td>
<td>$46.4</td>
</tr>
<tr>
<td>2011</td>
<td>$134.8</td>
<td>$134.8</td>
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*excludes extraordinary federal funding related to Superstorm Sandy and the Affordable Care Act*
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## Workforce Impact Summary

### All Funds

#### FY 2016 Through FY 2018

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**Subtotal - Minor Agencies**: 7,626 - 8,033 (199) 254 0 55 8,088
• The FY 2018 Executive Budget provides $25.61 billion in school aid, an increase of $961 million or 3.9 percent over the 2017-18 school year.

• The Executive proposal increases Foundation Aid by $427.82 million or 2.6 percent. All school districts would receive an increase in Foundation Aid with no district receiving less than a one percent year over year gain. The Foundation Aid formula uses school district need and wealth as determining factors in its distribution. The Executive recommends updating certain elements of the Foundation Aid formula in order to more accurately reflect current student poverty and school district income wealth.

• The Executive funds expense base aids at present law levels for an increase of $333 million.

• The Executive proposes an increase of $50 million in new community school funding resulting in a total set-aside of $150 million for the 2017-18 school year. Community Schools funding is included in the Executive Foundation Aid increase.

• The Executive proposal provides $150 million for a fiscal stabilization fund with distribution of such funds subject to a chapter of the laws of FY 2018.

• The Executive proposes to consolidate the State’s Universal Prekindergarten program by merging it with the Priority Prekindergarten program and the Expanded Half Day Prekindergarten program beginning with the 2017-18 school year.

• The Executive proposes removing the regional cap on the number of charter schools in New York City, as well as creating a new tier of Charter School Transitional Aid to provide school districts with support in making tuition payments to charter schools.

• The Executive proposes investing an additional $35 million for public after-school programs in the State’s 16 Empire State Poverty Reduction Initiative (ESPRI) communities.

• The Executive proposes a pilot program that authorizes BOCES to establish two Recovery High Schools to help students diagnosed with a substance abuse disorder remain healthy and graduate once they have completed a rehabilitation program. One school will be located in upstate and the other downstate. BOCES will be authorized to contract with the New York State Office of Alcoholism and Substance Abuse Services (OASAS) or any other organization to operate the high schools.
2017-18 School Aid Proposal

The FY 2018 Executive Budget provides $25.61 billion in school aid, an increase of $961 million or 3.9 percent over the FY 2017 school year. Highlights of this proposal include an increase of $428 million in Foundation Aid and a $333 million increase in expense base aids. Additional funding of $150 million is also provided in a fiscal stabilization fund.

Foundation Aid: The Executive proposal increases Foundation Aid by $427.82 million. The Foundation Aid formula uses school district need, fiscal capacity, wealth and other measures as determining factors in its distribution. The Executive proposal distributes 81 percent of the increase in Foundation Aid to high need school districts. When looking strictly at relative wealth the Executive proposal distributes 95.1 percent of the proposed Foundation Aid increase to low wealth school districts including New York City. All school districts receive an increase in Foundation Aid under this proposal with 128 districts receiving a minimum one percent year over year gain.

Community Schools: The Executive Budget provides for a $150 million Community Schools setaside which is an increase of $50 million above 2016-17 levels. This setaside is included in total Foundation Aid. Community schools are designed to allow students and their families access to support services in a school setting. Schools partner with the community to provide resources including social services, legal, medical, dental or any other service which would improve student academic achievement. Similar to FY 2017, the $100 million setaside for FY 2018 retains its flexibility, however, the $50 million setaside for FY 2018 must be used to support the transformation of schools into community hubs.

Expense Base Aids: The Executive proposal maintains current law formulas for these reimbursable aid categories. Expense based aid is calculated based on claims submitted by school districts on expenses for transportation, special education, BOCES, hardware and software technology, and building aid. The increase of $333 million is a reflection of the State’s reimbursement obligation based on increased spending by school districts in these aid categories.

<table>
<thead>
<tr>
<th></th>
<th>Estimated FY 2017</th>
<th>Projected FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>33,955</td>
<td>34,985</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td>3.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>5 Year Average Growth (Actual)</td>
<td>0.2%</td>
<td></td>
</tr>
</tbody>
</table>
**Fiscal Stabilization Fund:** The Executive proposal provides $150 million for a fiscal stabilization fund with distribution of such funds subject to a chapter of the laws of FY 2018. The following aid formulas represent present law funding:

**High Tax Aid:** The Executive maintains prior year funding at $223 million.

**Building Aid:** The Executive increases building aid by $178.3 million for a total of $3.09 billion.

**High Excess Cost Aid:** The Executive increases High Excess Cost aid by $11.25 million for a total of $607.52 million.

**Private Excess Cost Aid:** The Executive increases Private Excess Cost aid by $22.44 million for a total of $399.13 million.

**BOCES Aid:** The Executive increases BOCES aid by $14.18 million for a total of $881 million.

**Transportation Aid:** The Executive increases Transportation aid by $95.51 million for a total of $1.83 billion.

**Academic Achievement Grant:** The Executive proposal maintains current funding of $1.2 million.

**Supplemental Educational Improvement Grant:** The Executive maintains current funding at $17.5 million.

**Charter School Transitional Aid:** The Executive increases charter transition aid by $5.96 million for a total of $38.87 million.

**Academic Enhancement Achievement / Educational Improvement Grants:** The Executive maintains funding at $9.57 million.

**Supplemental Public Excess Cost Aid:** The Executive maintains funding at $4.3 million.

<table>
<thead>
<tr>
<th>Category</th>
<th>School Year 2016-17</th>
<th>School Year 2017-2018</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation Aid</td>
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<td>$16,902.10</td>
<td>$427.82</td>
<td>2.60%</td>
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<tr>
<td>Expense Based Aids</td>
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<td>$150.01</td>
<td>$50.01</td>
<td>50.01%</td>
</tr>
<tr>
<td>High Tax Aid</td>
<td>$223.30</td>
<td>$223.30</td>
<td>$0.00</td>
<td>NA</td>
</tr>
<tr>
<td>Universal Prekindergarten for Four Year Olds**</td>
<td>$414.28</td>
<td>$415.56</td>
<td>$1.28</td>
<td>0.31</td>
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<td>Categorical Aids</td>
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<td>(1.25)</td>
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<td>Performance Grants</td>
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<td>$194.47</td>
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<td>34.61%</td>
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<tr>
<td>Fiscal Stabilization</td>
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<tr>
<td>Total</td>
<td>$24,644.21</td>
<td>$25,605.19</td>
<td>$960.98</td>
<td>3.90%</td>
</tr>
</tbody>
</table>

*This is included in Foundation Aid.
**This is a portion of the total $800+ in Prek spending.

**Universal Pre-K for Three and Four year olds**

The Executive proposal includes over $800 million in funding for Universal Pre-Kindergarten in the 2017-18 school year with most of that intended for four-year old children.

The Executive proposes to consolidate the State’s prekindergarten programs by merging the Priority Prekindergarten and Expanded Half-day Prekindergarten Grant Program for high need students into the Universal Prekindergarten (UPK) program for the 2017-18 school year. The school aid run reflects $415.56 million in funding which includes the consolidation of $30.53 million for Priority Prekindergarten (PPK) into the $385 million for the Universal Pre-Kindergarten Program.

The Executive proposes an additional $5 million for prekindergarten to expand high-quality half-day and full-day prekindergarten for three- and four-year-old children in high-need school districts. Preference will be given to the few remaining high-need school districts currently without a prekindergarten program.
The remaining $340 million in Pre-K funding for four year olds is part of an initiative to fully fund Universal Pre-Kindergarten enacted in the FY 2014 budget. Of the $340 million, $300 million is designated for NYC and $40 million for the rest of the State annually.

The Executive proposal also maintains $25 million in competitive grant funding for four year old Pre-K initiated in the 2013-14 Enacted budget. This funding is awarded through an RFP process developed by the State Education Department.

**Charter Schools**

The Executive recommends removing the regional cap on charter schools in New York City due to a considerable need for more charter schools. Demand is particularly higher in New York City since 81% of all charter schools in the state are located there. The FY 2016 enacted budget allowed for the granting of 50 additional charters located in New York City and 19 new charter schools have been approved and are planning to open in FY 2018.

New York City currently has 267 operating charter schools serving over 94,000 resident students in FY 2017. Growth in charter school enrollment has increased 13 percent above FY 2016.

Additionally, the Executive proposes creating a new tier of Charter School Transitional Aid to provide public school districts with support in making tuition payments to charter schools. The new tier of aid is effective with FY 2019 and extends for two additional years thereafter.

**Basic Tuition**: Under current law, charter school basic tuition (which is tuition paid by public school districts for their resident students enrolled in such charter schools) will revert back to the formula as it was originally intended and will not be frozen.

**Supplemental Tuition**: The FY 2015 Enacted budget provided additional state general fund supplemental basic tuition for charter schools based on a statutorily mandated per pupil amount. Statewide charter schools received a per pupil allocation of $250 in funding in FY 2015, which amounted to $28.2 million statewide. In FY 2016 supplemental tuition statutorily increased by $100 to $350 per pupil which amounted to a total cost of $42.4 million statewide. Under current law, the supplemental tuition will increase by $150 to $500 per pupil estimated to cost $64 million in FY 2017 and FY 2018.

**Preschool Special Education**

The Executive maintains funding at $1.035 billion to support the State’s share of pre-school special education costs.

For state supported schools for the blind and deaf (also known as 4201 schools), the Executive provides funding of $100.80 million.

**Nonpublic School Aid**

The Executive increases funding for mandated services by $7 million for non-public schools for a total of $181 million.

**Nonpublic Safety Grants**: The Executive includes $15 million for non-public school safety grants.

Other Major budget actions include:

**Education Department**

The Executive provides an all funds appropriation for the State Education Department of $601 million and continues funding for the following:

- $8.4 million to create and print more of the standardized assessment test forms. The Legislature, initially approved this funding in 2015 to ensure a reduction in standalone field
testing and the release of a significant number of test questions to teachers.

- Funding of $800,00 for the Office of Religious and Independent Schools
- Funding of $800,00 for the Office of Family and Community Engagement

**Library Aid**

The Executive proposal cuts $4 million in funding for libraries and provides $91.6 million.

**Teachers of Tomorrow**

The Executive maintains the prior year funding at $25 million.

**Computer Science Master teacher Awards**

The Executive proposal provides $2 million for teachers who commit to mentoring, leading, and otherwise working closely with new teachers focused on computer science. Teachers will be awarded $15,000 per year for years.

**Empire State Excellence in Teaching Awards**

The Executive proposal provides $400,000 to fund a second round of teaching awards for at least 60 teachers. Teachers would receive $5,000 each for professional development.

**Teacher Mentor Intern**

The Executive maintains funding at $2 million to continue allowing new teachers to be paired with experienced teachers.

**Cyberbullying Prevention**

The Executive proposes $300,000 in funding to prevent cyberbullying by creating awareness, providing professional development to school counselors.

**Empire State After-School Grants**

The Executive proposal provides a new $35 million appropriation for public after school programs. Programs must be located in the State’s 16 Empire State Poverty Reduction Initiative (ESPRI) Communities.

**My Brother’s Keeper**

The Executive maintains prior year funding of $18 million for the My Brother’s Keeper grant program enacted in FY 2017.

**East Ramapo Central School District**

The Executive provides an appropriation of $1 million for the East Ramapo School District for programs and services provided to public school students subject to a long term strategic academic and fiscal improvement plan developed in consultation with state appointed monitors. The Executive also provides an appropriation of $225,000 for the State Education Department to pay for the cost of such monitors.

**Math and Science High schools**

The Executive maintains prior year funding at $1.382 million.

**Smart Scholars Early College High School Program**

The Executive provides $1.47 million in competitive grant funding for early college high schools. This program promotes the pairing of higher education institutions with high schools to allow students to participate in dual high school and college level courses to increase graduation and college completion rates.
**Early College High Schools**

The Executive provides an additional $5.3 million to expand the State’s early college high school programs.

**Advanced Placement Fees for Low-Income Students**

The Executive increases funding $1.5 million for a total of $2 million to subsidize the cost of advanced placement test fees for low-income students.

**QUALITYstarsNY Program**

The Executive proposal maintains funding for QUALITYstars of $5 million through FY 2019. The QUALITYstars program is currently a voluntary program that monitors the quality of pre-kindergarten programs.

**New York State Center for School Safety**

The Executive proposal maintains prior year funding at $466,000. The center is responsible for disseminating information and providing training and technical assistance on violence prevention to schools and communities.

**Public Broadcasting Aid**

The Executive proposes $14 million in state support for New York’s nine public television stations and 17 public radio stations which is a reduction of $500,000 compared to FY 2017.

**Capital Projects**

The Executive proposal cuts $5 million in funding for library construction projects and provides $14 million.

The Executive proposes $25 million in additional capital funds for non-public school technology projects.

**Small Government Assistance to School Districts**

The Executive maintains funding of $1.87 million.

**Teacher Resource Centers**

The Executive proposes eliminating $14.2 million in prior year funding.

**National History Day**

The Executive proposes eliminating funding of $100,000.

**Article VII:**

**Contracts for Excellence**

The Executive maintains Contract for Excellence provisions for specific school districts and imposes maintenance of effort provisions at FY 2017 levels.

**Textbook Flexibility**

The Executive proposes flexibility for districts to use textbook funds for professional development based on savings realized from the use of free electronic textbooks, courseware, or instructional materials.

**Gun-Free Schools Act**

The Executive proposes language that commencing January 1, 2019, requires superintendents to refer students under the age of 17 who violate the act to a juvenile delinquency proceeding. Consistent with the Executive’s Raise the Age of Juvenile Jurisdiction proposal, commencing January 1, 2020, the minimum age
for referrals to a juvenile delinquency proceeding would become 18 years of age.

**Special Education Waivers**

The Executive proposes legislation allowing school districts, approved special education provider or a BOCES to apply for a waiver from the State Education Department for any special education requirement provided their application can demonstrate that such waiver will enable them provide an innovative special education program that complies with federal law.

**Preschool Special Education Rate Setting**

The Executive proposes language to require the State Education Department to develop a new methodology for reimbursement for preschool special education integrated class programs. The methodology would require Division of Budget approval and would be effective with FY 2019.

**Recovery High School Program**

The Executive proposal provides new language to authorize a pilot program within BOCES to establish two new Recovery High Schools that would enroll students diagnosed with a substance abuse disorder who have demonstrated a commitment to recovery. One school would be located upstate and the other downstate. Schools enrolling students in a Recovery High School would be eligible for BOCES Aid. BOCES would be authorized to enter into agreements with the New York State Office of Alcoholism and Substance Abuse Services (OASAS) or any other organization for the purpose of operating a Recovery High School.

**McKinney-Vento Homeless Assistance Act**

The Executive proposes language that would align State law with federal law with regard to providing educational programs and services to homeless students. The language would articulate the rights of homeless students and set forth procedures for enrolling, transporting, and educating homeless students.

**School Tax Relief Program**

The Executive proposes capping STAR benefits at 2016-17 levels, beginning with the 2017-18 school year, in an effort to limit state spending on STAR. The Executive estimates FY 2018 savings of $50 million from this proposal. Current law allows the growth of STAR benefits at a rate not to exceed two percent annually.

The Executive proposes to convert to a NYS PIT credit, the existing NYC Personal Income Tax STAR rate reduction that is available to NYC residents that have an adjusted gross income of $500,000 or less. The Executive estimates FY 2018 savings of $277 million.

The Executive has proposed requiring enhanced STAR applicants (seniors) to enroll in the Income Verification Program (IVP), beginning with FY 2018 assessment rolls. This program would allow Tax & Finance to determine annual income eligibility for STAR benefits from income tax filings. Enhanced STAR applicants would no longer be required to apply annually provided they file a NYS income tax return every year. The Executive estimates FY 2019 savings of $24 million.

The Executive has proposed amending the secrecy provision of the Tax Law in order to authorize the Department to make public the names and addresses of individuals that have applied for or are receiving the STAR PIT Credit. The assessment rolls currently contain the name and address of those receiving the STAR exemption.

The Executive has proposed repealing the existing STAR PIT Credit calculation for co-ops and requiring local assessors to forward to the
Commissioner a statement setting forth the taxable assessed value attributable to each tenant-stockholder. The credit will be equal to the credit that the tenant-stockholder would have received if they were separately assessed.

**Mayoral Control**

Extends mayoral control of New York City schools for three years to June 30, 2020.

### Education Aid FY 2016-17

<table>
<thead>
<tr>
<th>Formula Aids</th>
<th>2015-16</th>
<th>2016-17</th>
<th>Change</th>
<th>Percent Change</th>
</tr>
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<tbody>
<tr>
<td>Foundation Aid</td>
<td>$16,474.28</td>
<td>$16,902.10</td>
<td>$427.82</td>
<td>2.60%</td>
</tr>
<tr>
<td>Community Schools Aid</td>
<td>$100.00</td>
<td>$150.01</td>
<td>$50.01</td>
<td>100.00%</td>
</tr>
<tr>
<td>Special Education – High Cost</td>
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<td>$18.78</td>
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<tr>
<td>BOCES Aid</td>
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<td>$881.00</td>
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<td>Special Services Aid</td>
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<td>Universal Pre-K</td>
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<td>Supp. Ed. Improvement Grant</td>
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<td>Charter School Transition Aid</td>
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<td>Full Day Kindergarten</td>
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<td>Supplemental Special Education Aid</td>
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<td>Building Aid</td>
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<table>
<thead>
<tr>
<th>Categorical Aids</th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers of Tomorrow</td>
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<td>$25.00</td>
<td>$0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Teacher Mentor Intern</td>
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<tr>
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<tr>
<td>Urban Suburban Transfer</td>
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<td>$0.00</td>
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<tr>
<td>EPE</td>
<td>$85.00</td>
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<tr>
<td>Homeless Pupils</td>
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<td>Incarcerated Youth</td>
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<td>Education of OMH/OMR Pupils</td>
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<tr>
<td>Chargebacks</td>
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<td>School Bus Driver Safety</td>
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<td>Subtotal</td>
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<td>$297.54</td>
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<td>GSPS Total</td>
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<tr>
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<td>$150.47</td>
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<td>4.12%</td>
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<tr>
<td>Fiscal Stabilization Fund</td>
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<td>$150.00</td>
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<td>0.00%</td>
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<td>School Year Total</td>
<td>$24,644.21</td>
<td>$25,410.79</td>
<td>$766.58</td>
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FY 18 Executive Budget Summary  Page 33
<table>
<thead>
<tr>
<th>Agency</th>
<th>Estimated FY 2017</th>
<th>Proposed FY 2018</th>
<th>Change Amount</th>
<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>School Aid FY</td>
<td>27,242</td>
<td>28,863</td>
<td>1,620</td>
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<tr>
<td>STAR</td>
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<td>2,606</td>
<td>(602)</td>
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<tr>
<td>All Other</td>
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<tr>
<td><strong>Totals:</strong></td>
<td><strong>33,955</strong></td>
<td><strong>34,985</strong></td>
<td><strong>1,029</strong></td>
<td><strong>3.03%</strong></td>
</tr>
</tbody>
</table>

Education
Proposed Disbursements - All Funds
(Millions of Dollars)
Higher Education Fact Sheet

- The FY 2018 Executive Budget proposes total All Funds spending authorization of $16.6 billion - an increase of $1.1 billion, or 7.3 percent, over the current year:
  - Increase of $548 million to SUNY, for a total of $10.5 billion;
  - Increase of $542 million to CUNY, for a total of $4.8 billion;
  - Increase of $40.6 million to HESC, for a total of $1.2 billion; and
  - Another round of $30 million available for capital projects at non-public schools (HECap)

- Enhanced year-to-year capital spending:
  - $550 million for SUNY senior colleges – an increase of $320 million.
  - $284 million for CUNY senior colleges – an increase of $161 million.

- Provides authority for five years of tuition increases by the SUNY and CUNY Boards of Trustees. Tuition increases would be $250 annually, and $1,250 total.

- Establishes the Excelsior Scholarship Program:
  - Allows students with family incomes less than $100,000 to attend SUNY and CUNY tuition free.
  - Income thresholds would rise to $110,000 in 2018-19, and to $125,000 in 2019-20.
  - To remain eligible, students must take at least 15 credit hours per semester and remain on track to graduate on time.

- $27 million in additional TAP to allow undocumented students to receive state financial aid.

- Cost-control measures placed on nonpublic sector of higher education:
  - Future students at schools that increase total tuition and fees more than $500 or the rate of an inflation index would not be eligible to receive TAP.
  - These schools would also no longer receive a subsidy for the degrees they confer.
The FY 2018 Executive Budget recommends All Funds cash disbursements of $10.8 billion for New York State public and private higher education programs. This represents an increase of $120 million, or 1.1 percent, from FY 2017.

Cash spending at SUNY would increase $92 million, or 1.1 percent, from $7.97 billion to $8.06 billion. CUNY cash spending would decrease $57 million, or -3.6 percent, from $1.59 billion to $1.53 billion. The Higher Education Facilities Capital Matching Grants Program would increase from $5 million to $20 million in disbursements, and the Higher Education Services Corporation – which is responsible for providing tuition assistance and state scholarship programs – would increase $81 million, or 7.5 percent.

**State University of New York (SUNY)**

The Executive Budget recommends $10.5 billion in All Funds appropriations for SUNY, an increase of $548 million, or 5.5 percent, above FY 2017 levels. Aid to Localities would decrease $26 million, State Operations would increase $249 million, and Capital appropriations would increase $326 million.

**State-Operated Senior Colleges**

The Executive Budget recommends flat base aid support for Senior State colleges. The SUNY system would generate up to an additional $69.5 million in revenue resulting from an increase in in-state tuition. SUNY would be authorized to increase tuition by up to $250 annually for five years, but would have the option of increasing by a lower amount. This increase would be subject to Article VII language authorizing the SUNY Board of Trustees to increase tuition.

Several Legislative additions are eliminated, including $1.5 million for Small Business Development Centers and $5.4 million for educational opportunity programs. The Harvest NY program, previously funded at $600,000, is proposed to be eliminated. A subsidy for the three SUNY teaching hospitals at Brooklyn, Stony Brook, and Syracuse is also proposed to be reduced by $18.6 million, to $69 million.

Employee fringe benefits are increased $165 million, from $1.5 billion to $1.6 billion.
Community Colleges
SUNY’s community colleges receive state aid via a formula based on the enrollment of full-time equivalent (FTE) students. The Executive Budget leaves the formula unchanged year-to-year at $2,697/FTE. A large decrease in enrollment would reduce assistance by $22 million.

A reduction of $1.1 million for childcare centers would reduce the total available amount to $1 million. The Graduate Achievement and Placement Program, previously funded at $1.5 million, is eliminated. Modeled after a successful program at City University of New York, the program was included in the FY 2017 enacted budget to improve graduation rates and reduce remediation costs.

The FY 2016 enacted budget required community colleges to develop regional councils, which aligned course offerings with regional employment and training needs. The Executive would allow a portion of the SUNY System Administration’s $32 million budget be used for implementing and operating the councils. Although the Executive budget presentations discussed policies linking community colleges and Regional Economic Development Councils, no language to this effect was included in the proposal language.

The FY 2016 budget provided funding for three “community college community schools,” which provided services such as counseling and help accessing public assistance program. Two additional community schools were funded in FY 2017, but the proposed budget does not provide additional funding for any new participants.

Capital
The FY 2018 Executive Budget provides an $889 million capital appropriation for SUNY. This represents a $326 million increase, or 58 percent. Senior colleges would receive $550 million, an increase of $320. Additionally, the five-year capital plan provides $550 million annually through FY 2022 – the previous financial plan only allocated $200 million annually.

<table>
<thead>
<tr>
<th>SUNY Senior College Capital Funding (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany</td>
</tr>
<tr>
<td>Alfred Ceramics</td>
</tr>
<tr>
<td>Alfred State</td>
</tr>
<tr>
<td>Binghamton</td>
</tr>
<tr>
<td>Brockport</td>
</tr>
<tr>
<td>Brooklyn Health Center</td>
</tr>
<tr>
<td>Buffalo College</td>
</tr>
<tr>
<td>Buffalo University</td>
</tr>
<tr>
<td>Canton</td>
</tr>
<tr>
<td>Cobleskill</td>
</tr>
<tr>
<td>Cornell</td>
</tr>
<tr>
<td>Cortland</td>
</tr>
<tr>
<td>Delhi</td>
</tr>
<tr>
<td>Empire State</td>
</tr>
<tr>
<td>Environmental Science and Forestry</td>
</tr>
<tr>
<td>Farmingdale</td>
</tr>
<tr>
<td>Fredonia</td>
</tr>
<tr>
<td>Geneseo</td>
</tr>
<tr>
<td>Maritime</td>
</tr>
<tr>
<td>Morrisville</td>
</tr>
<tr>
<td>New Paltz</td>
</tr>
<tr>
<td>Old Westbury</td>
</tr>
<tr>
<td>Oneonta</td>
</tr>
<tr>
<td>Optometry</td>
</tr>
<tr>
<td>Oswego</td>
</tr>
<tr>
<td>Plattsburgh</td>
</tr>
<tr>
<td>Potsdam</td>
</tr>
<tr>
<td>Purchase</td>
</tr>
<tr>
<td>State University Plaza</td>
</tr>
<tr>
<td>Stony Brook (Including Health Center)</td>
</tr>
<tr>
<td>Syracuse Health Center</td>
</tr>
<tr>
<td>SUNY Polytechnic</td>
</tr>
<tr>
<td>University-Wide/Unspecified</td>
</tr>
<tr>
<td><strong>Total SUNY Senior College Capital</strong></td>
</tr>
</tbody>
</table>

A new appropriation of $100 million is included for the Upstate and Stony Brook teaching hospitals. Both hospitals have exhausted their capital...
appropriation authority, and each would receive $50 million in new capital appropriation. The SUNY Downstate hospital would not receive a new appropriation, although Downstate currently has $90 million in existing appropriation authority.

The Executive provides capital appropriations for the SUNY system in the Urban Development Corporation budget, including $55 million for a seventh round of SUNY2020 competitive grants.

An appropriation of $53 million is included for projects at community colleges. These projects require a 1:1 dollar match from a local government sponsor, and every community college project with a dedicated local sponsor match would be funded.

### SUNY Community College Capital Funding (thousands)

<table>
<thead>
<tr>
<th>College</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adirondack</td>
<td>$1,300</td>
</tr>
<tr>
<td>Clinton</td>
<td>$6,000</td>
</tr>
<tr>
<td>Columbia-Greene</td>
<td>$125</td>
</tr>
<tr>
<td>Corning</td>
<td>$500</td>
</tr>
<tr>
<td>Dutchess</td>
<td>$4,045</td>
</tr>
<tr>
<td>Erie</td>
<td>$3,525</td>
</tr>
<tr>
<td>FIT</td>
<td>$5,428</td>
</tr>
<tr>
<td>Finger Lakes</td>
<td>$1,254</td>
</tr>
<tr>
<td>Fulton</td>
<td>$2,850</td>
</tr>
<tr>
<td>Herkimer</td>
<td>$949</td>
</tr>
<tr>
<td>Jamestown</td>
<td>$500</td>
</tr>
<tr>
<td>Mohawk Valley</td>
<td>$200</td>
</tr>
<tr>
<td>Nassau</td>
<td>$19,525</td>
</tr>
<tr>
<td>North Country</td>
<td>$775</td>
</tr>
<tr>
<td>Orange County</td>
<td>$514</td>
</tr>
<tr>
<td>Schenectady</td>
<td>$1,095</td>
</tr>
<tr>
<td>Suffolk</td>
<td>$204</td>
</tr>
<tr>
<td>Tompkins</td>
<td>$1,500</td>
</tr>
<tr>
<td>Ulster</td>
<td>$904</td>
</tr>
<tr>
<td>Westchester</td>
<td>$1,886</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$53,079</strong></td>
</tr>
</tbody>
</table>

### City University of New York (CUNY)

The Executive recommends appropriations of $4.8 billion, an increase of $542 million, or 12.7 percent, above FY 2017 levels. This is the result of increases of $40 million in Aid to Localities, $361 million in State Operations, and $140 million in Capital.

#### Senior Colleges

Operating funds for senior colleges would increase $361 million, or 14 percent. The CUNY system would generate an additional $42.8 million in revenue resulting from a $250 increase in in-state tuition. Similar to SUNY, this increase would be subject to Article VII language authorizing the increase.

A new $35 million appropriation is designated for tuition assistance for students in need, and is the result of the Executive requiring nonprofit organizations and foundations affiliated with CUNY to transfer 10 percent of their annual revenue to the CUNY system.

Fringe benefits appropriations would increase $36.2 million, while an advance of $254 million is made to address retroactive salary increases approved under a labor agreement last fall. The Executive would specify that the advance only adjusts the timeline that State payments are made – it would not impact overall State aid to CUNY.

The Executive would authorize CUNY Hunter to sell its Master of Fine Arts building. Located across from the Holland Tunnel entrance in Manhattan, the building is currently unoccupied. Proposed language specifies that proceeds from the sale would be used to offset State aid to CUNY – it would not increase CUNY’s overall operating budget.

#### Community Colleges

CUNY’s community colleges receive state aid via formula based on the enrollment of full-time equivalent (FTE) students. The Executive Budget leaves the formula unchanged year-to-year at
$2,697/FTE. An increase in enrollment results in a $7.7 million increase to CUNY.

The Accelerated Study in Associate Program, previously funded at $2.5 million, is eliminated from the budget. The program is designed to improve graduation rates and reduce remediation costs. The Executive cuts $902,000 for childcare centers, reducing the total available amount to $813,000.

**Capital**

The FY 2018 Executive Budget provides a $402 million capital appropriation for CUNY. This represents a $140 million increase, or 54 percent, from FY 2017. Senior colleges would receive $284 million, an increase of $161 million. Additionally, the five-year capital plan provides $284 million annually through FY 2022 – the previous financial plan only allocated $103 million annually.

<table>
<thead>
<tr>
<th>CUNY Senior College Capital Funding (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baruch</td>
</tr>
<tr>
<td>Brooklyn</td>
</tr>
<tr>
<td>City</td>
</tr>
<tr>
<td>Grad School &amp; University Center</td>
</tr>
<tr>
<td>Honors College</td>
</tr>
<tr>
<td>Hunter</td>
</tr>
<tr>
<td>John Jay</td>
</tr>
<tr>
<td>Lehman</td>
</tr>
<tr>
<td>Medgar Evers</td>
</tr>
<tr>
<td>NYC College of Tech</td>
</tr>
<tr>
<td>Queens</td>
</tr>
<tr>
<td>Staten Island</td>
</tr>
<tr>
<td>York</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>University-Wide Improvement Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADA Compliance</td>
</tr>
<tr>
<td>Bathroom Facilities</td>
</tr>
<tr>
<td>CUNY TV Renovation</td>
</tr>
<tr>
<td>Ed. Technology Initiative</td>
</tr>
<tr>
<td>Energy Conservation</td>
</tr>
<tr>
<td>Health and Safety</td>
</tr>
<tr>
<td>Mechanical &amp; Infrastructure</td>
</tr>
<tr>
<td>Occupancy/Public Assembly</td>
</tr>
<tr>
<td>Preservation of Facilities</td>
</tr>
<tr>
<td>Science &amp; Tech Equipment</td>
</tr>
<tr>
<td>Science Lab Upgrades</td>
</tr>
<tr>
<td>University-Wide Critical Maintenance</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

The Urban Development Corporation budget includes an additional $55 million appropriation for the CUNY2020 grant program.

An appropriation of $80.4 million is included for projects at community colleges. These projects require a 1:1 dollar share commitment from New York City.

<table>
<thead>
<tr>
<th>CUNY Community College Capital Funding (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronx</td>
</tr>
<tr>
<td>Borough Manhattan</td>
</tr>
<tr>
<td>Hostos</td>
</tr>
<tr>
<td>Kingsborough</td>
</tr>
<tr>
<td>LaGuardia</td>
</tr>
<tr>
<td>Queensborough</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>University-Wide Improvement Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unspecified Critical Maintenance</td>
</tr>
<tr>
<td>Facilities Supporting the ASAP Program</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

**Higher Education Services Corporation (HESC)**

The Executive Budget recommends All Funds appropriations of $1.2 billion to support HESC operations. This is a net increase of $40.6 million, or 3.4 percent, from FY 2017 levels, reflecting participation growth in several scholarships, expansion of financial aid to undocumented students, and a new Excelsior Scholarship Program.

The new Excelsior Scholarship would increase HESC’s costs by $104 million resultant of increased enrollment leading to additional Tuition Assistance Program (TAP) awards, in addition to the award itself. Awards are projected to total $87 million, in addition to $17 million in additional TAP costs.

The budget provides $1 billion for TAP – the primary source of financial aid assistance from the
State. TAP spending changes are driven by the proposed Excelsior Award, as well as proposed language inserted into the HESC appropriation allowing undocumented immigrants to receive TAP awards. The cost of allowing undocumented students to receive TAP awards would be $27 million in the first year. Increased tuition at community colleges would cost $6.1 million due to higher maximum TAP awards that community college students would receive. The average TAP award is $3,354.

Higher Education Capital Matching Grant Program (HECap)

The Executive proposes for a third straight year of $30 million in HECap funding. The HECap program was established in FY 2006 and provided $150 million in capital for private and independent colleges and universities on a formulaic basis. In FY 2015 the Legislature established additional funds for competitive grants requiring a 3:1 match by recipients. The new $30 million appropriation would be distributed on a competitive basis.

Council on the Arts

The FY 2018 Executive Budget provides $46.9 million in funding for arts and cultural grants administered by the New York State Council on the Arts. This represents the same level of funding in FY 2017. Funding of $100,000 is transferred to the Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation, colloquially known as the “Egg”.

Article VII

Excelsior Scholarship

The Executive would establish a new scholarship for families with incomes of $100,000 or less. Anyone under this income threshold would be eligible to attend any SUNY or CUNY institution tuition-free. This income ceiling would increase to $110,000 in 2018-19 and again to $125,000 in 2019-20. Students must take 15 credit hours each semester and remain on track to graduate on time to maintain eligibility.

Renew the NYSUNY 2020 and NYCUNY 2020 Program

The Executive proposes to authorize the SUNY and CUNY systems to increase tuition $250 annually for five years ($1,250 total). For any student eligible to receive the full TAP award of $5,165, SUNY and CUNY would remain responsible for covering the difference between the maximum award and the tuition rate. In-state tuition is currently $6,470 at SUNY and $6,330 at CUNY. This authorization would increase in-state tuition to $7,720 at SUNY and $7,580 at CUNY in AY 2022-23. The systems must use additional revenues to support faculty, instruction, initiatives to improve student success, and tuition credits for TAP-eligible students.

Eliminate TAP at Schools with Large Tuition and Fee Increases

The Executive would disqualify prospective students from receiving TAP awards if the school they attend increases its tuition and mandatory fees by $500 or the three-year average of the Higher Education Price Index (HEPI). The current three-year average is 2.4 percent. Students already receiving TAP would not be affected.

DREAM Act

The Executive would allow undocumented students to be eligible for State financial aid. Eligibility for high school graduates would be limited to individuals who graduated high school in New York within the past five years. There is no time limit or age restriction for persons qualifying for financial aid by moving to New York to take the GED. The Executive proposal would allow for an individual to move to New
York, prepare for and obtain a GED, and become eligible for state tuition assistance without any age limit or residency requirement.

Participants would also be required to file an affidavit with the college stating they have submitted an application to legalize their immigration status or will submit one as soon as they are able to do so. An additional $27 million is included in the Tuition Assistance Program for this purpose, which may not be sufficient considering there is no age limit or residency requirement for GED participants. The state currently subsidizes undocumented immigrants through the provision of in-state tuition rates at SUNY and CUNY institutions.

**Transfer of Funds From CUNY Foundation**

The Executive would require each nonprofit organization and foundation affiliated with CUNY that manages more than $50,000 annually to transfer 10 percent of their annual revenue to the CUNY system. Transferred funds must then be utilized to fund tuition assistance initiatives for students in need.

**Expand State Inspector General Jurisdiction to Include SUNY and CUNY Affiliates**

The Executive would expand oversight powers of the State Inspector General to include nonprofit organizations and foundations affiliated with SUNY and CUNY.

**SUNY and CUNY Foundation Financial Controls**

The Executive would require the adoption of financial control policies by the nonprofit organizations and foundations affiliated with SUNY and CUNY. Implementation and enforcement of these policies would be overseen by the State Inspector General (IG). This part is predicated upon the passage of the prior proposal regarding expansion of the IG’s office.

**Stony Brook Veteran’s Home Funds**

The Executive would authorize SUNY, rather than the State Education Department, to certify and approve the disbursement of funds for the Long Island State Veterans’ Home, which is operated by SUNY Stony Brook.
### Higher Education
#### Proposed Disbursements - All Funds

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Estimated FY 2017</th>
<th>Proposed FY 2018</th>
<th>Change Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUNY</td>
<td>7,971,696</td>
<td>8,063,471</td>
<td>91,775</td>
<td>1.15%</td>
</tr>
<tr>
<td>CUNY</td>
<td>1,590,235</td>
<td>1,532,770</td>
<td>(57,465)</td>
<td>-3.61%</td>
</tr>
<tr>
<td>Higher Education Services Corp.</td>
<td>1,080,663</td>
<td>1,161,733</td>
<td>81,070</td>
<td>7.50%</td>
</tr>
<tr>
<td>Higher Education Capital Grants Program</td>
<td>5,000</td>
<td>10,000</td>
<td>5,000</td>
<td>100.00%</td>
</tr>
<tr>
<td>Higher Education - Misc.</td>
<td>390</td>
<td>390</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Council on the Arts</td>
<td>46,213</td>
<td>45,953</td>
<td>(260)</td>
<td>-0.56%</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>10,694,197</strong></td>
<td><strong>10,814,317</strong></td>
<td><strong>120,120</strong></td>
<td><strong>1.12%</strong></td>
</tr>
</tbody>
</table>
The FY 2018 Executive Budget recommends All Funds cash disbursements for the Department of Health of $61.5 billion, a net increase of $3.1 billion or 5.3 percent.

**Medicaid:**
- Projects All Funds Medicaid spending, including the local share and other agencies, to be $65.15 billion, an increase of $2 billion or 3.17 percent.
- Extends Medicaid State Global Spending Cap for one year, which is currently calculated at 3.2 percent.
- Projects State Medicaid spending for the Department of Health (DOH) to be $19 billion, an increase of $1 billion or 6.7 percent.
- Implements Phase VII Medicaid Redesign Team (MRT) proposals. Proposals include the prohibition of spousal refusal, several Medicaid pharmacy cost savings provisions, adjustments for Federal Medicare changes, transportation initiatives, and various initiatives impacting Managed care and long-term care.

**Health Care Reform Program (HCRA):**

The Executive Budget extends certain provisions of HCRA, but not others. It is estimated that under the Executive Budget, HCRA revenues and disbursements will be $5.72 billion, with a closing balance of zero.

**Public Health:**
- Proposes Early Intervention program reforms to maximize commercial insurance reimbursement and in order to achieve State savings totaling $4.1 million in FY 2018.

**Capital:**
- Allocates $500 million in capital funding, establishing a second Health Care Facility Transformation Program.
**Health – Medicaid – Aging**

**Department of Health (DOH)**

The Fiscal Year (FY) 2018 Executive Budget recommends All Funds cash disbursements of $61.5 billion, a net increase of $3.1 billion or 5.3 percent.

**MEDICAID**

The FY 2018 Executive Budget projects All Funds Medicaid spending, including the local share and other state agencies of $65.15 billion, an increase of $2 billion or 3.17 percent over current year spending.

Global Spending Cap and Related Provisions:

The Executive proposes extending the state Medicaid Global Cap for one year through FY 2019. The Global Cap limits DOH Medicaid spending growth to the 10-year average of the Medical component of the Consumer Price Index (CPI), which is currently estimated at 3.2 percent, Enacted in FY 2012 to contain Medicaid program growth and spending increases, estimates place Global Cap savings at more than $17 billion since its enactment. Also extended for one year as part of the Executive’s proposal, is the authority for the

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**All Funds Disbursements**

(Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Estimated FY 2017</th>
<th>Projected FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>57,274</td>
<td>61,746</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td>4.9%</td>
<td>5.3%</td>
</tr>
<tr>
<td>5 Year Average Growth (Actual)</td>
<td>9.2%</td>
<td></td>
</tr>
</tbody>
</table>
Commissioner of Health to develop a Medicaid Savings Allocation plan should state expenditures exceed the cap amount.

In statute, there are certain select exemptions to the Global Cap calculation, including funding for the minimum wage requirements enacted in FY 2017. The Executive proposes to include on that list impacts due changes to Federal Financial Participation (FFP) or changes to Medicaid eligibility criteria if there are changes at the federal level. The Executive also includes appropriation language stating that in the event that receipts are less than assumed in the 2017-2018 Financial Plan, payments may be reduced in accordance to a written allocation plan promulgated by the Director of the Budget. There are no other provisions addressing the potential repeal of the Affordable Care Act.

DOH State Medicaid: The FY 2018 Executive Budget projects DOH State Medicaid spending to be $19 billion, which is above the Global Cap spending amount, an increase of $1 billion or 6.7 percent over FY 2017. Since statute excludes certain spending increases, such as minimum wage increases, from the Global Cap calculation, Global Cap spending is projected to remain within required parameters for FY 2018.

The FY 2017 Enacted Budget included funding for the minimum wage totaling $44 million. The FY 2018 Executive Budget includes $255 million to support costs of the minimum wage. These funds are allocated to implement new minimum wage requirements, and will be used to support direct salary costs and fringe benefits for health care workers reimbursed by the Medicaid program.

The FY 2018 Executive Budget continues the state takeover of the local share of Medicaid costs. The state is expected to provide over $3.2 billion in relief to local districts in FY 2018.

DOH State Medicaid Year to Year Change

<table>
<thead>
<tr>
<th></th>
<th>FY 2017 Global Cap Amount</th>
<th>FY 2018 Global Cap Amount</th>
<th>Increase</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017 Global Cap Amount</td>
<td>$17,841</td>
<td>$19,040</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2 Percent Growth*</td>
<td>$569</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Takeover of Local Growth</td>
<td>$183</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum Wage</td>
<td>$211</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Essential Plan</td>
<td>$237</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2018 Global Cap Amount</td>
<td>$19,040</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The Global Cap is reduced by the Essential Plan program costs, as these costs are not financed inside of Medicaid. The 3.2 percent growth figure of $569 million reflects the maximum annual growth under the Medicaid Global Cap.

Medicaid Minimum Wage Impacts

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Increase</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Care/MLTC</td>
<td>$41.2</td>
<td>$242.7</td>
<td>$201.5</td>
<td>389%</td>
</tr>
<tr>
<td>Nursing Homes</td>
<td>$1.0</td>
<td>$4.6</td>
<td>$3.6</td>
<td>260%</td>
</tr>
<tr>
<td>Inpatient</td>
<td>$0.0</td>
<td>$0.2</td>
<td>$0.2</td>
<td>N/A</td>
</tr>
<tr>
<td>Outpatient</td>
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<td>Transportation</td>
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Medicaid Enrollment: The Executive estimates in FY 2018 approximately 6.28 million individuals, more than one-third of New Yorkers, will be enrolled in the Medicaid program.

10-Year Medicaid Enrollment

The Executive proposes $125 million in payments from the Master Tobacco Settlement Agreement
to fund a portion of the non-federal share of annual Medicaid growth, which the state pays on behalf of local governments. This funding would be deposited into the Medicaid Management Information System (MMIS) Escrow Fund.

**Proposed FY 2018 Medicaid Redesign Team (MRT) Phase VII**

The Executive proposes multiple initiatives implementing FY 2018 Phase VII MRT. The MRT was established in 2011 and was composed of state and Legislative staff, along with a wide range of stakeholders from the health care industry, and was charged with making reforms to the health care system in order to contain spending and improve health outcomes. The various MRT work groups are no longer active, however the final MRT report issued in May 2012 has served as a multi-year blueprint of changes to the Medicaid program going forward.

Many of the FY 2018 Executive proposals require legislative action, while others are accomplished administratively.

**Federal Actions with State Medicaid Impact:**

- **Medicare Premium Increases:** Medicare Part B and D premium increases for Dual Eligible Medicare beneficiaries will increase to $129 for Part D and $46 for Part B. The estimated cost to the state is $175.4 million in FY 2018, since the state assumes premium costs.

- **Federal Repayment:** The state will advance Affordable Care Act Overclaim payments received for childless adults back to the federal government. Estimated cost to the state is $118 million.

- **Federal Compliance:** Conforming with new federal requirements for outpatient drug rules and copay provisions will cost the state $5.5 million in FY 2018 ($11 million All Funds).

**Pharmacy Initiatives:**

- **Establish Ceiling Prices:** Requires a 100 percent supplemental rebate for any amount that exceeds a benchmark price recommended by the Drug Utilization Review Board (DURB). Imposes a surcharge on high-priced drugs. Authorizes DOH to set an upper limit on drugs and requires a surcharge should the drug price exceed the state imposed limit. The Executive assumes state savings of $55 million (All Funds $110 million) in FY 2018.

- **Generic CPI Penalty:** Reduces the Generic CPI Penalty enacted in FY 2017 by decreasing the State Maximum Allowable Cost (SMAC) threshold from 300 percent to 75 percent to achieve additional fiscal savings. The Executive assumes state savings of $8.8 million ($17.6 All Funds) in FY 2018.

- **Prescriber Prevails:** Eliminates prescriber prevails for all drugs except atypical antipsychotics and antidepressants. In Medicaid Managed Care (MMC) the savings are $6.3 million and $13.9 in Medicaid Fee-for-Service (FFS). The Executive assumes state savings of $21 million ($42 million All Funds) in FY 2018.

- **Over the Counter Drugs (OTC):** Authorizes DOH to eliminate Medicaid reimbursement for OTC drugs that are available without a prescription. The Executive assumes state savings of $6.3 million ($12.6 million All Funds) in FY 2018.

For additional information, refer to Part D of the Health and Mental Hygiene proposal in the Article VII section.
Transportation Initiatives:

- **Transportation Carve-Out**: Carves Managed Long Term Care (MLTC) transportation capitated rates back into FFS. The FY 2012 budget authorized the state to contract with transportation managers to coordinate Non-Emergency Medical Transportation (NEMT) for other Medicaid populations. This proposal would shift the responsibility of coordinating MLTC transportation services from Managed Care Organizations (MCOs) to the state-contracted transportation managers. The Executive assumes state savings of $4 million ($8 million All Funds) in FY 2018.
- **Rural Transit Assistance**: Reduces the annual payment to public rural transportation providers, which had been enhanced to mitigate the impact related to the transition of NEMT providers to a private transportation manager. The Executive assumes state savings of $4 million in FY 2018 ($4 million All Funds).
- **Supplemental Ambulance Payments**: Eliminates the supplemental ambulance payment, and reinvests those funds into rate rationalization. The Executive reallocates state funding of $3 million.

Managed Care Initiatives:

- **Medicaid Eligibility**: Restricts enrollees eligible for the Medicare program from Medicaid eligibility. Currently, while certain enrollees in mainstream Medicaid Managed Care plans are eligible for Medicare, they are not enrolling in the federal program, according to the Executive. The Executive assumes state savings of $25.5 million ($51 million All Funds) in FY 2018.
- **Mainstream Managed Care Quality Bonus**: Reduces the bonus payment to plans by $20 million ($40 million All Funds) in FY 2018.
- **Value Based Payment Pilots (VBP)**: Reduces the amount of funding allocated for VBP pilot programs. The pilot programs have yet to be established, and the Executive assumes state savings of $5 million ($10 million All Funds).
- **Facilitated Enrollment**: Reduces payments for facilitated enrollment to Medicaid Managed Care Plans. The Executive assumes state savings of $10 million ($20 million All Funds) in FY 2018.

Long Term Care Initiatives:

- **Marketing Ban**: Institutes a marketing ban on MLTC plans. The Executive assumes state savings of $3 million ($6 million All Funds) in FY 2018.
- **Eligibility**: Restricts MLTC enrollees to only those certified as nursing home eligible and requiring 120 days of care. The Executive assumes state savings of $2.75 million ($5.5 million All Funds) in FY 2018.
- **Hospice**: Eliminates Medicaid payments for hospice services that are eligible for Medicare reimbursement. The intent is to ensure Medicaid is the payer of last resort. The Executive assumes state savings of $10 million ($20 million All Funds) in FY 2018.
- **Balancing Incentive Program (BIP)**: Utilizes federal BIP funds to support increased costs associated with the Fair Labor Standards Act (FLSA). The Executive assumes state savings of $35 million.
- **Bed Hold Payments**: Eliminates bed hold payments to skilled nursing facilities, but continues the requirement that a bed be available to patients returning from short-term hospital stays. The Executive assumes state savings of $11 million ($22 million All Funds) in FY 2018.
- **Spousal Refusal**: Prohibits Medicaid benefits for long-term care services to an applicant whose relative is refusing to contribute income or assets towards the cost of health care. The
Executive assumes state savings of $10 million ($20 million All Funds) in FY 2018.

- **Managed Long Term Care Plan (MLTCP) Quality Bonus:** Reduces the quality bonus payment available to MLTCPs. The Executive assumes state savings of $15 million ($30 million All Funds) in FY 2018.

**Other Initiatives:**

- **Basic Health Plan Premiums:** Requires cost sharing for EP enrollees whose income is between 138 percent and 150 percent of the Federal Poverty Level (FPL) by requiring a $20 premium payment. Currently only enrollees with incomes between 150 percent and 200 percent of the FPL are required to pay a $20 premium. The Executive assumes state savings of $14.6 million in FY 2018.

- **School Based Supportive Health Services:** Requires New York City to work with DOH to develop a savings allocation plan to ensure School Supportive Health Services are claimed under Medicaid. According to Executive, these services are currently not being submitted as Medicaid claims, thus creating a loss of federal reimbursement. The Executive assumes state savings of $50 million ($100 million All Funds) in FY 2018.

The chart on the following page lists all proposed MRT Phase VII proposals that would require a fiscal investment or achieve savings.

**CHILD HEALTH PLUS (CHP)**

The Executive estimates that CHP enrollment will increase slightly in FY 2018 after trending downward between FY 2012 and FY 2016. The Executive estimates CHP enrollment will increase by approximately 4,306 children in FY 2018, with a total enrollment of 310,000.

**NEW YORK STATE OF HEALTH (NYSOH)**

**Background:** Executive Order #42 was issued by Governor Cuomo in 2012 establishing the New York State Health Benefit Exchange, now known as the New York State of Health (NYSOH).

Along with establishing the parameters of the NYSOH, the Executive Order also stated that the Exchange would be funded entirely with federal funds through January 1, 2015, but then would become wholly self-funded. The Executive Order also explicitly clarified that no state or county taxpayer dollars would be used for such purpose.

The Executive Budget includes $553.3 million in All Funds spending in FY 2018, an increase of $43 million from current year levels. The increase is primarily attributable to an increase in information technology and contract costs. The total operating budget is projected to increase by nearly $100 million in FY 2019 to $653 million. The Executive Budget allocated $69.6 million in Health Care Reform Act revenues to support the operation of the NYSOH.

A total of 3.4 million people have enrolled in health insurance coverage, including Medicaid, the Basic Health Plan, and Child Health Plus through the NYSOH.
## SFY 2017-18 Health Care Savings Proposals - Executive Budget

### State Investments / (Savings) $ in Millions

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<td>Reduce Payments to Plans for Facilitated Enrollment</td>
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<td>Carve Out Transportation from MLTCP</td>
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<td>Increase Penalty for Early Elective Deliveries</td>
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<td>Reduce Hospital Quality Pool</td>
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**TOTAL**

Financial Plan Investment: $382.00

GRAND TOTAL: $432.39
**Basic Health Plan**

**Background:** In 2014, the Executive found the establishment of a Basic Health Plan to be in the financial interest of the state, and submitted a blue print to the Centers for Medicare and Medicaid Services (CMS) in December of 2014 for approval to phase in its implementation beginning in FY 2015.

The FY 2015 Enacted Budget authorized the establishment of the Basic Health Plan. It provides health care coverage for citizens between 133 and 200 percent of the federal poverty level (FPL), who would otherwise be eligible to purchase coverage through the NYSOH, and for legal aliens below 200 percent of the FPL. While the program is outside of Medicaid, it is financed within the Medicaid Global Cap. The Basic Health Plan is known as the Essential Plan in New York.

The Basic Health Plan was implemented in two phases:

- **Phase One:** On April 1, 2015, approximately 225,000 legally residing aliens who were previously enrolled in state-only funded Medicaid (excluding children, pregnant women, and individuals requiring long-term care services) were transferred into the plan.
- **Phase Two:** On January 1, 2016, approximately 213,000 enrollees in Qualified Health Plans (QHPs) through NYSOH transitioned into the plan.

Total enrollment in the Basic Health Plan is projected to increase to 723,020 in FY 2018 from 713,091 in FY 2017.

**FY 2018 Basic Health Plan Budget:** The Executive Budget includes $3.74 billion in federal support for Basic Plan to cover premium and cost sharing expense for enrollees. Additionally, $477 million in state support is proposed to cover the costs of premiums and cost sharing for the portion of costs that will not be federally reimbursed. Total All funds spending is projected at $4.2 billion. The Executive Budget also includes $61.9 million in State Operations funds to support the administration of the plan, which will be cost-allocated to the NYSOH.

Beginning in 2018, premium contributions will be indexed to grow at an annual rate equal to the medical component of the CPI. The Executive also proposes to expand the cost sharing requirements for plan enrollees between 138 and 150 percent by as previously referenced. For additional information, refer to Other Initiatives under Medicaid Redesign Team Phase VII Initiatives.

**ESSENTIAL HEALTH CARE PROVIDER SUPPORT**

The FY 2018 Executive Budget provides $334 million to continue operational support funding for essential health care providers through the Vital Access Provider (VAP) and Value Based Payment - Quality Improvement Programs (VBP-QIP). These programs provide additional state funds to sustain financially distressed healthcare providers as they transition to a sustainable model of care.

**HEALTH CARE REFORM ACT (HCRA)**

The New York State Health Care Reform Act was enacted in 1996 as a mechanism to finance a portion of state health care initiatives, and to deregulate inpatient hospital rates paid by private insurers.

The Executive Budget extends the provisions of HCRA through the end of FY 2020, with the exception of the Home Care and Personal Care Worker Recruitment, which is not included in the Article VII language bill but is included in the Aid
To Localities appropriation bill. Also not extended are the Ambulatory Care Pilot Reimbursement program and the Council on Health Care Financing, which are not funded in the appropriation.

The Executive proposes consolidating a number of HCRA funded programs that are workforce or public health related into four pools, and imposing a 20 percent cut to the programs. See the Public Health section for more detail.

The General Fund Financial Plan includes an additional $90 million due to revised HCRA resources estimates based in part on additional surcharge receipt collections. For FY 2018, the Executive estimates HCRA revenues and disbursements will be $5.72 billion, with a closing balance of zero. HCRA is projected to remain in balance through FY 2020.

Office of the Medicaid Inspector General (OMIG)

The FY 2018 Executive Budget provides All Funds cash disbursements of $48.25 million, a net decrease of $2.7 million or 5.3 percent for OMIG. The decrease is primarily attributable to Personal Service attrition and Non-Personal Service operational efficiencies.

The Executive proposes a workforce of 426 FTEs, which represents a reduction of 37 from the current year through attritions.

The audit target for FY 2018 is $1.16 billion, consistent with the current year target.

PUBLIC HEALTH

Projected FY 2018 Public Health Budget spending, excluding Medicaid and the Basic Health Plan, is $4.79 billion, an increase of $434 million, or 10 percent from current year levels. Savings would be achieved mainly through consolidation of targeted health care resources and reductions in General Public Health Works Reimbursement to New York City. The Aid to Localities and State Operations spending changes are detailed in the table below:

<table>
<thead>
<tr>
<th>Public Health Aid to Localities (ATL) and State Operations (SO) Change ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Target Health Care Resources</td>
</tr>
<tr>
<td>Reduce GPHW Reimbursement to NYC - 36% to 29%</td>
</tr>
<tr>
<td>Roswell Park - Shift Funding from HCRA to Capital</td>
</tr>
<tr>
<td>Reform the Early Intervention Program (GF Impact Only)</td>
</tr>
<tr>
<td>Reform the Early Intervention Program (CHP Impact Only)</td>
</tr>
<tr>
<td>Administrative Efficiencies - Shift Medicaid Utilization Review Under the MA Cap</td>
</tr>
<tr>
<td>Shift Family Planning to Insurance Assessment</td>
</tr>
<tr>
<td>Eliminate FY 18 Increase to COLA</td>
</tr>
<tr>
<td>Discontinue the Direct Care Worker and Service Provider COLA</td>
</tr>
<tr>
<td>Administrative Efficiencies - Non Personal Service</td>
</tr>
<tr>
<td>Indirect Cost Reductions</td>
</tr>
<tr>
<td>Personal Service Attrition (37 FTEs)</td>
</tr>
<tr>
<td>Administrative Efficiencies - Shift Provider Collection Monitoring Under the MA Cap</td>
</tr>
<tr>
<td><strong>ATL and SO Change</strong></td>
</tr>
</tbody>
</table>

Aid to Localities ($92 million):

Early Intervention (EI) Program Reform: The EI program provides therapeutic and support services to children under the age of three who have confirmed disabilities (e.g., cerebral palsy, autism) or developmental delays. EI services provided are at no cost to families. Expenses for the program are covered by the state, local governments, the Medicaid program, and private health insurance plans. The program provides services to almost 68,000 children. In FY 2017, total program expenditures were approximately $640 million. Payer mix was as follows:
Under the program, providers must, in the first instance, seek reimbursement for services by third party payers and Medicaid. Services ultimately not covered by health insurance or Medicaid are paid by the locality in which the child resides. The state reimburses localities for 49 percent of their payments to providers.

The Executive proposes changes to the program intended to improve third-party health insurance reimbursement for EI services.

The proposals are expected to achieve net state savings of $4.1 million in FY 2018. These changes will generate savings of approximately $74 million over five years. Specific proposals to streamline and improve EI health insurance reimbursement include:

- Includes EI providers under the Prompt Pay Law.
- Requires insurers to pay claims regardless of: the location of where services are provided; whether the services are habilitative in nature; and regardless whether or not the condition will improve within the insurers’ specified timeframe.
- Requires service coordinators, providers, and county EI officials to collect third party EI insurance information from parents.
- Stipulates that a written order, referral, recommendation for EI services, or Individualized Family Service Plan (IFSP) signed by a family physician meets the requirements for precertification, preauthorization or medical necessity requirements.

For additional information, refer to Part A of the Health and Mental Hygiene proposal in the Article VII section.

**Consolidation of Health Care Resources:** The Executive proposes the consolidation of 39 public health appropriations into four pools. Funding for each pool would be reduced by 20 percent, generating $24.6 million in savings. The impacted program range from Children’s Asthma under the heading of Disease Prevention and Control, to School Based Health Centers under Maternal and Child Health, Rural Health Network under Public Health Workforce, to Nursing Home Transition and Diversion Waiver under Health Outcomes and Advocacy. Please see the table on the next page.

**Roswell Park Cancer Institute (RPCI):** The Executive proposes a shift of $20.5 million from RPCI’s local assistance operational subsidy to the existing capital appropriation. This shift will increase the capital appropriation to $36 million total. RPCI’s total subsidy level would be maintained at $102.6 million.

**Reduction of General Public Health Works Reimbursement to New York City:** Historically, DOH, through the GPHW program, reimburses New York City and county health departments for essential public health services by providing base grants and covering 36 percent of the remaining costs above the base grant.

The Executive proposes to reduce New York City’s reimbursement rate from 36 to 29 percent. This action is projected to result in $11 million in savings in FY 2018, and $22 million when fully annualized. The 36 percent reimbursement rate for other county local health departments is preserved.
Discontinuation of the Direct Care Worker and Service Provider Cost of Living Adjustment (COLA): The Enacted FY 2016 Budget included funding to support a wage increase to direct care workers and service providers. The Executive proposes the elimination of funding for Direct Care Worker and service provider payments, which would result in $2 million in annual savings.

Test and Monitor Public Drinking Water: The Executive proposes the establishment of the Emerging Contaminant Monitoring Act, which would require that all public water systems test drinking water for the presence of emerging contaminants once every three years and report their findings. This act would:

- Require covered water systems to test drinking water for emerging contaminants and unregulated contaminants monitored under the Federal Safe Drinking Water Act;
- Require every public water system test to be conducted by a DOH certified laboratory; and
- Allow DOH to provide financial assistance when compliance with the act presents an unreasonable financial hardship.

The projected fiscal impact of this proposal is $500,000 in FY 2018 and $2.9 million fully annualized.

For additional information, refer to part M in the Health and Mental Hygiene proposal in the Article VII section.

Test and Monitor Private Drinking Water: The Executive proposes the establishment of the Residential Well Testing Act, requiring the testing of individual water systems (wells) prior to, and as a condition of, a residential real estate sale; following the completion of the drilling of any new water well; and at least once every five years for rental properties. This act would:

- Require lessors of residential real estate to test for contaminants at least once every five years and provide tenants a written copy of validated test results;

<table>
<thead>
<tr>
<th>Proposed Pools and Programs</th>
<th>FY 2018 Estimated Spending</th>
<th>20% Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL CONSOLIDATION</td>
<td>$122,944,157 ($24,588,831)</td>
<td></td>
</tr>
<tr>
<td>DISEASE PREVENTION AND CONTROL</td>
<td>$41,705,600 ($8,341,120)</td>
<td></td>
</tr>
<tr>
<td>Evidence-Based Cancer Services</td>
<td>$24,781,000 ($4,956,200)</td>
<td></td>
</tr>
<tr>
<td>Obesity &amp; Diabetes Consolidation</td>
<td>$7,463,300 ($1,492,660)</td>
<td></td>
</tr>
<tr>
<td>Public Health Campaign (non-Tuberculosis)</td>
<td>$4,809,400 ($961,880)</td>
<td></td>
</tr>
<tr>
<td>Healthy Neighborhoods</td>
<td>$1,873,000 ($374,600)</td>
<td></td>
</tr>
<tr>
<td>Childhood Asthma Coalitions</td>
<td>$1,165,000 ($232,600)</td>
<td></td>
</tr>
<tr>
<td>Hypertension Prevention</td>
<td>$632,000 ($126,400)</td>
<td></td>
</tr>
<tr>
<td>Health Promotion Initiatives</td>
<td>$538,200 ($107,640)</td>
<td></td>
</tr>
<tr>
<td>Hypertension</td>
<td>$232,300 ($46,460)</td>
<td></td>
</tr>
<tr>
<td>Children's Asthma</td>
<td>$213,400 ($42,680)</td>
<td></td>
</tr>
<tr>
<td>MATERNAL AND CHILD HEALTH</td>
<td>$33,443,257 ($6,688,651)</td>
<td></td>
</tr>
<tr>
<td>Adolescent Pregnancy Prevention</td>
<td>$10,631,000 ($2,126,200)</td>
<td></td>
</tr>
<tr>
<td>School Based Health Centers</td>
<td>$10,400,000 ($2,080,000)</td>
<td></td>
</tr>
<tr>
<td>School-based Health Clinics</td>
<td>$7,932,000 ($1,586,400)</td>
<td></td>
</tr>
<tr>
<td>Prenatal Care Assistance Program</td>
<td>$2,296,000 ($459,200)</td>
<td></td>
</tr>
<tr>
<td>School Based Health Centers - subschedule</td>
<td>$782,557 ($156,511)</td>
<td></td>
</tr>
<tr>
<td>Genetic Disease Screening</td>
<td>$609,000 ($121,800)</td>
<td></td>
</tr>
<tr>
<td>Physically Handicapped Children Program</td>
<td>$212,000 ($42,400)</td>
<td></td>
</tr>
<tr>
<td>Maternity and Early Childhood Foundation</td>
<td>$283,300 ($56,660)</td>
<td></td>
</tr>
<tr>
<td>Sickle Cell</td>
<td>$213,000 ($42,600)</td>
<td></td>
</tr>
<tr>
<td>Safe Motherhood Initiative</td>
<td>$34,700 ($6,940)</td>
<td></td>
</tr>
<tr>
<td>Maternal Mortality Review</td>
<td>$31,300 ($6,260)</td>
<td></td>
</tr>
<tr>
<td>Sudden Infant Death Syndrome (SIDS)</td>
<td>$18,400 ($3,680)</td>
<td></td>
</tr>
<tr>
<td>PUBLIC HEALTH WORKFORCE</td>
<td>$42,140,800 ($8,428,160)</td>
<td></td>
</tr>
<tr>
<td>Worker Retraining</td>
<td>$11,450,000 ($2,290,000)</td>
<td></td>
</tr>
<tr>
<td>Rural Health Care Access Development</td>
<td>$9,625,000 ($1,925,000)</td>
<td></td>
</tr>
<tr>
<td>Graduate Medical Education (GME) ECRIP</td>
<td>$8,612,000 ($1,722,400)</td>
<td></td>
</tr>
<tr>
<td>Rural Health Network Development</td>
<td>$6,225,000 ($1,245,000)</td>
<td></td>
</tr>
<tr>
<td>GME DANY Ambulatory Care Training</td>
<td>$2,250,000 ($450,000)</td>
<td></td>
</tr>
<tr>
<td>GME AHEC</td>
<td>$2,077,000 ($415,400)</td>
<td></td>
</tr>
<tr>
<td>GME DANY Diversity in Medicine</td>
<td>$1,555,000 ($311,000)</td>
<td></td>
</tr>
<tr>
<td>Workforce Studies</td>
<td>$185,000 ($37,000)</td>
<td></td>
</tr>
<tr>
<td>Upstate Medical (SUNY)</td>
<td>$18,400 ($3,680)</td>
<td></td>
</tr>
<tr>
<td>Gateway Institute (CUNY)</td>
<td>$104,000 ($20,800)</td>
<td></td>
</tr>
<tr>
<td>Statewide Health Broadcasts</td>
<td>$39,400 ($7,880)</td>
<td></td>
</tr>
<tr>
<td>HEALTH OUTCOMES AND ADVOCACY</td>
<td>$5,654,500 ($1,130,900)</td>
<td></td>
</tr>
<tr>
<td>NHTD Waiver Program</td>
<td>$2,303,000 ($460,600)</td>
<td></td>
</tr>
<tr>
<td>Poison Control</td>
<td>$1,900,000 ($380,000)</td>
<td></td>
</tr>
<tr>
<td>Cardiac Services</td>
<td>$652,000 ($130,400)</td>
<td></td>
</tr>
<tr>
<td>Enriched Housing</td>
<td>$475,000 ($95,000)</td>
<td></td>
</tr>
<tr>
<td>Hospital Cost Report</td>
<td>$150,000 ($30,000)</td>
<td></td>
</tr>
<tr>
<td>Falls Prevention</td>
<td>$142,000 ($28,400)</td>
<td></td>
</tr>
<tr>
<td>Long Term Care Community Coalitions</td>
<td>$32,500 ($6,500)</td>
<td></td>
</tr>
</tbody>
</table>
• Require the testing for contaminants performed as a condition of sale of any residential property; and
• Allow DOH to provide financial assistance when compliance with the act presents an unreasonable financial hardship.

The Executive has not provided a fiscal impact for this proposal.

For additional information, refer to part N in the Health and Mental Hygiene proposal in the Article VII section.

Regulate and Tax Electronic Cigarettes: The Executive budget proposes to tax the sale of vapor products and regulate them in the same manner as tobacco products. The proposal also adds "vapor products" to the list of products covered under Public Health Law regulating smoking in public places; and treats vapor products in the same manner as tobacco products, including prohibiting the sale or free distribution of vapor products to minors.

Establish the Health Care Regulation Modernization Team: The Executive proposes the establishment of the Health Care Regulation Modernization Team within DOH. The proposal would establish a multi-stakeholder workgroup and engagement process to make recommendations to modernize the state’s health regulatory framework. Specific areas of focus for the workgroup include:
- The creation of more flexible rules relating to licensing and scope of practice for clinicians and caregivers; telehealth; and alternative models of health care delivery;
- Streamlining and simplifying the provision of primary care, mental health and substance use disorders in a clinical setting; and
- Coordinating models of care around home and community based services consistent with New York State’s Olmstead Report.

Authorize Pharmacy Benefit Manager Registration and Disclosure Requirements: The Executive proposes statutory changes that would regulate non-Medicaid Pharmacy Benefit Manager (PBM) services through PBM registration, license, and disclosure requirements. Under this proposal, PBMs established prior to January 1, 2019 would be required to register with the state ($1,000 annual registration fee).

According to the Executive, fees imposed on the PBMs would support the costs associated with implementing PBM regulations.

For additional information, refer to Part J of the Health and Mental Hygiene bill in the Article VII section.

State Operations ($13 million):

NPS and Indirect Cost Savings: The FY 2018 Executive Budget includes $9.8 million in NPS savings and $900,000 in indirect costs by administrative efficiencies.

Shift Family Planning Funding: The FY 2018 Executive Budget transfers $5 million from the General Fund for Family Planning to the Insurance Assessment within the Department of Financial Services. This transfer is a partial shift that does not affect program funding levels.

Shift Medicaid Utilization Review: The FY 2018 Executive Budget transfers the Medicaid Utilization Review program from the Main Office (non-Medicaid, non-Institutional) budget to the Medicaid Global Cap, a transfer of $9.2 million.

Personal Service: The FY 2018 Executive Budget includes an increase of 163 Full Time Equivalents (FTEs). Other specific proposals include:
- Transfer of 84 FTEs from the General Fund and Special Revenue (State) Funds to Capital. This action will achieve over $4 million in State Operating Funds savings.
Transfer of 12 FTEs associated with the Provider Collection Monitoring program, from the Main Office budget to the Medicaid Global Cap. This is a shift of $600,000.

**Personal Service Attrition:** The FY 2018 Executive Budget would realize $1.4 million in state savings related to the attrition of 37 FTEs from DOH’s main office.

**Eliminate the FY 2018 Increase to the COLA:** The FY 2018 Executive Budget proposes the elimination of the statutory FY 2018 COLA increase, which would result in $3.1 million in annual state savings. According to the Executive, this elimination is consistent with other Human Service agencies in the state.

**Capital Funding:**

**The FY 2018 Executive Budget Proposal:** The Executive Budget authorizes up to $500 million in new capital funding to health care institutions, establishing a second Health Care Facility Transformation Program (HCFTP). This program would provide funding to support capital projects, working capital, debt retirement, and other non-capital projects that facilitate health care transformation, while expanding access to health services.

