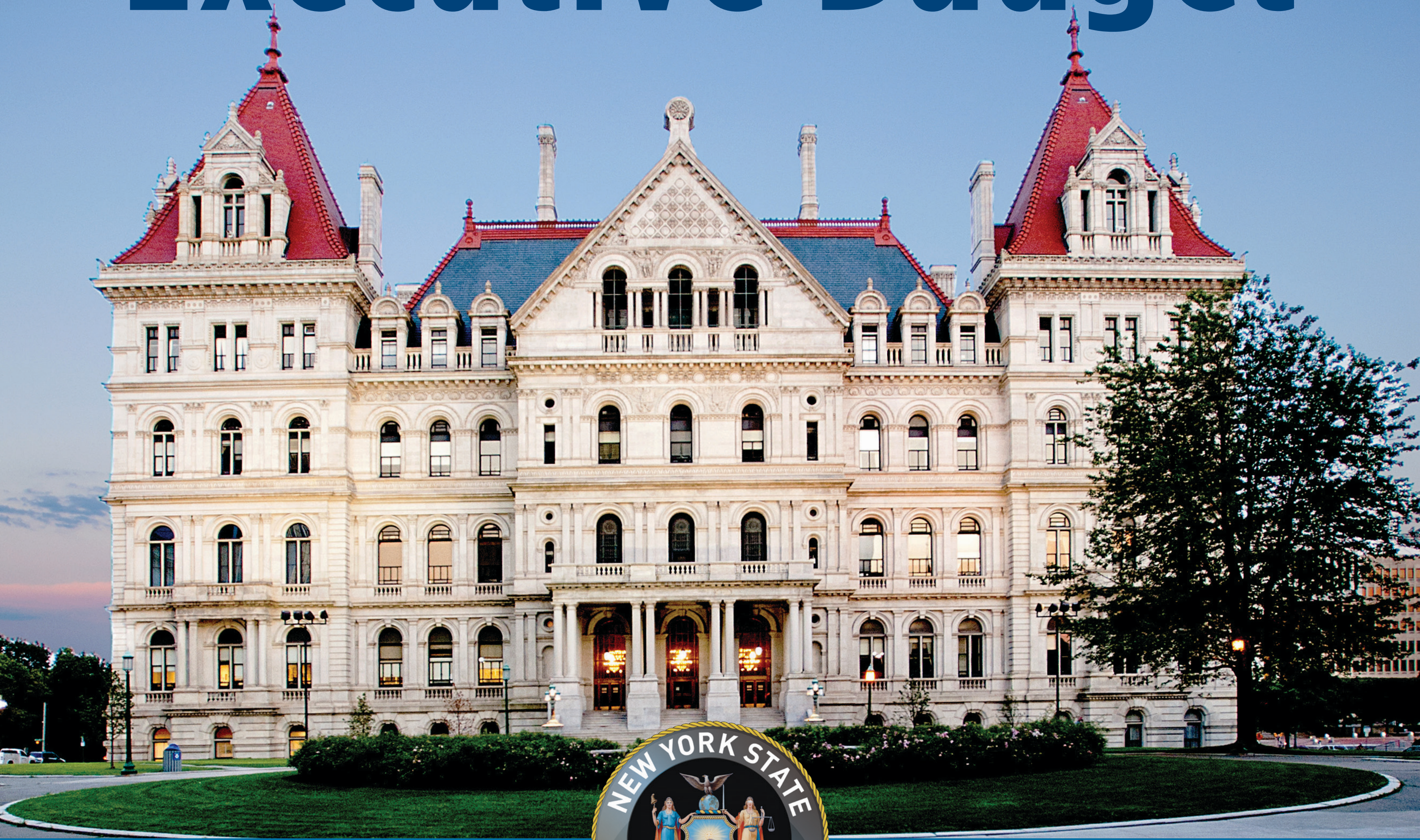
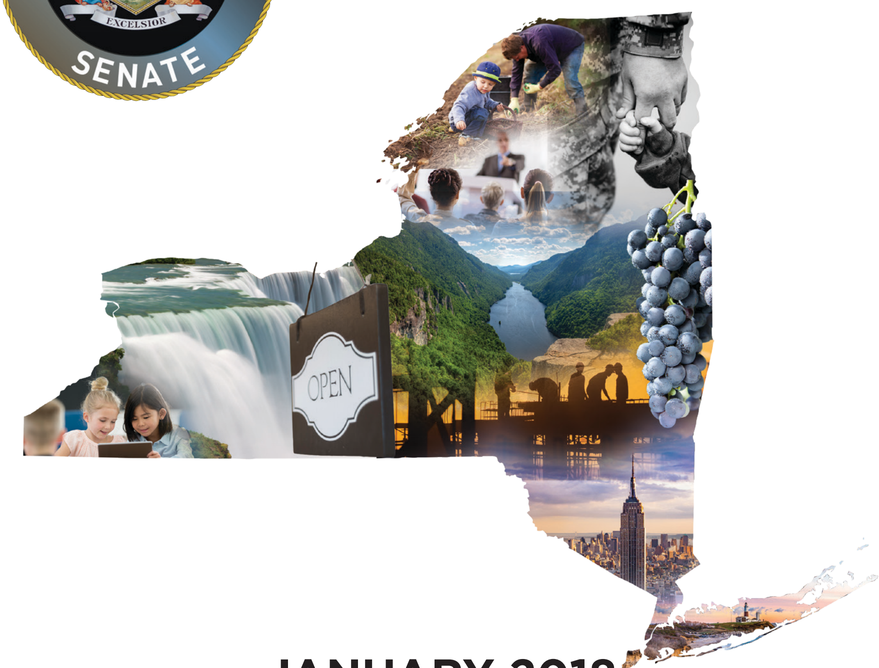
New York State Senate Majority

Finance Committee / Counsel Staff Analysis of the FY 2019

Executive Budget





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JANUARY 2018

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January 22, 2018

Dear Senators:

Please find attached the "Staff Analysis of the FY 2019 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 is also a pleasure to thank the staffs of both the Senate Finance Committee, and the Counsel and Program Office, whose assistance has been invaluable.

Sincerely,

Catharine M. Young

Senator Catharine M. Young

Report of the Senate Finance Committee

STAFF ANALYSIS OF THE FY 2019 EXECUTIVE BUDGET

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

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TABLE OF CONTENTS

SECTION ONE: HIGHLIGHTS OF THE FY 2019 BUDGET

SECTION TWO: SENATE ISSUES IN FOCUS

SECTION THREE: SUMMARY OF ARTICLE VII LEGISTLATION AND APPENDICES

SECTION ONE

HIGHLIGHTS OF THE EXECUTIVE BUDGET

OVERVIEW

The State Senate Majority has continued to work in a bi-partisan way to protect the hard working taxpayers of the State of New York by enacting State budgets that reflect progress in making New York more affordable, creating more opportunity and increasing security. Ultimately, these goals can be achieved by controlling taxes and spending, creating jobs, building a better business environment, and investing in critically important areas like public safety, education, health care and the environment.

The Executive Budget extends for the eighth straight year proposed spending restraints through a self imposed two percent spending cap on State funds that has to date saved the taxpayers of New York over $41 billion. While continuing to commit to this fiscal restraint the Executive has proposed significant investments in education, health and safety, as well as infrastructure improvements. The Executive has proposed a number of gap closing actions to eliminate a $4.4 billion dollar deficit for FY 2019. These proposals in turn reduce projected out year financial gaps.

To reduce those financial gaps the Executive Budget utilizes financing mechanisms, such as proposed new taxes on for-profit insurance companies that recently benefitted from federal tax changes, a surcharge on opioid prescriptions, an internet conformity tax, an elimination of statutory tax deductions for energy service companies and the deferral of business tax credits in excess of $2 million. These proposed actions in conjunction with assuming proceeds from the conversion of a not-for-profit health insurance plan to a for-profit company raises approximately $1 billion in additional revenue. The Executive Budget estimates that the General Fund will remain in balance on a cash basis for FY 2019 and the Financial Plan projects a four-year General Fund surplus of $1.367 billion.

The Executive Budget revenue outlook continues to reflect the recent uncertainty and atypical receipts patterns the State has been experiencing, and the Executive has again adjusted revenue projections. In comparison to the FY 2018 Mid-Year update, tax receipts projections have been revised upward by $1.9 billion, buoyed by a strong surge in tax prepayments. For FY 2019, the Executive is anticipating an overall decline of 2 percent in State tax receipts, driven by $1.9 billion in personal income tax prepayments shifted into the prior fiscal year, which is partially offset by expected increased business and sales/use tax collections.

The FY 2019 Executive Budget proposes to continue language within the appropriation bills providing the Executive with broad powers to reduce certain local assistance payments by a uniform amount in the event that any revenue to the State including federal aid is reduced from projected levels.

In addition to this proposal the Executive has advanced language allowing the Executive to reduce funding for local assistance programs if revenues projected to support those specific local assistance programs are not realized throughout the fiscal year. In the event of a shortfall in tax receipts in excess of $500 million, the Director of the Budget would be authorized to uniformly reduce local assistance programs. This language provides additional fiscal powers to the Executive branch to alter the Enacted Budget without approval of the Legislature.

In conjunction with these two proposals the FY 2019 Executive Budget includes broad interchange language within the appropriation bills

FINANCIAL PLAN

Despite the current year shortfall in receipts, the FY 2019 Executive Budget financial plan projects a structural surplus through FY 2022 of $1.4 billion after tax actions. FY 2019 All Funds spending is projected at $168.2 billion, an increase of $3.8 billion or 2.3 percent.

FY 2019 ALL FUNDS SPENDING *(billions of dollars)*			
2018	**2019**	**Change**	**Percent**
$164.5	$168.2	$3.8	2.3%

FY 2019 State Operating Funds spending is projected at $100 billion, an increase of $1.9 billion or 1.9 percent from FY 2018.

FY 2019 STATE OPERATING FUNDS SPENDING *(billions of dollars)*			
2018	**2019**	**Change**	**Percent**
$98.1	$100.0	$1.9	1.9%

BUDGET SURPLUS / (GAP)

The Executive Budget estimates that the General Fund will remain in balance on a cash basis for FY 2018 and projects a four year structural surplus of $1.4 billion.

Executive Budget Surplus / (Gap) Estimate *(millions of dollars)*	
FY 2019	$0
FY 2020	($127)
FY 2021	$256
FY 2022	$1,238
Structural Surplus	**$1,367**

FY 2019 Budget Gap Closing Plan (millions of dollars)	
Mid-Year Surplus / (Gap) Estimate	($4,443)
Agency Operations	$446
Local Assistance	$1,317
Captial Projects / Debt Management	$569
Initiatives and Investments	$340
Total Spending Changes	**$2,672**
Resource Changes	$736
Tax Actions	$1,035
Total Resource Changes	**$1,771**
Executive Budget Surplus / (Gap)	$0

The Executive Budget estimates a FY 2019 General Fund cash deficit of $4.4 billion to be closed through net spending reductions of $2.7 billion offset by net resource changes of $736 million.

RECEIPTS

The Executive Budget projects FY 2019 State Operating Funds receipts at $96.1 billion, a decrease of $2 billion or 2 percent. FY 2019 All Funds receipts are projected to decrease from $164.6 billion to $163.2 billion, a decrease of $1.4 billion or 0.9 percent. The All Funds receipts decrease reflects a projected $1.9 billion decline in personal income tax revenue as a result of large prepayments in December 2017 as a result of changes to Federal Tax Law. Receipts for FY 2020 include approximately $1.5 billion in increased personal income taxes resulting from changes to Federal Tax Law that will increase state tax liability.

RECEIPTS (billions of dollars)				
	2018	**2019**	**Change**	**Percent**
State Operating Funds	$98.1	$96.1	($2.0)	-2.0%
All Funds	$164.6	$163.2	($1.4)	-0.8%

The FY 2019 Executive Budget includes no tax reductions in FY 2019 and FY 2020 and only $74 million in FY 2021 and FY 2022. Instead, the Executive imposes numerous new and increased taxes and fees. The Executive Budget includes $586 million in tax and fee increases in FY 2019, growing to $973 million in FY 2020.

RESERVES

The Executive Budget projects a FY 2019 General Fund closing balance of $5.1 billion, a decrease of $4.05 billion over the projected closing balance for FY 2018. Included within the FY 2018 reserve total is: $1.8 billion for statutory reserves; $39 million in the Community Projects Fund; $155 million for potential labor agreements; $21 million in a contingency reserve for claims made against the State; and $500 million for debt reduction. There is also $4.7 billion in financial settlement proceeds, of which $2.1 billion is projected to be disbursed by the end of FY 2018, and a $1.9 billion undesignated fund balance, which according to the Executive, is derived from the pre-payment of taxes.

MAJOR SPENDING AREA HIGHLIGHTS

HEALTH - MEDICAID

The FY 2019 Executive Budget projects All Funds Medicaid spending of $64.3 billion, an increase of $0.9 million or 0.1 percent over current year spending. When including the $7.9 billion local share of Medicaid, the gross spending on Medicaid grows to $72.37 billion, an increase of $193 million or 0.3 percent over current year spending.

The FY 2019 Executive Budget projects All Funds DOH Medicaid spending of $57.7 billion, an increase of $1.6 million or 2.8 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 2020. Enacted in FY 2012, the Global Cap limits DOH Medicaid spending growth to the ten-year rolling average of the Medical component of the Consumer Price Index (CPI), which is currently estimated at 3.2 percent, in order to contain Medicaid program growth and spending increases. Also extended for one year as part of the Executive's proposal, is the authority for the 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 also includes appropriation language stating that in the event that receipts are less than assumed in the FY 2019 Financial Plan, payments may be reduced in accordance to a written allocation plan promulgated by the Director of the Budget.

The Executive proposes to achieve savings of $281.5 million in FY 2019 and $379 million in FY 2020 to the Medicaid Global Cap by offloading supplemental programs, including the Value Based Payment Quality Incentive Program (VBP-QIP) and the Equity Infrastructure Performance Program (EIPP) from Medicaid to the Essential Plan and utilize remaining Federal Trust Fund balances to fund the non-federal share.

The Executive proposes to achieve $425 million in Financial Plan relief by shifting $425 million of non-DOH Medicaid expenses into the Global Cap. The Executive includes numerous proposals to achieve savings within the Global Cap in order to offset this transfer.

DOH State Medicaid

The FY 2019 Executive Budget projects DOH State Medicaid spending to be $20.6 billion, which is above the Global Cap spending amount, an increase of $1.2 billion or 6.3 percent over FY 2018. 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, at $18.8 billion, an increase of $593 million or 3.2 percent from FY 2018.

The impact of the minimum wage increase on Medicaid is as follows: FY 2018 $22 million; FY 2019 $703 million; FY 2020 $1,022 million; FY 2021 $1.111 million; FY 2022 $1.193 million. 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 2019 Executive Budget continues the state takeover of the local share of Medicaid costs. The state is expected to provide over $3.3 billion in relief to local districts in FY 2019. This reflects total relief provided to localities of $15.5 billion, since FY 2013.

Proposed FY 2019 Medicaid Redesign Team (MRT)

The Executive proposes multiple initiatives implementing FY 2019 MRT. Many of the FY 2019 Executive proposals require legislative action while others could be accomplished administratively.

- Essential Plan Initiatives- State savings estimated to be $282 million.
- Medicaid Pharmacy Initiatives- State savings estimated to be $45.2 million.
- Transportation Initiatives- State savings estimated to be $11.7 million.
- Managed Care Initiatives- State savings estimated to be $70.3 million.
- Hospital Initiatives- State savings estimated to be $18 million.
- Long Term Care Initiatives- State savings estimated to be $180.1 million.
- Other Initiatives- State savings estimated to be $100.1 million.

The savings from these proposals offset $675.8 million demand on state spending within the Global Cap in FY 2019 and allow Global Cap spending to remain within required parameters.

HEALTH – PUBLIC HEALTH

Health - Public Health

The FY 2019 Executive Budget recommends Public Health spending, excluding Medicaid and the Essential Plan, at $5.38 billion, an increase of $271.5 million, or 5.3 from current year levels.

Early Intervention Program Reform (EI)

The FY 2019 Executive Budget proposes a series of changes to the Early Intervention (EI) Program that would result in a net State savings of $3.2 million in FY 2019, increasing to $9.5 million in FY 2019. Additionally, these proposed changes to EI services, would provide an estimated annual savings of $12 million to local municipalities. For further detailed information, refer to Part O of the Health and Mental Hygiene proposal in the Article VII section of the report.

Consolidation of Public Health Programs

The FY 2019 Executive Budget recommends the consolidation of 30 public health appropriations into four pools, while also reducing funding of these proposed pools by 20 percent. The proposed consolidation shifts $28 million of HCRA funded programs to General Funds. This proposal would achieve net savings of $9.2 million in FY 2019.

Statewide Health Care Facilities Transformation Program III

The FY 2019 Executive Budget recommends up to $425 million in capital funding for the Statewide Health Care Facilities Transformation Program III, of which $300 million would be capital bonds disbursed through Dormitory Authority of the State of New York (DASNY), and $125 million would be from settlement funds. This program would provide health care facilities funding to support capital projects, debt retirement, working capital and certain non-capital needs that facilitate transformative activities intended to improve access to healthcare services.

HUMAN SERVICES

The FY 2019 Executive Budget recommends an increase in All Funds cash disbursements of $318.2 million or 3.7 percent over FY 2018 for all Human Services agencies.

The FY 2019 Executive Budget proposes All Funds State Operations spending, including General State Charges, of $354.9 million for the Office of Children and Family Services. This is an increase of $2.4 million or 0.7 percent. The Executive recommends a staffing level of 2,907 FTE, which is a reduction of 58 FTE.

The Executive provides FY 2019 All Funds Aid to Localities appropriation authority of $3.2 billion, a decrease of $41.7 million or 1.3 percent from FY 2018 levels. This decrease can be attributed to reductions of: $41.4 million from the discontinuation of State reimbursement to New York City related to the Close to Home initiative; $23.6 million from the elimination of Legislative initiatives; and $6.7 million in miscellaneous reductions. These reductions are offset by a $30 million increase in General Fund support for child care subsidies.

FY 2019 All Funds cash spending is projected to be $2.4 billion, a decrease of $47.4 million or 1.9 percent.

The FY 2019 Executive Budget includes Article VII legislation to renew various programs that are set to expire in FY 2018, including the Close to Home initiative for juvenile delinquents in New York City, for an additional five years, and the Youth Development Program, for an additional three years. Legislation is also included to authorize the Dormitory Authority of the State of New York to provide capital design and construction services to OCFS.

The FY 2019 Executive Budget includes a new, $100 million miscellaneous Aid to Localities appropriation for New York State, New York City and county costs related to the implementation of raise the age.

For the Office of Temporary and Disability Assistance, the FY 2019 Executive Budget proposes All Funds State Operations spending, including General State Charges, of $326.8 million, an increase of $3.1 million or 0.9 percent from FY 2018. The Executive maintains the current staffing level of 2,006 FTE.

The Executive proposes FY 2019 All Funds Aid to Localities appropriation authority of $5.2 billion, an increase of $76.1 million or 1.5 percent from FY 2018. This change can be attributed to increases of: $14.7 million for Safety Net Assistance; $5 million for SSI State supplement payments; $99.3 million for Family Assistance and Emergency Assistance to Families; $4 million for the Summer Youth Employment program; and $1.4 million for homeless housing and preventive services.

These increases are partially offset by a $23 million reduction in TANF support for child care subsidies, the transfer of $3 million for Nurse-Family Partnership to the Department of Health, and the elimination of $21.3 million in Legislative initiatives.

The Executive Budget increases appropriation authority for the Family Assistance and Safety Net Assistance programs by $14.7 million and $99.3 million, respectively. A total of approximately $2.8 billion in public assistance spending is projected, driven by a total projected caseload of 558,720.

The Executive proposes $1 million in new funding for a program to provide comprehensive support and case management services for at-risk youth, in particular unaccompanied children entering the United States and residing in Nassau and Suffolk Counties.

The FY 2019 Executive Budget includes language to authorize counties outside of New York City, at local option, to provide rental subsidies to Public Assistance recipients with medically diagnosed HIV infection, as defined by the AIDS Institute of the New York State Department of Health. Counties would be authorized, in accordance with a plan approved by OTDA, to cap housing expenses for these individuals at no more than 30 percent of their income. This proposal would also amend existing law granting authorization to New York City to allow rental subsidies to be provided to public assistance recipients with medically diagnosed HIV infection, as defined by the AIDS Institute.

Excluding Unemployment Insurance (UI), the FY 2019 Executive Budget recommends All Funds spending of $152 million for the Department of Labor, a decrease of $15.3 million or 9.1 percent from FY 2018. This decrease can be attributed to the elimination by the Executive of $15.3 million in Legislative Initiatives. The Executive reduces appropriation authority for the UI program by $50 million, to $2.85 billion, as a result of a decrease in UI benefit payments due to reduced utilization and the strong health of the fund.

For the Workers' Compensation Board, the FY 2019 Executive Budget recommends an All Funds cash spending amount of $216.5 million, an increase of $19.2 million or 9.7 percent from FY 2018. The cash increase is primarily driven by $17.3 million in capital spending, $1.2 million in General State Charges, and $4.3 million in State Operations.

The FY 2019 Executive Budget provides $19.2 million in All Funds appropriation support for the Division of Veteran's Affairs, a decrease of $1.6 million from FY 2018. This decrease relates to the elimination by the Executive of Legislative initiatives. The Division's staffing level of 98 FTE is unchanged.

MENTAL HYGIENE

The FY 2019 Executive Budget recommends $7.2 billion in All Funds cash disbursements in Mental Hygiene spending, an increase of $254 million, or 3.7 percent. This includes $1.8 billion in Department of Health (DOH) disbursements for Office for People with Developmental Disabilities (OPWDD) services, an increase of $492 million.

The Executive proposal supports s a total workforce in Mental Hygiene of 33,624, a decrease of 307 FTEs, primarily reflecting a reduction in State services in the Office of Mental Health (OMH). No layoffs are anticipated in FY 2019, all FTE decreases would be accomplished through attrition.

The Executive Budget includes $146 million in State funds, and increase of $132 million, to fund the second year of a salary enhancement for direct care and support workers under the auspices of mental hygiene agencies. The Executive Budget also includes $64 million, an increase of $44 million, to support the cost to not-for-profit mental hygiene agencies impacted by the minimum wage increase

The Executive Budget proposes in OMH an additional reduction of 100 adult or children's beds if there is a consistent 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 that the reinvestment into community services will increase by $11 million annually as a result of actions in FY 2019. There are no proposed closures of State-operated psychiatric centers for FY 2019; 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 Budget proposal recommends static funding of over $200 million addressing the heroin and opioid epidemic. New initiatives are not proposed to combat the opioid/heroin epidemic; the recommendations do maintain prior year investments.

SCHOOL AID

The FY 2019 Executive Budget provides $26.36 billion in school aid, an increase of $769 million or 3.0 percent above the 2017-18 school year. This proposal provides for an increase of $317 million for expense based and other categorical aids for the 2018-19 school year. Under the Executive Budget, Foundation Aid is increased by $337.6 million over the prior year. Additional funding of $64 million is provided in a fiscal stabilization fund with distribution of such funds to be negotiated by the Legislature. An additional $50 million in new funding within Foundation Aid is provided for Community schools.

The Executive Budget funds expense base aids and other categorical initiatives at present law levels for an increase of $317 million. However, the Executive Proposes beginning with the 2019-20 school year to limit growth in BOCES Aid and Transportation Aid to two percent above the prior year. Also beginning in 2019-20, if the statewide growth in Building Aid in the current year is greater than two percent, Building Aid would be reduced by an efficiency factor.

The Executive Budget increases Foundation Aid by $337.6 million and distributes 81.4 percent of the increase in Foundation Aid to high needs school districts. When looking strictly at relative wealth, the Executive proposal distributes 98.4 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 179 districts receiving a minimum one quarter of one percent year over year increase.

The Executive Budget provides for a $200 million Community Schools set-aside which is an increase of $50 million above 2017-18 levels. This set-aside is included in total Foundation Aid. Similar to FY 2018, the $150 million set-aside for FY 2019 retains its flexibility, however, the $50 million set-aside for FY 2019 must be used to support the transformation of schools into Community Schools.

The Executive Budget includes over $800 million in funding for Universal Pre-Kindergarten in the 2018-19 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. The Executive also continues funding of $340 million for Prekindergarten for four year olds as part of a Senate initiative to fully fund Universal Pre-Kindergarten enacted in the FY 2015 budget.

The Executive proposes capping STAR benefits at 2017-18 levels, beginning with the 2018-19 school year, in an effort to limit state spending on

STAR. The Executive estimates FY 2019 savings of $49 million from this proposal. Current law allows the growth of STAR benefits at a rate not to exceed two percent annually.

The Executive also proposes beginning with the 2019 assessment rolls to require senior citizens to participate in the Income Verification Program administered by the Department of Taxation and Finance.

HIGHER EDUCATION

The FY 2019 Executive Budget recommends All Funds spending of $11.3 billion for New York State public and private higher education programs. This represents an increase of $462 million or 4.3 percent from FY 2018.

Cash spending at SUNY would increase $252 million, or 2.9 percent, from $8.2 billion to $8.4 billion. CUNY cash spending would decrease $16 million, or one percent, from $1.62 billion to $1.61 billion. The Higher Education Facilities Capital Matching Grants Program disbursements would remain flat at $12.5 million, and the Higher Education Services Corporation – which is responsible for providing tuition assistance and state scholarship programs – would increase $226 million, or 24 percent.

The Executive Budget recommends flat base aid support for SUNY Senior State colleges. The SUNY system would generate an additional $35 million in revenue resulting from a $200 increase in in-state tuition. This would represent the second of four years of authorized tuition increases.

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 $2,747/FTE. A decrease in enrollment would reduce assistance by $9.5 million.

The FY 2019 Executive Budget provides a $982 million capital appropriation for SUNY. This represents a $90 million increase, or 10 percent. Senior colleges would receive $350 million for critical maintenance, a reduction of $200 million. SUNY teaching hospitals would receive $257 million in new capital authority. Although the hospitals are typically required to reimburse the State for all construction and debt service costs using outside revenues, $157 million of this appropriation would be covered by the State on behalf of the hospitals.

Operating funds for CUNY Senior Colleges would decrease by $219 million or 7.6% within the FY 2019 Executive Budget. The CUNY system would generate an additional $31.3 million in revenue resulting from a $200 increase in in-state tuition. Similar to SUNY, this increase represents the second of four years of authorized tuition increases.

The FY 2018 Enacted Budget provided $254 million to cover retroactive salary increases to CUNY employees who had been without a contract since 2010. The one-time nature of this appropriation is reflected in the large decrease in operating aid..

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 $2,747/FTE. A negligible change in enrollment would result in flat formula aid.

The FY 2019 Executive Budget provides a $370 million capital appropriation for CUNY. This represents a $32 million increase, or eight percent, from FY 2018. Senior college appropriation would remain unchanged at $284 million, while community college projects would decline $32 million.

The FY 2019 Executive Budget provides $956 million for the Tuition Assistance Program (TAP), and includes language within the appropriation to allow undocumented immigrants to be eligible for State financial aid programs. The Excelsior Scholarship and the Enhanced Tuition Award, which were established in the FY 2018 Enacted Budget, would receive $118 million and $23 million, respectively. The Excelsior Scholarship covers tuition costs for eligible students at SUNY and CUNY schools while the Enhanced Tuition Award provides financial aid to eligible students at private colleges and universities.

The Higher Education Capital Matching Grant Program would receive an additional $30 million in capital for private colleges and universities.
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 a decrease of $160,000 in funding from FY 2018.

TRANSPORTATION

The FY 2019 Executive Budget proposes an All Funds cash spending level for the Department of Transportation (DOT) of $9.4 billion, a decrease of $733 million, or 7.6 percent from FY 2018.

The Executive Budget provides $5.4 billion in cash operating assistance to the State's transit systems, an increase of $347 million or seven percent. The MTA would receive $4.8 billion, reflecting an increase of $334 million or about seven percent. Non-MTA transit systems would receive $525 million, including over $321 million for Downstate non-MTA transit systems and $204 million for Upstate transit systems, reflecting a one percent increase.

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 2018 levels.

The FY 2019 Executive Budget continues the fourth-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 2019 Executive Budget recommends an All Funds cash spending level for the Department of Motor Vehicles (DMV) of $338 million, a $15 million or 4.7 percent increase from last year. This increase is attributable to 89 additional FTEs. The Executive requests a DMV workforce of 2,345 FTE positions to accommodate the license renewal peak.

The FY 2019 Executive Budget recommends an All Funds cash spending level of $414 million for the MTA, a $556 million or 57 percent decrease from last year. The decrease includes the proposed "off budget" shift of $1.4 billion in payroll mobility taxes offset by $254 million (capital) and $174 million (operating) for the State's half of the $836 million Subway Action Plan. The Executive continues the State's overall $8.5 billion multi-year funding commitment to the MTA's $29.5 billion 2015-2019 Capital Program.

PUBLIC PROTECTION

The FY 2019 Executive Budget recommends All Funds spending of $5.4 billion, a decrease of $272 million or 4.75 percent over FY 2018 for all public protection agencies. This primarily is attributable to decreases in local assistance within the Division of Homeland Security and Emergency Services.

The Executive recommends $3.295 billion in All Funds appropriations for the Department of

Corrections and Community Services, an increase of $16.2 million from FY 2018.

Due to a settlement with the New York Civil Liberties Union, the Executive proposes closing three Special Housing Units with a total of 912 beds. These closures will result in a decrease of 110 Full Time Equivalent (FTE) positions through attrition. Also required due to the settlement, staffing will increase by 36 positions to satisfy the expansion of alcohol and substance abuse programs.

The Executive proposes no correctional facility closures for FY 2019. There will be three additional Parole Board members. The projected prison population will be approximately 50,300 at the end of FY 2018.

The Executive Budget recommends $281 million in All Funds appropriations for Division of Criminal Justice Services (DCJS), a decrease of $4.7 million from FY 2018. The Executive proposes a decrease of $17 million in Legislative General Fund Local Assistance programs. The Executive provides $500,000 for Gang Prevention efforts. The plan would be submitted by the Commissioner of DCJS and subject to the approval of the Director of Budget.

The Executive provides $1.53 billion in All Funds appropriations for the Division of Homeland Security and Emergency Services, a decrease of $42 million from FY 2018. This is primarily attributable to the removal of non-recurring appropriations for interoperability grants.

The Executive Budget recommends $994.7 million in All Funds appropriations for the Division of State Police (DSP), an increase of $68.5 million from FY 2018. This increase is primarily attributable to the creation of Federal Capital Equitable Sharing Funds. The Executive also provides $8 million and 26 FTEs for DSP to provide support to ongoing MS-13 eradication efforts. As well as four new FTEs using existing resources to assist in the processing of Sexual Offense Kits, pursuit to Chapter 500 of the Laws of 2016.

The Executive Budget recommends $161.2 million is All Funds support for the Office of Indigent Legal Services, an increase of $51.6 million from FY 2018. This is wholly attributable to the statewide implementation of the Hurrell-Harring Settlement terms, which was part of the FY 2018 Enacted Budget. The proposal allows for an increase of four FTEs to handle increased workload associated with statewide implementation.

The Executive Budget recommends $156 million in All Funds support of the Division of Military and Naval Affairs, an increase of $17.2 million from FY 2018. This is primarily attributable to an increase of $13.2 million for maintenance projects for Armories across the State.

ECONOMIC DEVELOPMENT AND JOB CREATION

The FY 2019 Executive Budget recommends All Funds appropriations of $175.5 million for State Operations and Aid to Localities economic development programs, this is a decrease of $32.3 million, or 15.5 percent from the FY 2018 Enacted Budget.

General Fund appropriations are recommended at $161 million, which is a decrease of $32.2 million or 16.7 percent. This decrease is primarily driven by the elimination of Legislative initiatives and a $25 million reduction in Executive advertising and marketing initiatives.

The Executive proposes extending the Minority and Women Owned Business (MWBE) program through 2023. The proposed extension includes several modifications to the program, including changes based on the disparity impact study that was released by the Division of Minority and Women's Business Development in June 2017, and anti-fraud provisions. Additionally, the Executive proposes adding 5 FTEs to process applications for the MWBE program.

The FY 2019 Executive Budget recommends a capital appropriation of $1.27 billion. This is a decrease of $1.3 billion or 50.6 percent from FY 2018.

The FY 2019 Executive Budget recommends $900 million in new capital spending appropriations, $600 million for Phase Two of Capital Region Life Science Lab (Wadsworth) and $300 million for the High Technology Innovation and Economic Development Infrastructure Program.

AGRICULTURE/ENVIRONMENT/ HOUSING

The FY 2019 Executive Budget recommends All Funds disbursements of $2.5 billion, an increase of $371.2 million for the State's Environmental Conservation, Energy, Agriculture, and Housing agencies. Increases in funding are recommended for the Adirondack Park Agency ($1,000); the Department of Agriculture and Markets ($2.1 million); the Department of Environmental Conservation ($99.7 million); the Department of Public Service ($1.1 million); the Division of Housing and Community Renewal ($228.5 million); the Olympic Regional Development Authority ($18.2 million); the New York Power Authority ($10.4 million); and the Office of Parks, Recreation and Historic Preservation ($12.5 million). Decreases are recommended for the Energy Research and Development Authority ($1.5 million). In addition, the Executive once again recommends no disbursements for the Hudson River Park Trust.

The FY 2019 Executive Budget recommends All Funds appropriations of $4.54 million for the Adirondack Park Agency (APA), a decrease of $100,000, or 2.15 percent, from the current year. The decrease is primarily due to the completion of a federal grant.

The FY 2019 Executive Budget recommends All Funds appropriations of $162 million for the Department of Agriculture and Markets (NYSDAM). This represents a net decrease of $66.7 million, or 29.2 percent, from the current fiscal year. These changes reflect the elimination of local assistance adds and one-time capital adds for the State Fair, improvements at county fairs and assistance for animal shelters.

The FY 2019 Executive Budget recommends All Funds appropriations of $1.24 billion for the Department of Environmental Conservation (DEC), a decrease of $2.7 billion, or 68.1 percent from FY 2018. This decrease largely reflects the loss of a one-time appropriation of $2.5 billion in funding for the Clean Water Infrastructure Act and $151 million for the State's share of an Army Corps of Engineers shore protection project on Staten Island. These projects continue to receive funding within reappropriations.

The FY 2019 Executive Budget recommends All Funds appropriations of $17 million for the New York State Energy Research and Development Authority (NYSERDA). This represents an increase of $1.43 million, or 9.14 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 FY 2019 Executive Budget recommends All Funds appropriations of $95.4 million for the Department of Public Service (DPS), a decrease of $6 million, or 5.92 percent, from the current fiscal year. This decrease results from right-sizing a temporary increase in fringe benefits that is no longer needed.

The FY 2019 Executive Budget recommends All Funds appropriations of $410.5 million for the Division of Housing and Community Renewal (DHCR), a net decrease of $405.5 million, or 49.7 percent, from current levels. The decrease is attributed to the elimination of a one-time appropriation of over $409 million in capital funds for a multi-year statewide affordable housing plan. The funds for the $2.5 billion plan continue in reappropriations.

The FY 2019 Executive Budget recommends All Funds appropriations of $70.1 million for the Olympic Regional Development Authority (ORDA), an increase of $28 million, or 67 percent. This reflects additional capital spending at ORDA facilities for energy efficiency upgrades and renovation projects.

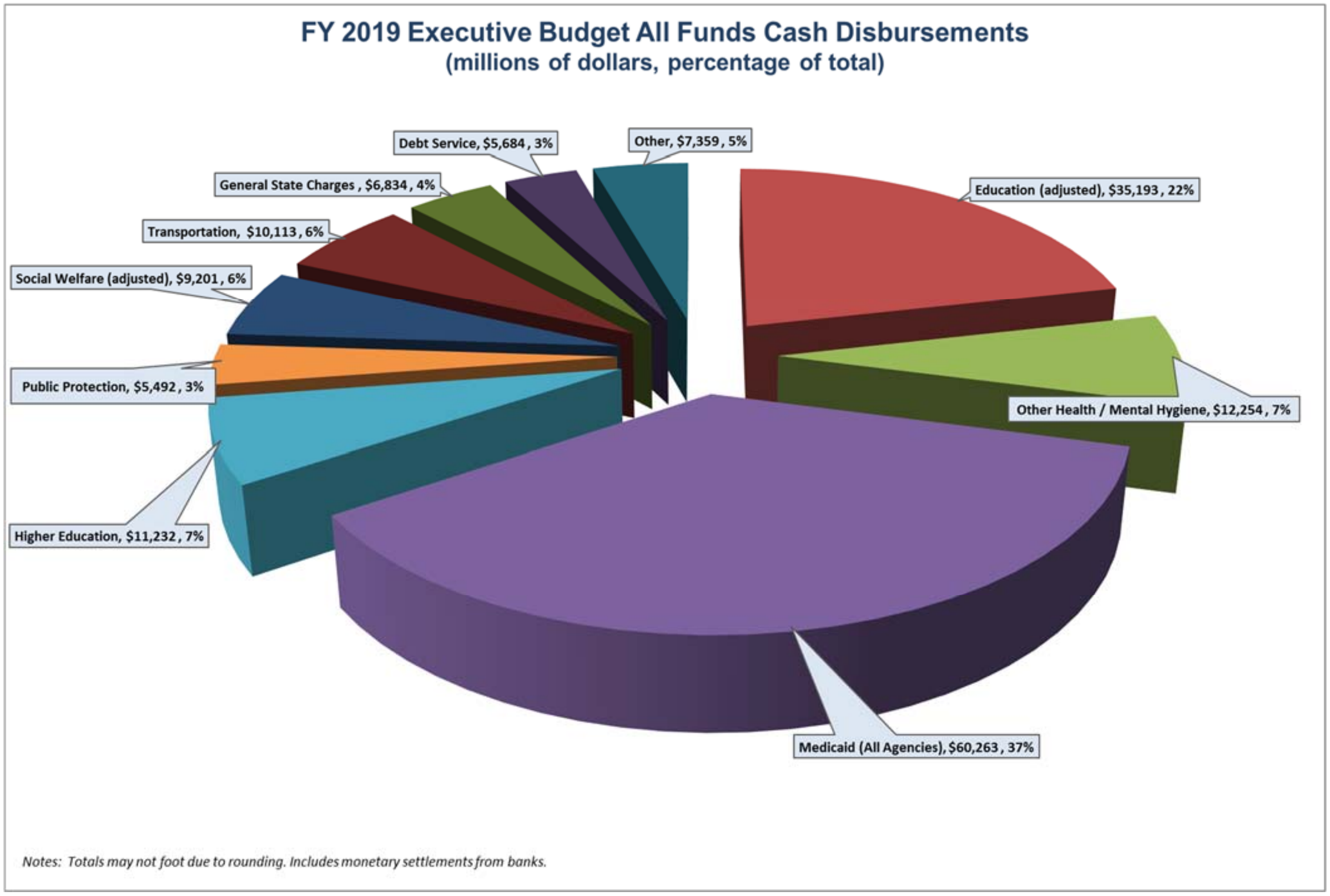
The FY 2019 Executive Budget recommends All Funds appropriations of $215 million for the New York Power Authority (NYPA). This represents a net decrease of $120 million from the current fiscal year. Most of this decrease, $77 million, is attributed to a one-time appropriation for the $200 million, three-year 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 remaining $43 million decrease reflects a reduction in the State's repayment of funds previously transferred by NYPA to the State.

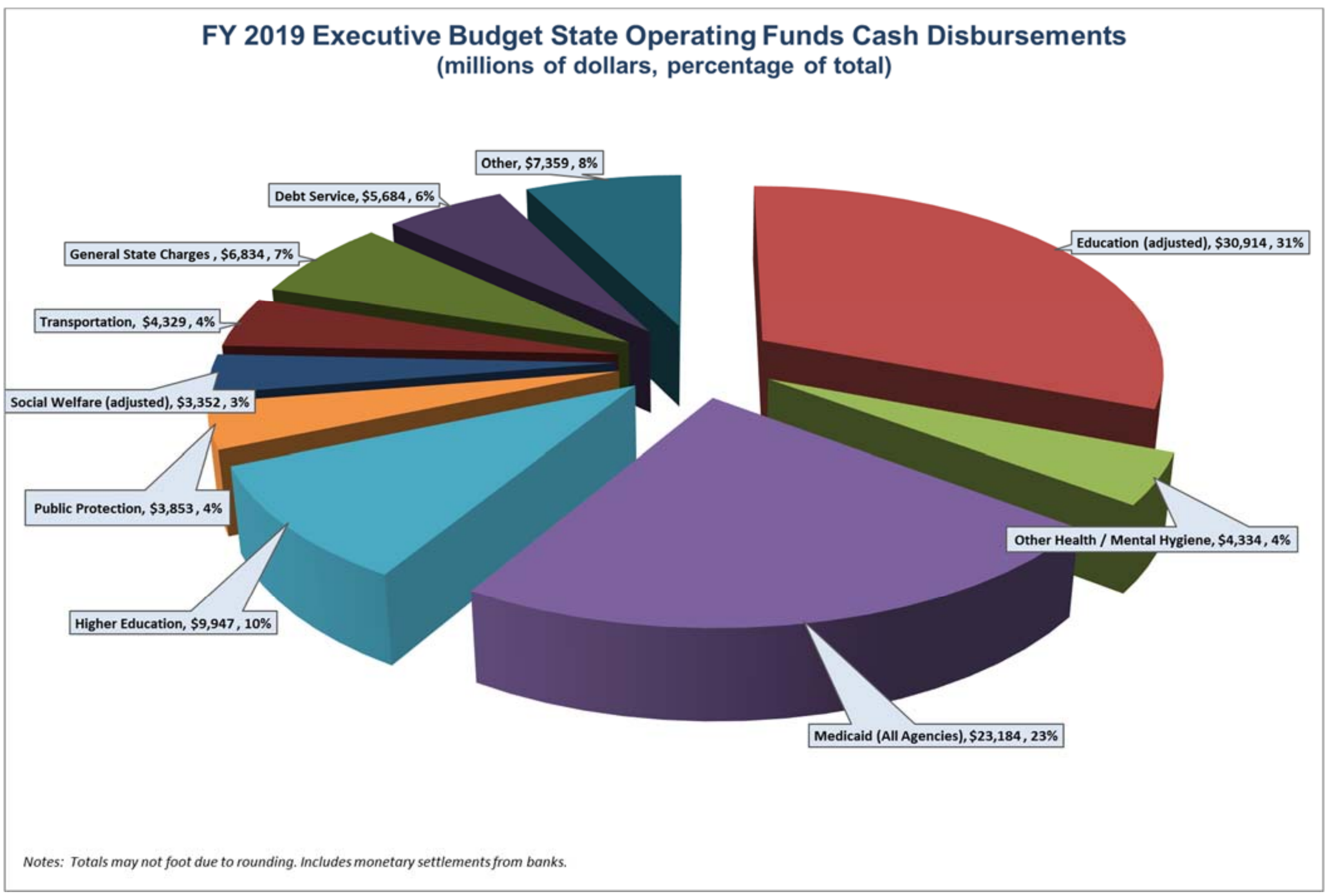
The FY 2019 Executive Budget recommends All Funds appropriations of $435.94 million for the OPHRP, a decrease of $8.8 million, or two percent from the FY 2018 Enacted Budget. This decrease results primarily in one-time New York Works capital projects funding, from $204.7 million in FY 2018 to $180.7 million in FY 2019.

STATE OPERATIONS / WORKFORCE

The number of State employees remains relatively unchanged. The FY 2019 Executive Budget proposes a net All Funds workforce increase of 201 full time equivalent (FTE) positions from 182,364 to 182,565. This change is due to an increase of 8,078 new hires offset by 7877 FTE employees leaving due to normal attrition.

Major workforce changes proposed in FY 2019 include an increase of 381 FTE within the Department of Health and an increase of 189 FTE for the Department of Motor Vehicles. The Office of Mental Hygiene projects a net workforce reduction of 275 FTE. The Office for Children and Family Services projects a decrease of 58 FTE resulting from the closure of the Ella McQueen Reception Center in Brooklyn. There will not be any layoffs due to excess budgeted capacity at other facilities. Affected employees will be offered transfers.


FY 2019 Executive Budget All Funds Cash Disbursements
(millions of dollars, percentage of total)
Debt Service, $5,684 , 3%
Other, $7,359 , 5%
General State Charges , $6,834 , 4%
Education (adjusted), $35,193 , 22%
Transportation, $10,113 , 6%
Social Welfare (adjusted), $9,201 , 6%
Public Protection, $5,492 , 3%
Other Health / Mental Hygiene, $12,254 , 7%
Higher Education, $11,232 , 7%
Medicaid (All Agencies), $60,263 , 37%
Notes: Totals may not foot due to rounding. Includes monetary settlements from banks.


FY 2019 Executive Budget State Operating Funds Cash Disbursements
(millions of dollars, percentage of total)
Other, $7,359 , 8%
Debt Service, $5,684 , 6%
General State Charges , $6,834 , 7%
Education (adjusted), $30,914 , 31%
Transportation, $4,329 , 4%
Social Welfare (adjusted), $3,352 , 3%
Public Protection, $3,853 , 4%
Other Health / Mental Hygiene, $4,334 , 4%
Higher Education, $9,947 , 10%
Medicaid (All Agencies), $23,184 , 23%
Notes: Totals may not foot due to rounding. Includes monetary settlements from banks.