- Program funding would be financed through $300 million in capital bonds disbursed by the Dormitory Authority of the State of New York (DASNY) and $200 million through settlement funds.
- Of the $500 million total, $50 million would be provided to a Montefiore Medical Center.
- A minimum of $30 million would be made available to community based health care providers, including diagnostic and treatment centers, mental health clinics, alcohol and substance abuse treatment clinics, primary care providers, and home care providers.

The proposal allows DOH the option to award all or a portion of funds to successful applicants. The proposal allows flexibility to either issue a new Request For Applications (RFA), or to work off the list of RFA applications that were not funded in HCFTP I.

**STATE OFFICE FOR THE AGING (SOFA)**

The FY 2018 Executive Budget provides $235.5 million in All Funds support for SOFA, a decrease of $12.3 million or 5 percent from the current year. The net decrease is mainly attributed to maximizing the utilization of federal funds (-$3.4 million), the cessation of funding streams (-$1 million), modifications in federal grant awards (-$6.8 million), and the elimination of legislative adds (-$2 million).

The Executive proposes a workforce of 95 FTEs, consistent with current year levels.

**Elimination of the FY 2018 COLA:** The Executive proposes the elimination of the statutory FY 2018 COLA increase, which would result in $1.6 million in state savings. According to the Executive, this elimination is consistent with other Human Service agencies in the state.

**Discontinuation of the Direct Care Worker and Service Provider COLA:** The FY 2015 Enacted Budget provided for a wage increase for direct care workers and service providers. The Executive proposes the elimination of funding for Direct Care Worker and service provider payments, which would result in $2 million in annual savings.
Community Services for the Elderly (CSE) Program: The Executive proposes to consolidate $1.1 million in distinct transportation funding into the CSE, and remove the exemption on the county share of $3.5 million in funding that has been invested in the CSE the past two years. The Executive continues the $1 million increase in the Community Services for the Elderly (CSE) Program from FY 2017.

Shift Support for New York Connects to Federal Funds: The Executive proposes to shift support for New York Connects, an information hub that provides access to comprehensive information and assistance for people of all ages that need long term services and support, from the General Fund to the federal Balancing Incentive Program (BIP) and the Medicaid Global Cap. According to the Executive, this proposal will generate annual savings of $3.4 million annually without negatively affecting existing services.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Estimated FY 2017</th>
<th>Proposed FY 2018</th>
<th>Change Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office for the Aging</td>
<td>247,816</td>
<td>235,496</td>
<td>(12,320)</td>
<td>-4.97%</td>
</tr>
<tr>
<td>Medical Assistance</td>
<td>48,633,842</td>
<td>50,883,802</td>
<td>2,249,960</td>
<td>4.63%</td>
</tr>
<tr>
<td>Medicaid Administration</td>
<td>1,635,627</td>
<td>1,558,866</td>
<td>(76,761)</td>
<td>-4.69%</td>
</tr>
<tr>
<td>Essential Plan</td>
<td>3,730,712</td>
<td>4,223,660</td>
<td>492,948</td>
<td>13.21%</td>
</tr>
<tr>
<td>Public Health</td>
<td>4,361,611</td>
<td>4,795,641</td>
<td>434,030</td>
<td>9.95%</td>
</tr>
<tr>
<td>Medicaid Inspector General</td>
<td>50,939</td>
<td>48,245</td>
<td>(2,694)</td>
<td>-5.29%</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>58,660,547</strong></td>
<td><strong>61,745,710</strong></td>
<td><strong>3,085,163</strong></td>
<td><strong>5.26%</strong></td>
</tr>
</tbody>
</table>
Transportation Fact Sheet

The Executive Budget proposes total All Funds spending for Transportation of $10.8 billion, an increase of $539 million or five percent from last year.

- **Department of Transportation:** The FY 2018 Executive Budget proposes a $388 million (4 percent) increase in spending, primarily due to increased capital plan spending, as well as an additional 86 Full-time equivalents (FTEs) to support the DOT Capital Plan. The Executive includes $10.3 million to continue the Verrazano-Narrows Bridge E-Z Pass toll rebate program with the intent to permanently include this funding in future State budgets.

- **Local Highway Funds:** The Consolidated Highway Improvement Program (CHIPS) and the Municipal Streets and Highway Program (“Marchiselli”) continue at FY 2017 funding levels of $438.1 million and $39.7 million, respectively. The $100 million Local PAVE NY and $100 million Local BRIDGE NY programs are also continued in FY 2018.

- **Department of Motor Vehicles:** Department of Motor Vehicles (DMV) spending for FY 2018 would be increased by $19.9 million (6.6 percent) from FY 2017. This is attributable to increased staffing levels (107 new FTEs) proposed to accommodate the implementation of REAL ID, the proposed expansion of ridesharing services, which includes DMV oversight, and an anticipated license renewal peak.

- **Transit Funding:** The FY 2018 Executive Budget includes an increase of $30 million in operating assistance to the MTA ($4.5 billion total). The non-MTA Downstate and Upstate transit systems operating assistance remains the same, at approximately $300 million and $200 million, respectively.

- **Metropolitan Transportation Authority:** The FY 2018 Executive Budget recommends an All Funds cash spending level of $644 million for the MTA, a $132 million or 26 percent increase from FY 2017. The Budget maintains the State’s multi-year commitment of $8.3 billion toward funding the MTA’s $26.6 billion 2015-2019 Capital Program.

- **Thruway Authority:** The Executive Budget does not include any new funding, either operating or capital, for the Thruway Authority. There is language proposed that would authorize the Thruway Authority to conduct its own competitive bond sales, consistent with the powers of other public authorities.
The functional area of Transportation includes the Department of Transportation (DOT), the Department of Motor Vehicles (DMV), the Metropolitan Transportation Authority (MTA) and the Thruway Authority. The FY 2018 Executive Budget proposes a spending level of $10.8 billion, an increase of $539 million, or five percent. This section mainly discusses overall changes to the transportation budget. The “Transportation Capital Plans” Issues in Focus section of this report has a detailed discussion of the capital commitments and proposals.

**Department of Transportation**

DOT maintains and improves the state’s more than 45,000 highway lane miles and 7,800 bridges. In addition, the Department subsidizes locally operated transit systems and partially funds local government highway and bridge construction, and rail and airport programs. The Department’s headquarters is in Albany, and DOT currently operates 10 regional offices in Utica, Syracuse, Rochester, Buffalo, Hornell, Watertown, Poughkeepsie, Binghamton, Hauppauge and New York City.

Workforce levels for DOT will increase by 86 to 8,453 Full-time equivalents (FTEs). This reflects increases needed to support the DOT Capital Plan.

The FY 2018 Executive Budget proposes an All Funds cash spending level of $9.8 billion, an increase of $388 million, or four percent from FY 2017. This increase is attributable to the following:

- An increase of $320 million in state capital spending for the DOT Capital Plan
- An increase of $122 million in spending to local governments for Local PAVE NY and BRIDGE NY programs
- A decrease of $91 million in Federal funding due to tail-end spending of 2009 federal stimulus dollars and FY 2013 New York Works acceleration funds
- An increase of $30 million in transit operating aid to the MTA from additional payroll mobility tax (PMT) revenue
- An increase of $7 million in federal grants for operating and program costs related to the administration of regional Metropolitan Planning Organizations (MPOs)
Maintaining last year’s funding, the FY 2018 Executive Budget includes $10.3 million to continue the Verrazano-Narrows Bridge E-ZPass toll rebate program for commercial users and Staten Island resident drivers. Under the program, registered Staten Island residents currently pay a roundtrip toll of $5.50 on the Verrazano-Narrows Bridge. This discounted toll would increase to $5.74 as part of the MTA fare and toll increase that is scheduled to take effect in March 2017. The Executive announced plans to make this toll discount program permanent. In the past, the Legislature has had to add funding to the budget for this program in order to maintain the toll rate.

**Transit Operating Aid**

DOT provides oversight and funding for public transit operators, including the MTA, the four upstate regional transportation authorities (Capital District Transportation Authority, Rochester–Genesee Regional Transportation Authority, Niagara Frontier Transportation Authority, and Central New York Regional Transportation Authority), and other (usually county-sponsored) transit systems.

The FY 2018 Executive Budget provides $5 billion in cash operating assistance to the State’s transit systems, maintaining last year’s funding level. The MTA would receive $4.5 billion, reflecting an increase of nearly $30 million or about 0.7 percent. Non-MTA transit systems would receive $500 million, including over $300 million for Downstate non-MTA transit systems and almost $200 million for Upstate transit systems, maintaining the same funding level as FY 2017.

The MTA’s operating assistance increase is due to an increase in dedicated payroll mobility tax ($17 million) and related MTA Aid Trust ($17 million) revenues.

Although Upstate transit systems would receive the same funding as last year, the FY 2018 Executive Budget recommends reducing General Fund support for upstate transit systems by $5 million (a FY 2017 legislative initiative). Instead, the Executive proposes using $2.5 million from both the Dedicated Mass Transportation Trust Fund (DMTTF) and the Public Transportation Operating Assistance (PTOA) account in order to make up for the $5 million General Fund reduction.

In addition, the Executive continues a change made last year, which transfers capital funding for omnibus services and non-MTA downstate transit previously funded within the DMTTF into the Capital Projects Fund in order to provide additional operating aid from the DMTTF for upstate transit systems.

**Local Highway and Bridge Funding**

Under the Executive proposal, the Consolidated Highway Improvement Program (CHIPS) would receive $438.1 million, and the Municipal Streets
and Highways Program (“Marchiselli”) would receive $39.7 million. This holds the funding for these programs at the FY 2017 levels.

The FY 2018 Executive Budget continues the third-year of the five-year Local PAVE NY and BRIDGE NY programs, which each provide $100 million per year ($500 million total) to municipalities for pavement and bridge projects.

Article VII Provisions

The Executive proposes the following Article VII legislation (additional detail is provided under section three of this report):

- Permanently extending the transfer of transportation revenues into the Upstate and Downstate transit accounts (MTOA and PTOA)
- Increasing the cap on the number of divisible load permits that DOT is allowed to issue from 25,000 to 35,000 in order to avoid instituting a “lottery system” once the cap is reached, which is anticipated to happen in 2017 (estimated $720,000 increase in revenues for FY 2018 and $10.8 million over five years)
- Increasing the enforcement power of the Public Transportation Safety Board (PTSB) to comply with federal regulations in order to avoid the potential withholding of federal transit funds (an estimated $2.4 million in federal funds at-risk if the State does not comply)
- Authorizing shared service agreements between the Power Authority of the State of New York, the Canal Corporation and DOT
- To comply with federal requirements regarding truck size and weight and to allow DOT to request that DMV suspend plates for federal out-of-service orders on commercial vehicles (an estimated $10 million in federal commercial vehicle safety dollars at-risk)

Department of Motor Vehicles

The responsibilities of the Department of Motor Vehicles (DMV) include administering the State’s motor vehicle laws, promoting traffic safety, verifying identities and issuing secure documents, including driver’s licenses and vehicle registrations, and collecting revenues. DMV has three regional headquarters and 27 district and branch offices. In addition, County Clerk offices act as DMV agents at 102 locations throughout the State. DMV serves more than 20 million customers annually.

The FY 2018 Executive Budget recommends an All Funds cash spending level of $321.9 million for DMV, a $19.9 million or 6.6 percent increase from last year. This increase is attributable to additional operating costs anticipated for FY 2018.

The Executive Budget proposed a DMV workforce of 2,149 FTE positions, an increase of 107 FTEs from FY 2017. This is to provide sufficient staffing levels to accommodate the implementation of REAL ID, the proposed expansion of ridesharing services, which includes DMV oversight, and an anticipated license renewal peak.

Article VII Provisions

The Executive proposes the following Article VII legislation (additional detail is provided under section three of this report):

- Allowing Transportation Network Company’s (TNC’s) to provide services in New York State outside of New York City which would include DMV oversight of the TNC providers (estimated revenues are $16 million for FY 2018 and $32 million recurring)
- Implementing a $5 fee for non-driver identification cards and driver’s licenses that
are marked as REAL ID in compliance with the Federal REAL ID Act to offset the costs associated with implementing the issuance of these enhanced cards/licenses (estimated to generate $57 million in revenue in FY 2018-2021)

- Increasing the reinstatement fee for non-residents seeking to restore their driving privileges from $25 to $100 to match the current fee in place for New York State residents which is $100 (estimates an additional $220,000 in annual revenue)
- Increasing the certificate of title fee from $50 to $75 and the duplicate certificate of title fee from $20 to $40 (estimated to generate an additional $81 million in annual revenue)
- Waiving the fee for replacing a non-driver identification card for crime victims whose cards were lost or destroyed as a result of a crime in order to align with the current law for drivers licenses (estimated revenue loss of $93,000 annually)
- Reimbursing DMV for IT expenses related to administering the New York City Traffic Adjudication Bureau
- Complying with federal requirements regarding truck size and weight and to allow DOT to request that DMV suspend plates for federal out-of-service orders on commercial vehicles

Metropolitan Transportation Authority

The Metropolitan Transportation Authority (MTA), the largest transit provider in North America, is responsible for operating, maintaining and improving public transportation in the Metropolitan Commuter Transportation District (MCTD), which consists of New York City and the counties of Westchester, Nassau, Suffolk, Dutchess, Putnam, Orange and Rockland. The MTA’s operations include subway and bus systems in New York City, the Long Island Rail Road, Metro-North Railroad, and MTA Bridges & Tunnels.

The FY 2018 Executive Budget recommends an All Funds cash spending level of $644 million for the MTA, a $132 million or 26 percent increase from last year. This increase is attributable to increased spending from a FY 2013 appropriation for State support to MTA capital as well as MTA dedicated funds from the 2005 Transportation Bond Act.

The FY 2018 Executive Budget maintains the state’s multi-year commitment of $8.3 billion toward funding the MTA’s $26.6 billion 2015-2019 Capital Program. The MTA’s five-year capital spending program was approved last spring after the State and the City of New York agreed to contribute a total of $10.8 billion ($8.3 billion and $2.5 billion, respectively).

Additional details on the MTA capital program are included in the “Transportation Capital Plans” Issues in Focus section of this report.

Article VII Provisions

The Executive proposes the following Article VII legislation (additional detail is provided under section three of this report):

- Strengthens enforcement actions against toll evaders to prevent revenue loss that otherwise would occur with the upgrading of toll collection facilities to all-electronic open-road tolling systems

Thruway Authority

The New York State Thruway Authority (Thruway) operates a 570-mile highway system that includes the 426-mile mainline from Buffalo to New York City. The Thruway is managing the construction of the replacement Tappan Zee Bridge, a $3.9 billion design-build project that remains on schedule to be completed by the end of 2018.
The New York State Canal Corporation is no longer a subsidiary of the Thruway, as responsibility for the Canal Corporation was transferred to the New York Power Authority as part of the FY 2017 Enacted Budget.

Although the Thruway is no longer financially responsible for the Canal Corporation, legislation in the FY 2017 Enacted Budget offset this change by ending operational cost transfers or savings approved as part of the FY 2014 Enacted Budget. The authority has reassumed responsibility for the policing costs by State Police Troop T ($62.9 million in 2017) and cost waivers from the State to the Thruway have been discontinued.

The Thruway has traditionally not been financed by funds that are part of the State Budget. However, the FY 2017 Enacted Budget provides $700 million in settlement funds to the Thruway, building upon approximately $1.3 billion in financial settlement funds included in the FY 2016 Enacted Budget. This overall $2 billion capital investment is being used to help construct the new Tappan Zee Bridge and support the Thruway’s core capital program, and the funding will also allow the authority to avoid a toll increase until at least 2020.

While the balance of the settlement funding continues to be disbursed ($580 million in FY 2018), the Executive Budget does not include any new funding, either operating or capital, for the Thruway Authority.

To promote electric vehicle usage, the Executive has proposed, as part of his State of the State address, installing 69 new charging stations along the Thruway, adding to the four stations that are now in the system. According to the Executive, this action, along with the construction of 500 new workplace charging stations, will reduce greenhouse gas emissions and will help ensure that the entire Thruway is designated as a nation-leading "EV Corridor" by the U.S. Department of Transportation Alternative Fuel Corridors program.

**Article VII Provisions**

The Executive proposes the following Article VII legislation (additional detail is provided under section three of this report):

- Strengthens enforcement actions against toll evaders to prevent revenue loss that otherwise would occur with the upgrading of toll collection facilities to all-electronic open-road tolling systems
- Authorizes the Thruway Authority to conduct its own competitive bond sales, consistent with the powers of other public authorities

**Miscellaneous**

**Article VII Provisions**

The Executive proposes the following Article VII legislation that relates to transportation (additional detail is provided under section three of this report):

- Enforcement tools to address highway safety, including:
  - Changing the definition of a “drug” in regards to driving while ability impaired
  - Incorporating bicycle and pedestrian safety as part of the learner’s permit test
  - Prohibiting the use of an electronic device by persons under the age of 18 while operating a motor vehicle
  - Prohibiting the use of electronic devices, even when the vehicle is stopped at a red light
  - Requiring all passengers to wear a seatbelt
  - Implementing cameras in work zones
• Expanding the “Infrastructure Investment Act” (design-build) to additional entities and permanently extending the authorization which is set to expire in April 2017

• Increasing the bond cap for financing local highway projects from $9.1 billion to $9.6 billion

• Increasing the bond cap for financing transportation initiatives from $3.1 billion to $4 billion for bonds issued by the following entities:
  o Thruway Authority
  o Dormitory Authority
  o Urban Development Corporation
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<th>Agency</th>
<th>Estimated FY 2017</th>
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Transportation

Proposed Disbursements - All Funds
(Thousands of Dollars)
Environment, Agriculture and Housing Fact Sheet

Adirondack Park Agency

- All Funds appropriation authority of $4.6 million, a decrease of $200,000.
- Changes primarily reflect the completion of a federal grant.

Department of Agriculture & Markets

- All Funds appropriation authority of $207 million, an increase of $37 million.
- Net reduction of $9.5 million in local assistance programs due to the elimination of several legislative additions from FY 2017.
- Provides $50 million in capital appropriations for improvements at the State Fair.

New York State Energy Research and Development Authority

- All Funds appropriation authority of $15.6 million, an increase of $2 million.
- Increases reflect additional anticipated West Valley remediation costs.
- Transfers $23 million from Regional Greenhouse Gas Initiative (RGGI) assessment funds to the General Fund.

Department of Environmental Conservation

- All Funds appropriation authority of $3.4 billion, an increase of almost $2 billion.
- Provides $2 billion for a new five-year Clean Water Infrastructure Act.
- Environmental Protection Fund maintained at $300 million.
- Provides $151 million for the Army Corps of Engineers South Shore of Staten Island Project.
- Increases the State match for the Local Waterfront Revitalization Program from 50 to 75 percent.
- Provides language for a high-volume food waste management program.

Division of Housing and Community Renewal

- All Funds appropriation authority of $805 million, a decrease of $1.4 billion.
- Utilizes $142 million in surplus Mortgage Insurance Fund reserves to support: the Rural Rental Assistance Program; the Mitchell-Lama portfolio; Neighborhood and Rural Preservation Programs; Rural and Urban Community Investment Fund Program; Low Income Housing Trust Fund Program; Homes for Working Families; and Homeless Housing & Assistance Corporation Programs.
The Hudson River Valley Greenway Community Council

- All Funds appropriation authority of $123 million, an increase of $123 million
- Provides $123 million as part of a $200 million, three-year initiative, to develop a multi-use trail network along the Hudson River Valley Greenway and Erie Canalway trails.

Olympic Regional Development Authority

- All Funds appropriation authority of $14 million, an increase of $2.5 million.
- Provides $2.5 million in additional capital spending at ORDA facilities for energy efficiency upgrades and renovation projects.

Office of Parks, Recreation and Historic Preservation

- All Funds appropriation authority of $443.7 million, a net increase of $51 million.
- Provides $30 million in additional New York Works Infrastructure projects at state parks.
- Provides $21 million in additional capital funding for State parks facilities maintenance.

Department of Public Service

- All Funds appropriation authority of $101.4 million, an increase of $8 million.
- Increases reflect needs to reconcile outstanding General State Charges.

New York Power Authority

- All Funds appropriation authority of $370 million, an increase of $91 million.
- Provides $77 million as part of a $200 million, three-year initiative, to develop a multi-use trail network along the Hudson River Valley Greenway and Erie Canalway trails.
**Environment, Agriculture and Housing**

The FY 2018 Executive Budget recommends All Funds disbursements of $2.2 billion, an increase of $431.5 million for the State’s Environmental Conservation, Energy, Agriculture, and Housing agencies. Increases in funding are recommended for the Adirondack Park Agency ($16,000); the Department of Agriculture and Markets ($4.8 million); the Department of Environmental Conservation ($227.6 million); the Energy Research and Development Authority ($11.3 million); the Department of Public Service ($3.1 million); the Division of Housing and Community Renewal ($154.6 million); the Olympic Regional Development Authority ($2.3 million); the New York Power Authority ($26.4 million); and the Office of Parks, Recreation and Historic Preservation ($1.4 million). In addition, the Executive once again recommends no funding for the Hudson River Park Trust.

**Environmental Conservation**

The FY 2018 Executive Budget recommends All Funds appropriations of $3.38 billion for the Department of Environmental Conservation (DEC), an increase of $1.95 billion, or 136.7 percent from FY 2017. This increase largely reflects $2 billion in funding for a new Clean Water Infrastructure Act and $151 million for the State’s share of an Army Corps of Engineers shore protection project on Staten Island.

Staffing levels for DEC are projected to remain at 2,946 FTE positions, same as FY 2016 and 2017.

**Environmental Protection Fund (EPF)**

The FY 2018 Executive Budget proposes to maintain spending for the Environmental Protection Fund at $300 million. The Executive has requested new or additional funds for the following initiatives:

- $40.9 million, an increase of $6.1 million, for solid waste programs
- $86.8 million, an increase $5.3 million, for parks and recreation programs
- $150.6 million, a decrease of $11 million, for open space programs
- $21.7 million, a decrease of $350,000, for climate change programs

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<td>5 Year Average Growth (Actual)</td>
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![Graph of Estimated Projected FY 2017 and FY 2018 Cash and Annual Growth Rate](Image)
See the EPF Chart following this section for full program funding.

Sewer/Water Infrastructure

The FY 2016 and 2017 Enacted Budgets provided a total of $400 million for the Water Quality Infrastructure Improvement Act of 2015. The Act authorized the Environmental Facilities Corporation (EFC) to provide grants, in conjunction with already available low or no interest loans, to municipalities for the replacement and repair of existing wastewater and drinking water infrastructure. The funds were allocated as follows: $50 million for FY 2016; $175 million for FY 2017; and $175 million for FY 2018.

The FY 2018 Executive Budget recommends a $2 billion Clean Water Infrastructure Act. The Act would be funded at $400 million per year over five years for projects which improve municipal wastewater and drinking water systems, replace lead service lines, provide source water protection, expedite the cleanup of hazardous waste that may impact drinking water, improve the management of road salt, and green infrastructure projects, as well as other water quality improvement purposes.

Other Recommendations

The Executive recommends $151 million for the state’s share of the Army Corps of Engineers South Shore of Staten Island Project.

The Executive also recommends $70 million in New York Works Capital funds, an increase of $30 million over FY 2017. The increase is due to the inclusion of a proposed Adventure NY program to improve access to State lands, rehabilitate campgrounds, and upgrade DEC facilities. The balance is to address ongoing infrastructure needs such as dam safety, flood control, shore protection, and water quality improvement projects.

Article VII Provisions

Increase State Match for Local Waterfront Revitalization Program

The Executive proposes language to increase the state match for the Local Waterfront Revitalization Program from 50 percent to 75 percent. This proposal would allow municipalities to more easily meet the local share for this program.

New Environmental Protection and Spill Remediation Account

The Executive proposes language to establish a new capital account to fund capital costs related to oil spill removal and cleanup, investigation, and maintenance and remediation costs. Corresponding appropriation language shifts the current Oil Spill Cleanup Account from State Operations to the Capital budget.

Clean Water Infrastructure Act of 2017

The Executive proposes language to support the $2 billion appropriation for the Clean Water Infrastructure Act of 2017. The Act would authorize:

- Funding to municipalities for source water protections and replacement of lead service lines for drinking water
- New provisions for the cleanup and abatement of certain solid waste sites and drinking water contamination
- The establishment of a “New York State Regional Water Infrastructure Grants Program” within the Environmental Facilities Corporation
- Allow certain municipalities to be eligible for existing Technical Assistance Grants that are currently only available to not-for-profit corporations
Amendments to the Environmental Protection Fund

The Executive proposes language to amend state finance law related to the Environmental Protection Fund to allow revenue transfers to the EPF to also be made to the Climate Change Mitigation and Adaptation Account. This enabling language was not included when the account was created in the FY 2017 Enacted Budget.

Reduce and Manage Food Waste

The Executive proposes language to require high volume food waste generators to divert excess food to food banks, animal feed operations, anaerobic digesters or other composting and organics recycling facilities. High volume food generators are those who generate an annual average of two tons per week of excess food and would include supermarkets, restaurants, higher education institutions, hotels, food processors, correctional facilities, sports or entertainment venues, hospitals, and other health care facilities. The Executive has proposed $3 million within the EPF to provide grants to establish and/or expand food diversion and composting programs.

Adirondack Park Agency

The FY 2018 Executive Budget recommends All Funds appropriations of $4.64 million for the Adirondack Park Agency (APA), a decrease of $200,000, or 4.12 percent, from the current year. The decrease is primarily due to the completion of a federal grant. Staffing levels for the APA are projected to remain unchanged at 54 FTE positions.

Agriculture and Markets

The FY 2017 Executive Budget recommends All Funds appropriations of $206.9 million for the Department of Agriculture and Markets (NYSDAM). This represents an increase of $36.7 million, or 21 percent, from the current fiscal year. Staffing levels for NYSDAM are projected to remain at 483 FTE positions, same as FY 2017.

The Executive recommends the elimination of $9.5 million in local assistance programs initiated by the Legislature. Please see chart following this section for full list of changes in the Agriculture and Markets Aid to Localities budget.

The Executive also recommends $50 million in capital appropriations for improvements at the State Fair.

The Executive proposes $850,000 in state operations appropriations for new marketing and advertising expenses related to agritourism and New York produced food and beverage products.

Green Thumb

The FY 2018 Executive Budget recommends All Funds appropriations of $3.19 million for Green Thumb, the same as the previous fiscal year. Green Thumb is a work program for senior citizens, 55 years of age or older, of limited income, administered by Green Thumb Environmental Beautification, Inc. Employees assist in tasks at various state agencies, which may include planting flowers, general upkeep of grounds, and clerical work. This non-profit organization has been funded annually by the New York State Legislature since its creation in 1974.

The Greenway Heritage Conservancy of the Hudson River Valley

The FY 2018 Executive Budget recommends All Funds appropriations of $166,000 for the Greenway Heritage Conservancy of the Hudson River Valley (Conservancy), the same as for the previous six fiscal years. The Conservancy is tasked with promoting the preservation of natural
and cultural resources in the Valley, serves as a land trust for acquiring property important to the Greenway and developing the Hudson River Valley Greenway Trail. The Conservancy is funded entirely from the General Fund.

The Hudson River Valley Greenway Community Council

The FY 2018 Executive Budget recommends All Funds appropriations of $123 million for the Hudson River Valley Greenway Community Council (Council). This represents an increase of $123 million from the current fiscal year. This funding is part of a $200 million, three-year initiative by the Executive to develop a multi-use trail network along the Hudson River Valley Greenway and Erie Canalway trails (referred to in Executive announcements as the Empire State Trail.)

The Council is comprised of a 25 member advisory board and one staff member that promotes the preservation of natural and cultural resources in the Hudson River Valley. It is funded entirely through the General Fund.

Division of Housing and Community Renewal

The FY 2018 Executive Budget recommends All Funds appropriations of $805.15 million for the Division of Housing and Community Renewal (DHCR), a net decrease of $1.44 billion, or 64.1 percent, from current levels. The decrease is attributed to the elimination of a one-time appropriation of almost $2 billion in capital funds for a multi-year statewide affordable housing plan. This is offset by a new $526 million appropriation related to this plan.

Additional information on affordable housing can be found in the Issues in Focus section.

The Executive anticipates no net staffing changes, maintaining a level of 682 FTEs for FY 2018.

Despite that, the Executive proposes an increase of $4.5 million for state operation costs within the Office of Rent Administration, for the Tenant Protection Unit.

Mortgage Insurance Fund

The FY 2018 Executive Budget includes Article VII language that would utilize $141.5 million in surplus Mortgage Insurance Fund (MIF) reserves, to support the following programs:

- Rural Rental Assistance Program ($22.96 million)
- Mitchell-Lama portfolio ($41 million)
- Neighborhood Preservation Program ($8.48 million)
- Rural Preservation Program ($3.54 million)
- Rural and Urban Community Investment Fund Program ($36 million)
- Low Income Housing Trust Fund Program ($21 million)
- Homes for Working Families ($2 million)
- Homeless Housing & Assistance Corporation programs ($6.52 million)

State of New York Mortgage Agency

The FY 2018 Executive Budget recommends All Funds appropriations of $209.4 million for the State of New York Mortgage Agency (SONYMA), a net increase of $17.1 million, or 8.9 percent, from current levels.

SONYMA is a public benefit corporation which issues taxable and tax-exempt bonds and uses the proceeds to purchase low-interest rate mortgage loans. These loans provide assistance to low-and moderate income residents of New York.

SONYMA receives no direct operating support from the State. Instead, the State guarantees payments made by the Agency to the State in prior years. The Executive Budget recommended...
appropriations satisfy this statutory requirement, although no cash disbursements are projected to be made from the appropriation.

**New York State Energy Research and Development Authority**

The FY 2018 Executive Budget recommends All Funds appropriations of $15.57 million for the New York State Energy Research and Development Authority (NYSERDA). This represents an increase of $2.13 million, or 15.8 percent, from the current fiscal year. The increase is necessary to meet the state’s requirements of a federal cost sharing agreement with the US Department of Energy for the management and administration of the nuclear fuel reprocessing plant at West Valley.

The bulk of the estimated $782.1 million in NYSERDA revenue comes from off-budget programs funded through mandatory surcharges imposed upon ratepayers and utility companies. These funds are used by NYSERDA to implement the goals of the 2015 State Energy Plan, with the goal of reducing carbon emissions and increased use of renewable energy resources.

**Article VII Provisions**

**NYSERDA Assessment**

The SFY 2018 Executive Budget includes the annual authorization for NYSERDA to finance a portion of its research, development and demonstration, policy and planning programs, and Fuel NY program from assessments on gas and electric corporations pursuant to section 18-a of the Public Service Law. This section would authorize collection of an amount not to exceed $19.7 million in assessments, and includes a $150,000 sub-allocation to NYSDAM for the Fuel NY program. While this is not the temporary state energy and utility service conservation assessment (commonly known as the“18-a surcharge”) that will be fully phased out on March 31, 2017, these on-going assessments are passed through to utility customers.

**Regional Greenhouse Gas Initiative and NYSERDA General Fund Transfers**

In Article VII Sweeps and Transfers language, the FY 2018 Executive Budget proposes to transfer $23 million in off-budget assessed Regional Greenhouse Gas Initiative (RGGI) funds to the General Fund. This language authorizes an annual provision to allow the State Comptroller to transfer $913,000 from the unrestricted corporate funds of NYSERDA to the General Fund. These funds are used to offset New York’s debt service requirements related to the Western NY Nuclear Service Center.

**Department of Public Service**

The FY 2018 Executive Budget recommends All Funds appropriations of $101.4 million for the Department of Public Service (DPS), an increase of $7.9 million, or 8.49 percent, from the current fiscal year. This increase is recommended so that the agency can reconcile outstanding General State Charges. Staffing levels for DPS are projected to remain at 520 FTE positions, same as FY 2017.

**Article VII Provisions**

**Cable TV Revenue for Department of Health**

The Executive again proposes the annual authorization for the Department of Health (DOH) to receive funds to finance certain public service education programs through a special assessment on cable television companies.

The Executive also proposes language to authorize NYSDAM, the Department of State, DEC, and the Office of Parks, Recreation and Historic Preservation to recover direct and indirect
expenses relating to their participation in general utility ratemaking proceedings, in state energy policy proceedings, or in certification proceedings relating to the siting of major electric generation or transmission.

**New York Power Authority**

The FY 2018 Executive Budget recommends All Funds appropriations of $370 million for the New York Power Authority (NYPA). This represents an increase of $91 million from the current fiscal year. Most of this increase, $77 million, is part of a $200 million, three-year initiative by the Executive to develop a multi-use trail network along the Hudson River Valley Greenway and Erie Canalway trails (referred to in Executive announcements as the Empire State Trail.)

**Article VII Provisions**

**Shared Services Agreement**

The Executive proposes language to authorize the sharing of employees, services, and resources through shared services agreements between NYPA, the Canal Corporation, and the Department of Transportation. The shared services are to address emergency situations, extreme weather conditions, and services to support the operation and maintenance of the canal.

**Olympic Regional Development Authority**

The FY 2018 Executive Budget recommends All Funds appropriations of $14.04 million for the Olympic Regional Development Authority (ORDA), an increase of $2.5 million, or 21.7 percent. This reflects additional capital spending at ORDA facilities for energy efficiency upgrades and renovation projects. The Executive expects these changes to allow ORDA to reduce operating costs at its venues.

Similar to previous years, the Executive Budget includes $2.5 million in New York Works capital sub-allocated from the Office of Parks, Recreation and Historic Preservation to ORDA for various capital improvements at ORDA’s facilities.

**Office of Parks, Recreation and Historic Preservation**

The FY 2018 Executive Budget recommends All Funds appropriations of $443.68 million for the Office of Parks, Recreation and Historic Preservation (OPHRP), an increase of $50.6 million, or 12.9 percent from the FY 2017 Enacted Budget. This increase results primarily from an additional $54 million in capital projects appropriations, from $150.7 million in FY 2017 to $204.7 million in FY 2018.

Staffing levels for OPHRP are projected to increase by 2 FTE positions to 1,749 FTE positions.
## Environmental Protection Fund

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<td>Biodiversity stewardship</td>
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<td>Hudson River Estuary Plan</td>
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<td>Finger Lk-Lk Ontario Watershed</td>
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<td>Lake Erie Watershed Protection</td>
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<td>Water Quality Improvement Prog</td>
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<td>Water Testing Pilot Program</td>
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<tr>
<td>Oceans &amp; Great Lakes Initiative</td>
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<td>Invasive Species</td>
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<td>Dredging Projects</td>
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<td>Soil &amp; Water Conservation Districts</td>
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<td>Agricultural Waste Management</td>
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<td><strong>Open Space Subtotal</strong></td>
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<td><strong>$150,615,000</strong></td>
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<table>
<thead>
<tr>
<th>CLIMATE CHANGE MITIGATION &amp; ADAPTATION</th>
<th>FY 2017 Enacted</th>
<th>FY 2018 Executive</th>
<th>Change</th>
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<tbody>
<tr>
<td>Greenhouse Gas Management</td>
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<tr>
<td>State Climate Adaptation Projects</td>
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<td>State Vulnerability Assessments</td>
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<td>-$2,500,000</td>
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<tr>
<td>Smart Growth</td>
<td>$2,000,000</td>
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<tr>
<td>Climate Resilient Farms Program</td>
<td>$2,500,000</td>
<td>$2,500,000</td>
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<tr>
<td>Climate Smart Communities Competition</td>
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<td><strong>Climate Change Subtotal</strong></td>
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<td><strong>$21,650,000</strong></td>
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<tr>
<th>ENVIRONMENTAL PROTECTION FUND TOTAL</th>
<th>FY 2017 Enacted</th>
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<th>Change</th>
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<tbody>
<tr>
<td></td>
<td>$300,000,000</td>
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### Agriculture & Markets Local Assistance Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Enacted 2017</th>
<th>Executive 2018</th>
<th>Change</th>
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<tr>
<td>Ag. Child Development Program</td>
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<td>Cornell Diagnostic Lab</td>
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<tr>
<td>Cornell Quality Milk Program</td>
<td>$1,174,000</td>
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<tr>
<td>Cornell Cattle Health Assurance</td>
<td>$360,000</td>
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<td>$0</td>
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<tr>
<td>Cornell Johnes Disease</td>
<td>$480,000</td>
<td>$480,000</td>
<td>$0</td>
</tr>
<tr>
<td>Cornell Rabies</td>
<td>$610,000</td>
<td>$50,000</td>
<td>-$560,000</td>
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<tr>
<td>Cornell Avian Disease</td>
<td>$252,000</td>
<td>$252,000</td>
<td>$0</td>
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<tr>
<td>Cornell Farm Net (Farm Family Assistance)</td>
<td>$800,000</td>
<td>$384,000</td>
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<tr>
<td>NYS Seed Lab</td>
<td>$128,000</td>
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<tr>
<td>Geneva Station - Hops Testing</td>
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<tr>
<td>Golden Nematode/Cornell</td>
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<td>$62,000</td>
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<tr>
<td>Future Farmers of America (FFA)</td>
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<td>$542,000</td>
<td>$50,000</td>
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<tr>
<td>Cornell Ag in the Classroom</td>
<td>$80,000</td>
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<td>$300,000</td>
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<td>Cornell Association of Ag Educators</td>
<td>$66,000</td>
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<td>$350,000</td>
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<tr>
<td>Apple Growers Association</td>
<td>$750,000</td>
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<tr>
<td>Wine &amp; Grape Foundation</td>
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<td>Farm Viability Institute</td>
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<tr>
<td>Center for Dairy Excellence</td>
<td>$150,000</td>
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<tr>
<td>Local Fair Assistance</td>
<td>$500,000</td>
<td>$340,000</td>
<td>-$160,000</td>
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<tr>
<td>Pro-Dairy</td>
<td>$1,088,000</td>
<td>$822,000</td>
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<tr>
<td>EBT at Farmers' Markets</td>
<td>$138,000</td>
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<tr>
<td>Taste New York</td>
<td>$1,100,000</td>
<td>$1,100,000</td>
<td>$0</td>
</tr>
<tr>
<td>Farm-To-School</td>
<td>$250,000</td>
<td>$750,000</td>
<td>$500,000</td>
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<tr>
<td>North Country Farm-To-School</td>
<td>$300,000</td>
<td>$0</td>
<td>-$300,000</td>
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<tr>
<td>Maple Producers</td>
<td>$215,000</td>
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<tr>
<td>Tractor Rollover Prevention</td>
<td>$250,000</td>
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<tr>
<td>Apple R&amp;D Advisory Board</td>
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<td>$0</td>
<td>-$500,000</td>
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<tr>
<td>Cornell Maple Research</td>
<td>$125,000</td>
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<tr>
<td>Berry Growers Association</td>
<td>$60,000</td>
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<tr>
<td>Cornell Berry Research</td>
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<td>Christmas Tree Farmers</td>
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<tr>
<td>Corn &amp; Soybean Growers Ass'n</td>
<td>$75,000</td>
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<td>Cornell Honeybee Program</td>
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<td>-$50,000</td>
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<tr>
<td>Cornell Onion Research</td>
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</tr>
<tr>
<td>Cornell Vegetable Research</td>
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<td>-$100,000</td>
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<tr>
<td>Suffolk Co Deer Fencing</td>
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<tr>
<td>Eastern Equine Encephalitis</td>
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<td>$0</td>
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<tr>
<td>Farm Viability Dairy Profit Teams</td>
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<tr>
<td>Genesee County Ag. Academy</td>
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</tr>
<tr>
<td>Long Island Farm Bureau - Grown on Long Island</td>
<td>$100,000</td>
<td>$0</td>
<td>-$100,000</td>
</tr>
<tr>
<td>Island Harvest</td>
<td>$20,000</td>
<td>$0</td>
<td>-$20,000</td>
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<tr>
<td>North Country Low Cost Vaccines</td>
<td>$25,000</td>
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<tr>
<td>Northern NY Ag Development - CCE Jefferson</td>
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<td>Turfgrass Association</td>
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<tr>
<td>Wood Products Council</td>
<td>$100,000</td>
<td>$0</td>
<td>-$100,000</td>
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<tr>
<td>Farm-to-Seniors Program</td>
<td>$500,000</td>
<td>$0</td>
<td>-$500,000</td>
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<tr>
<td>Cornell Vets to Farms</td>
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<tr>
<td>North Country Ag Academy - St Lawrence-Lewis BOCES</td>
<td>$200,000</td>
<td>$0</td>
<td>-$200,000</td>
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</tbody>
</table>

**TOTAL**                                      | $30,915,000  | $21,459,000    | -$9,456,000|
### Environmental Conservation, Agriculture and Housing
#### Proposed Disbursements - All Funds

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Estimated FY 2017</th>
<th>Proposed FY 2018</th>
<th>Change Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adirondack Park Agency</td>
<td>4,747</td>
<td>4,763</td>
<td>16</td>
<td>0.34%</td>
</tr>
<tr>
<td>Agriculture and Markets</td>
<td>97,724</td>
<td>102,521</td>
<td>4,797</td>
<td>4.91%</td>
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<tr>
<td>Department of Environmental Conservation</td>
<td>1,008,088</td>
<td>1,235,712</td>
<td>227,624</td>
<td>22.58%</td>
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<tr>
<td>Energy Research Development Authority</td>
<td>14,318</td>
<td>25,575</td>
<td>11,257</td>
<td>78.62%</td>
</tr>
<tr>
<td>Department of Public Service</td>
<td>74,326</td>
<td>77,427</td>
<td>3,101</td>
<td>4.17%</td>
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<tr>
<td>Housing and Community Renewal</td>
<td>261,992</td>
<td>416,563</td>
<td>154,571</td>
<td>59.00%</td>
</tr>
<tr>
<td>Olympic Regional Development Authority</td>
<td>10,386</td>
<td>12,686</td>
<td>2,300</td>
<td>22.15%</td>
</tr>
<tr>
<td>Power Authority</td>
<td>1,916</td>
<td>28,328</td>
<td>26,412</td>
<td>1378.50%</td>
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<tr>
<td>Parks, Recreation and Historic Preservation</td>
<td>331,819</td>
<td>333,232</td>
<td>1,413</td>
<td>0.43%</td>
</tr>
<tr>
<td>Hudson River Park</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>1,805,316</strong></td>
<td><strong>2,236,807</strong></td>
<td><strong>431,491</strong></td>
<td><strong>23.90%</strong></td>
</tr>
</tbody>
</table>
Public Protection Fact Sheet

The Executive Budget proposes total All Funds cash disbursements of $5.4 billion a decrease of 10 percent from Fiscal Year 2017.

- **Public Security Initiatives**
  - $203 million in new settlement funds, of which $134 million is devoted to counter terrorism and $69 million for Bridge and Tunnel Security for FY 2018 through FY 2021
  - $27 million in FY 2018 for the State Police to deploy 158 employees to Troop NYC and participate in Bridge and Tunnel Security
  - $3 million in new appropriations for Airport Employee Security Training
  - $1.3 million in new appropriations for an eight person Cyber Incident Response Team to aid certain state agencies and local governments who are victims to cyber attacks

- **FY 2018 Criminal Justice Reform Act of 2017 Proposal:** The Executive proposes Article VII language to implement a Criminal Justice Reform Act of 2017 (see additional detail is provided in section three of this report) to:
  - Require Video Recording of Interrogations for Serious Offenses
  - Allow the use of photo identifications made by witnesses at trial
  - Extend Indigent Legal Services based on the principles in the Hurrell-Harring settlement statewide, with fiscal and reporting oversight through the Division of Budget and the State

- **Proposal to amend the Tax Law to impose the Public Safety Communications Surcharge on prepaid cell phones and services:**
  - A $.60 surcharge on each retail sale of device or service under $30
  - A $1.20 surcharge on each retail sale of device or service over $30
  - Allows counties who already charge the surcharge on contracted service to opt into charging $.30 per retail sale of device or service
  - Estimates revenues of $7 million in FY 2018 and $26 million in future fiscal years

- **Executive proposed changes to the Office of Indigent Legal Services**
  - $8.6 million increase for Hurrell-Harring Settlement counties for implementation of new caseload standards
  - For FY 2018, transferring the Office of Indigent Legal Service’s State Operations spending, approximately $3.2 million, to the Aid to Localities budget
  - $1.25 million in new appropriation to develop a plan to enhance indigent defense statewide
  - $380,000 for three new employees to continue current agency operations
The FY 2018 Executive Budget recommends All Funds cash disbursements of $5.4 billion, a decrease of $587 million or 10 percent over FY 2017 for all public protection agencies.

The Executive adds new language to several appropriations under agencies in Public Protection:

- Providing that no funds may be available for certification or payment under the appropriation until the Legislature has finally acted upon the Aid to Localities budget and the Director of the Division of the Budget (DoB) has determined that those appropriations are sufficient
- Providing the Director of DoB with authority to transfer appropriations between any State agency or public authority
- Related to the newly created Administrative Hearing Interchange and Transfer Authority (information regarding this proposal can be found in the General Government and Local Government Assistance section of this report)

**All Funds Disbursements**

<table>
<thead>
<tr>
<th></th>
<th>Estimated FY 2017</th>
<th>Projected FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>6,010</td>
<td>5,423</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td>-5.9%</td>
<td>-9.8%</td>
</tr>
<tr>
<td>5 Year Average Growth (Actual)</td>
<td>7.3%</td>
<td></td>
</tr>
</tbody>
</table>

The FY 2018 Executive Budget includes an adjustment to the Department’s FY 2017 Enacted State Operations Budget appropriation of $12 million related to increases in collective bargaining agreements.

The Executive recommends $3.3 billion in All Funds appropriations for the Department, an increase of $81.3 million from FY 2017 levels. The increase is primarily the result of an additional $91 million in Capital appropriations offset by a decrease of $9.7 million in State Operations spending.

The increase in Capital of $91 million is primarily related to a shift of maintenance positions (458 Full-Time Equivalent (FTE) and 521 FTEs in FY 2017 for a total of 979 FTEs) from the General Fund to Capital Funds. Of the total increase in Capital funds the following is included for continued support of capital projects under the following accounts:

- $91 million for the purpose of Maintenance and Operations
$17 million for Preservation of Facilities
$26 million for Program Improvement
$3 million for Correction Industries (CorCraft)

This increase is offset by decreases in Capital Accounts totaling $46 million:
$38 million for Environmental Protection and Improvements
$8 million for Health and Safety Purposes

The Executive includes Design Build language within certain DMNA Capital appropriations that would allow for designers and construction contractors to work jointly to deliver the project. (see additional detail is provided under section three of this report).

The Department’s State Operations increases by:
$13 million for increased pharmaceutical drugs, hospital services and utility costs
$8.2 million for 165 FTE positions related to FY 2016 Security Staffing Reviews
$3.5 million related to the delay of FTE transfers from FY 2017 to the Bureau Services Center
$1.5 million related to collective bargaining agreement increases

These increases are offset by decreases of:
$21.7 million in savings from the transfer of 458 maintenance positions to Capital funds and correctional officer overtime related to capital
$13.6 million in reductions of overtime related to more oversight
$2.6 million in savings is attained by reducing Maximum Security Prison Visitation days from seven days to three days (39 FTE through attrition).
   o As a way to reduce expenses, maximum security correctional facilities allow two days for visitation Saturday and Sunday.

The Executive budget makes no changes to the Department’s Aid to Localities spending levels for FY 2018.

The Executive budget does not include any prison closures. The prison population is projected at 51,500 by April 2017, projected to further decrease by 500 in 2018.

Article VII Provisions

The Executive also proposes the following Article VII legislation (see additional detail is provided under section three of this report):

Correction Reform Proposal:
   o Authorizes the Commissioner of DOCCS to set conditions of parole in specific situations
   o Establishes earned reductions during post-release supervision
   o Includes two new skills to a list of programs that would allow an inmate to qualify for the six-month Limited Credit Time Allowance Program

Division of Criminal Justice Services (DCJS)

The Executive Budget recommends $269 million in All Funds appropriations for DCJS, a decrease of $21.1 million from FY 2017 levels. This primarily reflects a decrease of $21.5 million in General Fund Local Assistance funding offset by an increase in State Operations spending of $400,000 for two new programs:
$300,000 for development and creation of a Bail Reform Risk Assessment tool; and
$100,000 for research and development to ensure citizens’ right to a speedy trial
Traditional Criminal Justice Aid to Localities Program Funding

The Executive proposes a decrease of $21.5 million in General Fund Local Assistance programs primarily from the elimination of $16.1 million in Legislative funding from FY 2017; and reductions totaling $5.4 million to various core criminal justice programs: one in particular is funding for Rape Crisis Centers which would receive a reduction in funding of $147,000 or 5.45 percent, while maintaining District Attorney Salaries, Special Narcotics Prosecutors, Ballistic Soft Body Armor Vests, and Probation Aid at FY 2017 levels.

The Executive proposes the elimination of $2.3 million in Aid to Locality funding to Westchester County Policing Program ($316,000 of which was Legislative funding).

The Executive proposes $4.8 million for continual funding of Operation SNUG. This is an increase of $1.5 million from FY 2017. The Executive combines two SNUG appropriations into one, removing language identifying certain counties receiving Operation SNUG funding. The changes in Local Assistance are outlined in Table A.

Legal Services Assistance Account

The Executive eliminates Legislative initiatives for civil and criminal legal services totaling $3.8 million which includes $950,000 for domestic violence or veterans civil or criminal legal services; and $600,000 for Indigent Parolee Program. The Executive includes $4.2 million for civil and criminal legal services; and $180,000 for Legal Action Center.

Level funding is included for Aid to Defense, Aid to Prosecution, the District Attorney and Indigent Attorney Loan Forgiveness Program, and Statewide Indigent Legal Services for Persons Leaving Prison Program.

Proposed spending from the Legal Services Assistance Account is outlined in the Table below:

<table>
<thead>
<tr>
<th>Programs</th>
<th>FY 2017 Enacted Amount</th>
<th>FY 2018 Executive Proposed Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid to Prosecution</td>
<td>$2,592,000</td>
<td>$2,592,000</td>
<td>$0</td>
</tr>
<tr>
<td>Aid to Defense</td>
<td>$2,592,000</td>
<td>$2,592,000</td>
<td>$0</td>
</tr>
<tr>
<td>District Attorney and Indigent Legal Attorney Loan Forgiveness Program</td>
<td>$2,430,000</td>
<td>$2,430,000</td>
<td>$0</td>
</tr>
<tr>
<td>Statewide Indigent Legal Services for persons leaving prison</td>
<td>$2,200,000</td>
<td>$2,200,000</td>
<td>$0</td>
</tr>
<tr>
<td>Indigent Parole Program (Legislative Item)</td>
<td>$600,000</td>
<td>$0</td>
<td>($600,000)</td>
</tr>
<tr>
<td>Civil/Criminal Legal Services; Domestic Violence</td>
<td>$3,780,000</td>
<td>$4,200,000</td>
<td>$420,000</td>
</tr>
<tr>
<td>Civil/Criminal Legal Services (Legislative Items)</td>
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<td></td>
<td></td>
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<tr>
<td>New Civil/Criminal Legal Services; Domestic Violence Legal Services</td>
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<td>$180,000</td>
<td>$180,000</td>
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<tr>
<td>TOTAL</td>
<td>$14,194,000</td>
<td>$14,194,000</td>
<td>$0</td>
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</table>

Criminal Justice Improvement Account

The Executive proposes a transfer from the Special Revenue Criminal Justice Improvement Account (CJIA) to the General Fund of $8.9 million.

Article VII Provisions

The Executive also proposes the following Article VII legislation (see additional detail in section three of this report):

- Extends for two years various criminal justice programs set to expire in 2017; and would extend for two years the formula distribution of certain monies recovered by District Attorneys in New York City, which is set to expire on March 31, 2017.
<table>
<thead>
<tr>
<th>Programs</th>
<th>FY 2017 Enacted Amount</th>
<th>FY 2018 Executive Proposed Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid to Prosecution</td>
<td>$10,680,000</td>
<td>$9,957,000</td>
<td>($723,000)</td>
</tr>
<tr>
<td>New York State Prosecutors Training Institute (NYP))</td>
<td>$2,304,000</td>
<td>$2,178,000</td>
<td>($126,000)</td>
</tr>
<tr>
<td>Witness Protection Program</td>
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<td>Renesssekill County - Fire Departments / EMS*</td>
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Total: $157,632,000 $136,102,000 ($21,530,000)

*Legislative Adds total $16 million.
• Removes the “public view” language from the Class B misdemeanor of criminal possession of marihuana in the fifth degree, and would make possession in public view a violation of the Penal Law.

• Criminal Justice Reform Act: Requires video recording of interrogations for serious offenders; amends witness identification procedures; and creates a statewide indigent legal defense plan to apply to all public defenders, legal aid society, assigned counsel programs and conflict defender offices.

Division of State Police

The Executive Budget includes adjustments to the Division’s FY 2017 Enacted Budget related to the transfer of $23.5 million for salary adjustments and retroactive payments to the General Fund.

The Executive Budget recommends $926 million in All Funds appropriations for the Division of State Police reflecting an increase of $53 million from FY 2017 levels.

The Executive proposes a $39 million increase in State Operations from FY 2017. This increase is attributable to increases in General Fund totaling $22.7 million:

- $31 million for the annualization of FY 2017 initiatives (Troop NYC - bridge and tunnel initiatives; and the Commercial Gaming Unit continuation of background checks at new casinos)
- $6.4 million in collective bargaining agreements
- $3.5 million for 26 FTEs for the processing of Sexual Offense Evidence Kits related to FY 2017 legislation
- $1 million for the creation of a Hate Crime Task Force (number of FTEs undetermined)

- $1 million for the transfer of Intelligence Analysts positions that were included in the FY 2017 Enacted Budget from the Division of Homeland Security and Emergency Services

This increase is offset by a decrease of $20.2 million related to shifting funds from the General Fund to Capital appropriations for 75 FTE maintenance positions and for the replacement, maintenance and repair of equipment; and $4 million from the General Fund to the Public Safety Communications Account for nonpersonal service expenses.

Federal Funds for the Division are increased by $11.2 million:

- $6.5 million in Miscellaneous Federal Funding
- $4.7 million in Federal Bureau of Justice Statistics Grants

The Executive increases Special Revenue funding by $5 million related to the Statewide Public Safety Communications Account and policing the New York State Thruway.

The Executive proposes capital project funding increases by $14 million: $8 million in new Capital funding for Facilities Maintenance and Operations related to the transfer of maintenance positions from the General Fund; and also proposes an increase of $12 million related to expenses associated with equipment purchase (vehicles) and preventative maintenance. This increase is offset by the elimination of a $6 million appropriation from FY 2017 for Troop L Zone Headquarters located in Nassau County which is included in prior year spending (reappropriation).

Article VII Provisions

The Executive also proposes the following Article VII legislation (see additional detail in section three of this report):
• Creates two additional degrees of identity theft offenses; enhances penalties for those who have been previously convicted of an identity theft offense; and adds a new computer tampering offense.

• Establishment of a Hate Crime Task Force within the Division of State Police’s Bureau of Criminal Investigation to prevent, investigate and detect hate crimes.

**Division of Homeland Security and Emergency Services**

The Executive Budget includes an adjustment to the Division’s FY 2017 Enacted State Operations Budget appropriation of $222,000 for collective bargaining agreements.

The FY 2018 Executive Budget recommends $1.6 billion in All Funds support for the Division, an increase of $57.8 million from FY 2017. This increase is primarily from increased Capital spending of $53 million: a $50 million increase to support current grants awarded through the Statewide Interoperable Communications Program in Fiscal Years 2014 and 2015; and $3 million increase for alterations and improvements at the Division’s New York State Academy of Fire Science and Fire Science Library located in Montour Falls, Schuyler County and the State Preparedness Training Center located in Oriskany, Oneida County.

The Division’s State Operations budget increases by $4.8 million in new spending. This funding is for 98 new FTEs to carry out three of the Executive’s homeland security proposals:

• A new Cyber Incident Response Team would assist those State agencies and local governments who do not have the resources themselves to protect against cyber attacks.

• The Executive proposes a Transportation Security Training Program for Airport Employees in response to a false alarm at JFK airport in August 2016.

• Creation of a Swift Water Rescue simulator at the State Preparedness Training Center. The Capital budget proposal calls for building this simulator with the use of prior year authorization (reappropriations).

The Executive Budget recommends no spending changes to the $1.45 billion Aid to Localities budget for the Division.

The Executive includes $12.6 billion in Federal Disaster funding from prior year authority (reappropriation) specifically to allow for reimbursement of Superstorm Sandy costs.

The Executive proposes $75 million in funding to support county public safety communications efforts under the Interoperable Communications Grant Program, same as FY 2017 levels, allocated as follows:

• $65 million for new grants to continue support for county interoperable communications

• $10 million for a new annual grant program to support operating costs, of public safety dispatch centers, factors such as population density and emergency call volume could be considered

**Article VII Provisions**

The Executive also proposes the following Article VII legislation (see additional detail in section three of this report):

• The Executive proposes to amend the Tax Law to impose the Public Safety Communications Surcharge on the sale of prepaid cell phone devices and services. The surcharge would be
$.60 on a retail sale under $30 on either the phone device or service and $1.20 on a sale, above $30. This proposal would allow counties who already impose a fee on contracted cell phone service to opt into imposing a $.30 surcharge on all prepaid device or service sales. The Executive estimates revenues of $7 million in FY 2018 and $26 million annually thereafter from the imposition of this new surcharge on prepaid phones.

Division of Military and Naval Affairs

The Executive Budget recommends $139 million in All Funds support, an increase of $9.8 million from FY 2017 levels. This increase is primarily related to continued support of Capital operations to State Armories across the State under the following accounts: $11 million in Facilities Maintenance; and $1 million in Design and Construction Projects. These increases are offset by a reduction of $2.2 million in Maintenance and Improvements.

The Executive utilizes $20 million for maintenance projects at State Armories ($17 million for maintenance and improvement; and $3 million for alterations and improvements) through the use of Special Infrastructure Settlement Funds.

The Executive includes Design Build language within certain DMNA Capital appropriations that would allow for designers and construction contractors to work jointly to deliver the project. (see additional detail in section three of this report).

The Executive Budget recommends no changes in State Operations nor Aid to Localities for the Division.

Article VII Provisions

The Executive also proposes the following Article VII legislation (see additional detail in section three of this report):

Office of Victim Services

The Executive Budget includes adjustments to the Office of Victim Services (OVS) FY 2017 Enacted Budget of $105,000 for collective bargaining agreements.

The FY 2018 Executive Budget recommends $119.7 million in All Funds support, an increase of $176,000 from FY 2017 levels. This directly reflects an increase in State Operations spending by $1.7 million of which $1.6 million is for Federal Crime Victims Assistance Account; and $50,000 is for Federal Criminal Justice Improvement Account. This increase is offset by the elimination of $1.3 million in Federal Victim Assistance Training. The Executive proposes to maintain $106.7 million in Aid to Localities Funding for OVS same as FY 2017 levels.

Article VII Provisions

The Executive also proposes the following Article VII legislation (see additional detail in section three of this report):

- Expands the list of crimes for which a victim, who does not sustain an injury is eligible for reimbursement of certain crime related expenses funded by OVS.
- Allows a vulnerable elderly person, or a physically disabled person to be reimbursed by
OVS for a loss of savings that is the result of a larceny crime where monies are stolen; expands the list of offenses which define a victim for the purpose of reimbursement by OVS; and allows for an award for loss of savings up to $30,000.

Office for the Prevention of Domestic Violence

The Executive Budget includes an adjustment to the Office for the Prevention of Domestic Violence FY 2017 Enacted Budget appropriation of $53,000 for increases in collective bargaining agreements.

The FY 2018 Executive Budget recommends $5.6 million in All Funds appropriation, an increase of $400,000 from FY 2017 levels. This increase is for the establishment of up to four additional high-risk homicide reduction pilot programs. These pilots would be mirrored after the Schenectady pilot program which allowed for the hiring of a coordinator for local law enforcement and service providers on interventions to prevent domestic violence homicides. The pilot sites would be chosen by a competitive bidding process.

Office of Indigent Legal Services

The Executive Budget recommends $109 million in All Funds support for Indigent Legal Services, an increase of $10.2 million from FY 2017 levels. The Executive eliminates State Operations appropriations totaling $3.2 million and transfers the funding to Aid to Localities funds.

The Executive proposes an increase of $1.6 million in Aid to Localities of which $1.25 million is for development of a plan to provide indigent defense services statewide; and $380,000 for three new FTEs.

The Executive proposes Article VII language that creates a statewide indigent legal defense plan to apply to all public defenders, legal aid society, assigned counsel programs and conflict defender offices. Increases to certain fees and General Fund transfers for indigent legal services improvements are estimated at $250 million when fully annualized (see additional detail in section three of this report).

In November 2007 five counties – Onondaga, Ontario, Schuyler, Suffolk, and Washington – filed suit against the State, alleging a deprivation of the right to counsel for indigent defendants (defined as a criminal defendant eligible for publicly funded legal representation). The State settled with five of the plaintiffs in October 2014 after agreeing to undertake actions to increase indigent criminal counsel services through the State Office of Indigent Legal Services (OILS).

The FY 2018 Executive Budget proposes an increase of $8.6 million for Hurrell-Harring settlement counties in response to newly established caseload standards.

Interest on Lawyers Account

The FY 2018 Executive Budget proposes $46.9 million in All Funds, an increase of $140,000 in State Operation funds compared to FY 2017 levels. This is an increase in personal services and fringe benefits costs.

The Executive Budget recommends level funding of $45 million for local grants. The actual disbursement amounts depend on the interest generated by the trust accounts to fund the program. As of December 31, 2016 the account balance was $41.4 million. The Office of Court Administration (OCA) transfers $15 million for grants for civil legal services to the Interest on Lawyer Account.

State Commission of Corrections

The Executive Budget includes an adjustment to the Commission’s FY 2017 Enacted Budget of
$61,000 for collective bargaining agreements. The FY 2018 Executive Budget recommends maintaining All Funds appropriations of $2.9 million.

**Department of Law**

The FY 2018 Executive budget proposes All Funds spending of $242.8 million, an increase of $8.92 million, or 3.8 percent, from FY 2017 levels. Of the spending increase, $5 million is the result of an increase in capital spending from $5 million to $10 million. This spending increase would be used to acquire equipment, software, and services associated with the implementation of case management, e-discovery and charities registration systems, as well upgrading its IT systems and data centers. The remaining $3.92 million is primarily due to increased personal service costs. The Executive proposes no change in Full Time Equivalent (FTE) positions.

**Judiciary**

The FY 2018 Executive budget proposes All Funds spending of $2.97 billion, an increase of $119.7 million, or 4.2 percent. This reflects a spending increase of $54.0 million for employee benefit costs, and $40.2 million for personal service and nonpersonal service/indirect costs for Court and Agency Operations. There would be an additional $2.5 million increase in Aid to Localities spending for the Court Facilities Incentive Aid Program and Justice Court Assistance Program. Capital projects spending would increase $8 million. The Judiciary transfers $15 million for grants for civil legal services to the Interest on Lawyer Account.

Of the $40.2 million increase for Court and Agency Operations, $29.9 million is personal service, an increase of 1.9 percent, and $10.3 million is nonpersonal service/indirect costs, an increase of 2.2 percent. The increase in personal service is primarily driven by the Judiciary’s plan to add 200 new Full Time Equivalent (FTE) positions, and incremental salary increases for Judges and other employees. The new FTE’s would include clerks, court officers, interpreters, court reporters, other back office positions related to providing services to the public. Spending for Judicial salaries would increase by $2.4 million, or 1 percent. The increase in nonpersonal service is largely due to cost of living and inflationary increases for contractual service providers as well as real estate lease expirations and additional conference and travel expenditures. Funding for civil legal services would remain unchanged at $85 million.

The $8 million spending increase for capital projects would help pay for two new capital projects expected to cost $15 million, with the remainder to be expended in FY 2019. A $10 million project would modernize the Judiciary’s Wide Area Network (CourtNet) which connects every courthouse and court office in the state, as well as pay for the acquisition of the Justice Court Case Management System, which would be provided to Justice Courts at no cost. The remaining $5 million would be used for a project to acquire bullet proof vests, as well as to replace magnetometers and x-ray scanning machines.

**Article VII Provisions**

The Executive also proposes the following Article VII legislation (see additional detail in section three of this report).

**Market Rate for Interest on Court Judgments and Accrued Claims**

The FY 2018 Executive Budget recommends amending the law to set the interest rate paid on court judgments and accrued claims by the State, municipal corporations and certain public corporations and housing authorities to an independent market based interest rate, with a
maximum interest rate of 9 percent. The interest rate would be based on the weekly average one year maturity Treasury yield. The Executive estimates this change would save the State approximately $6 million annually, and additional savings would be expected for municipal corporations, public corporations and housing authorities.

**Judicial Commissions**

The FY 2018 Executive Budget recommends the following amounts for the State’s three judicial commissions: The Commission on Judicial Conduct ($5.58 million), Commission on Judicial Nomination ($30,000), and the Judicial Screening Committees ($38,000). Each program would receive the same level of funding as in FY 2017.
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<th>Agency</th>
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<td>Judiciary</td>
<td>2,849,298</td>
<td>2,968,997</td>
<td>119,699</td>
<td>4.20%</td>
</tr>
<tr>
<td>Department of Law</td>
<td>233,893</td>
<td>242,812</td>
<td>8,919</td>
<td>3.81%</td>
</tr>
</tbody>
</table>
The FY 2018 Budget recommends All Funds appropriations of $195.8 million for economic development programs; this is a decrease of $10.1 million or 4.9 percent over the current fiscal year. The funding reduction is primarily the result of the elimination of $11.4 million in FY 2017 legislative additions; offset by an increase of approximately $1.3 million in State Operations personnel costs (required pursuant to bargaining agreement).

General Fund appropriations will decrease by $11.1 million or 5.8 percent from the FY 2017 level. The reduction is primarily due to the elimination of $12.9 million in Legislation Initiatives along with a $5 million reduction in funding for the Empire State Development Fund. The reductions are offset with $6.5 million in increased funding for advertising and marketing initiatives.

The Aid to Localities appropriation will remain at the FY 2017 funding level for the following programs:
- The Centers for Advanced Technology (CAT) - $13.8 million
- Manufacturing Extension Partnership Program - $9.5 million
- Centers for Excellence - $8.7 million
- High Technology Matching Grants - $6 million
- Innovative Hot Spots - $5 million
- Local Tourism Matching Grants - $3.8 million
- Economically Distressed Urban and Community Development Program - $3.4 million
- The SUNY Albany & Rensselaer Polytechnic Institute Focus Centers - $3 million
- Entrepreneurial Assistance Program - $1.76 million
- Technology Development Matching Grants - $1.38 million
- Economically Distressed Community Development Matching Grant - $1.5 million
- Industrial Technology Extension Service - $921,000
- Women-Owned Business Development Lending Program - $635,000
- Science & Technology Law Center Program - $343,000
- Gateway information Centers in Binghamton and Beekmantown - $196,000.

The FY 2018 Executive Budget recommends an All Funds capital spending appropriation of $2.39 billion. This is an increase of $347.5 million or 17.1 percent over FY 2017.

The FY 2018 Executive Budget recommends $1.9 billion in new All Funds capital spending appropriations for the following projects:
- The transformation of the James A. Farley Post Office - $700 million
- “Life Science” initiatives - $450 million
- The second phase of the Buffalo Regional Innovation Cluster (a/k/a Buffalo Billion) - $400 million
- The Strategic Projects Program - $207.5 million
- The redevelopment of the Kingsbridge Armory - $108 million
- Cultural, arts and public space tourism initiative - $10 million
- Water upgrades for the City of Auburn and Town of Owasco – $2 million
- A memorial to commemorate the Orlando, Florida terrorist attack on the lesbian, gay, bisexual and transgender community - $1 million
- Capital appropriations will remain at the FY 2017 level for the following programs:
  - New York Works - $199 million
  - Regional Economic Development Initiatives - $150 million
  - NY SUNY 2020 Challenge - $55 million
  - NY CUNY 2020 Challenge - $55 million
  - Market New York - $8 million
Economic Development

The FY 2018 Executive Budget recommends an All Funds cash disbursement increase of $314.8 million or 21.4 percent over FY 2017 for all Economic Development agencies. General Fund cash disbursements are projected to increase by $8.8 million or 4.9 percent over FY 2017.

The FY 2018 Executive Budget recommends an All Funds appropriation of $195.8 million for economic development programs, a decrease of $10.1 million or 4.9 percent over the current fiscal year. The reduction reflects the elimination of $11.4 million dollars in FY 2017 legislative additions offset by an increase of $1.3 million in State Operations.

Department of Economic Development (DED)

State Operations

The Executive Budget recommends an appropriation of $26.9 million in the state operations budget for the Department of Economic Development (DED). This is an increase of $1.3 or 5.1 percent over FY 2017. The increase is primarily due to an increase of $1 million in personal and contractual services in marketing and advertising.

Aid to Localities

The Executive Budget recommends an appropriation of $61.3 million in the ATL budget for DED. This is a decrease of $1.3 million or two percent over FY 2017. The reduction is primarily due to the elimination of $4.7 million in FY 2017 legislative additions offset with an increase of $3.5 million for marketing and promotional funding to include new funding of $1.45 million for Taste-NY Agri-tourism.

### All Funds Disbursements

<table>
<thead>
<tr>
<th></th>
<th>Estimated FY 2017</th>
<th>Projected FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1,470</td>
<td>1,785</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td>74.6%</td>
<td>21.4%</td>
</tr>
<tr>
<td>5 Year Average Growth (Actual)</td>
<td>0.8%</td>
<td></td>
</tr>
</tbody>
</table>
The agri-tourism appropriation funds may be used for marketing, advertising, and or retail operations to promote the sale of local New York foods and beverages. The agri-tourism appropriation authorizes the following distribution of funds:

- Cornell Cooperative Extension of Nassau County – Up to $600,000
- Cornell Cooperative Extension of Broome County – Up to $500,000
- Montgomery County Chapter of NYARC, Inc. – Up to $350,000

Empire State Development Corporation (ESDC) a/k/a Urban Development Corporation (UDC)

The FY 2018 Executive Budget recommends All Funds spending for the Empire State Development Corporation of $2.49 billion an increase of $337.4 million or 15.6 percent over FY 2017. The increase is primarily due to $347.5 million in additional capital spending offset by a reduction of $10.2 million in local aid. The local aid reduction is primarily due to the elimination of $12.7 million in FY 2017 legislative additions offset with an increase of $3 million for the proposed Excelsior Business Program (EBP) (currently known as START-Up NY).

Aid to Localities

The FY 2018 Executive Budget recommends an appropriation of $107.6 million a reduction in Local Aid of $10.2 million or 8.6 percent over the current year appropriation. The reduction is primarily due to the elimination of $8.2 million in FY 2017 Legislative additions along with a reduction of $5 million in Empire State Funding. These reductions are offset with an increase of $3 million in marketing for efforts to support and promote economic development as well as tourism in New York, to include the “new” Excelsior Business Program (formally known as START-Up-NY).