FY 2019 Executive's Tax and Revenue Action Proposals				
(Millions of Dollars)				
	FY 2019	FY 2020	FY 2021	FY 2022
Revenue Reductions				
Extend the Hire a Vet Tax Credit for Two Years	$0	$0	($37)	($37)
Total Revenue Reductions	**$0**	**$0**	**($37)**	**($37)**
Tax, Fee, Revenue Increases				
Taxation of Cigars	$12	$23	$23	$23
Discontinue the Energy Services Sales Tax Exemption	$96	$128	$128	$128
Increase the Vending Machine Sales Tax Exemption	$0	$0	$2	$3
Close the Carried Interest Loophole	$0	$0	$0	$0
Tax on Vapor Products	$3	$5	$5	$5
Opioid Epidemic Surcharge	$127	$171	$154	$138
Healthcare Insurance Windfall Profit Fee	$140	$140	$140	$140
Impose a Vehicle Safety Inspection Fee	$3	$3	$3	$3
Student Loan Servicer Registration Fee- $750	$0	$0	$0	$0
Pre Licensing Course Pilot Program Fee- $8	$0	$0	$0	$0
License for Production and Sale of Mead and Braggot Annual Fee- $70	$0	$0	$0	$0
Exporter License for Export of New York State Alcoholic Beverages Annual Fee- $125	$0	$0	$0	$0
Defer Business Related Tax Credit Claims	$82	$278	$199	$164
Video Lottery Gaming Distribution Structure Simplification	$22	$20	$20	$20
Modernize Highway Right of Way Fees	$15	$30	$50	$50
Increase Medicaid co-pay for OTC drugs	$11	$15	$0	$0
Extends Telecom Mass Property Assessments	$0	$0	$0	$0
Extends Certain Simulcasting Provisions One Year	$0	$0	$0	$0
Empire Child Credit Hold Harmless	$0	$503	$503	$503
Total Tax Increases	**$511**	**$1,316**	**$1,227**	**$1,177**
Enforcement Actions				
Extends the Statute of Limitations on Amended Tax Returns	$3	$3	$3	$3
Allows Warrantless Tax Debt to be Assessed Against Unclaimed Funds	$3	$3	$3	$3
Allows the Department of Tax and Finance to Access Dependent and Child Care Data	$0	$5	$5	$5
Allows the Department of Tax and Finance to Appeal Tax Appeal Tribunal Decisions	$0	$5	$5	$5
Clarifies New York Residency Requirements for Tax Purposes	$0	$0	$3	$3
Internet Sales Tax	$80	$159	$159	$159
Total Enforcement Actions	**$86**	**$175**	**$178**	**$178**
Net Total Revenue Actions	**$597**	**$1,491**	**$1,368**	**$1,318**

ALL FUNDS
CASH FINANCIAL PLAN

FY 2017 through FY 2019
(millions of dollars)

	2017	2018			2019		
	Results*	Current	*Change*	*Percent*	Proposed	*Change*	*Percent*
Opening Fund Balance	**11,810**	**11,105**	***(705)***	***-6.0%***	**11,904**	***799***	***7.2%***
Receipts							
Taxes	74,372	78,952	*4,580*	*6.2%*	77,369	*(1,583)*	*-2.0%*
Miscellaneous receipts	26,594	27,829	*1,235*	*4.6%*	27,959	*130*	*0.5%*
Federal grants	55,406	57,777	*2,371*	*4.3%*	57,878	*101*	*0.2%*
Total receipts	**156,372**	**164,558**	***8,186***	***5.2%***	**163,206**	***(1,352)***	***-0.8%***
Disbursements							
Grants to local governments	116,337	121,886	*5,549*	*4.8%*	123,240	*1,354*	*1.1%*
Departmental Operations:							
Personal Service	13,724	13,643	*(81)*	*-0.6%*	14,056	*413*	*3.0%*
Non-Personal Service	6,958	7,088	*130*	*1.9%*	7,396	*308*	*4.3%*
General State charges	7,927	8,293	*366*	*4.6%*	8,872	*579*	*7.0%*
Debt service	5,514	5,621	*107*	*1.9%*	5,636	*15*	*0.3%*
Capital projects	6,554	7,906	*1,352*	*20.6%*	8,985	*1,079*	*13.6%*
Total disbursements	**157,014**	**164,437**	***7,423***	***4.7%***	**168,185**	***3,748***	***2.3%***
Net other financing sources (uses)	(63)	678			574		
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(705)	799			(4,405)		
Closing Fund Balance	**11,105**	**11,904**	***799***	***7.2%***	**7,499**	***(4,405)***	***-37.0%***

Notes

FY 2017 results as reported by the State Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, released July 2017.

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

All Funds disbursements are expected to exceed receipts (including other financing sources) in FY 2018 and FY 2019 with the difference funded from other available resources, including Extraordinary Monetary Settlements and general obligation bond proceeds to reimburse planned first-instance capital spending.

STATE FUNDS
CASH FINANCIAL PLAN

FY 2017 through FY 2019
(millions of dollars)

	2017	2018			2019		
	Results*	**Current**	***Change***	***Percent***	**Proposed**	***Change***	***Percent***
Opening Fund Balance	**12,308**	**11,134**	***(1,174)***	***-9.5%***	**12,068**	***934***	***8.4%***
Receipts							
Taxes	74,372	78,952	*4,580*	*6.2%*	77,369	*(1,583)*	*-2.0%*
Miscellaneous receipts	26,393	27,669	*1,276*	*4.8%*	27,757	*88*	*0.3%*
Federal receipts	77	79	*2*	*2.6%*	79	*0*	*0.0%*
Total Receipts	**100,842**	**106,700**	***5,858***	***5.8%***	**105,205**	***(1,495)***	***-1.4%***
Disbursements							
Grants to local governments	67,123	69,857	*2,734*	*4.1%*	71,212	*1,355*	*1.9%*
Departmental Operations:							
Personal Service	13,093	13,026	*(67)*	*-0.5%*	13,429	*403*	*3.1%*
Non-Personal Service	5,587	5,709	*122*	*2.2%*	5,950	*241*	*4.2%*
General State charges	7,634	7,976	*342*	*4.5%*	8,549	*573*	*7.2%*
Debt service	5,514	5,621	*107*	*1.9%*	5,636	*15*	*0.3%*
Capital projects	5,078	6,740	*1,662*	*32.7%*	7,670	*930*	*13.8%*
Total Disbursements	**104,029**	**108,929**	***4,900***	***4.7%***	**112,446**	***3,517***	***3.2%***
Net other financing sources (uses)	2,013	3,163			3,088		
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(1,174)	934			(4,153)		
Closing Fund Balance	**11,134**	**12,068**	***934***	***8.4%***	**7,915**	***(4,153)***	***-34.4%***

Notes

FY 2017 results as reported by the State Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, released July 2017.

State Funds includes all State spending except Federal transfer payments.

STATE OPERATING FUNDS CASH FINANCIAL PLAN

FY 2017 through FY 2019
(millions of dollars)

	2017	2018			2019		
	Results*	**Current**	***Change***	***Percent***	**Proposed**	***Change***	***Percent***
Opening Fund Balance	**12,641**	**11,625**	***(1,016)***	***-8.0%***	**12,578**	***953***	***8.2%***
Receipts							
Taxes	72,989	77,619	*4,630*	*6.3%*	75,968	*(1,651)*	*-2.1%*
Miscellaneous receipts	21,758	20,378	*(1,380)*	*-6.3%*	20,054	*(324)*	*-1.6%*
Federal grants	72	74	*2*	*2.8%*	74	*0*	*0.0%*
Total receipts	**94,819**	**98,071**	***3,252***	***3.4%***	**96,096**	***(1,975)***	***-2.0%***
Disbursements							
Local Assistance Grants	64,369	65,794	*1,425*	*2.2%*	66,413	*619*	*0.9%*
Departmental Operations:							
Personal Service	13,093	13,026	*(67)*	*-0.5%*	13,429	*403*	*3.1%*
Non-Personal Service	5,587	5,709	*122*	*2.2%*	5,950	*241*	*4.2%*
General State charges	7,634	7,976	*342*	*4.5%*	8,549	*573*	*7.2%*
Debt service	5,514	5,621	*107*	*1.9%*	5,636	*15*	*0.3%*
Capital projects	2	0	*(2)*	*-100.0%*	0	*0*	*n/a*
Total disbursements	**96,199**	**98,126**	***1,927***	***2.0%***	**99,977**	***1,851***	***1.9%***
Net other financing sources (uses)	364	1,008			(228)		
Excess (Deficiency) of Receipts over Disbursements and Reserves	(1,016)	953			(4,109)		
Closing Fund Balance	**11,625**	**12,578**	***953***	***8.2%***	**8,469**	***(4,109)***	***-32.7%***

Notes

FY 2017 results as reported by the State Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, released July 2017.

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 two percent. Absent budget actions to adhere to the two percent benchmark, FY 2019 State Operating Funds spending would increase by $4.6 billion, or 4.7 percent, to $102.8 billion.

GENERAL FUND CASH FINANCIAL PLAN

FY 2017 through FY 2019
(millions of dollars)

	2017	2018			2019		
	Results*	Current	*Change*	*Percent*	Proposed	*Change*	*Percent*
Opening Fund Balance	**8,934**	**7,749**	***(1,185)***	***-13.3%***	**9,167**	***1,418***	***18.3%***
Receipts							
Taxes	45,507	49,442	*3,935*	*8.6%*	49,135	*(307)*	*-0.6%*
Miscellaneous receipts	3,813	2,946	*(867)*	*-22.7%*	2,019	*(927)*	*-31.5%*
Federal receipts	0	0	*0*	*0.0%*	0	*0*	*0.0%*
Transfers From Other Funds	17,575	19,053	*1,478*	*8.4%*	20,047	*994*	*5.2%*
Total Receipts	**66,895**	**71,441**	***4,546***	***6.8%***	**71,201**	***(240)***	***-0.3%***
Disbursements							
Local Assistance Grants	44,439	46,501	*2,062*	*4.6%*	49,938	*3,437*	*7.4%*
Departmental Operations:							
Personal Service	6,065	5,975	*(90)*	*-1.5%*	8,624	*2,649*	*44.3%*
Non-Personal Service	2,022	2,217	*195*	*9.6%*	2,904	*687*	*31.0%*
General State charges	5,462	5,650	*188*	*3.4%*	7,597	*1,947*	*34.5%*
Transfers To Other Funds:							
Debt service	924	1,037	*113*	*12.2%*	837	*(200)*	*-19.3%*
Capital projects	2,569	2,004	*(565)*	*-22.0%*	3,246	*1,242*	*62.0%*
State Share Mental Hygiene Medicaid	1,239	1,314	*75*	*6.1%*	0	*(1,314)*	*-100.0%*
SUNY Operations	996	1,022	*26*	*2.6%*	1,021	*(1)*	*-0.1%*
Other	4,364	4,303	*(61)*	*-1.4%*	1,081	*(3,222)*	*-74.9%*
Total Disbursements	**68,080**	**70,023**	***1,943***	***2.9%***	**75,248**	***5,225***	***7.5%***
Excess (Deficiency) of Receipts over							
Disbursements and Reserves	**(1,185)**	**1,418**			**(4,047)**		
Closing Fund Balance	**7,749**	**9,167**	***1,418***	***18.3%***	**5,120**	***(4,047)***	***-44.1%***

Notes

FY 2017 results as reported by the State Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, released July 2017.

FY 2019 includes the reclassification of mental hygiene funds from Special Revenue Funds, and certain DOT and DMV operating expenses from the Dedicated Highway and Bridge Trust Fund, to the General Fund.

The Executive Budget projects FY 2019 General Fund receipts (including transfers) to decrease by $240 million or approximately 0.3 percent from FY 2018, driven largely by decreased tax revenue projections.

The Executive Budget projects FY 2019 General Fund disbursements (including transfers) to increase by $5.2 billion or 7.5 percent from FY 2018, driven mainly by the reclassification of certain expenses relative to General State Charges that are currently accounted for in special revenue funds.

CASH DISBURSEMENTS BY FUNCTION	All Funds		State Funds		State Operating Funds		General Fund	
FY 2019 Executive Budget	Thousands ($)	*% change**	Thousands ($)	*% change**	Thousands ($)	*% change**	Thousands ($)	*% change**
Local Assistance								
Economic Development	1,496,785	*12.2%*	1,488,730	*12.3%*	234,708	*-13.8%*	164,693	*-21.2%*
Education, school aid	29,788,694	*3.3%*	27,018,844	*3.5%*	26,318,844	*2.3%*	22,978,004	*3.1%*
Education, STAR	2,409,909	*-6.8%*	2,409,909	*-6.8%*	2,409,909	*-6.8%*	-	*0.0%*
Education, other	2,994,250	*-0.9%*	2,221,943	*-2.1%*	2,185,443	*-2.3%*	2,172,312	*-2.3%*
Health, other	7,638,145	*2.5%*	2,429,941	*28.4%*	1,569,420	*-3.9%*	775,568	*-6.7%*
Health, Medicaid (all components)	57,977,759	*1.8%*	20,590,185	*3.5%*	20,590,185	*3.5%*	14,418,549	*1.2%*
Higher Education	3,053,981	*8.0%*	3,053,981	*8.0%*	3,053,981	*8.0%*	3,053,981	*8.0%*
General Government	199,234	*13.1%*	141,027	*17.3%*	131,027	*9.0%*	22,288	*8.4%*
Local Government Assistance	755,512	*-0.7%*	755,512	*-0.7%*	755,512	*-0.7%*	755,512	*-0.7%*
Mental Hygiene (adjusted)	2,016,278	*6.0%*	1,853,309	*6.6%*	1,729,229	*6.9%*	1,723,710	*8971.7%*
Parks and Environment	195,839	*-4.2%*	39,569	*-17.9%*	8,569	*-39.4%*	3,119	*-64.2%*
Public Protection	1,413,234	*-12.4%*	426,663	*20.3%*	404,663	*31.2%*	146,416	*-2.0%*
Social Welfare, other (adjusted)	4,057,766	*4.4%*	2,202,140	*8.5%*	1,628,075	*-3.5%*	1,623,491	*-3.5%*
Social Welfare, welfare assistance	3,801,942	*7.8%*	1,175,366	*2.2%*	1,175,366	*2.2%*	1,175,366	*2.2%*
Transportation	5,526,802	*-23.2%*	4,993,894	*-25.1%*	3,961,895	*-21.2%*	294,851	*154.3%*
All Other	(85,647)	*-78.2%*	411,018	*405.7%*	255,990	*-425.2%*	630,132	*-1534.4%*
Total Local Assistance	**123,240,483**	***1.1%***	**71,212,031**	***1.9%***	**66,412,816**	***0.9%***	**49,937,992**	***7.4%***
Percent of Total Spending		***73.3%***		***63.3%***		***66.4%***		***72.3%***
State Operations								
Personal Services	14,056,012	*3.0%*	13,429,328	*3.1%*	13,429,328	*3.1%*	8,623,936	*44.3%*
Non Personal Services	7,348,376	*4.3%*	5,902,426	*4.2%*	5,902,426	*4.2%*	2,904,165	*31.0%*
General State Charges	8,872,150	*7.0%*	8,548,782	*7.2%*	8,548,782	*7.2%*	7,597,107	*34.5%*
Total State Operations	**30,276,538**	***4.5%***	**27,880,536**	***4.5%***	**27,880,536**	***4.5%***	**19,125,208**	***38.2%***
Percent of Total Spending		***18.0%***		***24.8%***		***27.9%***		***27.7%***
Capital Projects	**8,984,737**	***13.6%***	**7,669,966**	***13.8%***	**n/a**	***n/a***	**n/a**	***n/a***
Percent of Total Spending		***5.3%***		***6.8%***		***n/a***		***n/a***
Debt Service	**5,683,509**	***0.4%***	**5,683,509**	***0.4%***	**5,683,509**	***0.4%***	**n/a**	***n/a***
Percent of Total Spending		***3.4%***		***5.1%***		***5.7%***		***n/a***
Total FY 2019 Spending	**168,185,267**	***2.3%***	**112,446,042**	***3.2%***	**99,976,861**	***1.9%***	**69,063,200**	***14.4%***

** reflects percent change over previous fiscal year*

Notes: General Fund totals to not include transfers to other funds. All Funds totals include bank settlement funds. The Medicaid All Components total includes Medicaid spending in other state agencies.

Multi-Year Cash Disbursements Trend

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
All Funds	$126.9	$134.8	$133.5	$133.1	$137.5	$143.9	$150.7	$157.0	$164.4	$168.2
All Funds, adjusted*	$126.9	$134.8	$133.5	$132.5	$135.4	$138.6	$144.4	$148.0	$155.3	$168.2
State Funds	$86.0	$90.1	$93.2	$94.5	$96.4	$98.1	$101.2	$104.0	$109.0	$112.5
State Operating Funds	$80.7	$84.4	$87.2	$88.8	$90.5	$92.4	$94.3	$96.2	$98.1	$100.0
General Fund	$46.4	$49.4	$50.6	$52.2	$52.1	$54.3	$56.7	$58.0	$60.3	$69.1

**excludes extraordinary federal funding related to Superstorm Sandy and the Affordable Care Act*

WORKFORCE IMPACT ALL FUNDS – Major Agencies

FY 2017 through FY 2019

	FY 2017 Actuals (03/31/17)	Starting Estimate (03/31/18)	Attritions	New Fills	Mergers	Net Change	Ending Estimate (03/31/19)
Major Agencies							
Children and Family Services, Office of	2,932	2,965	(729)	671	0	(58)	2,907
Corrections and Community Supervision, Department of	29,189	29,254	(110)	39	0	(71)	29,183
Education Department, State	2,590	2,692	(269)	269	0	0	2,692
Environmental Conservation, Department of	2,956	2,945	(234)	234	0	0	2,945
Financial Services, Department of	1,325	1,382	(78)	78	0	0	1,382
General Services, Office of	1,755	1,915	(337)	337	0	0	1,915
Health, Department of	4,853	5,082	(566)	947	0	381	5,463
Information Technology Services, Office of	3,486	3,406	(170)	170	0	0	3,406
Labor, Department of	2,861	2,990	(329)	329	0	0	2,990
Mental Health, Office of	14,221	13,903	(1,670)	1,395	0	(275)	13,628
Motor Vehicles, Department of	2,184	2,256	(5)	94	0	89	2,345
Parks, Recreation and Historic Preservation, Office of	1,752	1,749	(152)	166	0	14	1,763
People with Developmental Disabilities, Office for	18,958	18,630	(1,479)	1,447	0	(32)	18,598
State Police, Division of	5,645	5,711	(208)	238	0	30	5,741
Taxation and Finance, Department of	3,946	3,978	(40)	40	0	0	3,978
Temporary and Disability Assistance, Office of	1,973	2,006	(248)	248	0	0	2,006
Transportation, Department of	8,487	8,453	(353)	423	0	70	8,523
Workers' Compensation Board	1,122	1,110	(56)	56	0	0	1,110
Subtotal - Major Agencies	**110,235**	**110,427**	**(7,033)**	**7,181**	**0**	**148**	**110,575**
Minor Agencies	**7,672**	**8,085**	**(757)**	**802**	**0**	**45**	**8,130**
Subtotal - Subject to Direct Executive Control	**117,907**	**118,512**	**(7,790)**	**7,983**	**0**	**193**	**118,705**
University Systems							
City University of New York	13,635	13,547	(6)	8	0	2	13,549
State University Construction Fund	144	146	0	6	0	6	152
State University of New York	45,316	45,657	0	0	0	0	45,657
Subtotal - University Systems	**59,095**	**59,350**	**(6)**	**14**	**0**	**8**	**59,358**
Independently Elected Agencies							
Audit and Control, Department of	2,647	2,663	(81)	81	0	0	2,663
Law, Department of	1,787	1,839	0	0	0	0	1,839
Subtotal - Independently Elected Agencies	**4,434**	**4,502**	**(81)**	**81**	**0**	**0**	**4,502**
Grand Total	**181,436**	**182,364**	**(7,877)**	**8,078**	**0**	**201**	**182,565**

WORKFORCE IMPACT
ALL FUNDS - Minor Agencies

FY 2017 through FY 2019

	FY 2017 Actuals (03/31/17)	Starting Estimate (03/31/18)	*Attritions*	*New Fills*	*Mergers*	*Net Change*	Ending Estimate (03/31/19)
Minor Agencies							
Adirondack Park Agency	53	54	*(1)*	*1*	*0*	*0*	54
Aging, Office for the	90	95	*(3)*	*3*	*0*	*0*	95
Agriculture and Markets, Department of	472	483	*(30)*	*30*	*0*	*0*	483
Alcoholic Beverage Control, Division of	112	120	*(6)*	*6*	*0*	*0*	120
Alcoholism and Substance Abuse Services, Office of	745	738	*(105)*	*105*	*0*	*0*	738
Arts, Council on the	28	30	*(3)*	*3*	*0*	*0*	30
Budget, Division of the	234	261	*(40)*	*40*	*0*	*0*	261
Civil Service, Department of	324	350	*(67)*	*67*	*0*	*0*	350
Correction, Commission of	31	32	*(1)*	*1*	*0*	*0*	32
Criminal Justice Services, Division of	410	436	*(22)*	*22*	*0*	*0*	436
Deferred Compensation Board	4	4	*(1)*	*1*	*0*	*0*	4
Economic Development, Department of	147	148	*(8)*	*13*	*0*	*5*	153
Elections, State Board of	75	76	*(6)*	*6*	*0*	*0*	76
Employee Relations, Office of	32	37	*(2)*	*2*	*0*	*0*	37
Executive Chamber	121	136	*(36)*	*36*	*0*	*0*	136
Financial Control Board, New York State	12	12	*0*	*0*	*0*	*0*	12
Gaming Commission, New York State	410	411	*(17)*	*17*	*0*	*0*	411
Higher Education Services Corporation, New York State	200	190	*(10)*	*10*	*0*	*0*	190
Homeland Security and Emergency Services, Division of	467	564	*(39)*	*74*	*0*	*35*	599
Housing and Community Renewal, Division of	644	682	*(48)*	*48*	*0*	*0*	682
Hudson River Valley Greenway Communities Council	0	1	*0*	*0*	*0*	*0*	1
Human Rights, Division of	155	164	*(15)*	*15*	*0*	*0*	164
Indigent Legal Services, Office of	17	30	*0*	*4*	*0*	*4*	34
Inspector General, Office of the	92	109	*(10)*	*10*	*0*	*0*	109
Interest on Lawyer Account	9	9	*0*	*0*	*0*	*0*	9
Judicial Conduct, Commission on	44	50	*(2)*	*2*	*0*	*0*	50
Justice Center for the Protection of People with Special Needs	417	441	*(30)*	*30*	*0*	*0*	441
Labor Management Committees	75	77	*(6)*	*6*	*0*	*0*	77
Lieutenant Governor, Office of the	5	7	*(2)*	*2*	*0*	*0*	7
Medicaid Inspector General, Office of the	432	426	*(48)*	*48*	*0*	*0*	426
Military and Naval Affairs, Division of	366	390	*(42)*	*42*	*0*	*0*	390
Prevention of Domestic Violence, Office for	26	27	*(1)*	*1*	*0*	*0*	27
Public Employment Relations Board	30	33	*(3)*	*3*	*0*	*0*	33
Public Ethics, Joint Commission on	51	52	*(3)*	*3*	*0*	*0*	52
Public Service Department	508	520	*(33)*	*33*	*0*	*0*	520
State, Department of	499	525	*(91)*	*92*	*0*	*1*	526
Statewide Financial System	137	141	*(14)*	*14*	*0*	*0*	141
Tax Appeals, Division of	23	27	*(1)*	*1*	*0*	*0*	27
Veterans' Affairs, Division of	89	98	*(3)*	*3*	*0*	*0*	98
Victim Services, Office of	79	92	*(7)*	*7*	*0*	*0*	92
Welfare Inspector General, Office of	7	7	*(1)*	*1*	*0*	*0*	7
Subtotal - Minor Agencies	**7,672**	**8,085**	***(757)***	***802***	***0***	***45***	**8,130**

FACT SHEET: EDUCATION

The FY 2019 Executive Budget provides $26.36 billion in school aid, an increase of $769 million or 3.0 percent above the 2017-18 school year.