Capital Funding

The FY 2017 Executive Budget recommends ALL Funds capital spending of $2.39 billion an increase of $348 million or 17.1 percent. The increase is primarily due to $1.9 billion in new economic programs offset by the elimination of $1.5 billion in specific economic development initiatives (refer to charts for details).

Included in the ESDC/UDC Executive Capital Budget is the authorization to allocate $808 million in Settlement Funds. The authorization is for the following projects:

- Buffalo Billion Phase II - $400 million
- Life Science Initiatives - $300 million
- Redevelopment of the Kingsbridge Armory into the Kingsbridge National Ice Center - $108 million

Article VII Proposals

The FY 2018 Executive Budget proposes the following statutory amendments:

Empire State Economic Development Fund

The Executive proposes to extend for one year; the Urban Development Corporation’s (UDC) authority to administer the Empire State Economic Development Fund. UDC’s authority is set to expire July 1, 2017.

UDC Loan Power

The Executive proposes to extend for one year, UDC’s loan authority. The UDC has had loan powers since 1994. The loan authority has been granted annually thereafter.
Excelsior Business Program (EBP) a/k/a Reforming START-Up NY

The Executive proposes to modify the START-Up NY program and begins by renaming the program the Excelsior Business Program (EBP). As indicated by the name change, the EBP would allow refundable Excelsior tax credits in certain circumstances. The credit would be dependent on the number of jobs created.

Following is an overview of some the notable revisions to the new EBP:

- A business applicant cannot have been organized for more than five years prior to the application.
- The start-up business cannot have employed more than 25 persons in the four calendar quarters prior to submission of an application.
- Specifies that the business must demonstrate it will create and maintain at least one job in its first five years.
- If an eligible start-up business creates at least five new net jobs, it may qualify for an excelsior refundable tax credit.
- All current START-Up NY tax exemption (e.g. no personal income tax for employees, no real property taxes, etc.) are applicable in the new EBP.
- A business operational prior to their application, would be disqualified if their business generated net income in tax years prior to the submission of their application.

{For a complete discussion, see: “Excelsior Business Program (EBP) a/k/a Reforming START-Up NY” Issue in Focus in this Report.}
## ECONOMIC DEVELOPMENT PROGRAM

### CHANGES IN LOCAL ASSISTANCE APPROPRIATIONS

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Economic Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Increases</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agri-Tourism</td>
<td>$0</td>
<td>$1,450</td>
<td>$1,450</td>
</tr>
<tr>
<td>I Love NY Marketing</td>
<td>$5,000</td>
<td>$7,000</td>
<td>$2,000</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$5,000</td>
<td>$8,450</td>
<td>$3,450</td>
</tr>
<tr>
<td><strong>Reductions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Centers for Excellence Funding</td>
<td>$1,277</td>
<td>$0</td>
<td>($1,277)</td>
</tr>
<tr>
<td>Digital Gaming Hubs</td>
<td>$1,000</td>
<td>$0</td>
<td>($1,000)</td>
</tr>
<tr>
<td>Technology Matching Grants</td>
<td>$609</td>
<td>$0</td>
<td>($609)</td>
</tr>
<tr>
<td>Tourism Matching Grants</td>
<td>$500</td>
<td>$0</td>
<td>($500)</td>
</tr>
<tr>
<td>Albany Center for Excellence</td>
<td>$250</td>
<td>$0</td>
<td>($250)</td>
</tr>
<tr>
<td>Economic Gardening</td>
<td>$200</td>
<td>$0</td>
<td>($200)</td>
</tr>
<tr>
<td>Chautauqua County PGA Promotions</td>
<td>$150</td>
<td>$0</td>
<td>($150)</td>
</tr>
<tr>
<td>Finger Lakes Tourism Alliance</td>
<td>$100</td>
<td>$0</td>
<td>($100)</td>
</tr>
<tr>
<td>I Love NY Bus Promotions</td>
<td>$100</td>
<td>$0</td>
<td>($100)</td>
</tr>
<tr>
<td>Queens Economic Development Corp</td>
<td>$100</td>
<td>$0</td>
<td>($100)</td>
</tr>
<tr>
<td>Interfaith Council for Action</td>
<td>$75</td>
<td>$0</td>
<td>($75)</td>
</tr>
<tr>
<td>NCAA Division I Men's Basketball Tournament</td>
<td>$75</td>
<td>$0</td>
<td>($75)</td>
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<tr>
<td>LI Farm Bureau</td>
<td>$50</td>
<td>$0</td>
<td>($50)</td>
</tr>
<tr>
<td>LI Wine Council - Tourism</td>
<td>$50</td>
<td>$0</td>
<td>($50)</td>
</tr>
<tr>
<td>Cattaraugas Chamber of Commerce</td>
<td>$40</td>
<td>$0</td>
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</tr>
<tr>
<td>Chautauqua Chamber of Commerce</td>
<td>$40</td>
<td>$0</td>
<td>($40)</td>
</tr>
<tr>
<td>Merrick Chamber of Commerce</td>
<td>$40</td>
<td>$0</td>
<td>($40)</td>
</tr>
<tr>
<td>Rockland Independent Living Center</td>
<td>$30</td>
<td>$0</td>
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</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$4,686</td>
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</tr>
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</table>

### Empire State Development / Urban Development Corporation

<table>
<thead>
<tr>
<th>Implements</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increases</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WNY Professional Football</td>
<td>$4,557</td>
<td>$4,605</td>
<td>$48</td>
</tr>
<tr>
<td>*Promotion and Advertising</td>
<td>$66,500</td>
<td>$69,500</td>
<td>$3,000</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$71,057</td>
<td>$74,105</td>
<td>$3,048</td>
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<tr>
<td><strong>Reductions</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Empire State Development Fund</td>
<td>$31,180</td>
<td>$26,180</td>
<td>($5,000)</td>
</tr>
<tr>
<td>Military Base Retention</td>
<td>$3,000</td>
<td>$0</td>
<td>($3,000)</td>
</tr>
<tr>
<td>Beginning Farmers</td>
<td>$1,000</td>
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<tr>
<td>Bronx Overall</td>
<td>$550</td>
<td>$0</td>
<td>($550)</td>
</tr>
<tr>
<td>Brooklyn Chamber of Commerce</td>
<td>$500</td>
<td>$0</td>
<td>($500)</td>
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<tr>
<td>Bronx Overall</td>
<td>$400</td>
<td>$0</td>
<td>($400)</td>
</tr>
<tr>
<td>CenterState CEO</td>
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<td>$0</td>
<td>($400)</td>
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<tr>
<td>Community Development Funds (adfl)</td>
<td>$300</td>
<td>$0</td>
<td>($300)</td>
</tr>
<tr>
<td>Adirondack Museum</td>
<td>$300</td>
<td>$0</td>
<td>($300)</td>
</tr>
<tr>
<td>Adirondack North Country</td>
<td>$300</td>
<td>$0</td>
<td>($300)</td>
</tr>
<tr>
<td>Fulton County Center for Regional Growth</td>
<td>$300</td>
<td>$0</td>
<td>($300)</td>
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<tr>
<td>Veterans Farmers Grants</td>
<td>$250</td>
<td>$0</td>
<td>($250)</td>
</tr>
<tr>
<td>Kingsbridge-Riverdale-VanCortlandt Corp</td>
<td>$200</td>
<td>$0</td>
<td>($200)</td>
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<tr>
<td>Watkins Glen International</td>
<td>$125</td>
<td>$0</td>
<td>($125)</td>
</tr>
<tr>
<td>Canisius College</td>
<td>$100</td>
<td>$0</td>
<td>($100)</td>
</tr>
<tr>
<td>Fishing Tournament Promotions</td>
<td>$100</td>
<td>$0</td>
<td>($100)</td>
</tr>
<tr>
<td>Most IMAX</td>
<td>$100</td>
<td>$0</td>
<td>($100)</td>
</tr>
<tr>
<td>New Bronx Chamber of Commerce</td>
<td>$100</td>
<td>$0</td>
<td>($100)</td>
</tr>
<tr>
<td>Borough of Queens, Chamber of Commerce</td>
<td>$75</td>
<td>$0</td>
<td>($75)</td>
</tr>
<tr>
<td>Town of Tonawanda Water Study</td>
<td>$50</td>
<td>$0</td>
<td>($50)</td>
</tr>
<tr>
<td>World Trade Center - Buffalo Niagara</td>
<td>$50</td>
<td>$0</td>
<td>($50)</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td>$39,380</td>
<td>$26,180</td>
<td>($13,200)</td>
</tr>
</tbody>
</table>

**NET**                                          | $120,123 | $108,735 | -$11,388
<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moynihan Station Dev. Project</td>
<td>$0</td>
<td>$700,000</td>
<td>$700,000</td>
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<tr>
<td>Buffalo Billion II</td>
<td>$0</td>
<td>$400,000</td>
<td>$400,000</td>
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<tr>
<td>Life Sciences Administration</td>
<td>$0</td>
<td>$300,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Strategic Project Program</td>
<td>$0</td>
<td>$207,500</td>
<td>$207,500</td>
</tr>
<tr>
<td>Life Sciences Laboratory - Public Health</td>
<td>$0</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Kingsbridge National Ice Center</td>
<td>$0</td>
<td>$108,000</td>
<td>$108,000</td>
</tr>
<tr>
<td>Cultural, Arts, and Public Space Tourism Promotion</td>
<td>$0</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>WNY Professional Football Retention</td>
<td>$2,251</td>
<td>$2,278</td>
<td>$27</td>
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<tr>
<td>Water Treatment Upgrades for the City of Auburn and the Town of Owasco</td>
<td>$0</td>
<td>$2,000</td>
<td>$2,000</td>
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<tr>
<td>Lesbian, Gay, Bi-Sexual and Transgender Memorial</td>
<td>$0</td>
<td>$1,000</td>
<td>$1,000</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$2,251</strong></td>
<td><strong>$1,880,778</strong></td>
<td><strong>$1,878,527</strong></td>
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<tr>
<td><strong>Level Funding</strong></td>
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<tr>
<td>New York Works</td>
<td>$199,000</td>
<td>$199,000</td>
<td>$0</td>
</tr>
<tr>
<td>Regional Economic Development</td>
<td>$150,000</td>
<td>$150,000</td>
<td>$0</td>
</tr>
<tr>
<td>NY SUNY 2020 Challenge</td>
<td>$55,000</td>
<td>$55,000</td>
<td>$0</td>
</tr>
<tr>
<td>NY SUNY 2020 Challenge</td>
<td>$55,000</td>
<td>$55,000</td>
<td>$0</td>
</tr>
<tr>
<td>Market New York</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$467,000</strong></td>
<td><strong>$467,000</strong></td>
<td><strong>$0</strong></td>
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<tr>
<td><strong>Reductions</strong></td>
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<td></td>
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</tr>
<tr>
<td>Chautauqua and Erie High Tech Mfg</td>
<td>$685,000</td>
<td>$0</td>
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<tr>
<td>Nano Utica</td>
<td>$638,000</td>
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</tr>
<tr>
<td>Clinton County Poly</td>
<td>$125,000</td>
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<tr>
<td>NY Power Electronic MFG</td>
<td>$33,500</td>
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<td>($500)</td>
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<tr>
<td>Upstate Revitalization</td>
<td>$30,000</td>
<td>$0</td>
<td>($30,000)</td>
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<tr>
<td>Oakdale/Sunrise Hwy</td>
<td>$20,000</td>
<td>$0</td>
<td>($20,000)</td>
</tr>
<tr>
<td>SUNY Poly - Nano</td>
<td>$15,000</td>
<td>$0</td>
<td>($15,000)</td>
</tr>
<tr>
<td>Clarkson-Trudeau N. Country Biotech</td>
<td>$12,000</td>
<td>$5,000</td>
<td>($7,000)</td>
</tr>
<tr>
<td>Brookhaven Nat'l Lab</td>
<td>$10,000</td>
<td>$0</td>
<td>($10,000)</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$1,568,500</strong></td>
<td><strong>$38,000</strong></td>
<td>($1,530,500)</td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td><strong>$2,037,751</strong></td>
<td><strong>$2,385,778</strong></td>
<td><strong>$348,027</strong></td>
</tr>
<tr>
<td>Agency</td>
<td>FY 2017</td>
<td>Proposed FY 2018</td>
<td>Change Amount</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>---------</td>
<td>------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Department of Economic Development</td>
<td>99,207</td>
<td>90,132</td>
<td>(9,075)</td>
</tr>
<tr>
<td>Empire State Development Corp</td>
<td>1,340,223</td>
<td>1,658,839</td>
<td>318,616</td>
</tr>
<tr>
<td>Economic Development Capital - Other</td>
<td>23,000</td>
<td>29,276</td>
<td>6,276</td>
</tr>
<tr>
<td>Strategic Investment Program</td>
<td>6,000</td>
<td>6,000</td>
<td>0</td>
</tr>
<tr>
<td>Regional Economic Development Program</td>
<td>1,500</td>
<td>512</td>
<td>(988)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>1,469,930</strong></td>
<td><strong>1,784,759</strong></td>
<td><strong>314,829</strong></td>
</tr>
</tbody>
</table>
The FY 2018 Executive Budget proposes $7.05 billion in All Funds cash disbursements for Mental Hygiene, an increase of $34 million, or 0.5 percent.

The Executive Budget proposes $1.31 billion in Department of Health disbursements for Office for People with Developmental Disabilities (OPWDD) services in FY 2018, an increase of $189 million. Adjusting for this additional spending, overall spending for Mental Hygiene throughout the Executive Budget is increasing by $223 million in FY 2017, or 2.7 percent, for a total of $8.36 billion.

The Executive proposes decreasing the total number of state-operated psychiatric beds by 150 in FY 2018. There would be no closures of state-operated psychiatric centers; however, the Executive would continue with the planned merger of Western New York Children’s Psychiatric Center into the Buffalo Psychiatric Center. The Executive would reduce beds as follows:
  o If there is a consistent 90 day period of time that the inpatient beds remain vacant before any net reduction occurs (100 adult or children’s beds)
  o By allowing counties to establish jail based restoration to competency programs, reducing the need for State services (50 forensic beds)

The Executive proposes to revamp the children and youth services at Hutchings Psychiatric Center by developing a plan for an Article 28 hospital to deliver existing Office of Mental Health services.

The Executive proposes $60 million in new state funding, with a federal match of $60 million, in FY 2018 for expanded services in OPWDD.

The Executive proposes a $17 million increase, $23 million total, to fund the direct cost to not for profit providers of the scheduled minimum wage increase for direct care, direct support, and other workers.

The Executive Budget proposal continues to downsize OPWDD Developmental Centers and Intermediate Care Facilities (ICFs). Under the Executive proposal, there would be a total reduction of 56 individuals transitioning from developmental center beds to community settings, and 100 individuals from ICFs.

The Executive proposes deferring the 0.8 percent Cost of Living Adjustment and Medicaid Inflationary Trend Factor. The Department of Mental Hygiene avoids $32 million in State spending from this action.

The Executive Budget includes $200 million in services to address the heroin and opioid crisis.
MENTAL HYGIENE

The FY 2018 Executive Budget recommends All Funds cash disbursements of $7.05 billion, an increase of $34 million, or 0.5 percent for all mental hygiene agencies.

The Executive proposes Department of Health (DOH) spending of $1.3 billion in FY 2018 for Office for People with Developmental Disabilities (OPWDD) services. These funds are not reflected in the All Funds Cash Disbursement table in this section. The Executive proposes increasing DOH offsets by $189 million in FY 2018. Counting this adjustment, actual cash spending for Mental Hygiene is increasing by $223 million in FY 2018, or 2.7 percent, for a total of $8.36 billion.

Mental Hygiene Workforce

### Mental Hygiene FY 2018 Full-Time Equivalents (FTEs)

<table>
<thead>
<tr>
<th>Agency</th>
<th>FY 2017 Projected FTEs</th>
<th>Expected Change</th>
<th>FY 2018 Projected FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>OMH</td>
<td>14,200</td>
<td>(353)</td>
<td>13,847</td>
</tr>
<tr>
<td>OPWDD</td>
<td>18,855</td>
<td>(253)</td>
<td>18,602</td>
</tr>
<tr>
<td>OASAS</td>
<td>741</td>
<td>-</td>
<td>741</td>
</tr>
<tr>
<td>Justice Center</td>
<td>441</td>
<td>-</td>
<td>441</td>
</tr>
<tr>
<td>DDPC</td>
<td>18</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34,255</strong></td>
<td><strong>(606)</strong></td>
<td><strong>33,649</strong></td>
</tr>
</tbody>
</table>

The FY 2018 Executive Budget includes a total workforce in Mental Hygiene of 33,649, a decrease of 606 Full-Time Equivalents (FTE). The deinstitutionalization in both Office of Mental Health (OMH) Psychiatric Centers and OPWDD Developmental Centers is the primary cause for this decrease. The Executive also proposes converting OMH state-operated residential beds, revamping Hutchings Children’s Psychiatric Hospital, transforming state-operated outpatient clinics, and closing OMH forensic wards; resulting in further FTE decreases. The Executive proposes to hire additional OMH staff to combat overtime and expand forensic services. No layoffs are anticipated in FY 2018, all FTE decreases would be accomplished through attrition.

Department of Mental Hygiene

Cost of Living Adjustment (COLA) and Medicaid Trend Factor for Not-for-Profits

The Executive proposes deferring for one year the COLA for human services agencies, as required by Chapter 57 of the Laws of 2006, and the OPWDD Medicaid Inflationary Trend Factor. The COLA and Trend Factor would have been 0.8 percent in FY
2018, based upon the Consumer Price Index. This deferment results in the following cost avoidance:

- Office of Alcoholism and Substance Abuse Services (OASAS) - $3.2 million
- OMH - $9.9 million
- OPWDD - $18.4 million in state funds, after the equal federal match this amount increases to $36.8 million

**Minimum Wage**
The Executive proposes a $17 million increase, $23 million total, to fund the direct cost to not for profit providers of the scheduled minimum wage increase for direct care, direct support, and other workers. The amounts per state agency, as well as total funding after matching federal funds are:

- OASAS - $4.6 million in state funds, $5.2 million total
- OMH - $3.5 million in state funds, $5.0 million total
- OPWDD - $14.9 million in state funds, $27.4 million total

**Value Based Payments**
The Executive proposes to extend the Ambulatory Patient Group reimbursement methodology for behavioral health providers, from June 30, 2018 to March 31, 2020. The methodology would expand to include non-clinic behavioral health services, excepting inpatient services. The Executive also proposes conditioning payment to providers upon the satisfaction of certain metrics.

**Office of Mental Health**

**State-Operated Psychiatric Centers**
The Executive proposes to continue the current plan, started in 2015, of reducing state-operated inpatient psychiatric beds. Through November 2016, the Executive has reduced 437 adult beds and 110 children’s beds.

See the Bed Reductions table on the next page.

---

**Summary of Community Reinvestments November 2016**

<table>
<thead>
<tr>
<th>Geographical Region/ Psychiatric Center</th>
<th>New Individuals Served</th>
<th>Annualized Reinvestment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Binghamton/Elmira</td>
<td>4,079</td>
<td>$9,378,298</td>
</tr>
<tr>
<td>Hutchings</td>
<td>826</td>
<td>$2,835,142</td>
</tr>
<tr>
<td>Sagamore</td>
<td>923</td>
<td>$4,400,000</td>
</tr>
<tr>
<td>Pilgrim</td>
<td>2,516</td>
<td>$9,706,710</td>
</tr>
<tr>
<td>New York City</td>
<td>858</td>
<td>$15,971,860</td>
</tr>
<tr>
<td>Rochester</td>
<td>1,555</td>
<td>$6,270,749</td>
</tr>
<tr>
<td>St. Lawrence</td>
<td>2,767</td>
<td>$4,210,217</td>
</tr>
<tr>
<td>Rockland/Capital District</td>
<td>3,656</td>
<td>$8,719,921</td>
</tr>
<tr>
<td>Western New York/Buffalo</td>
<td>2,590</td>
<td>$5,632,346</td>
</tr>
<tr>
<td>Statewide</td>
<td>19,770</td>
<td>$67,125,243</td>
</tr>
</tbody>
</table>

- Suicide Prevention, Forensic and Risk Monitoring: N/A $2,500,000
- Residential Stipend Adjustment: N/A $5,725,636
- Nursing Home Transition: N/A $5,500,000

**Bed Reduction Reinvestment Total**: 19,770 $80,850,879

**Article 28 and 31 Hospital Reinvestment**: 6,818 $18,892,411

**Grand Totals**: 26,588 $99,793,290

*Pursuant to Chapter 53 of the Laws of 2014, State savings from psychiatric inpatient services at hospitals are reinvested into community services.
Office of Mental Health
State Operated Bed Reductions April 2014 - November 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult</td>
<td>Bronx</td>
<td>181</td>
<td>(25)</td>
<td>0</td>
<td>0</td>
<td>156</td>
<td>(25)</td>
</tr>
<tr>
<td></td>
<td>Buffalo</td>
<td>183</td>
<td>(25)</td>
<td>(2)</td>
<td>0</td>
<td>156</td>
<td>(27)</td>
</tr>
<tr>
<td></td>
<td>Capital District</td>
<td>136</td>
<td>0</td>
<td>(12)</td>
<td>(4)</td>
<td>120</td>
<td>(16)</td>
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<tr>
<td></td>
<td>Creedmoor</td>
<td>344</td>
<td>(22)</td>
<td>0</td>
<td>0</td>
<td>322</td>
<td>(22)</td>
</tr>
<tr>
<td></td>
<td>Elmira</td>
<td>72</td>
<td>(12)</td>
<td>(8)</td>
<td>0</td>
<td>52</td>
<td>(20)</td>
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<tr>
<td></td>
<td>Greater Binghamton</td>
<td>90</td>
<td>(5)</td>
<td>(11)</td>
<td>(1)</td>
<td>73</td>
<td>(17)</td>
</tr>
<tr>
<td></td>
<td>Hutchings</td>
<td>119</td>
<td>0</td>
<td>(2)</td>
<td>0</td>
<td>117</td>
<td>(2)</td>
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<tr>
<td></td>
<td>Kingsboro</td>
<td>165</td>
<td>0</td>
<td>(4)</td>
<td>0</td>
<td>161</td>
<td>(4)</td>
</tr>
<tr>
<td></td>
<td>Manhattan</td>
<td>230</td>
<td>(15)</td>
<td>0</td>
<td>(15)</td>
<td>200</td>
<td>(30)</td>
</tr>
<tr>
<td></td>
<td>Pilgrim</td>
<td>385</td>
<td>(75)</td>
<td>(20)</td>
<td>0</td>
<td>290</td>
<td>(95)</td>
</tr>
<tr>
<td></td>
<td>Rochester</td>
<td>145</td>
<td>(30)</td>
<td>(19)</td>
<td>(2)</td>
<td>94</td>
<td>(51)</td>
</tr>
<tr>
<td></td>
<td>Rockland</td>
<td>430</td>
<td>(50)</td>
<td>(12)</td>
<td>0</td>
<td>368</td>
<td>(62)</td>
</tr>
<tr>
<td></td>
<td>South Beach</td>
<td>300</td>
<td>0</td>
<td>(19)</td>
<td>(32)</td>
<td>249</td>
<td>(51)</td>
</tr>
<tr>
<td></td>
<td>St. Lawrence</td>
<td>65</td>
<td>0</td>
<td>(12)</td>
<td>(3)</td>
<td>50</td>
<td>(15)</td>
</tr>
<tr>
<td></td>
<td>W. Heights</td>
<td>21</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>Total Adult Beds</strong></td>
<td><strong>2,866</strong></td>
<td><strong>2,607</strong></td>
<td><strong>2,486</strong></td>
<td><strong>2,429</strong></td>
<td><strong>2,429</strong></td>
<td><strong>N/A</strong></td>
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<td>Children and Youth</td>
<td>Buffalo</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Elmira</td>
<td>18</td>
<td>(2)</td>
<td>(2)</td>
<td>(2)</td>
<td>12</td>
<td>(6)</td>
</tr>
<tr>
<td></td>
<td>Greater Binghamton</td>
<td>16</td>
<td>0</td>
<td>0</td>
<td>(3)</td>
<td>13</td>
<td>(3)</td>
</tr>
<tr>
<td></td>
<td>Hutchings</td>
<td>30</td>
<td>(4)</td>
<td>(3)</td>
<td>0</td>
<td>23</td>
<td>(7)</td>
</tr>
<tr>
<td></td>
<td>Mohawk Valley</td>
<td>30</td>
<td>0</td>
<td>(3)</td>
<td>0</td>
<td>27</td>
<td>(3)</td>
</tr>
<tr>
<td></td>
<td>NY City Children's</td>
<td>172</td>
<td>(32)</td>
<td>(15)</td>
<td>(10)</td>
<td>115</td>
<td>(57)</td>
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<tr>
<td></td>
<td>Rockland</td>
<td>54</td>
<td>(20)</td>
<td>(10)</td>
<td>(2)</td>
<td>22</td>
<td>(32)</td>
</tr>
<tr>
<td></td>
<td>Sagamore</td>
<td>54</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>54</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>South Beach</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>(1)</td>
<td>11</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>St. Lawrence</td>
<td>28</td>
<td>0</td>
<td>(1)</td>
<td>0</td>
<td>27</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>Western New York</td>
<td>46</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>46</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>Total Children's Beds</strong></td>
<td><strong>460</strong></td>
<td><strong>402</strong></td>
<td><strong>368</strong></td>
<td><strong>350</strong></td>
<td><strong>350</strong></td>
<td><strong>N/A</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total Adult and Children Beds</strong></td>
<td><strong>3,326</strong></td>
<td><strong>3,099</strong></td>
<td><strong>2,854</strong></td>
<td><strong>2,779</strong></td>
<td><strong>2,779</strong></td>
<td><strong>(547)</strong></td>
</tr>
</tbody>
</table>

The FY 2018 Executive budget proposes an additional reduction of 100 adult or children’s beds. However, the State Operations appropriations bill includes language allowing the closure of up to 400 inpatient beds if there is a consistent 90-day period of time that the inpatient beds remain vacant. OMH will invest resources to improve mental health services for each bed reduced. The Executive also would provide monthly status updates to the Legislature. The Executive budget contains $11 million in savings associated with bed reductions.

There are no planned closures of state-operated psychiatric centers for FY 2018; however, there are two proposals from the Executive that directly affect psychiatric centers. The Executive proposes to continue the planned merger of Western New
York Children’s Hospital with Buffalo Psychiatric Center.

The Executive also plans to revamp Hutchings Children’s and Youth inpatient services, by developing a plan where an Article 28 hospital would deliver existing OMH services at the psychiatric center. The Executive asserts this would result in expanded current bed capacity and improve the coordination and delivery of services. This proposal would generate $934,000 in savings.

The Executive also proposes the addition of two wards, or approximately 50 beds, to be created in the state-operated psychiatric inpatient forensic hospitals. One ward may be located at Central New York Forensic Center; the other location is undetermined at this time. This proposal would result in $6.8 million in new spending and 70 new FTEs.

Jail Based Restoration to Competency

The Executive budget proposes to authorize OMH to work with volunteering counties to establish jail-based restoration to competency programs for individuals who are awaiting trial. The proposed legislation would also be applicable to state-operated correctional facilities. Currently, restorations occur at OMH Psychiatric Centers, OPWDD Developmental Centers, hospitals with psychiatric units, or on an outpatient basis. The Executive estimates that this proposal would result in the reduction of two wards, or approximately 50 beds at state-operated forensic psychiatric centers, saving $2.2 million.

Counties, at their discretion, would be able to develop residential mental health units within their respective jails, and the restoration of individuals without accessing care at state-operated forensic psychiatric centers. Since counties would no longer reimburse the state for this treatment, this proposal would result in long-term savings to counties. The Executive proposes $850,000 in aid to county jails for infrastructure changes necessary to provide this service.

Mental Health Housing Initiatives

The Executive proposes $29 million in new funding for residential services, which includes the full year cost of 1,608 opportunities that were partially phased in during the current fiscal year. This includes:

- 374 Adult Home opportunities
- 668 opportunities for New York/New York III
- 364 Single Residence Occupancy opportunities
- 202 Supportive Housing opportunities

The Executive proposes creating the following housing opportunities in FY 2018:

- 160 Adult home opportunities
- 445 New York/New York III opportunities
- 400 Single Residence Occupancy Opportunities
- 144 community residence opportunities

The Executive proposes to reconfigure 140 state-operated residential beds and replace them with 280 community-based, scattered site Supported Housing units. The creation of the new units will be in the same geographical area as the beds being reconfigured. The Executive proposes $5.2 million in savings from the closure of the state-operated beds, with $2.3 million in increased spending for the creation of the Supported Housing units. There is an estimated loss of 140 FTEs associated with this proposal.

The Executive proposes $10 million in increased subsidies for existing Supportive Housing and Single Residence Occupancy programs. This increase will impact targeted counties; however, a determination has not been made on the location of the increase.
Redesign Service Dollars Administration
The Service Dollars program provides funds to meet the service plan needs of OMH clients by supporting emergency and non-emergency expenses, for which there are no other resources. The Executive proposes to standardize the oversight of consumer service funding to lead to better use of existing funds. The Executive anticipates savings of $3 million in FY 2018.

OMH State-operated Clinics
The Executive proposes to review clinic treatment services at all 85 state-operated facilities to reduce any overlap of services and ensure that clinics are operating at optimal patient capacity based on community need. This administrative proposal will target low performing facilities, which may be closed. The Executive anticipates $4 million in savings in FY 2018, and the loss of 105 FTE.

Physician Loan Repayment
The Executive proposes a $1.5 million increase, $3 million total, for physician loan repayment awards. Psychiatrists would be eligible for the awards if they meet the following criteria: work in hospitals or outpatient programs operated by OMH, work in underserved areas, and agree to work for a five-year period.

Sex Offender Management and Treatment Act Program
The Executive proposes to improve collaboration with the Department of Corrections and Community Supervision (DOCCS) in the treatment of sexual offenders. The Executive anticipates this collaboration will result in sexual offenders completing treatment programs before the end of their prison terms. This would decrease the incidence of these individuals being transferred to OMH secure facilities upon the completion of their sentence, resulting in $1.1 million in savings and the reduction of 30 FTEs.

Office for People with Developmental Disabilities

Closures and Downsizing
The Executive Budget continues the long-term plan to downsize state-operated Developmental Centers. This process began in 1975, with over 20,000 individuals with disabilities institutionalized. Currently, there are 278 individuals that reside in developmental centers or special units.

<table>
<thead>
<tr>
<th>Developmental Center</th>
<th>May 2014 Census</th>
<th>November 2016 Census</th>
<th>Census Change</th>
<th>Status of Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernard Fineson</td>
<td>133</td>
<td>70</td>
<td>(63)</td>
<td>Closing March 31, 2017</td>
</tr>
<tr>
<td>Brooklyn</td>
<td>202</td>
<td>0</td>
<td>(202)</td>
<td>Closed December 31, 2015</td>
</tr>
<tr>
<td>Broome</td>
<td>101</td>
<td>0</td>
<td>(101)</td>
<td>Closed March 31, 2016</td>
</tr>
<tr>
<td>O.D. Heck</td>
<td>26</td>
<td>0</td>
<td>(26)</td>
<td>Closed March 31, 2015</td>
</tr>
<tr>
<td>Valley Ridge for Intensive Treatment**</td>
<td>44</td>
<td>46</td>
<td>2</td>
<td>Remaining Open</td>
</tr>
<tr>
<td>Sunmount**</td>
<td>182</td>
<td>162</td>
<td>(20)</td>
<td>Remaining Open</td>
</tr>
<tr>
<td>Total</td>
<td>688</td>
<td>278</td>
<td>(410)</td>
<td></td>
</tr>
</tbody>
</table>

* The Executive has confirmed that Bernard Fineson will be closed by the end of the current fiscal year
** The stated goal of the Executive is 150 remaining beds after deinstitutionalization is completed

The Executive anticipates the closure of Bernard Fineson Developmental Center by March 31, 2017. This, along with other reductions made during the current fiscal year, will result in $17.4 million in savings in FY 2018. The Executive proposes $8.6 million in new funding to provide services for these individuals in the community.

The Executive proposes to continue with further decreases in Developmental Centers or other institutional settings in FY 2018. This would impact 56 individuals in OPWDD Developmental Centers and 100 individuals in Intermediate Care Facilities (ICFs), and generate $6.2 million in
savings. The Executive proposes $3 million in new community services for affected individuals.

New OPWDD Service Opportunities
The Executive proposes $120 million in state and federal funds to support expanded and new services through OPWDD’s continuum of care. These services include certified and non-residential opportunities, day programs, employment, case management, and respite services. The Executive has not provided the estimated number of individuals that this funding would benefit.

Crisis Services
The Executive proposes a $12 million increase, $21 million total, for Systemic Therapeutic Assessment, Respite and Treatment (START) Programs. START is a crisis prevention response model, focused on ensuring earlier effective treatment, and reducing the dependency on higher levels of service. This funding would create programs in Long Island and New York City.

Balancing Incentive Program
The Executive Budget includes $12.9 million in new state funding in FY 2018 to offset the loss of previous year funding received from the federal Balancing Incentive Program transformation grant. The Executive will continue template funding, which provides support to deinstitutionalized individuals.

Institute for Basic Research (IBR)
The Executive proposes to establish a Blue Ribbon Panel to examine the feasibility of transitioning IBR research activities from OPWDD to the College of Staten Island.

Transition to Manage Care
The Executive proposes to transition care for the developmentally disabled to a managed care system. This development of Regional Care Coordination Organizations (CCOs) would start an enhanced care coordination model, before a transition to a fully capitated rate structure. The Executive proposes CCOs to begin operation in FY 2018 on a regional basis. Voluntary enrollment would begin in 2019. A full transition to managed care would be completed within five years. The Executive has not provided additional information on this proposal.

Office for Alcoholism and Substance Abuse Services
Heroin and Opioid Crisis
The Executive Budget proposal includes $200 million to address the heroin and opioid epidemic. The Executive has not provided any additional details on this funding. The Fiscal Year 2017 Budget included funding for new programs combatting heroin that will not be fully implemented in the current fiscal year.

The Executive has proposed 10 new regional 24/7 urgent access centers, offering substance use disorder treatment services. No other details are available on this specific proposal.

Justice Center for the Protection of People with Special Needs
The Executive Budget proposal includes $42.1 million for the Justice Center, an increase of $1 million, related to personal costs, from FY 2017.

Developmental Disabilities Planning Council
The Executive proposes $4.2 million in disbursements in FY 2018, which reflects no changes from the current fiscal year.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Estimated FY 2017</th>
<th>Proposed FY 2018</th>
<th>Change Amount</th>
<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>Office of Mental Health</td>
<td>3,367,957</td>
<td>3,437,391</td>
<td>69,434</td>
<td>2.06%</td>
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<tr>
<td>Office for People With Developmental Disabilities</td>
<td>2,990,566</td>
<td>2,937,160</td>
<td>(53,406)</td>
<td>-1.79%</td>
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<tr>
<td>Office of Alcoholism and Substance Abuse</td>
<td>608,325</td>
<td>625,554</td>
<td>17,229</td>
<td>2.83%</td>
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<tr>
<td>Developmental Disabilities Planning Council</td>
<td>4,200</td>
<td>4,200</td>
<td>0</td>
<td>0.00%</td>
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<tr>
<td>Justice Center for the Protection of People with Special Needs</td>
<td>41,053</td>
<td>42,106</td>
<td>1,053</td>
<td>2.56%</td>
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<tr>
<td><strong>Totals:</strong></td>
<td><strong>7,012,101</strong></td>
<td><strong>7,046,411</strong></td>
<td><strong>34,310</strong></td>
<td><strong>0.49%</strong></td>
</tr>
</tbody>
</table>
The Executive Budget proposes All Funds spending of $8.9 billion, a reduction of $71.8 million or .8 percent from FY 2017 for all Human Services agencies.

Office of Children and Family Services (OCFS)

Raise the Age of Juvenile Jurisdiction:

- Raises the age of juvenile jurisdiction from age 16 to age 17 on January 1, 2019 and to age 18 on January 1, 2020; raises the lower age of juvenile jurisdiction from age seven to age 12 for all offenses except homicide
- Creates new Youth Parts in Superior Court to process Juvenile Offender cases involving serious offenses; provides for cases involving 16 and 17 year-olds to be removed to Family Court
- Prohibits confinement of any minor in adult jail or prison; prohibits detention and placement of low-risk youth for minor offenses
- Requires parental notification of arrest and use of approved rooms for questioning of 16 and 17 year-olds by police
- Mandates diversion for low-risk misdemeanor cases; allows for additional time for probation adjustment in order to access services; allows orders of protection to be issued during probation adjustment of a case
- Establishes Family Support Centers to provide comprehensive services to children at risk of Persons in Need of Supervision (PINS) adjudication and their families; prohibits the use of detention in PINS proceedings and authorizes foster care placements only in cases involving sexually exploited youth, effective January 1, 2020
- Uses determinate sentencing for Juvenile and Youthful offenders, including 16 and 17 year-olds; requires a period of post-release supervision for Juvenile Offenders upon release from custody
- Allows records of certain convictions to be sealed by a judge after at least ten years have elapsed and provided the individual making application has not been convicted of any additional crimes

Other Children and Family Budget Action Highlights:

- Maintains current level of $810 million in child care subsidy funding
• Reauthorizes the Child Welfare Financing Reform Act for an additional five years to continue providing counties with an open-ended 62 percent State reimbursement for preventive services; reduces funding for the Foster Care Block Grant to restore the historical cost share structure

• Implements reforms denying reimbursement to New York City through the Foster Care Block Grant for tuition payments for foster children; eliminates the State share of reimbursements to New York City for Committee on Special Education maintenance

• Allows counties and New York City, at local option, to expand the services provided under the Runaway and Homeless Youth Act, and maintains $4.5 million in funding

Office of Temporary and Disability Assistance (OTDA)

• Establishes a new pilot program with $200,000 in funding to provide shelter supplements to Public Assistance recipients who are former inmates

• Increases the amount of lottery winnings the State is able to recoup from Public Assistance recipients to 100 percent of winnings above $600, up to the amount of benefits provided

• Enhances criminal background check requirements for employees of emergency shelters serving families with children

Division of Veterans’ Affairs

• Provides $100,000 in funding for funeral and burial costs of indigent veterans

• Creates a new competitive grant initiative for law schools to expand the services they provide to veterans, service members, and their families

• Provides $1 million to expand access to Veterans’ Treatment Courts across the State and improve service offerings

Department of Labor (DOL)

• Proposes to allow claimants of Unemployment Insurance to work part-time without a reduction in benefits

• Proposes to consolidate the Administrative Hearings functions of all State agencies under a new Division of Central Administrative Hearings, to be headed by an Administrative Law Judge
The Fiscal Year (FY) 2018 Executive Budget recommends a decrease in All Funds cash disbursements of $71.8 million, or .8 percent, for all human services agencies, with total recommended spending of $8.9 billion.

Office of Children and Family Services (OCFS)

State Operations

The FY 2018 Executive budget proposes cash spending, including General State Charges, of $358.5 million, an increase of $2.7 million or .8 percent from adjusted FY 2017 levels. This change primarily reflects the addition of 11 Full Time Equivalent (FTE) positions in the Human Services Call Center to accommodate increased call volume resulting from additional phone lines. The Executive recommends a total staffing level of 2,965. The Executive proposes to shift 59 FTE who are responsible for maintenance and upkeep of capital facilities from the General Fund to the Capital Projects Fund.

In addition, the Executive adds new language to several appropriations:

- Providing that no funds may be available for certification or payment under this appropriation until the Legislature had finally acted upon the Aid to Localities budget and the Director of the Budget has determined that those appropriations are sufficient
- Providing the Director of the Division of the Budget with authority to transfer appropriations between any State agency or public authority
- Creating a new Administrative Hearing Interchange and Transfer Authority (information regarding this proposal can be found under the Division of the Budget in the General Government and Local Government Assistance section of this report)

Aid to Localities

The Executive proposes FY 2018 All Funds Appropriation authority of $3.2 billion, a decrease of $95.4 million or 2.9 percent from FY 2017 levels. This decrease is mainly attributed to reductions of: $62 million in the Foster Care Block Grant; nearly $19 million in Committee on Special Education (CSE) maintenance; and the
elimination of $24.8 million in Legislative Initiatives. These reductions are offset by increases of nearly $7 million in General Fund support for child care subsidies, $2 million for post adoption subsidies, and $1 million for foster care and protective, preventive and adoption services provided by Indian Tribes.

Proposed FY 2018 All Funds cash spending is projected to be $2.6 billion, a decrease of $174.7 million or 6.4 percent. In addition, the Executive adds language to several appropriations:

- Denying the human services Cost of Living Adjustment (COLA) for FY 2018
- Granting the Director of the Budget authority to uniformly reduce appropriated levels of spending in the event that receipts are less than the amounts assumed in the Financial Plan

Raise the Age of Juvenile Jurisdiction

The FY 2018 Executive budget proposal once again includes Article VII legislation to raise the age of juvenile jurisdiction and enact overall juvenile justice reforms. Although substantially similar to previous versions, one significant change has been made in the current proposal.

In previous proposals the Executive would make the State responsible for 100 percent of the added costs of providing services to 16 and 17 year-olds. However, under the FY 2018 proposal, local governments would be responsible for approximately 50 percent of these costs, as is currently the case for juvenile justice related expenses.

The Executive budget continues to include a $110 million capital program to finance the cost of land acquisition, construction, reconstruction, rehabilitation and improvements for new and existing facilities that are needed as a result of raising the age of juvenile jurisdiction.

More detailed information about this proposal can be found in the Senate Issue in Focus on Raise the Age of Juvenile Jurisdiction in section two of this report and in the Article VII summary in section three.

Child Care Program

The FY 2018 Executive budget recommends a total of approximately $810 million to maintain the current level of child care subsidies, though the proposed funding structure has been changed.

The Executive proposes to reduce child care subsidy funding from traditional sources, which include the Federal Child Care and Development block grant, the Federal Temporary Assistance for Needy Families (TANF) block grant and the General Fund, by approximately $27 million. This difference would be made up by requiring counties to allocate the approximately $27 million they receive in discretionary funding under the Federal Title XX Social Services Block Grant to child care.

Counties are currently able to allocate these funds to a range of eligible services, including adult preventive services, transportation, aftercare, post adoption and aging related services. The approximately $66 million in Title XX funding counties receive for Adult Protective and Domestic Violence services would not be affected.

Lastly, the FY 2018 Executive budget eliminates over $11.7 million in Legislative add for child care facilitated enrollment and other initiatives, as follows:

- New York City/Monroe County - $6.2 million, of which $2.3 million is allocated for Monroe County
- Capital District and Oneida County - $2.7 million
- New York City - $500,000
- Onondaga County - $500,000
- Erie County - $500,000
- Child care on SUNY campuses- $193,000
- Child care on CUNY campuses - $141,000
- Additional funding for the Agribusiness Child Development Program under the Department of Agriculture and Markets - $1 million

Federal Child Care and Development Block Grant (CCDBG) Act of 2014

In November 2014, Congress reauthorized the CCDBG program for the first time since its original enactment in 1996. The new law contains several major policy and programmatic changes, with a significant cost of implementation, without providing any new funding. New York currently receives approximately $309 million in federal CCDBG funding. Although the full cost implications of the new federal requirements are not yet fully understood, the cost estimates of implementing the new law is estimated to be at least $90 million, and possibly as high as $400 million, representing a substantial unfunded mandate from the Federal government.

Among the new requirements is the extension of annual inspections to child care providers that were previously exempt from such requirements. The full annual cost of implementing this requirement is currently estimated to be at least $22 million.

The new Federal law will also subject child care workers to enhanced training and criminal background check requirements. Compliance with these new requirements has an estimated cost of $28 million and $24 million, respectively.

In addition, Federal changes to child care subsidy eligibility rules could potentially have a substantial impact on the number of child care subsidy slots that are available, requiring significant funding investments in order to maintain current levels of support.

The new Federal requirements establish a 12-month eligibility re-determination period for families receiving child care subsidies, regardless of changes in income or temporary changes in participation in work, training or education activities. Currently, about half of the counties in the State utilize a 12-month re-determination period, accounting for roughly 75 percent of the overall subsidy allocation. The remaining counties utilize a 6-month re-determination period and will have to transition. The new requirements stipulate that there must be a gradual phase-out of the subsidy if a family is no longer eligible, with this period lasting up to at least a year. The full fiscal impact of these requirements is still being evaluated, pending finalization of federal regulations and additional guidance.

Last year, the Federal government began allowing states to apply for temporary waivers, of up to three years, on implementing these new requirements. OCFS has stated that it will pursue waivers for all provisions that are expected to have a significant fiscal impact. New York, along with most other States, will continue to advocate for the Federal government to provide adequate funding for this significant unfunded mandate.

Child Care Quality Improvement

In accordance with the State’s multi-year contractual commitment, the FY 2018 Executive Budget includes $2.5 million in funding for the United Federation of Teachers (UFT) for professional development activities, and $5
millon for grants to improve the quality of child care, unchanged from FY 2017.

As provided in the State’s multi-year agreement with the Civil Service Employees Association (CSEA), $2.2 million is provided for professional development activities and $4.1 million for quality improvement grants, also unchanged.

**Child Welfare Services**

**Child Welfare Financing Reform Act Renewal**

The Child Welfare Financing Reform Act (“the Act”) provides local Social Services districts with an open-ended 62 percent reimbursement for child preventive, child protective and after care services to prevent or reduce foster care placements. The Act also provides funding for the care and maintenance of children with special needs who are placed in day and residential schools by Committees on Special Education (CSEs). Since 2002 when this law was enacted, the number of children in foster care has declined from 37,000 to 17,500. The Act is currently scheduled to sunset on June 30, 2017.

The FY 2018 Executive budget contains Article VII legislation to renew the Child Welfare Financing Reform Act for an additional five years, through June 30, 2022. Additionally, this proposal would change the funding structures for both CSE and residential foster care placements in New York City. These changes are expected to provide State savings of $18.9 million and $23 million, respectively. Please see the Article VII Summary in section three for more information.

**Foster Care Block Grant (FCBG)**

The FY 2018 Executive budget proposes FCBG funding of $383.5 million, a reduction of $62 million from FY 2017. Approximately $39 million of this can be attributed to a rebalancing of the State and local cost sharing structure to restore the traditional 50 percent shares. This results in a loss of $21 million in funding to New York City, and $18 million to counties in the rest of the State.

According to the Executive, various policy changes have resulted in the State share of these expenditures increasing from approximately 46 percent to 54 percent since 2011. They are projected to continue rising to 57 percent by 2021. At the same time, the local share, net of any Federal funding, has decreased from 39 percent to 33 percent over the same period.

The remaining $23 million can be attributed to the previously mentioned policy changes regarding tuition payments for residential foster care placements in New York City.

**Adoption/Post-Adoption Assistance**

The FY 2018 Executive Budget maintains the existing $187.9 million in funding for adoption subsidies, and maintains the current State share of 62 percent.

The Executive proposes a $2 million increase in funding for post-adoption and preventive services, for a total of $7 million. The Executive also proposes a $1 million increase, for a total of $4.7 million, for foster care and protective, preventive and adoption services provided by Indian Tribes.

**Capital**

The FY 2018 Executive budget recommends All Funds cash spending of $24.9 million, an increase of $4 million from FY 2017. This is mainly the result of the Executive shifting funding for 59 FTE who are responsible for maintenance and upkeep of capital facilities from the General Fund to the Capital Projects Fund.
**Additional Article VII Provisions**

Additional details are provided under section three of this report.

**Runaway and Homeless Youth Act (RHYA)**

The Executive proposes language to provide local governments with the option to enhance the programs and services they provide for runaway and homeless youth. This proposal would:

- Amend the definition of “homeless youth” to include a person between the ages of 18 and 21 who is in need of services and is without shelter.
- Increase the maximum eligibility age for homeless youth served in transitional independent living support programs from age 20 to age 24.
- Extend the authorized period for residential services from 18 to 24 months.
- Extend the authorized period for residential services in runaway and homeless youth crisis services programs using a sliding scale that ties the authorized length of stay to the age of the youth and their individual circumstances.
- Rename “approved runaway programs” to “runaway and homeless youth crisis services programs.”
- Require that RHYA programs contact the local department of Social Services if it believes that a youth is a destitute child and provide information to youth who may be eligible to re-enter foster care.
- Require that residential RHYA programs serving youth under age 18 that are certified by OCFS be authorized agencies.

These changes are not mandatory, but rather would be at the option of the local Social Services districts. The Executive has also added similar language to the appropriation for RHYA, which is maintained at the current level of $4.5 million in FY 2018.

**Definition of “Abused Child”**

The Executive proposes language to clarify the State definition of “abused child” under the Family Court Act. Children that are identified as victims of sex trafficking or severe forms of trafficking in persons would be included in the definition, consistent with the Federal Trafficking Victims Protection Act of 2000.

**Health Care for Foster Children**

The Executive proposes language that would allow Voluntary Foster Care Agencies to transition from a fee-for-service model for providing certain health care services to children in foster care to a managed care plan through the establishment of Voluntary Foster Care Agency Health Facilities. These facilities would receive authorization to provide limited health related services upon licensure by the Department of Health (DOH), in conjunction with OCFS.

**Office of Temporary and Disability Assistance (OTDA)**

**State Operations**

The FY 2018 Executive Budget proposes cash spending, including General State Charges, of $331.9 million, a decrease of $5.7 million or 1.7 percent from adjusted FY 2017 levels. The Executive recommends a total staffing level of 2,026 FTEs, an increase of 73 FTEs over FY 2017. The additional staff will support increased oversight of emergency shelters in the new Division of Shelter Oversight and Compliance.

The Executive also proposes to shift the funding for three FTE who are responsible for maintenance and upkeep of capital facilities from the General Fund to the Capital Projects Fund.
In addition, the Executive adds new language to several appropriations:

- Providing that no funds may be available for certification or payment under this appropriation until the Legislature had finally acted upon the Aid to Localities budget and the Director of the Budget has determined that those appropriations are sufficient
- Providing the Director of the Division of the Budget with authority to transfer appropriations between any State agency or public authority related to the newly created Administrative Hearing Interchange and Transfer Authority

**Aid to Localities**

The Executive proposes FY 2018 All Funds Appropriation authority of $5.2 billion, an increase of $17 million or .3 percent from FY 2017 levels. The change can be attributed to increases of: $59 million for Safety Net Assistance; $10 million for SSI State supplement payments; $5 million for Summer Youth Employment; $1.2 million for homelessness services; and $200,000 for the creation of the Prison Case Management Pilot Program.

These increases are partially offset by decreases of $3.2 million and $19.4 million from the elimination of General Fund and TANF, respectively, and Legislative Initiatives. The General Fund initiatives that were eliminated by the Executive are listed below. See the section on Temporary Assistance for Needy Families for a listing of those initiatives.

- Council on Jewish Organizations of Flatbush - $175,000
- Jones Hill at WCA Hospital in Jamestown - $620,000
- United Way of Central New York - $150,000

- Association of Community Employment Programs for the Homeless - $100,000
- Masbia Soup Kitchen Network - $25,000
- Additional funds for the New York State Supportive Housing Program - $600,000

The Executive adds language to several appropriations granting the Director of the Budget authority to reduce appropriated levels of spending in the event that receipts are less than the amounts assumed in the Financial Plan.

**Public Assistance**

New York provides cash assistance to income eligible individuals and families through either the Family Assistance (FA) or Safety Net Assistance (SNA) programs.

FA is available to families who are income eligible and include a minor child. FA is funded entirely with Federal TANF block grant funds and, pursuant to Federal law, is available for a lifetime limit of 60 months. Those families who have reached this limit, as well as income eligible families without children and single adults, receive benefits through SNA. The State reimburses counties for 29 percent of their SNA expenditures.

The FY 2018 Executive Budget includes a $59 million increase in appropriation authority for SNA, for a total of $540 million. This increase is
being driven by an expected $30 million increase in spending as a result of a recent policy change allowing all income eligible individuals with HIV/AIDS illness, not just those displaying symptoms, to access services.

The Executive Budget projects $2.7 billion in total public assistance spending in FY 2018, driven by a total projected caseload of 558,720.

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

The FY 2018 Executive Budget proposes total TANF appropriations of $2.7 billion, a decrease of $47 million from FY 2017. The decrease can be attributed to a $2 million reduction in the Family Assistance appropriation related to declining caseload projections, a $33.8 million reduction in TANF support for child care subsidies, and the elimination of $19.4 million in Legislative TANF initiatives, as follows:

- ACCESS-Welfare to Careers ($800,000)
- ATTAIN ($4 million)
- Career Pathways ($2.9 million)
- Centro of Oneida ($25,000)
- Child Care CUNY ($141,000)
- Child Care Facilitated Enrollment - Upstate ($2.7 million)
- Child Care Facilitated Enrollment – NYC ($6.2 million)
- Child Care SUNY ($193,000)
- Preventive Services ($1.6 million)
- Rochester-Genesee Regional Transportation Authority ($82,000)
- Strengthening Families Through Stronger Fathers ($200,000)
- Wage Subsidy ($475,000)
- Wheels for Work ($144,000)

The Executive proposes to increase funding for the Summer Youth Employment program by $5 million, from $31 million to $36 million, to accommodate increased costs resulting from increases in the minimum wage.

**Prison Case Management Pilot Program**

The FY 2018 Executive Budget provides $200,000 for the creation of a pilot program to provide shelter supplements for those who have been released from prison and are receiving public assistance. The pilot program would be launched in two Social Services districts outside of New York City that already have an approved shelter supplement plan in place.

**Affordable and Homeless Housing Plan**

The FY 2018 Executive Budget continues funding in support of a multi-year investment to create 6,000 new supportive housing units, 1,000 emergency shelter beds and affordable housing across the State. More detailed information on this proposal can be found in the Senate Issue in Focus on Affordable Housing Programs and under the Division of Housing and Community Renewal in the Environmental Conservation, Agriculture and Housing section of this report.

**Capital**

The Executive proposes capital cash spending of $800,000 in FY 2018, an increase of $400,000 or 100 percent from current levels. This is primarily related to increased capital expenses related to the affordable and homeless housing plan.

**Additional Article VII Provisions**

Additional details are provided under section three of this report.
Public Assistance Lottery Intercept

The Executive proposes language to increase the amount of lottery winnings the State is able to recoup from current and former public assistance recipients. Currently, the State is able to recoup up to 50 percent of lottery winnings over $600. This proposal would allow the State to recoup 100 percent of lottery winnings over $600, up to the amount of assistance the person received within the past 10 years. The Executive projects total savings related to this proposal of $1.75 million in FY 2018, growing to approximately $3.5 million thereafter.

Authorize Supplemental Security Income (SSI) Federal Cost of Living Adjustment (COLA) Pass-Through

The FY 2018 Executive Budget includes Article VII legislation that would authorize the Supplemental SSI Federal COLA pass-through. This language sets forth the actual dollar amounts for the 2017 Personal Needs Allowance and the standard of need for eligibility and payment of additional state benefits. It also authorizes those amounts to be automatically increased by the percentage of any federal SSI COLA which becomes effective within the first six months of calendar year 2018. Similar legislation has been enacted each year since 1984.

Enhanced Background Checks for Workers in Family Homeless Shelters

The Executive proposes language to enhance the current background check requirements for workers in publicly-funded emergency shelters for families with children. This proposal would establish a definition for “publicly funded emergency shelter for families with children,” and require that such shelters perform Statewide Central Register for Child Abuse and Maltreatment (SCR) background checks on prospective employees and current employees who have regular and substantial contact with children. These employees would also be added to the list of persons who are required to report suspected cases of child abuse or maltreatment to the SCR. Lastly, this proposal would require these shelters to perform criminal record background checks through the Division of Criminal Justice Services (DCJS) of all prospective employees, consultants, assistants and volunteers who are expected to have regular and substantial contact with children.

Division of Human Rights

The FY 2018 Executive Budget recommends All Funds State Operations cash spending of $14.3 million, a decrease of $80,000 or .6 percent from adjusted FY 2017 levels. The Executive recommends maintaining the current staffing level of 164 FTEs.

The Executive adds new language to several appropriations:

- Providing the Director of the Division of the Budget with authority to transfer appropriations between any State agency or public authority
- Related to the newly created Administrative Hearing Interchange and Transfer Authority. Information regarding this proposal can be found under the Division of the Budget in the General Government and Local Government Assistance section of this report.

Additional Article VII Provisions

Extend Anti-Discrimination Protections to Public Schools

The Executive proposes language to extend the protections contained in the Human Rights Law to public schools. This would enable the Division of Human Rights to investigate claims
of discrimination, harassment and bullying in public schools, as is currently the case with private schools. Additional details are provided under section three of this report.

**Division of Veterans’ Affairs**

**State Operations**

The FY 2018 Executive Budget recommends All Funds State Operations spending, including General State Charges, of $8 million, a decrease of $24,000 or .3 percent from adjusted FY 2017 levels. The Executive anticipates no staffing level changes, maintaining 98 FTEs for FY 2018.

The Executive adds new language to several appropriations providing the Director of the Division of the Budget with authority to transfer appropriations between any State agency or public authority.

**Aid to Localities**

The Executive recommends FY 2018 spending of $7.6 million, a decrease of $1.7 million or 17.8 percent. This decrease can primarily be attributed to the elimination of Legislative initiatives by the Executive, as follows:

- New York State Vietnam Veterans - $40,000
- Veterans Justice Project - $100,000
- SAGE Veterans Project - $100,000
- Warrior Salute - $200,000
- Legal Services of the Hudson Valley Veterans and Military Families Advocacy Project - $200,000
- Additional funding for the Monroe County Veterans Outreach Center, Inc. - $250,000
- NYS Defenders Association Veterans Defense Program - $500,000
- Helmets-to-Hardhats - $200,000
- Veterans Miracle Center - $25,000

The Executive adds new appropriation language to grant the Director of the Budget the authority to uniformly reduce appropriated levels of funding in the event that receipts are less than the amounts assumed in the Financial Plan.

**Indigent Veteran Burial Services**

The Executive adds a new appropriation of $100,000 to provide State reimbursement for funeral and burial services provided to indigent veterans by Congressionally Chartered Veterans’ organizations, pursuant to Chapter 579 of 2015, as amended by Chapter 29 of 2016.

**“Justice for Heroes” Initiative**

The Executive proposes a new, $250,000 competitive grant initiative to improve access to legal services for veterans and service members. “Justice for Heroes” would be administered jointly by the Division of Veterans’ Affairs and the Division of Military and Naval Affairs, and would award $50,000 grants to five law schools in the State to expand clinics and other services offered to veterans and service members. The winning law schools must demonstrate an ability to match the State funds they receive.

**Article VII Provisions**

**Expands Access to Veterans’ Treatment Courts**

The Executive proposes language to expand the availability of specialized treatment courts for veterans who are facing criminal charges and suffer from PTSD, brain injury, mental illness or addiction. There are currently 29 such courts in the State. Additional details are provided under section three of this report.

In conjunction, the Executive adds a new appropriation for $1 million in order to broaden the availability of veterans’ treatment courts.
across the State and enhance the services provided through them.

**Office of the Welfare Inspector General**

The FY 2018 Executive Budget recommends All Funds State Operations spending of $672,000, which is unchanged from FY 2017. The Executive anticipates no staffing changes, maintaining a level of seven FTEs for FY 2018.

**Department of Labor**

The FY 2018 Executive Budget recommends an All Funds spending amount of $572.6 million, a decrease of $11.1 million or 1.9 percent from FY 2017. This excludes disbursements from the Unemployment Insurance Benefit Fund.

**State Operations**

The Executive recommends All Funds State Operations spending for FY 2018, including General State Charges, of $414.1 million, an increase of approximately $1.1 million or .3 percent. The FY 2018 recommended workforce is unchanged, at 2,992 full time equivalents FTEs.

The Executive adds new language to several appropriations:

- Providing the Director of the Division of the Budget with authority to transfer appropriations between any State agency or public authority
- Related to the newly created Administrative Hearing Interchange and Transfer Authority

**Aid to Localities**

The FY 2018 Executive Budget recommends $158.5 million in All Funds, Aid to Localities spending, a decrease of $12.2 million or 7.2 percent. This is primarily attributed to the elimination of the following $12.4 million in Legislative initiatives:

- Displaced Homemakers - $975,000
- New York Committee on Occupational Safety and Health (NYCOSH), Long Island - $155,000
- Building Trades and Pre-Apprenticeship Program (BTPAP), Rochester - $150,000
- BTPAP Nassau - $200,000
- BTPAP Western New York - $150,000
- Workforce Development Institute (WDI) - $3.6 million
- WDI Manufacturing Initiative - $3 million
- Rochester Tooling and Machining Institute - $50,000
- North American Logger Training School - $300,000
- 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 the Cornell School of Industrial and Labor Relations - $350,000
- Brooklyn Chamber of Commerce, Brooklyn Jobs Initiative - $500,000
- Youth Build - $300,000
- NYCOSH, Western New York - $200,000
- Team STEPPS at St. John Fischer - $50,000
- Manufacturers Association of Central New York - $500,000
- Chamber On-the-Job Training Program:
  - Greater Olean Chamber of Commerce, Cattaraugus County - $140,000
  - Hornell Chamber of Commerce, Steuben County - $140,000
  - Plattsburgh North Country Chamber of Commerce - $140,000
  - Tompkins County Chamber of Commerce - $140,000
Greater Binghamton Chamber of Commerce, Broome County - $140,000
Brooklyn Chamber of Commerce, Kings County - $140,000
• New York Committee on Occupational Safety and Health (NYCOSH) - $350,000
• Construction Training Centers of New York State Pre-Apprenticeship - $100,000
• WDI Renewable Biomass Energy Job Training Initiative - $200,000
• WDI Renewable Biomass Logger Internship - $100,000
• Office of Adult and Career Education Services (OACES) - $30,000

Unemployment Insurance (UI) Program

The FY 2018 Executive Budget includes $2.9 billion in appropriation authority for the UI Benefit Fund, which represents a decrease of $100 million from FY 2017. This is primarily related to a decrease in UI benefit payments due to reduced utilization.

Article VII Provisions

Additional details are provided under section three of this report.

New York Youth Jobs Program

The Executive proposes language to extend the Urban Youth Jobs Program tax credit for five years, through 2022, with an allocation of $50 million per year. Additionally, in light of its statewide expansion in FY 2017, the Executive proposes renaming the program to “New York Youth Jobs Program.”

Enhance the State’s Ability to Recover Unpaid Wages

The Executive proposes language to extend personal liability for wage theft to the top 10 shareholders of out-of-state Limited Liability Companies (LLC), consistent with the current liability standard for in-state LLCs. This proposal would also authorize the Department of Labor to enforce unpaid wage liabilities on behalf of workers.

UI Earnings Disregard

The Executive proposes language to permit part-time work by a UI claimant without a reduction in benefits. Specifically, a claimant would be permitted to earn up to the greater of $100 or 40 percent of the available full UI benefit before any reduction in benefit.

Administrative Hearings Consolidation

The Executive proposes language to create a new Division of Central Administrative Hearings (“Division”) within the Executive Department. The Division would be led by a Chief Administrative Law Judge (ALJ) who will be authorized to consolidate and reorganize administrative hearing functions within Executive agencies upon approval of a plan by the Director of the Division of the Budget.

In conjunction with this proposal, the Executive has added new language throughout State Operations appropriations related to the newly created Administrative Hearing Interchange and Transfer Authority. Additional information on the Authority can be found under the Division of the Budget in the General Government and Local Government Assistance section of this report.

Workers’ Compensation Board (WCB)

The FY 2018 Executive Budget recommends an All Funds cash spending amount of $213.6 million, an increase of $11.3 million or 5.6 percent from FY 2017.
The cash increase is attributed to capital spending ($5 million), General State Charges ($2 million) and personal services ($4.3 million). The FY 2016 Enacted Budget included a $60 million Capital Projects appropriation for information technology costs associated with the agency’s business process redesign project. The WCB disbursed $3.1 million in FY 2016 and they plan to disburse $15 million through FY 2018 ($10 million in FY 2017 and $5 million in FY 2018). The Board’s workforce of 1,165 FTEs remains unchanged.

According to the Division of the Budget, the Executive proposes to transfer $140 million from the Workers’ Compensation assessment paid by businesses to General State Charges to finance the Workers’ Compensation costs of State employees.

**Article VII Provisions**

Additional details are provided under section three of this report.

**Payroll Audits**

The Executive advances language that would permit the New York State Insurance Fund to cancel a workers’ compensation policy based on the policyholder’s failure to cooperate with a payroll audit.

**Stabilization of State Insurance Fund (SIF) Investments**

The Executive advances language that would authorize SIF to invest up to 25 percent of its surplus funds in diversified index funds, with the goal of reducing costs while increasing returns.

**Miscellaneous**

**Office of National and Community Service**

The FY 2018 Executive Budget recommends All Funds State Operations spending of $15.7 million, an increase of $1.1 million or 7.6 percent from adjusted FY 2017 levels. The anticipated staffing level of 10 FTEs is unchanged.

The Executive adds new language to several appropriations providing the Director of the Division of the Budget with authority to transfer appropriations between any State agency or public authority.

In Aid to Localities, the FY 2018 Executive Budget recommends All Funds spending of $350,000, which is unchanged from FY 2017.

**Pay For Success Contingency Reserve**

The FY 2018 Executive Budget maintains the current level of $69 million in appropriation authority. This will provide continued support for the ongoing project and for possible new projects in the future.

The ongoing project, announced in December 2013, provides training and employment services aimed at reducing recidivism among former inmates, and is scheduled for a performance outcome review in fall 2017. The Executive anticipates a $3 million disbursement related to this project in FY 2018.

**Nonprofit Infrastructure Capital Investment Program**

The FY 2016 Enacted Budget provided $50 million in capital funding for the newly created Nonprofit Infrastructure Capital Investment Program providing competitive grants to eligible nonprofit human services organizations to improve the quality, efficiency and accessibility
of organizations that serve New Yorkers. An additional $50 million was provided in FY 2017.

A competitive procurement was issued in August 2016 and funding was awarded to 237 organizations across the State in December 2016. The Executive anticipates cash disbursements of $23 million in FY 2018.

**Empire State Poverty Reduction Initiative**

The FY 2017 Enacted Budget included $25 million in new funding to support anti-poverty initiatives across New York.

The following municipalities were selected for the program based on the local concentration of poverty: Syracuse, Binghamton, Oneonta, Buffalo, Utica, Elmira, Jamestown, Oswego, Troy, Albany, Rochester, Niagara Falls, Newburgh, Hempstead, Watertown and the Bronx. The funding will be allocated as follows:

- **Level 1, $2.75 million** – The Bronx, Buffalo, Rochester and Syracuse
- **Level 2, $1.5 million** – Albany, Utica, Binghamton, Troy, Niagara Falls and Hempstead
- **Level 3, $1 million** – Newburgh, Jamestown, Elmira and Watertown
- **Level 4, $500,000** – Oswego and Oneonta

These municipalities are currently in the process of establishing their local Anti-Poverty task forces, which will serve to coordinate local efforts.
### Human Services

#### Proposed Disbursements - All Funds (Thousands of Dollars)

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<td>-1.90%</td>
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<tr>
<td>Workers' Compensation Board</td>
<td>202,356</td>
<td>213,633</td>
<td>11,277</td>
<td>5.57%</td>
</tr>
<tr>
<td>Division of Veterans' Affairs</td>
<td>17,310</td>
<td>15,633</td>
<td>(1,677)</td>
<td>-9.69%</td>
</tr>
<tr>
<td>Division of Human Rights</td>
<td>14,369</td>
<td>14,289</td>
<td>(80)</td>
<td>-0.56%</td>
</tr>
<tr>
<td>National and Community Service</td>
<td>15,118</td>
<td>16,253</td>
<td>1,135</td>
<td>7.51%</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>9,009,277</strong></td>
<td><strong>8,937,517</strong></td>
<td><strong>(71,760)</strong></td>
<td><strong>-0.80%</strong></td>
</tr>
</tbody>
</table>
General Government and Local Assistance Fact Sheet

Overview

- General Government includes 22 agencies, boards and commissions in addition to General State Charges and Local Government Assistance.

- New York State will not amortize pension costs for FY 2018. The Executive anticipates paying the full amount of the State’s pension obligation during April, 2017.

- The FY 2018 Executive Budget does not propose a change in the appropriation authority or cash disbursements of Aid to Municipalities (AIM).

- Disbursement of AIM is linked in appropriation language to the Legislature, enacting the Executive’s county wide property tax reduction language.

Executive Program Reductions and Eliminations

- The Executive proposes to eliminate Legislative initiatives that provide aid to municipalities.

New Programs

- **Ethics Reform.** The Executive recommends various reforms including placing limits on outside income for legislators, FOIL expansion, campaign finance reform, and various other changes.

  - Eight year term limits for elected officials.

  - Would authorize same day registration and voting.

- **Publicly Financed Political Campaigns.** The Executive proposal would establish a new statewide publicly financed campaign program, create a new early voting system, and reduce contributions allowed by limited liability corporations (LLC).

- The Executive proposal on County Wide Shared Services Property Tax Savings Initiative that would require counties to develop plans to reduce property taxes and streamline services.

- The Executive proposes an additional $100 million downtown revitalization initiative nearly identical to the that proposed in FY 2017.
GENERAL GOVERNMENT & 
LOCAL GOVERNMENT ASSISTANCE

Summary

General Government consists of 22 agencies, boards and commissions that provide a diverse array of services. It also includes General State Charges and Local Government Assistance.

The FY 2018 Executive budget recommends All Funds Cash Disbursements of approximately $8.1 billion for General Government Agencies, General State Charges and Local Government Assistance. This represents a year-over-year increase of $226 million or 2.9 percent over FY 2017 levels. The majority of the increase can be attributed to General State Charges ($196.8 million) and Information Technology Services ($51.1 million) with offsetting reductions in the Gaming Commission ($34.6 million), Department of State ($10.1 million), the Department of Tax and Finance ($2.8 million), and Audit, and Control ($2.7 million).

The following General Government Agencies are projected to have flat or near flat All Funds cash disbursement growth in FY 2018:

- Alcoholic Beverage Control
- Deferred Compensation Board
- Executive Chamber
- Office of Lt. Governor
- Office of the Inspector General
- Commission on Public Integrity
- Office of Employee Relations
- Public Employment Relations Board

Audit and Control

The FY 2018 Executive budget recommends All Funds spending of $184.6 million, a decrease of $2.6 million or 1.41 percent over the current FY 2017 level of $187.2 million. The reduction can be attributed to an increase in capital projects of $3.2 million offset by a decrease of $713,000 in state operations as well as a decrease of $159,000 in fringe and indirect costs. The workforce remains unchanged at 2,663 full time equivalents (FTE).