- The Executive proposal increases Foundation Aid by $337.6 million or 1.97 percent. All school districts would receive an increase in Foundation Aid with no district receiving less than a one quarter of one percent year over year gain. The Foundation Aid formula continues to use school district need and wealth as determining factors in its distribution.

- The Executive funds expense base aids and other categorical initiatives at present law levels for an increase of $317 million. However, the Executive proposes beginning with the 2019-20 school year to limit growth in BOCES Aid and Transportation Aid to two percent above the prior year. Also beginning in 2019-20, if the statewide growth in Building Aid in the current year is greater than two percent, Building Aid would be reduced by an efficiency factor. The efficiency factor is determined by multiplying statewide Building Aid in the base year by 1.02 and then dividing the result by the current year Building Aid. New York City Building Aid projects would NOT be subject to the efficiency factor if approved by SED prior to July1, 2018.

- The Executive proposes an increase of $50 million in new community schools funding. Community Schools funding is included as a set aside in the Executive Foundation Aid increase. The per district minimum was increased from $10,000 in 2017-18 to $75,000. The Executive also includes restrictive language that requires Community Schools funds be used for specific purposes.

- The Executive proposal provides $64 million for a fiscal stabilization fund with distribution of such funds to be negotiated by the Legislature.

- The Executive proposes an increase of $50 million in competitive grant funding for both existing programs and new programs including:
  - $15 million for Expanded Prekindergarten for three & four year olds
  - $10 million for the Empire State After School Program
  - $9 million for Early College High Schools
  - $6 million for the Smart Start Program
  - $5 million for the Breakfast After the Bell program
  - $2.5 million for Expanded Advance Placement Access, and
  - $2.5 million provided for other Education initiatives such as Gang Prevention Education and Improving School Mental Health

- The Executive proposes to increase support for new and expanding charter schools in New York City by aligning facilities reimbursement to capture more accurate costs of occupying charter school space. The Executive proposal increases NYC Charter School funding by three percent in 2018-19.

- The Executive proposes a pilot program that authorizes BOCES to establish a recovery high school program in conjunction with school districts that are not component districts of BOCES. There are currently nine non-component districts of BOCES statewide that would be eligible for this initiative.

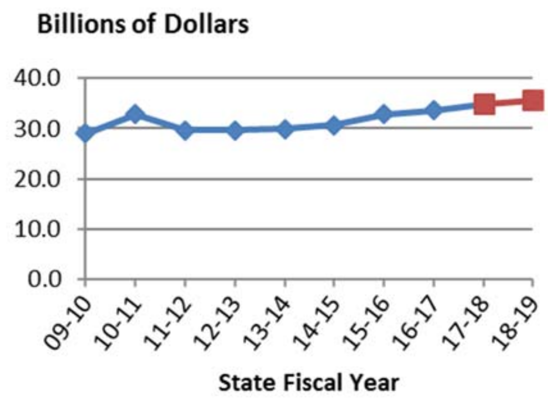
- The Executive proposes an increase of three percent to reimburse nonpublic schools statewide for the cost of state-mandated activities. The Executive continues the two year commitment of $60 million for the Comprehensive Attendance Program (CAP) in the 2017-18 Enacted Budget. The Executive also provides $15 million in reimbursement for health and safety initiatives and $5 million in reimbursement for STEM instruction.

- The Executive proposal advances the No Student Goes Hungry Act. The program has four components:

    - Ban lunch shaming statewide.
    - State support for breakfast after the bell. The Executive has provided $7 million in capital funds and $10 million for reimbursement of anticipated increases in local food costs.
    - Increases the reimbursement for all schools starting in 2019-20 from six cents to 25 cents per meal when at least 30 percent of the total costs of food products are purchased from New York State farmers, growers, producers or processors in the prior year.
    - Doubles the appropriation for the existing Farm to School Program from $750,000 to $1.5 million.

EDUCATION

All Funds Disbursements (Millions of Dollars)		
	Estimated FY 2018	Projected FY 2019
Cash	34,852	35,643
Annual Growth Rate	3.5%	2.3%
5 Year Average Growth (Actual)		2.6%



Education Department

The Executive Budget provides a State Operations All Funds appropriation for the State Education Department of $602 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
- Funding of $225,000 for continued support of state monitors in the East Ramapo School District

2018-19 School Aid Proposal

The FY 2019 Executive Budget provides $26.36 billion in school aid, an increase of $769 million or 3.0 percent above the FY 2018 school year. Highlights of this proposal include an increase of $337.6 million in Foundation Aid, a $317 million increase in expense base aids and other categorical initiatives, and a $50 million increase in new and existing grant opportunities. Additional funding of $64 million is also provided in a fiscal stabilization fund.

Foundation Aid: The Executive proposal increases Foundation Aid by $337.6 million or 1.97 percent. 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 98.4 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 179 districts receiving a minimum one quarter of one percent year over year gain.

Community Schools: The Executive Budget provides for a $200 million Community Schools setaside within Foundation Aid which is an increase of $50 million above 2017-18 levels. 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 2018, the $150 million setaside for FY 2019 retains its flexibility, however, the $50 million setaside for FY 2019 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 $313.7 million is a reflection of the State's reimbursement obligation based on increased spending by school districts in these aid categories.

Fiscal Stabilization Fund: The Executive proposal provides $64 million for a fiscal stabilization fund with distribution of such funds to be negotiated by the Legislature.

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 $175.8 million for a total of $3.12 billion.

High Excess Cost Aid: The Executive decreases High Excess Cost aid by $12.4 million for a total of $626.1 million. The reduction in aid is a result of district claim activity as opposed to proposed statutory changes.

Private Excess Cost Aid: The Executive increases Private Excess Cost aid by $22.4 million for a total of $415.7 million.

BOCES Aid: The Executive increases BOCES aid by $17.4 million for a total of $922.4 million.

Transportation Aid: The Executive increases Transportation aid by $97.2 million for a total of $1.91 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 School Transitional Aid by $9.8 million for a total of $48.4 million.

Academic Enhancement Aid: The Executive maintains funding at $9.57 million.

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

Full Day Kindergarten Conversion Aid: The Executive budget provides an incentive for districts to convert to a full day kindergarten program. Districts would receive the existing incentive available under current law and also would receive 50 percent of that amount in the second year of conversion.

Universal Pre-K for Three and Four year olds

The Executive proposal includes over $800 million in funding for Universal Pre-Kindergarten in the 2018-19 school year with most of that is targeted to 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 four year olds) into the $385 million for the Universal Pre-Kindergarten 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 2015 Enacted Budget. Of the $340 million, $300 million is designated for NYC and $40 million for the rest of the State annually.

The Executive Budget 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.

The Executive proposes an additional $15 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.

Charter Schools

In the FY 2018 Enacted Budget, the State amended the formula to consolidate Charter School basic tuition and supplemental basic tuition to more closely align future basic tuition with the resident student school district's Approved Operating Expenditures as it was originally intended. Further, the State also included a provision whereby Charter School basic tuition will once again be adjusted to reflect multi-year increases in public school district spending, in effect providing an annual inflationary adjustment. The Executive continues the reforms to Charter School basic tuition enacted in the FY 2018 State Budget and also proposes a new $22.6 million appropriation for New York City Charter Schools. When combined, the Executive Budget increases Charter School funding for New York City Charters by three percent in FY 2019.

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In FY 2018 the State enacted a provision to continue the State reimbursement to public school districts for the full cost of supplemental basic tuition. The Executive proposes to continue the reimbursement for supplemental basic tuition for Charters outside of New York City.

The Executive provides an appropriation of $6.1 million for Charter Schools Facilities Aid.

The Executive proposes to increase support for new and expanding charter schools in New York City by aligning facilities reimbursement to capture more accurate costs of occupying charter school space.

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 $103.10 million.

Nonpublic School Aid

The Executive Budget increases funding for mandated services by $5.4 million or three percent for non-public schools for a total of $186.4 million.

The Executive continues the two year commitment of $60 million for the Comprehensive Attendance Program (CAP) in the 2017-18 Enacted Budget.

The Executive Budget includes $15 million for non-public school safety grants and $5 million for STEM programs and eliminates $7 million for the nonpublic immunization program.

Other Major budget actions include:

Library Aid

The Executive Budget eliminates $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 Budget provides $3 million which includes an increase of $1 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 four years.

Smart Start Program

The Executive Budget provides $6 million to expand high quality computer and science programs. Schools that receive an award will work with their REDC's to create a program that meets the needs of regional businesses.

Empire State Excellence in Teaching Awards

The Executive Budget provides $400,000 to fund a third 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.

Empire State After-School Grants

The Executive Budget provides $45 million for a second round of funding for public after school programs which includes an increase of $10 million. Programs must be located in the State's 16 Empire State Poverty Reduction Initiative (ESPRI) Communities, or located in a school district with high rates of student homelessness, or located in a school district in at-risk areas of Nassau or Suffolk County.

My Brother's Keeper

The Executive Budget provides $18 million for a second round of grant funding for My Brother's Keeper enacted in FY 2017.

Math and Science High schools

The Executive Budget provides $1.4 million for Math and Sciences High Schools which is a reduction of $461,000 compared to prior year funding.

Smart Scholars Early College High School Program

The Executive Budget maintains $1.9 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 Budget provides an additional $9.0 million to expand the State's early college high school programs.

Advanced Placement Fees for Low-Income Students

The Executive Budget increases funding $2.0 million for a total of $4.0 million to subsidize the cost of advanced placement test fees for low-income students. The Executive also provides $500,000 for advanced placement technical assistance.

QUALITYstarsNY Program

The Executive Budget maintains funding for QUALITYstarsNY of $5 million through FY 2020. The QUALITYstarsNY program is currently a voluntary program that monitors the quality of pre-kindergarten programs.

New York State Center for School Safety

The Executive Budget 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 Budget provides $14 million in state support for New York's nine public television stations and 17 public radio stations.

NYC Community Learning Schools

The Executive Budget eliminates $500,000 for NYC Community Learning Schools.

Continued Cost of Minimum Wage

The Executive Budget provides an appropriation of $17.18 million to offset the increased costs of implementing changes to minimum wage.

Capital Projects

The Executive Budget provides $14 million for library construction projects which is a cut of $10 million.

The Executive Budget reappropriates $25 million in capital funds for non-public school technology projects and $25 million for safety and security projects for at-risk facilities.

The Executive Budget provides $7 million for Breakfast After the Bell equipment grants.

The Executive Budget provides $4.3 million to the Office of the Professions at SED for an online licensing system.

Small Government Assistance to School Districts

The Executive maintains funding of $1.87 million.

Teacher Resource Centers

The Executive eliminates $18.27 million for funding Teacher Resource Centers in FY 2019.

National History Day

The Executive proposes eliminating funding of $125,000.

Article VII:

The Executive Proposes beginning with the 2019-20 school year to limit districts' growth in BOCES Aid and Transportation Aid to two percent above the prior year. Also beginning in 2019-20, if the statewide growth in Building Aid in the current year is greater than two percent, Building Aid would be reduced by an efficiency factor. The efficiency factor is determined by multiplying statewide Building Aid in the base year by 1.02 and then dividing the result by the current year Building Aid. New York City Building Aid would NOT be subject to the efficiency factor for projects approved by SED prior to July 1, 2018.

Contracts for Excellence

The Executive maintains Contract for Excellence provisions for specific school districts and imposes maintenance of effort provisions at FY 2018 levels.

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

Recovery High School Program

The Executive proposes a pilot program that authorizes BOCES to establish a recovery high school program in conjunction with school districts that are not component districts of BOCES. There are currently nine non-component districts of BOCES statewide that would be eligible for this initiative.

No Student Goes Hungry Program

The Executive proposal advances the No Student Goes Hungry Act. The program has four components:

- Ban lunch shaming statewide.
- State support for breakfast after the bell. The Executive has provided $7 million in capital funds and $10 million for reimbursement of anticipated increases in local food costs.
- Increases the reimbursement for all schools starting in 2019-20 from six cents to 25 cents per meal when at least 30 percent of the total costs of food products are purchased from New York State farmers, growers, producers or processors in the prior year.
- Doubles the appropriation for the existing Farm to School Program from $750,000 to $1.5 million.

School Bus Stop Cameras

The Executive proposes to allow school districts to enter into agreements for the installation, operation, and maintenance of school bus stop cameras. The cameras automatically record the license plate of any vehicle illegally passing a school bus. The costs of such cameras would not be state aidable. However, districts would be entitled to be paid directly the fines imposed on such violators. Districts would be entitled to directly receive $250 per fine.

School Level Funding Plans

The Executive proposes to require the Big 5 school districts beginning in SY 2019 to submit and obtain approval for school level funding plans. In SY 2020, districts with nine or more schools would also be required to submit funding plans. As a result, there would be an additional 10 districts added to the Big 5 for a total of 15 districts subject to compliance in FY 2020. School districts would not be eligible for an increase in state aid until a funding plan has been submitted and approved by SED and DOB.

School Tax Relief Program

The Executive proposes capping STAR benefits at 2017-18 levels, beginning with the 2018-19 school year, in an effort to limit state spending on STAR. The Executive estimates FY 2018 savings of $49 million from this proposal. Current law allows the growth of STAR benefits at a rate not to exceed two percent annually.

The Executive has proposed requiring enhanced STAR applicants (seniors) to enroll in the Income Verification Program (IVP), beginning with FY 2019 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 2018 savings of $35 million from this proposal.

The Executive proposes filing requirements for owners of cooperative apartments and mobile home park owners in order to streamline the administrative process for the Department of Taxation and Finance to process the STAR PIT credit for such owners.

Education Aid FY 2018-19 (in millions)				
Formula Aids	**2017-18**	**2018-19**	**Change**	**Percent Change**
Foundation Aid	$17,172.76	$17,510.39	$337.63	1.97%
Community Schools Aid	$150.01	$200.01	$50.00	33.33%
Special Education – High Cost	$638.48	$626.07	($12.41)	-1.94%
Special Education – Private	$393.33	$415.75	$22.42	5.70%
Reorganization Operating Aid	$7.34	$6.46	($0.88)	-11.95%
Textbook Aid	$176.01	$178.46	$2.45	1.39%
Computer Hardware Aid	$37.05	$38.02	$0.97	2.60%
Computer Software Aid	$45.10	$46.07	$0.97	2.14%
Library Materials Aid	$18.65	$19.22	$0.57	3.06%
BOCES Aid	$904.97	$922.41	$17.44	1.93%
Special Services Aid	$251.19	$249.17	($2.02)	-81.00%
Transportation Aid	$1,811.88	$1,909.09	$97.21	5.36%
High Tax Aid	$223.30	$223.30	$0.00	0.00%
Universal Pre-K	$413.07	$415.56	$2.49	0.60%
Academic Achievement Grant	$1.20	$1.20	$0.00	0.00%
Supp. Ed. Improvement Grant	$17.50	$17.50	$0.00	0.00%
Charter School Transition Aid	$38.62	$48.41	$9.79	25.35%
Full Day Kindergarten	$1.65	$0.65	($1.00)	-60.62%
Academic Enhancement Aid	$9.57	$9.57	$0.00	0.00%
Supplemental Special Education Aid	$4.31	$4.31	$0.00	0.00%
Building Aid	$2,950.66	$3,126.42	$175.76	5.96%
Formula Aid TOTAL	**$25,116.66**	**$25,768.02**	**$651.36**	**2.59%**
Categorical Aids				
Teachers of Tomorrow	$25.00	$25.00	$0.00	0.00%
Teacher Mentor Intern	$2.00	$2.00	$0.00	0.00%
School Health Services	$13.84	$13.84	$0.00	0.00%
Roosevelt	$12.00	$12.00	$0.00	0.00%
Urban Suburban Transfer	$7.34	$7.34	$0.00	0.00%
EPE	$96.00	$96.00	$0.00	0.00%
Homeless Pupils	$27.98	$30.23	$2.25	8.04%
Incarcerated Youth	$16.00	$16.00	$0.00	0.00%
Bilingual Education	$15.50	$15.50	$0.00	0.00%
Education of OMH/OMR Pupils	$53.75	$54.25	$0.50	0.93%
Special Act School Districts	$2.70	$2.70	$0.00	0.00%
Chargebacks	($51.50)	($51.50)	$0.00	0.00%
BOCES Aid for Special Act	$0.70	$0.70	$0.00	0.00%
Learning Tech Grants	$3.29	$3.29	$0.00	0.00%
Native American Building	$5.00	$5.00	$0.00	0.00%
Native American Education	$46.20	$46.92	$0.72	1.56%
School Bus Driver Safety	$0.40	$0.40	$0.00	0.00%
Subtotal	$276.20	$279.67	$3.47	$1.26
GSPS Total	**$25,392.85**	**$26,047.69**	**$654.83**	**2.58%**
Competitive Grants	$194.47	$244.47	$50.00	25.71%
Fiscal Stabilization Fund	$0.00	$64.00	$64.00	NA
School Year Total	**$25,587.33**	**$26,356.16**	**$768.83**	**3.00%**

Education Proposed Disbursements - All Funds (Millions of Dollars)				
Agency	**Estimated FY 2018**	**Proposed FY 2019**	**Change Amount**	**Percent**
School Aid FY	28,836,801	29,788,694	951,893	3.30%
STAR	2,584,997	2,409,909	(175,088)	-6.77%
Programs for the Disabled	2,015,690	2,006,080	(9,610)	-0.48%
All Other	1,414,328	1,438,150	23,822	1.68%
Totals:	**34,851,816**	**35,642,833**	**791,017**	**2.27%**

FACT SHEET : HIGHER EDUCATION

- The Fiscal Year (FY) 2019 Executive Budget proposes an All Funds spending authorization of $16.5 billion, a decrease of $67 million, or 0.4 percent, over the current year:
  - Increase of $116 million to SUNY, for a total of $10.7 billion
  - Decrease of $192 million to CUNY, for a total of $4.6 billion
  - Decrease of $21 million to HESC, for a total of $1.2 billion
  - New round of $30 million available for capital projects at non-public schools (HECap)

- Transition SUNY hospital support from State Operating to Capital funds:
  - In FY 2018 the State provided $78.6 million in operating aid subsidy to the teaching hospitals at Upstate, Downstate, and Stony Brook. The Executive would change this to $78.6 million in capital subsidies in FY 2019, while also covering all debt service payments on this capital construction
  - State would provide an additional $77.3 million in capital subsidy to the hospitals, in addition to debt service payments on this construction as well

- Decrease in community college funding at SUNY and CUNY:
  - Community colleges are reimbursed based on full-time equivalent (FTE) student enrollment
  - Reimbursement rate held flat at $2,747 per FTE
  - CUNY community college funding remains flat, and SUNY community college funding decrease of $9.5 million due to lower enrollment numbers

- Provides second year of funding for the Excelsior (for SUNY and CUNY students) and Enhanced Tuition Award (for private school students) Scholarship Programs:
  - Increases the family income threshold from $100,000 to $110,000 to participate. Threshold would rise to $125,000 in 2019-20 and beyond
  - Number of Excelsior participants to increase from 23,000 to 27,000. Cost would increase from $94 million to $118 million
  - Number of Enhanced Tuition Award participants would increase from 4,000 to 16,000. Cost would increase from $6 million to $23 million

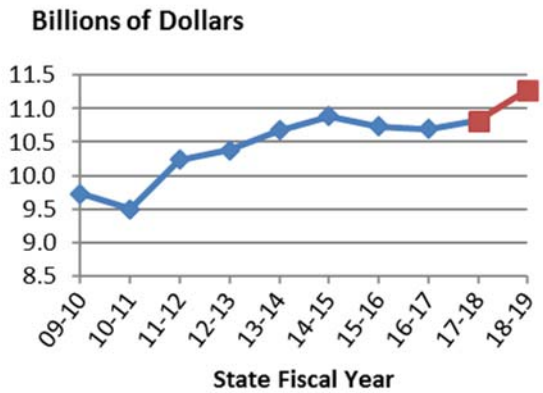
- Allows undocumented students to receive State financial aid, with a $27 million appropriation for increased TAP expenses. Does not appropriate additional funds to cover Excelsior costs.

- Increase in TAP expenditures of $5.1 million, from $917 million to $922 million.

- Elimination of BUNDY Aid Program:
  - Established in 1968 to reimburse not-for-profit, private schools for each degree they confer
  - Funded at $35 million in FY 2018

HIGHER EDUCATION

All Funds Disbursements (Millions of Dollars)		
	Estimated FY 2018	Projected FY 2019
Cash	10,816	11,278
Annual Growth Rate	1.1%	4.3%
5 Year Average Growth (Actual)		0.9%



The FY 2019 Executive Budget recommends All Funds cash disbursements of $11.3 billion for New York State public and private higher education programs. This represents an increase of $462 million, or 4.3 percent, from FY 2018.

Cash spending at SUNY would increase $252 million, or 3.1 percent, from $8.2 billion to $8.4 billion. CUNY cash spending would decrease $16 million, or one percent, from $1.62 billion to $1.61 billion. The Higher Education Facilities Capital Matching Grants Program would remain flat at $12.5 million in disbursements. The Higher Education Services Corporation, which is responsible for administering the State's financial aid programs including TAP and Excelsior, would increase $226 million, or 24 percent.

State University of New York (SUNY)

State-Operated Senior Colleges

The Executive Budget recommends flat State support for individual Senior State colleges. The FY 2018 Enacted Budget authorized SUNY to increase tuition by up to $200 annually for four years. Academic Year (AY) 2019 is the second year of tuition increases, and the system would generate an additional $35 million in revenue.