Division of the Budget (DOB)

The FY 2018 Executive budget recommends All Funds spending of $30 million; this represents a decrease of $426,000 or 1.37 percent over FY 2017. This reduction reflects the elimination of $527,000 for membership dues to the Council on State Government, National Conference of State Legislators, and the National Conference of Insurance Legislators. This reduction is offset by increases to both fringe benefits and indirect costs.

The workforce of 261 FTE remains unchanged.

Civil Service

The FY 2018 Executive budget recommends an All Funds spending level of $12 million; a $2.1 million or 15 percent decrease over FY 2017 levels. The reduction is driven by a $1.3 million decrease to General Fund personal services due to the current year retro adjustment related to collective bargaining agreements. Additionally, there is an $800,000 annual sub allocation to the Office of Employee Relations for the Career Mobility Office.

The workforce of 347 FTE remains unchanged.
**Department of Financial Services (DFS)**

The FY 2018 Executive Budget recommends All Funds spending of $360 million, an increase of $6.9 million or two percent from FY 2017. The cash increase is driven by the cost of fringe benefits in General State Charges.

Appropriation authority decreases by $3.2 million, from $416.1 million to $412.9 million. The decrease is driven by a $6 million reduction in Healthy NY and Direct Pay spending and the lapsing of the Entertainment Workers’ Subsidy as these functions are transferred to the Health Exchange. This decrease is offset by approximately $2.9 million in additional spending related to salary growth.

The Executive increased current year appropriations by approximately $5.2 million above the originally enacted amounts to finance salary costs related to collective bargaining agreements.

The workforce remains unchanged at 1,382 full time equivalents (FTE).

**Article VII Provisions**

The Executive proposes the following Article VII legislation (additional detail is provided under section three of this report):

- Authorize the Superintendent of DFS to order failing insurers into administrative supervision proceedings
- Enhance enforcement powers of the Superintendent in relation to illegal and unlicensed activity in the banking and insurance industries
- License and regulate student loan servicers
- Authorize banking institutions to protect vulnerable adults from financial exploitation
- Authorize DFS to ban bad actors from the banking and insurance industry
- Require lending circles to register with DFS
- Establish a risk adjustment fund for Paid Family Leave
- Enhance regulation of online lenders
- Enact consumer protections related to reverse mortgage products
- Amend DFS assessment provisions and distribution rules for insurance companies and propose changes related to insurers reserve requirements
- Authorize Pharmacy Benefit Manager registration and disclosure requirements

**Joint Commission on Public Ethics**

The FY 2018 Executive Budget recommends All Funds spending of $5.5 million, which is unchanged from FY 2017 levels.

**Article VII Provisions**

The Executive proposes the following Article VII ethics legislation (additional detail is provided under section three of this report):

- Requiring advisory opinions from the Legislative Ethics Commission for members with outside compensation above $5,000
- Expanding JCOPE financial reporting requirements and enforcement to local government officials

**Gaming Commission**

The FY 2018 Executive Budget recommends All Funds spending of $6.8 million, which is unchanged from FY 2017.

The FY 2018 Executive Budget recommends an agency appropriation of $133.6 million, which is an increase of $100,000 or less than one percent. The $100,000 increase is attributed to a new $100,000 appropriation for the New York State Racing Fan Advisory Board (NYSRFAB). The appropriation provides $5,000 for supplies, $10,000 for travel and $85,000 for contractual services.

The NYSRFAB was established in 2011; Racing Fan Advisory Board members are not paid employees. Their mission is to promote and grow the equine racing industry with a focus on increasing the fan base. The NYSRFAB is charged with actively monitoring the racing industry and to report their observations to the Gaming Commission along with recommendations to improve the industry. The board members advise the Commission on actions...
necessary to encourage increased attendance and wagering at thoroughbred and harness tracks.

Commercial Gaming

State Finance Law requires the State to distribute 10 percent of the State’s commercial gaming tax revenue equally to the host county and the host municipality. An additional 10 percent of the commercial gaming revenue must be distributed to counties within the commercial gaming region on a per capita basis (non-host aid).

In FY 2017, Del Lago paid a licensing fee, which resulted in a $4 million “aid” payment to the Host County and municipality and non-host counties.

<table>
<thead>
<tr>
<th>Commercial Gaming - Local Aid</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Host Aid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Montreign</td>
<td>$0</td>
<td>$17,000</td>
</tr>
<tr>
<td>Rivers</td>
<td>$0</td>
<td>$17,000</td>
</tr>
<tr>
<td>Lago/Tioga</td>
<td>$4,000</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$4,000</td>
<td>$44,000</td>
</tr>
</tbody>
</table>

Tioga Casino opened its doors in December of 2016; the Del Lago Casino in the Town of Tyre is expected to open on February 1, 2017 and the River Resort Casino in Schenectady is expected to open on February 8, 2017. The Division of Budget (DOB) estimates the opening of these three casinos will generate $88 million in local aid in FY 2018.

Tribal State Compact

The State has exclusivity compacts with Seneca Niagara, Seneca Allegany, Seneca Buffalo Creek, and with the St. Regis Mohawk Tribe. These exclusivity compacts require Akwesanse Mohawk Casino as well as the Oneida Nation, which operates Turning Stone and Yellow Brick Road Casinos, to remit 25 percent their slot machine proceeds to the State.

State Finance Law requires the State to share 25 percent of the revenue it receives from Native American casinos with the local host government and an additional 10 percent of the State’s share with the non-host counties within the exclusivity zone with the exception of Madison County.

### TRIBAL STATE COMPACT

<table>
<thead>
<tr>
<th>TRIBAL STATE COMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW YORK GAMING COMMISSION</td>
</tr>
<tr>
<td>AID TO LOCALITIES</td>
</tr>
<tr>
<td><strong>HOST AID</strong></td>
</tr>
<tr>
<td>Seneca Niagara</td>
</tr>
<tr>
<td>Seneca Allegany</td>
</tr>
<tr>
<td>Seneca Buffalo Creek</td>
</tr>
<tr>
<td>Mohawk</td>
</tr>
<tr>
<td>Oneida</td>
</tr>
<tr>
<td><strong>HOST AID TOTAL</strong></td>
</tr>
</tbody>
</table>

| **Regional Aid** | FY 2017 | FY 2018 | Difference |
| Seneca Niagara | $9,900,000 | $10,000,000 | $100,000 |
| Seneca Allegany | $4,500,000 | $5,000,000 | $500,000 |
| Seneca Buffalo Creek | $3,800,000 | $4,000,000 | $200,000 |
| Mohawk | $5,800,000 | $6,000,000 | $200,000 |
| Oneida | $8,700,000 | $9,000,000 | $300,000 |
| **REGIONAL AID TOTAL** | $32,700,000 | $34,000,000 | $1,300,000 |

In the FY 2018 Aid to Localities Gaming Commission Budget, the Executive has recommended an appropriation of $129 million, which is an increase of $6.5 million over the current year. However, there is a risk that the opening of the commercial casinos will siphon patrons from the Native American casinos. The State’s Financial Plan does not contain any assumptions for this contingency.

Article VII Provisions

The Executive proposes the following Article VII legislation (see additional detail in section three of this report):

**Revenue Sharing** - The Executive Budget recommends to proportionally reduce the non-host local aid revenue share of commercial gaming revenue, a portion of the non-host local aid revenue share from the Tribal State Compact and a portion of the local assistance aid that municipalities receive where a video lottery gaming facility is located. The funds will then be redistributed to Madison County. The reduction in revenue is as follows:

**For FY 2017-2018** the non-host local aid from commercial gaming will be reduced by $1.4 million;
the non-host local aid from Tribal State Compacts will be reduced by $600,000, and the local municipal aid from video lottery gaming facilities will be reduced by $250,000 for a total of $2.25 million.

**For each year thereafter**, the reductions will be $1.55 million, $500,000 and $200,000 respectively, for a total of $2.25 million.

If enacted, this proposal would become effective April 1, 2017 and expire on March 31, 2020.

The intent of the bill is to provide “Tribal” host aid to Madison County. The Yellow Brick Road Casino is located in the Village of Chittenago, in the Town of Sullivan in Madison County. The Yellow Brick Road Casino was not in operation when the State entered into the Tribal Compact with the Oneida Nation. The compact is silent on host aid for Madison County.

**General State Charges (GSC)**

The FY 2018 Executive Budget recommends All Funds spending of $5 billion, an increase of $196.8 million or 4.1 percent. This reflects General Fund cash disbursements only and does not include activity in escrow accounts.

All Funds spending (including escrow accounts) increases by $264 million or approximately three percent, from $8 billion to $8.3 billion.

The increase is primarily driven by a $263 million or 7.7 percent increase in health insurance that is attributable to increased prescription drug costs.

**Article VII Provisions**

The Executive proposes the following Article VII legislation (additional detail is provided under section three of this report):

- The Executive Budget recommends to implement multiple tiers of health insurance premium cost sharing for future New York State retirees based upon the number of years of service

The proposals above are incorporated into the GSC appropriation language.

**State Board of Elections (BOE)**

The FY 2018 Executive Budget recommends All Funds spending of $18 million, which is an increase of $5.7 million, or 46.2 percent from FY 2017 levels. However, on a General Fund basis, spending would decrease $37,000, or 0.4 percent from FY 2017. This difference is primarily due to a $6 million increase in non-recurring spending from the federally funded Help America Vote Act. The remaining difference is due to a $229,000 decrease in local assistance grants and a $49,000 decrease in general state charges spending.

The Financial Plan does not include spending for the Executive’s public campaign finance proposal. In contrast, last year’s budget proposal included $111 million in FY 2019 spending which was most likely associated with the Executive’s public campaign finance proposal.

**Article VII Provisions**

The Executive proposes the following Article VII legislation (see additional detail in section three of this report)
Publicly Financed Political Campaigns
Early Voting
Department of Motor Vehicles (DMV) “motor voter” registration program in which DMV customers would be automatically registered to vote unless they opt out,
Constitutional amendment to allow individuals to both register and vote on the same day

Office of General Services

The FY 2018 Executive Budget recommends All Funds spending of $325.4 billion, an increase of $24.5 million or 8.17 percent increase over the FY 2017. This growth is driven by $23.6 million in the Capital Projects fund, a Cogeneration Plant and microgrid to serve the Empire State Plaza complex, and $25 million for the State Office Building Optimization Initiative. The increase is offset by adjustments to General Fund personal services of $17.6 million and $808,000 to non-personal service.

The Executive Budget recommends a workforce of 1,802, unchanged from FY 2017.

Article VII Provisions

The Executive proposes the following Article VII legislation (additional detail is provided under section three of this report):

Additional Duties of the Commissioner- The Executive proposes language to create additional duties of the Commissioner of the Office of General Services (OGS) concerning flood damage and recovery. This proposal would require OGS to make a payment in an amount no less than the coverage limits of a standard flood insurance policy when a state-owned structure and its contents are damaged because of a flood. Payments would only be made on damages incurred on state-owned structures in flood plains designated by the Federal Insurance Administrator.

New York State Buy American Act- This Executive Budget would expand the contract and procurement provisions of State Finance Law and Public Authorities Law to require State agencies and authorities to give preference to American-made products when issuing a procurement and entering into contracts. This proposal would amend the State Finance Law and the Public Authorities law to include Buy American preference requirements for all contracts and procurements in excess of $100,000.

The Transfer of Division of Military and Naval Affairs Employees- This Executive Budget would authorize the transfer of certain Division of Military and Naval Affairs (DMNA) employees to the Office of General Services (OGS) as part of the centralization of certain human resource functions within OGS’ Business Services Center (BSC).

Legislative Printing- The Executive Budget recommends amending section four of the New York State Printing and Public Documents law, authorizing the Commissioner of OGS to contract for printing services without competitive bidding if the cost of printing is under OGS’s discretionary purchasing threshold found in state finance law. It would also require a formal competitive bid process when the cost of printing is above OGS’s statutory discretionary purchasing threshold of $85,000.

Preferred Sources Program- The Executive Budget recommends updating the State’s preferred source procurement program and its operations involving purchases of preferred status commodities and services by State agencies, public benefit corporations, and political subdivisions.

Participation by MWBE’s in State Contracts- The Executive Budget proposes extending the provisions of law relating to participation by minority and women-owned business enterprises (MWBE) in state contracts for an additional one year. Under this statute, state agencies are charged with establishing employment and business participation goals for minorities and women. This authorization and the requirements of these programs expire on December 31, 2017. This bill would extend the sunset provision by one year to December 31, 2018.

Inspector General’s Authority over Procurements- This Executive Budget would clarify authority of the State Inspector General in oversight of state procurements. It would define where the State Inspector General is able to investigate contracted
parties with the state in such procurements. It would establish the State Inspector General’s authority to investigate complaints of corruption, fraud, criminal activity, conflicts of interest, or abuse within these entities related to state procurements, and to refer potential criminal findings for prosecution.

**Chief Procurement Officer**- This Executive Budget would authorize the creation of a Chief Procurement Officer who would serve as the principal officer tasked with oversight of state procurements.

**Vendor Contributions**- This Executive proposal would prohibit campaign contributions by persons or entities that are actively bidding for government procurement contracts. The prohibition would apply to contributions to office-holders and candidates associated with the governmental entity requesting the procurement, and the prohibition would extend until the close of the bidding period or until six months after the final contract award for the winner.

**Single Identifying Codes**- This Executive proposal would explore the feasibility of implementing a single identifying code for contractors, vendors, and other State payees to improve the State’s oversight and monitoring of vendor activities. This proposal would require a study of the feasibility of assigning a single identifying code to contractors, vendors, and other payees to track such entities and expenditures. The group would be required to submit its findings and recommendations to the Governor and Legislature on or before September 1, 2017. If it is determined that a single identifying code system is feasible, implementation of such system is authorized by no later than September 1, 2018.

**Office of Information Technology Services**

The FY 2018 Executive Budget recommends All Funds spending of $666.3 million, an increase of $51.1 million or 8.32 percent. The growth is primarily driven by an increase of $56.7 million in the Capital Projects fund to support multi-year initiatives as well as a $14 million NPS adjustment directly correlating to the attrition. The increase is offset by a $500,000 decrease in federal operating grants as well as a decrease of $19 million to the General Fund relating to the work force attritions. The Executive Budget recommends a workforce of 3,406 FTEs. This reflects a reduction of 179 FTEs from FY 2017.

**Article VII Provisions**

The Executive proposes the following Article VII legislation (see additional detail in section three of this report):

**ITS CS Exam Exemption**- This Executive Budget provides a mechanism to the Office of Information Technology Services (ITS) for attracting skilled information technology personnel to State service by authorizing up to 250 information technology (IT) term appointments for up to 60 months without initial Civil Service examination.

**Inspector General**

The FY 2018 Executive budget proposes All Funds spending of $7.4 million, which is unchanged from FY 2017 levels.

These appropriations include new interchange and transfer authority language that would greatly expand the authority of the Executive, through the Director of Budget, to change appropriations at will after the budget is passed. Additionally, there is language requiring the Inspector General to oversee SUNY and CUNY related nonprofits, to require SUNY and CUNY affiliated nonprofit organizations to adopt written policies, and to use a portion of appropriated funds to investigate alleged criminal activity of entities subject to its oversight.

**Article VII Provisions**

The Executive proposes the following Article VII legislation (see additional detail in section three of this report):

The Executive budget includes several changes that would expand the authority of the Inspector General. No additional spending has been budgeted for the additional responsibilities that would be added to the Office of Inspector General.
Local Government Assistance

The Executive Budget recommends All Funds cash disbursements of $754 million, a reduction of $5.9 million or .77 percent from FY 2017.

Aid and Incentives for Municipalities (AIM). The AIM program was created in 2006, to consolidate several unrestricted aid programs referred to as revenue sharing for cities, towns and villages. The Executive proposes AIM funding of $715 million, which is unchanged from FY 2017.

### AIM DISTRIBUTION

<table>
<thead>
<tr>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Four Cities</td>
<td>$429</td>
</tr>
<tr>
<td>Other Cities</td>
<td>$218</td>
</tr>
<tr>
<td>Towns and Villages</td>
<td>$68</td>
</tr>
<tr>
<td>Restructing/Efficiencies</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$715</strong></td>
</tr>
</tbody>
</table>

Legislative Initiatives Eliminated:

**Discrete Grants To Municipalities**
- Mastic Beach - $75,000
- Woodbury - $27,000
- South Blooming Grove - $19,000
- Sagaponack - $2,000
- Onondaga County - $2,000,000
- City of Syracuse - $125,000
- Niagara County Industrial Development Agency for downtown revitalization in the City of Niagara Falls - $1,600,000
- City of Cortland - $200,000
- City of Oneonta - $200,000
- City of Plattsburgh - $300,000
- Oneida Fire Department - $25,000
- Dutchess County - $1,500,000

**Grants for non-payment of property taxes from the Cayuga and Mohawk Indian nations**
- Seneca County - $340,000
- Cayuga County - $92, 500
- Franklin County - $340,000

**Village Per Capita Aid Program, $2 million**

**Downtown Revitalization**

The Executive Budget proposes $100 million for downtown revitalization initiatives financed through the New York State Special Infrastructure Account. The purpose of the grants is to make payments to local governments and other municipal entities for downtown revitalization projects for transformative housing, economic development, transportation and community projects designed to increase the property tax base.

### Article VII Provisions

The Executive proposes the following Article VII legislation (see additional detail in section three of this report):

- The Executive proposes Article VII language to require county managers to develop property tax savings plans that would be acted upon by the County Legislature and presented to the voters via referendum.

**In addition the Executive includes language in the AIM appropriation stipulating that no payments for AIM can be disbursed unless the Legislature enacts the Executive’s property tax savings proposal.**

**Department of State**

The FY 2018 Executive Budget recommends All Funds spending of $128.5 million, a decrease of $10.1 million or 7.33 percent FY 2017. The reduction reflects a decrease of local assistance grants by $6 million, a $4.6 million decrease in the Business and Licensing fund due to the completion of the agency modernization initiative and a $300,000 wholesale markets settlement adjustment. The decreases are offset by an increase of $819,000 in fringe benefits, and indirect cost redistributions from the general fund and the business licensing funds due to attrition. The Executive Budget recommends a workforce of 525 FTE for the Department, a decrease of 14 FTEs from FY 2017.

**Article VII Provisions**

The Executive proposes the following Article VII legislation (additional detail is provided under section three of this report):

**Waved Fees**

The Executive budget proposes amending section 491 of the Vehicle and Traffic
Law to waive fees for a replacement non-driver identification card for crime victims whose card was lost or destroyed as a result of a crime.

**Expedited Handling Fees**- This Executive budget would extend for one year provisions of law permitting the Secretary of State to charge increased fees for the expedited handling of documents issued by or requested from the Department's Division of Corporations. The Executive Law currently authorizing the Secretary of State to charge increased fees for expedited handling expires on March 31, 2017.

**Service of Process**- The Executive proposes language that requires plaintiffs to serve copies of process documents on the defendant rather than through the department of State.

**Real Estate Agents Fees**- This Executive proposal would require licensed individual real estate agents operating in New York State to cover the cost of processing and producing an identification card, rather than DOS. Currently, the Department of Motor Vehicles (DMV) produces these cards and the Department of State (DOS) pays for the production costs. This proposal would enable DOS to recoup these costs by assessing a five dollar fee on the real estate agent applicant. FY 2018 Executive Budget as the State Financial Plan assumes $460,000 in recurring revenue to offset the cost of processing and producing the identification card.

**Athletic Commission**- The Executive Budget recommends amending Executive Law to remove the New York State Athletic Commission (NYSAC) Chair from the list of salaried officers in Executive Law.

**Department of Tax and Finance**

The FY 2018 Executive Budget recommends All Funds spending of $353.6 million, a decrease of $2.8 million or .80 percent FY. This decrease is largely attributed to the PEF two percent general salary increase agreement of $3.5 million, which is offset by a growth in the SRO funds for the Cigarette Tax enforcement taskforce of $683,000. The Executive Budget recommends a workforce of 4,267 FTEs for the Department. This fill level is consistent with FY 2017 budget.

**Article VII Provisions**

The Executive proposes the following Article VII legislation (see additional detail in section three of this report):

**Warrantless Bank Account Data Matching**- The Executive Budget proposes to expand the financial institution data match system for state tax collection purposes to include information regarding financial accounts for tax debtors with fixed and final tax debts, whether or not a warrant has been filed. Each financial institution doing business in the state must provide, to the Department of Tax and Finance on a quarterly basis, information for each tax debtor identified by the Department that maintains an account at the institution. This proposal would expand on the current law passed in 2009 to require the financial institutions to now include any past due liabilities, including unpaid tax, interest, and penalty, that have become fixed and final such that the taxpayer no longer has any right to administrative or judicial review.

**State Employee Tax Clearance**- This Executive Budget proposes to require tax clearances for new state employees and, at local option, for new local government employees to verify that these new public employees comply with their tax obligations.

**Practitioner Compliance**- This proposal extends, for one year, the Physician’s Excess Medical Malpractice Program, commonly known as the “Section 18 Program”, for eligible physicians and dentists for the policy year beginning July 1, 2017. The proposal would maintain existing eligibility requirements, and would add a requirement that physicians and dentists applying for coverage receive a tax clearance from the Department of Taxation and Finance before receiving such coverage.

**Permanently Extend Warrantless Wage Garnishment**- The Executive Budget proposes to make permanent the authority for the Commissioner of Taxation and Finance to serve income executions (wage garnishments) on individual tax debtors and,
if necessary, on the employers of such tax debtors, without the necessity of filing a warrant.

**Jeopardy Assessments** - This Executive Budget would authorize the Department of Taxation and Finance to issue jeopardy assessments for the collection of the cigarette and tobacco excise tax. Currently, there is no provision for jeopardy assessments to assist in the collection of the excise tax on cigarettes and tobacco products. This bill is modeled after Tax Law § 288-a (excise tax on gasoline and similar motor fuel) and Tax Law § 1138 (sales tax), which authorize jeopardy assessments for similar collection efforts of other taxes.

**Dormitory Authority**

**Article VII Provisions**

The Executive proposes the following Article VII legislation (*additional detail is provided under section three of this report*):

The Executive Budget proposes to make permanent the Dormitory Authority’s authorization to enter into design and construction management agreements with the Department of Environmental Conservation and the Office of Parks, Recreation and Historic Preservation (OPRHP). Initially, in the FY 2013 budget, the Dormitory Authority was granted authorization to enter such agreements for a period of three years. The legislature subsequently extended such authority for two additional years in the FY 2016 budget. This existing authorization is set to expire on April 1, 2017.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Estimated FY 2017</th>
<th>Proposed FY 2018</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcoholic Beverage Control</td>
<td>12,724</td>
<td>12,683</td>
<td>(41)</td>
<td>-0.32%</td>
</tr>
<tr>
<td>Audit and Control</td>
<td>187,280</td>
<td>184,643</td>
<td>(2,637)</td>
<td>-1.41%</td>
</tr>
<tr>
<td>Deferred Compensation Board</td>
<td>866</td>
<td>866</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Division of the Budget</td>
<td>31,022</td>
<td>30,596</td>
<td>(426)</td>
<td>-1.37%</td>
</tr>
<tr>
<td>Civil Service</td>
<td>14,192</td>
<td>12,061</td>
<td>(2,131)</td>
<td>-15.02%</td>
</tr>
<tr>
<td>State Board of Elections</td>
<td>12,297</td>
<td>17,982</td>
<td>5,685</td>
<td>46.23%</td>
</tr>
<tr>
<td>Office of Employee Relations</td>
<td>2,581</td>
<td>2,581</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Executive Chamber</td>
<td>13,578</td>
<td>13,578</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>352,636</td>
<td>359,554</td>
<td>6,918</td>
<td>1.96%</td>
</tr>
<tr>
<td>Gaming Commission</td>
<td>271,958</td>
<td>237,303</td>
<td>(34,655)</td>
<td>-12.74%</td>
</tr>
<tr>
<td>Office for Technology</td>
<td>615,144</td>
<td>666,318</td>
<td>51,174</td>
<td>8.32%</td>
</tr>
<tr>
<td>Office of the Lt. Governor</td>
<td>614</td>
<td>614</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Office of General Services</td>
<td>300,867</td>
<td>325,442</td>
<td>24,575</td>
<td>8.17%</td>
</tr>
<tr>
<td>General State Charges</td>
<td>4,804,849</td>
<td>5,001,656</td>
<td>196,807</td>
<td>4.10%</td>
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<tr>
<td>Office of the Inspector General</td>
<td>7,367</td>
<td>7,367</td>
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<tr>
<td>Commission on Public Integrity</td>
<td>5,531</td>
<td>5,531</td>
<td>0</td>
<td>0.00%</td>
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<tr>
<td>Local Government Assistance</td>
<td>759,951</td>
<td>754,077</td>
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</tr>
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<td>Public Empl. Relations Board</td>
<td>3,572</td>
<td>3,573</td>
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<td>Department of State</td>
<td>138,729</td>
<td>128,556</td>
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</tr>
<tr>
<td>Statewide Financial System</td>
<td>30,309</td>
<td>30,137</td>
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<td>Taxation and Finance</td>
<td>356,472</td>
<td>353,606</td>
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<td>Division of Tax Appeals</td>
<td>3,068</td>
<td>3,040</td>
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<td>-0.91%</td>
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<tr>
<td><strong>Totals</strong></td>
<td>7,925,607</td>
<td>8,151,764</td>
<td>226,157</td>
<td>2.85%</td>
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### All Funds Receipts

(Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Projected FY 2017</th>
<th>Proposed FY 2018</th>
<th>Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Income Tax</strong></td>
<td>47,639</td>
<td>50,683</td>
<td>3,044</td>
<td>6.4%</td>
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<tr>
<td><strong>User Taxes and Fees</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and Use</td>
<td>13,861</td>
<td>14,726</td>
<td>865</td>
<td>6.2%</td>
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<tr>
<td>Cigarette and Tobacco</td>
<td>1,227</td>
<td>1,202</td>
<td>(25)</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Motor Fuel Tax</td>
<td>506</td>
<td>505</td>
<td>(1)</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Alcoholic Beverage</td>
<td>258</td>
<td>263</td>
<td>5</td>
<td>1.9%</td>
</tr>
<tr>
<td>Medical Marihuana Excise Tax</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>TNC Assessment</td>
<td>-</td>
<td>16</td>
<td>16</td>
<td>100.0%</td>
</tr>
<tr>
<td>Highway Use tax</td>
<td>140</td>
<td>87</td>
<td>(53)</td>
<td>-37.9%</td>
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<tr>
<td>Auto Rental Tax</td>
<td>127</td>
<td>134</td>
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<td>5.5%</td>
</tr>
<tr>
<td>Taxicab Surcharge</td>
<td>64</td>
<td>64</td>
<td>-</td>
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<tr>
<td><strong>Total</strong></td>
<td>16,184</td>
<td>16,998</td>
<td>814</td>
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<tr>
<td><strong>Business Taxes</strong></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Corporation Franchise</td>
<td>4,129</td>
<td>4,687</td>
<td>558</td>
<td>13.5%</td>
</tr>
<tr>
<td>Corporation and Utilities</td>
<td>738</td>
<td>732</td>
<td>6</td>
<td>-0.8%</td>
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<tr>
<td>Insurance</td>
<td>1,502</td>
<td>1,572</td>
<td>70</td>
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</tr>
<tr>
<td>Bank Tax</td>
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<td>190</td>
<td>(193)</td>
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</tr>
<tr>
<td>Petroleum Business</td>
<td>1,095</td>
<td>1,072</td>
<td>(23)</td>
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<tr>
<td><strong>Total</strong></td>
<td>7,847</td>
<td>8,253</td>
<td>406</td>
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<td><strong>Other Taxes</strong></td>
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<td></td>
</tr>
<tr>
<td>Estate and Gift</td>
<td>1,114</td>
<td>949</td>
<td>(165)</td>
<td>-14.8%</td>
</tr>
<tr>
<td>Real Estate Transfer</td>
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<td>1,210</td>
<td>72</td>
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<tr>
<td>Pari-Mutuel</td>
<td>17</td>
<td>17</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,272</td>
<td>2,179</td>
<td>(93)</td>
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<tr>
<td><strong>Payroll Tax</strong></td>
<td>1,361</td>
<td>1,421</td>
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<tr>
<td><strong>Total Taxes</strong></td>
<td>75,303</td>
<td>79,534</td>
<td>4,231</td>
<td>5.6%</td>
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<tr>
<td><strong>Miscellaneous Receipts</strong></td>
<td>25,439</td>
<td>26,597</td>
<td>1,158</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>100,742</td>
<td>106,131</td>
<td>5,389</td>
<td>5.3%</td>
</tr>
<tr>
<td><strong>Federal Grants</strong></td>
<td>52,885</td>
<td>54,265</td>
<td>1,380</td>
<td>2.6%</td>
</tr>
<tr>
<td><strong>Total Receipts and Federal Grants</strong></td>
<td>153,627</td>
<td>160,396</td>
<td>6,769</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

Source: New York State Division of the Budget.
<table>
<thead>
<tr>
<th></th>
<th>Projected FY 2017</th>
<th>Proposed FY 2018</th>
<th>Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Income Tax</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Withholding</td>
<td>37,575</td>
<td>39,359</td>
<td>1,784</td>
<td>4.7%</td>
</tr>
<tr>
<td>Estimated Payments</td>
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<td>17,025</td>
<td>1,719</td>
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<td>2,615</td>
<td>2,836</td>
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<td>8.5%</td>
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<tr>
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<td>1,418</td>
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<td>4.4%</td>
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<tr>
<td>Gross Collections</td>
<td>56,854</td>
<td>60,638</td>
<td>3,784</td>
<td>6.7%</td>
</tr>
<tr>
<td>STAR Special Revenue Fund</td>
<td>(3,208)</td>
<td>(2,606)</td>
<td>602</td>
<td>-18.8%</td>
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<tr>
<td>Refunds</td>
<td>(9,215)</td>
<td>(9,955)</td>
<td>(740)</td>
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<td>Revenue Bond Tax Fund</td>
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<td>(12,671)</td>
<td>(761)</td>
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<tr>
<td><strong>Net Collections</strong></td>
<td>32,521</td>
<td>35,406</td>
<td>2,885</td>
<td>8.9%</td>
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<td><strong>User Taxes and Fees</strong></td>
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<td></td>
</tr>
<tr>
<td>Sales and Use</td>
<td>6,479</td>
<td>6,891</td>
<td>412</td>
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<tr>
<td>Cigarette/Tobacco</td>
<td>345</td>
<td>348</td>
<td>3</td>
<td>0.9%</td>
</tr>
<tr>
<td>Alcoholic Beverage</td>
<td>258</td>
<td>263</td>
<td>5</td>
<td>1.9%</td>
</tr>
<tr>
<td>TNC Assessment</td>
<td>-</td>
<td>12</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,082</td>
<td>7,514</td>
<td>432</td>
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<td><strong>Business Taxes</strong></td>
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<tr>
<td>Corporate Franchise</td>
<td>3,334</td>
<td>3,827</td>
<td>493</td>
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<td>Corporate Utilities</td>
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<td>559</td>
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<tr>
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<tr>
<td><strong>Total</strong></td>
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<td>5,955</td>
<td>384</td>
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<td><strong>Other Taxes</strong></td>
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<td></td>
</tr>
<tr>
<td>Estate and Gift</td>
<td>1,114</td>
<td>949</td>
<td>(165)</td>
<td>-14.8%</td>
</tr>
<tr>
<td>Pari-mutuel</td>
<td>17</td>
<td>17</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,134</td>
<td>969</td>
<td>(165)</td>
<td>-14.6%</td>
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<tr>
<td><strong>Total Tax Collections</strong></td>
<td>46,308</td>
<td>49,844</td>
<td>3,536</td>
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<td><strong>Miscellaneous Receipts</strong></td>
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<td></td>
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<tr>
<td></td>
<td>3,374</td>
<td>2,298</td>
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<tr>
<td><strong>Total Receipts</strong></td>
<td>49,682</td>
<td>52,142</td>
<td>2,460</td>
<td>5.0%</td>
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</tbody>
</table>

Source: New York State Division of the Budget.
## All Funds Receipts

(Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Proposed FY 2018</th>
<th>Proposed FY 2019</th>
<th>Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Income Tax</strong></td>
<td>50,683</td>
<td>53,089</td>
<td>2,406</td>
<td>4.7%</td>
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<tr>
<td><strong>User Taxes and Fees</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sales and Use</td>
<td>14,726</td>
<td>15,368</td>
<td>642</td>
<td>4.4%</td>
</tr>
<tr>
<td>Cigarette and Tobacco</td>
<td>1,202</td>
<td>1,180</td>
<td>(22)</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Motor Fuel Tax</td>
<td>505</td>
<td>501</td>
<td>(4)</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Alcoholic Beverage</td>
<td>263</td>
<td>268</td>
<td>(22)</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Medical Marihuana Excise Tax</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>TNC Assessment</td>
<td>16</td>
<td>32</td>
<td>16</td>
<td>100.0%</td>
</tr>
<tr>
<td>Highway Use tax</td>
<td>87</td>
<td>142</td>
<td>55</td>
<td>63.2%</td>
</tr>
<tr>
<td>Auto Rental Tax</td>
<td>134</td>
<td>141</td>
<td>7</td>
<td>5.2%</td>
</tr>
<tr>
<td>Taxicab Surcharge</td>
<td>64</td>
<td>64</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,998</td>
<td>17,697</td>
<td>699</td>
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<td><strong>Business Taxes</strong></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Corporation Franchise</td>
<td>4,687</td>
<td>4,669</td>
<td>(18)</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Corporation and Utilities</td>
<td>732</td>
<td>744</td>
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<tr>
<td>Insurance</td>
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<td>1,701</td>
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<tr>
<td>Bank Tax</td>
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<td>143</td>
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<td>8,359</td>
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<td>1.3%</td>
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<tr>
<td><strong>Other Taxes</strong></td>
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<td></td>
</tr>
<tr>
<td>Estate and Gift</td>
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<td>911</td>
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<tr>
<td>Real Estate Transfer</td>
<td>1,210</td>
<td>1,265</td>
<td>55</td>
<td>4.5%</td>
</tr>
<tr>
<td>Pari-Mutuel</td>
<td>17</td>
<td>17</td>
<td>-</td>
<td>0.0%</td>
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<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
<td>-</td>
<td>0.0%</td>
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<tr>
<td><strong>Total</strong></td>
<td>2,179</td>
<td>2,196</td>
<td>17</td>
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<td>26,597</td>
<td>26,195</td>
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<tr>
<td><strong>Total Receipts</strong></td>
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<td>55,511</td>
<td>1,246</td>
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<tr>
<td><strong>Total Receipts and Federal Grants</strong></td>
<td>160,396</td>
<td>164,534</td>
<td>4,138</td>
<td>2.6%</td>
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</table>

Source: New York State Division of the Budget.
<table>
<thead>
<tr>
<th>Tax Category</th>
<th>Proposed FY 2018</th>
<th>Proposed FY 2019</th>
<th>Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Income Tax</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Withholding</td>
<td>39,359</td>
<td>41,214</td>
<td>1,855</td>
<td>4.7%</td>
</tr>
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<td>Estimated Payments</td>
<td>17,025</td>
<td>18,527</td>
<td>1,502</td>
<td>8.8%</td>
</tr>
<tr>
<td>Final Returns</td>
<td>2,836</td>
<td>3,044</td>
<td>208</td>
<td>7.3%</td>
</tr>
<tr>
<td>Other Payments</td>
<td>1,418</td>
<td>1,491</td>
<td>73</td>
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</tr>
<tr>
<td>Gross Collections</td>
<td>60,638</td>
<td>64,276</td>
<td>3,638</td>
<td>6.0%</td>
</tr>
<tr>
<td>STAR Special Revenue Fund</td>
<td>(2,606)</td>
<td>(2,448)</td>
<td>158</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Refunds</td>
<td>(9,955)</td>
<td>(11,187)</td>
<td>(1,232)</td>
<td>12.4%</td>
</tr>
<tr>
<td>Revenue Bond Tax Fund</td>
<td>(12,671)</td>
<td>(13,272)</td>
<td>(601)</td>
<td>4.7%</td>
</tr>
<tr>
<td><strong>Net Collections</strong></td>
<td>35,406</td>
<td>37,369</td>
<td>1,963</td>
<td>5.5%</td>
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<tr>
<td><strong>User Taxes and Fees</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and Use</td>
<td>6,891</td>
<td>7,193</td>
<td>302</td>
<td>4.4%</td>
</tr>
<tr>
<td>Cigarette/Tobacco</td>
<td>348</td>
<td>357</td>
<td>9</td>
<td>2.6%</td>
</tr>
<tr>
<td>Alcoholic Beverage</td>
<td>263</td>
<td>268</td>
<td>5</td>
<td>1.9%</td>
</tr>
<tr>
<td>TNC Assessment</td>
<td>12</td>
<td>23</td>
<td>11</td>
<td>91.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,514</td>
<td>7,841</td>
<td>327</td>
<td>4.4%</td>
</tr>
<tr>
<td><strong>Business Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Franchise</td>
<td>3,827</td>
<td>3,766</td>
<td>(61)</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Corporate Utilities</td>
<td>559</td>
<td>563</td>
<td>4</td>
<td>0.7%</td>
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<tr>
<td>Insurance</td>
<td>1,407</td>
<td>1,521</td>
<td>114</td>
<td>8.1%</td>
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<tr>
<td>Bank</td>
<td>162</td>
<td>122</td>
<td>(40)</td>
<td>-24.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,955</td>
<td>5,972</td>
<td>17</td>
<td>0.3%</td>
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<tr>
<td><strong>Other Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estate and Gift</td>
<td>949</td>
<td>911</td>
<td>(38)</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Pari-mutuel</td>
<td>17</td>
<td>17</td>
<td>-</td>
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<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>969</td>
<td>931</td>
<td>(38)</td>
<td>-3.9%</td>
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<tr>
<td><strong>Total Tax Collections</strong></td>
<td>49,844</td>
<td>52,113</td>
<td>2,269</td>
<td>4.6%</td>
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<tr>
<td><strong>Miscellaneous Receipts</strong></td>
<td>2,298</td>
<td>2,290</td>
<td>(8)</td>
<td>-0.3%</td>
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<tr>
<td><strong>Total Receipts</strong></td>
<td>52,142</td>
<td>54,403</td>
<td>2,261</td>
<td>4.3%</td>
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Source: New York State Division of the Budget.
<table>
<thead>
<tr>
<th>Executive's Tax and Revenue Action Proposals</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
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<tbody>
<tr>
<td><strong>Revenue Reductions</strong></td>
<td></td>
<td></td>
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<tr>
<td>Child and Dependent Care Tax Credit Enhancement</td>
<td>$0</td>
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<tr>
<td>Life Sciences Tax Credits Creation</td>
<td>$0</td>
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<td>$(5)</td>
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<tr>
<td>Employee Training Incentive Program Tax Credit Expansion</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
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<tr>
<td>Empire State Film Tax Credit Extension</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Post-Production Film Tax Credit Extension</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>Alternative Fuels Property and Electric Vehicle Recharging Property Credit Extension</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>New York Youth Works Tax Credit Extension</td>
<td>$0</td>
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<td>$(50)</td>
<td>$(50)</td>
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<tr>
<td>Non-Drivers Identification Replacement Fee Waiver for Crime Victims</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Extend Monticello VLT Rates for One Year</td>
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<td>$(2)</td>
<td>$(2)</td>
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<tr>
<td><strong>Total Revenue Reductions</strong></td>
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<td>$(100)</td>
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<tr>
<td><strong>Tax Increases</strong></td>
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<tr>
<td>Millionaire’s Tax Extension</td>
<td>$683</td>
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<td>$4,505</td>
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<td>High Income Charitable Contribution Deduction Limitation Permanent Extension</td>
<td>$0</td>
<td>$70</td>
<td>$140</td>
<td>$140</td>
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<tr>
<td>Taxation of Cigars</td>
<td>$12</td>
<td>$23</td>
<td>$23</td>
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<tr>
<td><strong>Total Tax Increases</strong></td>
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<td>$3,468</td>
<td>$4,668</td>
<td>$4,192</td>
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<tr>
<td><strong>Enforcement Actions</strong></td>
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<tr>
<td>Excess Medical Malpractice Coverage Tax Clearance</td>
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<tr>
<td>New State Employee Tax Clearance</td>
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<tr>
<td>Bank Account Data Matching</td>
<td>$5</td>
<td>$15</td>
<td>$15</td>
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<tr>
<td>Jeopardy Assessments for Cigarette and Tobacco Tax Expansion</td>
<td>$2</td>
<td>$2</td>
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<tr>
<td>Amount of Untaxed Cigarettes Required to Seize a Vehicle Clarification</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
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<tr>
<td>Real Estate Transfer Tax Loophole Closure</td>
<td>$2</td>
<td>$2</td>
<td>$2</td>
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<tr>
<td>Warrantless Wage Garnishment Permanent Extension</td>
<td>$15</td>
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<td>$15</td>
<td>$15</td>
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<tr>
<td>Require State S-Corp Conformity with Federal Return</td>
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<td>$5</td>
<td>$5</td>
<td>$5</td>
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<tr>
<td>Investment Tax Credit Reform</td>
<td>$0</td>
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<tr>
<td>Internet Sales Tax</td>
<td>$68</td>
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<tr>
<td>Impose Real Estate Transfer Tax on the Transfer of a Real Estate Business Interest</td>
<td>$4</td>
<td>$5</td>
<td>$5</td>
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<tr>
<td>Co-op Sale Loophole Closure</td>
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<td>$10</td>
<td>$10</td>
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<tr>
<td>Sales Tax Related Entities Loophole</td>
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<td>$11</td>
<td>$11</td>
<td>$11</td>
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<tr>
<td>Non-Resident Asset Sale Loophole</td>
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<td>$10</td>
<td>$10</td>
<td>$10</td>
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<tr>
<td><strong>Total Enforcement Actions</strong></td>
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<td>$216</td>
<td>$236</td>
<td>$236</td>
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<tr>
<td><strong>Other Revenue Actions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Treat Disregarded Entities as a Single Taxpayer for Tax Credit Purposes</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>OCS Expedited Handling of Document Fees</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td><strong>Total Other Revenue Actions</strong></td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td><strong>New Taxes and Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Assessment Fee on Upstate Transportation Network Companies Fares</td>
<td>$16</td>
<td>$32</td>
<td>$32</td>
<td>$32</td>
</tr>
<tr>
<td>Tax on Vapor Products</td>
<td>$3</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
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<tr>
<td>Surcharge on High Priced Drugs</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Public Safety Communications Surcharge (E-911) for Prepaid Devices</td>
<td>$7</td>
<td>$26</td>
<td>$26</td>
<td>$26</td>
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<tr>
<td>Pharmacy Benefit Manager Registration and Disclosure Prorated Fee</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total New Fees and Taxes</strong></td>
<td>$26</td>
<td>$63</td>
<td>$63</td>
<td>$63</td>
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<tr>
<td><strong>Fee Increases and Extensions</strong></td>
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</tr>
<tr>
<td>Oil and Gas Production Values Fee Extension</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Production Costs for Realtor Identification Realignment</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Taste-NY Alcohol Permit</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Motion Picture Theatre Alcohol Permit</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Divisible Load Permit Cap Increase</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
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<tr>
<td>Title Fees Increase</td>
<td>$74</td>
<td>$81</td>
<td>$81</td>
<td>$81</td>
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<tr>
<td>REAL ID Licenses Implementation</td>
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<td>$17</td>
<td>$17</td>
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<tr>
<td>Non-Resident Driving Reinstatement Fee</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Attorney Suspension Fee</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Driver License Suspension Fee $75 to $105; OCA Criminal History Fee Increase; Registration Fee for Attorneys from $375 to $475**</td>
<td>$0</td>
<td>$53</td>
<td>$77</td>
<td>$101</td>
</tr>
<tr>
<td><strong>Total Fee Increases</strong></td>
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<td>$151</td>
<td>$176</td>
<td>$200</td>
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<tr>
<td><strong>Net Total Revenue Actions</strong></td>
<td>$934</td>
<td>$3,903</td>
<td>$5,048</td>
<td>$4,596</td>
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<tr>
<td><strong>Cash Flow Changes</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convert the NYC STAR PIT Rate Reduction into a NYS Credit-Revenue Reduction**</td>
<td>$0</td>
<td>$(340)</td>
<td>$(354)</td>
<td>$(369)</td>
</tr>
<tr>
<td>Convert the NYC STAR PIT Rate Reduction into a NYS Credit-Spending Savings**</td>
<td>$277</td>
<td>$352</td>
<td>$367</td>
<td>$382</td>
</tr>
</tbody>
</table>
| ** There are no individual fiscal impacts for these fees that are intended to fund Indigent Legal Services. **
The FY 2018 Executive Budget contains a number of tax and revenue related changes, tax decreases and revenue enhancements. The following is a list of those changes:

**Personal Income Tax**

**High Income Surcharge**
The Executive proposes to extend the temporary tax surcharge for an additional three years, through tax year 2020. The tax rate will remain the same at 8.82 percent for married taxpayers with incomes exceeding $2,155,350, for heads of household taxpayers with incomes exceeding $1,616,450, and for single taxpayers with incomes exceeding $1,077,550.

The Executive estimates this proposal will increase revenues by $683 million in FY 2018, $3.4 billion in FY 2019, $4.5 billion in FY 2020, and $4 billion in FY 2021. {For a complete discussion, see the “High Income Surcharge” Issue in Focus in this report}

**Middle Income Tax Cuts**
The Executive does not provide any further reduction to the income tax rates for middle-class taxpayers. The rate reductions that were enacted in the FY 2017 budget are put into tax tables for each respective year. The tax brackets, standard deduction, and tax table benefit recaptures will no longer be indexed to the rate of inflation; the amounts are frozen at 2017 tax year levels. {For a complete discussion, see the “Middle Class Income Tax Cut” Issue in Focus in this report}

**Child and Dependent Care Tax Credit**
The Executive proposes to increase the existing Child and Dependent Care Tax Credit for certain taxpayers beginning in tax year 2018. Under the proposal, 200,000 families earning between $50,000 and $150,000 would benefit from this enhancement receiving an average tax credit of $207. The average increase would range from $87 for those at the lower end of the income eligibility range to as much as $260.

Taxpayers with incomes between $65,000 and $150,000 would have their credit increase from 20 percent of the federal credit to 60 percent of the credit. Taxpayers with incomes between $50,000 and $65,000 would have their credit increase from a range of 99.5 percent to 21.5 percent of the federal credit to a range of 116 percent to 50 percent of the federal credit.

The Executive estimates this proposal will decrease revenues by $42 million annually beginning in FY 2020. {For a complete discussion see the “Child and Dependent Care Tax Credit” Issue in Focus in this report}

**NYC PIT STAR Rate Reduction into a NYS PIT Credit**
The Executive proposes to convert to a New York State Personal Income Tax credit, the existing New York City Personal Income Tax STAR rate reduction that is available to NYC residents that have an adjusted gross income of $500,000 or less.

When STAR was enacted, a STAR personal income tax benefit was provided to income tax filers in NYC, in the form of lowered NYC personal income tax rates.

This change will not affect NYC STAR benefits. The STAR benefit will be the same amount under the NYS PIT Credit as it was under the NYC STAR rate reduction.
The Executive estimates this proposal will increase personal income tax refunds, thereby lowering PIT receipts by $340 million in FY 2019, $354 in FY 2020, and $369 million in FY 2021. However, the reduction in PIT receipts will be completely offset by eliminating STAR reimbursement (spending) to the City.

The timing in the loss of receipts and reduction in spending will give a one-time cash flow bump of $277 million into FY 2018.

Co-Op STAR PIT Credit Fix
The Executive proposes to repeal the existing STAR PIT Credit calculation for co-ops and requiring local assessors to forward to the Tax Commissioner a statement setting forth the taxable assessed value attributable to each tenant-stockholder. The credit will be equal to the credit that the tenant-stockholder would have received if they were separately assessed.

Under current law, owners of co-ops are given a 100 percent STAR exemption. The majority of co-ops are market valued over $30,000 (the amount that is exempt from school tax). {For a complete discussion, see the “STAR PIT Credit” Issue in Focus in this report}

The Executive expects this proposal will have minimal revenue effect.

STAR PIT Credit Tax Secrecy
The Executive proposes amending the secrecy provision of the Tax Law in order to authorize the Department of Taxation and Finance to make public the names and addresses of individuals that have applied for or are receiving the STAR PIT Credit. The assessment rolls currently contain the name and address of those receiving the STAR exemption.

Itemized Deduction Limitation made Permanent
The Executive proposes to make the current limitations on the itemized deductions for Personal Income Tax permanent.

First enacted in 2009 and 2010, current law provides that for taxpayers with a New York adjusted gross income (NYAGI) between $1 million and $10 million, the New York itemized deduction is limited to 50 percent of the Federal deduction for charitable contributions. Taxpayers with a NYAGI over $10 million have their New York itemized deduction limited to 25 percent of the federal deduction for charitable contributions. Taxpayers with a NYAGI that exceeds $1 million are not allowed to claim any other itemized deductions.

This proposal also makes conforming changes to the New York City administrative code. These limitations are set to expire at the end of 2017.

The Executive estimates this proposal will increase revenues by $70 million in FY 2019 and $140 million annually, each year thereafter.

Business Taxes

Empire State Film and Post-Production Tax Credits
The Executive proposes to extend the Empire State Film Production Tax Credit and the Post Production Tax Credit for three years, through tax year 2022. The current credit does not expire until January 1, 2020.

The Empire State Film Tax Credit provides a tax credit against both personal income tax (PIT) and corporate franchise tax (CFT) that equals 30 percent of qualified production costs incurred in the production of films and certain television shows. The credit is capped at $420 million a year.

In addition, taxpayers are eligible for an additional credit of 10 percent of the line labor costs in connection with a qualified film project located in eligible counties. A maximum of $5 million of the $420 million allocated to the Empire State Film Tax Credit may be used for this additional credit. The Executive proposes to remove Suffolk County from the list of eligible
counties. Thus, taxpayers will not be eligible for the additional 10 percent credit for projects located in Suffolk County.

The Post Production Credit provides a tax credit against both PIT and CFT that equals 30-35 percent of qualified post production costs paid in the production of a qualified film at a qualified post production facility in New York State. A maximum of $25 million of the $420 million allocated to the Empire State Film Tax Credit annually may be used for the Post Production Credit.

In addition, taxpayers are eligible for an additional credit of 10 percent of below the line labor costs in connection with a qualified post production project located in eligible counties. A maximum of $5 million of the $420 million allocated to the Empire State Film Tax Credit may be used for this additional credit.

These tax credits are fully refundable and thus you can claim this credit regardless of whether you owe any taxes and can reduce your tax liability below zero.

Over the last few years, the credits have been expanded to include a broader range of eligible qualifying costs, such as including “relocated television productions” for the film tax credit and lowering the eligibility thresholds for visual effects and animation to qualify for the post production tax credit.

Investment Tax Credit Reform
The Executive proposes amending the Investment Tax Credit (ITC) allowed under the corporate franchise tax and personal income tax by disallowing property principally used by the taxpayer in the production or distribution of electricity, natural gas, steam, or water. This codifies a Tax Appeals Tribunal decision that disallows the credit for the production of electricity and the Tax Departments position that has historically disallowed the credit for utilities.

In addition, master tapes of a film, television show or commercial are disallowed if the costs associated with the creation, production, or reproduction are incurred outside of New York State.

Currently, master tapes can be used to obtain the ITC but the credit base includes the full cost of producing the master tape, even if production activities occurred outside of New York.

The Executive estimates this proposal will increase revenues by $20 million, annually beginning in FY 2020.

New York Youth Jobs Program Tax Credit
The Executive proposes to rename the Urban Youth Jobs Program Tax Credit to the New York Youth Jobs Program Tax Credit and extends it for five years, until 2022. The proposal also authorizes $50 million in tax credit for each of the five years.

Currently, the Urban Youth Works Tax Credit Program authorizes $50 million of tax credits for 2016 and 2017 to hire unemployed individuals between the ages of 16 and 24, who are low-income or at-risk, and reside in any city with a population of 55,000 or more or towns with a population of 480,000 or more. Of the $50 million, $20 million is allocated for hiring individuals that meet all of the qualifications except the residency requirement.

The Executive estimates this proposal will reduce revenues by $50 million, annually in FY 2020 through FY 2024.

Alternative Fuels and Electric Vehicle Recharging Property
The Executive proposes extending the Alternative Fuels and Electric Vehicle Recharging Property Tax credit for five years, through tax year 2022.

Alternative fuel vehicle refueling property includes all the equipment needed to dispense any fuel that is at least 85 percent by volume, natural gas, liquefied natural gas, liquefied petroleum, or
hydrogen. Electric vehicle recharging property includes all the equipment needed to convey electric power from the electric grid or another power source to an onboard vehicle energy storage system. This tax credit is equal to 50 percent of the cost, up to $5,000, for each installation of an alternative fuels or electric vehicle recharging property.

The Executive estimates this proposal will reduce revenues by $3 million, annually beginning in FY 2020. However, to date this credit has rarely been utilized.

New York State S-Corp Federal Conformity

The Executive proposes to require corporations that are treated as S-Corps at the federal level to be treated as S-Corps for New York purposes if they are subject to New York tax.

Currently, a federal S-Corp that is subject to New York’s corporate franchise tax (CFT) may elect to be taxed either as a C-Corp or as an S-Corp, unless they have investment income that exceeds 50 percent of their federal gross income, in which case they must be taxed as an S-Corp for New York purposes. If the federal S-Corp elects to be taxed as a C-Corp, they pay the greater of the business income base, capital base, or the fixed dollar minimum. If the federal S-Corp elects to be taxed as an S-Corp they pay the fixed dollar minimum under CFT and the income of the S-Corp is passed through to the shareholders and subject to personal income tax (PIT).

Federal S-Corps generally elect to be taxed as a C-Corp for New York purposes in order to minimize their tax liability at the entity level and in order to shield non-residents from PIT. Income that non-resident shareholders receive from a New York C-Corp are not subject to New York tax, while income a non-resident shareholder receives from a New York S-Corp is subject to New York tax.

The Executive estimates this proposal will increase revenues by $5 million, annually beginning in FY 2019.

Treatment of Disregarded Entities for Tax Credit Purposes

The Executive proposes to require that single member limited liability company (SMLCC) that are disregarded as an entity separate from its owner (SMLLC’s are treated similar to sole proprietors) for federal income tax purposes shall be treated the same way by New York State for purposes of claiming tax credits.

It has always been Tax and Finance’s policy to conform to the federal treatment of SMLCC’s for purposes of determine an owners eligibility for tax credits, meaning it is the owner and not the entity that is qualifying for the tax credit even though it is the entity that performs the action that qualifies for the credit. This prohibits a taxpayer from creating additional SMLCC’s in order to extend the benefit period for tax credits. In addition, this allows a taxpayer to have multiple SMLCC’s meet the requirements of the tax credit. For example, one taxpayer who is claiming Brownfield’s Tax Credits may have one SMLCC that remediates the property and another SMLCC that develops the property. That one taxpayer owner is claiming the tax credit but is having multiple SMLCC’s because they serve different functions and have different liability concerns. However, a taxpayer that owns a SMLCC and has already claimed 10 years of Excelsior real property tax credits cannot create another SMLCC and claim another 10 years of Excelsior real property tax credits for the same property.

A recent decision by the Tax Appeals Tribunal has reversed Tax and Finance’s long-standing policy. As a result, Tax and Finance must take back tax credits that have already been claimed by businesses, within the statute of limitations. This proposal would prevent the recapture of tax credits.
Co-Op Sale Loophole
The Executive proposes to clarify that the proceeds from a non-residents sale of an entity (e.g. LLC or partnership) that own shares in a New York co-op would be considered New York source income and therefore subject to tax.

Currently, if a non-resident sells shares in a New York co-op that they directly own, that income would be considered New York source income (sale of a tangible asset) and therefore subject to tax. If a non-resident sells an entity that owns real property, that income would be New York source income (sale of a tangible asset) and therefore subject to tax. However, if a non-resident sells an entity that owns shares in a New York co-op, that income would be not be considered New York source income and therefore not subject to tax.

This ambiguity exists because co-ops are not technically real property but rather shares in a corporation and the law does not clearly address this issue.

The Executive estimates this proposal will increase revenues by $10 million, annually beginning in FY 2018.

Non-Resident Asset Sale Loophole
The Executive proposes to require non-resident sellers of partnership assets that are subject to Internal Revenue Code (IRC) Section 1060 (special rules for the sale of a business), to classify the transaction as the sale of an asset. This would ensure that non-residents and residents are taxed similarly.

Currently, non-resident sellers of partnership assets that are subject to Internal Revenue Code (IRC) Section 1060 may classify the transaction as a sale of an asset or as the sale of an intangible partnership interest (both of which would be taxed at the federal level). If the transaction is classified as a sale of an asset, the income is New York source income and therefore subject to tax. If the transaction is classified as a sale of an intangible partnership interest, the income is not New York source income and not subject to tax. However, if the seller is a New York resident, the income is subject to tax regardless of how the transaction is classified.

The Executive estimates this proposal will increase revenues by $10 million, annually beginning in FY 2018.

Employee Training Incentive Program Tax Credit
The Executive proposes to expand the Employee Training Incentive Program (ETIP) to include incumbent worker training and include training for employees of life science companies.

Currently, ETIP provides a refundable tax credit equal to 50 percent of eligible training costs associated with training a new employee up to $10,000 or 50 percent of the stipend paid to an intern up to $3,000.

In order the participate, the employer must (i) create at least 10 net new jobs or make a capital investment of $1 million in new business processes or equipment in connection with the eligible training, (iii) be in compliance with all worker protection and environmental laws and regulation, and must not owe any past due state taxes or local property taxes, (iii) demonstrate that the company is obtaining eligible training from an approved provider, and (iv) be located in a strategic industry, which is defined as having a shortage of workers within the industry, technological disruption in the industry, requiring a significant capital investment of at least $1 million; and any other criteria as developed by the Commissioner.

Current statute also requires employers to utilize training programs approved by Department of Economic Development that are: (i) to upgrade, retrain or improve employee productivity, (ii) provided to train employees filling net new jobs, (iii) determined by the Commissioner of DED to satisfy a business need of the participating entity, (iv) training that does not result in a license or certificate, and (v) not culturally focused training (e.g. anti-discrimination training).
The Executive proposal would eliminate the requirement that: the employer create at least 10 net new jobs; the requirement that the eligible training be provided to new employees; and allow training to include internships at life science companies. In addition, the capital investment requirement is amended from requiring a $1 million investment to requiring the investment equal or exceed $10 for every $1 of tax credit allowed. It should be noted that current law has no prohibition on life science companies participating in ETIP.

ETIP will continue to be capped at $5 million annually, which is allotted from the funds available under the Excelsior Jobs Program.

**Life Sciences Tax Credits**

The Executive proposes to extend the Excelsior Jobs Program for three years, through tax year 2029, and explicitly expands the benefits of the Excelsior Jobs Program to include life sciences companies. In addition, this proposal creates two new tax credits, separate from Excelsior Jobs, the Life Sciences Research and Development Tax Credit and the Angel Investor Tax Credit.

The Life Sciences Research and Development Tax Credit would allow qualified new life sciences companies to claim a tax credit equal to 15 percent of Research and Development expenditures if they employ 10 or more persons and a credit equal to 20 percent of Research and Development expenditures if they employ fewer than 10 persons. Taxpayers are eligible to claim this tax credit for five years and the total amount of tax credits allowed to each taxpayer is $500,000, applied at the entity level. The total amount of tax credits allowed is capped at $10 million per year and is allotted from the funds available under the Excelsior Jobs Program.

The Angel Investor Tax Credit would allow accredited angel investors as defined by the Security and Exchange Commission and certified by the Department of Economic Development, to claim a tax credit of 25 percent of their investment in a life science company that employs 20 or fewer persons and has gross receipts of $500,000 or less. Taxpayers are eligible to claim this tax credit for 10 years and the total amount of tax credits allowed to each taxpayer is $250,000, which equates to a maximum investment of $1 million. The total amount of tax credits allowed is capped at $5 million per year.

Life science companies are defined as companies in the fields of biotechnology, pharmaceuticals, biomedical technologies, life systems technologies, health informatics, health robotics, or biomedical devices, and organizations and institutions that devote the majority of their efforts in the various stages of research, development, technology transfer and commercialization related to such fields.

The Executive estimates this proposal will reduce revenues by $5 million, annually beginning in FY 2020 through FY 2029.

**Sales Tax**

**Internet Sales Tax Collection**

The Executive proposes requiring marketplace providers to collect sales and use tax on all taxable sales they facilitate.

Currently, if a seller has nexus with New York State, it is generally the responsibility of the seller to collect the required sales tax. However, if the seller does not have nexus with the state and does not collect sales tax, the responsibility to pay the sales tax falls to the purchaser. Marketplace providers facilitate sales from sellers who may or may not have nexus with the state. They are not required to collect sales tax on sales facilitated through their website.

Under this proposal, a marketplace provider that currently has nexus with the state would be required to collect sales tax on every sale that is transacted on their site, regardless whether or not the seller has nexus with the state.
An internet marketplace provider that facilitates sales exclusively via the internet and has less than $100 million in total annual sales, not just sales in New York, would not be considered a marketplace provider for the purpose of this proposal.

The Executive estimates this proposal will generate $68 million in FY 2018 and $136 million thereafter.

If enacted this proposal would be effective September 1, 2017.

Sales Tax - Loophole Closure
Purchasing tangible personal property for resale is currently exempt from sales tax. Some related entities have used this exemption to purchase high-priced items (e.g. artwork) for resale and lease the item to a related entity at a lease payment that is far below the market value, thereby paying a fraction of the sales tax.

The Executive proposes to end this practice by expanding the definition of “retail sale” to include the following sales:

- A sale of tangible personal property to a single member of a limited liability company (LLC) sold to another member or owner of the LLC
- Sales of tangible property to a partnership for resale to one or more partners
- Sales to a trustee for resale to a trust beneficiary

In addition, currently if a state resident forms an entity (e.g. an LLC) in another state, purchases high dollar items and brings those items into New York, those transactions are exempt from the use tax. This proposal would require the payment of use tax on such transactions unless the person was doing business out of state for more than six months.

The Executive estimates this proposal will increase revenues by $9 million in FY 2018, and $11 million annually thereafter.

Sales Tax on Gas or Electric Service
This proposal would clarify that the sales tax is imposed on the transmitting or transporting of commercial gas or electricity only if the transportation or transmission is delivered by the provider of the commodity. If the gas or electricity is purchased by a company that does not provide the transmission or transportation, then the delivery charge is exempt from sales tax.

The Executive expects this proposal to be revenue neutral

Excise Taxes

Special Taste-NY Alcohol License
The Executive proposes to authorize the issuance of a special alcoholic beverage control (ABC) license for Taste-NY stores that are certified by the Department of Agriculture and Markets. The maximum number of licenses that would be permitted to be in effect at any one time is 10. A special Taste-NY ABC license would permit a Taste-NY store to sell beer, cider, wine or liquor for off-premise consumption. In addition, the Taste-NY store would be permitted to offer alcoholic beverage tastings. Permissible tasting at a Taste-NY store would be limited by sample size: three ounces for beer, cider and wine products, and two ounces for wine and one ounce for liquor. In addition, the number of samples per patron would be limited to no more than three samples per day.

The holder of a special Taste-NY ABC license would be permitted to sell non-alcoholic beverages (e.g. water, juice, etc.), New York produce (provided it was not prepared for immediate on premise consumption), and products tailored to promoting New York tourism (e.g. NY crafts, souvenir, New York artwork, etc.). Currently, liquor stores are not allowed to sell most of these items.

This proposal specifically prohibits the issuance of a special Taste-NY ABC license to a Taste-NY store on the thruway.
A Taste-NY licensee would be exempt from the following requirements:
- The store must be located on a main thoroughfare to include a sub-surface transportation system
- The prohibition on the sale of alcoholic beverages within 200 feet of a school or place of worship
- The prohibition on the licensing of a store that has more than two entrances
- A sign must be displayed notifying the public that the store is licensed to sell alcoholic beverages for off-premises consumption

A special Taste-NY license holder would be subject to all other ABC statutes, rules and regulation, to include local laws limiting the hours of operation. In addition, the holder of a special Taste-NY license would be subject to any further restrictions contained in the agreement with the Department of Agriculture and Markets (e.g. that the store only sell New York made products).

The annual fee for a special Taste-NY license would be $500. A license would be valid for three years.

If enacted, this proposal would be effective 90 days after enactment.

This proposal would increase revenues a minimal amount.

Motion Picture Alcohol License
The Executive proposes to authorize the issuance of an alcohol beverage license to an operator of a movie theatre for on-premise consumption.

Current law limits the issuance of an ABC license to a movie theatre that meets the definition of a restaurant where there is table seating.

To qualify for a motion picture theatre ABC license, the operation of the movie theatre must meet the following requirements:
- The theatre must be open for the showing of movies for at least five out of seven days a week
- Seasonal movie theatres must be in operation for a minimum of six contiguous weeks
- A minimum of 65 percent of annual gross revenues must come from admission and non-alcoholic sales.

Where applicable, an operator of a movie theatre would have to notify the appropriate community board or clerk at least 30 days prior to submitting an application for a special motion picture theatre ABC license. The opinions expressed by the community may be used as cause for denying a license.

Alcoholic beverages would only be sold at movie theatres showing movies that are rated PG-13 or above. The purchaser of an alcoholic beverage can only purchase one alcoholic beverage per transaction and proof of age would be required for each purchase.

If enacted, the provisions of this proposal would be effective immediately and would expire in three years from such date.

This proposal would increase revenues a minimal amount.

Vapor Regulations and Tax
The Executive proposes to regulate and tax “vapor” products in a similar manner as cigarettes.

Vapor products are defined as “any noncombustible liquid or gel, regardless of the presence of nicotine” and then broadens the definition to include electronic cigarettes and cigars, hookah pens, and any similar devices.

This proposal would require vapor products be treated as cigarettes regardless of the nicotine content, to include the non-existence of nicotine.
Similar to cigarette and tobacco sales, there would be a minimum age to purchase the product, the use of the product would be prohibited on school grounds and the vapor product would be assessed an excise tax of 10 cents per fluid milliliter.

The Executive estimates this proposal will increase revenues by $5 million annually.

If enacted this proposal would be effective 180 days after enactment.

Cigar Tax Reform
The Executive proposes to eliminate the percentage tax on cigars and replace the tax with a fixed flat rate of forty-five cents per cigar.

Under current law, cigars and certain tobacco products (excludes snuff and little cigars) are taxed at a rate of 75 percent of the wholesale price (the price from the manufacturer) as determined by the manufacturer’s invoice.

If the manufacturer’s invoice is not available, the excess tax defaults to 38 percent of the price paid by the distributor.

This proposal is in response to the loss of revenue from the cigar tax due to the loss of the court case Davidoff v. New York Tax Commissioner, in which the Department of Taxation and Finance was found to be incorrectly assessing the cigar tax.

The Executive anticipates that this proposal would increase revenues by $12 million in FY 2018 and $23 million thereafter.

If enacted, the provisions of this bill would become effective on September 1, 2017.

Cigarette Control and Enforcement
The Executive proposes to lower the number of contraband cigarettes in the possession of an individual in order to trigger a vehicle seizure.

Currently a person can be charged with intent to sell if he or she is found with 25 cartons or more of contraband cigarettes. The Executive proposes to reduce the number of cartons to 10.

The crime of “Intent to Sell” could result in the seizure of the vehicle.

In addition to reducing the threshold for “Intent to Sell” contraband cigarettes, this bill would increase from a Class ”E” Felony to a Class “C” Felony a person in position of counterfeit tax stamps.

The Executive estimates this proposal will increase revenue by $1 million annually.

Real Estate Transfer Tax

Mansion Tax Loophole Closure
All conveyances of residential real property (i.e. sale, transfer, surrender, exchange, etc.), that exceed $500 are subject to the New York State Real Estate Transfer Tax (RETT). An additional RETT, or mansion tax, of one percent is imposed on residential real property with a sale price of $1 million or more.

The Executive proposes to authorize the Commissioner of Tax and Finance to impose the mansion tax on sales of real property that he determines, at his discretion, was made pursuant to an agreement, understanding or arrangement to avoid or evade the tax. For example, if a buyer is only interested in the land on which a house sits and intends to demolish the house to build a larger house, they may structure a deal in which the buyer has the right to go onto the property and demolish the house prior to the sale and thereby avoid the additional (RETT) (vacant land is no longer residential real property).

The Executive estimates this proposal will increase revenues by $2 million, annually beginning in FY 2018.
Expansion of Real Estate Transfer Tax to Non-Controlling Interests
The Executive proposes to expand the Real Estate Transfer Tax (RETT) to include transfers of interests in a partnership, LLC, S-Corp, or a non-publicly traded C-Corp with fewer than 100 shareholders that owns a New York real property that is fair market value equals to or exceeds 50 percent of all the asset of the entity.

Transfers of an interest in real estate by a non-resident, where the interest is less than a controlling amount, is not currently taxed under the RETT. However, if the interest were owned by a resident, the sale of the non-controlling interest would be subject to the RETT.

The Executive estimates this proposal will increase revenues by $4 million in FY 2018 and $5 million, annually beginning in FY 2019.

Racing and Gaming

New York Racing Association (NYRA) Re-Privatization
The Executive proposes to release NYRA from direct state control and allow NYRA to return to private control.

In 2008, NYRA entered into a bankruptcy settlement agreement conveying all rights, titles and interests in racetrack properties to New York State. In return, the state forgave almost all of NYRA’s debt obligations.

Due to NYRA’s fiscal woes, a Franchise Oversight Board (FOB) was formed to oversee NYRA’s financial operations. After further financial loses, in 2012 a temporary Reorganization Board of Directors was created to provide further oversight and control of NYRA’s operations. The original plan was to release NYRA back into private ownership in three years (2015). Legislative attempts to seek a solution were unsuccessful in 2015 and 2016.

The Executive’s proposal will leave in place the FOB to monitor the fiscal activities of NYRA. The FOB will maintain the authority to administer corrective action if it deems the “new” NYRA has deviated materially from the corporation’s financial plan or if the FOB, through other related means, determines NYRA’s activities pose a significant fiscal risk to the liquidity of the corporation.

The effective date for this proposal is April 1, 2017.

This proposal is revenue neutral.

Equine Drug Testing in Horse Racing
The Executive proposes to transfer the cost of equine drug testing from the state to the racing industry – specifically the horsemen. This proposal would authorize the Gaming Commission to impose an assessment fee on horsemen entering races or an assessment fee on the horsemen’s commissions or both. The collected assessment fees would be used to cover equine drug testing costs.

In addition, this proposal would no longer limit the lab-testing site to a state college with an equine science program (currently only Morrisville State College qualifies). Testing would be permitted at “any suitable laboratory” located in in New York, as the Gaming Commission determines.

The Executive estimates a savings to the state of $4.5 million annually.

Charitable Gaming Reform
The Executive proposes to consolidate the laws governing charitable gaming while modernizing certain provisions and eliminating duplication. The proposal would repeal the laws governing charitable gaming in the Executive Law, the General Municipal law, and the Tax Law; and consolidates them into a new Article 15 in the Racing, Pari-Mutuel Waging and Breeding Law.
This proposal is not a simple transfer of oversight from one area of law to another. This proposal has many other considerations. This proposal would authorize the use of electronic applications and licensing, limit the ability to participate in certain charitable games (e.g. Bingo) until the age of 18, increase the payout for prizes as well as the type of prizes (e.g. bottle of wine) that could be won at a raffle.

This proposal would also authorize the use of checks, credit cards and debit cards as payment methods.

This proposal is revenue neutral.

Pari-Mutuel Tax Rate and Simulcast Extender
The Executive proposes to extend by one year the lower pari-mutuel tax rates and rules governing simulcasting of out-of-state equine racing. The simulcast extension provision has been extended for several consecutive years.

This extension provision would have no fiscal impact in FY 2018 as the reduced rate is built into the FY 2017 base.

VLT Rate Extenders/Capital Awards
The Executive proposes to extend, for one additional year, the current net machine income distribution rate for Monticello Racino in Sullivan County.

In addition, the Executive proposes to extend the Video Lottery Gaming Vendor’s capital awards program for one additional year. VLT facilities would have an additional year to receive approval for capital projects so they can utilize this funding stream. Currently, certain VLT facilities annually receive up to $2.5 million each in capital funds.

Authorizing a rate reduction extension for Monticello will result in a reduction in State revenue of $2 million in FY 2018.

**Real Property Tax**

Real Property – Partial Payments
The Executive proposes to require the real property tax collecting officer to accept partial payment for municipal, ad valorem and special assessments unless the taxing jurisdiction passes a local law or resolution prohibiting partial payments. The resolution must be passed at least 60 days prior to delivery of the tax rolls to the tax collector.

If the tax collecting officer is the collector of taxes for the school district, the partial payment authorization extends to school taxes unless the school board passes a resolution disallowing it.

The tax collecting officer may charge a fee of up to $10 for each partial payment. The local municipal corporation that employs the collecting officer will retain the fee. The normal penalties and interest for unpaid taxes still apply to the balance of any partially paid tax bill.

If enacted, the provisions of this bill would become effective January 1, 2019.

This proposal will not impact state revenues.

**Enforcement and Other Issues**

Warrantless Bank Account Data Matching
The Executive proposes to expand the financial institution data match system for state tax collection purposes to include information regarding financial accounts for tax debtors with fixed and final tax debts, whether or not a warrant has been filed. Each financial institution doing business in the state must provide, to the Department of Taxation and Finance (DTF) on a quarterly basis, information for each tax debtor identified by DTF that maintains an account at the institution. This proposal would expand on the current law passed in 2009 to require the financial institutions to include any past due liabilities, including unpaid tax, interest, and penalty, that have become fixed and final such that the
taxpayer no longer has any right to administrative or judicial review. Currently, to access the account information of tax debtors through the financial institution data match system, DTF must file a public warrant with the appropriate county clerk and the Department of State. This proposal would allow warrantless access to personal financial data of those tax debtors to determine whether accounts are available to levy.

The Executive estimates that this proposal will increase revenue by $5 million in FY 2018 and $15 million annually thereafter.

Tax Clearance for New State Employees

The Executive proposes to require tax clearances for new state employees and, at local option, for new local government employees. If the applicant’s tax clearance is refused, the government employer would provide notice to the applicant to contact the Department of Taxation and Finance, which would provide the applicant with details of the tax compliance issues and how they may be resolved. One such resolution could be the use of an installment payment agreement between the employee and government employer, which would be sufficient to clear the way for employment.

The Executive estimates that this proposal will increase revenue by $1 million in FY 2018 and $2 million annually thereafter.

Tax Clearance for Excess Medical Malpractice Coverage

The Executive proposes to extend, for one year, the Physician’s Excess Medical Malpractice Program, commonly known as the “Section 18 Program”, for eligible physicians and dentists for the policy year beginning July 1, 2017. The Excess Medical Malpractice program was established 1986 in an effort to limit the cost of malpractice insurance coverage to eligible physicians by funding a secondary layer of medical malpractice insurance (excess coverage) at no cost to them. This proposal would maintain existing eligibility requirements, and would add a requirement that physicians and dentists applying for coverage receive a tax clearance from the Department of Taxation and Finance before receiving such coverage.

The Executive estimates that this proposal will increase revenue by $1 million in FY 2018 and $2 million annually thereafter.

Permanently Extend Warrantless Wage Garnishment

The Executive proposes to make permanent the authority for the Commissioner of Taxation and Finance to serve income executions (wage garnishments) on individual tax debtors and, if necessary, on the employers of such tax debtors, without the necessity of filing a warrant with the county clerk. Temporary authority was enacted in 2014 and is set to expire April 1, 2017.

The Executive estimates that this proposal will increase revenue by $15 million annually beginning in FY 2018.

Jeopardy Assessments for Cigarette and Tobacco Tax

The Executive proposes to authorize the Department of Taxation and Finance to issue jeopardy assessments for the collection of the cigarette and tobacco excise tax. Currently, there are no provisions for jeopardy assessments to assist in the collection of the excise tax on cigarettes and tobacco products. Current law authorizes the use of jeopardy assessments for personal income tax collections, sales tax collection, and for the collection of certain motor fuels. This proposal is modeled after Tax Law § 288-a (excise tax on gasoline and similar motor fuel) and Tax Law § 1138 (sales tax), which authorize jeopardy assessments for similar collection efforts of other taxes.

The Executive estimates that this proposal will increase revenue by $2 million annually, beginning in FY 2018.

911 Surcharge on Prepaid Cell Phones

The Executive proposes to amend the Tax Law to impose the Public Safety Communications
Surcharge on the sale of prepaid cell phone devices and services. The surcharge would be $.60 on a retail sale under $30 on either the phone device or service and $1.20 on a sale, above $30. This proposal would allow counties who already impose a fee on contracted cell phone service to opt into imposing a $.30 surcharge on all prepaid device or service sales.

The Executive estimates revenues of $7 million in FY 2018 and $26 million annually thereafter.

Oil and Gas Producers’ Fee
The Executive proposes to renew for three years, the fees paid by oil and gas producers for administrative costs associated with setting the units of production values for oil and gas property by the Department of Taxation and Finance. The annual fees, which have been unchanged since their enactment in 1992, are based on annual production.

The units of production values are used by assessors to determine a uniform statewide assessed value on property for property that is used for oil or gas production.

The Executive estimates a minimal revenue increase.
SECTION TWO

SENATE ISSUES IN FOCUS
High Income Personal Income Tax Surcharge

**Personal Income Tax Surcharge**

In 2009, a “millionaire’s tax” was imposed in New York by the Executive and the Legislature, both branches at the time were controlled by the Democrats, as a temporary measure to help the State during a budget crisis resulting from the economic recession. This tax increase was imposed upon taxpayers at a rate of 7.85 percent for married taxpayers with incomes exceeding $300,000, for heads of household taxpayers with incomes exceeding $250,000, and for single taxpayers with incomes exceeding $200,000. A tax rate of 8.97 percent was imposed on all taxpayers with incomes in excess of $500,000. The increased tax rates were temporary and included a targeted sunset date of December 31, 2011.

A full extension of the tax was proposed, but through Senate advocacy this surcharge in December 2011 was partially rolled back to reduce the tax increase on high income earners, reflecting increased tax receipts as New York State moved past the fiscal crisis. The surcharge was extended at a lower tax rate and became a true "millionaire's tax”. The temporary tax surcharge was extended for three years at a rate of 8.82 percent for married taxpayers with incomes exceeding $2 million, for heads of household with incomes exceeding $1.5 million, and for single taxpayers with incomes exceeding $1 million.

This temporary tax surcharge was extended once again in 2013 for an additional three years through tax year 2017.

**Executive Proposal**

The Executive has proposed extending the temporary tax surcharge for an additional three years, through tax year 2020. The tax rate will remain the same: 8.82 percent for married taxpayers with incomes exceeding $2,155,350, for heads of household taxpayers with incomes exceeding $1,616,450, and for single taxpayers with incomes exceeding $1,077,550. These dollar amounts include the inflation from tax year 2012 through tax year 2017, as a result of indexing from 2012.

The Executive estimates this proposal will increase revenues by $683 million in FY 2018, $3.4 billion in FY 2019, $4.5 billion in FY 2020, and $4 billion in FY 2021.

This proposal will impact approximately 45,000 taxpayers.

**Indexing to Rate of Inflation**

Prior to 2012, the tax brackets, the standard deduction, and the tax table benefit recaptures were not adjusted, or “indexed”, to reflect the cost of living. However, the income of many taxpayers increased solely from cost of living adjustments. The result is bracket creep, where a taxpayer is pushed up into higher tax brackets simply because their income is keeping pace with inflation. The result is higher taxes.

The tax brackets, standard deduction, and the tax table benefit recaptures were indexed to the rate of inflation from 2012 to 2017. For tax years after 2017, the tax brackets, standard deduction, and
the tax table benefit recaptures will remain at the same levels as in 2017 and will no longer be indexed to the rate of inflation.

**Tax Table Benefit Recapture**

A tax table benefit recapture, recaptures the benefit of the lower tax rates, so that the highest tax rate is imposed on all the high-income earners taxable income, at a flat rate.

The first tax table benefit recapture applies to taxpayers whose New York adjusted gross income exceeds $100,000, regardless of filing status, and is completely phased in at $150,000. This provision recaptures the benefit of the tax rates that are below 6.45 percent or 6.65 percent depending on filing status. This income range is indexed to the rate of inflation and will be equal to $107,650 to $157,650 in tax year 2018. In is an additional one that will recapture the benefit of the tax table rates that are below 6.85 percent.

In both 2009 and 2011, in addition to imposing a temporary tax surcharge, additional tax table benefit recaptures were enacted for each additional tax rate bracket that was imposed. For tax years 2009-2011, taxpayers with a New York adjusted gross income that exceeded $550,000 paid a flat rate of 8.97 percent on their taxable income. For tax years 2012-2017 taxpayers pay a flat rate of 8.82 percent on their taxable income if their New York adjusted gross income exceeds $2,050,000 for married, $1,550,000 for head of household, and $1,050,000 for single.

Under the Executive proposal, taxpayers will pay a flat rate of 8.82 percent on their taxable income if their New York adjusted gross income exceeds $2,205,350 for married, $1,666,450 for head of household, and $1,127,550 for single, to accommodate inflation. (See the chart on the next page).

**Fiscal Restraint Can Control Out-year Budget Deficits**

The Executive's proposed budget overview declares that an extension of the Millionaire's Tax is needed to avoid a budget deficit. However, the Empire Center for Public Policy has noted, if the Governor controlled State spending to an increase of the rate of inflation in FY 2017, then there would be no budget deficit this year and the "temporary" Millionaire's Tax could be allowed to expire at the end of this year as scheduled. In addition, even if the Governor just sticks with his promise to control State spending growth to 2 percent in future years (for which the Senate has repeatedly advocated), he could still cut the Millionaire's Tax in half over the next two years and eliminate it entirely after FY 2020 without creating a budget deficit. The Governor has proposed a full extension at the current rate through the end of tax year 2020, which would lead to a nearly $5 billion surplus in 3 years if spending growth remains at 2 percent.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Millionaire's Tax</th>
<th>Executive Budget Surplus/(Gap) (after gap actions-before 2% spending cap)</th>
<th>Executive Budget Surplus/(Gap) (after 2% spending cap)</th>
<th>Surplus/(Gap) without Millionaire's Tax (with a 2% spending cap)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018</td>
<td>$683</td>
<td>$0</td>
<td>$0</td>
<td>($683)</td>
</tr>
<tr>
<td>FY 2019</td>
<td>$3,375</td>
<td>($1,772)</td>
<td>$692</td>
<td>($2,683)</td>
</tr>
<tr>
<td>FY 2020</td>
<td>$4,505</td>
<td>($2,659)</td>
<td>$2,092</td>
<td>($2,413)</td>
</tr>
<tr>
<td>FY 2021</td>
<td>$4,029</td>
<td>($1,779)</td>
<td>$4,960</td>
<td>$931</td>
</tr>
</tbody>
</table>

By extending the Millionaire’s Tax, the State will have a budget surplus of nearly $5 billion by 2021.

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<table>
<thead>
<tr>
<th>Tax Rate Being Recaptured by NYAGI Range</th>
<th>Filing Status</th>
<th>NYAGI Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Married</td>
<td>Head of House</td>
</tr>
<tr>
<td>6.45%</td>
<td>$107,650 to</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>$157,650</td>
<td></td>
</tr>
<tr>
<td>6.65%</td>
<td>$161,551 to</td>
<td>$107,650 to</td>
</tr>
<tr>
<td></td>
<td>$211,550</td>
<td>$157,650</td>
</tr>
<tr>
<td>6.85%</td>
<td>$323,201 to</td>
<td>$269,301 to</td>
</tr>
<tr>
<td></td>
<td>$373,200</td>
<td>$319,300</td>
</tr>
<tr>
<td>8.82%</td>
<td>$2,155,351 to</td>
<td>$1,616,451 to</td>
</tr>
<tr>
<td></td>
<td>$2,205,350</td>
<td>$1,666,450</td>
</tr>
</tbody>
</table>
In FY 2012, a middle class income tax was enacted which reduced the tax rates for middle class taxpayers from 6.85 percent to 6.65 percent and 6.45 percent. This tax cut however, was temporary and only applied to tax years 2012 through tax year 2014. The FY 2014 Enacted Budget extended these reduced tax rates through the 2017 tax year.

In anticipation of this temporary middle class tax cut expiring the FY 2017 Enacted Budget included a Senate sponsored $4.2 billion middle class income tax cut which will reduce middle class tax rates by 20 percent when fully phased in. Over 4.4 million taxpayers will see a reduction in the first year, and when fully phased in six million taxpayers will receive a personal income tax rate reduction.

Without this tax reduction, the 6.65 percent and 6.45 percent tax rates would have expired at the end of 2017 and would have reverted to the higher rate of 6.85 percent. Taxpayers would have seen their taxes increase on average by $155, for a total of $700 million, annually.

The first incremental reduction will occur for tax year 2018 building on the 2011 Middle Class income tax cut, reducing the middle class income tax rate from 6.45 percent to 6.33 percent.

The rates will continue to phase down over the next seven years until 2025 when the middle class tax rates will be reduced to 5.5 percent, 20 percent reduction from 6.85 percent.

By 2019, New York will achieve the lowest middle class tax rate since 1948 (lowest in over 70 years) and one of the largest income tax reductions in state history.

**Who is Impacted**

The Personal Income Tax brackets that will have their rate reduced by 20 percent (from 6.85 percent to 5.5 percent) are as follows:

- Single filers with taxable income between $21,400 and $80,650
- Heads of Households with taxable income between $32,200 and $107,650
- Married joint filers with taxable income between $43,000 and $161,550

The Personal Income Tax brackets that will have their rate reduced by 12 1/2 percent (from 6.85 percent to 6.0 percent) are as follows:

- Single filers with taxable income between $80,650 and $215,400
- Heads of Households with taxable income between $107,650 and $269,300
- Married joint filers with taxable income between $161,550 and $323,200

**Taxpayer Savings**

This rate reduction, when fully effective, will save middle-class taxpayers $4.2 billion annually. A total of $6.6 billion will be saved cumulatively over the first four years.

By 2025, when the tax cut is fully phased in, it will provide an average savings of $700 per year to taxpayers.
## Middle Class Tax Cuts Savings

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Savings (Millions $)</th>
<th>Average Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$1,122</td>
<td>$255</td>
</tr>
<tr>
<td>2019</td>
<td>$1,463</td>
<td>$333</td>
</tr>
<tr>
<td>2020</td>
<td>$1,831</td>
<td>$416</td>
</tr>
<tr>
<td>2021</td>
<td>$2,219</td>
<td>$504</td>
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<tr>
<td>2025 (Fully Effective)</td>
<td>$4,209</td>
<td>$702</td>
</tr>
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</table>

## Middle Class Income Tax Cuts

### Married Filing Jointly

<table>
<thead>
<tr>
<th>Tax Brackets</th>
<th>Tax Rates in effect for 2012-2017</th>
<th>Tax Rates that were set to take effect in 2018</th>
<th>New Tax Rates Beginning in 2018</th>
<th>2025 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>$27,900 to $43,000</td>
<td>5.90%</td>
<td>5.90%</td>
<td>5.90%</td>
<td>5.85% 5.73% 5.61% 5.50%</td>
</tr>
<tr>
<td>$43,000 to $161,550</td>
<td>6.45%</td>
<td>6.85%</td>
<td>6.33% 6.21% 6.09% 5.97%</td>
<td>5.85% 5.73% 5.61% 5.50%</td>
</tr>
<tr>
<td>$161,550 to $323,200</td>
<td>6.65%</td>
<td>6.85%</td>
<td>6.57% 6.49% 6.41% 6.33% 6.25% 6.17% 6.09%</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

### Single

<table>
<thead>
<tr>
<th>Tax Brackets</th>
<th>Tax Rates in effect for 2012-2017</th>
<th>Tax Rates that were set to take effect in 2018</th>
<th>New Tax Rates Beginning in 2018</th>
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</thead>
<tbody>
<tr>
<td>$13,900 to $21,400</td>
<td>5.90%</td>
<td>5.90%</td>
<td>5.90%</td>
<td>5.85% 5.73% 5.61% 5.50%</td>
</tr>
<tr>
<td>$21,400 to $80,650</td>
<td>6.45%</td>
<td>6.85%</td>
<td>6.33% 6.21% 6.09% 5.97%</td>
<td>5.85% 5.73% 5.61% 5.50%</td>
</tr>
<tr>
<td>$80,650 to $215,400</td>
<td>6.65%</td>
<td>6.85%</td>
<td>6.57% 6.49% 6.41% 6.33% 6.25% 6.17% 6.09%</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

### Head of Household

<table>
<thead>
<tr>
<th>Tax Brackets</th>
<th>Tax Rates in effect for 2012-2017</th>
<th>Tax Rates that were set to take effect in 2018</th>
<th>New Tax Rates Beginning in 2018</th>
<th>2025 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
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<td>6.57% 6.49% 6.41% 6.33% 6.25% 6.17% 6.09%</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

*Tax Brackets beginning in the 2018 tax year
The FY 2018 Executive Budget proposes to increase the existing Child and Dependent Care Tax Credit for certain taxpayers.

Under the proposal, 200,000 families earning between $50,000 and $150,000 annually would benefit from this enhancement receiving an average tax credit increase of $207. The average increase would range from $87 to as much as $260 which would correlate to higher earnings.

Taxpayers with incomes between $65,000 and $150,000 would have their credit increase from 20 percent to 60 percent of the Federal credit. Taxpayers with incomes between $50,000 and $65,000 would have their credit increase from a range of 21.5 percent to 99.5 percent of the Federal credit to a range of 50 percent to 116 percent of the Federal credit.

The enhancement of the tax credit would reduce tax revenues by approximately $42 million, annually starting in FY 2020.

### Existing Tax Credits

There are currently two existing tax credits that benefit families with children, the Child and Dependent Care Tax Credit and the Empire State Child Tax Credit.

### Child and Dependent Care Tax Credit

Currently, taxpayers are eligible to claim the Child and Dependent Care tax credit in order to help offset the costs of caring for a child under the age of 13, a disabled spouse or a disabled dependent, while the taxpayers work or are looking for work.

The Federal credit allows up to $3,000 in expenses for one qualifying person and up to $6,000 in expenses for two or more qualifying persons. The credit is equal to 20 percent of expenses for those with incomes of $43,000 or greater for maximum credit of $1,200 for taxpayers with two or more dependents and $600 for those with one dependent. For taxpayers with incomes below $43,000 the credit ranges from 20 percent to 35 percent of expenses for a maximum credit of $2,100 for taxpayers with two or more dependents and $1,050 for taxpayers with one dependent. The Federal credit is nonrefundable.

The New York credit is equal to 110 percent of the Federal credit for taxpayers with incomes below $25,000 with a maximum credit of $2,310. The credit percentage phases down to 20 percent of the federal credit for taxpayers with incomes that exceed $65,000. The New York credit is refundable for residents.
Over 450,000 New York residents received approximately $183 million from this tax credit in 2014. The average credit received by resident New York families was $404.

<table>
<thead>
<tr>
<th>NY AGI</th>
<th>Number of Claims*</th>
<th>Amount Claimed (in millions)</th>
<th>Average Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>11,850</td>
<td>$7.8</td>
<td>$659</td>
</tr>
<tr>
<td>$10,000-$24,999</td>
<td>62,949</td>
<td>$48.5</td>
<td>$770</td>
</tr>
<tr>
<td>$25,000-$49,999</td>
<td>115,349</td>
<td>$84.6</td>
<td>$733</td>
</tr>
<tr>
<td>$50,000-$99,999</td>
<td>112,079</td>
<td>$24.0</td>
<td>$214</td>
</tr>
<tr>
<td>$100,000-$199,999</td>
<td>102,899</td>
<td>$12.2</td>
<td>$119</td>
</tr>
<tr>
<td>$200,000 and over</td>
<td>47,729</td>
<td>$5.9</td>
<td>$124</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>452,854</strong></td>
<td><strong>$182.9</strong></td>
<td><strong>$404</strong></td>
</tr>
</tbody>
</table>

*New York Residents only

**2014 Empire State Child Tax Credit**

<table>
<thead>
<tr>
<th>NY AGI</th>
<th>Number of Claims*</th>
<th>Amount Claimed (in millions)</th>
<th>Average Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>134,139</td>
<td>$30.7</td>
<td>$229</td>
</tr>
<tr>
<td>$10,000-$24,999</td>
<td>421,850</td>
<td>$178.3</td>
<td>$423</td>
</tr>
<tr>
<td>$25,000-$49,999</td>
<td>415,053</td>
<td>$201.5</td>
<td>$485</td>
</tr>
<tr>
<td>$50,000-$99,999</td>
<td>373,763</td>
<td>$183.3</td>
<td>$490</td>
</tr>
<tr>
<td>$100,000-$199,999</td>
<td>160,990</td>
<td>$63.8</td>
<td>$396</td>
</tr>
<tr>
<td>$200,000 and over</td>
<td>322</td>
<td>$0.1</td>
<td>$399</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,506,117</strong></td>
<td><strong>$657.7</strong></td>
<td><strong>$437</strong></td>
</tr>
</tbody>
</table>

*New York Residents only

Empire State Child Tax Credit

Currently, taxpayers are eligible to claim the Empire State Child Tax Credit if they have a child under the age of 17.

The credit is equal to the greater of $100 times the number of children or 33 percent of the taxpayer’s allowed Federal child tax credit, which is a maximum of $1,000 per child (with limitations based on tax liability and other factors). The Federal credit begins to phase-out at incomes of $110,000 for married, $55,000 for married filing separately, and $75,000 for all others. For each $1,000 in earned income above the threshold, the credit is reduced by $50.

Over 150,000 New York residents received almost $658 million from this tax credit in 2014. The average credit received was $437.
The FY 2017 Enacted Budget converted the STAR exemption into a refundable Personal Income Tax credit (STAR PIT credit) for new homeowners.

STAR will continue to be a property tax exemption for eligible residents who were enrolled in the FY 2016 STAR Program or residents who applied for the FY 2016 STAR exemption by the application deadline (March 1, 2015 for most municipalities) and that met the eligibility criteria.

**STAR Exemption Prior to 2016 Changes**

The STAR benefit is a partial exemption from school taxes for most owner-occupied primary residences.

Eligible properties include one, two, and three family homes; condominiums, cooperative apartments, manufactured homes, farm houses, and the owner occupied portion of mixed use properties.

Under the original STAR exemption, a new homeowner had to apply for STAR benefits by March 1st in order to receive the STAR exemption on the September school tax bill of the same year. If the application was received after March 1st, the exemption would have been applied to the following year’s school tax bill.

**2016 STAR PIT Credit Overview**

Based on changes Enacted in FY 2017, new homeowners applying to the STAR program will no longer receive the benefit as a property tax exemption, but rather as a refundable personal income tax (PIT) credit.

Existing STAR exemption recipients will NOT be affected if they continue to own their current homes. However, they can choose to convert to the new PIT credit.

The PIT credit will be pre-paid to homeowners as a rebate check by September 30th of each applicable year (or as soon thereafter as practicable). There have been numerous instances of delayed check this year.

The monetary advance credit benefit to homeowners will remain the same as the STAR exemption.

**Mobile Homes and Co-Ops**

Most homeowners receive their STAR exemption tax benefits directly on their school tax bills.

Owners of mobile homes and co-ops not separately assessed, receive their STAR exemption tax benefits from the property owner. Because these homeowners receive their STAR tax benefit from a different mechanism, for purposes of the STAR PIT credit, owners of mobile homes are given a STAR exemption valued at a minimum of $20,000.

However, if the local assessor or taxpayer can demonstrate that the mobile home is valued over $20,000, the tax credit will be adjusted accordingly. The Commissioner of Tax and Finance is authorized to use assessment data to automatically adjust the exemption upward to
match any mobile homes valued over $20,000. In addition, for purposes of the STAR PIT credit, owners of co-ops are given a 100 percent STAR exemption. Most, if not all, co-ops have a market value over $30,000 (the amount that is exempt from school tax). Owners of co-ops within Mitchell-Lama developments are eligible for a credit equal to 1/3 the STAR tax benefit amount, the same as current law. This reduced amount is due to these developments being eligible for additional property tax exemptions.

**Executive Proposal**

**Co-Ops**

Under current law, owners of co-ops are given a 100 percent STAR exemption. The majority of co-ops have a market value over $30,000 (the amount that is exempt from school tax).

The Executive has proposed repealing the existing STAR PIT Credit calculation for co-ops and requiring local assessors to forward to the Commissioner a statement setting forth the taxable assessed value attributable to each tenant-stockholder. The credit will be equal to the credit that the tenant-stockholder would have received if they were separately assessed.

**Application and Credit Procedure**

New homeowners include both those who purchased their homes after the March 1, 2015 taxable status date or those who did not apply for the STAR exemption prior to that date.

New homeowners must apply to the Department of Tax & Finance by July 1st to ensure they will receive an advanced credit by September 30th, however, they may apply for the credit at any point during the year.

If a property is sold after the seller has paid the school taxes and received a STAR reimbursement check, the credit for that taxable year will stay with the seller. However, buyers are eligible to claim the credit in instances when the seller has not paid the taxes.

**Tax Implications**

Taxpayers that itemize their deductions and include real estate taxes paid (including school taxes) must offset that deduction by the amount of the STAR credit they receive. This is for both federal and state tax purposes.

Since the credit is being prepaid in the fall and in the same year that taxpayers pay their property tax bills, the amount of real estate taxes you can deduct will be the same regardless if you get the credit or the exemption. If you do not itemize your deductions, there will be no tax implications.

**Example of STAR Exemption vs STAR PIT Programs**

Two homeowners have the same school property tax bill of $6,000 with a STAR benefit of $600. Their final tax liability is $5,400 for the school year.

Homeowner 1 is in STAR property tax exemption program:
- Pays $450 each month into escrow ($5,400/12 months) and receives a tax bill of $5,400 which is paid from escrow
- The State pays the school district the $600 in STAR savings on behalf of the homeowner.

Homeowner 2 is in the STAR PIT credit program:
- Homeowner 2 pays $500 each month into escrow ($6,000/12 months) and receives a tax bill of $6,000 which is paid from escrow.
- Homeowner 2 receives a check in September from Tax and Finance for $600 directly.

**STAR Program Eligibility**

Eligibility for the STAR program remains unchanged. The eligibility is as follows:
Basic STAR
- Available for owner-occupied, primary residences where the resident owner and their spouses income is less than $500,000.
- The first $30,000 of the full value of a home is exempt from taxation.
- Eligible residents do not have to apply annually to continue to receive the basic STAR exemption.

Enhanced STAR
- Provides an increased benefit for the primary residences of senior citizens (age 65 and older) with qualifying incomes ($86,000 or less).
- The first $65,500 of the full value of a home is exempt from taxation.
To continue to receive the enhanced STAR exemption, eligible residents must continue to apply annually with their local assessor or, enroll in the income verification program (IVP). Eligible residents cannot claim both the Basic and Enhanced Exemption. However, seniors whose incomes exceed $86,000 but less than $500,000 and are otherwise eligible, may still apply and receive the Basic exemption.

Income Verification
The Commissioner of Tax and Finance will determine eligibility for the credit on or before September 15th of each year utilizing information on the applications and from any source that the Commissioner deems reliable and appropriate (i.e. tax returns or information from assessors or school districts).

Income verification for the enhanced STAR PIT credit follows the same rules as the enhanced STAR property tax exemption. The income verification for the enhanced STAR PIT credit includes the income from all the owners and all the owner’s spouses that reside at the residence. In addition, the income for the new owners shall be based on the most recent tax return available on the first day of the first month in which they own the new house.

Executive Proposals

Mandatory Income Verification Program
The Executive has proposed requiring enhanced STAR applicants (seniors) to enroll in the Income Verification Program (IVP), beginning with FY 2018 assessment rolls. This program would allow Tax & Finance to determine annual income eligibility for STAR benefits from income tax filings. Enhanced STAR applicants would no longer be required to apply annually provided they file a NYS income tax return every year.

Tax Secrecy
The Executive has proposed amending the secrecy provision of the Tax Law in order to authorize the Department to make public the names and addresses of individuals that have applied for or are receiving the STAR PIT Credit. The assessment rolls currently contain the name and address of those receiving the STAR exemption.

Cap STAR Benefit Growth
The Executive has proposed capping STAR benefits at 2016-17 levels, beginning with the 2017-18 school year, in an effort to limit state spending on STAR. Current law allows the growth of STAR benefits at a rate not to exceed two percent annually.
New York State Property Tax Burden

New York State’s local governments are entering their sixth year under the historic enactment of the state’s property tax cap. Counties, towns, villages, certain cities, special districts and school districts in the State of New York are all subject to the state’s property tax cap relief legislation passed in 2011. The legislation was a response to growth in the local property tax burden across the state. According to the State Comptroller, growth in property taxes skyrocketed by over 73 percent for school districts between 2001 and 2011 and by 53 percent in counties. Three New York State counties (Nassau, Westchester, Rockland) placed in the top ten nationally for highest tax burden. New York State property taxes increased at an average rate of nearly six percent per year – more than twice the rate of inflation over the same period. When compared to roughly 2,700 counties nationally, all New York counties are in the top 24 percent of Median Property Taxes paid between 2006 and 2010. Of that amount 39 counties fell within the top 10 percent of Median Property Taxes paid in the same comparison.

When comparing property taxes as a percentage of home value 47 New York counties were in the top 10 percent nationally between 2006 and 2010. Most of these counties are located in upstate New York. A different property tax burden exists for counties in the suburban areas surrounding New York City. When measuring property taxes as a percentage of income six New York counties were in the top 10 percent nationally in 2010. These counties include Westchester, Rockland, Putnam, Suffolk, Nassau and Orange.

New York Property Tax Cap Extended

The state’s property tax cap was enacted in conjunction with a state commitment to enact meaningful mandate relief as well as a statutory commitment to annual increases in state aid to schools in an amount equal to the annual growth in personal income across the State. The property tax cap was extended in the 2015 session through 2020.

The State of New York’s property tax cap focuses on the actual property taxes levied to support school district and local government expenses. The law became effective in local fiscal years starting on or after Jan. 1, 2012. The law limits the annual growth of property taxes levied by local governments and school districts to two percent or the rate of inflation, whichever is less. As Chart 1 shows, in the first five years of the tax cap it is estimated that property tax payers saved approximately $15.5 billion cumulatively in school and county property taxes. Further, the tax cap is estimated to save taxpayers over $66.4 billion cumulatively over the first ten years of its implementation.
Comparatively speaking the property tax cap has had the greatest effect on school district tax levies. Schools statewide proposed an average tax levy increase of less than 1.0 percent for 2016-17 and the average proposed spending increase for the same year was 2.18 percent. That compares with average levy increases of 1.13 percent in 2015-16, 2.6 percent in 2014-15, 2.9 percent in 2013-14, 1.5 percent in 2012-13, 0.8 percent in 2011-12, and 1.1 percent in 2010-11.

The average school budget passage rate since 1969 is 85 percent. Since the introduction of the tax cap in 2012, the average passage rate for school district budgets is almost 98 percent.

In total, the 2016 school budget vote results show that over 99.5 percent of all school budgets proposed passed in the State of New York. Of the 676 school budget votes only 10 were defeated in their first vote. Of that group, seven were passed on the second vote and only three school districts were voted down a second time which forces them to adopt a contingency budget.\(^8\)

If you examine the votes by whether or not the district stayed within the tax cap, the distinction is more marked. In FY 2017, 640 school districts proposed budgets with tax levies that were within their caps and required only a simple majority to pass. Of those districts, 638 or 99.7 percent saw their budgets pass. Thirty-six districts had budgets with tax levies that exceeded the cap and required a 60 percent “supermajority” to pass. Of those districts, 77.8 percent saw their budgets pass. In the prior year, there was a 61.1 percent passage rate for first-time override attempts. The practical effect of the property tax cap has been the altering of taxing and spending behavior and fiscal discipline in budgeting at the local level.

A New York State local government has the option to override the “tax levy limit” by passing a local law with a 60 percent majority vote of the controlling board of the local government. Upon the passage of the local law, the local government may adopt a budget and its respective tax levy at an amount over the “tax levy limit”.

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For Fire Districts and other districts which have their own taxing authority, they may override the “tax levy limit” upon the passage of a resolution approved by 60 percent of the controlling board’s vote.

In New York State, most towns and villages have five members that comprise the Board. Therefore, three out of five or 60 percent of the board members would need to vote in the affirmative to override the tax cap. However, in some towns and villages in New York State, the percent majority vote required to override the tax cap is actually greater than 60 percent due to the fact that some towns and villages have less than five board members and there are some that have more than five board members. For example, a town or village with only three board members would need two out of three or 66.6 percent of their board members to vote in the affirmative to override the tax cap. Conversely, a town or a village with seven board members would need five out of seven or 71.4 percent of their board members to vote in the affirmative to override the tax cap.

The Full Impact of the Property Tax Cap Takes Time to be Realized

Massachusetts has the longest history with an enacted property tax cap. “Proposition 2½” both a levy cap and a rate cap, was a reaction to the fact that Massachusetts was among the highest taxed state in the nation. The cap has been successful in lowering the property tax burden in Massachusetts. In the first 20 years following the passage of “Proposition 2½”, the per capita residential property tax levy actually dropped 1.6 percent, after adjusting for inflation. According to the Tax Foundation, since the enactment of “Proposition 2½”, Massachusetts dropped from 3rd nationally in 1980 to a low of 17th in 2007 and as of 2012 they are 12th in the nation on the measure of state and local tax burden.

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10 The Tax Foundation State and Local Tax burden 2010.
Massachusetts business tax climate ranking, of which property taxes is a significant factor, was 25 in 2013, far below its geographic peer states of Rhode Island (46), Connecticut (42), New York (50) and New Jersey (49). In 1980, the combined Massachusetts state-local tax burden was 11 percent of resident income, well above the national average and only behind New York and Wisconsin. As of 2012, the total Massachusetts tax burden was 10.3 percent slightly above the national average of 9.9 percent. Massachusetts moved down on the state and local tax burden rank from 11th in FY 2011 to 12th in FY 2012. New York’s state and local tax burden was 12.7 percent in 2012 a full 2.8 percentage points or 28 percent higher than the national average. Over the same time period Massachusetts dropped in ranking in terms of state and local tax burden while New York maintained its number one position as the state with the highest state and local tax burden.

**Beyond The Property Tax Cap: NYS’ Multifaceted Approach to Relieve the Burden of High property Taxes: State Aid to Schools / Mandate Relief / and Direct Property Tax Relief**

**Education Funding:** The cap was only one part of the State’s commitment to property tax payers, school districts and local municipalities. Over the same five year period in which the property tax cap has been in effect the State has increased aid to school districts by over $4.9 billion or 26 percent. The rate of inflation over that same period was only seven percent.

The Executive has proposed a FY 2018 general support for public schools aid increase of $961 million or 3.9 percent above FY 2017. This proposal maintains the State’s aggressive approach to providing substantial State aid increases while containing the largest component of local property tax levy growth.

In addition to a major infusion of additional state aid resources, the State committed to provide mandate relief to municipalities which translates into cost savings and budget relief for localities. Since January 1, 2011, the Senate has adopted a wide range of mandate relief proposals, of which over 63 have become law.

**Mandate Relief:** Major local savings initiatives Enacted Since the Implementation of the Property Tax Cap:

- Took over the growth in the local share of Medicaid beginning in FY 2013, saving counties roughly $1.7 billion over five years ($187 million in FY 2015)
- Enacted a Stable Pension Contribution System for municipalities and school districts ($6.4 billion in savings over five years)
- Increased collaboration between the Office of the Medicaid Inspector General (OMIG) and local social service districts by requiring the OMIG to develop training materials for identifying fraud and abuse, to meet quarterly with representatives of local service districts, and to develop a work plan for such collaboration. Increases from 10 percent to 20 percent the local share of savings resulting from Medicaid recoveries under the county demonstration program
- Reformed Workers Compensation to provide $45 million in annual savings to localities
- Repealed the requirement for BOCES to perform special education space requirements every five years ($3.2 million in savings)
- Permitted school districts to take their annual census biannually ($1.7 million in annual savings)
- Exempted school districts with less than 1,500 students from the internal control audit requirement ($19.3 million in annual savings)
- Permitted school districts that were unable to open due to an extraordinary circumstance, natural disaster or emergency to obtain up to a 10-day waiver to the 180 school day requirement (ensures no loss in State aid)
- Limited school districts expenses by freezing the formula for Charter School basic tuition at school year 2010-11 levels instead of
allowing the formula to be updated ($41.5 million in savings)
• Provided relief to over 500 school districts by enactment of a two-year moratorium on assumed amortization interest rates used to calculate Building Aid ($155 million in savings)
• Provided access to statutorily restricted reserve funds to maintain educational programming
• Provided targeted relief to various school districts facing penalties and exorbitant chargebacks ($4 million in savings)
• Provided relief by enacting an amnesty provision (to reclaim previously denied and/or recovered State Aid) for school districts that failed to submit Transportation contracts and/or submitted contracts with errors and had State Aid denied ($10-12 million in savings)
• Provided relief by extending the provision for school districts to use excess Employee Benefit Accrued Liability Reserve (EBALR) funds to maintain educational programs (Up to $118 million in excess funds is available for districts to access)
• Provided relief by enacting an amnesty provision for school districts that have late filed or unfiled final cost reports for building projects SED approved prior to July 1, 2011 (Over $100 million in final cost report penalty avoidance (savings) and additional prior year aid (funding)
• Provided relief to school districts (on teacher disciplinary procedures) by requiring the parties to select a hearing officer within 15 days and limiting the submission of evidence within 125 days of filing. Savings will result from reduced expenditures for substitute teachers and administrators as well as a reduction in legal fees.

Direct Property Tax Relief: In addition to the long standing STAR program, the State has enacted two direct property tax relief provisions intended to reduce the burden of property taxes. The FY 2014 Enacted Budget included the Property Tax Freeze Credit and the FY 2015 Enacted Budget included the Property Tax Rebate program.

Property Tax Freeze Credit: Under the plan, the State freezes real property taxes by allowing homeowners to receive a reimbursement check equal to the year-over-year increase in the homeowner’s real property taxes. In order to qualify for the credit, the homeowner must meet the following criteria:
• Be STAR eligible – have total household income less than $500,000
• Live outside New York City
• Reside in jurisdictions that do not exceed the real property tax cap

The credit is available to homeowners for taxable years 2014 – 2016 and would apply to real property taxes as follows:
• 2014 - only school property taxes,
• 2015 – school and municipal property taxes
• 2016 – only municipal property taxes

Approximately 2.8 million homeowners will benefit from the credit, receiving an average benefit of $354. (total value of the credit: 2014 - $375 million, 2015 - $783 million, and 2016 - $342 million). Similar to the current Family Relief Tax credit, the property tax freeze credit is an advance refund of the credit to be paid in the fall and winter in the form of a check.

While the first year of the credit applied to homeowners in school districts and municipalities that stay within the tax cap, the second year of the credit will only apply to homeowners that reside in jurisdictions that abide by the property tax cap and that take “meaningful” concrete steps toward finding permanent structural savings by sharing services with other jurisdictions or consolidating governments in their entirety.

Taxing jurisdictions have to certify with the Tax Department and the Office of the State Comptroller that they comply with the tax cap. They would also have to submit efficiency plans...
to the Department of State which result in tax levy savings of at least one percent in fiscal year 2016.

Property Tax Rebate Checks: In the 2015 session chapter 20 of the laws of 2015 created property tax rebate checks for STAR eligible homeowners that will begin to be paid in the Fall of 2016.

The property tax rebate relief totals $3.1 billion over four years for STAR eligible homeowners who reside in property tax cap compliant school districts.

Beginning in FY 2017, STAR eligible recipients who have income less than $275,000 and reside in a real property tax cap compliant school district will receive a property tax rebate in addition to the last year of the local property freeze credit.

In 2016, upstate homeowners have been receiving a flat $185 rebate benefit in addition to the freeze credit. When the rebate amount is added to the freeze credit the average statewide property tax relief check will be approximately $350 per eligible homeowner. The property tax freeze credit and the property tax rebate will be added into one property tax relief check. The average check regionally breaks down in the following way:

<table>
<thead>
<tr>
<th>Region</th>
<th>2016 Avg Check</th>
<th>2019 Avg Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide</td>
<td>$347</td>
<td>$532</td>
</tr>
<tr>
<td>Upstate</td>
<td>$302</td>
<td>$416</td>
</tr>
<tr>
<td>Nassau</td>
<td>$423</td>
<td>$726</td>
</tr>
<tr>
<td>Suffolk</td>
<td>$425</td>
<td>$658</td>
</tr>
<tr>
<td>Downstate Suburbs</td>
<td>$418</td>
<td>$775</td>
</tr>
</tbody>
</table>

In the second year, the property tax rebate relief will be provided on a percent basis with the utilization of income thresholds as follows:

<table>
<thead>
<tr>
<th>STAR Property Tax Rebate Income</th>
<th>Bracket</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0</td>
<td>$75,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>2</td>
<td>Above $75,000</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Above $150,000</td>
<td>$275,000</td>
<td></td>
</tr>
</tbody>
</table>

Lower income brackets will receive a higher percent benefit which is based off of their STAR program benefit amount. Seniors who qualify for the enhanced STAR benefit will also receive the property tax rebate checks over the four years of the program. In addition, the previously enacted NYC circuit breaker credit was extended for four years ($85 million annually).

In the Fall of 2017, eligible homeowners will receive the following benefit by region:

<table>
<thead>
<tr>
<th>Region</th>
<th>Fall 2017 AVG Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide</td>
<td>$179</td>
</tr>
<tr>
<td>Upstate</td>
<td>$138</td>
</tr>
<tr>
<td>Nassau</td>
<td>$246</td>
</tr>
<tr>
<td>Suffolk</td>
<td>$223</td>
</tr>
<tr>
<td>Downstate Suburbs</td>
<td>$264</td>
</tr>
</tbody>
</table>

School Tax Relief Program (STAR): The FY 2017 enacted budget restructured the current School Tax Relief Program (STAR) by phasing out direct payments to school districts on behalf of eligible homeowners by converting STAR exemptions into a refundable property tax credit for new homeowners. This conversion applied to people who purchased their primary residence after the 2015 STAR application deadline or did not apply for the STAR exemption by the 2015 STAR application deadline.

In FY 2017, the STAR benefits to eligible recipients across the state are estimated to be almost $3.4 billion. The current STAR program provides property tax exemptions to seniors ($970 million) and non-seniors ($1.8 billion) as
well as a personal income tax credit and rate reduction for NYC residents ($615 million). Since its enactment the original STAR program has provided almost $60 billion in property tax relief to eligible senior and non-senior homeowners. The original STAR program provides three types of property tax relief:

**Basic STAR**
- Available for owner-occupied, primary residences where the resident owners' and their spouses income is less than $500,000
- Exempts the first $30,000 of the full value of a home from school taxes.

**Enhanced STAR**
- Provides an increased benefit for the primary residences of senior citizens (age 65 and older) whose income is less than $86,000
- Exempts the first $65,500 of the full value of a home from school taxes as of 2017-18 school tax bills (up from $65,300 in 2016-17)

**NYC PIT**
- Provides an income tax credit and rate reduction for NYC residents. The credit is limited to those individuals whose income is less than $250,000. The rate reduction component is available for NYC tax filers with incomes below $500,000.

STAR exemptions apply only to school district taxes. They do not apply to property taxes for other purposes, such as county, town or city (except in cities where city property taxes fund schools - Buffalo, New York City, Rochester, Syracuse and Yonkers).
New York City Property Taxes

Time to Revisit the Tax Cap?

New York City Property Taxes - Framework

The property tax is by far New York City’s largest revenue source, and traditionally has provided between 42 percent and 45 percent of the City’s tax revenues. Tax levies are determined through a class share system that is designed to hold down the tax burden on one to three family housing in the City to help encourage homeowners to stay in or move to New York City, and mitigate the tax burden on certain rental properties (generally one to ten units). However, this means that the burden of the New York City property tax falls very heavily on commercial properties, cooperatives and condominiums.

The general property tax levy is the one major revenue source that New York City can set by itself without New York State legislation. The two major components of how much revenue the property tax produces for the City are the tax rate, and value assessments based on actual data or market trends.

The only time in the last 34 years that the overall property rate in New York City was lowered was in 2007 for a two-year period. To change property tax rates requires action by the City Council of New York. The weighted overall tax rate has held steady at 12.283 percent for the last eight years. It was increased by the Council from 11.423 percent in City Fiscal Year (CFY) 2009 mainly in response to the “Great Recession”.

While the rate remains steady, tax levies can, and usually do, rise automatically based on year-by-year increases in assessments. Assessment increases are the primary reason that property tax revenues have been increasing at over a five percent rate since the real estate market began to recover in 2009. Moreover, the tax rates for different types of properties change every year due to the class share system in New York City.

New York City Real Property Tax Assessment Classes

New York City evaluates its real property for purposes of tax assessed in four classes:

- Class 1: one, two, and three family homes as well as vacant land
- Class 2: rental properties with four to 10 units (2A/2B), co-ops and condos with two to 10 units (2C) and larger rentals and co-ops and condos (more than 10 units)
- Class 3: utility properties
- Class 4: commercial and office buildings

The way each class is valued for assessment purposes varies by its primary use — for Class one it is “market value”; Class two and Class four are valued by net income; and Class three is by replacement cost (for the cables and easements) less depreciation for power plants and equipment.
Caps and Shares

While property is assessed each year there are statutory caps (not to be confused with the rest of the state cap on property taxes enacted in 2011) on how much the levy on individual properties can increase each year (Class one is six percent each year and no more than 20 percent over five years; Class two is eight percent in one year and no more than 30 percent over five years, Class three and four have no cap; but there is a five year phase-in for Class four increases). In addition, a “ratio” of market to assessed value can increase each year; for Class one it is set at six percent of market value, and for all other classes it is 45 percent. Often, Class one and Class two increases have been held even further down via enactment of State legislation. This calculation is completed each year with a tentative roll set in January and a final roll set in May.

The four classes must each have a proportion to their true market value in the real estate market as a whole, and cannot increase over the caps (set forth above). Over time classes three and four have assumed a larger and larger share of the property tax burden. The Class Shares system always must divvy up 100 percent of the assessment between the four classes.

Current Class Shares

- Class 1: Set at 45.6 percent of total market value but its tax levy is 15.0 percent of the total levy
- Class 2: Set at 24.2 percent of market value but these payers bear a 36.6 percent share of the tax levy
- Class 3: Market value of 3.2 percent but the class is assessed a 6.0 percent share of the tax levy
- Class 4: Market value of 27.0 percent of total real estate value but is assessed at 42.4 percent share of the levy

The Current and Projected Growth of New York City’s Property Taxes and Spending

For CFY 17, which ends on June 30, 2016, the latest estimates from the NYC Department of Finance (DoF) forecast the property tax raising $24.025 billion or 44 percent of New York City’s total tax revenues. This estimate would result in a 4.8 percent growth of property tax receipts over CFY 16’s collection of $22.913 billion.

For CFY’s 18, 19, and 20, the Mayor’s Office of Management and Budget (OMB) estimates that property taxes will rise to $25.410 billion, $26.920 billion, and $28.191 billion, respectively. These increases come to a three-year annual growth rate of 5.5 percent.

The recently released tentative assessment rolls for CFY 18 by DoF show that the upward trend is expected to continue. DoF is now projecting that the full market value of property in the City increased by 8.74 percent and the taxable assessed value increased by 8.45 percent.

New York City’s Real Estate Taxes Hurt Its Economy

Business leaders throughout New York State have made it clear that property taxes are the single greatest government burden placed on their efforts to create jobs, invest, grow, and stay producing in New York State. The Executive has reached the same conclusion. The 2015 State of the State New York Opportunity agenda noted that the property tax is considered an impediment to economic growth.

“It has been New York’s chronic problem,” the Executive stated. “The No. 1 business tax is the property tax. The highest tax we collect in the state of New York is the property tax.” Similarly, in the 2016 State of the State address, the Executive remarked that the “property tax is a killer tax in this state and it has been for a long time. It’s nothing new.”
Once again, the Executive repeated this message this year as part of the 2017 State of the State, noting, “The property tax is most burdensome tax to homeowners and business owners in every part of the state, inhibiting their ability to grow and contribute to our economy.”

It should be noted that a recently released study by the Real Estate Board of New York (REBNY) showed that the real estate industry generated $20.4 billion in taxes* for the City in CFY 2016, accounting for 43 percent of total taxes collected by the City. This $20.4 billion was a 24.4 percent increase from CFY 2013 and a two percent higher share of total City taxes collected from the real estate industry since CFY 2013.

While it is clear that the real estate industry is a key economic driver in the City, the current real property tax system within the City is outdated and in need of reform. According to the industry, all too often property tax bills rise in a seemingly arbitrary fashion with no attempt to exercise fiscal restraint on the part of the City.

The property tax is also the “hidden drag” that makes New York’s energy prices the second highest in the nation, and holds back capital investments in transportation, communications, power industries, and building modernization. (Short Circuiting New York’s Economy. New York State Public Policy Institute, March 2010).

High property taxes are an especially onerous burden on small businesses. Unlike most taxes that rise and fall depending on how well a business does, the property tax generally does not drop when business conditions sour. Making property tax payments often becomes the immediate cause of why a business closes up shop or downsizes.

By enacting a statewide cap on property taxes in 2011, the Executive and the Legislature took an historic step in reigning-in property tax growth that had been exploding at a rate of over six percent a year. The City of New York was not included in the enacted tax cap legislation.

The State property tax cap limits ad valorem levies at the lower of two percent or the rise in the Consumer Price Index (CPI). In the 2017 State of the State address, the Executive also noted that the Property Tax Cap and Property Tax Freeze will save taxpayers more than $17 billion through 2016.

Ironically, the first real property tax cap actually occurred in New York City. In 2003, in order to help the residents of the City recover from the devastating effects of the 9/11 attack, the State authorized an up to $400 rebate for qualifying homeowners. In return, New York City government agreed to cap the City’s property taxes in 2004 at current levels. Collections in 2005 were virtually flat compared to the year before at roughly $11.5 billion.

Between fiscal years 2010 and 2017, New York City property tax revenues are projected to increase by $7.8 billion, or an average annual gain of 5.8 percent. However, to illustrate the benefits of placing a limit on property tax revenue growth, if the City had held itself to a two percent property tax cap beginning in 2014, the property tax levy imposed on the City would have been about $4.3 billion less through CFY 2017.

In addition, the real estate industry in New York City has come to rely heavily on certain tax abatement programs, such as the recently expired 421-a program to somewhat offset the high property taxes on commercial properties. Limiting the growth of these property taxes leads to the reasonable assumption that more housing stock of every type would be constructed or rehabilitated in the City without so much reliance on exemptions and abatements.

These significant tax savings might have encouraged greater amounts of affordable and
supportive housing to be constructed, as well as attracting new and increased business activity.

It is important to note that the property tax cap is applied against municipalities and school districts entire tax levy. While assessments on properties may increase, under the property tax cap New York City’s homeowners and businesses would actually see their tax rates fall. Therefore, this may be an appropriate time to seriously reconsider whether New York City should be required to comply with the state’s tax cap.

An alternate and possibly longer term solution would be to carefully consider recently introduced legislation (S.1379) that would establish a blue ribbon commission, comprised of executive and legislative appointees and utilizing the expertise of State and municipal tax professionals, to analyze the current property tax system employed in the City and to make recommendations to improve such system via statute. This could include a study of the class shares system, current assessment process, etc.

Moving forward, subjecting the City to a property tax cap similar to that in effect throughout the rest of the State may be in order at this time.

*Annual taxes include real estate taxes (property, mortgage, transfer, hotel and commercial occupancy) from revenue-generating property (all properties in Class 3 [utility] and Class 4 [office, hotels etc.] and all residential rental buildings in Class 2; it excludes property and transaction taxes from 1-3 family homes and coop/condo units and taxes (PIT, sales, corporate and other business taxes generated by real estate activity.
**Foundation Aid**

**Background**

First enacted in the FY 2008 state budget, Foundation Aid is the largest unrestricted source of state aid. It represents almost 70 percent of all formula-based state aid provided to 674 eligible public school districts statewide. Prior to FY 2008, state aid was calculated and distributed to school districts in over 25 separate and complex categories of aid. Responding to public criticism and litigation, Foundation Aid consolidated all of these separate formulas and was made much more flexible and transparent, by reducing the complexity and number of separate formulas.

Since its enactment, the Legislature has increased Foundation Aid from a base of $12.5 billion to almost $16.5 billion in FY 2017, for a 32 percent increase, far outpacing the rate of inflation over the same time period. It is worth noting that the state has provided $4 billion in Foundation Aid toward the $5.5 billion goal that was set when Foundation Aid was first enacted.

When Foundation Aid was enacted, there was an expectation that school districts would receive full funding under the formula after a four-year phase-in. The formula represented a desired amount of Foundation Aid for each public school district and is based on educational research and data analysis of what successful schools spend on providing educational programs and services to students, less a local contribution/share.

Due to fiscal constraints, however, the Foundation Aid formula was phased in for the first two years, frozen for the next three years, and then in FY 2013, the funding phase-in resumed but at a lower rate compared to the first two years. It should be noted that while school districts and their stakeholders consider the remaining amount to be funded an obligation of the state, there is no existing statutory requirement for the state to do so. Further, statutory changes were enacted in FY 2012 that limited the growth in general support for public schools based on the personal income growth index (PIGI) of New York State as measured by the Bureau of Labor Statistics. With the annual index averaging 3.5 percent a year since FY 2012 combined with a state spending cap, multi-billion dollar per year increases in Foundation Aid are simply unattainable.

Since its enactment, the Foundation Aid formula concept has largely been well-received by school districts and their stakeholders. Aside from the benefit of providing school districts with more flexibility and transparency, the formula sets a new floor each year. That is, no district has received less Foundation Aid than it received in the prior year. Even in the case of dramatic changes in data factors such as district wealth, enrollment, pupil needs, etc., no district has seen its Foundation aid reduced below prior year levels.

The Foundation Aid formula is also progressive. That is, the distribution of Foundation Aid per pupil has an inverse
relationship to district wealth. Therefore, districts that have the least amount of wealth generate the highest amount of Foundation Aid per pupil. Conversely, school districts with the greatest amount of wealth generate the least amount of Foundation Aid per pupil. Embodying this funding concept, Chart A shows the average amount of Foundation Aid per pupil measured by wealth deciles (Combined Wealth Ratio or CWR) in the enacted FY 2017 state budget:

![Chart A](image)

**Executive Proposal**

Departing from prior years’ annual constructs of following an aspirational Foundation Aid funding target with calculated annual phase-in amounts, the Executive has proposed a modified Foundation Aid formula. Most of the data factors from prior year formulas are still used and are, in fact, updated to reflect current measures in arriving at calculations. However, the expectation that the State will be phasing-in additional Foundation Aid in the near future is no longer established by the formula.

The Executive Proposal provides over $16.9 billion in Foundation Aid for an increase of $428 million for the 2017-18 school year. Further, all school districts show an increase on the state aid run with no district projected to receive less than a one percent year to year increase. As it relates to the distribution of the Executive’s proposed Foundation Aid increase, the following points are worth noting:

- When grouped according to Need Resource Capacity categories, $346.3 million or 81 percent of the proposed Foundation Aid increase is provided to high need districts, $68.7 million or 16 percent is provided to average need districts, and $12.8 million or 3 percent is provided to low need districts;
- On a per pupil basis, the Executive has proposed a $222 Foundation Aid increase per pupil for high need districts, a $92 increase per pupil for average need districts, and a $35 increase per pupil for low need districts;
- When looking strictly at relative wealth as measured by the CWR, 95.1 percent of the proposed Foundation Aid increase is provided to low wealth districts including New York City.

Consistent with the concept of progressive funding shown in Chart A, Chart B shows the average amount of Foundation Aid per pupil measured by wealth deciles (CWR) in the 2017-18 Executive Proposal:

![Chart B](image)
Overall, the Executive Budget maintains the progressive funding concept while increasing average Foundation Aid per pupil in seven out of the ten wealth deciles. The decreases in aid per pupil in deciles four, six, and nine are attributed to increased enrollment. Further, it should be noted that while average Foundation Aid per pupil in deciles four, six, and nine are less compared to FY 2017, the Executive has still proposed year over year increases for all districts statewide.
Charter Schools

Charter Schools in New York State

The New York Charter Schools Act was adopted in 1998 authorizing a system of public schools that would operate independently of the existing public schools structure. Charter Schools were originally introduced to the New York State public school system as an alternative to the traditional public school environment.

Charter School Caps

Currently, 267 Charter Schools operate throughout New York State, while 22 more have been approved and are scheduled to become operational in coming school years.

Statutorily, NYS may only authorize a total of 460 Charter Schools statewide. Within the cap on Charter Schools, there is a regional cap, which is bifurcated between NYC and the rest of state. The Executive proposal removes the regional cap, allowing the 168 remaining available Charters to be authorized anywhere in the State.

Under current law if a Charter is closed it cannot be reissued to open a new school. The Executive proposal allows for a Charter School that has been closed to be returned to the pool of eligibility allowing the authorizers to reissue a new Charter and a new school to open.

Basic Tuition Funding Formula

Basic Charter School funding has historically been calculated on a per pupil basis that is equal to the school districts approved operating expenses (AOE) per pupil. Approved operating expenses are the district’s expenditures for the day-to-day operation of the school. AOE does not include expenses associated with rent, construction, renovations, utilities, maintenance, or security. The school district receives state and federal aid in the first instance and then passes those funds associated with the Charter School student to the Charter School. The amount received by the Charter School is based on the number of students attending each Charter School from the public school district. Charter School basic tuition was frozen to the 2010-11 levels, the freeze will expire in 2017 under current law.

The Executive proposal would unfreeze the formula for all Charter Schools statewide. Unfreezing the formula allows Charters to receive the basic tuition that is reflective of the updated AOE for public school districts. Under the Charter law the AOE per pupil payment amount is lagged so that the amount the Charter receives is based on the AOE amount the school district reports from one year prior to the base year.

Charter School Transition Aid

The Executive proposal creates a new tier of Charter transition aid. This new tier is designed to alleviate some of the initial increases to school districts of unfreezing the basic tuition formula to public school districts with a high concentration of students attending Charter Schools. Beginning in the 2018-19 school year, districts that meet the student concentration criteria will receive 90 percent of the increase in basic tuition resulting from the formula increase. In 2019-20 school year 60 percent of the increase in basic tuition and in 2020-21 school year 30 percent of the basic tuition increase.
Facilities Funding

Historically Charter Schools were either co-located in public school space at no cost to the charter or the charter rented private space which the Charter School itself was responsible for funding out of their operating budget.

The FY 2015 Enacted budget implemented a series of new laws that allowed Charter Schools denied public co-location space or that were unable to find suitable space within the public schools in NYC access to facilities aid. Charter facilities aid is calculated in statute to be the lesser of the actual cost of renting private space or 20 percent of a Charter Schools basic tuition in the current year adjusted for enrollment.

The Executive proposal would change the calculation to include “total facility rental cost” instead of rent paid to capture the cost of expenses outside of basic rent associated with maintaining the facility and increase the percent of basic tuition in the calculation from 20 percent to 30 percent.

Charter Facility Compatibility

A Charter Schools approved plan may include multiple phases of growth. The Executive proposal changes the parameters of public funded facilities for Charters to take into account grade level expansion to prevent clustered grade levels from being geographically separated. Space must be able to accommodate the grade levels approved by the authorizer in the plan within the same building. The proposal designates Kindergarten to grade four, grades five through eight and grades nine through 12 as the grade ranges that must be kept within the same building.

SUNY Regulatory Language

In 2016, Chapter 73 provided the SUNY Board of Trustees with broad regulatory authority to allow them to ensure that Charter Schools under their supervision have flexibility with respect to operation, management, and governance of their schools.
College Affordability

The New York State Senate Republicans and the New York State Independent Democratic Conference have been a leader in making college affordable for students. Included among the recent initiatives they have pursued are:

- Consistently securing greater base aid for community colleges to subsidize lower tuition rates
- Preventing an increase in tuition at SUNY and CUNY in the current school year
- Fighting to expand the Tuition Assistance Program (TAP)
- Proposing a revolutionary program to reimburse students who successfully complete community college
- Finding solutions to address the burden of high student loan debt

The Executive would build on the Senate’s leadership by providing tuition-free education for income-eligible students at SUNY or CUNY schools.

Executive Proposal

The Executive budget would create the Excelsior Scholarship Program allowing any New York resident with an adjusted gross income (AGI) of $100,000 or less to attend SUNY and CUNY tuition-free. This income ceiling would increase to $110,000 in academic year (AY) 2018-19, and to $125,000 in AY 2019-20.

Income-eligible students must apply for Pell and TAP awards before becoming eligible for the Excelsior Scholarship. The Pell Grant program is a federal award which provides income-based assistance to college students. TAP is a similar program in New York State that provides additional assistance based on the recipient’s income level.

The Excelsior Scholarship is applied to the student’s cost of tuition after all Pell and TAP awards have been applied. To remain eligible, a student must take 15 credits per semester and have their school certify they are on track to graduate on time. Recipients may not receive the award for more than four academic years (unless the program of study normally requires five).

Institutions will be reimbursed at a tuition rate equal to the rate established by the institution in AY 2016-17 (currently set at $6,470 for SUNY senior colleges and $6,330 for CUNY senior colleges). For example, the Executive budget proposes increasing tuition by $250 in the upcoming school year. Although SUNY tuition would increase to $6,720, the award, and thereby the reimbursement, would remain $6,470 for students that do not complete the program’s requirements, they must pay back the tuition.

Current Financial Aid Programs

The state’s primary financial aid program, TAP, currently provides approximately $1 billion in assistance annually. Eligibility is limited to net taxable incomes (NTI) of $80,000 for dependent students and $30,000 for independent students. Awards are provided on a sliding scale, with the neediest students receiving an award equal to the full tuition cost at SUNY. The minimum award for dependent students is $500, with an average award of $3,302.
An important distinction is that the TAP award is based on net taxable income, which subtracts deductions and exemptions from the total income. The Excelsior Scholarship plan is based on an applicant’s AGI, which is typically higher than the NTI. Using this standard will result in fewer eligible participants.

**Potential Impacts**

The Excelsior Scholarship Program is projected to increase enrollment in SUNY and CUNY institutions. The Executive anticipates a small percent increase in senior college enrollment, and a 10 percent increase in community college enrollment. Community colleges are currently reimbursed on a full time equivalent (FTE) basis for each student that attends the college. The increase in student enrollment is estimated to cost an additional $21 million in state aid to community colleges. The impact to local governments, which provide 24 percent of SUNY community college support and 34 percent of CUNY community college support, is unknown.

Senior colleges receive a lump sum in state assistance regardless of enrollment ($1.3 billion for CUNY and $1 billion for SUNY). The cost to educate a student is approximately $15,000-$25,000 at senior colleges, while the scholarship would only reimburse the cost of tuition. The SUNY and CUNY systems would be responsible for making up the cost for each additional student. Colleges may increase student fees to help balance the difference. Fees at SUNY’s senior colleges currently average $1,590 and range from $1,170 to $2,890. Fees at CUNY schools range from $400 to $640. Fees would not be covered by the Excelsior Scholarship.

**Addressing Tuition in the Nonpublic Sector**

The Executive budget would also enact measures compelling institutions of higher education to limit increases in tuition and fees. Beginning in the 2018-19 school year, prospective students who attend a school that raises combined tuition and fees by more than the greater of either $500 or the rate of the three-year average of the Higher Education Price Index (HEPI) would not be eligible to receive TAP aid. Currently enrolled students would not be effected. Students at SUNY, CUNY, and nonpublic institutions would be subject to this provision.

HEPI is a measure of the increase in costs influencing the higher education sector, and is calculated in a manner similar to the Consumer Price Index. Although the law would apply to all schools, it is only expected to impact the nonpublic sector. Approximately 67,000 students at independent colleges currently receive TAP. This accounts for 21 percent of TAP recipients. The average award for these students is $3,100. It is not known how many institutions would be effected.

Additionally, nonpublic schools that increase tuition and fees greater than $500 or the three-year HEPI rate would not be eligible to receive Bundy Aid. Bundy Aid is a subsidy for each degree that nonpublic schools confer. The statutory payment rate is $600 for each associate's degree, $1,500 for each bachelor's degree, $950 for each master's degree, and $4,550 for each doctoral degree. However, the program is not fully funded, and schools only receive 19 percent of their statutorily guaranteed amount. The Executive Budget would provide $35 million, while fully funding the program would require a $184 million appropriation. The Executive anticipates that $16 million of the $35 million appropriated for schools would not be awarded due to this provision. During the budget presentation the Executive stated that any savings would be redirected to the Higher Education Capital Matching Grants Program. However, there is no language that would allow this transfer to occur.
Overview

The FY 2018 Executive Budget references approximately $100 billion in multi-year infrastructure investments, including existing, new and future projects. These infrastructure projects include anticipated funding, not just from the State, but from federal, private and other investments as well. In addition, the Executive proposes allocating $1.3 billion in monetary settlement funds. Some of these funds have been incorporated into the Executive’s infrastructure proposals, as well as other proposed initiatives.

INFRASTRUCTURE

Table A lists projects that have been referenced as part of the Executive’s multi-year infrastructure investment proposal, including $100 billion in projects referenced in the FY 2018 Executive Budget and $12 billion in projects that were discussed in FY 2017. The Executive has also proposed legislation pertaining to infrastructure projects, including an expansion of design-build (“Infrastructure Investment Act”) and a new Buy American initiative.

MTA 2015-2019 Capital Plan - $26.6 Billion

The Metropolitan Transportation Authority (MTA) has an approved $26.6 billion 2015-2019 Capital Program. The State has committed $8.3 billion to the five-year program, and the City of New York has pledged $2.5 billion. Further details on the MTA Capital Plan can be found in the “Transportation Capital Plans” Issues in Focus section.
MTA Bridges & Tunnels - $2.9 Billion

The MTA 2015-2019 Capital Program includes an additional $2.9 billion portion for MTA Bridges and Tunnels that is on top of the $26.6 billion Capital Program Review Board (CPRB) portion for a total program of nearly $30 billion. Since MTA Bridges and Tunnels use toll revenues to self-fund its capital needs, it does not require CPRB approval.

As part of the Executive’s New York Crossings Project (NYCP), announced in October 2016, the MTA will be accelerating plans to implement Open Road Tolling (ORT) at its seven bridges and two tunnels. Cashless ORT was implemented at the Queens-Midtown Tunnel in January 2017, and the new tolling system will operate at all MTA facilities by the end of the year. Vehicles will not need to stop to pay the toll, as sensors and cameras will be suspended on gantries over the highway. Vehicles with E-ZPass will be automatically charged and non-E-ZPass vehicles will have their license plate recorded and a bill will be mailed to the registered owner of the vehicle.

DOT Capital Plan - $26.3 Billion

The FY 2018 Executive budget proposes an additional $1.2 billion in DOT commitments, increasing the FY 2016-2020 DOT Capital Plan from $21.1 billion to $22.3 billion and increasing the total six-year commitments to $26.3 billion. The additional $1.2 billion includes $564 million in State bonded resources to improve access to and from John F. Kennedy (JFK) International Airport as part of a $10 billion JFK Airport revitalization plan and approximately $600 million to accelerate road and bridge projects.

Executive proposals for the Upstate Airport Economic Development and Revitalization Competition ($200 million from FY 2017) are also included within the DOT Capital Plan. Further details on the plan can be found in the “Transportation Capital Plans” Issues in Focus section.

Gateway Tunnel Project - $20 Billion

Amtrak’s two rail tunnels under the Hudson River are over 100-years old and are a vital transportation link between New York and New Jersey. The tunnels were flooded with seawater during Superstorm Sandy and will eventually need to be taken out of service to make extensive repairs. The Executive and the Governor of New Jersey have reached a cost-sharing agreement with the federal government on an estimated $20 billion project to build a new rail tunnel. Under the agreement for the Gateway Tunnel Project, the federal government would pay $10 billion, or half the estimated cost, and New York and New Jersey would each pay $5 billion or 25 percent. The project would revitalize the existing tunnels and add a new, two-track tunnel under the Hudson River.

Modernize JFK and La Guardia Airports - $14 Billion

The Executive has advanced projects to transform both La Guardia Airport ($4 billion) and John F. Kennedy (JFK) International Airport ($10 billion). In July 2016, the Executive announced a $4 billion project to rebuild the central terminal (B) and supporting facilities at La Guardia Airport. In a coordinated effort, Delta Airlines is advancing a separate, privately financed project ($2 billion) to rebuild its La Guardia terminals (C and D).