The Executive proposes to fund increased fringe benefit costs. The FY 2019 fringe benefit costs would total $1.7 billion, an increase of $105 million. Several Legislative additions would be eliminated, including the following:

- $1.5 million for Small Business Development Centers
- $600,000 for the Harvest NY program
- $300,000 for a telehealth initiative supporting mental health counseling
- $100,000 for the American Chestnut Restoration Project

The three SUNY teaching hospitals at Brooklyn, Stony Brook, and Syracuse have traditionally received an operating subsidy. This subsidy, $78.6 million in FY 2018, would be eliminated, although a corresponding increase in Capital appropriation is discussed below in the SUNY Capital section.

Community Colleges

Community colleges receive State aid via formula based on the enrollment of full-time equivalent

(FTE) students. The FY 2018 budget increased the reimbursement rate by $50, to $2,747/FTE. The Executive proposes to leave this unchanged. A projected large decrease in enrollment would reduce assistance by $9.5 million. This decrease continues a trend of declining enrollment driven primarily by demographic changes and stable economic growth.

Childcare centers would be reduced by $1.1 million, to $1 million total, and the SUNY Orange BRIDGE appropriation of $97,000 would be eliminated. The Graduate Achievement and Placement Program (GAAP), previously funded at $1.5 million, would also be eliminated. The program provides assistance directed at improving graduation rates and reducing remediation costs.

Three programs promoting workforce development are proposed to be brought under the umbrella of the Director of Workforce Development**.** Traditionally administered by SUNY, these programs would be centrally administered by the Regional Economic Development Councils.

Contract Courses ($1.9 million)

Established in 1981, the oldest workforce training program in the SUNY budget provides grants for customized training in certain industries known as contract courses. Schools partner with specific employers to offer the courses, with employers providing a portion of training costs.

Next Generation Job Linkage ($3 million)

Established in FY 2014, community colleges receive funding based on student success in a number of areas including degree and certificate completions, development of employment opportunities, and success within targeted populations such as economically disadvantaged students and veterans. These criteria would be eliminated, replaced with an emphasis on how schools improve workforce development.

Apprentice SUNY ($3 million)

The newest workforce development initiative established at community colleges, this program was established in FY 2017. The program supports the establishment and development of apprenticeship programs with area businesses.

For more on this consolidation, please see the *Executive Workforce Development Proposal* section within Senate Issues in Focus.

Capital

The FY 2019 Executive Budget provides $982 million in capital appropriation authority for SUNY. This represents an increase of $90 million, or 10 percent. Senior Colleges would receive $350 million, a reduction of $200 million. This reflects a decrease of $100 million for critical maintenance projects and $100 million in flexible funding that could be utilized for both critical maintenance and new construction.

SUNY Senior College Capital Funding ($thousands)	
Albany	$9,685
Alfred Ceramics	$857
Alfred State	$2,358
Binghamton	$10,762
Brockport	$5,521
Brooklyn Health Center	$3,681
Buffalo College	$6,476
Buffalo University	$18,002
Canton	$1,827
Cobleskill	$1,927
Cornell	$9,924
Cortland	$4,799
Delhi	$1,849
Empire State	$411
Environmental Science and Forestry	$2,423
Farmingdale	$4,999
Fredonia	$3,763
Geneseo	$3,571
Maritime	$1,809
Morrisville	$2,316
New Paltz	$4,898
Old Westbury	$2,521
Oneonta	$4,016
Optometry	$901
Oswego	$5,760
Plattsburgh	$3,756
Potsdam	$3,896
Purchase	$4,183
State University Plaza	$1,479
Stony Brook (Including Health Center)	$21,315
Syracuse Health Center	$2,676
SUNY Polytechnic	$1,039
University-Wide/Unspecified	$196,600
Total SUNY Senior College Capital	**$350,000**

The teaching hospitals would receive three appropriations totaling $255.9 million. Similar to FY 2018, Stony Brook and upstate hospitals would each receive an additional $50 million in spending authority, for a total of $100 million.

As referenced above, a $78.6 million Capital appropriation would offset a $78.6 million reduction in State Operations. Traditionally, SUNY's teaching hospitals must self-fund any construction costs, including the debt service on the project. However, the State would cover all costs associated with capital projects up to $78.6 million. The Executive does not specify how the funds would be allocated among the three schools.

An additional $77.3 million capital appropriation would provide further assistance to the SUNY hospitals, with $40.8 million dedicated to Upstate and $36.5 million dedicated to Stony Brook. Similar to the $78.6 million referenced above, the State would cover all costs associated with this construction without reimbursement. The hospitals would still be required to self-finance any additional capital construction, including the $100 million in new appropriation for Stony Brook and Upstate.

An appropriation of $38.7 million is provided for capital projects at community colleges. These projects require a 1:1 dollar match from a local government sponsor. New language would amend the treatment of community college capital project funds, allowing for transfer to either DASNY or the SUNY Construction Fund. DASNY currently administers community college construction projects. This change would also process all bond transactions through the State Financial System. The Executive has advanced this language to increase transparency and provide flexibility for bonded projects, potentially allowing for more desirable interest rates.

SUNY Community College Capital Funding ($thousands)	
Adirondack	$549
Columbia-Greene	$10,150
Corning	$250
Dutchess	$662
Erie	$3,000
FIT	$4,500
Finger Lakes	$3,375
Herkimer	$1,250
Hudson Valley	$6,311
Jamestown	$500
Mohawk Valley	$700
Monroe	$1,928
North Country	$255
Orange County	$735
Schenectady	$671
Suffolk	$2,575
Sullivan	$100
Westchester	$1,155
TOTAL	**$38,666**

City University of New York (CUNY)

The Executive recommends appropriations of $4.6 billion, a decrease of $192 million, or four percent, from FY 2018. This is the result of $59 million in increased Aid to Localities spending authority, a $219 million decrease in State Operations, and a $32 million decrease in Capital appropriations.

Senior Colleges

Operating funds for senior colleges would decrease $219 million, or 7.6 percent under the Executive proposal. This reflects a one-time adjustment to State payments in FY 2018 that increased State Operations by $254 million for nonrecurring costs associated with retroactive salary increases.

The Executive would provide $43.5 million for increased fringe benefit costs systemwide. Tuition revenue would increase $31.3 million, reflecting a $200 increase in tuition in AY 2019 to $6,730. Additionally, $20 million for programs funded by New York City are reclassified to reflect that these programs are funded by the City, and not the State. This reduces the amount of spending classified as State Operating Expenses against the spending cap, but does not decrease the availability of local funds.

Legislative additions for the SEEK Program, CUNY Pipeline at the Graduate Center, and Community Legal Service Network would be eliminated. A $1.5 million addition for the Murphy Institute for Labor studies is retained, reflecting a transition for the Institute into the School of Labor and Urban Studies.

The Executive would provide an additional $500,000 to reimburse costs of the Metropolitan Transportation Mobility Tax that was enacted in 2009. Total State appropriation for this subsidy would increase from $5 million to $5.5 million.

Community Colleges

Community colleges receive State aid via formula based on the enrollment of full-time equivalent (FTE) students. The FY 2018 budget increased the reimbursement rate by $50, to $2,747/FTE. The Executive proposes to leave this unchanged. Relatively flat enrollment would result in a negligible reduction in funding.

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

Similar to SUNY community colleges, three workforce development programs would be centralized under the auspices of the Director of Workforce Development:

- $1.9 million for Contract Courses
- $2 million for CUNY Next GenerationJob Linkage
- $2 million for CUNY Apprentice

There is no year-to-year change in funding for these programs.

Capital

The FY 2019 Executive Budget provides a $370 million Capital appropriation for CUNY. This represents a $32 million decrease, or eight percent, from FY 2018. Senior College appropriations would be left unchanged at $284 million, although language allowing flexibility for how some funds may be spent is eliminated.

CUNY Senior College Capital Funding ($thousands)	
Baruch	$2,511
Brooklyn	$5,433
City	$8,136
Grad School & University Center	$25
Honors College	$25
Hunter	$5,799
John Jay	$3,193
Lehman	$2,438
Medgar Evers	$3,096
NYC College of Tech	$3,485
Queens	$5,433
Staten Island	$2,877
York	$3,899
University-Wide Improvement Needs	
ADA Compliance	*$6,180*
Bathroom Facilities	*$1,030*
CUNY TV Renovation	*$515*
Ed. Technology Initiative	*$6,695*
Energy Conservation	*$4,120*
Health and Safety	*$9,270*
Mechanical & Infrastructure	*$7,210*
Occupancy/Public Assembly	*$2,060*
Preservation of Facilities	*$12,463*
Science & Tech Equipment	*$5,047*
Science Lab Upgrades	*$2,060*
University-Wide Critical Maintenance	*$181,222*
TOTAL	**$284,222**

Community college appropriations would total $48 million, a decrease of $32 million. Identical to SUNY community colleges, capital projects must receive a 1:1 dollar match from the local sponsor (New York City).

CUNY Community College Capital Funding ($thousands)	
Bronx	$3,400
Borough Manhattan	$2,225
Hostos	$625
Kingsborough	$2,250
LaGuardia	$5,100
Queensborough	$4,300
University-Wide Improvement Needs	
Unspecified Critical Maintenance	*$29,083*
Facilities Supporting the ASAP Program	*$1,500*
TOTAL	**$48,483**

Language is proposed regarding the processing of payments for both CUNY senior and community colleges. The Executive would make all CUNY capital construction transactions for senior and community colleges operate through the State Financial System. Similar to changes with SUNY community college Capital appropriations, the Executive believes this will create a more transparent budgeting system.

Higher Education Services Corporation (HESC)

The Executive Budget recommends All Funds appropriations of $1.2 billion to support HESC's operations. This is a net decrease of $21 million, or 1.7 percent, from FY 2018. The decrease is driven by re-estimations of several financial aid programs that were previously funded at levels greater than necessary. This does not represent a reduction to any programs, but lower projections in participation rates.

The Executive Budget provides $956 million for the Tuition Assistance Program (TAP), the primary source of financial aid assistance from the State. This represents a $33 million increase. The average TAP award would increase slightly, from $3,343 to $3,362. The Executive estimates Article VII language allowing undocumented citizens to access financial aid would increase TAP spending by $27 million. The remaining $6 million increase in TAP results primarily from SUNY community college tuition increases (if tuition is less than $5,165, TAP covers up to the cost of tuition. As community college tuition increases, the maximum payment for a full-time student also increases).

The Excelsior Scholarship, which was enacted in FY 2018 to cover tuition costs for eligible SUNY and CUNY students, would rise to $118 million in its second year of implementation, an increase of $24 million. The Enhanced Tuition Award, directed at private school students, is projected to increase from $6.4 million to $22.9 million. Additional discussion of these and other scholarship programs is included in the *College Affordability Issues in Focus* section.

Higher Education Capital Matching Grant Program (HECap)

The Executive proposes $30 million in new 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 also be distributed on a competitive basis.

Council on the Arts

The FY 2019 Executive Budget provides $47 million in funding for arts and cultural grants administered by the New York State Council on the Arts. The Aid to Localities appropriation would decrease by $160,000, or 0.4 percent, to $42.5 million. This represents the elimination of two Legislative additions: $60,000 for Auburn Public Theatre, and $100,000 for CNY Arts. Funding of $220,000 is transferred to the Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation, colloquially known as the “Egg”.

Article VII

DREAM Act

The Executive would allow undocumented students to be eligible for State financial aid programs. Eligibility for high school graduates would be limited to individuals who graduated high school in New York within the past five years or who get a GED. There is no time or age restriction for persons qualifying for financial aid by moving to New York to take the GED.

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. Although not currently able to access financial aid programs, the State provides some subsidy for undocumented persons through the provision of in-state tuition rates at SUNY and CUNY institutions.

Minority Ownership of Accounting Firms

The Executive would allow for minority ownership of Public Accounting firms by individuals who are not Certified Public Accountants. Ownership of a simple majority of a firm by shareholders licensed to practice public accountancy would still be required.

Overview of Changes in State Support in Higher Education ($thousands)			
Program	**FY 2018**	**FY 2019**	**Change**
CUNY			
Fringe Benefits	$726,255	$769,755	$43,500
MTA Tax Subsidy	$5,000	$5,500	$500
Community Legal Service Network	$50	$0	($50)
CUNY in the Heights	$200	$0	($200)
Education Opportunity Programs	$1,349	$1,124	($225)
CUNY Pipeline at Graduate Center	$250	$0	($250)
CC Childcare	$1,715	$813	($902)
CUNY LEADS	$1,500	$0	($1,500)
ASAP Remedial Program	$2,500	$0	($2,500)
SEEK Employment Program	$28,077	$23,397	($4,680)
Community College Base Aid	$237,923	$232,214	($5,709)
TOTAL	$1,004,819	$1,032,803	$27,984
SUNY			
Fringe Benefits	$1,615,626	$1,721,000	$105,374
Orange County CC Bridge Program	$97	$0	($97)
American Chestnut Restoration Project	$100	$0	($100)
Benjamin Center at New Paltz	$100	$0	($100)
State Vet College at Cornell	$500	$250	($250)
Harvest NY	$600	$0	($600)
Graduate Diversity Fellowships	$6,639	$6,039	($600)
CC Childcare	$2,099	$1,001	($1,098)
Grad Achievement & Placement Program	$1,500	$0	($1,500)
Small Business Opportunity Centers	$3,473	$1,973	($1,500)
ATTAIN Lab Program	$6,500	$4,500	($2,000)
Educational Opportunity Centers	$55,536	$50,536	($5,000)
Educational Opportunity Programs	$32,170	$26,808	($5,362)
Community College Base Aid	$461,134	$441,420	($19,714)
Hospital Subsidy	$78,600	$0	($78,600)
TOTAL	$2,264,674	$2,253,527	($11,147)
HESC			
Excelsior Scholarships	$87,000	$118,418	$31,418
DREAM Act	$0	$27,000	$27,000
Enhanced Tuition Award Program	$19,000	$22,863	$3,863
College Access Challenge Grant Program	$500	$0	($500)
STEM & Misc. Scholarships	$65,070	$59,692	($5,378)
TOTAL	$171,570	$227,973	$56,403

Higher Education
Proposed Disbursements - All Funds

(Thousands of Dollars)

Agency	Estimated FY 2018	Proposed FY 2019	Change Amount	Percent
SUNY	8,191,461	8,443,076	251,615	3.07%
CUNY	1,622,177	1,606,468	(15,709)	-0.97%
Higher Education Services Corp.	943,052	1,169,365	226,313	24.00%
Higher Education Capital Grants Program	12,500	12,500	0	0.00%
Higher Education - Misc.	441	441	0	0.00%
Council on the Arts	46,113	45,953	(160)	-0.35%
Totals:	**10,815,744**	**11,277,803**	**462,059**	**4.27%**

FACT SHEET : HEALTH

The FY 2019 Executive Budget recommends $66.67 billion in All Funds cash disbursements for the Department of Health (DOH), a net increase of $1.7 billion or 2.7 percent.

Medicaid:

- Projects All Funds Medicaid spending, to be $64.3 billion, relatively unchanged from last year percent. When adding the $7.9 billion local share of Medicaid, the gross spending on Medicaid increases to $72.34 billion, an increase of $193 million or 0.3 percent over current year spending.

- Extends Medicaid State Global Spending Cap for one year (through March 31, 2020), which is currently calculated at 3.2 percent.

- The FY 2019 Executive Budget projects DOH State Operating Funds Medicaid spending to be $20.7 billion, which is above the Global Cap spending amount, an increase of $1.2 billion or 6.3 percent over FY 2018. 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 at $18.8 billion, an increase of $593 million or 3.2 percent from FY 2018.

- The Executive proposal advances several Medicaid Redesign Team (MRT) proposals. Proposals include expansion of telehealth, community paramedicine, authorization of retail practices, Medicaid pharmacy cost savings provisions, transportation initiatives, various initiatives impacting Managed care and long-term care, and several other initiatives.

Health Care Reform Program (HCRA):

- Under the Executive Budget, FY 2019 estimated HCRA revenues are $6.7 billion and disbursements are $6.4 billion, with a closing balance of $250 million.

- The Executive Budget anticipates $750 million in new revenue from the conversion of not-for-profit health insurers to for-profit entities to be deposited into HCRA. Of the total, $500 million would be used to fund Medicaid and offset General Fund spending and $250 million would be deposited into a new HCRA account, the Healthcare Reserve Shortfall Account which will be a reserve against future shortfall in healthcare funding due to a loss of federal funds.

- Establishes the Healthcare Insurance Windfall Profit Fee which would impose a 14 percent surcharge on the net underwriting gain from the sale of health insurance in New York State. This tax will increase HCRA revenues by $140 million annually.

Public Health:

- Proposes consolidating 30 public health programs into four pools and decreasing program funding to achieve $9.2 million in annual savings.

- Proposes Early Intervention program reforms to increase reimbursement from third party insurers, detail insurance coverage requirements, and streamline the evaluation process in order to achieve State savings totaling $3.2 million in FY 2019.

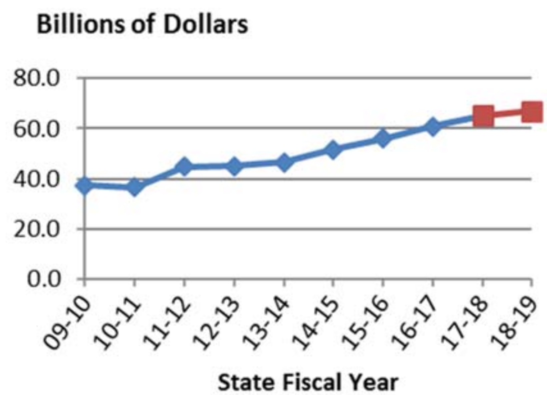
- Proposes a study of the impacts of a regulated marihuana program.

Capital:

- Allocates an additional $425 million in capital funding, establishing a third statewide Health Care Facility Transformation Program.
- Under Economic Development Capital the Executive proposes an additional $600 million for phase two of the Capital Region Life Science Lab (Wadsworth).

HEALTH – MEDICAID – AGING

All Funds Disbursements		
(Millions of Dollars)		
	Estimated FY 2018	Projected FY 2019
Cash	65,222	66,944
Annual Growth Rate	7.2%	2.6%
5 Year Average Growth (Actual)		6.4%



Department of Health (DOH)

The Fiscal Year (FY) 2019 Executive Budget recommends All Funds cash disbursements of $66.7 billion, a net increase of $1.7 billion or 2.7 percent.

All Funds Cash Disbursements ($ in thousands)			
	FY 2018	FY 2019	Change
Medicaid	$54,370,509	$55,724,628	$1,354,119
Medicaid Administration	$1,694,194	$1,674,169	($20,025)
Essential Plan	$3,770,027	$3,888,387	$118,360
Public Health	$5,110,272	$5,381,722	$271,450
Total DOH	**$64,945,002**	**$66,668,906**	**$1,723,904**

The Executive adds new language to several appropriations under DOH:

- 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.

The Executive proposes a workforce of 5,463 Full Time Equivalents (FTEs), a net increase of 381 over current year levels. This increase is composed of: 200 new FTEs associated with the phased-in takeover of the local administration of the Medicaid program; 178 FTEs associated with operational support for surveillance and certification activities, and other public health initiatives; and 3 new FTEs to conduct background checks for Health Home Care Managers. This net increase is reflective of a reduction of 566 FTEs due to attritions within the Department.

Medicaid

The FY 2019 Executive Budget projects All Funds Medicaid spending of $64.3 billion, relatively unchanged from current year spending. When adding the $7.9 billion local share of Medicaid, the gross spending on Medicaid increases to $72.34 billion, an increase of $193 million or 0.3 percent over current year spending.

The FY 2019 Executive Budget projects All Funds DOH Medicaid spending of $57.7 billion, an increase of $1.6 million or 2.8 percent over current year spending.

PROPOSED ALL FUNDS MEDICAID SPENDING ($ in thousands)				
	FY 2018	FY 2019	Change	Percent
Federal Funds	$40,410,000	$40,865,000	$455,000	1%
DOH State Share	$19,431,000	$20,648,000	$1,217,000	6%
Essential Plan (EP) State Total	$96,000	$102,000	$6,000	6%
Other State Agencies (OSA):				
Mental Hygiene	$4,316,000	$2,729,000	($1,587,000)	-37%
Foster Care	$86,000	$85,000	($1,000)	-1%
Education	$50,000	$50,000	$0	0%
Total State Share with EP (All Agencies)	$23,979,000	$23,614,000	($365,000)	-2%
All Funds Medicaid with EP	$64,389,000	$64,479,000	$90,000	0%
Local Share	$7,784,000	$7,887,000	$103,000	1%
Gross All Funds-Includes Local Share	$72,173,000	$72,366,000	$193,000	0%

Global Spending Cap and Related Provisions

The Executive proposes extending the state Medicaid Global Cap for one year through FY 2020. Enacted in FY 2012, the Global Cap limits DOH Medicaid spending growth to the 10-year rolling average of the Medical component of the Consumer Price Index (CPI), which is currently estimated at 3.2 percent, in order to contain Medicaid program growth and spending increases. Also extended for one year as part of the Executive's proposal, is the authority for the 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 increases to the minimum wage as enacted in FY 2017. The Executive also includes appropriation language stating that in the event receipts are less than projected in the FY 2019 Financial Plan, payments may be reduced in accordance to a written allocation plan promulgated by the Director of the Budget.

The Executive proposes to achieve savings of $281.5 million in FY 2019 and $379 million in FY 2020 within the Medicaid Global Cap by offloading supplemental programs, including the Value Based Payment Quality Incentive Program (VBP-QIP) and the Equity Infrastructure Performance Program (EIPP) from Medicaid to the Essential Plan and utilize remaining Federal Trust Fund balances to fund the non-federal share.

The Executive proposes to achieve Financial Plan relief by shifting $425 million of non-DOH Medicaid expenses into the Global Cap. The Executive includes numerous proposals to achieve savings within the Global Cap in order to offset this transfer.

DOH State Medicaid

The FY 2019 Executive Budget projects DOH State Medicaid spending to be $20.6 billion, an increase of $1.2 billion or 6.3 percent over FY 2018, which exceeds the Global Cap. Of the total $1.2 billon growth in DOH Medicaid, $630 million is attributable to spending increases that are excluded in statute from the Global Cap calculation, which includes state takeover of local growth, minimum wage and Medicaid Administration.

DOH State Medicaid Year to Year Change ($ in millions)				
	FY 2018	FY 2019	$ Growth	% Change
Global Cap Amount	**$18,270**	**$18,863**	**$593**	**3.2%**
State Takeover of Local Growth	$735	$917	$182	24.8%
Minimum Wage	$255	$703	$448	175.7%
Essential Plan	($96)	($102)	($6)	6.3%
Medicaid Administration/Other (NYSOH)	$267	$267	$0	0.0%
DOH Medicaid Spending	**$19,431**	**$20,648**	**$1,217**	**6.3%**
*The $593 million year-to-year growth reflects the maximum annual growth under the Medicaid Global Cap of 3.2 percent.				
**The Essential Plan is not a Medicaid program, however, state funded resources are managed under the Global Cap.				