As part of his State of the State address, the Executive proposed a $10 billion project to transform JFK into a unified, interconnected, world-class airport that would have the potential to drive up to $7 billion in private investment and $1 billion from the Port Authority of New York and New Jersey. The Executive is also recommending $1.5 - $2 billion in spending by DOT to improve access to and from JFK on Van
Wyck Expressway and at the Kew Gardens Interchange.

In addition, the Executive supports doubling the capacity of the AirTrain, improving the MTA’s subway and Long Island Rail Road connections to AirTrain, and reexamining the feasibility of a one-seat ride to JFK. The FY 2018 Executive Budget provides $564 million for the DOT access improvements to JFK, with the expectation that additional funding will be recommended in the future.

LIRR Third Track Project - $2 Billion

The Executive is advancing a revised plan to add a third track on the Long Island Rail Road’s Main Line between Floral Park and Hicksville. The 9.8-mile expansion project, including the elimination of all grade crossings within the corridor, would allow the LIRR to increase service, reduce congestion and train delays, and provide “reverse commutation” service during traditional business hours. The proposed project includes no residential property acquisitions, the elimination of seven street-level train crossings, and the construction of sound walls to reduce noise, station upgrades, and additional parking. The MTA recently held public hearings on the project’s Draft Environmental Impact Statement (DEIS). In addition, the Executive extended the public comment period on the DEIS from January 31, 2017 to February 15, 2017. The MTA anticipates that the Final Environmental Impact Statement (FEIS) will be completed later this year, and that construction, using design-build procurement, would start in 2017. The Third Track project, which is estimated to cost $2 billion, is not currently included as part of the MTA’s approved 2015-2019 Capital Program and would require an amendment of the Program. The Executive has not yet indicated how Third Track would be funded.

Clean Water Program - $2 Billion

The Executive proposes $2 billion for the Clean Water Infrastructure Act to fund upgrades for clean water and drinking water systems, and source water protections. This initiative would be funded by bonded capital proceeds.

Thruway Core Capital Program and Tappan Zee Bridge - $2 Billion

The New York State Thruway Authority will receive a total of $2 billion in financial settlement funds to support the replacement of the Tappan Zee Bridge (New NY Bridge) and the Authority’s core capital spending program, with $1.3 billion approved in the FY 2016 Enacted Budget and $700 million approved in the FY 2017 Enacted Budget. The Executive has proposed 69 new charging stations along the New York State Thruway, which would be installed by the Thruway within their capital budget. Further details on Thruway capital funding can be found in the “Transportation Capital Plans” Issues in Focus piece.

Empire Station Complex - $1.6 Billion

The Executive is advancing a plan to redevelop Pennsylvania (Penn) Station and the adjacent James A. Farley Post Office into a transportation hub called the Empire State Complex. The Empire State Development Corporation would manage the project with Amtrak and the MTA. The development team will create 112,000 square feet of retail and about 588,000 square feet of retail space within the historic Farley Building. Funding for the $1.6 billion project would include $600 million in developer payments, $570 million from Empire State Development, and $425 million from combined Amtrak, MTA, Port Authority, and federal sources.

Javits Center Expansion - $1 Billion

Last Fall, the Executive announced that the plan to expand the Jacob V. Javits Convention Center
located in Manhattan by 1.2 million square feet
was moving forward. The Javits Center, which
currently encompasses 2.1 million square feet, is
the busiest convention facility in the country. The
project will be funded through an existing $1
billion State appropriation. The design-build
procurement is expected to be awarded in early
2017.

Regional Economic Development Councils -
$750 Million

The Executive proposes to provide $750 million
for Regional Economic Development Council
initiatives (REDC) – Round VII. The Executive
appropriates $150 million in core capital funding
and $70 million in Excelsior job tax credits for
this initiative. The Executive has not identified
the source or sources for the remaining balance.

Buffalo Billion II - $500 million

The Executive is proposing to invest an additional
$500 million in “Buffalo Billion” projects. The
Executive would use $400 million of the New
York State Settlement Funds, $25 million in DOT
capital (for the Buffalo rail station) and an
additional $75 million from sources yet to be
determined (e.g. federal, private or other State
revenue sources). The Executive would dedicate
the $500 million for the following projects in the
Buffalo area:

- New commuter rail station in downtown
  Buffalo along with completing the rail line to
  Amherst and replacing the Exchange Street
  station
- Invest in neighborhood improvements on the
city’s East Side
- Implement improvements from the Outer
  Harbor to the University at Buffalo’s North
  Campus (a 10 mile stretch), this project would
  likely include outside matching funding
  sources
- Move Buffalo Manufacturing Works to
  Northland
- Expand “Green Space” in the Niagara Gorge
corridor
- Provide funding for the Niagara Medical
  Campus
- Use a portion of the funds for historic sites and
  waterway access in and around the Buffalo area

Transform Long Island - $160 Million

The Executive proposes $160 million for
transformative projects in Long Island, including:

- $120 million for Long Island Rail Road (LIRR)
  improvements
- $20 million for a Smithtown Business District
  Sewer Improvement Area project to install
  sanitary infrastructure in the business district
- $20 million for a Kings Park Wastewater
  Treatment Facility

The $120 million for Long Island Rail Road
would be distributed as follows:

- $80 million to enhance 16 LIRR stations
- $20 million to add a stop on the LIRR
  Ronkonkoma Branch at the Brookhaven
  National Laboratory
- $20 million to support development of a new
  terminal at MacArthur Airport to provide
direct service to the LIRR

This funding would come from existing economic
development funding, as well as $30 million from
the MTA for the LIRR projects.

Woodbury Transit and Economic Development
Hub - $150 Million

The Executive proposes accelerating $150
million in existing DOT capital funds for a
Woodbury Transit and Economic Development
Hub. This project would:

- Expand the Route 32 corridor
- Replace the Route 32 bridge over Route 17
• Reconfigure the ramp leading to the NYS Thruway
• Add a solar-powered bus station and commuter parking lot

This work was originally scheduled to begin in FY 2019.

Kingsbridge National Ice Center - $108 Million

The Executive appropriates $108 million in capital loan funding for the redevelopment of the Kingsbridge armory located in the Bronx into a national and international indoor ice-skating and hockey facility. The project is anticipated to create 400 permanent jobs.

Downtown Revitalization - $100 Million

The FY 2018 Executive Budget includes $100 million in capital funding for a second round of the downtown revitalization initiative, which would award another ten communities with $10 million each. It would be payable to local governments and other municipal entities for capital and other expenses related to transformative housing, economic development, transportation and community projects including those designed to increase the property tax base.

Schenectady Train Station - $15 Million

The Executive announced $15 million in funding toward a new Amtrak Station in Schenectady. This project would be funded from existing economic development capital resources.

I-81 Viaduct Study (Syracuse)

The Executive proposes the State undertake a new independent study of all possible options to replace the I-81 viaduct in Syracuse. DOT would engage an independent firm with international tunnel expertise to perform the study. Upon completion, a feasibility report would be made available to the public for review and comment. DOT has not determined how much the study would cost, but it would be funded as part of the FY 2016-2020 DOT Capital Plan.

I Love New York Centers

The Executive proposes to enhance and encourage tourism in New York by establishing “Welcome Centers” in each region of the State. The centers will be modeled after the “I Love New York” welcome center in Suffolk County. The cost for this initiative and the funding source or sources have not been disclosed at this time.

Design Build

The FY 2018 Executive Budget includes legislation expanding the “Infrastructure Investment Act” (design-build) to additional entities and permanently extending the authorization. Current design-build authorizations are set to expire in April 2017.

Currently, only certain agencies/authorities are authorized to use design-build, including:

• Department of Environmental Conservation
• Department of Transportation
• New York State Bridge Authority
• Office of Parks, Recreation and Historic Preservation
• Thruway Authority

This authorization would be extended to all State agencies/authorities and all counties except New York City under the Executive proposal.

Buy American

The Executive proposed a “Buy American” initiative that would institute a policy for all new State procurements over $100,000. It would apply to all goods and products procured by State entities moving forward. To qualify as “American-made”, end manufacturing processes should take place in the United States and more than 60 percent of the components of
manufactured goods should be of domestic origin.

There are several exemptions in the proposal, including:

- Immediate or emergency need for certain products, or for health, safety, or welfare reasons;
- Products subject to a reciprocal trade agreement or treaty that has been negotiated by the State or by the United States government;
- The State contract is subject to federal funding and the requirements of such federal funding supersede this section;
- The specified products are not manufactured in America in sufficient quantities or quality to meet the State entity’s requirements or cannot be manufactured in America or within the necessary time in sufficient quantities to meet the agency's requirements;
- Obtaining the specified products would increase the cost of the contract by an unreasonable amount, or;
- The specified products are necessary for the operation of or repairs of critical infrastructure that is necessary to avoid a delay in the delivery of critical services that could compromise the public welfare.

**SETTLEMENT**

New York State has received approximately $9.4 billion in monetary settlements with banks and insurers. The FY 2016 and FY 2017 Enacted Budgets included $8 billion in capital ($6.5 billion) and non-capital ($1.5 billion) investments from settlement funds. The FY 2018 Executive Budget recommends allocating the $1.4 billion of remaining settlement funds. Table B lists the sources of these funds.

The proposed use of the remaining $1.4 billion in settlement funds includes $1.2 billion for capital projects and $150 million for the Rainy Day Fund. Table C lists the use of these settlement funds and Table D lists the proposed use by project.

**Table B**

<table>
<thead>
<tr>
<th>Monetary Settlements (in millions of Dollars)*</th>
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<tbody>
<tr>
<td>FY 2015</td>
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<tr>
<td>BNP Paribas</td>
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<tr>
<td>Deutsche Bank*</td>
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<tr>
<td>Credit Suisse AG</td>
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<tr>
<td>Commerzbank of Germany</td>
</tr>
<tr>
<td>Barclays</td>
</tr>
<tr>
<td>Credit Agricole*</td>
</tr>
<tr>
<td>Bank of Tokyo Mitsubishi</td>
</tr>
<tr>
<td>Bank of America</td>
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<td>Standard Chartered Bank</td>
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<tr>
<td>Goldman Sachs</td>
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<tr>
<td>Morgan Stanley</td>
</tr>
<tr>
<td>Bank of America</td>
</tr>
<tr>
<td>Cowen Financial</td>
</tr>
<tr>
<td>Citigroup (State Share)</td>
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<tr>
<td>MetLife Partners</td>
</tr>
<tr>
<td>American International Group</td>
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<tr>
<td>PricewaterhouseCoopers</td>
</tr>
<tr>
<td>AXA Equitable Life Insurance Company</td>
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<tr>
<td>Promontory</td>
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<tr>
<td>New Day</td>
</tr>
<tr>
<td>Volkswagen*</td>
</tr>
<tr>
<td>Mega Bank</td>
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<tr>
<td>Agricultural Bank of China</td>
</tr>
<tr>
<td>Intesa San Paolo*</td>
</tr>
<tr>
<td>PHH Corporation*</td>
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<tr>
<td>Other Settlements (TBD)</td>
</tr>
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</table>

**Total Sources** 4,942 3,605 892 9,438

*Amount may very due to rounding

**Table C**

<table>
<thead>
<tr>
<th>Use of Monetary Settlements (in Millions of Dollars)</th>
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<tbody>
<tr>
<td>Approved Use of Settlements (8,065)</td>
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<tr>
<td>Capital Investments (6,510)</td>
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<td>Over-payment of Federal Medicare/Medicaid Revenues (850)</td>
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<td>Financial Plan Uses (FY 2015 - FY 2017) (627)</td>
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<td>Dept. of Law Litigation Services (73)</td>
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<td>FY 2016 Transfer to Support OASAS Chemical Dependence Program (5)</td>
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<tr>
<td>Proposed Use of Available Settlements (1,373)</td>
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<tr>
<td>Capital Investments (1,223)</td>
</tr>
<tr>
<td>Rainy Day Fund (150)</td>
</tr>
<tr>
<td>Total (9,438)</td>
</tr>
</tbody>
</table>

**Buffalo Billion II - $400 Million**

The Executive is proposing to invest an additional $500 million in “Buffalo Billion” projects, including $400 million in settlement funds. Further details on the Buffalo Billion II can be found in the Infrastructure section above.
Life Sciences - $300 Million

The Executive is proposing a $650 million initiative for the Life Science research in New York. The proposal would provide $250 million in tax incentives over 10 years for new and existing life science companies, $200 million in capital funds (settlement) for laboratory/research space and $100 million in investment capital (settlement) along with an additional $100 million in matching operating support funds from private sources.

Security and Emergency Response - $203 Million

The Executive proposed $203 million in the Special Infrastructure Account to prepare for, prevent, deter, or respond to acts of terrorism; natural or man-made disasters, including severe weather events; risks to public safety, health, and/or other emergencies. This includes:
- $134 million for counter-terrorism
- $69 million for a Bridge and Tunnel Security Initiative

Health Care - $200 Million

The Executive Budget provides an additional $500 million in additional capital support for the Statewide Healthcare Facility Transformation Program to support capital projects and debt relief. Of the $500 million, $300 million is funded with DASNY bonds and $200 million is funded with monetary settlement funds. A minimum of $30 million is reserved for Community Based Organizations and $50 million of this funding is reserved for the Montefiore Medical Center healthcare system.

Rainy Day Fund - $150 Million

The FY 2018 Executive Budget proposes depositing $150 million in settlement funds to the Rainy Day Fund. The Rainy Day Fund includes funds set aside for use during economic downturns or in response to a catastrophic event, as defined in law. The proposed $150 million in settlement funds would bring the total Rainy Day Fund available to $690 million.

Downtown Revitalization - $100 Million

The FY 2018 Executive Budget includes $100 million in capital funding for a second round of the downtown revitalization initiative. Further details on the Downtown Revitalization initiative can be found in the Infrastructure section above.

Division of Military and Naval Affairs - $20 Million

The Executive proposes new Capital funding of $20 million for DMNA armories, of which $17 million would be used for maintenance and improvements and $3 million for alterations and improvements. The Executive has not provided a list of armories requiring such improvements.

Miscellaneous

In addition, the FY 2017 Enacted Budget included a $1 billion appropriation to temporarily utilize settlement funds to meet initial funding requirements for the Javits Expansion Project. Another $1.3 billion is being temporarily used for capital disbursements for higher education, transportation and economic development. These funds were appropriated from the Dedicated Infrastructure Investment Fund (DIIF) and will be reimbursed by proceeds from bonds that are planned to be issued in FY 2018-2021.

The Executive Budget includes Article VII language that would amend the Dedicated Infrastructure Investment Fund (DIIF), out of which a significant amount of settlement funds are spent, to allow transfers to the General Fund (GF) during or following a catastrophic event. This includes:
- Repelling invasion
- Suppressing insurrection
- Defending the State in war
- Responding to any other emergency resulting from a disaster, including a disaster caused by an act of terrorism

Currently, transfers from the DIIF to the GF are only allowed in the event of an economic downturn or to fulfill disallowances and/or...
settlements related to over-payments of federal Medicare or Medicaid revenues in excess of $100 million dollars.

<table>
<thead>
<tr>
<th></th>
<th>FY 2016 Enacted Budget</th>
<th>FY 2017 Enacted Budget</th>
<th>FY 2018 Executive Budget</th>
<th>Three-Year Total</th>
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<td><strong>Capital</strong></td>
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<td>Thruway Stabilization Program</td>
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<td>Affordable and Homeless Housing</td>
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<td>Broadband Initiative</td>
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<td>Buffalo Billion Phase II</td>
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<td>Health Care</td>
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<td>DOT Capital Plan Contribution</td>
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<td>Other Economic Development Projects</td>
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<td>Southern Tier and Hudson Valley Farmland</td>
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<td>Emergency Homeless Housing Response</td>
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<td>Empire State Poverty Reduction Initiative</td>
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<td><strong>Non-Capital</strong></td>
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<td>Rainy Day Fund</td>
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<td>Dept. of Law Litigation Services</td>
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<td>OASAS Services</td>
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<td>150.0</td>
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<td><strong>Total</strong></td>
<td>6,042.0</td>
<td>2,023.0</td>
<td>1,373.0</td>
<td>9,438.0</td>
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</table>
Overview

For the first time in over a decade, the FY 2017 Enacted Budget provided fair and balanced multi-year transportation capital programs for the Department of Transportation (DOT) and the Metropolitan Transportation Authority (MTA). The FY 2018 Executive Budget continues funding for the multi-year transportation capital programs for DOT, MTA and the New York State Thruway Authority (Thruway). In addition, the Port Authority of New York and New Jersey has recently released a proposed ten-year capital plan, which includes major infrastructure projects in New York State.

Department of Transportation – Road & Bridge Capital Plan

In FY 2017, the Legislature secured the largest five-year DOT commitment in State history ($21.1 billion for FY 2016-2020), as well as a $4 billion commitment for FY 2021, for a total six-year commitment of $25.1 billion for DOT.

The FY 2018 Executive Budget proposes an additional $1.2 billion in DOT commitments, increasing the FY 2016-2020 DOT Capital Plan from $21.1 billion to $22.3 billion and increasing the total six-year commitments to $26.3 billion. The additional $1.2 billion includes $564 million in State bonded resources to improve access to and from John F. Kennedy (JFK) International Airport as part of a $10 billion JFK Airport revitalization plan and approximately $600 million to accelerate road and bridge projects, including:

- Studying options for the I-81 viaduct in Syracuse (cost undetermined);
- Woodbury Transit and Economic Development Hub (cost estimate $150 million);
- Scajaquada Expressway (cost estimate $115 million); and
- Kosciuszko Bridge Phase II (cost estimate $270 million).

Although, a funding breakdown of the $600 million has not yet been determined, there is already $415 million in funding included in the FY 2016-2020 DOT Capital Plan project list for these projects in future fiscal years.

Local Aid

Under the Executive’s proposal for FY 2018, the Consolidated Highway Improvement Program (CHIPS) would receive $438.1 million, and the Municipal Streets and Highways Program (“Marchiselli”) would receive $39.7 million, maintaining the FY 2017 level.

The FY 2018 Executive Budget continues the third-year of the five-year Local PAVE NY program, which provides $100 million per year ($500 million total) to municipalities for pavement projects. The FY 2017-2020 allocations ($400 million) of the Local PAVE NY funding is being distributed based on the CHIPS formula.
Also included is the third-year of the five-year Local BRIDGE NY program, which provides $100 million per year ($500 million total) to municipalities for bridge and culvert projects. The FY 2017-2020 allocations ($400 million) of Local BRIDGE NY funding is being distributed through a solicitation process, which includes local input on the selection of projects.

**Non-MTA Transit**

The FY 2016-2020 DOT Capital Plan includes $397 million in funding for Non-MTA Downstate and Upstate transit systems, including $85 million for FY 2018. Of the $85 million proposed for FY 2018, $20 million is lined-out for Upstate transit systems as follows:

- $3.6 million for the Capital District Transportation Authority (CDTA)
- $3.3 million for the Central New York Regional Transportation Authority (CENTRO)
- $4 million for the Rochester-Genesee Regional Transportation Authority (RGRTA)
- $5.2 million for the Niagara Frontier Transportation Authority (NFTA)
- $4 million for all other Upstate transit systems (“formula” systems)

To distribute the remaining $65 million DOT would work with the non-MTA Downstate and Upstate transit systems to determine their capital needs.

**Airports**

The FY 2016-2020 DOT Capital Plan includes $282 million for aviation, including a proposed $17 million commitment for FY 2018.

The FY 2017 Enacted Budget included, as part of the capital plan, a $200 million Upstate Airport Economic Development and Revitalization Competition including $190 million to award no less than five airports with up to $40 million and an additional $10 million toward the traditional Aviation Capital Grant Program. To-date, $153.6 million has been awarded to four airports in two rounds, including:

**Round I**
- $40 million to Elmira Corning Region Airport (Southern Tier/Central NY)
- $39.8 million to the Greater Rochester International Airport (Genesee Valley)

**Round II**
- $38 million to Plattsburgh International Airport (North Country)
- $35.8 million to Syracuse Hancock International Airport (Central NY)

The remaining balance of $36.4 million will be awarded in a third round at a later date.
**Rail/Freight**

For rail/freight, the FY 2016-2020 DOT Capital Plan includes $352 million, including a proposed $72 million committed for FY 2018. This funding would be distributed partially for the traditional Passenger and Freight Rail Assistance Program (approximately $28 million), which provides assistance for rail and port capital investments. The additional $44 million would be provided as part of a partnership between New York State and Amtrak, which requires the State to pay a portion of the costs (both operating and capital) of providing passenger service across the State.

**Metropolitan Transportation Authority**

As a result of a major funding commitment included in the FY 2017 Enacted Budget, the MTA has an approved $26.6 billion 2015-2019 Capital Program. The authority’s capital plan was officially approved by the MTA Capital Program Review Board (CPRB) in May 2016. MTA Bridges and Tunnels, which uses toll revenues to finance its capital projects, has a separate $2.9 billion capital program that does not require CPRB approval.

Table B provides a breakdown of the MTA Capital Plan funding sources.

<table>
<thead>
<tr>
<th>Table B</th>
<th>Approved MTA 2015-2019 Capital Plan Funding Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding Plan</strong></td>
<td><strong>Proposed Plan ($ Millions)</strong></td>
</tr>
<tr>
<td>Federal Formula, Flexible &amp; Misc.</td>
<td>$6,275</td>
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<tr>
<td>MTA Bonds</td>
<td>$5,889</td>
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<tr>
<td>New York State</td>
<td>$8,336</td>
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<tr>
<td>Pay-as-you-go Capital (PAYGO)</td>
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<tr>
<td>Asset Sales/Leases</td>
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<tr>
<td>City of New York</td>
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<tr>
<td>Federal / Core Capacity</td>
<td>$100</td>
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<tr>
<td>Federal / New Starts</td>
<td>$500</td>
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<tr>
<td>Other MTA Sources</td>
<td>$562</td>
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<tr>
<td><strong>Subtotal – CPRB Funds Available</strong></td>
<td><strong>$26,600</strong></td>
</tr>
<tr>
<td>Bridges &amp; Tunnels Bonds &amp; PAYGO</td>
<td>$2,856</td>
</tr>
<tr>
<td><strong>Total 2015-2019 Funds Available</strong></td>
<td><strong>$29,456</strong></td>
</tr>
</tbody>
</table>

The funding plan includes a total State commitment of $8.3 billion that includes $1 billion appropriated in FY 2016 and a $7.3 billion commitment approved in FY 2017. The $1 billion FY 2016 commitment includes $750 million, payable over five years, and $250 million from financial settlement funds to support Penn Station Access. The $7.3 billion State commitment will be disbursed after the MTA has expended it’s own funding sources. So far, $2.9 billion of the $7.3 billion commitment has been appropriated. Another $1.5 billion appropriation is included in the FY 2018 Executive Budget.

The City of New York has agreed to provide $2.5 billion towards the plan. The State and City’s substantial contributions are unprecedented.

<table>
<thead>
<tr>
<th>Table C</th>
<th>Approved MTA 2015-2019 Capital Plan Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plan</strong></td>
<td><strong>Proposed Plan ($ Millions)</strong></td>
</tr>
<tr>
<td>Core Capital Plan</td>
<td></td>
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<tr>
<td>New York City Transit</td>
<td>$15,849</td>
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<tr>
<td>Long Island Rail Road</td>
<td>$2,835</td>
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<tr>
<td>Metro-North Railroad</td>
<td>$2,321</td>
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<tr>
<td>MTA Bus</td>
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<tr>
<td>MTA Interagency</td>
<td>$264</td>
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<tr>
<td><strong>Core Subtotal</strong></td>
<td><strong>$21,644</strong></td>
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<tr>
<td>Network Expansion Projects</td>
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<tr>
<td><strong>CPRB Program Total</strong></td>
<td><strong>$26,600</strong></td>
</tr>
<tr>
<td>MTA Bridges &amp; Tunnels</td>
<td>$2,856</td>
</tr>
<tr>
<td><strong>Total 2015-2019 Capital Plan</strong></td>
<td><strong>$29,456</strong></td>
</tr>
</tbody>
</table>

The MTA Capital Program includes a CPRB core program of $21.6 billion, including $15.8 billion for New York City Transit, $2.8 billion for the Long Island Rail Road and $2.3 billion for Metro-North Railroad. This funding includes the purchase of 1,000 new subway cars, 1,700 new buses, and over 300 new commuter rail cars.

Another $5 billion is for network expansion projects, including funding to complete East Side Access, Penn Station Access projects and to start the second phase of the Second Avenue Subway project.
To address concerns about delaying the second phase of Second Avenue Subway, the MTA has agreed to reexamine whether construction can be accelerated. If it can, the MTA would request a CPRB amendment and funding authorizing such action.

It should be noted that the first phase of the Second Avenue Subway, including new subway stations at 96th Street, 86th Street and 72nd Street on Manhattan’s Upper East Side, began on January 1, 2017, meeting a deadline set by the Executive. The Second Avenue Subway now includes the Q line, with service between the Upper East Side and Brooklyn. The second phase of the project will extend the line north to 125th Street in Manhattan.

**Thruway Authority**

The New York State Thruway Authority will receive a total of $2 billion in financial settlement funds to support the replacement of the Tappan Zee Bridge (New NY Bridge) and the Authority’s core capital spending program, with $1.3 billion coming from the FY 2016 Enacted Budget and $700 million from the FY 2017 Enacted Budget. In addition to providing substantial capital support, the funding will allow the Thruway to hold tolls at current levels for all drivers until at least 2020. The FY 2018 Executive Budget does not provide any new funding to the Thruway Authority.

Construction of the new Tappan Zee Bridge is moving forward and the $4.0 billion Bridge is currently on budget and on schedule to open in 2018. The twin-span crossing will replace the six-decade-old Tappan Zee Bridge. The 3.1-mile bridge will include eight general traffic lanes, emergency lanes, space for future bus rapid transit and commuter rail, cashless tolling, and energy efficient LED lighting.

The Authority’s 2017 budget provides for a 2017-2021 capital plan of $2.77 billion, including $1.1 billion for the new Tappan Zee Bridge and $1.7 billion for system-wide Thruway projects. The Thruway’s capital budget for 2017 includes $721 million for the new Tappan Zee Bridge and $374 million for other capital. The Thruway’s budget also provides for the continued implementation of all electronic toll collection at the Tappan Zee Bridge. Electronic toll collection began at the Tappan Zee Bridge in April 2016.

A recent audit by the Office of the State Comptroller of the Thruway Authority’s cost-containment initiatives found that the authority has implemented several cost-reduction strategies, and is benefiting from increased State financial assistance, including the transfer of the Canal Corporation to the New York Power Authority. However, the Comptroller noted that the current revenue structure would in all likelihood not be sufficient to cover the Thruway’s ongoing and future capital needs. The audit recommended that the authority develop and implement a long-term comprehensive strategic plan to address funding requirements in order to pay for repair and/or replacement of the authority’s aging infrastructure.

**Port Authority of New York and New Jersey**

The Port Authority of New York and New Jersey (Port Authority) has proposed a $32.2 billion 2017-2026 Capital Plan. The proposed plan includes a portfolio of over 600 projects. The Port Authority Board of Commissioners is expected to consider adoption of the ten-year plan at a meeting in February of 2017.

The proposed Port Authority 2017-2026 Capital Plan includes four major categories (Renew, Expand and Connect, Partner, and Deliver). Renew
projects are required to renew and maintain assets in a state of good repair, and ensure efficient, safe and secure operations. Expand and Connect projects are investments to expand capacity, improve connectivity, meet the future growth of the region, and advance its transportation needs. Partner projects include partnerships with Federal and regional stakeholders to complete Superstorm Sandy restoration and improve resiliency. The Partner category includes up to $2.7 billion in supporting debt service payments for the Gateway Tunnel Project. The Deliver category spending will be used to complete and deliver projects that are currently under construction.

Major improvement projects within the Plan that are significant to New York State, include:

- George Washington Bridge Bus Station
- Port Authority Bus Terminal
- George Washington Bridge
- Holland Tunnel
- Lincoln Tunnel
- LaGuardia Airport
- JFK International Airport
- Stewart International Airport
- PATH
- Brooklyn Marine Terminals
- WTC Site
- WTC Transportation Hub

<table>
<thead>
<tr>
<th>Table E</th>
<th>Port Authority of NY &amp; NJ Proposed 2017-2026 Capital Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Proposed Plan ($ Millions)</td>
</tr>
<tr>
<td>Renew Projects</td>
<td>$8,755</td>
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<tr>
<td>Expand &amp; Connect Projects</td>
<td>$11,110</td>
</tr>
<tr>
<td>Partner Projects</td>
<td>$4,744</td>
</tr>
<tr>
<td>Deliver Projects</td>
<td>$7,583</td>
</tr>
<tr>
<td><strong>Total - Port Authority</strong></td>
<td><strong>$32,192</strong></td>
</tr>
</tbody>
</table>
Heroin and Opioid Crisis

**Background**

Over the past several years, the New York State Senate has conducted an in depth analysis of one of our State and nation’s greatest public health problems, heroin and opioid addiction, while concurrently initiating significant actions to combat this crisis.

Substance Use Disorders (SUD) are medical conditions causing dramatic changes in functioning that reach across all levels of life, regardless of race and ethnicity, age, gender, or socioeconomic background. The negative and often devastating impacts of this disease affect individuals, families, friends, and whole communities.1

**Heroin**

Heroin is an illicit opioid drug synthesized from morphine, a natural substance extracted from the seedpod of the Asian Opium Poppy. Heroin can be injected, snorted, or smoked. The most severe consequence of heroin use is a fatal overdose. Multiple body systems are often compromised in heroin users, including the cardiovascular, pulmonary, gastrointestinal, and renal systems. In addition, there are increased risks of HIV, hepatitis, and other infectious diseases from needle sharing. The U.S. Surgeon General estimates that 5 million individuals have used heroin in their lifetime.1

**Opioids**

Opioids are medications whose medical use is to relieve pain. Common types of opioids include codeine, fentanyl, hydrocodone, morphine, and oxycodone. The Surgeon General estimates that over 36 million people in the United States have misused pain relievers in their lifetime, with over 12.5 million misusing in the past year. Consequences of misuse of prescription opioids include overdose deaths, heart and respiratory problems, and addiction. Extended use of painkillers containing acetaminophen may also cause severe liver damage.1

**Fentanyl and Fentanyl Analogs**

Fentanyl is a short-acting synthetic opioid that is 25 to 40 times more potent than heroin and 50 to 100 times more potent than morphine by weight. Fentanyl comes in a variety of forms, including transdermal patches, films, or pills. Fentanyl is either illegally diverted from pharmacies for abuse, or illicitly produced as non-pharmaceutical and fentanyl analogs, such as acetyl fentanyl. Both sources are emerging on the drug market, where they are abused for their intense feelings of euphoria. Fentanyl and its analogs are being sold in several forms: as straight fentanyl, as an adulterant in street heroin, or disguised as another drug entirely. The use of fentanyl as a component in street heroin has led to a surfeit of fatal overdoses.2

**Increased Use and Overdose Deaths**

Opioid analgesic pain relievers are now the most prescribed class of medications in the United

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2 http://pub.lucidpress.com/NDEWSFentanyl
States, with more than 289 million prescriptions written each year. The increase in prescriptions of opioid pain relievers has been accompanied by dramatic increases in misuse and by more than a 200 percent increase in the number of emergency department visits from 2005 to 2011. In 2014, 47,055 drug overdose deaths occurred in the United States, and 61 percent of these deaths were the result of prescription opioids and heroin. Heroin overdoses have more than tripled from 2010 to 2014. Heroin overdoses were more than five times higher in 2014 (10,574) than 10 years earlier in 2004 (1,878).¹

Statistics show that New York is experiencing a dramatic escalation in deaths from the increased use of heroin and opioids. The reported prevalence of heroin use in New York in 2013 and 2014 was 50 percent higher than that of the national average.³ Statistics show the highest number of deaths over the last four years occurred in Dutchess, Suffolk and Bronx counties; and hospital emergency departments have experienced a staggering 73 percent increase in visits related to opioid overdoses.⁴

In New York, from 2005 to 2014, drug overdose deaths rose by 144 percent. In 2005, heroin was a factor in only 3.6 percent of drug overdose deaths. In 2014, this number rose to 36 percent. Reported overdose deaths in New York in which heroin was a contributing cause reached a record high of 825 in 2014. This represents a 23.9 percent increase from the previous year, and is 25 times greater than 10 years previously. Comparing rates for 2005 and 2014, both heroin and prescription opioid overdose death rates in New York increased faster than the corresponding rates in nearly all states for which data are available.³

In 2005, prescription opioids were a factor in 29 percent of overdose fatalities, rising to more than 43 percent in 2014, with 1,008 prescription opioid overdose deaths.⁵ As fatal overdoses of both heroin and prescription opioids are rising, analysis of the most recent data illustrates trends showing the rising rate of heroin use to be greater than prescription opioids.

**Senate Joint Task Force on Heroin and Opioid Addiction**

In 2005, the Senate was instrumental in enacting the Opioid Overdose Prevention Program facilitating the use of Naloxone (Narcan), a medication that reverses the effect of opioid overdoses. This law was recently expanded to increase access to Naloxone, making it available without a prescription at community programs and pharmacies statewide.

In 2011, the Senate, in response to the tragic increase in overdose deaths, enacted additional Good Samaritan protections to encourage people to call 911 immediately in an overdose situation.

The Senate enacted the Prescription Drug Reform Act of 2012 and the expanded I-STOP Prescription Management Program (“PMP”). This groundbreaking initiative led to prescription drug monitoring to control opioid abuse and diversion. This change in the law required “real time” submission of dispensed controlled substance data, authorized system access for pharmacists, and mandated its use by any practitioner writing prescriptions for controlled substances on Schedules II, III, and IV. By the end of 2014, PMP searches resulted in an 82 percent drop in the number of “doctor-shoppers” – patients who present to five or more prescribers and five or more pharmacies receiving a controlled substance within a three-month period.⁴

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³ [https://www.osc.state.ny.us/press/releases/june16/heroin_and_opioids.pdf](https://www.osc.state.ny.us/press/releases/june16/heroin_and_opioids.pdf)
⁵ CDC National Center for Health Statistics. Multiple Cause of Death 1999-2014 on CSC WONDER Online Database, released 2015
While this important legislation made inroads in curbing the number prescriptions for opioid analgesics, this reduction coincided with a spike in readily available and much cheaper heroin, which exacerbated the opioid and heroin crisis.

2014
In March 2014, the New York State Senate Joint Task Force on Heroin and Opioid Addiction was created to examine the alarming rise in the use of heroin and opioids that claimed lives and hurt families across New York State. The Task Force was charged to explore the complex issues of preventing and treating heroin and opioid abuse and to formulate a platform of recommendations. State Senators examined issues and solicited input from experts and other stakeholders about addiction prevention and treatment options, the rise of heroin and opioid use, the potential for drug-related crime, and other negative community impacts.

The Senate Task Force held multiple forums across the State and released their findings in a report⁶, which included a comprehensive package of bills recommended for action that targeted prevention, treatment, recovery, and enforcement issues⁷. The Senate passed this legislation during the 2014 legislative session. By the end of the session, the Senate reached an agreement with the Executive and the Assembly, chaptering into law a number of initiatives that addressed the heroin and opioid epidemic.⁸ The Task Force was also vital in securing $2.8 million in additional funding in the Fiscal Year (FY) 2015 Enacted Budget.

2015
In 2015, the Senate Task Force built upon its previous efforts, securing an additional $8 million in funding to combat the heroin and opioid epidemic in the FY 2016 Enacted Budget. The Task Force held additional Statewide hearings and developed new legislative proposals.⁹ The Senate passed a number of initiatives that did not become law.

2016
The Senate Task Force continued to lead the fight against drug abuse. Receiving input from various stakeholders Statewide, the Task Force issued a report and recommendations for increasing opioid prevention, treatment, and recovery while empowering law enforcement by providing additional tools to combat this scourge.¹⁰

Based upon the report’s recommendations, the Senate passed legislation on prevention, treatment, recovery, and enforcement. Unfortunately, not all were chaptered.

2016 Enacted Legislation
The Senate ultimately was able to reach an agreement with the Executive and the Assembly, with the chaptering of three omnibus bills in the 2016 legislative session. These bills, S.8137 (Ortt), S.8138 (Amedore), and S.8139 (Murphy), enacted a thoughtful, proactive approach to the State’s rapidly evolving heroin and opioid crisis that:

Prevention
- Require training in pain management, palliative care, and addiction for licensed prescribers
- Require OASAS, in consultation with DOH, to create educational materials for pharmacies to distribute to consumers about the dangers of misuse and the potential for addiction to

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prescription drugs, available treatment resources, and proper disposal

- Require an authorized practitioner to limit the initial prescription of certain opioids to seven days instead of the current 30 days
- Direct DOH to expand its reporting of opioid overdose data

Treatment

- Require up to a minimum of 14 days of coverage for necessary inpatient treatment of SUD without prior approval or concurrent utilization review during those 14 days for in-network providers
- Extend the amount of time a person can be held to receive emergency services related to substance use from 48 hours to 72 hours
- Provide a limited exemption from professional misconduct to administer an opioid antagonist in an emergency situation by licensed professionals who would otherwise be prohibited from administering drugs
- Require OASAS to enact the Wraparound Services Demonstration Program, created in 2014, to prevent relapses after drug treatments and provide services to adolescents and adults for up to nine months after the successful completion of a treatment program
- Require hospitals to provide referrals for SUD patients and to coordinate with SUD service programs and ensure patients are made aware of the availability of treatment programs

Expanding Insurance Coverage for Addiction Treatment

- Allow providers to determine the most appropriate level of care for a client with a SUD, regardless of what diagnostic tool is used to determine treatment service levels
- Require insurance coverage, without prior authorization, for a five-day supply of medications to treat a SUD when emergency conditions exist
- Require insurance coverage for Naloxone or other overdose reversal medication, whether it is prescribed to a person who is addicted to opioids or their family member covered under the same insurance plan
- Eliminate requirements for prior Medicaid authorization for Buprenorphine and Vivitrol prescriptions

Fiscal Year 2017 Funding

The New York State Senate Joint Task Force on Heroin and Opioid Addiction was instrumental in including $189 million in funding in the FY 2017 Enacted Budget to help address the challenging public health crisis caused by heroin and opioid abuse. This was a $25 million increase above the Executive Budget, and overall highlights include:

- $1.2 million for 20 new Support Navigator Programs Statewide, assisting individuals and their families with navigating insurance and OASAS treatment systems
- $1.7 million for 20 new On-Call Peer Programs, assisting individuals with SUD in emergency rooms in connecting to treatment
- $1.9 million for 11 new Adolescent Clubhouses, providing safe and welcoming spaces for at risk teens and young adults
- $3.2 million for 16 new Recovery Community and Outreach Centers, providing supports in a comfortable environment including education and information on accessing treatment services and wellness activities
- $1.3 million for 270 new treatment beds
- $1.3 million for 2,335 new Opioid Treatment Program slots, for MAT
- $3.1 million for 170 new housing units
- $1 million in continued funding for overdose prevention kits
- $3.2 million to continue and consolidate the “Combat Heroin” and “Talk 2 Prevent” campaigns

$10 million for capital spending to support the creation of new treatment beds and the expansion of Opioid Treatment Program Slots.

The Executive has not fully implemented these programs during the current fiscal year, and has not provided details of this implementation and heroin-related spending in the Executive Budget beyond the total spending amount.

**Fiscal Year 2018 Executive Budget**

The 2018 Executive Budget proposes a series of actions to build upon the prior efforts of the New York State Senate Joint Task Force on Heroin and Opioid Addiction. The Executive Budget includes $200 million in funding to combat the heroin crisis. The Executive has proposed a six-point plan:

- Eliminate prior authorization requirements for outpatient insurance coverage
- Add eight fentanyl analogs to the New York controlled substances schedule to subject emerging synthetic drugs to criminal drug penalties, as well as a proposal to allow the Executive emergency authority to add new substances to the controlled substances schedule, based on recommendations from DOH
- Increase access to buprenorphine treatment by recruiting health care providers to become prescribers;
- Establish 10 regional 24/7 crisis treatment centers
- Require emergency department prescribers to consult the Prescription Monitoring Program registry to combat “doctor shopping”
- Create two recovery high schools, one upstate and one downstate, to help young people in recovery graduate

Even though the Senate Task Force on Heroin and Opioid addiction has been at the forefront of creating change in the opioid crisis, this problem continues as a major public health crisis in New York and nationwide, and is expected to be so for some time. The Task Force will continue to solicit input from all stakeholders, and weigh any and all solutions in order to ameliorate the impact that these deadly and destructive drugs have on New Yorkers. The Task Force believes in a four pronged approached to combat the heroin and opioids epidemic: prevention, treatment, recovery, and enforcement actions against dealers.
Background

Commission on Youth, Public Safety and Justice

On April 9, 2014, Executive Order No. 131 was issued, establishing the Commission on Youth, Public Safety and Justice (“the Commission”). The Commission was tasked with developing a plan to raise the age of juvenile jurisdiction and with making other specific recommendations on how New York’s juvenile and criminal justice systems could improve outcomes for youth while promoting community safety.

Through a series of meetings, public hearings and focus groups, the Commission heard from a range of stakeholders and representatives from the criminal and juvenile justice systems, including academic experts, attorneys who represent children, Family Court judges, District Attorneys, representatives from law enforcement and advocacy organizations, and members of the public. The Commission examined laws and policies in other states, including Connecticut and Illinois, which recently raised the age of juvenile jurisdiction, and examined a full body of scientific evidence regarding adolescent development and best practices in juvenile justice, rehabilitation and public safety.

In December 2014, the Commission issued its final report which included a series of 38 recommendations for reforming New York’s juvenile justice system, including:

- Raising the age of criminal responsibility from 16 to 18 years of age
- Raising the lower age of criminal responsibility from seven to ten years old for homicide offenses, and to 12 years old for all other offenses
- Expanding Family Court jurisdiction to include those who are 16 and 17 years-old
- Creating new “Youth Parts” in Superior Court to handle cases against 16 and 17 year-old defendants involving serious offenses, including homicide and violent felonies
- Expanding the probation, diversion and rehabilitative services that are available through Family Court
- Discouraging the detention and incarceration of those under 18 years of age
- Prohibiting the confinement of any minor in adult jails or prisons and allowing youth to remain in juvenile detention settings for longer periods of time
- Using determinate sentencing for youth who are sentenced as juvenile or youthful offenders, including 16 and 17 year-olds
- Reforming Persons in Need of Supervision (PINS) proceedings to prohibit the use of detention and foster placement, provide for additional time for probation adjustment proceedings and expand the community services available to youth and their families through newly created “Family Support Centers”
- Expanding the network of community services available to youth and their families

FY 2016 Executive Proposal

The (FY) 2016 Executive Budget included Article VII legislation to raise the age of juvenile
jurisdiction and substantially implement the
Commission’s recommendations for overall
reform of the juvenile justice system.

In addition, the FY 2016 Executive Budget
provided funding for state and local expenses
related to raising the age, including a $25 million
Miscellaneous Aid to Localities appropriation
for initial expenses related to planning and
implementation, a new $110 million capital
program within the Office of Children and
Family Services (OCFS) for the rehabilitation
and/or reuse of new and existing facilities, and
$10 million to reimburse local social services
districts for 100 percent of their related capital
expenditures. The FY 2016 Executive proposal
also amended existing state funding formulas to
provide 100 percent state reimbursement to local
social services districts for the provision of raise
the age related services to 16 and 17 year-olds,
including risk assessment and intervention,
preventive services, after care services,
independent living services and foster care
services.

Negotiations did not yield an agreement on
raising the age of juvenile jurisdiction and the
proposal was not included in the FY 2016
Enacted Budget. The above mentioned
appropriations were included, with language
added subjecting any spending to a future
Chapter related to raising the age of juvenile
jurisdiction, however, no agreement was reached
during the 2015 Legislative Session.

FY 2017 Executive Proposal

The FY 2017 Executive Budget once again
included Article VII legislation regarding raising
the age and overall juvenile justice reform. The
FY 2017 proposal was substantially similar to
that from FY 2016, though some minor changes
were made to address various concerns that had
been raised. Negotiations failed to yield an
agreement prior to the close of the 2016
Legislative Session.

Executive Administrative Actions

Removal of Youth from Adult Prisons

Directly related to Raise the Age, Executive
Order No. 150 was issued on December 22,
2015 establishing one or more correctional
facilities within the Department of Corrections
and Community Supervision (DOCCS)
exclusively for youth, and directing DOCCS to
transfer minors from adult prisons to this new
facility. The medium security Hudson
Correctional Facility in Columbia County was
selected as the first such facility. It began
housing all medium and minimum security male,
and all female, inmates in August 2016.

This new facility is administered by DOCCS,
with specialized programs and services geared
toward younger offenders being provided
through a Memorandum of Understanding with
OCFS. Additionally, individuals with mental
health needs have access to services provided by
Office of Mental Health (OMH) staff.

Conditional Pardons for Those Convicted of
Non-Violent Offenses as Minors

On December 21, 2015, the Executive
announced plans to issue an estimated 10,000
conditional pardons to people convicted of non-
violent crimes as minors. This action sought to
identify those who were convicted of
misdemeanors and non-violent felonies when
they were 16 or 17 years-old and who have not
committed another crime in the past 10 years.

A public outreach campaign was commenced by
the Executive. Anyone who thinks they are
eligible for such a pardon can submit an online
application through the Executive’s website.
Each application is screened, and agency staff
make a recommendation to grant a pardon if the
following conditions are met:

- The person was 16 or 17 years-old when they
  committed the crime
At least 10 years have passed since the person was either convicted or released from a period of incarceration
The person has been free of new convictions since that time
The conviction was for a misdemeanor or non-violent felony that was not a sex offense
The person is currently a resident of New York State
The person has paid taxes on any income they have earned
The person is a productive member of his or her community (working, looking for work, attending school, etc.)

On December 30, 2016, the Executive announced that the first conditional pardons were issued to over 100 New Yorkers who met the eligibility criteria, which is the largest number of clemencies issued by the Executive since taking office in 2011.

FY 2018 Executive Proposal

The major provisions of the FY 2018 Executive proposal are as follows:

Age of Responsibility/General Provisions

- Increases the age of criminal responsibility from 16 to 17 years-old on January 1, 2019, and then to 18 years-old on January 1, 2020
- Increases the lower age of criminal responsibility from seven to 12 years-old on January 1, 2019 for all offenses except homicide
- Prohibits confinement of any minor in adult jails or prisons and requires all minors to be committed to the custody of OCFS
- Allows youth to remain in OCFS custody up to age 21, or to age 23 in certain instances
- Prohibits detention and placement for youth who are assessed as low-risk in first or second-time misdemeanor cases that do not involve harm to another person, and for technical probation violations that do not constitute a crime where there is no imminent risk to public safety
- Expands the presumption to grant Youthful Offender status, unless objected to by the District Attorney (DA), to an eligible youth who has not previously been convicted and sentenced for a felony
- Expands to 16 and 17 year-olds the current practice regarding parental notification and the use of Office of Court Administration approved rooms for police questioning
- Allows the juvenile, at his or her discretion, or at the discretion of their parent or guardian, to be accompanied by counsel during the risk assessment

Newly Created Youth Parts

- Creates new “Youth Parts” within a Superior Court in each county that exercises criminal jurisdiction
- Grants the Youth Part exclusive jurisdiction over all cases involving 16 or 17 year-olds who are accused of committing specified serious offenses (please see Table A)
- Permits youth to be arraigned before the most accessible magistrate, as designated by the Appellate Division of the Supreme Court, when the Youth Part is not in session, including on weekends
- Requires that Judges in the Youth Part receive specialized training in juvenile justice, adolescent development and proven treatment methods for reducing adolescent crime
- Extends current provisions regarding the removal of Juvenile Offender cases to Family Court, upon consent of the DA, to cases involving 16 and 17 year-olds in the Youth Part if it’s determined that doing so would be in the interest of justice
- Allows, upon consent of the DA, removal to Family Court of the current Juvenile Offender crime of second degree robbery and for any violent felony that is not a Juvenile Offender crime for those younger than 15
### TABLE A

"Serious Offenses" involving 16 and 17 year-olds that would originate in the Youth Part

<table>
<thead>
<tr>
<th>Penal Law</th>
<th>Offense</th>
</tr>
</thead>
<tbody>
<tr>
<td>§ 70.02</td>
<td>violent felony</td>
</tr>
<tr>
<td>§ 120.03</td>
<td>2nd degree vehicular assault</td>
</tr>
<tr>
<td>§ 120.04</td>
<td>1st degree vehicular assault</td>
</tr>
<tr>
<td>§ 120.04-a</td>
<td>aggravated vehicular assault</td>
</tr>
<tr>
<td>§ 125.10</td>
<td>criminally negligent homicide</td>
</tr>
<tr>
<td>§ 125.11</td>
<td>aggravated criminally negligent homicide</td>
</tr>
<tr>
<td>§ 125.12</td>
<td>2nd degree vehicular manslaughter</td>
</tr>
<tr>
<td>§ 125.13</td>
<td>1st degree vehicular manslaughter</td>
</tr>
<tr>
<td>§ 125.14</td>
<td>aggravated vehicular homicide</td>
</tr>
<tr>
<td>§ 125.15</td>
<td>2nd degree manslaughter</td>
</tr>
<tr>
<td>§ 125.20</td>
<td>1st degree manslaughter</td>
</tr>
<tr>
<td>§ 125.21</td>
<td>2nd degree aggravated manslaughter</td>
</tr>
<tr>
<td>§ 125.22</td>
<td>1st degree aggravated manslaughter</td>
</tr>
<tr>
<td>§ 130.70</td>
<td>1st degree aggravated sexual abuse</td>
</tr>
<tr>
<td>§ 130.75</td>
<td>1st degree course of sexual conduct against a child</td>
</tr>
<tr>
<td>§ 215.11</td>
<td>3rd degree tampering with a witness</td>
</tr>
<tr>
<td>§ 215.12</td>
<td>2nd degree tampering with a witness</td>
</tr>
<tr>
<td>§ 215.13</td>
<td>1st degree tampering with a witness</td>
</tr>
<tr>
<td>§ 215.52(1)</td>
<td>aggravated criminal contempt</td>
</tr>
<tr>
<td>§ 130.95</td>
<td>predatory sexual assault</td>
</tr>
<tr>
<td>§ 220.18</td>
<td>2nd degree criminal possession of a controlled substance</td>
</tr>
<tr>
<td>§ 220.21</td>
<td>1st degree criminal possession of a controlled substance</td>
</tr>
<tr>
<td>§ 220.41</td>
<td>2nd degree criminal sale of a controlled substance</td>
</tr>
<tr>
<td>§ 220.43</td>
<td>1st degree criminal sale of a controlled substance</td>
</tr>
<tr>
<td>§ 220.77</td>
<td>operating as a major trafficker</td>
</tr>
<tr>
<td>§ 460.22</td>
<td>aggravated enterprise corruption</td>
</tr>
<tr>
<td>§ 490.45</td>
<td>1st degree criminal possession of a chemical or biological weapon</td>
</tr>
<tr>
<td>§ 490.50</td>
<td>2nd degree criminal sale of a controlled substance</td>
</tr>
<tr>
<td>§ 490.55</td>
<td>1st degree criminal use of a chemical or biological weapon</td>
</tr>
<tr>
<td>§ 130.91(2)</td>
<td>sexually motivated felony; specified offense</td>
</tr>
<tr>
<td>§ 490.05(3)</td>
<td>act of terrorism; specified offense</td>
</tr>
<tr>
<td>Article 490</td>
<td>terrorism offenses; felony level</td>
</tr>
<tr>
<td>§ 105.10</td>
<td>4th degree conspiracy</td>
</tr>
<tr>
<td>§ 105.15</td>
<td>2nd degree conspiracy</td>
</tr>
</tbody>
</table>

Any crime that is classified as a class A felony

---

1 provided that the criminal proceeding in which the person is tampering is one for which such person is criminally responsible

2 instance where the person is in violation of an order of protection and he or she intentionally or recklessly causes physical injury or serious physical injury to the person for whose protection the order was issued

3 provided the underlying crime for the conspiracy charge is one for which the person is criminally responsible

4 except those which require, as an element of the offense, that the defendant be 18 years of age or older
Family Court Act

- Expands existing Family Court jurisdiction to include cases involving 16 and 17 year-olds charged with non-violent felonies, misdemeanors, and harassment or disorderly conduct violations
- Grants Family Court concurrent jurisdiction over cases that have been removed from the Youth Part
- Permits youth to be arraigned before the most accessible magistrate, as designated by the appellate division of the supreme court, when Family Court is not in session, including on weekends
- Creates at least one “designated felony act part” in New York City Family Court to provide expedited hearings in juvenile delinquency proceedings involving allegations that a youth committed certain serious offenses; in other areas of the state, such cases shall have a hearing preference over other Family Court proceedings
- Mandates diversion attempts for low-risk misdemeanor cases
- Allows for additional time for probation adjustment in order to allow youth to access necessary services and allows for the issuance of orders of protection during probation adjustment of a case

Determinate/Reduced Sentencing

- Requires the use of determinate sentencing for youth sentenced as a Juvenile or Youthful Offender for most crimes
- Permits indeterminate sentencing for specified serious offenses, provides for minimum and maximum allowable terms of imprisonment to be fixed by the judge, and precludes any criminal sentence imposing life imprisonment without parole
- Makes Juvenile Offenders eligible to receive a six-month limited credit time allowance for successful participation in one or more specified programs developed by OCFS
- Requires a specified period of post-release supervision for Juvenile and Youthful Offenders being released from OCFS custody

Sealing of Criminal History Records

- Permits a defendant to apply to the court to have their conviction sealed for up to two eligible offenses, no more than one of which being a felony conviction, after at least ten years have passed since the conviction or conclusion of any sentence that was imposed, including any period of post-release supervision
- Stipulates that convictions involving specified serious offenses, including violent or Class A felonies, or any offense requiring registration as a sex offender, are not eligible to be sealed
- Requires that a copy of any application for sealing be served upon the DA of the county in which the conviction(s) were obtained, and provides the DA with up to 45 days to file an objection with the court
- Requires that the judge reviewing an application be provided with a fingerprint-based criminal history record of the defendant from the Division of Criminal Justice Services (DCJS), including any sealed or suppressed records, as well as any criminal history reports from the Federal Bureau of Investigation (FBI) regarding any crimes committed in other jurisdictions
- Requires no court hearing unless the DA objects to the application, though one may be held at the Court’s discretion
- Provides that once ordered sealed by a judge, all official records and papers relating to the case will not be available to the public
- Stipulates that sealed records will still be available to: the defendant or their designated agent; qualified law enforcement agencies; any state or local officer or agency responsible for issuing firearms licenses; any prospective employer of a police officer or peace officer; or the criminal justice
information services division of the FBI when responding to queries to the National Instant Criminal Background Check system regarding attempts to purchase a firearm

- Stipulates that any conviction that is sealed in accordance with these provisions would still be included within the definition of a conviction in any criminal proceeding in which a prior conviction would be a factor in the penalty, or as an element of the offense charged
- Stipulates that defendants are precluded from being permitted or required to waive eligibility for sealing as part of any plea, sentence or agreement related to a conviction for an eligible offense

Proceedings Involving Persons in Need of Supervision (PINS)

- Prohibits the use of detention in PINS proceedings, effective January 1, 2020, and only authorizes foster care placements, if appropriate, for sexually exploited youth who may need specialized services
- Establishes “Family Support Centers” to provide comprehensive services to children at risk of a PINS adjudication and their families, as well as very young children who are no longer subject to jurisdiction as Juvenile Delinquents

OCFS Capital Program

- Includes a $110 million OCFS capital program to finance the cost of land acquisition, construction, reconstruction, rehabilitation and improvements for new and existing facilities that are needed as a result of raising the age of juvenile jurisdiction
- Requires that any new facilities developed by OCFS as a result of raising the age of juvenile jurisdiction must, to the extent practicable, consist of smaller, more home-like facilities located near the youths’ homes
- Stipulates that capital expenditures may only be made in accordance with a Chapter of the Laws of 2017 relating to raising the age of juvenile jurisdiction

Fiscal Implications

There are no fiscal implications associated with the Executive proposal in FY 2018. Thereafter, the total fiscal impact is estimated to be $155 million in FY 2019, $396.6 million in FY 2020, $378.4 million in FY 2021, $378.2 million in FY 2022, and $374.5 million in FY 2023 and thereafter.

Under previous iterations of the Executive proposal, the State was responsible for 100 percent of the added costs of providing services to 16 and 17 year-olds. Under the FY 2018 proposal, however, local governments would be responsible for approximately 50 percent of the above referenced costs, as is currently the case for juvenile justice related expenses.

This proposal establishes a waiver for a local government to apply for 100 percent reimbursement, on an annual basis, if they can demonstrate that:

- Any expense incurred as a result of implementing raise the age would result in fiscal hardship;
- They have met the requirements of the property tax cap;
- They provide specific information related to expenses and the associated local share of such expenses;
- A plan has been developed by the county showing how the requirements of the law will be implemented; and
- Any other information that may be required by the Division of the Budget.

The waiver is subject to available appropriation and will only be granted to the extent that state funds are available.
Affordable Housing in New York State

The U.S. Department of Housing and Urban Development considers housing affordable if it costs less than 30 percent of household income. According to reports by the State Comptroller, as of 2012, more than 50 percent of renters in New York State pay over 30 percent of their income towards housing costs, meeting the definition of unaffordable, and 33.9 percent of homeowners were above the affordability threshold, a drastic increase from the 2000 Census.

Decreasing affordability has increased demand on available affordable housing stock. For example, in New York City, the New York City Housing Authority’s (NYCHA) public housing waiting list has over 258,880 families for 177,657 apartments. Additionally, more than 80,000 state residents (approximately 60,000 of those in New York City) are homeless on any given night, and many are in need of additional services to achieve housing stability.

The Comptroller’s report cites a combination of factors as contributing to the challenge in finding affordable housing: comparatively slow economic growth, a rising real estate tax burden, and limited housing supply in many areas of the state.

Recent Actions to Address Affordable Housing

There have been a number of actions initiated in recent years to address the affordable housing crisis in New York State.

FY 2014: HouseNY

In FY 2014, the state enacted the HouseNY program to preserve and create affordable housing units statewide. The $1 billion (off-budget), five-year plan to preserve, repair, finance, and create an estimated 14,300 affordable housing units includes, among other initiatives, the acquisition and revitalization of 44 Mitchell Lama affordable housing projects, and the creation and preservation of 5,643 affordable housing units through various community development programs. The program is financed through a combination of bonding and Mortgage Insurance Fund (MIF) surplus money.

FY 2017: House NY 2020

The FY 2017 Executive Budget proposed a five-year, $20 billion plan to create over 100,000 new affordable housing units and 6,000 units of supportive housing.

The Executive provided a two-pronged approach, the Affordable Housing program and the Homelessness Action Plan, for creating additional affordable housing.

Affordable Housing

First, the Executive proposed “House NY 2020”, a $10 billion, five-year affordable housing program to create 100,000 affordable housing units. Within this plan are a number of initiatives to target different aspects of the affordable housing crisis:

- Build NY – to create new affordable housing units
- Preserve NY – to extend the lifespan of existing affordable housing
Welcome NY – to focus on the purchase and rehabilitation of foreclosed properties in economically distressed communities; and

Opportunity NY – to protect housing opportunities by addressing issues of housing discrimination.

Homelessness
Second, the Executive proposed a $10 billion, five-year homelessness action plan. This plan would provide $2.6 billion for 6,000 new supportive housing units, 1,000 emergency shelter beds and other homeless services. Additionally, the 6,000 supportive housing units was intended to be the start of a 15-year, 20,000 new supportive housing unit commitment.

In addition to creating units, the Executive proposed allocating resources to specifically address the vulnerable populations experiencing homelessness, such as victims of domestic violence, seniors, veterans, runaway and homeless youth, formerly incarcerated individuals, individuals diagnosed with HIV/AIDS, and homeless individuals with difficult to manage health conditions.

Financing
Financing for this program was provided as follows:

- $590 million in capital from recent settlements for existing housing programs and new housing construction, rehabilitation, community development and public housing modernization, among other related uses
- $1.38 billion in bonded capital for the above listed uses
- $50 million in capital from recent settlements to provide housing and support services to vulnerable New Yorkers

When budget negotiations ended without a suitable programmatic agreement, the FY 2017 Enacted Budget allowed housing funding to be authorized pursuant to a Memorandum of Understanding (MOU) at a later date.

At the end of June 2016, two MOUs were signed which authorized the release a combined total of $150 million to create supportive housing units.

FY 2018: Continuation of Affordable and Homeless Housing Initiatives
The FY 2018 Executive Budget reappropriates FY 2017 affordable and homeless housing funding and proposes new language for the initiative. The plan includes:

- $950 million for supportive housing
- $601 million for new construction of units for households that earn up to 60 percent of area median income (AMI)
- $125 million for development or reconstruction of affordable housing units for seniors, aged 55 and older
- $45 million for the Rural and Urban Community Investment Fund for mixed-use affordable housing development
- $150 million for new construction of units for households that earn up to 130 percent of AMI
- $177 million for affordable housing preservation projects
- $100 million to preserve and rehabilitate Mitchell-Lama properties
- $125 million for rehabilitation or replacement of public housing authority developments outside of New York City
- $62.5 million for small building (5 to 40 units) rehabilitation or replacement
- $41.5 million for promoting home ownership for low and moderate income families
- $13 million for mobile and manufactured home programs
- $10 million for Main Street programs
- $100 million for the New York City Housing Authority

421-a Tax Abatement/Affordable New York Housing Program
The Executive proposes Article VII language, which would rename 421-a the “Affordable New York Housing Program” and amend the program that expired December 31, 2015. The Affordable New York Housing Program, found in section
421-a of the real property tax law, and formerly known colloquially as “421-a” would once again provide tax benefits for the development of affordable housing in New York City. The language includes provisions that would:

- Create three new affordability options for development
- Require developers of large projects to pay an average hourly wage, including benefits and employer taxes of:
  - $60 in Manhattan
  - $45 in certain areas of Brooklyn and Queens; or a developer may opt-in in other geographical areas
- Provide developments with a 100 percent abatement on all units (affordable and market rate) for the 35 years following construction. Currently, all units qualify for tax abatement benefits from years one to 25 and only the affordable units receive the benefit for years 26-35
- Extend the period units must remain in rent regulation from 35 to 40 years, five years after abatements have ceased

The expired program has an estimated fiscal impact of $1.2 billion annually to New York City. The Executive does not provide an estimate of the fiscal impact of this new proposal. It would have no impact on taxes until year twenty-six of the program when the market-rate units would be eligible for the extended tax abatement benefits, which may be offset by the benefit of the continued 15 years of rent regulation of the affordable units, and 10 years for the non-affordable units.
Executive Proposal on Ethics and other Governmental Operations

The Executive submitted along with his appropriations bills an Article VII proposal, which is captioned Good Government and Ethics Reform. It contains 14 parts. Separately, the Governor submitted three proposed concurrent resolutions to amend the Constitution to 1) limit outside income of legislators to 15 percent of their base salary; 2) allow individuals to both register and vote on the same day; and 3) impose eight year term limits for legislative members and statewide officials, and extend terms of legislative members to four years.

The specific proposals are as follows.

Part A requires legislative members who receive outside compensation in excess of $5,000 to request a formal legislative ethics advisory opinion to determine whether such activity violates the Public Officers Law code of ethics.

Part B treats limited liability corporations as corporations for purposes of contribution limits, and require identification of all direct and indirect owners.

Part C requires various local officials, including all local elected officials earning more than $50,000, to be subject to JCOPE financial disclosure filing requirements.

Part D creates a variety of limits on political contributions and increases reporting of such contributions, and creates a system of taxpayer funded campaign finance.

Part E eliminates the legislative section of the freedom of information law and subjects legislative records to agency record access provisions.

Part F expands oversight by the State Inspector General (IG) to include certain nonprofit organizations and foundations affiliated with SUNY or CUNY.

Part G expands oversight by the State IG beyond State employees to include parties who contract with the State in any State procurement.

Part H authorizes and requires the IG to implement and enforce financial control policies at certain SUNY and CUNY affiliated nonprofit organizations and foundations.

Part I creates the Office of New York Port Authority Inspector General with oversight authority over New York-related Port Authority conduct. This Inspector General would be appointed by the Executive.

Part J creates the Office of Education Department Inspector General with oversight over officers and employees of the department. This position would be appointed by a concurrent resolution of the Legislature.

Part K creates a Chief Procurement Officer to oversee all state procurements, under the direction of the Commissioner of General Services. This position would be appointed by the Executive.
Part L prohibits campaign contributions by persons or entities actively bidding for government procurement contracts. The prohibition would extend six months after the contract award for the winner. This part would also enact a civil penalty of the greater of $10,000 or twice the contribution where there was intent to violate this prohibition, in an action brought by the State board of elections chief enforcement counsel.

Part M provides for a study of the feasibility of assigning a single payee identifying code for all contractors, vendors and other payees to facilitate tracking of such entities and State expenditures.

Part N requires all drivers to be registered voters unless he or she opted out, and requires early voting polling sites be available in all elections.

**Concurrent Resolutions to Amend the Constitution.**

The Executive proposes three constitutional amendments to make structural changes to the Legislature and to elected office and the process of elections.

**Limit Outside Income of Legislators to 15% of Base Salary.**

Today, a legislator can engage in outside employment, only to the extent that it is not a conflict with his or her state employment. That rule is the same for all state employees, including statewide elected officials.

The Executive proposal would seek to amend the Constitution to place a cap on legislative compensation. The proposed constitutional amendment would limit outside earned income to $11,925.

The Public Officer’s Law contains provisions in § 73 which provide that a state officer or employee may not accept compensation for himself or another to appear before a state agency, nor may he or she accept any compensation for himself or another in connection to any proposed or pending bill or resolution in either house. (Public Officer’s Law §§ 73 7, 7-a). Public Officers Law § 73 (12) also prohibits her from orally communicating, whether for compensation or not, with a state agency, officer or employee with regard to the merits of any matter listed under Public Officers Law § 73 (7) (a).

Further, the Code of Ethics, found in § 74 creates additional guidelines and considerations for members to follow when engaged in outside activities.

The general rule in Public Officers Law § 74 (2)1 is intended to guard against substantial conflicts of interest between a member's outside activities and his official duties. It is not intended to prohibit citizen-legislators from having outside interests that result in financial gain, but only to prohibit financial gains made at the expense of the public trust.

The Constitution, Article III, § 7 provides that the qualifications for the offices of state senator and member of the assembly as follows: one must be a resident of the state for the preceding five years, a resident of the district for 12 months, and be a citizen of the United States. No member may simultaneously hold elected office and a “civil” appointment if the office was newly created or the salary or benefits were increased during the term of the legislator.

The Constitution does not contemplate any prohibition on outside employment.

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1 “No officer or employee of a state agency, member of the legislature or legislative employee should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the public interest.”
Same Day Voter Registration

The Constitution, Article II, § 5 requires laws be made for ascertaining, by proper proofs, citizens who shall be entitled to the right to vote and for the registration of voters be completed at least ten days prior to an election to be eligible to vote in that election. The Executive proposes a constitutional amendment to allow citizens to register to vote on any day prior to and including the day of the election and that such eligible citizens be entitled to vote in that election.

While thirteen states and the District of Columbia allow same day voter registration, the vast majority require voter registration be completed prior to the election. Of the states that require pre-election registration, New York’s ten day prior registration deadline is among the least restrictive. In every state that allows same day voter registration, voters are required to provide proof of identity prior to casting a ballot.

Term Limits

The Governor additionally proposes term limits to all statewide elected officials (Governor, Lieutenant Governor, Attorney General and Comptroller) as well as Legislators.

First the term of office for a Legislator would be increased to four years (from a current two). Then after the effective date of the constitutional amendment, an elected official could not serve more than two, four-year terms.

A currently elected official would have the ability to run and serve, two more times, and not have prior service counted against him or her.

CAP ON LEGISLATIVE SALARIES: A COMPARISON TO OTHER STATES AND CONGRESS

The Experience in Other State Legislatures

The National Conference of State Legislatures (NCSL) utilizes a methodology to determine which legislatures are “more full-time” versus “part-time.” The formula considers salary, the amount of time spent in furtherance of legislative duties, and the size of full-time professional staff of the body. By these metrics, NCSL lists New York, California and Pennsylvania as “Full-time.” However, as a breakdown will show, none of these legislatures has any cap on outside income, nor a prohibition on any particular employment. Rather these legislatures employ similar (and in many cases less rigorous) rules than New York relative to prohibition on conflict of interest.
Table 2. Average Job Time, Compensation and Staff Size by Category of Legislature

<table>
<thead>
<tr>
<th>Category of Legislature</th>
<th>Time on the Job (1)</th>
<th>Compensation (2)</th>
<th>Total Staff (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>82%</td>
<td>$81,079</td>
<td>1,340</td>
</tr>
<tr>
<td>Gray</td>
<td>70%</td>
<td>$43,429</td>
<td>479</td>
</tr>
<tr>
<td>Gold</td>
<td>54%</td>
<td>$19,197</td>
<td>169</td>
</tr>
</tbody>
</table>

Notes:
1. Estimated proportion of a full-time job spent on legislative work including time in session, constituent service, interim committee work, and election campaigns. Source: 2002 NCSL survey of all state legislators.
2. Estimated average annual compensation of legislators including salary, per diem, and any other unvouchered expense payments. Source: NCSL 2014.
3. Average number of staff--partisan and nonpartisan--working for the legislature. Source: NCSL 2011.

California

Unlike New York, which has never purported to be a full-time legislature, California in 1966 passed Proposition 1A, which made its Legislature “full-time.” Prior to this enactment, the Legislature was limited to consideration of any policy matters in odd-numbered years and fiscal matters only in even numbered years. The Legislature could be called into special session by the Governor but was limited to consideration of matters contained in the gubernatorial proclamation.

In addition, the Legislature increased its salaries and staff to manage an increased workload and passed conflict of interest laws to prevent outside income from interfering with legislative duties. However, this was not a cap on income, nor a ban on outside employment.

The only prohibition currently contained in the California Constitution is a ban on any compensation from a lobbyist or lobbying firm (CA Const. Art. IV § 4 (a)). Further, there are prohibited activities similar to both Section 73 (7) and Section 74 of the Public Officer’s Law.

Recent news stories note that four in ten California legislators have outside income, and despite the belief that the professionalization of the Legislature would decrease partisanship some scholars have disagreed and found that “The full-time professional lawmaker has become a full-time professional politician. Policy-making and enlightened legislation--the goals of prop. 1A and subsequent reforms--have become subordinate to simply staying in office.” See, Sherry Jeffe, A California Reform Doesn’t Keep Its Promise, LA Times 12/21/1986.

Pennsylvania

The Pennsylvania General Assembly likewise does not restrict outside income or employment of its 253 members. There are 50 Senators and 203 House members. They each earn a salary of $85,338.65 and a per diem of $159/day.

A report by the Pittsburgh Post Gazette found that at least 36 of the 50 Senators held outside employment and more than half of the 203 House representatives did as well. Due to limits on the nature of the financial disclosure in those states, it is unclear how much these members earn.2

Congress

The Governor stated in his State of the State briefing book that he believes the same limits that apply to Congress should be applied to the Legislature. Congress has had its outside income limited to 15 percent of the base salary of a representative since the 1978 Ethics in Government Act. In no case can a member earn any of that income from a fiduciary relationship with a client unless the member is a practicing doctor. There is no limit on the accrual of profit or dividends that a member may receive. As of January 2015, a majority of the members serving

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in Congress had a net worth in excess of $1 million. (See: Center for Responsive Politics).

The base salary for a member of Congress is $174,000/annually making a 15 percent cap on earned income $26,100.

Required Outside Income Advisory Opinion Requests

The Executive proposal would require legislative members with outside employment, defined as “compensation in excess of five thousand dollars per year … from employment for services rendered or goods sold”, to request a formal advisory opinion from the legislative ethics commission.

Additionally, this proposal would amend the composition of the legislative ethics commission such that the Chief Administrative Judge of the Office of Court Administration would be appointed as one of the nine members currently authorized to be appointed. The proposal notes that such appointment would only be for the purpose of reviewing and responding to requests for formal advisory opinions on outside income. However, the drafting mandates the appointment of a particular person, the Chief Administrative Judge, and directs that he or she be appointed by the Office of Court Administration. This has the practical effect of eliminating one appointment by a legislative leader, or it eliminates a selection directed to be made by the Speaker of the Assembly and the Temporary President of the Senate who must jointly appoint a ninth, non-legislator member to the LEC.

CAMPAIGN FINANCE REFORMS

LLC Treatment

The Executive proposal in Part B captures limited liability company (LLC) donations within the ambit of corporate contributions in Election Law 14-116. This provision of law has not been amended since 1978 (subd. 1) and 1981 (subd. 2) respectively. The formation of a LLC has been codified in New York Law since 1996. It is specified in statute as an “unincorporated organization.” LLC Law § 102 (m).

The Board of Elections was recently sued for a failure to revisit a 1996 opinion (Op. 1996-01) which held an LLC to be a “person” since it was not a “corporation” under the definitions as enacted, a suit that was unsuccessful, but has been re-filed.3

At the time of that opinion the Federal Elections Commission (FEC) had ruled similarly, but has since altered its interpretation.

The Executive proposal would thus statutorily treat the contributions of a limited liability company as a corporation, rather than as an individual and limit such contributions to $5,000 in the aggregate per calendar year.

Additionally, for a LLC, the proposal would require disclosure of all direct and indirect individual owners in the company to the State Board and the specific proportion of their ownership.

Another provision in Part B would require an LLC to prorate its contributions in all cases against its individual members. This provision would require that each contribution by an LLC be attributed to each individual member and count against such individual member’s aggregate limits as well.

If such member is itself an LLC, it must be further counted against such individual members of that LLC. This treatment is more akin to the treatment of a contribution from a partnership than a corporation.

Taxpayer Funded Campaign Financing

The FY 2017 Executive Budget proposes creating a statewide system to publicly finance general, primary, and special elections.

How much would it Cost?
While no estimate has yet been provided, the FY 2016 proposal included a nearly identical public financing scheme that the Executive estimated would cost approximately $166 million over a four year election cycle. As the Executive has acknowledged, the total cost to the State would be highly dependent on the number of candidates that participate in the program.

A Pilot program enacted for the statewide race for Comptroller in 2014 was not utilized. The incumbent declined to participate, having already raised nearly $2 million; and the challenger desired to participate but was unable to generate sufficient small donations to qualify for public matching funds.

The proposed publicly financed campaign system would use a 6:1 matching system. Candidates participating in the program would be eligible to receive $6 in public funds for each $1 of matchable contributions, with a maximum of $175 of eligible private funds per contributor. Additional restrictions would apply where candidates run unopposed.

The following table outlines the maximum amount of public funds each candidate could receive under the proposal.

<table>
<thead>
<tr>
<th>Candidates</th>
<th>Gen/Special Election</th>
<th>Primary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor</td>
<td>10000</td>
<td>8000</td>
<td>18000</td>
</tr>
<tr>
<td>Lieutenant Governor</td>
<td>10000</td>
<td>4000</td>
<td>14000</td>
</tr>
<tr>
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<tr>
<td>Convention Delegates</td>
<td></td>
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</tr>
</tbody>
</table>

How would it be Financed?
The vast majority of the publicly financed campaign scheme would be paid for through several funding sources.

The NYS Campaign Fund would be funded by:
- Income Tax Check Off Revenue
- Abandoned Property Funds
- General Fund(by appropriation)
- Contributions by private individuals or organizations
- Other funds or sources pursuant to law

Funds would also be drawn from the General Fund when the NYS Campaign Fund lacks sufficient funds to pay claims, regardless of whether there is appropriation authority.

Additional costs would also likely be reflected in increases to the Board of Elections annual budget, which is funded by the State.

Moreover, public funds received by participating candidates which will likely be used to pay for Board of Elections audits (audits required for every participating candidate). Three percent of public funds received by candidates would be reserved for this purpose.

As noted above the proposed legislation would require that payments be made from the General Fund if there were insufficient funds to pay claims. Article VII, §7 of the State Constitution provides, in part, that “no money shall ever be paid out of the state treasury or any of its funds ... except in pursuance of an appropriation by law”. Accordingly, there is a strong possibility any requirement that payment be made without appropriation authority is unconstitutional.

This requirement could result in a situation where funds are expended to publicly finance election campaigns and other program funding would have to be reduced.

Public funds disbursed to a candidate’s campaign committee could ultimately be expended to pay
for the cost of auditing that candidate’s publicly financed campaign. In fact, each campaign would be required to reserve at least three percent of public funds received for the post-election audit.

**Income Tax Check-off Box**

Under the Executive proposal, beginning in 2017, the State would offer a Campaign Finance Fund Check-Off Box. Resident taxpayers who owe at least $40 in State taxes for that year could elect to contribute $40 to the New York State Campaign Finance Fund. Married couples who file jointly may each contribute $40 to the Fund.

**Checking the box, however, does not impact the individual’s tax liability.** If a taxpayer qualifies for a $100 tax refund and checks the campaign finance fund box for $40 from New York State, he or she would still receive $100. This tax refund would not be reduced to $60. This box directs New York State to allocate $40 of the individual’s liability to the Campaign Finance Fund Special Revenue Account (SRO). If this box were not checked, these funds would go to the General Fund.

**Disclosure of Intermediaries**

The Executive’s proposal in Part D further contemplates the disclosure of intermediaries. In the realm of disclosure of campaign contributions often certain individuals act as “bundlers” for campaign committees and physically will deliver a contribution from a friend, family member or client.

In the interest of further highlighting the various individuals who may be able to exercise outsize influence over an elected official, this provision seeks to cause anyone to be disclosed who delivers a donation whose name is not on the check, or is not the immediate family of such donor. If it is an event in a person’s home at which donations are solicited and delivered and more than $500 in aggregate donations are received, the individual “intermediary” must be disclosed.

**Limit on Housekeeping to $25,000**

Currently there is no limit on funds that can be received by a housekeeping committee, which is limited to activities which do not benefit a specific candidate. These activities include maintaining a party headquarters and staff and fund other lawful activities.

**More frequent disclosure of donations or loans in excess of $1,000**

All such donations or loans must be reported within 60 days by the treasurer.

**JCOPE – FINANCIAL DISCLOSURE – LOCAL OFFICIALS**

The Executive has proposed requiring certain local officials to file financial disclosure forms with the Joint Commission on Public Ethics (JCOPE)

This filing requirement would apply to:
- Local elected officials with a salary of $50,000 or more; or
- Individuals elected or appointed to serve as county executive, county manager, or chair of the county board of supervisors.

Individuals covered by this new requirement would be required to file the long form Financial Disclosure Statement in section 73-a of the Public Officers Law. However, it also allows municipalities to apply to JCOPE to allow their local officials to use their own form. JCOPE may grant a request to use the local form if its requirements are similar to 73-a. Where a municipality receives approval to use its form, the local officials would still be required to file the local form with JCOPE for public inspection.

Additionally, municipalities would be authorized to adopt the 73-a financial disclosure form.

Finally, JCOPE would be granted limited jurisdiction to review the accuracy of a covered
local official’s 73-a financial disclosure form but must refer any potential legal or ethical violations outside this limited jurisdiction but related to the annual statement of financial disclosure to, as appropriate, the local ethics board or local county district attorney where the municipality is located.

FREEDOM OF INFORMATION LAW

The Executive proposal subjects the legislature to freedom of information law (FOIL) as if it were a subsidiary executive agency and not a separate branch of government.

The legislature is subject to FOIL currently under the Public Officer’s Law in Section 88. This provision provides that specific records are available for public inspection and copying. Separately, the Legislative Law has long held categories of documents are available publicly.

In addition to being a legislative body subject to the Open Meetings Law (unlike meetings of agency personnel) the Legislature proactively makes available on its website comprehensive information related to expenditures, legislation under consideration, agendas and other information. In 2016, the Senate was recognized by the National Conference of State Legislatures for its website, with a specific focus on encouraging public interaction, feedback on legislative proceedings and ease of use.

The business of the legislature is conducted largely in public view. The records which are not publicly available, or eligible for FOIL are largely constitutionally protected by the Speech or Debate Clause in Article III, § 11 of the Constitution. There are also other categories of documents which are protected for similar reasons such as confidentiality, privacy, security, etc.

The Legislature has enacted reforms already relative to transparency, which are not currently being implemented. For instance, in Ch. 399 L. 2011 the Legislature created a “Doing Business Database” this Database was envisioned to provide the public with information of persons and firms doing business with state agencies. Each agency was required to disclose areas of meetings, who the meeting was with, the firm name, and the client of the firm, if separate. It had to disclose the names of the agency personnel meeting with the individuals on rate-making, regulatory matters or grants or awards of state money, including procurements.

This database, although established in 2011, to date has gathered minimal records (15,587). See, http://www.projectsunlight.ny.gov

The legislature, in proactively publishing its expenditure data is unique. Unlike the Executive branch, you can see in detail how a member office is spending money. In the Senate this information is posted biannually, and payroll data is posted biweekly.

GOVERNMENT VENDOR CAMPAIGN CONTRIBUTIONS

The Executive proposal in part L prohibits entities that bid on government procurement contracts from making campaign contributions to office holders of and candidates for the state government entity issuing or approving the bid. This prohibition would run from the posting of the offer until: 1) six months after the contract award for the winner; and 2) until the contract is awarded for non-winning bidders.

Additionally, this proposal would authorize the State board of elections chief enforcement counsel to bring a civil action to recover a civil penalty in instances where a person, organization or business entity intentionally violates this prohibition. Such civil penalty would not exceed the greater of $10,000 or two times the contribution for entities that make unlawful contributions and requires the return of the contribution.
OPT-OUT REGISTRATION AND EARLY VOTING

Since the late 1980s New York has had a Motor Voter program which authorizes a customer to have the Department of Motor Vehicles forward information such as change of address to the relevant Board of Elections.

The Executive Budget would establish a system of opt-out voter registration for qualified persons applying for a motor vehicle driver’s license or identification card issued by the DMV.

The customer must simply check a box to do so.

The practical effect of having an individual potentially have their registration cancelled in their home state (if a new licensee in New York) or having their voter registration address changed to a temporary address can cause headaches for voters that are unintended. These consequences include a purge of the voter record, having to vote an affidavit ballot, or seek a court order on Election Day in order to vote.

Currently an individual is protected by case law and permitted to vote at an address that is not the address reflected on their driver’s license. An individual is entitled to vote at a residence, or domicile, which may be an address at which the voter does not currently reside.

Since 2012, the DMV has authorized Motor Voter transactions via the Internet.

The Executive Budget would require early voting at polling sites for a period of 12 days prior to special, primary, and general elections.

New York has a system of absentee voting which is established in the Constitution, Article II, § 2.. This provision limits the voters eligible for an absentee ballot to those who may be absent from the county, or who due to illness or physical disability may not be able to vote at the polls on Election Day.

Additionally, poll inspectors have the ability to vote a special ballot, because while they will be within the county, given the hours which one must work on Election Day, it would be impractical to require them to appear at their polling place.

EXPAND INSPECTOR GENERAL AUTHORITY

Part F would expand the State IG’s jurisdiction to include affiliated entities of the State University of New York (SUNY) or the City University of New York (CUNY).

This part would define an “affiliated organization or foundation” to include any organization or foundation formed under the not-for-profit corporations law or any other entity formed for the benefit of or controlled by SUNY and CUNY. The definition would cover only such entities which manage or receive $50,000 annually, and which provide direct benefit to SUNY or CUNY or their respective campuses. This definition would include the SUNY and CUNY Research Foundations as well as alumni associations. It would not include student run organizations made up of enrolled students formed for the purpose of advancing a student objective.

The failure of an affiliated entity to comply would result in a loss of state aid.

VENDOR ID STUDY

The Executive Budget proposes to designate the New York State Comptroller, the Attorney General, the Chief Information Officer of the Office of Information Technology and the Commissioner of the Office of General Services to study whether or not a unique identification number can be assigned to each vendor or payee of the State. If all members of the group determine that it is feasible to develop a single vendor ID system, such system shall be implemented by September 1, 2018. The Director of Budget will make the final determination.
regarding the code or numbers that will serve as a single identifier if the group cannot agree. This would allow an individual to request information based on an ID number rather than by name.

While the study is a prudent way to explore this, it is unclear what benefit this would provide in the context of reform. If the group determines the implementation of a single ID system is not feasible they are required to issue a second report.

The procurement process governs the allocation of tens of billions of dollars each year. The active seeking of a contract by a lobbyist must be disclosed to JCOPE. However, the public has to trace back to those who may influence the award of the contract, look at donations, and determine what donors may be affiliated with which particular companies, and then also know and understand what contracts pertain to which agencies.
Fiscal responsibility is a critical component for economic growth and job creation. By adhering to a self-imposed State Operating Funds spending cap of two percent, The NYS Senate has partnered with the Executive to save taxpayers more than $31 billion over the last seven years while maintaining a commitment to high priority areas such as education and health care.

The FY 2018 Executive Budget would increase State Operating Funds spending by $1.8 billion or 1.9 percent and adjusted All Funds spending would increase by $4.9 billion or 3.4 percent. School aid would increase by 5.1 percent on a state fiscal year basis and health by 5.5 percent.

To ensure the continuance of fiscal austerity, on January 9, 2017, the Senate passed the Annual Spending Growth Cap Act (S.365), which would codify the current self-imposed two percent spending cap. Based upon the most recent updated information from the Executive Budget, this would save approximately $14 billion over the next five years.

Increases Reserves. The bill would increase the maximum reserve capacity of the rainy day fund from five percent to ten percent of the aggregate amount projected to be disbursed from the General Fund during the immediately following State Fiscal Year.

Spending cap is linked to inflation. The annual spending cap would be defined as the average rate of inflation (consumer price index, all urban) of the three calendar years immediately preceding the state fiscal year for which the cap would apply. The spending cap would apply only to State Operating Funds (which excludes capital and federal funds).

The cap can be exceeded in the event of an emergency. The Executive would be prohibited from submitting, and the Legislature would be prohibited from acting upon, a budget that contains a spending increase that exceeds the spending cap unless an emergency exists.

The Governor would have the power to declare a state of emergency by Executive Order and, based upon such declaration, authorize the Legislature, by a two-thirds super majority, to act upon a budget with spending that exceeds the cap. The bill defines an emergency as an extraordinary, unforeseen occurrence such as a terrorist attack, natural disaster, invasion or economic calamity.

Within five days of action by the Legislature on the Executive Budget, the State Comptroller would determine whether the Enacted Budget exceeds the spending cap. If the Budget exceeds the spending cap, as determined by the Comptroller, the Executive would be required to take action to reduce spending to a level that falls within the confines of the cap.

The bill passed by the Senate has no fiscal impact for FY 2017 because it would apply to the FY 2018 budget.

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1 Adjusted All Funds spending excludes extraordinary items such as Federal disaster aid for Superstorm Sandy and Federal funds associated with the Affordable Care Act.

2 FY 2018 Executive Budget Financial Plan, page 13 references the health increase and t-132 reference the state fiscal year school aid increase.
The Self Imposed Spending Cap Has Saved Approximately $31 Billion Through FY 2018
Background

The Fiscal Year (FY) 2017 Enacted Budget included Article VII legislation (Chapter 54 of 2016, Part K) to incrementally increase the statutory minimum wage beginning on December 31, 2016. Historically, there has been one single minimum wage applied statewide, however, there are now separate minimum wages for: large (11 or more employees) and small (10 or fewer) employers in New York City; Nassau, Suffolk and Westchester Counties; and the rest of the state.

As a result of NY State Senate advocacy, the new law contains a provision to protect businesses from increased labor costs in the event of an economic downturn. Beginning in 2019, and annually thereafter until the minimum wage reaches $15 per hour in all areas of the state, the Division of the Budget (DOB) is required to conduct an analysis of the state of the economy in each region of the state, and catalogue the effect of the applicable minimum wage increase, to determine if a temporary suspension or delay in any scheduled increase is warranted.

In conducting this analysis, DOB must consult the New York State Department of Labor and its Division of Research and Statistics, the United States Department of Labor, the Federal Reserve Bank of New York and other economic experts. DOB will issue a report and recommendation to the Labor Commissioner, who must take action in accordance with §656 of the Labor Law, which governs Wage Board reports.

The new law also contains provisions to preclude the Executive from using wage board authority to implement a minimum wage that is higher than that contained in statute prior to it becoming effective.

December 2015 Administrative Wage Order

In December 2015, the Department of Labor issued an administrative Wage Order increasing the minimum wage for workers in fast food establishments that are part of a chain of 30 or more locations. This order contained different increase schedules for New York City and the rest of the state. In both instances, the scheduled increases are much more aggressive than those enacted statutorily in Chapter 54 of 2016. Under this order, the minimum wage for fast food workers in New York City would rise to $15 per hour on December 31, 2018, and in the rest of the state on July 1, 2021.

Language was included in the FY 2017 Enacted Budget allowing the Commissioner of Labor to modify the December 2015 wage order to conform wage increases for fast food workers with those in statute. Disappointingly, the December 31, 2016 Wage Order issued by the Department of Labor maintains the accelerated wage increase schedule for fast food workers, and creates extreme disparities and unintended consequences.

The full schedule of upcoming increases in the minimum wage can be found in Table A.
The Cash Wage

The cash wage, or “tip wage,” is paid to certain service and hospitality industry employees for whom tipping represents a significant part of their income. Employers are given a credit for tips earned by these employees up to the minimum wage. If tipped compensation is less than the minimum wage, the employer must pay the difference. Tipped employees do not earn below the minimum wage.

Historically, there were separate cash wages established for food service workers, service employees and service employees in resort hotels. The December 2015 Administrative Wage Order moved all of these employees to a single category and rate for the tipped cash wage, which was increased from $4.90, $5.00 and $5.65, respectively, to $7.50 per hour.

The FY 2017 Enacted Budget established the cash wage at two-thirds of the statutorily established minimum wage, or $7.50, whichever is higher. Additionally, the provision of the law that linked increases in the cash wage to the Federal Fair Labor Standards Act were removed.

Implications for Businesses

In a February 2016 analysis, the New York State Department of Labor estimated that increasing the minimum wage to $15 per hour will increase labor costs for all employers, on a statewide basis, by $15.7 billion.

On an annual basis, for each dollar increase in the minimum wage, businesses would incur a total cost of $2,325 per full-time employee, of which $245 is attributable to increased payroll taxes.

In total, the increase in the minimum wage from $9.00 to $15.00 per hour would see business wage costs increase by $12,480 per full-time, minimum wage earning employee. Additionally, businesses would incur $1,470 in additional annual tax liabilities (payroll taxes and Workers’ Compensation), for a total cost of $13,950 per full-time minimum wage earning employee.

To offset these additional costs to businesses, the Senate will continue to advocate for statewide reforms of key cost drivers, such as Workers’ Compensation, business property taxes, the cost

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Table A

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<tr>
<th>Effective Date</th>
<th>New York City</th>
<th>Long Island &amp; Westchester</th>
<th>Rest of State</th>
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<tr>
<td></td>
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<td>$13.00</td>
<td>$12.00</td>
</tr>
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<td>12/31/2018</td>
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<td>$15.00</td>
<td>$13.50</td>
</tr>
<tr>
<td>12/31/2019</td>
<td>$15.00</td>
<td>$15.00</td>
<td>$15.00</td>
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<tr>
<td>12/31/2020</td>
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<tr>
<td>7/1/2021</td>
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<td>N/A</td>
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<tr>
<td>12/31/2021</td>
<td>$15.00</td>
<td>$15.00</td>
<td>$15.00</td>
</tr>
</tbody>
</table>

* pursuant to administrative wage order  
** Effective December 31, 2021, and each December 31 thereafter, the minimum wage for the Rest of State will be as published by the Commissioner of Labor on or before October 1, based on the then current minimum wage increased by a percentage determined by the Director of the Budget, in consultation with the Commissioner, not to exceed $15/hour. The percentage increase is to be based on indices including, but not limited to: the rate of inflation for the most recent 12-month period ending in June of that year; the rate of State personal income growth for the prior calendar year; or wage growth.
of energy, and relief from the cost of overregulation.

**State Budget Impact**

**Farm Workforce Retention Credit**

The FY 2017 Enacted Budget also included Article VII legislation (Chapter 60 of 2016, Part RR) establishing the “Farm Workforce Retention Credit,” which is an attempt to minimally offset the impact on farmers of increased labor costs associated with scheduled increases in the minimum wage.

Eligible farm employers are able to claim a refundable tax credit for each farm employee who is employed for 500 or more hours each year. The amount of the credit equals $250 in 2017, $300 in 2018, $500 in 2019, $400 in 2020, and $600 in 2021. Although the minimum wage is scheduled to increase at different rates for different regions of the state, there is no such variation in the tax credit amounts, meaning that farmers in Nassau, Suffolk and Westchester Counties will receive a credit that is much smaller than their increased labor costs.

This credit is projected to provide savings to farmers, and a reduction in state tax receipts, of $15 million in FY 2019, $18 million in FY 2020, $30 million in FY 2021, $24 million in FY 2022, and $37 million in FY 2023.

**Minimum Wage Reimbursement Tax Credit**

Originally enacted as part of the FY 2014 Enacted Budget, the Minimum Wage Reimbursement Tax Credit was established to provide employers with a tax credit for employees who are: paid the minimum wage, between the ages of 16 and 19, and are students.

The FY 2017 Enacted Budget included Article VII legislation (Chapter 60 of 2015, Part P) to expand this credit. The credit is available for taxable years 2016, 2017 and 2018, and is equal to the total number of hours worked by eligible employees multiplied by $1.35. This credit is projected to save businesses, and reduce state tax receipts, by $45 million in each FY 2018, FY 2019 and FY 2020.

**Health/Medicaid**

The FY 2017 Enacted Budget included language within the appropriation for Medicaid Administration State Operations, under the Department of Health (DOH), to allow the Director of the Division of the Budget to increase the Medicaid global cap to reflect minimum wage increases in FY 2017 and FY 2018. Corresponding Article VII legislation was enacted (Chapter 54 of 2016, Part JJ) to codify these provisions in statute.

Additionally, the FY 2017 Enacted Aid to Localities Budget included $218 million in state funds ($436 million including Federal funds), over two years, to enhance reimbursement to health care providers for increased costs associated with the minimum wage increase.

In FY 2017, Medicaid spending increased by $44 million above statutory Global Cap limits as a result of the minimum wage increase. This cost rises to $255.4 million in FY 2018 and is projected to continue rising in future Fiscal Years as follows:

- $579 million in FY 2019
- $838 million in FY 2020
- $881 million in FY 2021

**Mental Hygiene**

The FY 2017 Enacted Aid to Localities Budget for agencies under the Department of Mental Hygiene included funds in support of direct salary and related fringe benefit costs associated with the minimum wage increase for impacted organizations, as follows:
- Office of Alcoholism and Substance Abuse Services - $800,000
- Office of Mental Health - $600,000
- Office for People With Developmental Disabilities - $4.1 million

The FY 2018 Executive Budget reflects state spending increases in each of these agencies, resulting from minimum wage related expenses, as follows:

- Office of Alcoholism and Substance Abuse Services - $4.6 million ($5.2 million including Federal funds)
- Office of Mental Health - $3.5 million ($5 million including Federal funds)
- Office for People With Developmental Disabilities - $14.9 million ($27.4 million including Federal funds)

**Education**

The FY 2017 Enacted Budget included an additional $1 million for the impact of the minimum wage increase on schools in the 2016-17 school year. The FY 2018 Executive Budget includes $6.2 million for the impact in the upcoming 2017-18 school year.

**Human Services**

There is no impact on state funds related to the minimum wage increase in the Human Services budget.

A $1 million increase in the Summer Youth Employment program was included in the FY 2017 Enacted Budget related to the minimum wage increase, however, this program is funded with Federal Temporary Assistance for Needy Families (TANF) block grant funds. The associated cost to the program in FY 2018 is $5 million.
The Fiscal Year (FY) 2017 Enacted Budget contained legislation (Chapter 54 of 2016, Part SS) establishing a Paid Family Leave (PFL) benefit for workers in New York State. Once fully implemented, the benefit will provide up to 12 weeks of paid time off for employees to care for: a seriously ill family member; an infant, newly adopted child or newly placed foster child; or because of qualifying exigency arising from the fact that the employee’s spouse, domestic partner, child or parent is on, or has been called to, active duty in the Armed Forces of the United States.

**Benefit**

When fully implemented, employees will be eligible for up to 12 weeks of PFL annually. The benefit will be phased in over four years and will be a percentage of the employee’s average weekly wage, not to exceed that percentage of the state average weekly wage as calculated by the New York State Department of Labor (currently $1,296.48), as follows:

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<th>Effective Date</th>
<th># of Weeks</th>
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<td>1/1/2018</td>
<td>8</td>
<td>50%</td>
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<tr>
<td>1/1/2019</td>
<td>10</td>
<td>55%</td>
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<td>60%</td>
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<td>1/1/2021</td>
<td>12</td>
<td>67%</td>
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</tbody>
</table>

The minimum benefit amount is $100 per week, unless the employee’s actual wages are less than $100, in which case the employee will receive their full wages.

The Superintendent of Financial Services (“Superintendent”), in his or her discretion, may delay these increases by one or more calendar years. In making that determination, the Superintendent must consider the following:

- the current cost to employees of the PFL benefit, and any expected change in the cost after the benefit increase;
- the current number of insurers issuing policies with a family leave benefit, and any expected change;
- the impact of the benefit increase on employers’ business and the overall stability of the program;
- the impact of the benefit increase on the financial stability of the disability and family leave insurance market and carriers; and
- any additional factors that the Superintendent deems relevant.

**Eligibility**

All private sector employees are covered by the program. Public employees, including those employed by the state or local governments and public authorities, are exempt from the program. However, public employees covered by an employee organization may opt-in to PFL benefits through a collective bargaining agreement. For those not represented by an employee organization, the public employer may opt-in to PFL benefits after providing 90 days notice to employees.

An employee must be employed with an eligible employer for 26 consecutive weeks before
becoming eligible for PFL benefits. This is in contrast to disability insurance, for which an employee must be employed for four consecutive weeks to become eligible. PFL benefits are not available in the following instances:

- when the employee is receiving total disability payments through workers’ compensation, volunteer firefighters’ benefits or volunteer ambulance workers’ benefits;
- when an employee is not employed or is on administrative leave;
- when an employee is collecting sick pay or other paid time off; or
- for any day in which the employee works at least part of that day for remuneration or profit.

For purposes of receiving PFL benefits, an employee’s family member is specifically considered to be:

- A child, which includes a biological, adopted or foster son or daughter, a stepson or stepdaughter, a legal ward, a son or daughter of a domestic partner, or a person to whom the employee stands in loco parentis;
- A parent, which includes a biological, foster or adoptive parent, a parent-in-law, a stepparent, a legal guardian, or a person who stood in loco parentis to the employee when they were a child;
- A grandparent, which is a parent of the employee’s parent;
- A grandchild, which is a child of the employee’s child;
- A spouse; or
- A domestic partner, which is someone who depends on the employee for support, or has registered as a domestic partner of the employee with any registry of domestic partnerships maintained by the employer of either party, or any government entity.

Employers are prohibited from taking retaliatory action against an employee who claims a PFL benefit. Upon returning from family leave, an employee must be restored to the position they held when leave commenced, or to a comparable position with comparable pay, benefits and other terms and conditions of employment.

**Financing**

PFL benefits are paid as an insurance benefit through a new PFL insurance product and will be financed through a new mandatory employee contribution beginning on January 1, 2018. Employers are not required to fund any portion of the PFL benefit.

The Superintendent is required to set the maximum employee contribution beginning on June 1, 2017, and on September 1 of each year thereafter.

The Superintendent is also required, by June 1, 2017, to determine whether the family leave benefit coverage of a group accident and health insurance policy providing disability and family leave benefits, including policies issued by the State Insurance Fund, will be subject to experience rating or community rating.

- **Experience rating** defines a rating methodology in which the premium is determined by the amount of loss that an insured party experiences compared to the amount of loss that similar insureds experience.1
- **Community rating** defines a rating methodology in which the premium equivalent rate for all lives covered is the same, based upon the experience of the entire pool covered without regard to age, sex, health status or occupation.2 Should the Superintendent opt for community rating, policies would most likely be subjected to a risk adjustment mechanism designed to

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2 New York State Insurance Law, §4702 (a).
equalize the per member per month claim amounts among insurers in order to protect insurers from disproportionate adverse risks.

The FY 2018 Executive Budget advances Article VII legislation to create a Paid Family Leave Risk Adjustment Fund under the sole custody of the Superintendent of Financial Services. This proposal indicates the Department is seriously considering community rating for this product.

Funds received from insurance carriers as payments into any risk adjustment mechanism that may be established would be deposited into the fund and held on behalf of insurance carriers, to be paid to such carriers pursuant to the risk adjustment mechanism.

The monies held in the Paid Family Leave Risk Adjustment Fund would **not** be deemed to be state funds.
Workforce Update

The overall number of state employees remains relatively unchanged. The FY 2018 Executive Budget proposes a net All Funds workforce decrease of 136 full time equivalent (FTE) positions from 181,744 to 181,608. This change is due to an increase of 1,749 new hires offset by 1,885 FTE leaving due to normal attrition. In addition, the Executive proposes to shift 3,801 FTE from State Operating Funds to Capital Projects (3,748) and to Federal funds (53).

There are no layoffs or newly announced facility closures anticipated.

Major Workforce Changes

Department of Corrections and Community Supervision (DOCCS) DOCCS projects a workforce increase of 126 FTE, which reflects 165 new hires offset by 39 vacancies generated through attrition. In addition, 979 FTE would be shifted to state capital projects funds.

Department of Health (DOH) DOH projects a net workforce increase of 163 FTE, which reflects 212 new hires offset by 49 vacancies generated through attrition. In addition, 82 FTE would be shifted to capital projects. The additional staff would be used to manage the take-over of administration from the counties.

Office for People with Developmental Disabilities (OPWDD) OPWDD projects a net workforce reduction of 253 FTEs. This is driven by deinstitutionalization and downsizing through attrition.

Office of Mental Hygiene (OMH) OMH projects a net workforce reduction of 353 FTE, which reflects 521 vacancies through attrition offset by 168 new hires. This reflects the reconfiguration of state operated services and inpatient bed reduction.

In addition to the agencies listed above, the State University of New York would shift 1,863 FTE from State Operating Funds to Capital Projects. The remaining 877 FTE being shifted come from the Office of General Services, the Office of Parks and Recreation and other Executive controlled agencies.

Collective Bargaining

The New York State Police Investigators Association has agreed on a five-year labor contract, which is pending member ratification. The contract provides for a two percent salary increase for FY 2015 and 2016 and 1.5 percent salary increases for FY 2017 and 2018.

The City University of New York (CUNY) Board of Trustees approved collective bargaining agreements with faculty and staff.

The Public Employees Federation (PEF) ratified a three-year contract that includes annual salary increases of two percent.

The New York State Correctional Officers (NYSCOBPA) ratified a contract through 2021, which includes annual salary increases of two percent.
<table>
<thead>
<tr>
<th>Major Agencies</th>
<th>FY 2016 Actuals (03/31/16)</th>
<th>Starting Estimate (03/31/17)</th>
<th>Attritions</th>
<th>New Fills</th>
<th>Mergers</th>
<th>Net Change</th>
<th>Ending Estimate (03/31/18)</th>
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Subtotal - Minor Agencies 7,626  8,033  (198)  254  0  55  8,088
In FY 2014, the SUNY Tax-Free Areas to Revitalize and Transform Upstate (START-UP) New York program was enacted to create tax free areas around the state’s colleges and universities. Under this program, businesses, as well as their employees, locating near and partnering with the state’s colleges and universities are offered tax benefits which eliminate any New York tax liability. The tax benefits are available as credits or deductions under the corporate income tax, the personal income tax, and the sales tax. Those businesses locating on a college campus also benefit from real property tax exemptions.

**Executive Proposal**

The Executive proposes to: (1) rebrand the Start-Up NY Program as the Excelsior Business Program (EBP), and (2) modify the tax free areas, eligible businesses, and reporting requirements of the program as set forth below.

**Tax Free Areas**

The amount of space that can be designated as tax free areas depends upon where the partnering college or university is located and whether or not the partnering school is a public or private institution. In addition, business incubators affiliated with higher education institutions and strategic state assets can also be designated as tax free areas. The amount of eligible space is as follows:

- **SUNY schools and community colleges outside Long Island, NYC, or Westchester County:**
  - Vacant land or space on campus
- **SUNY schools and community colleges in Westchester County, NYC, or on Long Island:**
  - Vacant land or space on campus
  - Businesses located in the space have to be high tech or bio tech or start-ups
  - The business incubator at Downstate Medical Center
  - 200,000 square feet for SUNY Maritime
  - Community colleges located in NYC are excluded unless the college owns or leases property north of Westchester County
- **CUNY schools:**
  - Five campuses – one per borough – located in an economically distressed community and designated by the CUNY board of trustees
  - Vacant land or space on campus
- **Private colleges or universities:**
  - Up to three million square feet statewide
  - Vacant land or space on campus
  - Vacant land or space outside of New York City and the counties of Nassau, Suffolk, and Westchester
  - Of the three million square feet, 75,000 square feet per county will be allocated to Nassau, Suffolk, and Westchester counties and each of the five boroughs of New York City
Private colleges downstate are subject to the same limits as the downstate SUNY campuses and community colleges.

Space is designated by the three member START-UP NY approval board comprised of appointees by the Senate, Assembly and Governor.

Executive Proposal

The Executive proposes eligible space that may be designated as a Tax Free Area be expanded to include:

- Vacant land or vacant space in a building that is owned or leased by SUNY schools, CUNY schools, community colleges or an affiliate of the school (space no longer has to be located on the campus).
- SUNY schools, CUNY schools, and community colleges in New York City.
- SUNY Downstate Medical Center.

Eligible Businesses

Upon approval of the plan for a tax free area, the higher education institution can solicit businesses to locate within the tax free area. New businesses to the State can locate in a tax free area. Businesses that are expanding can only locate in a tax free area if they have net new jobs in the State and if the expansion incorporates as a new business.

The following types of businesses are not eligible to participate in the START UP NY program:

- Retail, wholesale, or personal service businesses.
- Restaurants or hospitality businesses.
- Real estate brokers or real estate management companies.
- Law firms.
- Medical or dental practices.
- Finance and financial services.
- Accounting firms.
- Utilities, or

Businesses providing administrative or support services, unless such business creates 100 or more jobs.

A business can also be excluded from the Program if it competes with other businesses in the same community.

Executive Proposal

The Executive proposes to restrict the eligibility for the program and defines a new business as:

- A business that has been organized for no more than five years prior to their application.
- Has employed no more than 25 employees in the four calendar quarters prior to their application.
- Must not have generated net income from operations in any tax year of the business prior to application, and
- Is not publicly traded or publicly traded with no more than five percent owned by a publicly traded company.

The businesses must locate all of its New York business activities in one or more tax-free areas if approved.

Eliminates the additional business eligibility requirements on Long Island, Westchester, and New York City.

Eliminates the eligibility of businesses that have successfully completed a residency in a New York State Incubator, may be eligible if they meet the other requirements of a “new business”.

Eliminates the requirement that businesses, as part of their application to EBP, include performance benchmarks, including the number of jobs that must be created, the schedule for creating those jobs, and details on the job titles and expected salaries. In addition, the application no longer has to specify the consequences if they do not meet the benchmarks. However, businesses will be terminated from the EBP if they do not create at least one net new job within five years. They will not be required to pay back any tax benefits they already received if they are terminated from the program.
The proposal would allow the Commissioner of Economic Development (the Commissioner) to exercise discretion in allowing businesses to exempt from tax, income that business generates or receives from the expansion of a line of business or intangible property that the business previously conducted, created or developed in a limited, prototypical fashion.

**Excelsior Jobs Tax Credits**

The Executive proposes to expand the tax credits available under the Excelsior Jobs Program to new businesses that are accepted into the EBP. These businesses would not have to engage in the eligible business activities required under Excelsior Jobs. These businesses would be required to create at least five net new jobs. These businesses will be eligible to the claim the Excelsior Jobs tax credit which is equal to the product of gross wages paid and 6.85 percent. New business may also be eligible for the Excelsior investment tax credit, the research and development tax credit, and the real property tax credit, subject to the discretion of the Commissioner.

**Reporting Requirements**

The Executive proposes to drastically scale back the current reporting requirements of the Excelsior Business Program.

The Executive proposes to combine the Excelsior Jobs Program and EBP reports. The reports will no longer be prepared quarterly, but annually.

The Commissioner is no longer required to disclose publicly:
- addresses of businesses located with the tax-free area,
- Information contained in the businesses applications and reports including projected number of net new jobs to be created (business are no longer required to even project this)

The Commissioner is no longer required to prepare an annual report to the Legislature and Governor that would include:

- Number of business applicants
- Number of businesses approved
- The names and addresses of businesses within the Tax-free Areas
- Total amount of benefits distributed
- Benefits received per business
- Number of net new jobs created
- Net new jobs created per business
- New investment per business
- Types of industries represented
- Other information as the Commissioner deemed necessary.

However, some of this information would be contained in the annual report that would be posted to the Departments website.

**Advertising Money**

The state has already spent $53 million in advertising “branding” the Start-Up NY program as of October 2015, in last year’s enacted budget an additional $66.5 million was appropriated to advertise ESDC programs including Start-Up NY. This year, the Executive has requested another $69.5 million to advertise ESDC programs, including the rebranded EBP.
SECTION THREE

SUMMARY OF ARTICLE VII
LEGISLATION AND APPENDICES
## SCHEDULE FOR LEGISLATIVE REVIEW OF THE FY 2018 EXECUTIVE BUDGET PROPOSAL

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Schedule as of January 23, 2017
SUMMARY OF THE IMPLEMENTING BUDGET BILLS

This appendix contains a summary of the implementing legislation submitted with, and required to enact the FY 2018 Executive Budget. The Governor’s presentation consists of fourteen total bills, five appropriation and nine article VII bills. While this section provides a brief summary, any questions or additional information on any of the provisions contained in these bills should be addressed to the appropriate Senate Finance or Program and Counsel analyst, or through reference to the Executive’s more complete Memorandum in Support which provides additional detail.

FY 2018 EXECUTIVE BUDGET BILLS

Appropriation Bills

S.2000/A.3000 State Operations
S.2001/A.3001 Legislative & Judiciary
S.2002/A.3002 State Debt Service
S.2003/A.3003 Aid to Localities
S.2004/A.3004 Capital Projects

Article VII Bills

S.2005/A.3005 Public Protection & General Government
S.2006/A.3006 Education, Labor & Family Assistance
S.2007/A.3007 Health & Mental Hygiene
S.2008/A.3008 Transportation, Economic Development & Environmental Conservation
S.2009/A.3009 Revenue

Freestanding Article VII Bills

S.2010/A.3010 Good Government and Ethics Reform
Same Day Registration
Outside Income
Term Limits
PART A – Extends various criminal justice and public safety programs that would otherwise sunset.

- Extends for two years, 24 criminal justice and correctional service provisions/programs that are due to expire September 1, 2017, including:
  - Expansion of the geographical area of employment of local law enforcement when assisting state police;
  - Alcohol and substance abuse treatment correctional annex programs;
  - Incarceration fees;
  - Parole and conditional release fees;
  - Probation fees;
  - Alternatives to incarceration programs;
  - Two sections on mandatory surcharge and crime victim assistance fees;
  - Ignition interlock device program;
  - Merit time programs;
  - Reduced inmate civil litigation filing fee;
  - Order of protection registry and mandatory arrest in cases of domestic violence;
  - Closed-circuit television for vulnerable child witness system;
  - Sentencing Reform Act of 1995;
  - Electronic court appearance program;
  - Agreements for housing inmates and federal prisoners;
  - Armory rent;
  - Psychological testing for correction officer candidates;
  - Two related to work release and furlough programs;
  - Two related to earned eligibility programs;
  - Interstate compact for adult offenders; and
  - Use of community treatment facilities.

- Extends for two years a program allowing District Attorneys in New York City to retain a portion of settlement recoveries prior to the filing of an accusatory instrument against a defendant.
PART B – Possession of Marihuana.

- Proposes the removal of the “public view” language from the class B misdemeanor of criminal possession of marihuana in the fifth degree.
- Possession in public view would become a violation of the penal law.

PART C - Cybercrime laws.

- Adds two additional degrees of identity theft offenses. The existing first, second, and third degree offenses (class D felony, class E felony and a class A misdemeanor) are renamed as third, fourth and fifth degree offenses and the new first and second degree offenses are class B and class C felonies. The class B felony - the first degree offense would require a financial loss of over five hundred thousand dollars or that a person assume the identity of more than one hundred other people. The class A misdemeanor - the fifth degree offense does not contain any monetary threshold, just a financial loss or that a person assume the identity of another person.
- Enhances penalties for identity theft offenses when the defendant has previously been convicted of an identity theft offense.
- Adds a new computer tampering offense to replace the current highest level charge, which is a class C felony that requires an aggregate amount of damages exceeding fifty thousand dollars with a class B felony that requires an aggregate amount of damages exceeding one million dollars.

PART D- Criminal Justice Reform Act: Mandatory recording of certain interrogations, modifications to witness identification procedures, and modification to indigent legal defense programs.

- Mandates the recording of all custodial interrogations conducted on specified offenses; including all non-drug class A-I offenses, predatory sexual assault and predatory sexual assault against a child, homicide offenses, and violent felony offenses.
  - Requires the recording to include the giving of “Miranda” rights and the waiver of any rights of the individual being questioned.
  - Provides that failure to record an interrogation cannot be the sole basis for suppression.
  - Prosecutor can make a showing of “good cause” as to why an interrogation was not recorded.
- Provides that certain witness identification procedures be admissible in court proceedings.
  - Identification must be conducted pursuant to a blinded procedure.
  - Division of criminal justice services (DCJS) will create and disseminate a protocol for administering the identification procedure.
- Creates a statewide indigent legal defense plan to apply to all public defenders, legal aid society, assigned counsel programs and conflict defender offices.
  - Requires the Office of Indigent Legal services (ILS) to develop a statewide plan, subject to approval by the Director of the Division of the budget, to provide counsel at arraignment, caseload relief, and improve the quality of indigent legal defense. Plans must be developed by December 1, 2017 and implemented by April 1, 2023.
- Requires (ILS) to monitor and report on implementation and compliance with the plan.
- The state shall reimburse counties for any costs incurred as a result of implementing the plan.
- Raises the fee paid to the Office of Court Administration for criminal history reports from sixty-five dollars to eighty dollars with the increased portion going to the indigent legal services fund.
- Raises the registration fee for attorneys from $375 to $425, with the increased portion going to the indigent legal services fund.
- Raises the driver’s license suspension fee from $75 to $105, and changes the percentage of funds collected submitted to the general fund.

**PART E - Correction Reform Bill.**

- Authorizes the Commissioner of the Department of Correction and Community Supervision (DOCCS) to impose release conditions on inmates released on presumptive release, conditional release or subject to a period of post-release supervision or serving a sentence of parole supervision, which are currently imposed by the Board of Parole (Board). The Board would retain the authority to impose conditions of release for inmates released on parole by the Board.
- Authorizes a three month reduction in post-release supervision upon the releasee’s completion of each six month period of post-release supervision. Persons convicted of a sex offense, sexual performance by a child, a hate crime, terrorism, or an attempt or conspiracy to commit any of the foregoing crimes are not eligible for the reduction in post-release supervision.
- Provides that upon a successful completion of a vocational culinary program of no less than two years, or successful completion of a 490 hour training program in a Department of Motor Vehicles call center and continue work at such call center for an additional 21 months, an inmate shall be eligible for release or conditional release six months earlier.
- Allows additional flexibility for those granted a youthful offender disposition, authorizing a conditional and unconditional discharge as a disposition for a youthful offender convicted of a drug offense.
- Creates determinate sentencing for class B, C, D, or E for both first and second felony offenders. Class A felony sentences remain indeterminate. The sentences are less than the sentences authorized by current law.
- Creates terms of post-release supervision on the B, C, D or E felony offenses that would change to determinate sentences.
- Includes the class B crime of Conspiracy in the Second Degree, an agreement to commit a class A felony defined in article 220 of the Penal Law, and conspiracy to commit a class A felony not defined in article 220 of the Penal Law is a class C violent felony.
- Enhances the penalties on five different offenses including: tampering with a witness in the first degree, tampering with a witness in the second degree, intimidating a victim or witness in the second degree, criminal contempt in the first degree and aggravated criminal contempt.

**PART F - Hate Crimes Task Force.**

- Establishes a hate crime task force to prevent, investigate, and detect specific penal law offenses designated as hate crimes. Specific offenses are found in article 485 of the penal law (hate crimes), penal law section 240.30 (aggravated harassment in the second degree), and penal law section 240.31 (aggravated harassment in the first degree).
The task force will be comprised of members of the New York State Police Bureau of Criminal Investigations and assigned at the discretion of the Superintendent of the State Police.

Directs the Division of Human Rights to prepare reports within 90 days detailing the rights and remedies provided under law and to combat discrimination on the basis of age, race, creed, color, national origin, sexual orientation, military status, sex, disability, familial status, domestic violence victim status, genetic predisposition, or marital status.

**PART G – Expand eligibility for Office of Victim Services.**

- Expands the list of offenses for which a victim who has not suffered an injury is eligible for reimbursement of certain expenses by the Office to Victim Services to include menacing in the first and second degrees, criminal mischief in the fourth degree, robbery in the first, second and third degrees.

**PART H - Reimbursable expense of loss of savings.**

- Allows a vulnerable elderly person, incompetent person, or a physically disabled person (as defined in the penal law) to collect an award from the Office of Victim Services for a loss of savings that is the result of a larceny crime where cash is stolen.
- Expands the list of offenses which define a “victim” for the purposes of reimbursements provided by the Office of Victim Services, to include: menacing in the first degree; criminal obstruction of breathing; certain subdivisions of harassment in the second degree; certain subdivisions of aggravated harassment in the first and second degrees; criminal contempt in the first degree; and stalking offenses.
- Allows an award for loss of savings up to thirty thousand dollars.

**PART I - Additional Duties of the Commissioner of General Services.**

- Assigns the Commissioner of General Services the duty to pay for damage and losses occurring in and to state-owned structures, buildings and their contents as a result of floods, for flood related losses and flood related hazards. Payments will be in amounts not less than coverage limits in standard flood insurance policies.

**PART J – New York State Buy American.**

- Expands the contract and procurement provisions of state finance law and public authorities law to require state agencies and public authorities to give preference to American-made products when issuing a procurement and entering into contracts in excess of $100,000.
- Establishes that to qualify as “American-made” the end manufacturing processes should take place in the United States and more than 60% of the components of manufactured goods should be of domestic origin.
- Establishes a presumption of reasonableness for a state entity making any determination in relation to this Act.
- Requires contractor to sign a Manufactured in America product certification.
• Requires a contractor who is found guilty by a state or federal court of misrepresenting that the products were made in America or misrepresents the Manufactured in America label to be deemed non-responsible.

• Exemptions to requirements may be granted in the Executive’s sole discretion for any of the following reasons:
  o If the best interest of the state is served by exempting the procurement based upon an immediate or emergency need for certain products, or for health, safety, or welfare reasons;
  o If the application of the requirements of the Act would be inconsistent with the public interest;
  o If the product is manufactured by only one manufacturer and a foreign made product is less expensive and of equal or better quality or design;
  o If a foreign made product is of superior quality or design and is sold at a reasonably comparable price;
  o If the state contract is subject to federal funding and the requirements of such federal funding supersede the Act;
  o If the specified products are not manufactured in America in sufficient quantities or quality to meet the State entity’s requirements or cannot be manufactured in America or within the necessary time in sufficient quantities to meet the agency's requirements;
  o If obtaining the specified products manufactured in America would increase the cost of the contract by an unreasonable amount, as such is determined by the executive;
  o If the specified products are necessary for the operation or repairs of critical infrastructure that is necessary to avoid a delay in the delivery of critical services that could compromise the public welfare, or
  o If the products are subject to a reciprocal trade agreement or treaty that has been negotiated by the State or by the United States government.

PART K – Authorize the transfer of Division of Military and Naval Affairs employees in the unclassified service of the State to the Office of General Services.

• Provides statutory authorization effectuating the transfer of certain administrative personnel from the Division of Military and Naval Affairs (DMNA) to the Office of General Services (OGS) Business Service Center (BSC) and continues the centralization of agency human resource personnel in the BSC.

PART L – Extends the authority of the Office of General Services (OGS) to enter into construction contracts without formal competitive bidding in certain emergencies and streamlines contracting for construction projects performed in secure facilities.

• Extends for two years the authority of OGS to enter into construction contracts in certain emergencies without going through the formal competitive bidding process.
• Authorizes OGS to create an ongoing list of eligible experienced bidders (updated quarterly) to perform work at secure state facilities, and to designate certain drawings and specifications for construction projects at secure facilities as being available only to contractors on the list of eligible bidders.
PART M – Authorizes the Commissioner of the Office of General Services (OGS) to procure legislative printing without competitive bidding up to $85,000.

- Authorizes OGS to enter into a contract up to $85,000 without competitive bidding for legislative printing (e.g., legislative bills, budget bills, journals, session laws). Currently, OGS is required to perform legislative printing for the Legislature and Executive, and to use a formal competitive bid process for such printing. This Part would provide that OGS must use formal competitive bidding only when the contract for such printing is more than OGS’ general discretionary purchasing threshold of $85,000.

PART N – Makes various amendments to the preferred sources program for commodities and services.

- State agencies, municipalities and school districts must purchase commodities and services from preferred sources – (1) Corcraft, (2) the Preferred Source Program for People who are Blind, or (3) New York State Industries for the Disabled – when such a source can provide the commodity or service being sought. This Part would:
  o Add asbestos abatement as a service for which Corcraft would be a preferred source;
  o Change the phrase “severely disabled” to “significantly disabled” to conform to language used by the preferred source community and Federal government;
  o Require purchasing agencies and entities to provide a written scope of services and timeframes for the commodities or services being sought, and for preferred sources to then respond with a written proposal; and
  o Require the State Procurement Council to establish guidelines to assist purchasing agencies and entities in developing a written scope of services and timeframes.

PART O – Strengthens Compliance with State Insurance Fund Audits.

- Allows the State Insurance Fund (SIF) to cancel an insurance contract if an employer fails to cooperate with a payroll audit, which occurs if an employer fails to keep an appointment with a payroll auditor twice, or fails to furnish business records to a payroll auditor as required by law.
- Requires employers insured by the SIF to maintain records regarding classification of employees, as well as any information regarding employee accidents.
- Requires an employer to maintain records for employees hired by a subcontractor who are not covered by the subcontractors workers compensation insurance policy.
- Subjects an employer who fails to comply with this law to a class E felony, if such employer has previously failed to comply at any time in the past ten years.

PART P – Stabilizes State Insurance Fund Investments.

- Allows the State Insurance Fund to invest up to 25% of its surplus in diversified investment funds, including obligations rated investment grade by a nationally recognized securities rating organization; and up to 10% of its surplus in obligations and preferred or guaranteed shares of American institutions, and investment companies, regardless of grade.
PART Q – Permits term appointments for eligible ITS positions without examination.

- Authorizes the Office of Information technology Services (ITS) to make 250 term appointments of information technology personnel to temporary five-year appointments without taking an initial civil service examination.

PART R - Caps the post judgment interest rate to be charged against the state, municipalities, and other state government entities.

- Replaces the system used pursuant to the civil practice law and rules to calculate the post-judgment interest rate with a rate equal to the weekly average one year constant maturity treasury yield, for the calendar week preceding the date of the entry of judgment, provided that rate could not exceed 9% per annum.
  - Amends the General Municipal Law to make this rate applicable to judgments against municipal corporations.
  - Amends the Public Housing Law to make this rate applicable to judgments against public housing corporations.
  - Amends the State Finance Law, to make this rate applicable to judgments against the state.
  - Amends the law to make the rate applicable against certain public corporations.

PART S – Caps standard Medicare Part B premiums and eliminates the Income-Related Monthly Adjustment Amount (IRMAA) reimbursement for higher-income retirees.

- Caps reimbursement of the Medicare Part B standard premium at 2016 levels:
  - $104.90 per month for those who enrolled in Medicare on or before December 31, 2015; or
  - the lesser of $121.80 per month or the currently applicable standard Medicare premium charge for those who enrolled in Medicare on or after January 1, 2016.
- Eliminates the Income Related Monthly Adjustment (IRMAA) reimbursement effective May 1, 2017, which will increase healthcare premiums for higher-income retirees.

PART T – Implements differential premiums for future New York State Health Insurance Program civilian retirees based on years of service.

- Implements differential premiums for the New York State Health Insurance Program (NYSHIP) for future retirees, excluding members in uniformed service or those with disability pensions, based on years of service effective October 1, 2017.

PART U – Establishes County Based Shared Services Program.

- Requires each county outside of the City of New York to have its chief executive officer (county executive or county manager) prepare a property tax savings plan for shared, coordinated and efficient services among the county, cities, towns and villages within such county, not including school districts.
• The chief executive of the county would be required to seek consensus among the mayors and supervisors of each city, village and town within the county, prior to its submission to the County Legislature for approval.

• Under this proposal, the property tax savings plan must contain new, recurring property tax savings, through actions such as, but not limited to:
  o The elimination of duplicative services;
  o Shared services, such as joint purchasing, shared highway equipment, shared storage facilities, shared plowing services, and energy and insurance purchasing cooperatives;
  o Reduction in back office administrative overhead; and
  o Better coordination of services.

• This proposal would lastly provide that a property tax savings plan approved by a County Legislature would be placed upon the ballot by November 2017, and if approved by a majority of such county’s electors, would take effect on January 1, 2018.

PART V - Extends Anti-Discrimination Protections to Public Schools.
• Places public schools, BOCES, and public colleges and universities under the jurisdiction of the Division of Human Rights.

PART W – NYS Consolidated Laboratory Project Act.
• Creates the New York State Consolidated Laboratory Act (the Act) by adding a new section to the public authorities law to implement alternative delivery methods including design-build, construction manager build and construction manager-at-risk to consolidate and/or co-locate the five locations of the Wadsworth Center laboratory facilities.
• Authorizes the Dormitory Authority of the State of New York (DASNY) to determine the alternative project delivery method.
• Allows other laboratory facilities and functions consistent with or complementary to the public health mission of the Wadsworth Center, to be included in the consolidated laboratory project, including parking and other functions ancillary to or supportive of Wadsworth to be included.
• Authorizes DASNY and the Department of Health (DOH) to enter into related agreements including leases and subleases deemed necessary by DASNY and DOH.
• Exempts DASNY and DOH, upon completion of the requirements of one of the alternative delivery methods, from public auction or bidding, or any other competitive procurement process.
• Exempts DASNY and DOH to develop a list of pre-qualified project candidates, and have confidential individual discussions and negotiations with such pre-qualified entities prior to the submittal of their proposal, from provisions of the state finance law, which bars these communications.
• Authorizes DASNY and DOH to accelerate the project upon communication to the Leader of the Senate and the Speaker of the Assembly that an emergency exists that requires DASNY and DOH to modify the requirements of the law to accelerate delivery of the project.
PART X - Excelsior Business Program.

- Changes name of START-UP NY to the Excelsior Business Program (EBP).
- Eligibility for the program requires new businesses to be organized no more than 5 years prior to the time such submits an application, prohibits businesses operating within the state at the time of application, and prohibits applicants who have generated net income from operations in any tax year prior to submission of an application.
- Requires the business in its first 5 years to create and maintain at least one new job.
- Prohibits EBP applicant businesses from being publicly traded unless no more than 5% of the beneficial ownership of the business is owned directly or indirectly of a publicly traded entity.
- Prohibits EBP applicants from hiring more than 25 people in four calendar quarters prior to the submission of an application.
- Prohibits participant businesses from moving existing jobs into the tax-free NY area from another area in the state.
- Allows any vacant space in any building or any vacant land owned or leased by a state university campus, community college or city university or by any affiliate to be deemed eligible land, and reinstates any property of downstate medical center located in Nassau county, Suffolk county, Westchester county or New York city as eligible land.
- Removes the provision allowing businesses that have successfully completed residency in a New York state incubator subject to approval of the commissioner, to participate in the program if such business locates in a tax-free NY area, notwithstanding the fact that the business may not constitute a new business.
- Removes additional eligibility requirements for Nassau, Suffolk, Westchester and New York City.
- Requires the average number of employees of the business and its related persons (as defined by the internal revenue code) in the state during each year to equal or exceed the sum of: the average number of employees of the business and its related persons in the state during the year immediately preceding the year in which the business submits its application to locate in a tax-free NY area; and (ii) net new jobs of the business in the tax-free NY area during the current year.
- Requires business to relocate all of its business to NY and prompt notification to the commissioner of any change in organizational structure.
- Grants eligibility for the Excelsior Jobs Program Credit; and subject to the discretion of the commissioner businesses may be eligible for the Excelsior investment tax credit; the Excelsior research and development tax credit; and the Excelsior real property tax credit.
- Removes the requirement that requires business submitting an application to include performance benchmarks and other job creation details.
- Expands Excelsior Jobs Program to businesses approved to participate in the EBP, and requires those EBP approved businesses participating in the Excelsior Jobs Program to create five new net jobs.

PART Y – Unemployment Insurance Disregard.

- Reduces the penalty imposed on Unemployment Insurance (UI) claimants who work part-time.
- Calculates UI benefits based on a claimant’s weekly earnings, and would allow a claimant to earn up to $100 or 40 percent of the available full unemployment insurance benefit, whichever is greater, before any reduction in benefit.
PART Z – Authorization for transfers, temporary loans and amendments to miscellaneous capital/debt provisions, including bond caps.

- Provides statutory authority for administration of accounts and funds within the FY 2018 budget (sweeps and transfers).
PART A - Amend Education Law and Make Other Changes Necessary to Authorize School Aid and Implement Education-Related Programs In the Executive Budget.

- **Contracts for Excellence**: Requires school districts currently in the Contract for Excellence program to remain in the program, unless all of the schools within the district are reported as “In Good Standing.”

- **Specialized High Schools**: Requires notification to students scoring “advanced” on the eighth grade assessment about opportunities for admission to a specialized high school.

- **Professional Development**: Allows schools to use savings in textbook aid for professional development when partnering with companies for free textbooks in electronic formats.

- **Foundation Aid**: Provides for an increase of $428 million, or 2.6%. The formula will also rely on a three year average of poverty.

- **Community Schools Aid**: Provides a $50 million set aside within foundation aid for schools to adopt the community schools model, with an emphasis on districts with persistently failing or failing schools and high numbers of English Language Learners in low wealth districts.

- **Charter Schools**: Removes the regional cap on the number of charter schools for New York City; places surrendered charters back into the pool of eligible charters; increases facilities funding for New York City schools; places new restrictions on types of space that can be offered for co-locations or alternative space; and creates a new tier of transitional aid for charter school payments.

- **School Discipline**: Beginning January 1, 2019 superintendents would be required to refer violations of students bringing weapons or firearms into school, who are under the age of seventeen, to juvenile delinquency proceedings in family court. Beginning January 1, 2020 this would apply to students under the age of eighteen.

- **School Safety Improvements**: Extends provision allowing for an additional ten percent in building aid for school districts making certain safety improvements for one year.

- **Pre-Kindergarten**: Consolidates priority pre-kindergarten and universal pre-kindergarten programs, requires pre-kindergarten programs to adopt curriculum standards consistent with the NYS pre-k early learning standards, and requires districts to adopt quality indicators for programs operating within the district.

- **State Aid Adjustments**: Freezes school aid claims and payments at the database level used to compute aid for the Executive Budget.

- **Special Education Reform**: Extends the special education class size waiver program for the Big Five school districts for the SY 2018. Also allows schools districts, BOCES, and approved private schools to submit an application for a waiver from any requirement imposed on special education services. The waiver will be granted if the school provides an innovative special education program, consistent with
federal requirements, which will enhance student achievement and/or opportunities for placement in classes and programs. Also requires the State Education Department to adopt a new tuition methodology for preschool special education services.

- **Gifted and Talented Classes**: Requires schools to offer entrance assessments into gifted and talented programs to all students, regardless of teacher recommendation.

- **Mayoral Control**: Proposes a 3-year extension of mayoral control for the New York City school system to June 30, 2020.

- **Consortium for Workforce Education**: Extended through SY 2018, reduces rate of reimbursement and allowable hours, and provides for an $11.5 million set aside that will cease after the completion of payments in the SY 2018.

- **East Ramapo School District**: Extends current oversight and reporting requirements for one year to July 1, 2018 and requires the long-term strategic and fiscal improvement plan to be updated and approved by the commissioner on an annual basis.

- **Bus Driver Safety**: Continued at a funding level of $400,000 for training purposes.

- **Public Libraries**: Extends public support for public libraries for one year.

**PART B - Amend the Education Law to Create New York State’s First Recovery High School Programs.**

- Authorizes two BOCES to offer collaborative alternative education programs for students with diagnosed substance abuse disorders and who have demonstrated a commitment to recovery. Programs will be overseen by the Office of Alcoholism and Substance Abuse Services (OASAS) in conjunction with the State Education Department (SED). Diplomas would be awarded through the student’s district of origin.

- The program would be funded through BOCES aid and would be open to all eligible students, regardless whether the school district is a component of the BOCES operating the program.

**PART C - Make Various Changes to State Law to Align With Recent Changes to the Federal McKinney-Vento Homeless Assistance Act.**

- Makes conforming changes in state law to comply with new federal requirements.

- Allows homeless students to continue in the school building they are in, even if they are designated as not homeless at some point during their time in the school building.

- Mandates enrollment for homeless students in pre-kindergarten programs, as well as removing barriers for access to all other education programming, circumventing any caps on enrollment programs may have.

- Creates a process for parents to challenge the decisions of districts as to which district will provide services for the student.

- Allows for transportation of homeless students up to fifty miles, or greater at the discretion of the commissioner.
PART D – Excelsior Scholarship.

- Provides a scholarship to eligible New York State resident students attending the State University of New York (SUNY) or the City University of New York (CUNY).
- To be eligible, a student must be enrolled in at least 15 credits per semester, maintain a grade point average sufficient for successful completion of their program of study and must meet income eligibility requirements.
- Income eligibility will be based on the student’s family adjusted gross income which shall include those making $100,000 or less in the 2017-2018 academic year; those making $110,000 or less in the 2018-2019 academic year and those making $125,000 or less when fully phased in, in the 2019-2020 academic year.
- Awards shall be granted in an amount equal to the cost of SUNY tuition or the actual cost of tuition, whichever is less, after all other scholarships and financial aid has been applied; including federal Pell grants, state tuition assistance program awards (TAP) and tuition credits provided by SUNY and CUNY. Eligible students shall be required to apply for Pell grants and TAP awards.
- Tuition charged to students who receive an Excelsior scholarship may not exceed the tuition rate charged in the 2016-2017 academic year, which is $6,470.

PART E – New York State Dream Act.

- Provides Tuition Assistance Program (TAP) awards to undocumented students who meet the following criteria:
  - The student must have attended a registered New York State high school for two or more years, graduated from such high school and applied for attendance to an undergraduate program at a New York State institution of higher education within 5 years of receiving their diploma; or attended an approved general equivalency program, received a general equivalency diploma (GED) and applied for attendance to an undergraduate program at a New York State institution of higher education within 5 years of receiving their diploma.
  - An undocumented student shall also be required to file an affidavit with the college stating that such student has filed an application for legalization of his or her immigration status or will file as soon as he or she is eligible to do so.
- Extends all other criteria, exemptions or opportunities found within the education law pertaining to citizen students to those undocumented students such as:
  - Waiving residency requirements for TAP for members, spouses or dependents of a member of the armed forces;
  - Allowing currently enrolled college students who do not have New York State residence to claim their college’s location as their residence for geographic eligibility;
  - Provides that undocumented students shall be eligible for any scholarship in Articles 13 or 14 of the education law. These include regents scholarships and any other named scholarship program such as the New York State Memorial Scholarship, Flight 587 Memorial Scholarship or any loan forgiveness or scholarship program awarded to certain professions such as the Social Worker or Nursing Loan forgiveness programs;
  - Provides that undocumented students shall also be eligible for state aid to independent college programs including the Higher Education Opportunity Program (HEOP); and for undergraduate or graduate science and technology entry program funds.
- Provides that families of undocumented students may participate in the College Choice Tuition Savings program through the use of an employee identification number or individual taxpayer identification number.
- Provides that the President of the Higher Education Services Corporation (HESC), in consultation with the Commissioner of Education, shall establish application procedures for TAP.

**PART F – Hold Colleges Accountable for Tuition Increases.**

- Provides that no TAP award shall be granted to any student attending a college that increases their annual tuition and mandatory fees by more than the most recent three year average of the Higher Education Price Index (HEPI) or by $500, whichever is greater.

**PART G – Predictable Funding for SUNY and CUNY.**

- Pursuant to a plan put forth by SUNY and CUNY’s respective Boards of Trustees, the systems would be authorized to raise tuition up to $250 per year for the next five years provided any revenue received would support investments in: faculty, instruction, or initiatives to improve student success and on-time completion, or a tuition credit for each eligible student. The Trustees shall be required to annually report on such investment.

**PART H – CUNY Foundation Contributions for Tuition Assistance Initiatives.**

- Requires the CUNY Trustees to annually collect from each affiliated nonprofit organization or foundation, an amount equal to ten percent of the annual revenue received by each to be utilized to fund tuition assistance initiatives for students in need attending CUNY.
- “Affiliated nonprofit organization or Foundation” is defined as any organization or foundation formed under the not-for-profit corporations law or any other entity formed for the benefit of or controlled by CUNY, including the CUNY Research Foundation, to assist in meeting the needs of or providing a direct benefit to CUNY or their respective campuses, that has control of, manages or receives $50,000 or more annually.
- This does not include student-run organizations but does include alumni associations.

**PART I – Enhance the State’s ability to recover unpaid wages.**

- Makes the ten largest shareholders of a foreign limited liability company liable for unpaid wages
- Authorizes the Department of Labor to order the entity to identify its shareholders and to hold the shareholders jointly and severally liable for unpaid wages and interest.

**PART J - Raise the Age of Juvenile Jurisdiction.**

- Proposes to raise the age of juvenile jurisdiction in a criminal action from age 16 to age 18 by January 1, 2020 and the age of juvenile jurisdiction in a family court proceeding from age seven to age 12, except in limited situations.
- Proposes specified criminal offenses that would remain in criminal court in a newly designed “youth part” of the superior court in each county. Certain specified offenses would be heard in the youth part, among them: all vehicle and traffic offenses, crimes classified as violent felony offenses, homicides, sex offenses and all class A felonies. The youth part may share concurrent jurisdiction with family court. A case may be removed to family court, with consent of the District Attorney (DA), pursuant to current removal procedures applicable to those under age 16 facing criminal charges as a juvenile.
offender. All other felonies and misdemeanors, as well as the violations of harassment in the second degree and disorderly conduct, committed by a 16 or 17 year-old, would be heard as family court proceedings.

- Provides for a juvenile in the youth part, who is not in custody, to receive a prompt probation assessment. Counsel may be present at such assessment. Upon successful completion of programs and services mandated by the probation department and consent of the DA, a dismissal of charges may be granted by the Judge.
- Extends existing procedures for questioning of individuals under 16 to those under 18, including notification of parents, discussion of rights and Office of Court Administration approved rooms.
- Proposes the expanded eligibility for a “youthful offender” adjudication (which results in a sealed record) from up to age 19 to up to age 21 and would provide a presumption in the law for an offender to receive youthful offender status if he or she met certain criteria.
- Proposes reduced sentences for juvenile offenders.
- By 2020, no person under age 18 could be confined in a county jail. Any placement of such individual would be determined by the Office of Children and Family Services (OCFS).
- Allows the Department of Corrections and Community Supervision (DOCCS) to transfer convicted youth to an OCFS facility.
- Creates a procedure for sealing of certain criminal records after 10 years, not including violent felony offenses, homicide offenses or sex offenses.
- Allows the probation department to submit an application to the court for a temporary order of protection as part of the adjustment of the case in family court.
- Prohibits family court detention and placement for youth who are charged with a technical violation or a misdemeanor that did not result in physical injury to another person and do not pose imminent risk to public safety. Mandates diversion attempts for low-risk (per risk assessment) misdemeanor cases.
- Authorizes detention by the family court in cases of violating probation or conditional discharge only if the child poses a specific imminent threat to public safety, or if the probation is related to a felony and the use of graduated sanctions has been exhausted without success.
- Prohibits the use of detention in person in need of supervision (PINS) proceedings.
- Allows for additional time for probation adjustment in cases where documented barriers to adjustment exist or changes need to be made to the child’s service plan.
- Establishes Family Support Centers to provide services to children with the goal of preventing a child from being adjudicated a PINS and help prevent the out of home placements of such youth. The Centers shall serve families outside of regular business hours including evenings and weekends. Funding shall be provided to the extent available and shall be distributed to the highest need social service districts. The Centers shall provide reporting in the form and manner and at such times as determined by the office.
- OCFS shall establish one or more facilities with enhanced security features and specially trained staff for those youths sentenced for committing offenses on or after their sixteenth birthday who need enhanced security based on placement classification protocol. A council is established to oversee the operation of the facility and is given power to perform all acts necessary to carry out its duties such as making unannounced visits and inspections of the facility at any time. Facilities shall, if possible, be “home like” and based on “close to home” principles.
- Establishes a waiver of local share requirements only related to increasing the age of juvenile jurisdiction. Such waiver documentation must demonstrate fiscal hardship, compliance with the tax levy limit, implementation of the requirements to increase the age of juvenile jurisdiction, provide specific
expenses and associate local share of such expenses, and any other information that may be required by the Division of the Budget.