The impact of the minimum wage increase on Medicaid is as follows:

- FY 2018: $255 million
- FY 2019: $703 million
- FY 2020: $1,022 million
- FY 2021: $1,111 million
- FY 2022: $1,193 million

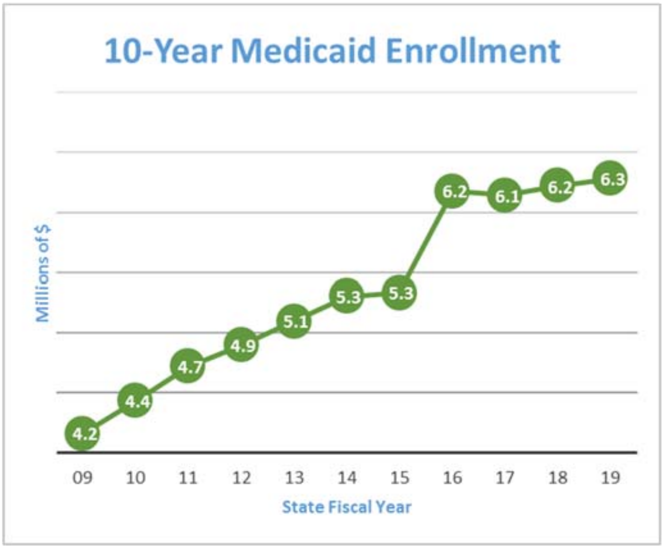
These funds are allocated to implement new minimum wage requirements, and will be used to support direct salary costs and fringe benefits for health care workers reimbursed by the Medicaid program.

Medicaid Minimum Wage Impacts ($ in millions)			
	FY 2018	FY 2019	Increase
Home Care (MMC)	$213.66	$617.48	$403.82
Home Care (FFS)	$27.70	$64.30	$36.60
Nursing Homes	$4.58	$7.15	$2.57
Inpatient	$0.24	$0.65	$0.41
Outpatient (Clinic)	$3.93	$4.74	$0.81
Assited Living Programs	$1.33	$1.85	$0.52
Hospice	$0.00	$0.05	$0.05
Transportation	$3.98	$7.04	$3.06
Total	**$255.42**	**$703.26**	**$447.84**

The FY 2019 Executive Budget continues the state takeover of the local share of Medicaid growth. The State projects aggregate relief at $3.3 billion to local districts in FY 2019. This reflects total relief provided to localities of $15.5 billion, since FY 2013.

Medicaid Enrollment

The Executive estimates in FY 2019, approximately 6.2 million individuals, more than one-third of New Yorkers, will be enrolled in the Medicaid program.



Proposed FY 2019 Medicaid Redesign Team (MRT)

The Executive proposes multiple initiatives implementing FY 2019 MRT recommendations. The MRT was established in 2011 and comprised of state staff and Legislators, along with a wide range of stakeholders from the health care industry. It 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 prospective changes to the Medicaid program.

Many of the FY 2019 Executive proposals require legislative action while others can be accomplished administratively. The net fiscal impact of the proposals are estimated to be State budget neutral within the Global Cap in FY 2019 and FY 2020.

Executive MRT related proposals include:

Federal Actions with State Medicaid Impact

- Professional Pharmacy Dispensing Fee: Increases the fee paid for each prescription drug dispensed from $8 to $8.08 in order to comply with federal requirements for covered outpatient drug rules. The Executive assumes a state cost of $400,000 ($800,000 All Funds) in FY 2019.
- Outstanding Federal Obligations: The Executive administratively provides $175 million in funding to cover outstanding federal obligations.

Pharmacy Initiatives

- Drug Cap: Extends the Drug Cap for one year and sets a target of $85 million in pharmacy savings in FY 2019.
- Opioid Treatment Plan: Prohibits Medicaid reimbursement for opioids if a patient has been treated with opioids for pain that has lasted for more than three months, unless their medical record contains a patient-prescriber written treatment plan agreed to by the patient that includes: pain management goals, information on opioids, a statement that the provider has explained the risks and alternatives to opioids, and an evaluation and assessment of the patient. This requirement would not apply to patients: being treated for cancer that is not in remission, in hospice or other end-of-life care, or whose pain is being treated as part of a palliative care plan. The Executive assumes state savings of $1.1 million ($2.2 million All Funds) in FY 2019.
- Comprehensive Medication Management: Authorizes physicians and nurse practitioners to enter into comprehensive medication management protocols with qualified pharmacists to provide comprehensive medication management services on a voluntary basis to patients that have not met clinical goals of therapy, patients at risk for

hospitalization, or others that the physician or nurse practitioners identify. The intent of the proposal is to give pharmacists the opportunity to ensure that participating patient's medications are appropriate for the patient, effective for the medical condition, safe given comorbidities and other medications being taken, and able to be taken by the patient as intended. In addition, the pharmacist would be allowed to adjust medications but would not include the authority to substitute different drugs than from what was prescribed, unless that is included in the medication management protocol. The Executive assumes state savings of $5 million ($10 million All Funds) in FY 2019.

- Prescriber Prevails: Eliminates prescriber prevails for all prescription drugs. In Medicaid Managed Care (MMC) the savings are $12 million and $5.4 in Medicaid Fee-for-Service (FFS). The Executive assumes state savings of $17.9 million ($36 million All Funds) in FY 2019.
- Over the Counter Drugs (OTC): Authorizes DOH to eliminate, through regulation, Medicaid reimbursement for OTC drugs that are available without a prescription and increase the co-pay for OTC drugs from $0.5 to $1. The Executive assumes state savings of $11.28 million ($22.56 million All Funds) in FY 2019.

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, with the exception of the Program of All-Inclusive Care for the Elderly (PACE). 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 $6 million in FY 2018.
- Rural Transit Assistance: Eliminates the annual payment to public rural transportation providers, which was 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 2019.
- Supplemental Ambulance Payments: Eliminates the supplemental ambulance payment of $3 million in FY 2019 ($6 million All Funds), and administratively reinvests those funds into a rate increase of $6.3 million in FY 2019 ($12.56 million All Funds) for ambulance providers. The net fiscal impact is additional state spending of $3.3 million in FY 2019 ($6.6 million All Funds).
- NYC Livery Fee Reduction: DOH will administratively reduce the NYC livery fee. The Executive assumes state savings of $5.4 million in FY 2019 ($10.8 million All Funds).

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

Managed Care Initiatives

- Incentive Payments: Allows non-cash incentive payments to managed care enrollees for participating in wellness activities and for avoiding unnecessary hospitalizations and Emergency Department (ED) visits.
- Health Home Enrollment Targets: Requires special needs managed care plans to establish health home enrollment targets and to work with providers to achieve these targets. DOH

is authorized to impose penalties on the plans for failing to meet the targets.

- Criminal Background Checks: Requires criminal background checks of employees of a health home, subcontractors of health homes or any entity that provides home or community based services to enrollees who are diagnosed with developmental disability or under the age of 21 years. These checks would be reimbursable costs under Medicaid, subject to federal funding.
- Mandatory Child Abuse Reporters: Requires employees of a health homes, subcontractors of health homes or any entity that provides home or community based services to enrollees who are diagnosed with developmental disability or under the age of 21 years to report child abuse or maltreatment.
- Performing Provider System (PPS) Partnership Plan: Authorizes DOH to penalize plans with a 0.85 percent reduction in a plans monthly capitated reimbursement rate if they fail to submit a PPS partnership plan by July 1, 2018. The PPS partnership plan would be required to include both short term and long term approaches for effective collaboration with each PPS within their service area. The Executive assumes state savings, from the imposition of penalties, of $2 million ($4 million All Funds) in FY 2019.

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

Hospital Initiatives

- Capital Rate Methodology Workgroup: Establishes a temporary workgroup to develop recommendations for the streamlining of the capital rate methodology in order to achieve a one percent reduction, however, DOH could also administratively reduce rates. The Executive assumes state savings of $6.7 million ($13.4 million All Funds) in FY 2019.
- Indigent Care Pool Extension: Extends through calendar year 2019 the Indigent Care Pool and increases the stop-loss transition floor to 17.5 percent. Total Indigent Care Pool is $892 million FY 2019.
- Statewide General Hospital Quality Pool: Established a penalty pool by creating performance targets for hospitals to reduce potentially preventable emergency department visits and by reducing or eliminating the payment of rates to hospitals from Managed Care Organizations (MCOs) based upon the hospitals quality and safety score. The Executive assumes state savings of $10 million from the penalties which would be offset by spending $10 million on preventative services in FY 2019.
- Physical Therapy (PT) Cap Increase: Increases the cap on the number of PT visits from 20 to 40 visits a year. The Executive assumes the cost increase would be covered by the Statewide General Hospital Quality Pool's $10 million pot for preventative services.
- Hospital Social Workers: Expands Medicaid coverage to additional individual psychotherapy services provided by social workers in hospitals. The Executive assumes the cost increase would also be covered by the Statewide General Hospital Quality Pools $10 million pot for preventative services.

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

Long Term Care Initiatives

- Poor Performing Nursing Home Penalty: Applies a two percent reduction in Medicaid to nursing homes based upon the facilities ranking on its nursing home quality initiative performance. Penalty would apply to facilities that ranked in the lowest two quintiles of facilities in the two most recent payment years and ranked in the lowest quintile of facilities in the most recent payment year. The nursing homes that will receive a penalty have already been identified by DOH. The Executive assumes state savings of $10 million ($20 million All Funds)in FY 2019.

- Additional Assisted Living Program (ALPs) Beds: Allows existing ALP providers to apply to DOH for an additional nine beds by a deadline determined by DOH and allows existing ALP providers who have capacity to apply for an additional nine beds every two years thereafter. Authorizes DOH to award up to 500 new beds in counties where there are one or no ALP providers. Authorizes DOH to award up to 500 new beds in counties where utilization of existing ALP beds exceeds 85 percent and requires the ALP to only provide the bed to Medicaid individuals. Authorizes up to 200 hundred vouchers to subsidize the up to 75 percent of the average regional private pay rate for assisted living for non-Medicaid eligible individuals with Alzheimer or dementia. The Executive estimates these vouches will cost the state $1.9 million in FY 2019. The Executive estimates a total cost for the ALP proposals of $4.4 million ($8.8 million All Funds) in FY 2019.
- MLTC Eligibility: Restricts Managed Long Term Care (MLTC) enrollees to those with a Uniform Assessment System score of nine or greater (an increase from five) and require community-based long term care service for more than 120 days from date of enrollment. This would not impact those already enrolled in MLTC plans. The Executive assumes state savings of $5.8 million ($11.7 million All Funds) in FY 2019.
- Nursing Home Resident MLTC Enrollment: Transitions MLTC enrollees placed in a nursing home for six consecutive months or more to Fee-For-Service. The Executive assumes state savings of $5.2 million ($10.5 million All Funds) in FY 2019.
- Continuous MLTC Plan Enrollment: Prohibits MLTC enrollees from changing plans more than once every 12 months, except for good cause as determined by DOH. The Executive assumes state savings of $73.5 million ($147 million All Funds) in FY 2019.
- Spousal Support: Eliminates the ability for community spouses to decline payment for an institutionalized spouse. The Executive assumes state savings of $7.8 million ($15.6 million All Funds) in FY 2019.
- Community Spouse Resource Amount: Lowers the minimum amount of resources that may be retained by the community spouse of a long term care Medicaid recipient. Reduces the current minimum from $74,820 to $24,180. The Executive assumes state savings of $5.7 million ($11.4 million All Funds) in FY 2019.
- TBI Clinic Rate Adjustment: Increases the free-standing clinic rate for Medicare Part B beneficiaries in the Traumatic Brain Injury (TBI) waiver program. The Executive assumes a state cost of $0.4 million ($0.9 million All Funds) in FY 2019.
- Rural County Provider Funding: Authorizes DOH to conduct a study of home and community based services available to Medicaid recipients in rural areas. DOH would be authorized to provide up to $3 million (minus cost of study) in targeted Medicaid rate enhancements to fee-for-service personal care rates and rates under Medicaid waivers programs such as the TBI waiver. The Executive assumes a state cost of $1.5 million ($3 million All Funds) in FY 2019.

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

Other Initiatives

- Retail Clinics: Authorizes retail practices to provide certain health care services within the main premises of a retail business operation, such as a pharmacy, grocery store, or shopping mall. Services that may be provided, include: treatment for minor acute episodic illnesses, conditions and minor traumas; episodic preventative and wellness treatment and services; immunizations, administration of opioid antagonists, screening and referral for behavioral health conditions. This proposal would prohibit services from being provided to children under the age of two, and prohibit immunizations, except influenza, to patients under 18.

The retail practices would also be required to accept Medicaid, participate in the Statewide Health Information Network of New York (SHIN-NY), promote and maintain relationships with patient primary care providers, provide information on the state health benefit exchange to the uninsured, offer a sliding scale of payment for uninsured patients, and publish a list of services provided and the price of such services. In addition, retail practice sponsors that operate three or more retail practices will be required to support a commitment to operate some of its retail practices in medically underserved areas of the State, improve access to services in communities where they are located, and support a commitment to offer assistance to uninsured individuals. The Executive assumes state savings of $5 million ($10 million All Funds) in FY 2019.

- <u>Certified Registered Nurse Anesthetists:</u> Creates a new license within the State Department of Education (SED) for Certified Registered Nurse Anesthetists (CRNAs) to codify the practice of nurse anesthesia as defined in DOH regulations. CRNAs with 3,600 hours or less of practice would be required to practice in accordance with a within a written practice agreement and protocols agreed upon by a licensed physician. CRNAs with more than 3,600 hours of practice would be authorized to practice with a collaborative relationship with one or more physicians in order to determine the need for anesthesia services. Appropriately certified CRNAs would be authorized to issue prescriptions for drugs, devices, anesthetic agents, anesthesia related agents, and pain management agents. The Executive assumes state savings of $5 million ($10 million All Funds) in FY 2019.

- <u>Community Paramedicine:</u> Allows health care providers to collaborate on community paramedicine programs, which would authorize emergency medical professionals, within their scope of practice, to provide services within a residential setting, other than the initial emergency medical care and transportation of sick and injured persons. Community paramedicine collaboratives would include the participation of all the following:
  - A general hospital, nursing home, or diagnostic and treatment center;
  - A physician.
  - An emergency medical services provider.
  - A home care services program if the services are provided within a private residence.
  - The Executive assumes state savings of $5 million ($10 million All Funds) in FY 2019.

- <u>Telehealth Delivery of Services:</u> Expands telehealth services to provide health care services via telehealth to patients located in their residence or any other location where the patient may be temporarily located. In addition, credentialed substance abuse counselors, authorized early intervention providers, and any other provider authorized through regulation by OMH, OASAS, or OPWDD would be authorized to provide telehealth services. The Executive assumes a state cost of $1.15 million ($2.3 million All Funds) in FY 2019 and state savings of $1.8 million ($3.6 million All Funds) in FY 2020.

- Integrated Primary Care and Behavioral Health: Permits providers licensed or certified by DOH, Office of Mental Health (OHM), Office of Alcoholism and Substance Abuse (OASAS) to provide integrated primary care, mental health, and/or substance abuse disorders services without needing additional licenses or certifications from one of the other agencies.

Administrative Actions Impacting State Spending

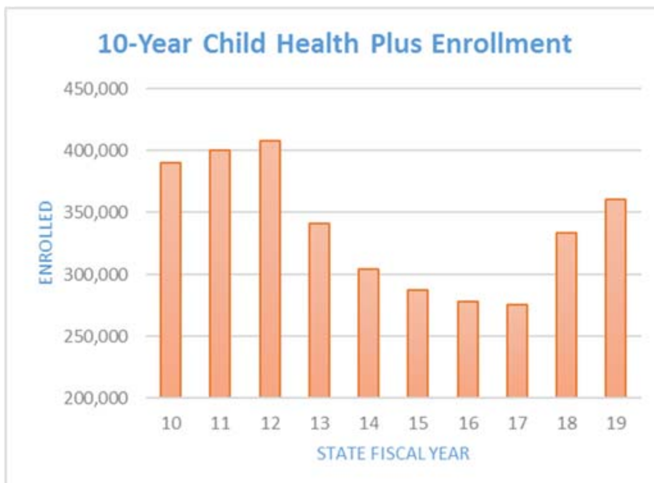
In addition to the Executive's proposals that require legislative action, there are numerous actions, impacting State spending, that DOH intends to implement administratively. These actions and their FY 2019 state fiscal impact include:

- Extends the repayment schedule of the Nursing Home one percent across the board Medicaid payment reduction ($35 million cost).
- Prior year enrollment reconciliation for MCOs ($10 million cost).
- Delays implementation of the expanded Medicaid benefit package for children ($15 million in savings).
- Requires plans to develop and implement a medication adherence program ($5 million in savings).
- Allows DOH to contract for an independent risk assessment of rebate billing/collection protocols ($10 million in savings).
- Reduces MCO capitated payments for admin ($18.9 in savings).
- Caps the total number of Licensed Home Care Service Agencies (LHCSAs) that an MLTC plan may contract with ($13.7 million in savings).
- Increase Hospice Resident rates by 10 percent ($0.86 million cost).
- Allow the State to hire a collection agency to manage outstanding account receivable balances of providers that do not have a repayment agreement with the State ($12.6 million).

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

Child Health Plus (CHP)

The Executive estimates that CHP enrollment will continue to increase in FY 2019 after trending downward between FY 2012 and FY 2016. Enrollment is projected to increase by approximately 9,750 children in FY 2019, with a total enrollment of 369,605.



The Executive Budget allocates $297 million to support the Child Health Plus Program, which ensures children of families with household incomes up to 400 percent of the Federal Poverty Level (FPL), if these children are not eligible for Medicaid. Federal matching participation is traditionally 65 percent for eligible children, but was raised to 88 percent as a result of the Affordable Care Act (ACA), for 2015 through October 2019.

In September of 2017, the federal funding for CHP Program expired resulting in the potential loss of approximately $1 billion in federal funds. Funding had been temporarily extended through federal budget continuing resolutions, but had not been fully extended at the time the Executive Budget was released.
The Executive requests authority make any necessary programmatic changes in order to continue the health coverage of eligible children within State-only funding levels should funding be discontinued or reduced. The Legislature would be notified of the amount of lost federal funding and actions being taken to align program spending with current State funding levels.

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 $694 million in All Funds spending in FY 2019, 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 shifts $63 million in NYSOH administrative costs out of the Global Cap into Health Care Reform Act.

A total of 4.1 million people have enrolled in health insurance coverage, including Medicaid, the Essential Plan, and Child Health Plus through the NYSOH. **Of the total, 2.9 million individuals were in enrolled in Medicaid**.

Basic Health Plan (Essential Plan)

Background

Through the enactment of the ACA, states were given the option to establish a basic health plan. 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. Under the plan, citizens between 138 and 200 percent of the FPL, who would otherwise be eligible to purchase coverage through the NYSOH, would pay no premium or a small premium based on income level. Coverage is provided with no premium for certain aliens who legally reside in the U.S. (in New York) and whose income is below 138 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. Saving Medicaid approximately $1 billion.
- 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 689,095 in FY 2019 from 684,352 in FY 2018.

FY 2019 Basic Health Plan Budget

The Executive Budget includes $3.79 billion in federal support for the Basic Health Plan to cover premium and cost sharing expense for enrollees. Additionally, $102 million in state support is proposed to cover the costs of premiums and cost sharing for the portion of costs that is not federally reimbursed. Total All funds spending is projected at $3.89 billion. The Executive Budget also includes $94 million in State Operations funds to support the administration of the plan, which will be cost-allocated to the NYSOH.

Approximately 98 percent of the Essential Plan is funded with federal money, through Premiums Tax Credits and Cost-Sharing Reduction (CSR) Payments. At the end of 2017, President Trump issued an Executive order which immediately ended the CSR payments, which funds approximately 25 percent of the Essential Plan, or $1.1 billion this year.

Essential Plan Annual Trust Fund Estimates
($ in millions)

	FY 2018 4th QTR	FY 2019	FY 2020
Opening Balance	**$14**	**$280**	**$0**
Base			
Federal Subsidy	$956	$4,350	$4,848
Elimination of CSR	($266)	($1,124)	($1,241)
EP Costs	($1,393)	($3,812)	($3,819)
Base Subtotal	**($689)**	**($306)**	**($212)**
Proposed Solutions			
Increase in Premium Tax Credit	$138	$484	$763
EP Medical Loss Ratio (CY 2016-CY 2018)	$286	$220	$41
EP Rate Reduction of 4.4 percent	$0	$165	$165
Accelerate use of Trust Fund Deposits	$830	$0	$0
Proposed Solutions Subtotal	**$1,254**	**$869**	**$969**
Medicaid Actions			
MA offload of previous EP State Contribitions (utilizing CY 2016 EP MLR)	($286)	$0	$0
Convert VBP-QIP/ Other Supplemental Programs*	$0	($563)	($758)
Medicaid Actions Subtotal	**($286)**	**($563)**	**($758)**
Trust Fund Balance	**$279**	**$0**	**($1)**

*Converts the VBP-QIP/Other supplemental programs from Medicaid to the EP thereby freeing up Global Cap resources of $282 million in FY 2019 and $379 million in FY 2020

In order to offset the loss of federal funds for the Essential Plan, DOH plans to utilize Essential Plan Medical Loss Ratio (MLR) remittances, implement a 4.4 percent reduction to plan rates, and accelerate the use of Trust Fund deposits. In additional to these additional revenues, the Executive anticipates an increase in Premium Tax Credit funds resulting from the elimination of the CSR payments and repeal of the individual mandate, which increased premiums.

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.

Under the Executive Budget, FY 2019 estimated HCRA revenues are $6.7 billion and disbursements are $6.4 billion, with a closing balance of $250 million.

The Executive Budget anticipates $750 million in new revenue from the conversion of not-for-profit health insurers to for-profit entities to be deposited into HCRA. Of the total, $500 million will be used to fund Medicaid and offset General Fund spending and $250 million will be deposited into a new HCRA account, the Healthcare Reserve Shortfall Account, which will be reserved should there be a shortfall in future healthcare funding due to a loss of federal funds.

The Executive proposes Healthcare Insurance Windfall Profit Fee, which would impose a 14 percent surcharge on the net underwriting gain from the sale of health insurance in New York State, which would be assessed on all for-profit health insurers in the State. This tax will increase HCRA revenues by $140 million, annually.

The Executive proposes consolidating a number of HCRA funded programs that are workforce or public health related into four pools with a number of other public health programs, and imposing a 20 percent cut to the pools. This proposal shifts $28 million of HCRA funded programs to the General Fund. See the Public Health section for more detail.