**PART K – Reauthorize Child Welfare Financing and restructure financing for residential school placements of children with special needs in New York City.**
- Restructures funding, applicable only to New York City, related to the residential placements for children with special needs.
- Eliminates reimbursement to NYC from the state Foster Care Block Grant for tuition expenditures related to foster children, including persons in need of supervision (PINs) and adjudicated juvenile delinquents.

**PART L – Amends definition of “Abused Child” under the Family Court Act.**
- Amends the definition of “abused child” under the Family Court Act to include children identified as a victim of sex trafficking or a victim of severe forms of trafficking in persons, under the Federal Victims of Trafficking and Violence Protection Act of 2000.

**PART M – Enhances services for runaway and homeless youth.**
- Authorizes local governments to amend their runaway and homeless youth plan to provide additional services under the Runaway and Homeless Youth Act (RHYA).
- Amends the definition of “homeless youth” to include an individual who is between 18 and 21 years of age, in need of services, and without a place of shelter; and includes “homeless young adult” within the definition of “homeless youth.”
- Establishes a definition of “homeless young adult” to mean a person who is at least 21 years of age but younger than 24 years of age, in need of services, and without a place of shelter.
- Amends definition of “transitional independent living support program” to clarify that the program provides supportive services to enable a transition from crisis care and transitional care to independent living; and removes the 18-month participation limit.
  - Requires certification for residential programs by the Office of Children and Family Services.

**PART N – Establishes Voluntary Foster Care Agency Health Facilities.**
- Establishes Voluntary Foster Care Agency Health Facilities, which would require a license issued by the Department of Health (DOH) in conjunction with the Office of Children and Family Services (OCFS) in order to provide limited health related services.
- Directs DOH and OCFS to enter into a Memorandum of Understanding to administer the requirements of such provision.

**PART O – Increases the amount of lottery winnings that the State can recoup from 50 to 100 percent.**
- Increases the amount of lottery winnings over $600 the state can collect from current and former recipients of public assistance from 50 percent to 100 percent.
**PART P** – Authorizes the pass-through of any federal Cost of Living Adjustment in relation to Supplemental Security Income (SSI) which becomes effective on or after January 1, 2018.

- Establishes specific amounts for the monthly Personal Needs Allowance (PNA) and the monthly standard of need for SSI recipients in various living arrangements in the Social Services Law to conform with increases in federal SSI benefit amounts to ensure pass through of funds.
- Sets forth the actual dollar amounts for the 2017 Personal Needs Allowance (PNA); the standard of need for eligibility and payment of additional State payments; and authorizes those amounts to be automatically increased by the percentage of any federal SSI COLA which becomes effective within the first six months of the calendar year 2018.

**PART Q** – Enhanced protections for children residing in or visiting publicly-funded emergency family shelters.

- Requires publicly funded emergency shelters for families with children to perform a background check against the Statewide Central Register for Child Abuse and Maltreatment (SCR), and a second background check with the Division of Criminal Justice Services (DCJS), for all prospective employees or volunteers who would have regular and substantial contact with children residing in or visiting such shelters.
- Amends definition of “mandated reporters” for child abuse and maltreatment to include family shelter employees.

**PART R** – Mortgage Insurance Fund (MIF) Utilization.

- Provides for the disbursement of up to $141 million in excess Mortgage Insurance Fund (MIF) reserves, which are projected to be available without negatively impacting the Fund's credit rating, to be utilized for specified housing initiatives including:
  - Up to $22.9 million for reimbursing costs associated with the Rural Rental Assistance Program;
  - Up to $41 million for facilitating the refinancing and capital repair of Mitchell-Lama properties;
  - Up to $8.4 million for the reimbursement of neighborhood preservation program contracts;
  - Up to $3.5 million for the reimbursement of rural preservation program contracts;
  - Up to $36 million for the reimbursement of rural and urban community investment fund program contracts;
  - Up to $21 million for purposes of carrying out the provisions of the low income housing trust fund program;
  - Up to $2 million for the purpose of reimbursing costs associated with the homes for working families program contracts; and,
  - Up to $6.5 million for the New York to the homeless housing and assistance corporation for the support of the state supportive housing program, the solutions to end homelessness program or the operational support for AIDS housing program, or grantees under those programs.

**PART S** – Creates the Affordable New York Housing Program.

- Renames the 421-a tax exemption program the “Affordable New York Housing Program,” which reinstates the former program with new reforms.
Proposes three new affordability options for new residential construction with 300 units or more below 96th Street in Manhattan and along portions of the waterfront in Brooklyn and Queens.

Requires developers to pay an average hourly wage, including benefits and employer-paid taxes to construction workers of $60/hr. in Manhattan and $45/hr. in Brooklyn and Queens. The hourly wage shall be increased by five percent every three years.

Proposes 100% exemption from real property taxation, other than assessments for local improvements, for a period of 35 years. All affordable units in a project must remain rent regulated for 40 years.

A large development outside of the enhanced affordability area may elect to opt in to receive the enhanced abatement by meeting the new requirements.

Applicants and contractors must submit certified payroll reports to the New York City Housing and Preservation Development Agency (“HPD”), and if delinquent will be subject to a fine of $1,000 per week up to a maximum of $75,000.

In the event that the average hourly wage is less than fifteen percent below the required wage, then the applicant must pay the deficiency. If the average hourly wage is more than fifteen percent below the required wage, the applicant must pay the deficiency and HPD shall impose a penalty in an amount equal to 25% of the amount of the deficiency.

Eliminates ability of a local law to restrict, limit or condition the eligibility of the tax exemption program.

PART T - Expands Availability of Removals to Veteran Treatment Courts.

Expands the availability of removals to veterans treatment courts outside the City of New York. Upon or after arraignment of a defendant on a misdemeanor or felony complaint pending in a local criminal court, the court may order that the action be removed to a designated veterans treatment court, on a motion by the defendant with the consent of the district attorney. The veterans treatment court may then conduct such action to judgment or other final disposition. Allows the Chief Administrator of the Courts to designate a local criminal court as a Veteran Treatment Court.

PART U – Create a division of Central Administrative Hearings in the Executive Department.

Creates a new Division of Central Administrative Hearings in the Executive Department, headed by a Chief Administrative Law Judge appointed by the Governor, to consolidate the administration hearing functions of state agencies.
PART A – Enhance appropriate third-party health insurance reimbursement for Early Intervention (EI) services.

- Adds early intervention providers to the prompt pay law to clarify that health insurers are required to adjudicate claims for EI services within the same time limits as non-EI services. Under the EI program, providers must first seek reimbursement from third party payers and Medicaid. Any services not covered by insurers or Medicaid are paid by the locality. The state reimburses localities for 49 percent of their payments to providers.

- Authorizes a written order, referral, or recommendation for EI services or an Individualized Family Service Plan (IFSP) signed by the child’s primary health care provider as sufficient to meet any precertification, preauthorization and/or medical necessity requirements.

- Precludes insurers from denying coverage on the basis that the services are habilitative in nature, or on the basis that the condition will not improve within a certain timeframe as specified in the insurance policy, or based on location service was provided.

- Requires insurers to pay for services constituting EI services and/or EI evaluation services, including services for autism spectrum disorder.

- Requires insurers to notify the county service coordinator and provider whether the policy covering the child is regulated by New York State within 15 business days of receiving a subrogation notice from a provider or a request from a county or service coordinator. Notice must also include whether or not the policy is fully insured or if the insurer is a third party administrator.

- Requires service coordinators and providers to collect third party insurance information from parents. Currently only the EI official is required to collect this information.

- Requires that any audit performed by the municipality must include any recovery by the municipality of any identified disallowances. Municipalities are currently required to submit these audits to the Department of Health (DOH).

- Requires the parent to provide, or consent in writing to allow others, including the county, service coordinator, or provider, to obtain the provider’s signature on the written order, referral, recommendation, or IFSP.

- Authorizes DOH or the fiscal agent to request that the provider appeal a third party denial prior to claiming payment from the municipality for services provided; the provider shall not discontinue or delay services to eligible children pending payment or appeal determinations.
PART B – Reduces the Department of Health’s General Public Health Work Program reimbursement to New York City from 36 percent to 29 percent.

- Reduces the reimbursement rate for non-emergency expenditures above the base grant for New York City from 36 percent to 29 percent. Basic non-emergency services include family health, communicable disease control, chronic disease prevention, community health assessment, emergency preparedness, and environmental health.

PART C – Increase cost sharing requirements for the Essential Plan.

- Expands the cost sharing requirements for beneficiaries of the Essential Plan, and increases the maximum monthly premium contribution of $20 by the annual growth percentage in the Medical Consumer Price Index beginning in 2018.

PART D – Pharmaceutical-related Medicaid Redesign Team recommendations.

- Authorizes the Department of Health (DOH) to establish a benchmark price for any drug and collect a supplemental rebate in the Medicaid program up to the amount the drug price exceeds the benchmark, or impose a surcharge in the commercial market equal to sixty percent of the amount the drug price exceeds the benchmark.

- Amends Medicaid pharmacy reimbursement provisions to conform to federal regulations by aligning reimbursement with drug acquisition cost and a professional dispensing fee in the Fee-For-Service (FFS) program.

- Makes inappropriate prescribing of opioids an unacceptable provider practice in the Medicaid program, potentially resulting in provider exclusion.

- Requires prior authorization for early fill of a controlled substance when more than a seven-day supply of the previously dispensed amount should remain, if the product were used as indicated.

- Eliminates prescriber prevail for the dispensing of prescription drugs in both FFS and managed care, except for mental health medications.

- Allows physicians and nurse practitioners to establish written protocols with pharmacists to provide comprehensive medication management to patients deemed in need of comprehensive medication management services.

- Increases the required Medicaid co-pay of non-prescription drugs from $0.50 to $1.00.

- Aligns Medicaid pharmacy co-payment requirements with federal regulations.

- Reduces the State Maximum Allowable Cost threshold for generic Consumer Price Index penalty from 300 percent to 75 percent.

PART E – Long-Term Care (LTC) related Medicaid Redesign Team recommendations.

- Restricts enrollment in Managed Long Term Care Plans (MLTCPs) to individuals who require nursing home level of care.
• Eliminates nursing home reimbursement for empty beds nursing homes are required to hold open for residents who temporarily leave the nursing home.

• Requires a responsible relative with sufficient income and resources residing with an applicant for medical assistance to contribute to medical assistance costs.

• Clarifies that Medicaid is not responsible to cover hospice-related services otherwise covered by Medicare.

**PART F – Transportation-related Medicaid Redesign Team Recommendations.**

• Removes Medicaid transportation reimbursement from the Managed Long Term Care capitated rates. Requires management of trips by a professional transportation management contractor procured by the state.

• Eliminates the supplemental rate to rural transportation networks.

• Eliminates the supplemental rate to emergency medical transportation providers. The Executive proposes to reinvest the associated savings into the transportation reimbursement rates.

**PART G – Extends the Medicaid Global Cap and other miscellaneous Medicaid-related proposals.**

• Extends the Medicaid Global Cap through FY 2019 and allows for Global Cap adjustments in the event there are changes to federal financial participation or federal Medicaid eligibility criteria.

• Establishes insourcing initiative for staff contracted by DOH’s Office of Health Insurance Programs.

• Authorizes the Commissioner to reduce Medicaid payments to New York City by $50 million if New York City fails to enter into a joint savings allocation plan to increase the allowable federal claiming for School Supportive Health Services.

**PART H – Reauthorizes provisions of the Health Care Reform Act (HCRA) for three years.**

• Extends provisions related to the continuation of the Medicaid inpatient hospital reimbursement methodology and the collection of HCRA surcharges and fees through December 31, 2020.

• Extends the authorization for the collection of the Covered Lives Assessment through December 31, 2020.

• Extends the authorization to allocate surcharge funds between various financing pools.

• Extends authorization for Area Health Education Centers (AHEC), the Empire Clinical Research Investigator program (ECRIP) and the Doctors Across New York Program, which includes the Physician Loan Repayment and Practice Support Programs.

• Extends the authorization for certain hospital billing requirements historically extended with HCRA.
• Modifies the reconciliation of collections for the Covered Lives Assessment in excess of one billion forty-five million dollars through December 31, 2020.

PART I – Extend various provisions of the Public Health and Social Services Laws.
• Permanently extends the Comprehensive Health Services program that allows for the operation of the Medicaid Managed Care program.
• Proposes to extend for three years:
  o Authorization for bad debt and charity care allowances for Certified Home Health Agencies (CHHAs);
  o Authorization for the Commissioner of the Office of Temporary and Disability Assistance (OTDA) to hire contract staff to administer fair hearings for the Fully Integrated Duals Advantage (FIDA) program;
  o The nursing home reimbursable cash assessment program;
  o The exclusion of the 1996-97 trend factor projections or adjustments from nursing home and inpatient rates;
  o The 0.25 percent trend factor reduction for hospitals and nursing homes;
  o Limiting the reimbursement of long term home health care program and administrative costs to not exceed a statewide average;
  o Authorization for Medicaid to utilize the state transportation manager;
  o The elimination of a trend factor for general hospital reimbursement;
  o The expansion of the child health insurance plan and benefits;
  o The limit on method of payment for prescription drugs under the medical assistance program;
  o The limit on payment of nursing home appeals to $80 million annually;
  o Authorization for funds from the Office of Professional Medical Conduct to be used for patient safety activities;
  o Provisions related to the Statewide Planning and Research Cooperative System (SPARCS) and the Statewide Health Information Network of New York (SHIN-NY);
  o Penalties for violations of Public Health Law by provider agencies; and
  o Authorization for the Enriched Adult Day Services demonstration project.

PART J – Authorizes Pharmacy Benefit Manager (PBM) registration and disclosure requirements.
• Requires PBMs to register with the state and disclose financial information regarding pricing information, fees, and rebates.
• Requires PBMs be licensed by the Department of Financial Services (DFS).
• Authorizes DFS to suspend or revoke a PBMs license for unfair or deceptive business practices.
• Establishes penalties DFS may impose on PBMs in lieu of license suspension or revocation.
• Authorizes an assessment on PBMs for state operating expenses of regulating PBMs.

PART K – Authorizes additional capital support for essential health care providers.
• Establishes a Health Care Facility Transformation Program that would make available $500 million to eligible health care systems statewide to fund capital projects, debt retirement, working capital, and other non-capital projects. Projects awarded through the Brooklyn Health Care Facility Transformation Program or the Oneida Health Care Facility Transformation Program would not be eligible for funding.
• Allocates $50 million to be awarded to Montefiore Medical Center and a minimum of $30 million to community based health care providers with a demonstrated need for acute inpatient, outpatient, primary, home care, or residential health care services in the community.

PART L – Establishes the Health Care Regulation Modernization Team.
• Establishes the Health Care Regulation Modernization Team within DOH to create a more efficient health care system by modernizing the state’s health regulatory framework. The team must report its findings and recommendations to the Governor by December 31, 2017.

PART M – Establishes the “Emerging Contaminants Monitoring Act” to identify, monitor and notify New Yorkers served by some public water systems of unregulated contaminants in drinking water that may pose a hazard to human health.
• Mandates community and non-transient non-community water systems test drinking water every three years for substances identified as emerging contaminants by the Commissioner of Health, as well as unregulated contaminants monitored under the federal Safe Drinking Water Act regardless of the population size served. Municipalities with populations of 10,000 or more are generally currently required to test under Safe Drinking Water Act.
• Requires the Commissioner of Health to create a list of emerging contaminants for which public water systems must test.
• Requires drinking water tests to be conducted by a department certified laboratory; laboratories must submit the results electronically to the department.
• Authorizes the Commissioner to establish notification levels.
• Authorizes the Commissioner to add a substance to the emerging contaminant list or establish a notification level for such substance by declaration. If there is such a declaration, the Commissioner must add the substance the list or establish the notification level within one year of declaration.
• Requires covered public water systems to notify the state and all owners of real property served by the water system if an emerging contaminant is detected above the notification level.
• Authorizes the Commissioner to require covered that the public water system take actions to reduce exposure to the emerging contaminant(s).

• Requires any owner of real property or the owner’s agent to provide copies of the excess level notice to any tenants within 10 days of receipt of the notification provided by public water system.

• Authorizes the Commissioner to provide financial assistance to covered water systems for compliance with testing requirements upon a showing that the costs associated with drinking water testing would impose an unreasonable financial hardship.

• Authorizes the Commissioner to require an environmental laboratory to report test results to the Department of Health, any full-time city, county, or part-county health department electronically.

PART N – Establishes the “Residential Well Testing Act”, which requires the testing of individual onsite water supply systems prior to and as a condition of sale of any residential real property, upon completion of the drilling of any water well, and at least once every five years for rental properties.

• Requires the Commissioner of Health to promulgate regulations establishing testing standards for new or existing individual onsite water supply systems, including residential wells and other types of water systems.

• Requires the testing standards to include a list of the characteristics and contaminants for which each system must test.

• Authorizes the Commissioner to require additional testing, limit testing, or exclude from testing a characteristic or contaminant on a county, regional, or local basis based on its significance in that area.

• Authorizes the Commissioner to add any characteristic or contaminant to the list by declaration.

• Requires all real estate contracts for the sale of residential real property served by an individual onsite water supply system to include a provision requiring the testing of such water supply system in a manner meeting or exceeding the testing standards.

• Prohibits the closing of title on the sale of residential real property served by an individual onsite water supply system unless both the buyer and the seller certify they have received and reviewed a copy of the water test results.

• Requires lessors of any residential property to test for the listed characteristics and contaminants and to test in accordance with the Act, and requires lessors provide a copy of validated test results to each current tenant of each rental unit on the property within 30 days of receiving the results. Lessors must also provide a written copy of the most recent validated results to a prospective tenant prior to signing and to any former tenant upon request.

• Requires every test conducted in accordance with this act be conducted by a laboratory certified by the Department of Health, and that laboratories submit such results to the Department electronically.
- Authorizes the Commissioner to promulgate regulations permitting the Department of Health to provide financial assistance to real property owners upon a showing that the costs associated with testing impose a financial hardship.

- Requires the completion report currently required for the drilling of any water well or water wells to include the laboratory results required by the Act, and that the completion report be submitted to the Department of Health.

**PART O** – Authorizes the Office of Mental Health (OMH) to establish voluntary jail-based restoration to competency programs for individuals awaiting trial.

- Authorizes the Commissioner of the Office of Mental Health (OMH) to enter into agreements with volunteering local sheriffs or the Commissioner of the Department of Corrections and Community Supervision (DOCCS) to establish restoration to competency programs within jail-based settings; such authority shall expire on March 31, 2022.

**PART P** – Amends the Public Health Law to continue government rates and clarify all behavioral health services, except inpatient, extend those rates through March 31, 2020, and adds a value based payment requirement.

- Extends the current rates paid to the Medicaid ambulatory patient group for ambulatory behavioral health services, except inpatient care, as well as rates paid for the same services under Child Health Plus (CHP) to March 31, 2020.

- Allows the Commissioner of Health to condition the payment of such rates on the implementation of value based payment metrics as outlined in the Department of Health’s value based payment roadmap. These conditions may be waived by the Commissioner if:
  - (1) providers suffer a financial hardship or;
  - (2) patients’ access to ambulatory behavioral health services is threatened.

**PART Q** – Defers for one-year the Human Services “Cost-of-Living Adjustment” (COLA).

- Defers the COLA for designated human services programs for the fiscal year, and extends the adjustment for an additional two years to SFY 2020.
PART A – Extends the disposition of certain revenues to the Public Transportation Operating Account.

- Extends the disposition of Transportation and Transmission Tax revenues to the Public Transportation Operating Assistance Account (PTOA).
  - 20 percent of the tax collected from the Transportation and Transmission Tax is directed to the Dedicated Highway and Bridge Trust Fund and 80 percent is directed to the Mass Transit Operating Assistance Fund (MTOA).
  - The MTOA has two sub-funds: the Metropolitan Mass Transit Operating Assistance Account (MMTOA) which provides operating aid to downstate transit systems, and the Public Transportation Operating Assistance Account (PTOA) which provides operating aid to upstate transit systems. MMTOA receives 54 percent of the revenues and PTOA receives 26 percent of the revenues.
- The disposition of funding expires on March 31, 2018 and this extends the disposition permanently.

PART B – Increase the Cap on Divisible Load Permits.

- Increases the cap on the number of divisible load permits the Department of Transportation (DOT) may issue from 25,000 to 35,000 over the course of the next ten years.
- A divisible load permit is required to operate a vehicle, or combination of vehicles, to haul a divisible load at a weight exceeding the limitations set forth in the Vehicle and Traffic Law. A divisible load is any cargo that can be separated into smaller units without affecting the physical integrity of the load (e.g., sand, gravel, logs, trash).

PART C – Enhance the Public Transportation Safety Board Enforcement Power.

- Provides the Public Transportation Safety Board (PTSB) with additional powers and duties including the authority to issue orders to public transportation providers enforceable by the withholding of payments of Statewide Mass Transportation Operating Assistance (STOA) and other State aid.
- Brings New York into compliance with new federal requirements for Federal Transit Administration State Safety Oversight grant funding, estimated to be $2.4 million annually.
PART D – Compliance with Federal Requirements for Truck Size and Weight Provisions and Suspension of Vehicle Registrations for Carriers Placed Out-of-Service.

- Aligns New York State law with Federal requirements regarding truck-related size and weight provisions.
- Aligns New York State laws with Federal requirements to authorize the Department of Transportation to request the Department of Motor Vehicles to suspend plates of motor carriers that have a Federal out-of-service order.

PART E – Maximize the collection of tolls owed to public authorities.

- Amends the Penal Law to specify that the use of any highway, parkway, road, bridge or tunnel while intentionally avoiding tolls qualifies as a theft of services misdemeanor.
- Specifically prohibits the operation of a motor vehicle on a toll road with an obscured or altered license plate and provides for a fine of $100 - $500.
- Authorizes the Department of Motor Vehicles (DMV) to enter into reciprocal agreements with other states and Canadian provinces to allow for mutual enforcement of laws to target persistent toll violators. Currently the DMV may revoke or suspend the New York vehicle registration of those who fail to pay tolls and violation fees on at least five separate days within eighteen months. There is no mechanism to suspend out of state registrations.

PART F – Assess an additional three million dollars annually to the New York City Traffic Violations Bureau to cover the State’s administrative expenses of the program.

- Allocates $3 million annually to the State General Fund from New York City’s adjudication assessment to cover the cost of the Department of Motor Vehicles expenses incurred by administering the City’s Traffic adjudication program. Reduces the amount of revenue that New York City will receive from traffic fines collected by the State to help cover the cost of information technology services provided by the State.

PART G – Provide access to important and enhanced transportation options for residents and visitors throughout the State, while ensuring the safety, reliability, and cost-effectiveness of those services within the State of New York.

- Provides for statewide licensing of transportation networks companies (TNCs) by the Department of Motor Vehicles (DMV), specifically excluding New York City.
- DMV will have authority to audit TNCs to ensure compliance with all laws, rules, and regulations.
- Requires TNCs to provide passengers with information about the calculation of the fare, an estimated fare, a description of the vehicle and driver before the passengers enters the vehicle.
- Require TNCs to adopt zero tolerance policies regarding non-discrimination and drug or alcohol use by TNC drivers.
- Provides for group insurance coverage for TNC drivers provided and paid for by the TNC.
Two Periods of Coverage:

- **Period One** (while the TNC Driver is logged onto the TNCs digital network): $50,000 for bodily injury or death of one person in any one accident; and $100,000 for bodily injury or death of two or more persons in any one accident; and $25,000 for injury to or destruction of property of others in any one accident.

- **Period Two** (while the TNC driver is engaged in a prearranged trip): $1 million blanket coverage for bodily injuries, death and property damage.

Coverage Notice: The TNC must provide notice to TNC drivers that they may need additional physical damage coverage not provided for by the TNC policy if they have a lease or loan on their vehicle.

Excess Line availability: Allows TNC group policies to be acquired on the excess line through an excess line broker.

Requires TNC to conduct background checks of all applicants including State and National sex offender registries and driving history research reports, and ongoing background checks annually for all TNC drivers. Explicit list of crimes and moving violations that will disqualify applicants. TNC’s will participate in the New York License Event Notification Service (LENS), which provides timely notice of moving violation by TNC drivers.

Provides that municipalities may not prohibit or tax the operation of TNCs within their borders.

Provides workers compensation insurance for TNC drivers through the creation of a new fund called the New York Transportation Network Company Driver’s Injury Compensation Fund.

Creates the New York State Transportation Network Company Accessibility Task Force to study the TNC marketplace including a needs assessment and resource assessment identifying barriers and opportunities to provide greater access.

Provides for a 5.5 percent tax on all TNC trips (4 percent to the State General Fund and 1.5 percent to a fund for the support of local transit systems, other than the MTA).

**PART H – Waive fees for a replacement non-driver identification card for crime victims whose cards are lost or destroyed as a result of the crime.**

- Provides for the waiver of the fees associated with replacement of a non-driver identification cards for crime victims whose cards are lost or destroyed as a result of a crime.

**PART I – Increases the reinstatement fee from $25 to $100 for non-residents to have their driving privileges restored.**

- Provides that non-residents of the State must pay a fee of $100 to have their revoked driving privileges in New York reinstated. Currently the fee for non-residents is $25 while the fee for residents of the State is $100.
**PART J** – Increases the certificate of title fee from $50 dollars to $75 dollars, and the duplicate certificate of title fee from $20 dollars to $40 dollars to adjust for inflation.

- Authorizes an increase in the fee for the certificate of title for new titles and doubles the fee for a duplicate certificate of title. Estimated additional revenue of approximately $81 million; $75 million from the certificate of title increase and $5.9 million for the duplicate certificate of title increase.

**PART K** – To provide funding for the issuance of REAL ID documents by the Department of Motor Vehicles.

- Authorizes an additional five-dollar fee for driver’s licenses and non-driver identification cards that are marked as REAL ID licenses.
  - Increased identity verification and documentation requirements necessary for the issuance of REAL ID compliant licenses and identification cards are more costly. It requires additional levels of staff training and security review. The additional fee is expected to cover the cost of DMV personnel and information technology resources.
  - Currently individuals who request an enhanced driver’s license (EDL) are required to pay $30 greater than the fee for a regular driver’s license (fee of $65-$75). The five-dollar fee would be in addition to the $30 fee.

**PART L** – Addresses highway safety to stem the rise of highway deaths by providing enforcement tools to reduce fatalities, change roadway behaviors, and make work zones safe for workers and motorists.

- Amends the definition of “drug” within the Vehicle and Traffic Law to include any substance or combination of substances that impair, to any extent, the physical and mental abilities which a driver is expected to possess in order to operate a vehicle as a reasonable and prudent driver.
  - Currently for a violation of the Driving While Ability Impaired law to be prosecuted the drug must be specifically listed as a banned substance in the Public Health Law. This fails to account for many synthetic and illegal manufactured drugs.

- Includes bicycle and pedestrian safety as part of the written test to obtain a driver’s license.

- Increases the revocation period for refusing to take a chemical test.

- Closes a loophole used by convicted Driving While Impaired offenders to avoid the requirement of installing an ignition interlock device in their vehicle.

- Prohibits the use of an electronic device, under any circumstances including the use of hands free technology, by persons under the age of 18 while operating a motor vehicle.

- Prohibits the use of an electronic device while operating a motor vehicle even if the vehicle is not in motion.

- Requires all passengers in a motor vehicle to wear a safety belt.
  - Currently only passengers in the front seat are required to wear a safety belt.
PART M - Extends the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund.

- Extends for one year the New York State Urban Development Corporation's (UDC) authority to administer the Empire State Economic Development Fund (EDF). UDC's authority to administer the EDF is set to expire on July 1, 2017. This authorization has been renewed annually the past several years.

PART N – Extends the general loan powers of the New York State Urban Development Corporation.

- Extends for one year the general loan powers of the UDC. UDC’s general loan powers are set to expire on July 1, 2017. This authorization has been annually renewed the past several years.

PART O – Extends the effectiveness of provisions of law relating to participation by minority and women-owned business enterprises in state contracts.

- Extends for one year the authorization and requirements for the Minority and Women-Owned Business Enterprises (MWBE) program. The MWBE program is set to expire on December 31, 2017.

PART P – Extend the Infrastructure Investment Act and expand the definition of an authorized entity that may utilize design-build contracts.

- The Infrastructure Investment Act – which is set to expire on April 13, 2017 – currently authorizes design-build contracts by the following five state authorities and agencies: (1) the Thruway Authority, (2) Department of Transportation, (3) Office of Parks, Recreation and Historic Preservation, (4) Department of Environmental Conservation, and (5) the New York State Bridge Authority.

- Extends and makes permanent the design-build authorization for the currently authorized state authorities and agencies.

- Expands design-build authorization to all other state authorities and state agencies (including SUNY and CUNY), as well as all counties outside of New York City.

PART Q – Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents.

- Extends for one year the ability of the Department of State to charge additional fees for expedited and special handling of documents. Current authority expires March 31, 2017. This authority has been extended continually since 2003.

PART R – Places responsibility for mailing a copy of service of process on plaintiffs rather than the Department of State (DOS).

- Amends the procedure for service of process through the Secretary of State by requiring plaintiffs to directly mail a copy to defendants, removing an administrative burden on the State.
• Adds new provisions to the Real Property Law requiring the Board of Managers of each condominium to file a statement designating the Secretary of State as the agent of the Board of Managers of the condominium, for the purpose of receiving service of process in lawsuits and other proceedings.

**PART S – Assesses a $5 Fee for Real Estate License ID card.**

• The real property law requires real estate brokers and agents licensed by the Department of State to carry a pocket card issued by the Department of State. This part would impose a new fee of $5 to be paid by each licensee for the card.

**PART T - Increases the State Match for Local Watershed Revitalization Program from 50 to 75 percent.**

• Increases the State share for the Local Waterfront Revitalization Program from 50 to 75 percent. Local Waterfront Development Plan projects are funded equally 50-50 by the State and the municipality where the project is located. Since many municipalities cannot meet the 50 percent matching requirement, this proposal would increase the State share.

**PART U – Removes the Chairperson of the New York State Athletic Commission (NYSAC) from the list of salaried state officers.**

• Removes the NYSAC Chair from the list of salaried state officers who receive $101,600 annually, in order to provide flexibility in the compensation for the Chair.

**PART V – Authorize certain expenses of State agencies to be reimbursed by assessments on certain businesses.**

• Authorizes utility assessments to be used to pay for the utility oversight expenses of the following State agencies: Department of Agriculture, Department of State, Department of Environmental Conservation and the Office of Parks, Recreation and Historic Preservation. This is reinstituting a process that existed prior to 2008, which was discontinued because of the temporary energy tax.

• Authorizes the transfer of monies from the assessments collected by the Department of Public Service (DPS) from cable television companies to the Department of Health (DOH) to fund their public service education programs. This is an annual reauthorization of transfer of funds. The amount fluctuates annually, but averages $454,000.

**PART W – Makes permanent the authorization for the Dormitory Authority of the State of New York to enter into certain design and construction management agreements.**

• Permanently extends the authority of the Dormitory Authority of the State of New York (DASNY) to enter into management agreements to provide design and construction services to the Department of Environmental Conservation (DEC) and the Office of Parks, Recreation and Historic Preservation (OPRHP). Current authority is set to expire on April 1, 2017.
PART X – Provides the Superintendent of the Department of Financial Services authorization to order failing insurers into administrative proceedings.

- Expands the authority of the Superintendent of the Department of Financial Services to unilaterally order a domestic insurer into an “administrative supervision” proceeding and restrict the insurer from engaging in certain activities during the supervision period. Current law requires the Superintendent to obtain a court order under Article 74 of the Insurance Law to take such action.

PART Y – Enhance enforcement powers of the Superintendent of Financial Services in relation to illegal and unlicensed activity in the Insurance and Banking Industries

- Increases the maximum civil penalty for Insurance Law violations from $1,000 per offense to the greater of $10,000 per offense or twice the damages or economic gain attributable to the violation.
- Authorizes the Superintendent to initiate, prosecute and retain control over a civil action to recover a civil penalty or enforce an administrative order, instead of having to refer such action to the Attorney General for prosecution.
- Authorizes the Superintendent to take action against unlicensed actors for any violations of law, in addition the single act of operating without a license.

PART Z – Empower the Superintendent of the Department of Financial Services to license and regulate student loan servicers.

- Requires student loan servicers to obtain a license from the Department of Financial Services (DFS) and creates a new statutory framework for the oversight and regulation of student loan servicers by DFS. Student loan servicers would be defined as persons engaged in the business of servicing student loans, including:
  - receiving any payment from a borrower pursuant to the terms of any student loan;
  - applying any payment to a borrower’s account;
  - providing any notification of amounts owed;
  - maintaining account records and communicating with the borrower regarding the loan on behalf of the owner of the loan;
  - interacting with a borrower with respect to or regarding any attempt to avoid default on the loan; or
  - performing other administrative services with respect to the student loan.

PART AA – Empower banking institutions to protect vulnerable adults from financial exploitation.

- Authorizes banks to place a hold on the bank account of a vulnerable adult when there is a reasonable basis to believe that the vulnerable adult is a victim of actual or attempted financial exploitation.
  - Financial exploitation would be defined as:
    - The improper taking, withholding, appropriation, or use of a vulnerable adult’s money, assets or property; or
- Any act or omission by a person to obtain control through deception, intimidation or undue influence, over the vulnerable adult’s money, assets, or property.
  
  - During the pendency of the transaction hold, the bank must make funds available to the account holder to meet his or her ongoing obligations. Banking institutions would be granted immunity for good faith actions in placing such holds on accounts.

- Authorizes the Superintendent of Financial Services to establish, by regulation, a Certification and Training Program for banking institutions, for the placing of holds on bank accounts of vulnerable adults.

**PART BB – Empower the Superintendent of the Department of Financial Services (DFS) to ban the continued involvement of bad actors from the banking and insurance industries.**

- Expands the authority of the Superintendent of the Department of Financial Services to unilaterally disqualify persons from doing business in the banking or insurance industry.

- Authorizes the Superintendent unilaterally, and without court order, to issue an administrative order disqualifying the person from engaging in the business of banking, insurance, or financial services in New York State, and such administrative order may be for the individual's lifetime or for any shorter period determined by the Superintendent.

- In addition to authorizing disqualification for criminal activity or fraud, the proposal would authorize disqualification for lesser actions including:
  - Violating a written agreement with the superintendent; or
  - Making or directing to be made false or misleading statements in any application, filing, or submission, or
  - Omitting any material fact which was required to be stated in any application, filing, or submission.

**PART CC – Allows the Superintendent to Regulate Lending Circles.**

- Authorizes the Superintendent of the Department of Financial Services to regulate certain lenders and partnering organizations commonly known as Lending Circles.

- Pursuant to this proposal, a Lending Circle would be defined as a 501 (c) (3) organization that engages in the lending of money to an individual borrower, for which no interest or fees are collected.

- Lending Circles would be required to register with the Superintendent and pay an application fee of $500.

- In addition to providing multiple restrictions on loans made by these Lending Circle Organizations, and providing for numerous causes to allow the Superintendent to revoke the organization’s registration, this proposal would additionally require these Lending Circle organizations to file an annual report with the Superintendent concerning their lending activities and loan portfolios.
PART DD – Establishes a Risk Adjustment Paid Family Leave Fund

- Creates a separate fund within State Finance law to consist of money received from insurance carriers to fund the paid family leave risk adjustment mechanism.

PART EE - Allows the Superintendent to Expand Regulation of Out of State Lenders.

- Authorizes the Superintendent of the Department of Financial Services to regulate out of state lenders who solicit, make loans, purchase or otherwise acquire from others loans or other forms of financing, or arrange or facilitate the funding of loans, to individuals then resident in New York or with businesses located or doing business in New York. This would expand this definition to include not only institutions which make loans, but also those that arrange or facilitate the making of loans.

- This proposal would also eliminate the requirement, that in order to be subject to DFS penalties for lending without a license, that such person making the loan, must charge, contract for, or receive a greater rate of interest than the lender would be permitted by law to charge if he were not a licensee. This would thereby further expand DFS regulation to any lender of loans less than $25,000 (for non-business purposes) and less than $50,000 (for business purposes) regardless of the interest rate charged.

- This proposal expands regulation of small loan, low interest rate, often low overhead (or online) lenders but further allows the Superintendent to adopt regulations to provide an exemption from these licensure requirements, for the purpose of facilitating low cost lending in any community.

PART FF - Allows the Superintendent to Expand Regulation of Reverse Mortgages.

- Includes reverse mortgages within the class of home mortgages that must engage in settlement conferences before proceeding to final foreclosure.
  
  o Reverse mortgages are a home mortgage product, for home owners who are sixty years or older, with first mortgage position, which pay the homeowner a monthly, equal installment, or a lump sum, or by means of advances with a line of credit, based upon a determined loan amount from the equity in the homeowner’s property. The tenure of a reverse mortgage can be for a fixed term, but most often is based upon a contingent event, such as the death of the homeowner, or their sale or transfer of the property.
  
  o Settlement conferences are a relatively recent requirement under the foreclosure laws in New York, whereby lenders and mortgagees are required to conference to seek a non-foreclosure or delayed foreclosure resolution prior to proceeding to obtain a final court order for foreclosure of the property in question. Concurrently, the length of time from initial mortgagee default to final foreclosure has significantly lengthened, leading to often unintended consequences such as abandoned “zombie” properties.

PART GG - Relates to assessments to insurers, distribution of assets and insurers deemed to be in hazardous conditions.

- Provides the Superintendent with broad discretion as to the reasonable proportions of assessments placed on those regulated persons under the financial services law. Requires those entities not currently
assessed to begin paying assessments. Places the burden of expenses for every examination conducted
by the Department on the regulated entity examined.

- Expands the recommendation powers pertaining to distribution of liquidation payments to all
  proceedings under Article 74, not just liquidation proceedings. Removes the distinctions of insurance
  lines under this section of law as it pertains to priority of distribution of claims.

- Conforms distribution of liquidation payments for life insurers to the liquidation distribution language
  that pertains to P/C insurers. It restricts claims by shareholders, or other creditors from circumventing
  the class priority, and shifts the government entities and guaranty funds to the top of the priority classes.

- Expands the powers and authority of the Superintendent regarding the revocation or suspensions of
  licenses, the restriction of license authority, and limitation on premiums written. It makes this section
  applicable to all insurers in the State and expands the ability and types of actions the Superintendent
  may take: from simply restriction/suspension of licenses and placing limits on premiums; to in-depth
  requirements that change and alter the business practices of an insurer the Superintendent deems
  financially hazardous. Additionally, the Superintendent is given broad discretionary authority in
determining the financial needs, surplus levels and financially hazardous conditions that would warrant
action by shifting those determining factors from being mandatory to being discretionary.

- Establishes a new standard for determining whether a company is financially hazardous to
  policyholders, creditors and the general public. The standard now is a discretionary list of factors for
determination of what is a hazard, and can be imputed to actions taken by Parent, Affiliates and
Subsidiary corporations, and acts by management and officers. The Superintendent may then change
the business practices of the insurer to remediate the hazard.

PART HH – Amend Navigation Law to establish a new capital account, the New York Environmental
Protection and Spill Remediation Account.

- Creates a new capital account to fund capital costs related to the cleanup and removal of petroleum
  spills and other capital, investigation, maintenance and remediation costs. Such expenses are currently
  charged to the NYS “oil spill fund,” which is not a capital account.


- Authorizes the Commissioner of the Department of Environmental Conservation to provide state
  assistance to municipalities, not-for-profit corporations and soil and water conservation districts for land
  acquisition projects for source water protection in cooperation with willing sellers. Such land
  acquisition projects shall develop, expand or enhance water quality protection.

- Authorizes the commissioner to enter in a contract with a municipality or not-for-profit corporation for
  undertaking of a land acquisition project.

- Authorizes the soil and water conservation committee in consultation with the Commissioner of
  Agriculture and Markets to provide state assistance payments to county soil and water conservation
  districts for land acquisition projects for source water protection

- Precludes any real property acquired, developed, improved, restored or rehabilitated by or through a
  municipality from being transferred or otherwise disposed of or used in a way other than water quality
  protection without department approval.
• Requires the Department of Health to award grants to municipalities for replacing lead service lines used to supply drinking water; grants would be awarded without a formal competitive process.

• Establishes the Solid Waste and Drinking Water Response Account which prioritizes mitigation and cleanup of any solid waste site causing or contributing to drinking water quality impairment first; prioritizes mitigation and cleanup of solid waste sites causing or contributing to other environmental contamination that may impact public health.

• Authorizes the Department to implement all necessary mitigation and cleanup measures so long as all reasonable effort to identify and compel the owner or operator to cooperate have been made, and without first commencing a hearing or issuing an order; Requires the owner or operator of a solid waste site to submit and cooperate with any and all necessary remedial measures as determined by the Department for mitigation and cleanup of solid waste

• Authorizes imposition of a lien upon the real property where the solid waste site is maintained; authorizes placing a charge upon any real or personal property controlled by such persons that owned, operated or maintained the site.

• Requires the Department to make all reasonable efforts to recover the full amount of any funds expended from the Account for mitigation and cleanup through litigation or cooperative agreements, with recouped funds being deposited to the Comptroller and deposited into the Account

• Authorizes 75 percent of eligible design and construction costs not recovered either from the responsible party or from the federal government to be paid from the Account for municipally owned sites.

• Authorizes the Department in consultation with the Department of Health to require the owner or operator of a contamination source to investigate, develop and implement a remediation plan.

• Provides a lien in favor of the state on all real property and rights to such property when a person is liable to the State, and the property is subject to mitigation or cleanup under the proposed title twelve and existing title thirteen.

• Authorizes the New York State Environmental Facilities Corporation to establish the “New York State Regional Water Infrastructure Grants Program” to provide those municipalities which are currently authorized to construct and operate a waste water or drinking water infrastructure project with State assistance for projects that have a regional impact or demonstrate efficiencies and serve multiple municipalities. Such assistance would be available for infrastructure projects, and administrative and management costs.

• Authorizes the Commissioner to take direct actions to remediate inactive hazardous waste disposal sites directly, whereas currently the remedial steps would be performed by the owner of the site after being ordered by the Commissioner to do so.

• Authorizes the commissioner to provide technical assistance grants to municipalities with populations less than 10,000 that may be affected by an inactive hazardous waste disposal site remedial program in addition to not-for-profit corporations currently eligible under the law.

• Expands definition of “substance hazardous to public health, safety or the environment” to also include petroleum or any substance which poses a present or potential threat to the environment when improperly treated, stored, transported, disposed of or otherwise managed.
PART JJ – Makes technical changes to the Environmental Protection Fund (EPF).

- Authorizes revenue transfers to the Climate Change Mitigation and Adaptation Account from the Environmental Protection Transfer Account.
- Authorizes direct deposit of Bottle Bill revenue into the EPF.

PART KK – Reduce and sustainably manage food waste by requiring large food waste generators to divert excess edible food to food banks and food scraps to organic recycling facilities.

- Requires, beginning in 2021, food waste generators that generate an annual average of two tons per week or more of excess food and food scraps to divert all excess edible food to food banks, animal feed operations, composting facilities, anaerobic digesters, or organics recycling facilities.
- Prohibits the transportation and landfiling of food scraps.
- Prohibits any solid waste combustion facility or landfill from accepting food scraps from certain generators beginning in 2021.

PART LL – Authorize shared service agreements between the Power Authority and the State of New York, Canal Corporation and Department of Transportation.

- Authorizes the sharing of employees, services and resources through shared service agreements between the Department of Transportation, the New York Power Authority, and the Canal Corporation to (i) address an emergency situation; (ii) address extreme weather conditions; or (iii) provide services and assistance to support the operation and maintenance of the canal system and its related infrastructure.
- A similar authorization to enter into shared service agreements was provided to the Department of Transportation and the Thruway Authority to help manage the canal system in 2015. The New York Power Authority is seeking the same authorization arguing it will generate savings.

PART MM – Authorize the New York State Energy Research and Development Authority, the Department of Environmental Conservation and the Department of Agriculture to finance certain programs from an assessment on gas and electric corporations not to exceed $19.7 million in total.

- Authorizes the New York State Energy Research and Development Authority (NYSERDA) to finance a portion of its research, development and demonstration, policy and planning, and Fuel NY programs, and to finance the Department of Environmental Conservation’s (DEC) climate change program from an assessment on gas and electric corporations collected pursuant to section 18-a of the Public Service Law not to exceed $19.7 million. This year, the Department of Agriculture will receive $150,000 of this amount to fund its FuelNY expenses.
- Permits funds from the same assessment to be used to cover maintenance costs associated with the Fuel NY Program, namely contractor costs for the strategic fuel storage reserves and the back-up generator pool.
- Starting in the 2015-16 fiscal year, NYSERDA is now considered ‘off-budget,’ meaning programs are to be self-sustaining. However, the Executive is still able to designate certain funds be directed to the
authority for specific programs that would not be covered by NYSERDA revenues. This part designates what programs are to receive a portion of the 18-a assessment funds.

- The subsection of 18-a used to fund these initiatives is not the same subsection of 18-a --the temporary energy tax—which has been phased out.
PART A – Establish a Taste-NY alcohol permit.
• Authorizes the creation of a new license to allow Taste-NY operators to sell alcoholic beverages for off-premises consumption. Currently, off-premises sale is only available at Taste-NY stores where the operator is a licensed farm brewery, cidery, winery, or distillery.

PART B – Establish a motion picture theater alcohol permit.
• Authorizes the creation of a special license to allow for the sale of alcoholic beverages in movie theaters for on-premise consumption. Theater operators would be required to obtain proof of age, limit purchase to one alcoholic beverage per transaction, allow purchase by holders of tickets for “PG-13,” “R,” or “NC-17” rated movies only, and limit sale from one hour prior to the start of the first motion picture to the conclusion of the final motion picture.

PART C – Convert the NYC PIT STAR Rate Reduction Benefit into a credit.
• Converts the STAR-related New York City Personal Income Tax (PIT) rate reduction benefit into a New York State PIT Credit of equal benefit for New York City (NYC) taxpayers. New York City taxpayers receive a tax benefit in the form of a NYC PIT rate reduction to supplement the NYS PIT credit. This results in administrative inefficiencies, as NYS then reimburses NYC for lost PIT revenue to support education expenses. Converting the rate reduction benefit into an increased STAR credit eliminates the inefficiency by providing the benefit directly to the taxpayer.

PART D - Cap STAR Benefit Growth.
• Permanently caps the actual dollar amount of the basic and enhanced STAR benefits to property owners, beginning with the 2017-18 school year at the 2016-17 levels.

PART E - Make Participation in the Income Verification Program (IVP) Mandatory For Enhanced STAR Recipients.
• Requires enrollment in the income verification program in order for individuals to be eligible for Enhanced STAR benefits, beginning with final assessment rolls for 2018.
PART F - Allow Taxpayers To Make Partial Tax Payments.

- Requires local collecting officers to accept partial payments of taxes, unless explicitly disallowed by the local governing body. The amount of allowable partial payments and the decision whether to require a service charge would be determined locally.

PART G - Relax the Tax Secrecy Rules For the STAR Credit.

- Allows the Department of Tax and Finance to make public the names and addresses of individuals receiving a STAR credit, to the same extent such information is public for individuals receiving the STAR property tax exemption.

PART H - Technical Fix For the Co-op’s STAR Credit.

- Requires the Commissioner of Tax and Finance to determine the amount of STAR credit for an individual co-op owner based on the local assessed value of the individual’s apartment, instead of the building as a whole.

PART I - Extend Oil and Gas Fee Expiration Date.

- Provides for a 3 year extender of fees on real property used in oil and natural gas pursuant to Real Property Tax Law §593.

PART J – Long Island Veterans Home.

- Authorizes the State University of New York (SUNY) Chancellor to certify and approve the disbursement of funds for the Long Island Veterans’ Home operated by SUNY Stony Brook, instead of the Commissioner of Education who has no connection to the home,

PART K – Establish Life Sciences Tax Credits.

- Amends the Excelsior Jobs Program Act to include life sciences companies, allowing access to the refundable Excelsior investment tax credit, research and development tax credit, jobs tax credit, and real property tax credit. A “life science company” is a firm engaged in the fields of biotechnology, pharmaceuticals, biomedical technologies, life systems technologies, health informatics, health robotics, or biomedical devices.
- Extends authority for Excelsior Jobs Program to issue credits for an additional three years from January 1, 2027, to January 1, 2030.
- Creates a refundable tax credit for newly created life science companies equal to 15 percent of research and development costs for businesses of 10 employees or more, with an increased rate of 20 percent for businesses of less than 10 employees. Credit would be available for ten years, with each recipient company eligible to receive the credit for five years. Each recipient company would be held to a lifetime cap of $500,000, and overall program credits could not exceed $10 million annually.
• Creates an “angel investor” tax credit equal to 25 percent of an investment in a new life sciences company with 20 or fewer employees and gross receipts of $500,000 or less. Credit would be available for ten years at a maximum benefit of $250,000 per investor. Overall program credits could not exceed $5 million annually.

**PART L – Expand the workforce training credit.**

• Amends the Employee Training Incentive Credit Program to eliminate the requirement that eligible training be provided to employees filling new jobs, making allowance for training of employees filling existing positions, and extend allowance to life sciences and advanced technology. The program currently provides tax credits for employers who make investments that upgrade, retrain, or improve the productivity of employees.

• Amends the required capital investment for entry into the program from the current $1 million to a requirement that any investment be at least equivalent to a ratio of ten dollars for every one dollar of tax credit received.

**PART M – Extend the Empire State Film Production Tax Credit and Post-Production Tax Credit for three years.**

• Extends the Empire State Film tax credit, currently set to expire at the end of 2019, an additional three years, and provides an allocation of $420 million annually for the years 2020 through 2022.

• Extends the Empire State film post-production credit, currently set to expire at the end of 2019, an additional three years, and provides an allotment of $25 million annually out of the $420 million Empire State Film tax credit pool for the years 2020 through 2022.

• Extends for three years through 2022, the additional credit of 10 percent of costs for salaries to employees of an eligible film production company or post-production facility allowable in certain counties. In addition, removes Suffolk County from the list of eligible counties.

**PART N – Extend the New York Youth Jobs Program Tax Credit.**

• Renames the existing Urban Youths Jobs Program to the New York Youths Jobs Program to reflect statewide eligibility. The program incentivizes businesses to hire unemployed, disadvantaged youths between the ages of 16 and 24, by offering tax credits up to $5,000.

• Extends the renamed program five years, to expire in 2022, and provides annual allocations of $50 million.

**PART O – Extend the Alternative Fuels Property and Electric Vehicle Recharging Property Credit for Five Years.**

• Extends the Alternative Fuels and Electric Recharging Property Credit, currently set to expire on December 31, 2017, for five years to December 31, 2022. The credit is currently allowable for costs attributable to the installation of alternative fuels vehicle refueling property or electric...
vehicle refueling property that is used 50 percent or more by a business located in New York State in a trade or business carried on in New York State.

**PART P – Reform the Investment Tax Credit.**

- Amends the Investment Tax Credit to disallow the credit for two types of property uses for which it was not originally intended: (1) the production or distribution of electricity, natural gas, steam, or water delivered through pipes and mains; or (2) the creation, production, or reproduction of any film, visual or audio recording, where such creation, production or reproduction occurs outside New York State.

**PART Q – Treat disregarded entities as a single taxpayer for tax credit purposes**

- Authorizes the Department of Tax and Finance to continue the longstanding practice of treating single member limited liability companies (SMLLC) that are treated as disregarded entities for federal tax purposes as such for determining eligibility for state tax credits. The practice is currently prohibited under a recent decision by the Tax Appeals Tribunal.

**PART R – Extend the Personal Income Tax top bracket for three years.**

- Extends for three years through 2020 the top tax bracket under the personal income tax (generally known as the “millionaires’ tax”), currently set to expire after 2017. If allowed to expire, the rate will revert to 6.85 percent from the current 8.82 percent.

**PART S – Permanently extend the high income charitable contribution deduction limitation.**

- Makes permanent the charitable deduction limitations for individuals with an adjusted gross income of $10 million or more. Currently, such individuals are limited to 25 percent of the federal deduction for charitable contributions. This limitation is set to expire at the end of 2017, at which time the limit will revert to 50 percent of the federal deduction.

**PART T – Enhance the Child and Dependent Care Credit.**

- Amends the Child and Dependent Care Credit to increase the benefit to taxpayers with New York adjusted gross income (NYAGI) between $50,000 and $150,000. The current benefit is equal to a percentage of the allowable Federal Child and Dependent Care Credit, ranging from 20 percent to 110 percent depending on NYAGI. The maximum state credit is currently $2,310 for two or more dependents, or $1,155 for one dependent. The average credit increase to an eligible taxpayer would be $208.

**PART U – Allow warrantless bank account data matching.**

- Expands the financial institution data match system to allow for the collection of financial account information of tax debtors without a warrant. Currently, to access the account
information of tax debtors through the financial institution data match system, the Department of Tax and Finance must file a public warrant with the appropriate county clerk and the Department of State. This proposal would allow warrantless access to personal financial data of tax debtors whose liabilities have become fixed and final, to determine whether accounts are available to levy.

**PART V – Require New State Employees to be Compliant with State Tax Obligations.**

- Requires tax clearances for new state employees to verify compliance with state tax obligations. Would not apply to existing employees, employees receiving promotions, or employees transferring within state government.

- Authorizes localities to implement tax clearances for new employees at the local level with same limitations.

**PART W – Require practitioners to be compliant with State tax obligations before receiving medical malpractice coverage.**

- Extends the current hospital excess liability pool provisions for one year. The Excess Medical Malpractice program was established 1986 in an effort to limit the cost of malpractice insurance coverage to eligible physicians by funding a secondary layer of medical malpractice insurance (excess coverage) at no cost to them. Coverage through the Excess Program is available to certain eligible physicians and dentists who are affiliated with a hospital and purchase a primary layer of coverage for medical malpractice.

- Requires that medical practitioners purchasing excess medical malpractice liability coverage first receive a tax clearance from the Department of Taxation and Finance. Physicians and dentists found to be tax delinquent will be denied the excess medical coverage.

**PART X – Permanently extend warrantless wage garnishment.**

- Makes permanent the authority of the Commissioner of Tax and Finance to serve income executions on individual tax debtors and their employers without filing a warrant. Temporary authority was provided in 2014 and is set to expire April 1, 2017.

**PART Y – Require New York State S corporation conformity with Federal return.**

- Requires all corporations subject to New York State tax that are treated as S corporations at the federal level to be treated as S corporations at the state level. Currently, federal S corporations can elect under certain circumstances to be treated as an S corporation or a C corporation for state tax purposes. A 2007 law required some, but not all, federal S corporations to be treated as S corporations in New York State. This proposal would extend the requirement to the remaining S corporations.
PART Z – Close the co-op sale loophole.

- Requires the payment of NYS personal income tax by non-residents who sell shares in cooperative housing corporations where the sale is effectuated through the sale of a holding entity, such as a partnership or an LLC, where more than 50 percent of the assets of the entity are shares in the cooperative housing corporation. The requirement is currently in place for New York State residents.

PART AA – Close non-resident asset sale loophole.

- Requires payment of tax by non-resident sellers of partnership assets that elect to characterize the assets as intangible. Currently, both tangible and intangible assets of a partnership are taxable where the partners in the partnership are NYS residents. This proposal would provide conforming treatment for both residents and non-residents.

PART BB – Modernize sales tax collection to reflect internet economy.

- Requires marketplace providers to collect sales tax on sales of tangible person property. A marketplace provider is a person or entity, such as an internet website, that provides a forum connecting the sellers of personal property with purchasers. Currently, it is the responsibility of the buyer to pay the sales tax directly to the state if the seller is not obligated to collect sales tax (has no nexus). This proposal would shift responsibility to the marketplace provider, exempting those providers who do less than $100 million in nationwide sales annually.

PART CC – Close sales tax related entities loopholes.

- Requires the payment of sales tax where an entity, such as a partnership or a single member LLC, purchases equipment nominally for resale, thus gaining the benefit of a sales tax exemption, then enters into a long-term lease with a related entity where lease payments are a fraction of the fair market value of the property.

- Requires the payment of a use tax where a state resident forms an entity, such as a single member LLC, to purchase high-dollar-value property out of state and brings it into the state for use. Currently, such a practice is able to qualify for the use tax exemption provided nonresidents who bring property or services into the state for in-state use.

PART DD – Make technical amendments to the State and local sales tax statute

- Clarifies that sales tax is imposed on the transmission of gas or electricity only in instances where the delivery and the commodity are provided the same vendor.

PART EE – Apply the Public Safety Communications Surcharge to Prepaid Devices

- Extends the Public Safety Communications Surcharge to sales of prepaid wireless communication services and devices at a rate of 60 cents per retail sale that is $30 or less, or
$1.20 per retail sale over $30. The surcharge is currently placed only on a postpaid wireless communications service at a rate of $1.20 per device per month.

- Authorizes municipalities to place a surcharge on a prepaid service or device at a rate of 30 cents per retail sale.

**PART FF – Tax and regulate vapor products.**

- Adds "vapor products" to the list of products covered under public health law regulating smoking in public places. Defines vapor product as any noncombustible liquid or gel, regardless of the presence of nicotine. Exempts USDA approved drugs or medical devices, and medical marijuana.
- Prohibits the sale or free distribution of vapor products to minors, and prohibits free distribution of vapor products (as with tobacco products and herbal cigarettes) except in certain circumstances.
- Applies civil penalties for violations currently related to the sale of tobacco products also to the sale of vapor products. Requires vapor products be sold or distributed in child resistant containers.
- Extends the regulations of tobacco products to vapor products, including restrictions on coupon offerings, inclusion in the Clean Indoor Air Act, prohibition of use on school grounds and by school bus drivers, and age verification for sale.
- Imposes an excise tax on the sale of vapor products at a rate of 10 cents per fluid milliliter.
- Imposes civil and criminal penalties for unlawful possession that conform to existing penalties for tobacco products.

**PART GG – Clarify the amount of untaxed cigarettes required to seize a vehicle.**

- Lowers the penalty threshold for possession or transportation of untaxed cigarettes with “intent to sell” from 25 cartons to 10 cartons to be in conformity with the current threshold for vehicle seizure when transporting untaxed cigarettes.
- Increases penalties for counterfeit tax stamps, currently a class E felony, to mirror penalties for criminal possession of a forged instrument, currently a C felony.

**PART HH – Expand jeopardy assessments to the cigarette and tobacco tax.**

- Authorizes the Department of Tax and Finance to issue jeopardy assessments for the collection of cigarette and tobacco excise tax.

**PART II – Reform the taxation of cigars.**

- Alters the tax on cigars to a flat rate. Cigars are currently taxed at 75 percent of the wholesale price paid to the manufacturer by the distributor. This proposal would institute a flat rate of 45 cents per cigar.
PART JJ – Impose the real estate transfer tax on the transfer of a real estate business interest.

- Requires payment of the real estate transfer tax (RETT) for conveyance of a minority interest in a partnership, limited liability corporation, S corporation, or non-publicly traded C corporation with fewer than 100 shareholders that own interest in real property, located in NYS, where the fair market value is equal to or exceeds 50 percent of entity assets. The sale of minority interests in such real estate holding entities is currently RETT exempt.

PART KK – Close the real estate transfer tax loophole.

- Provides the Commissioner of Tax and Finance with authority to examine conveyances of properties containing a residence with a value of $1 million or more to determine if the deal has been structured in a manner intended to avoid the additional real estate transfer tax of 1%. This proposal is in response to instances where buyers are interested primarily in the land, not the residence, and structure the deal to provide for the demolition of the home prior to sale.

PART LL – Relieves the General Fund of responsibility for funding equine drug testing in horse racing, requires horsepersons to contribute to drug testing research and equipment, and broaden the field of potential New York lab testing providers.

- Authorizes the Gaming Commission to assess horsepersons and racetracks to cover the costs of equine drug testing.
- Allows the Gaming Commission to determine a suitable laboratory or laboratories located in New York to conduct equine drug testing.

PART MM – Charitable gaming reform.

- Consolidates current charitable gaming provisions into a new article in the Racing, Pari-Mutuel Wagering and Breeding Law providing uniformity, efficiency, and flexibility to authorized organizations.

PART NN – Re-privatize the New York Racing Association (NYRA).

- Re-establishes a privately controlled board of directors for NYRA.
- Increases oversight of NYRA by expanding powers of the Franchise Oversight Board (FOB).
- Allows NYRA to conduct limited racing after sunset and during the winter meet at Aqueduct Racetrack.

PART OO – Extend certain tax rates and certain simulcasting provisions for one year.
• Extends for one year various provisions of the Racing, Pari-Mutuel Wagering and Breeding Law.

**PART PP** – Extend Monticello Video Lottery Terminal rates for one year.

• Extends for one year the 41 percent vendor fee paid to a vendor track located in Sullivan County and within sixty miles from any gaming facility in a contiguous state.

**PART QQ** – Extend the Video Lottery Gaming (VLG) vendor’s capital awards program for one year.

• Extends by one year the deadline to receive approval and the deadline to complete capital projects to be reimbursed through the VLG vendor’s capital award.

**PART RR** – Alters local gaming aid distribution for Madison County.

• Reduces distribution to non-host counties in regions hosting a commercial gaming facility by $1.4 million in FY 2018 and $1.55 million in FY 2019 and FY 2020.

• Provides a county that hosts a tribal casino but does not receive a percent of the state share of casino revenue with an annual distribution of $2.25 million.

• Reduces distribution to non-host counties in regions hosting a tribal casino by $600,000 in FY 2018 and $500,000 in FY 2019 and FY 2020.

• Reduces the State aid payment to eligible municipalities hosting a Video Lottery Terminal (VLT) facility by $250,000 in FY 2018 and $200,000 in FY 2019 and FY 2020.
PART A – Requires Advisory Opinion for Legislature Outside Income.

- Requires members of the legislature to request an advisory opinion from the Legislative Ethics Commission (LEC) on whether his or her outside employment violates section 74 of the public officers law.
- Appoints the Chief Administrative Law Judge of the Office of Court Administration, or his or her designee, as a member of the LEC.

PART B – Close the “LLC loophole” by defining LLCs as corporations for the purpose of political donations.

- Amends the definition of corporations to include LLCs and reduces their contribution limit to an aggregate of $5,000 in each calendar year. Requires LLCs making political contributions disclose membership interests.
- Requires contributions to campaigns or political committees by an LLC be attributed to its members in proportion to the members ownership interest.

PART C – Financial Disclosure for Local Electeds.

- Requires local elected officials that make over $50,000 annually to file the long form Financial Disclosure Statement currently required of state officials.
- Allows municipalities to apply to JCOPE to allow their local officials to use their own form. JCOPE may grant the request to use the local form if its requirements are similar to the long form disclosure. If a municipality receives the approval to use its own form, the local officials are still required to file that local form with JCOPE for public inspection.
- Grants JCOPE limited jurisdiction to review the accuracy of a covered local official’s 73-a financial disclosure form. JCOPE must refer any potential legal or ethical violations outside this limited jurisdiction but related to the annual statement of financial disclosure to, as appropriate, the local ethics board or local county district attorney where the municipality is located.

PART D – Implement Campaign Finance Reform and Public Financing of Campaigns.

- Requires that statements filed by political committees include information about intermediaries or “bundlers.”
- Applies a $25,000 contribution limit to a party or constituted committee’s “housekeeping account.”
- Requires campaigns to disclose, within sixty days of receipt, any contributions or loans in excess of $1,000.
• Creates a new system for public financing of campaigns and establishes contribution limits for participating and nonparticipating candidates.

• Establishes the “New York State Campaign Finance Fund” and allows it to be funded by transfers from the Abandoned Property Fund, taxpayer donations, and with funding from the state General Fund.

**PART E - Comprehensive Freedom of Information Law (FOIL) Reform.**

• Subjects the Legislature to provisions of FOIL that are currently applicable to state agencies and the Executive. Repeals the provisions of FOIL solely applicable to the Legislature, and makes a number of respective amendments to various other provisions of the Public Officers Law to incorporate the Legislature.

• Requires collective bargaining agreements to be made public prior to ratification. Provides for attorney’s fees for baseless denials of FOIL requests.

• Places the Legislature explicitly within provisions associated with Article 78 civil proceedings for denials of access to documents.

• Exempts from disclosure requests for documents from agencies that could endanger critical infrastructure, repeals confidentiality of applications to the Department of Environmental Conservation, and repeals provisions protecting the confidentiality of municipal emergency 911 calls and records.

**PART F – Expand State Inspector General Jurisdiction.**

• Expands the State Inspector General’s (IG) jurisdiction to include affiliated entities of the State University of New York (SUNY) or the City University of New York (CUNY) and includes a definition of “affiliated nonprofit organization or foundation”.

• An “Affiliated nonprofit” includes any organization or foundation formed under the not-for-profit corporation law or any other entity formed for the benefit of, or controlled by SUNY and CUNY, including the SUNY and CUNY Research Foundations. The nonprofit either assists in providing a necessary service by the university or directly benefits that university and the nonprofit controls or receives or manages more than $50,000.

• This does not include student run organizations but does include alumni associations.

**PART G - State Inspector General.**

• Empowers the state inspector general to investigate alleged “corruption, fraud, criminal activity, conflicts of interest or abuse, by officers, employees and contracted parties related to any state procurement.”

**PART H - Public University Foundation Oversight.**

• Establishes that the office of the State IG will oversee the implementation and enforcement of financial control policies at SUNY and CUNY and their affiliated entities.

• Defines “affiliated nonprofit organization or foundation”.
• Provides the State IG shall require affiliated entities to adopt bylaws and policies, in consultation with the State IG, designed to prevent corruption, fraud, criminal activity, conflicts of interests or abuse. Grants the State IG the authority to appoint compliance officers on SUNY and CUNY campuses, in consultation with SUNY and CUNY, to provide assistance in oversight of affiliated entities.

• Failure to comply will result in a loss of state aid. The State IG shall articulate the basis of a non-compliance determination which may be subject to review in an Article 78 proceeding.

PART I – Port Authority Inspector General.

• Establishes the Office of the New York Port Authority Inspector General (Port Authority IG) who shall be appointed by the Executive.

• Gives jurisdiction over “New York related Port Authority conduct,” which is defined as:
  o any port authority action with a nexus to the State of New York and its residents, committed by a commissioner or managerial appointee or managerial employee.
  o includes penal law violations, injury to person or property, review or approval of funds, loans, contracts or grant agreements, procurement in which New York State financial resources are expended, or for projects located within the bounds of New York State, and any undertaking by a New York commissioner in his or her official capacity.

• Allows Port Authority IG to determine whether an allegation is administrative, civil, or criminal and determine the appropriate authority to handle the allegation, including the authority to exercise prosecutorial powers pursuant to the criminal procedure law.

• Allows the Port Authority IG to issue reports of investigations where appropriate.

• Allows the Port Authority IG to review and examine policies and procedures of New York Commissioners; recommend remedial action to eliminate corruption; and provide training to commissioners.

• Allows the removal of Commissioners without the advice and consent of the Senate, and appointment of Commissioners when the Senate is not in session.

PART J –State Education Department Inspector General.

• Creates an inspector general with jurisdiction over the Department, its officers and employees. The inspector general shall be appointed by concurrent resolution by the Senate and Assembly for a term of five years beginning June 1, 2017.

• The inspector general is charged with receiving and investigating complaints of corruption, fraud, criminal activity, and conflicts of interest within the Department. Employees reporting inappropriate behavior receive statutory protection from termination or other adverse actions.

• As part of their investigatory authority, the inspector general may subpoena witnesses, require employees to answer questions or produce documents, administer oaths, make recommendations to the department, and refer matters to the State inspector general.
PART K – Chief Procurement Officer.

- Creates the Chief Procurement Officer (CPO) within the Office of General Services.
- Grants the CPO the authority to examine any procurement and promptly report any allegations of criminality, fraud or conflict.
- Adds one member to the State Procurement Council in addition to the CPO, and appoints the CPO as chair of the Council.
- Requires every state employee and officer, including the CPO, to report any information concerning corruption, fraud or criminal activity.
- Requires every public benefit corporation and public authority to notify the commissioner of economic development and the chief procurement officer of the award of procurement contracts for the purchase of goods or services from a foreign business enterprise in an amount equal to or greater than one million dollars.
- Requires notification to the CPO of a waiver of the provisions prohibiting any foreign business enterprise which has its principal place of business located in a discriminatory jurisdiction.
- Requires public authorities and public benefit corporations to deliver their annual report on procurement contracts to the CPO.

PART L – Amendment of Government Vendor Contributions.

- Prohibits entities that bid on government procurement contracts from making campaign contributions to the state government entity issuing or approving the bid.
- This prohibition runs from the posting of the offer until six months after the contract award for the winner, or until another bidder receives the contract.
- Creates a civil penalty of the greater of $10,000 or two times the contribution for entities that make unlawful contributions and requires the return of the contribution.


- Adds a section to the unconsolidated law to designate the comptroller (OSC), the attorney general (OAG), office of general services and information technology services to issue a feasibility study on a single identifying code for all state vendors and grantees by September 1, 2017.
- Allows DOB to designate the single code for vendors and grantees if designees fail to come to an agreement on what the code should be.
- Requires an additional feasibility study to be issued on or before December 1, 2017 if it is determined that the system cannot be implemented; such study shall detail the barriers to implementation.

PART N– Early Voting and Automatic Voter Registration.

- Establishes a system of opt-out voter registration for qualified persons applying for a motor vehicle driver’s license or identification card issued by the DMV.
- Requires early voting at polling sites for a period of 12 days prior to special, primary, and general elections.
Establish Same Day Voter Registration.

- Amends the State Constitution, subject to voter approval, to allow a citizen to apply to vote on any day prior to and including the day of an election, and to vote in that election.
- Eliminates the requirement that a voter’s registration must be completed at least ten days before each election.
Establishes limits on outside income for the legislature.

- Amends section 6 of Article III of the NYS Constitution to limit outside income to $11,925.
Imposes term limits for legislators and statewide elected officials.

- Amends the State Constitution, subject to voter approval, to: (1) create four-year legislative terms for members of the Senate and Assembly; and (2) impose eight-year term limits (2 terms) for all legislators and statewide elected officials – Governor, Lieutenant Governor, Comptroller and Attorney General.