In addition, the Executive proposes to eliminate the Empire Clinical Research Investigator Program and resident working audit requirements, saving $7.9 million in FY 2019. However, these savings are offset by a proposed increase of $7 million in Stem Cell awards in FY 2019 and $13 million in FY 2020.

The Executive also proposes shifting $15 million in funding for the Roswell Park Cancer Institute from HCRA to Capital Projects.

Lastly, the Executive shifts $63 million from Medicaid to HCRA for the Qualified Health Plan portion of the NYSOH health benefit exchange.

Other Continuing Health Care Initiatives

- ✓ *Delivery System Reform Incentive Program (DSRIP)*
- ✓ *Support for Financially Distressed Hospitals*
- ✓ *Value Based Payments (VBPs)*
- ✓ *State Health Innovation Plan (SHIP)*
- ✓ *Health Information Technology*
- ✓ *Medicaid Savings Plan Extender*
- ✓ *Other Extenders*

Delivery System Reform Incentive Program (DSRIP)

In April of 2014, CMS approved the final terms and conditions of the MRT Waiver that authorized the State to reinvest $8 billion in federal savings generated by MRT reforms. DSRIP is the main mechanism by which the State will implement the MRT Waiver, and DSRIP's primary goal is to reduce avoidable hospital use by 25 percent over five years. CMS has approved a complex $6.42 billion program that, if successful, will fundamentally restructure the State's health care delivery system through pre-determined performance payments.

Support for Financially Distressed Hospitals

In FY 2015 the Interim Access Assurance Fund (IAAF) within the MRT Waiver provided $250 million in financial support to 27 financially distressed safety net hospitals across the State. This funding was available to hospitals with less than 15 days of cash on hand, and there was no sustainability requirements as a condition of receiving funding.

The FY 2016 Enacted Budget established the $245 million Vital Access Provider Assurance Program (VAPAP) to continue IAAF operating assistance payments to safety net providers. The critical difference between IAAF and VAPAP was the new requirement for facilities to submit and adhere to a multi-year transformational plan resulting in self-sustainability as a condition of receiving funds. During the fiscal year a portion of these funds were converted to the Value Based Payment Quality Improvement Program (VBP QIP) as a mechanism to maximize resources for the program. The purpose of the funding remained the same, transformation resulting in self-sustainability. To date funding has been awarded to 28 hospitals.

The FY 2019 Executive Budget recommends $254 million, an increase of state support of $45.4 million ($68.6 million All Funds) to continue operational support funding for essential health care providers through the Vital Access Provider Assurance Program (VAPAP) and Value Based Payment-Quality Incentive Program (VBP-QIP). These programs provide additional state funds to sustain financially distressed healthcare providers as they transition to a sustainable model of care.

Value Based Payments (VBPs)

The Terms and Conditions of DSRIP require the State to submit a multi-year plan to CMS detailing how it will implement comprehensive payment reforms within the Medicaid program by March 31, 2015. By the end of DSRIP year five, 90 percent of payments made by managed care plans must consist of VBPs.

DOH convened multiple VBP workgroup meetings to set forth a blueprint for future implementation of the provider payment system. In July 2015, CMS approved the finalized VBP Roadmap and in 2017 approved an update to the Roadmap.

DOH has proposed to administratively increase penalties for MCOs that fail to reach required levels of VBP contracting. The Executive assumes state savings of $10 million ($20 million) in FY 2019. The proposal also establishes a new FFS/MCO benchmark rate for providers without a sufficient level of VBP contracting. The Executive assumes state savings of $7.5 million ($15 million) in FY 2019. DOH proposes to modify the Patient Centered Medical Home (PCMH) payments in managed care and the add-on payment in FFS and differentiate PCMH payment rates for providers engaged in VBP. The Executive assumes state savings of $10 million ($20 million) in FY 2019.

State Health Innovation Plan (SHIP)

The SHIP serves as the State's "roadmap" to achieve improved population health, improved healthcare quality, and lower costs. The three main goals of the SHIP are as follows:

- Achieve top 25 percent performance among states for best practices and outcomes within five years;

- Achieve high standards for quality, including a 20 percent reduction in avoidable hospital admissions; and
- Generate $5 to $10 billion in cumulative healthcare savings by reducing unnecessary care, shifting appropriate care settings, and limited increases in unit prices for health care products that are not tied to quality within five years.

The SHIP intends to build on the many changes being made within New York's health care delivery system including:
- New York's MRT Implementation
- Implementation of NYSOH
- Implementation of Patient Center Medical Homes to improve the quality of primary care
- New York's Prevention Agenda
- HIT Technology Investments
- VBP

In December of 2014, New York was awarded a $99.9 million State Innovation Model (SIM) grant by the Centers for Medicare and Medicaid Services Innovation (CMMI) to implement the SHIP. The period of the grant began February 2, 2015 and continued for 48 months. SHIP funding was awarded through the Health Research Institute, Inc (HRI), and therefore is not included within the State budget.

Extended in December 2017, the State will continue implementation of the SHIP under the terms of the federal grant through 2020.

Health Information Technology

A goal of the State's SIM grant for implementing SHIP is the continued support of the Statewide Health Information Network of New York (SHIN-NY) and the All Payer Database (APD).

The Executive proposes to provide $40 million in HCRA revenue support for the operational costs of SHIN-NY and APD, an increase of $23 million from current year levels. The Executive also allocates an additional $30 million in capital funding for SHIN-NY.

The SHIN-NY ($30 million) is a developing information network designed to facilitate the sharing of electronic health information between health care providers. DOH is coordinating efforts with the New York eHealth Collaborative to fully implement a statewide interconnected network of electronic health records intended to improve quality care and reduce costs, with the APD serving as a central registry for health record data. The information is organized through eight Regional Health Information Organizations (RHIOs) and connected through SHIN-NY to create the statewide network. All RHIOs are connected to the statewide patient record look up and as of 2015 there are 32 million individuals (2.5 million unique individuals) in the statewide master patient index.

The All Payer Database (APD) ($10 million) will store data which is collected from all major public and private payers, such as insurance carriers, third party administrators, Medicaid, health plans, pharmacy benefit managers, and Medicare. The information that will comprise the APD includes commercial payer data, facility discharge, Medicaid and Medicare data, Public Health Repositories, and Lab and Electronic Health Record data. The stated intent of the APD is to provide more transparency related to the true costs of providing health care.

In December of 2015 DOH announced the selection of Optum Government Solutions, Inc. as the winning bidder for the APD. They will receive $70.2 million over five years to perform this function. The APD is expected to be operational in March 2018.

Medicaid Savings Plan Extender

The Executive requests a one year statutory authority that would allow a reduction in spending during the fiscal year in the event that Medicaid dollars or state operating funds from the federal government is reduced by $850 million or more during FY 2019 or FY 2020. The Director of the Division of the Budget will submit a plan to the Legislature that reduces spending. If the Legislature does not enact their own plan within 90 days, DOB's plan goes into effect.

Other Extenders

The Executive requests five year extenders for the following:

- DOHs authority, for five years, to require drug manufacturers to provide rebates for any drug that has increased more than 300 hundred percent of its state maximum acquisition cost.
- Authorization for spousal budgeting in long-term care waiver programs and MLTC.
- The Statewide Medicaid Integrity and Efficiency Initiative which is intended to achieve new audit recoveries.
- Care at Home (CAH) I and II waivers which provide community-based services to physically disabled children who require hospital or skilled nursing home level of care.

The Executive estimates that these extenders would provide state savings totaling $516.4 million in FY 2019.

New Health Care Initiatives

- ✓ *Medicaid Managed Care Reserves*
- ✓ *Health Care Provider Cost Reporting*
- ✓ *First Thousand Days*

Medicaid Managed Care Reserves

The Executive proposes to allow DOH to make capitated rate adjustments for not-for-profit Managed Care Plans that have an accumulated contingent reserve across all lines of business that exceeds the minimum required contingent reserves. DOH would allow for reserves that exceed the minimum if the plan can justify the amount and purpose. The contingent reserve requirements differ by program. The minimum contingent reserve for Medicaid is 8.25 percent and 12.5 percent for commercial health plans. The Executive does not anticipate any savings at this point as DOH is not required to adjust rates.

Health Care Provider Cost Reporting

The Executive proposes authorizing DOH to require any Medicaid provider within Fee-for-Service or Managed Care to submit a report on the costs that were incurred in rendering health care services to Medicaid beneficiaries.

First Thousand Days

In July 2017, DOH announced the First 1,000 Days on Medicaid Initiative which created a workgroup charged with developing an agenda to focus on enhancing access to services and improving outcomes for children on Medicaid in their first 1,000 days of life.

In December 2017, the workgroup released their final recommendations, which includes:

- Creating a Preventive Pediatric Care Clinical Advisory Group
- Promoting Early Literacy through Local Strategies
- Expanding Centering Pregnancy
- Implementing New York State Developmental Inventory Upon Kindergarten Entry
- Implement Statewide Home Visiting
- Requiring Managed Care Plans to have a Kids Quality Agenda
- Data system development for cross–sector referrals
- Provide braided funding for Early Childhood Mental Health Consultations
- Allow Parent/Caregiver Diagnosis as Eligibility Criteria for Dyadic Therapy

- Pilot and Evaluate Peer Family Navigators in Multiple Settings

The Executive assumes a state cost of $1.45 million ($2.9 million All Funds) in FY 2019 to implement the workgroup's plan.

Office of the Medicaid Inspector General (OMIG)

The FY 2019 Executive Budget provides All Funds cash disbursements of $48.04 million, a net decrease of $584 million or 1.2 percent for OMIG. The decrease is primarily attributable to Personal Service savings as a result of attrition.

The Executive proposes a workforce of 426 FTEs, which is consistent with current year levels.

The audit target for FY 2019 is $1.19 billion, an increase of $300 million from the current year target of $1.16 billion.
The Executive proposes to expand OMIG's authority to allow recovery of improper Medicaid payments made by Managed Care Organizations (MCOs) to providers. The proposal would require MCOs to report fraud to the OMIG and would impose penalties if they knowingly fail to do so. The OMIG would also be authorized to impose penalties on individuals or entities of up to $5,000 for each Medicaid violation; and impose a penalty on MCOs of up to $100,000 for each cost report or encounter data that is intentionally or systematically inaccurate or improper.

The Executive assumes state savings of $5 million in FY 2019 and $10 million in FY 2020.

The Executive proposes to align the State's False Claims Act penalties with the Federal False Claims Act penalties. States that are compliant with the Federal False Claims Act are permitted to reduce their Federal Medicaid Assistance Percentages (FMAP) by 10 percent, thereby providing states a greater share of fraud recoveries. The Executive assumes the preservation of state savings of $13.5 million in FY 2019.

Public Health

The FY 2019 Executive Budget recommends Public Health spending, excluding Medicaid and the Essential Plan, at $5.38 billion, an increase of $271.5 million, or 5.3 percent from current year levels. Increased spending in FY 2019 is mainly attributable to shifting Qualified Health Plan (QHP) component of NYSOH administrative costs out of the Global Medicaid Cap into the State Operations HCRA account within Public Health and providing additional funding to support Stem Cell research. These costs are offset by funding re-estimates and new Executive Budget savings initiatives detailed in the chart below:

FY 2019 Executive Budget Public Health Proposals	
Impacted Programs	*($ in millions)*
State Operation	***84.6***
New York State of Health From Medicaid to State Ops	63.0
Increased FTEs	16.1
Stem Cell Research	6.5
Eliminate Hospital Resident Audits	(1.0)
Aid to Localities	***(63.4)***
Consolidation of Public Health Pools	(9.2)
Roswell Park - Shift funding from HCRA to Capital	(15.3)
Discontinuation of COLA - certain DOH providers	(19.9)
American Indian Health Pharmacy Benefit	(1.5)
Reform the Early Intervention Program (CHP Impact)	0.7
Reform the Early Intervention Program (GF Impact)	(3.2)
Eliminate ECRIP Program	(6.9)
Shift Nurse-Family Partnership to DOH from OTDA	6.0
Shift Family Planning Services to DFS from DOH	(13.1)
Shift Rape Crisis Center from DOH to DCJS	(1.0)
Capital	***40.1***
Roswell Cancer Institue Shift from State ops	15.1
SHIN-NY	18.0
Health Care Facilities Transformation	7.0

Aid to Localities

Early Intervention Program Reform

The Executive proposes a series of changes to the Early Intervention (EI) Program that would result in a net savings of $3.2 million in FY 2019, increasing to $9.5 when fully annualized.

The EI program provides therapeutic and support services to children under the age of three with confirmed disabilities (e.g. autism, cerebral palsy) or developmental delays. The program serves approximately 69,000 children annually and is jointly financed by State and local governments.

EI Program service providers must first seek reimbursement for services by third party payers including health insurers and Medicaid. Services ultimately not covered by the child's 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.

FY 2017 EI Expenditures by Payer		
($ in millions)		
Payor	Amount	Percent
State	$172	26%
Local Municipalities	$193	29%
Medicaid	$282	43%
Private Insurance	$12	2%
Total EI Expenditures	**$659**	100%

The FY 2019 Executive Budget recommends multiple changes to the EI program including reducing the time from a referral to the provision of services by streamlining the screening and evaluation process, maximizing insurance coverage for EI services, and proposing a two percent rate increase to EI providers.

The Executive proposals are estimated to achieve net savings of $3.2 million in FY 2019 and $11.8 million when fully annualized. The proposed changes would also include corresponding Medicaid savings detailed in the Medicaid section earlier in this report. The proposed State savings are detailed as follows:

- ($1.9 million) – Require insurers to cover EI services that are included in the child's insurance policy.
- ($850 million) – Streamlined Screening and Evaluation process, reducing the time from initial referral to provision of services.

- ($459,000) – Require insurers to consider an Individualized Family Services Plan (IFSP) signed by the child's provider as part of a medical necessity review for EI services.
- ($50,000) – Require providers to appeal insurer payment denials.

The Executive Budget recommendations include a two percent rate increase to providers, which would be paid by Medicaid or the local municipality in which the child resides. This rate increase is linked to the enactment of a requirement for providers to appeal insurer payment denials. The proposed changes to EI services, would provide an estimated annual savings of $12 million to local municipalities.

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

Consolidation of Public Health Programs

The FY 2019 Executive Budget recommends the consolidation of 30 public health appropriations into four pools, while also reducing funding of these proposed pools by 20 percent. The proposed consolidation shifts $28 million of HCRA funded programs to General Funds. This proposal would achieve net a savings of $9.2 million in FY 2019.

The Executive recommends the following pools:

- Disease Prevention and Control
- Maternal and Child Health
- Public Health Workforce
- Health Outcomes and Advocacy

The FY 2018 Executive Budget included a similar consolidation and reduction of funding. The FY 2018 Enacted Budget reflected the 20 percent reduction, but maintained the discrete lines of these programs. Please see the table on the next page for additional detail.

FY 2019 Executive Public Health Program Reduction / Consolidation

Proposed Pools and Programs	FY 2019 Initial Cash	* FY 2019 Proposed Cash
TOTAL CONSOLIDATION	**$45,942,000**	**$36,759,000**
DISEASE PREVENTION AND CONTROL	**$13,532,000**	**$10,826,000**
Obesity & Diabetes Consolidation	$5,970,000	
Public Health Campaign (Tuberculosis only)	$3,845,000	
Healthy Neighborhoods	$1,495,000	
Childhood Asthma Coalitions	$930,000	
Hypertension	$506,000	
Health Promotion Initiatives	$430,000	
Hypertension Prevention	$186,000	
Children's Asthma	$170,000	
MATERNAL AND CHILD HEALTH	**$2,904,000**	**$2,324,000**
Prenatal Care Assistance Program	$1,835,000	
Genetic Disease Screening	$487,000	
Maternity and Early Childhood Foundation	$227,000	
Physically Handicapped Children Program	$170,000	
Sickle Cell	$170,000	
Sudden Infant Death Syndrome (SIDS)	$15,000	
PUBLIC HEALTH WORKFORCE	**$26,824,000**	**$21,462,000**
Worker Retraining	$9,160,000	
Rural Health Care Access Development	$7,700,000	
Rural Health Network Development	$4,980,000	
GME DANY Ambulatory Care Training	$1,800,000	
GME AHEC	$1,662,000	
GME DANY Diversity in Medicine	$1,244,000	
Workforce Studies	$148,000	
Upstate Medical (SUNY)	$15,000	
Gateway Institute (CUNY)	$83,000	
Statewide Health Broadcasts	$32,000	
HEALTH OUTCOMES AND ADVOCACY	**$2,682,000**	**$2,147,000**
Poison Control	$1,520,000	
Cardiac Services	$522,000	
Enriched Housing	$380,000	
Hospital Cost Report	$120,000	
Falls Prevention	$114,000	
Long Term Care Community Coalitions	$26,000	

*FY 2019 Revised Cash represents pooled funding totals. Individaul program amounts would be at the discression of DOH.

Discontinuation of Cost of Living Adjustment (COLA) payments to certain DOH providers

The FY 2019 Executive Budget recommends Article VII language that would discontinue the cost of living payments to certain DOH providers. This recommendation would result in savings of $19.9 million in FY 2019 and $45.4 million in FY 2020. Programs impacted by this proposal include the following:

- Nutrition Programs
- Family Planning Programs
- School Based Health Programs
- Maternal and Child Health Programs
- Epidemiology Programs
- Chronic Disease Programs
- Community for Environmental Health Programs
- Long Term Care Programs
- Office of Minority Health Programs
- AIDS Institute Programs

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

American Indian Health Program (AIHP)

The FY 2019 Executive Budget requests to modify the pharmacy benefit of the AIHP by implementing a co-pay and formulary structure, mandating generic drug substitution, and accessing drug discounts and rebates, providing savings of $1.5 million in FY 2019 and $5.9 million in FY 2020. The Executive states this would bring the AIHP benefit in-line with other State supported pharmacy programs.

Shift of Local Assistance Funding

The FY 2019 Executive Budget would shift local assistance funding as follows:

Increase Aid to Localities

- $6 million – Nurse-Family Partnership from the Office of Temporary and Disability Assistance to DOH.

Budget Neutral

- ($13.1 million) - Family Planning Services from DOH to the Department of Financial Services.
- ($1 million) - Rape Crisis Centers from DOH to the Division of Criminal Justice Services.

State Operations

Increase to DOH Main Office Workforce

The FY 2019 Executive Budget recommends an increase of $16.1 million in Personal Service. The increase is primarily associated with an additional 142 FTEs. This increase in FTEs would be assigned between Administration (14), the Office of Primary Care and Health System Management (68), and the Office of Public Health (60).

Stem Cell Research

The FY 2019 Executive Budget proposes an increase of $7 million through a transfer from HCRA, to Support Stem Cell research through grants. This increase would support awards recommended by the Empire State Stem Cell Board.

Eliminate Hospital Resident Audits

The FY 2019 Executive Budget proposes Article VII language to eliminate the requirement for hospitals to perform annual audits of working hours for residents and substitutes an attestation of compliance, creating proposed savings of $850,000 to HCRA.

Regulated Marihuana Program

The FY 2019 Executive Budget provides new appropriation language to allow necessary funding for the Department of Health, in consultation with other State Agencies, to conduct a study to determine the health, criminal justice, and economic impact, of a regulated marihuana program in New York State. The study would also include the consequences to New York State resulting from legalization of marihuana in surrounding states.

Capital

Statewide Health Care Facilities Transformation Program III

The FY 2019 Executive Budget recommends up to $425 million in capital funding for the Statewide

Health Care Facilities Transformation Program III, $300 million would be capital bonds disbursed through the Dormitory Authority of the State of New York (DASNY), and $125 million would be from settlement funds. This program would provide health care facilities funding to support capital projects, debt retirement, working capital and other non-capital needs that facilitate transformative activities intended to improve access to healthcare services.

Of the $425 million in funding:

- A minimum of $60 million would be awarded to community based health care providers, including diagnostic and treatment centers, mental health clinics, substance use disorder clinics, primary care providers, home care providers, or assisted living facilities, and of this $60 million, up to $20 million may be awarded to assisted living facilities (ALPs).
    - Capital awards for ALPs are planned to occur in conjunction with the application of additional beds in counties with one or fewer ALP providers (proposed in Part B of the Health and Mental Hygiene Article VII).
- A minimum of $45 million would be awarded to residential healthcare facilities.

This proposal does not provide for any priority to applications received for prior rounds of funding, though the applicants may submit an updated application for consideration.

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

Life Sciences Laboratory

The FY 2019 Executive Budget proposes an additional $600 million for phase two of the Capital Region Life Science Lab (Wadsworth). This capital project would be funded within Economic Development.

Statewide Health Information Network for New York (SHIN-NY)

The FY 2019 Executive Budget recommends maintaining FY 2018 funding levels for the Statewide Health Information Network for New York (SHIN-NY) at $30 million; and the All Payer Claims Database (APD) at $10 million.

Roswell Park Cancer Institute (RPCI)

The FY 2019 Executive Budget recommends a shift of $15.3 million from RPCI's local assistance account to the existing capital appropriation, resulting in a capital appropriation total of $51.3 million. RPCI's total support level is maintained at $102.6 million.

Article VII proposals

Health Tax on the sale of Vapor products

The FY 2019 Executive Budget recommends Article VII language that would impose a health tax on vapor products for use with electronic cigarettes and similar devices. The tax would be applied at a rate of 10 cents per fluid milliliter of vapor product defined as a liquid or gel commonly used in an e cigarette or similar device. For additional information, refer to Part BB of the Revenue proposal in the Article VII section.

Exposure to Lead Paint

The FY 2019 Executive Budget proposes Article VII language that would create new lead paint regulations, in the Uniform Fire Prevention and Building Code, requiring periodic inspections within designated high risk municipalities. For additional information, refer to Part R of the Health and Mental Hygiene proposal in the Article VII section.

State Office for the Aging (SOFA)

The FY 2019 Executive Budget recommends $226.8 million in All Funds cash disbursements for SOFA, a decrease of $1.8 million or 0.8 percent from the FY 2018 levels. The net decrease is mainly attributed to the elimination of one-time FY 2018 Legislative adds totaling $2.8 million, and a reduction in Non-Personal Services and Indirect Costs.

The FY 2019 Executive Budget proposes a workforce of 95 Full Time Equivalents (FTEs), consistent with current year levels.

Aid to Localities

The FY 2019 Executive Budget recommends maintaining FY 2018 funding for Enhanced Multidisciplinary Teams. The Legislature was able to secure funding in the amount of $500,000 for the Enhanced Multidisciplinary Teams in the FY 2018 Enacted Budget. The Enhanced Multidisciplinary Teams investigate financial exploitation of the elderly.

Elimination of FY 2019 Human Services Cost of Living Adjustment (COLA)

The FY 2019 Executive Budget recommends the elimination of the statutory FY 2019 COLA increase, which would result in $3.8 million in State savings. For further detailed information, refer to Part AA of the Health and Mental Hygiene proposal in the Article VII section of the report.

Women's Agenda

The Executive proposes various initiatives that would affect public health, including:

Comprehensive Contraception Coverage

The Executive proposes to codify in law the health insurance coverage, without cost sharing, of all FDA approved contraceptives, including emergency contraception and voluntary sterilization for both men and women. This coverage is already required under law pursuant to the Affordable Care Act (ACA), but would not be required if the ACA were to be repealed.

Roe V. Wade

The Executive proposes to remove the regulation of abortion from the state's penal code, and from certain sections of the public health law and education law.

Maternal Mortality Review Board

The Executive proposes to establish a Maternal Mortality Review Board within DOH. The board would be required to review all maternal deaths in the State and develop recommendations to improve care and management; and develop recommendations to address Severe Maternal Morbidity and racial disparities in maternal outcomes. The board would consist of 15 multidisciplinary experts that are appointed by the Commissioner of the Department of Health.

Free Feminine Hygiene Products in Public Schools

The Executive proposes to require public schools serving grades six through 12 to provide free feminine hygiene products in restrooms. The Executive estimates a cost to schools of $2 million. There is no State cost associated with this part. This would be an unfunded mandate.

Diaper Changing Stations

The Executive proposes to require all new or substantially renovated buildings with publicly accessible restrooms to provide at least one diaper changing table in each gender's restroom per publicly accessible floor.

Storage Timeline for Rape Kits

The Executive proposes to extend the length of time that hospitals are required to preserve rape kits from 30 days to five years or when the victim turns 19 years of age. Requires that the victim be notified multiple times and no less than 30 days prior to the rape kit is discarded. This would be an unfunded mandate.

For additional information, refer the Health and Women's Agenda in the Article VII section.

SFY 2019 Health Care Savings Proposals - Executive Budget State Investments / (Savings) $ in Millions						
Initiative	Effective Date	Legal - Admin	FY 2019		FY 2020	
			All Funds	State	All Funds	State
Federal Actions/Pressures on GC						
Global Cap Target	4/1/18	Admin	$850	$425	$850	$425
GC Base Deficit	4/1/18	Admin	$0	$0	$279	$139
Nursing Home 1% ATB (4 year payback)	4/1/18	Admin	$70	$35	$70	$35
Enrollment Reconciliation	4/1/18	Admin	$20	$10	$20	$10
Additional Funding for VAPAP/VBPQIP	4/1/18	Admin	$69	$45	$69	$45
1115 Waiver Transition	4/1/19	Admin	($30)	($15)	($30)	($15)
Outstanding Federal Obligations	4/1/18	Admin	$175	$175	$250	$250
Total Pressures on GC			**$1,154**	**$675**	**$1,507**	**$890**
Federal Actions						
Update Professional Dispensing Fee	4/1/18	Legal	$0.8	$0.4	$0.8	$0.4
Total Federal Actions			**$0.8**	**$0.4**	**$0.8**	**$0.4**
Essential Plan Impact						
Convert VBP-QIP / Other Supplemental programs to Essential Plan	4/1/18	Admin	($563)	($282)	($758)	($379)
Total Essential Plan Impact			**($563)**	**($282)**	**($758)**	**($379)**
Pharmacy Savings Initiatives						
Reduce Coverage for OTCs	7/1/18	Legal	($23)	($11)	($30)	($15)
Reduce Inappropriate Prescribing & Enhance Prescriber/Pharmacist Collaboration	4/1/18	Legal	($36)	($18)	($44)	($22)
Reduce Opioid Dispensing by 20% by 2020	4/1/18	Legal	($2)	($1)	($4)	($2)
Medication Adherence	4/1/18	Admin	($10)	($5)	($10)	($5)
Rebate Risk Assessment	4/1/18	Admin	($20)	($10)	($20)	($10)
Total Pharmacy Savings			**($90)**	**($45)**	**($108)**	**($54)**
LTC Savings Initiatives						
Implement a penalty on poor performing Nursing Homes	4/1/18	Legal	($20)	($10)	($20)	($10)
Rationalize Nursing Homes Case Mix Index Increases	4/1/18	Admin	($15)	($8)	($15)	($8)
Admin Rate Reduction/Regulation Relief	4/1/18	Admin	($38)	($19)	($40)	($20)
Increase ALPS Services in Nursing Homes	4/1/18	Legal	$4	$4	$27	$18
Require a continuous 120 days of CBLTC for continuing Plan eligibility	4/1/18	Legal	($10)	($5)	($20)	($10)
Limit MLTC Eligibility (Grandfathered)	4/1/18	Legal	($12)	($6)	($24)	($12)
Prohibit Community Based Long Term Care Provider Marketing and Restrict Referring Providers from being Servicing Providers for a Member	10/1/18	Admin	($10)	($5)	($21)	($10)
Limit LHCSA Contracts w/ MLTC Plans	10/1/18	Admin	($27)	($14)	($69)	($35)
Social Adult Day Health Benefit Efficiency Savings	4/1/18	Admin	($56)	($28)	($79)	($39)
Restrict MLTC members from transitioning from Plan to Plan for 12 Months after initial enrollment	10/1/18	Legal	($10)	($5)	($11)	($6)
Authorization vs. Utilization Adjustment for MLTC	10/1/18	Admin	($2)	($1)	($5)	($3)
Limit MLTC Eligibility to < 6 Months in NHs	4/1/18	Legal	($147)	($74)	($245)	($123)
Spousal Support	4/1/18	Legal	($16)	($8)	($19)	($10)
Community Spouse Resource Amount	4/1/18	Legal	($11)	($6)	($15)	($8)
TBI Clinic Rate Adjustment	4/1/18	Legal	$1	$0	$1	$0
Additional Hospice funding	4/1/18	Admin	$2	$1	$2	$1
Rural County Provider funding	4/1/18	Legal	$3	$2	$3	$2
Total LTC Savings			**($365)**	**($180)**	**($552)**	**($271)**

SFY 2019 Health Care Savings Proposals - Executive Budget State Investments / (Savings) $ in Millions (cont.)						
Initiative	Effective Date	Legal - Admin	FY 2019		FY 2020	
			All Funds	State	All Funds	State
Managed Care Savings Initiatives						
Increase Current Penalties for Managed Care Plans that Fail to Meet VBP targets	4/1/18	Admin	($20)	($10)	($108)	($54)
Reduce FFS/MCO Rate for Providers Without VBP Contracts	7/1/18	Admin	($15)	($8)	($15)	($8)
Reduce Overutilization of Laboratory Services	4/1/18	Admin	($15)	($8)	($20)	($10)
Health Home Quality, Innovation and Performance Improvement Proposal	4/1/18	Legal	($68)	($33)	($76)	($38)
MMC-PPS Partnership Plan	4/1/18	Legal	($4)	($2)	$0	$0
PCMH Cap and Value Based Payment Incentive Alignment	4/1/18	Admin	($20)	($10)	($20)	($10)
Total Managed Care Savings			**($142)**	**($70)**	**($239)**	**($119)**
Transportation Initiatives						
Transportation Reforms	4/1/18	Legal Admin	($35)	($20)	($41)	($22)
Total Transportation Care Savings			**($35)**	**($20)**	**($41)**	**($22)**
Other Savings/Investments						
Capital Streamlining Rate Reduction	4/1/18	Legal Admin	($13)	($7)	($13)	($7)
Reduce AR Balances	4/1/18	Admin	($13)	($13)	($25)	($25)
MC Pilot to Improve Access to Clozapine	10/1/18	Admin	($4)	($2)	($9)	($4)
Best Practices in ER Diversion & Inpatient Discharge	10/1/18	Admin	($9)	($5)	($19)	($9)
Reducing Unnecessary Utilization to Increase Access and Prevention	4/1/18	Legal Admin	($10)	($5)	($13)	($6)
Correct APG Weights for IV Infusion/Hydration Bags	4/1/18	Legal	($10)	($5)	($10)	($5)
Retail Practices	4/1/18	Legal	($10)	($5)	($10)	($5)
Certified Registered Nurse Anesthetists (CRNAs)	4/1/18	Legal	($10)	($5)	($10)	($5)
Remove Originating Site Requirement from Telehealth Program	7/1/18	Legal	($10)	($5)	($10)	($5)
OMIG Savings Initiatives	7/1/18	Legal Admin	($60)	($30)	($40)	($20)
Community Paramedicine	4/1/18	Legal	$2	$1	($4)	($2)
Early Intervention (EI) Program	4/1/18	Legal	($2)	($1)	($2)	($1)
First One Thousand Days	4/1/18	Admin	$3	$1	$12	$6
Supportive Housing	4/1/19	Admin	$0	$0	$44	$44
Total Other			**($146)**	**($79)**	**($109)**	**($45)**
TOTAL			**($186)**	**($0)**	**($298)**	**$0**

Health - Medicaid - Aging
Proposed Disbursements - All Funds
(Thousands of Dollars)

Agency	Estimated FY 2018	Proposed FY 2019	Change Amount	Percent
Office for the Aging	228,559	226,774	(1,785)	-0.78%
Medical Assistance	54,370,509	55,724,628	1,354,119	2.49%
Medicaid Administration	1,694,194	1,674,169	(20,025)	-1.18%
Essential Plan	3,770,027	3,888,387	118,360	3.14%
Public Health	5,110,272	5,381,722	271,450	5.31%
Medicaid Inspector General	48,627	48,043	(584)	-1.20%
Totals:	**65,222,188**	**66,943,723**	**1,721,535**	**2.64%**

FACT SHEET : TRANSPORTATION

The Executive Budget includes All Funds spending for Transportation of $10.1 billion, a decrease of $1.3 billion or 12 percent from last year.

- **Department of Transportation:** The FY 2019 Executive Budget proposes a $733 million (7.63 percent) decrease in spending. The decrease is due to the proposal to shift the payroll mobility tax, which has been paid to the MTA through DOT, to be "off budget" and have payment go directly to MTA. The Executive Budget provides $4.3 billion to the Department of Transportation (DOT) capital program, which is funded at $29.2 billion over six years. The FY 2019 Budget provides for an additional 70 Full-time equivalents (FTEs) to support additional commitments for snow and ice control, and highway maintenance.

- **Local Highway Funds:** The Consolidated Highway Improvement Program (CHIPS) and the Municipal Streets and Highway Program ("Marchiselli") maintain FY 2018 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 continued in FY 2019. The $65 million for Extreme Winter Recovery local highway and bridge projects in the FY 2018 Enacted Budget is not renewed.

- **Department of Motor Vehicles:** Department of Motor Vehicles (DMV) spending for FY 2019 increases by $15.2 million (4.7 percent) from FY 2018. This is attributable to increased staffing levels (89 new FTEs) proposed to accommodate the second year of the driver's license renewal cycle. The FY 2019 Executive Budget also authorizes a pilot program to create an online pre-license course to obtain a New York State license, with a participant fee of $8.

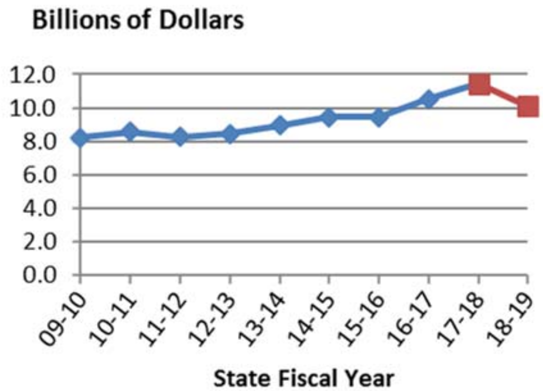
- **Transit Funding:** The FY 2019 Executive Budget includes an increase of $334 million in operating assistance to the MTA ($4.8 billion total). Funding for the non-MTA Downstate transit providers includes an increase of $11 million or one percent, including $8 million for a new Lower Hudson Transit Link serving parts of Rockland and Westchester counties. Upstate public transit systems operating assistance would increase by $1 million or one percent.

- **Metropolitan Transportation Authority:** The FY 2019 Executive Budget recommends an All Funds cash spending level of $414 million for the MTA, a $557 million or 57.4 percent decrease from FY 2018. The Executive continues the State's $8.5 billion multi-year funding commitment to the MTA's $29.5 billion 2015-2019 Capital Program.
  - The FY 2019 Executive Budget would take the annual transfer of the Payroll Mobility Tax (PMT) revenues "off-budget," directly sending PMT revenues ($1.4 billion annually) to the MTA without the need for an annual appropriation. This would allow the MTA to bond against this revenue source.
  - The FY 2019 Executive Budget proposes allowing the MTA to levy property taxes in "transportation improvement subdistricts" within New York City.

- **Thruway Authority:** The Executive Budget maintains previous capital commitments for the Thruway Authority. Under the Executive Proposal, the Thruway is directed to implement system-wide cashless tolling. There are no proposed toll increases through 2020.

TRANSPORTATION

All Funds Disbursements (Millions of Dollars)	Estimated FY 2018	Projected FY 2019
Cash	11,428	10,113
Annual Growth Rate	8.8%	-11.5%
5 Year Average Growth (Actual)		5.0%



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 2019 Executive Budget proposes a spending level of $10.1 billion, a decrease in $1.3 billion or twelve percent. This section mainly discusses overall changes to the transportation budget. For a detailed discussion of the capital commitments and proposals, refer to the "Transportation Capital Plans" Issues in Focus section.

Department of Transportation (DOT)

DOT maintains and improves more than 43,700 highway lane miles and 7,900 bridges. In addition, the Department subsidizes locally operated transit systems and partially funds local government highway and bridge construction, as well as rail and airport programs. The Department's headquarters is in Albany, and DOT currently operates 11 regional offices in Schenectady, Utica, Syracuse, Rochester, Buffalo, Hornell, Watertown, Poughkeepsie, Binghamton, Hauppauge and New York City.

The FY 2019 Executive Budget requests 70 additional Full-time equivalents (FTEs) to support additional commitments for snow and ice control, and highway maintenance.

The FY 2019 Executive Budget recommends an All Funds cash spending level of $9.4 billion, a decrease of $733 million, or 7.63 percent from FY 2018. This decrease is largely attributable to the proposal to shift the payroll mobility tax "off budget". The payroll mobility tax (approx. $1.4 billion on an annual basis) is currently appropriated to the Metropolitan Transportation Authority (MTA) through the DOT. The Executive proposes to directly send the tax to the MTA, allowing the MTA to securitize and issue bonds using payroll mobility tax revenues.

Article VII Provisions

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

- Authorizes the DOT to collect a $120 fee for semi-annual inspections of for-profit tour and charter bus fleets, ambulettes, and other large passenger van and limousine services.

- Authorizes the DOT to charge for use and occupancy of fiber optic lines on DOT right of ways and establish a uniform process for the siting of small cell wireless facilities.
- Allows the Thruway to set fees for use of its fiber optic system.

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 2019 Executive Budget provides $5.37 billion in cash operating assistance to the State's transit systems, an increase of $347 million or seven percent. The MTA would receive $4.85 billion, reflecting an increase of $334 million or seven percent. Non-MTA transit systems would receive $525 million, including $321 million for Downstate non-MTA transit systems and $204 million for Upstate transit systems, reflecting a one percent increase.

The MTA's operating assistance increase includes the off budget transfer of payroll mobility tax ($1.4 billion) and related MTA Aid Trust ($908 million) revenues.

Upstate transit systems would receive a $2 million increase from FY 2018 attributable to increased aid from the Public Transportation Operating Assistance Fund (PTOA) and the General Fund.

Transit Operating Assistance
Cash Disbursements
(Dollars in Thousands)

	FY 2018 Enacted	FY 2019 Proposed	Difference
Downstate			
NYCTA	$1,830,344	$1,858,788	$28,444
MTA Commuter Rail	$664,050	$669,184	$5,134
Off Budget Mobility*	$0	$1,410,566	$1,410,566
MTA (Payroll & Aid Trust)	$2,018,700	$908,634	-$1,110,066
MTA Total	**$4,513,094**	**$4,847,172**	**$334,078**
Rockland	$3,433	$3,467	$34
Staten Island Ferry	$33,489	$33,824	$335
Westchester	$56,210	$56,772	$562
Nassau - NICE Bus	$67,985	$68,665	$680
Suffolk	$26,444	$26,708	$264
NYC DOT	$89,495	$90,389	$894
MMCB LHTL	$0	$8,000	$8,000
Remaining Systems	$32,462	$32,788	$326
Non-MTA Total	**$309,518**	**$320,613**	**$11,095**
Subtotal Downstate	$4,822,612	$5,167,785	$345,173
Upstate			
CDTA	$36,436	$36,801	$365
CNYRTA	$33,260	$33,593	$333
RGRTA	$40,384	$40,789	$405
NFTA	$52,460	$52,986	$526
Remaining Systems	$40,106	$40,507	$401
Subtotal Upstate	**$202,646**	**$204,676**	**$2,030**
Program Totals	**$5,025,258**	**$5,372,461**	**$347,203**

Local Highway and Bridge Funding

Under the Executive Budget, the Consolidated Highway Improvement Program (CHIPS) and the Municipal Streets and Highway Program ("Marchiselli") maintain FY 2018 funding levels of $438.1 million and $39.7 million, respectively.

The $100 million Local PAVE NY and $100 million Local BRIDGE NY programs would be continued in FY 2019. The $65 million for Extreme Winter Recovery local highway and bridge projects in the FY 2018 Enacted Budget is not renewed.

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 2019 Executive Budget recommends an All Funds cash spending level of $338 million a $15 million or 4.7 percent increase. This increase is attributable to additional Full Time Equivalents (FTEs) for FY 2019.

The Executive Budget proposed a DMV workforce of 2,345 FTE positions, an increase of 89 FTEs from FY 2018. This personnel increase is to provide sufficient staffing levels to accommodate the second year of the driver's license renewal cycle.

Article VII Provisions

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

- Strengthens the State's authority to enforce Federal Motor Carrier Safety Regulations.
- Extends the authorization of Autonomous Vehicle testing in the State of New York.
- Removes the authorization for OSC to prescribe a reporting format to New York City and has DMV continue to report on behalf of New York City.
- Creates an internet pre-licensing course pilot program in the vehicle and traffic law and establishes fees for the course application and administration for students.

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 2019 Executive Budget recommends All Funds spending of $414 million, a decrease of $557 million or 57 percent. These funds are disbursed in the form of local assistance.

According to the Executive, the decrease in MTA funding is primarily driven by timing of payment issues and the proposed "off budget" shift of $1.4 billion in payroll mobility taxes offset by $254 million (capital) and $174 million (operating) for the State's half of the $836 million Subway Action Plan.

Article VII Provisions

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

- Requires all back seat passengers under the age of eight to wear a seatbelt.
- Prohibits the use of mobile telephones and portable electronic devices, either handheld or hands free by persons under the age of 18. Current law prohibits the use of handheld devices only.
- Permits junior license holders to operate a vehicle in NYC.

- Authorizes municipalities and commuter railroads to establish demonstration programs, and implement railroad grade crossing monitoring systems by means of photo devices.
- Re-directs Payroll Mobility tax straight to the MTA.
- Establishes a process for the recoupment of costs for major capital construction by MTA within a city of a population of one million or more.
- Authorizes emergency authority for the State to appropriate revenues it deems necessary to remedy train operational failures.
- Recommends procurement reform for the MTA and its affiliates.

Transportation Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2018**	**Proposed FY 2019**	**Change Amount**	**Percent**
Department of Transportation	10,133,692	9,360,565	(773,127)	-7.63%
Department of Motor Vehicles	323,691	338,879	15,188	4.69%
Thruway Authority	0	0	0	0.00%
Metropolitan Transportation Authority	970,856	414,000	(556,856)	-57.36%
Totals:	**11,428,239**	**10,113,444**	**(1,314,795)**	**-11.50%**

FACT SHEET : ENVIRONMENT, AGRICULTURE AND HOUSING

Adirondack Park Agency

- All Funds appropriation authority of $4.5 million, a decrease of $100,000.
- Changes primarily reflect the completion of a federal grant.

Department of Agriculture & Markets

- All Funds appropriation authority of $162 million, a decrease of $66.7 million.
- Net reduction of $11.4 million in local assistance programs due to the elimination of several Legislative additions from FY 2018.
- Provides $2.6 million in State Operation Funds for a Division of Food Safety and Inspection IT project.
- Makes permanent the authority for Empire State Development to administer agricultural and dairy marketing orders.

New York State Energy Research and Development Authority

- All Funds appropriation authority of $17 million, an increase of $1.43 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 $1.24 billion, a decrease of $2.7 billion.
- Decrease largely reflects the loss of a one-time appropriations of $2.5 billion in funding for the Clean Water Infrastructure Act and $151 million for the State's share of an Army Corps of Engineers shore protection project on Staten Island.
- Environmental Protection Fund maintained at $300 million.
- Provides language for a high-volume food waste management program.
- Provides language for the Empire Forests for the Future Initiative
- Provides language to expand the Core Preservation Area of the Central Pine Barrens

Division of Housing and Community Renewal

- All Funds appropriation authority of $410.5 million, a decrease of $405 million.
- The decrease reflects the elimination of a one-time appropriation of over $409 million in capital funds for a multi-year statewide affordable housing plan. Funds for the $2.5 billion plan continue in reappropriations.
- Utilizes $44 million in surplus Mortgage Insurance Fund reserves to support: the Rural Rental Assistance Program; Neighborhood and Rural Preservation Programs; and Homeless Housing & Assistance Corporation Programs.
- Provides language to allow flexibility between flood relief assistance programs created by the Lake Ontario-St. Lawrence Seaway Flood Relief and Recovery Act.
- Provides language to reduce the risk of exposure to lead paint.

The Hudson River Valley Greenway Community Council

- All Funds appropriation authority of $321,000 a decrease of $123 million from the FY 2018 Enacted Budget.
- The decrease reflects the elimination of a one-time appropriation of $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 (ORDA)

- All Funds appropriation authority of $70.1 million, an increase of $28.1 million from the FY 2018 Enacted Budget.
- Provides $10 million for energy efficiency upgrades and renovation projects that would allow ORDA to reduce operating facilities costs.
- Provides $50 million, an increase of $22 million from FY 2018, to implement a modernization plan to support strategic upgrades to Olympic facilities and ski resorts.
- Provides a minimum of $2.5 million sub-allocated to ORDA facilities, including $500,000 for Belleayre ski resort through New York Works initiatives.

Office of Parks, Recreation and Historic Preservation

- All Funds appropriation authority of $435.9 million, a net decrease of $8.8 million from the FY 2018 Enacted Budget.
- The decrease reflects a $1.04 million decrease in Aid to Localities, an $8 million net decrease in Capital Projects, and a $212,000 increase in State Operations.
- Provides $24.5 million through the State Parks Infrastructure Fund, an increase of $6 million from FY 2018, for improvements and rehabilitations of historic sites.
- Provides $20 million in federal capital funding related to the costs, preparation, and review of plans for the expansion and rehabilitation of state property.

Department of Public Service

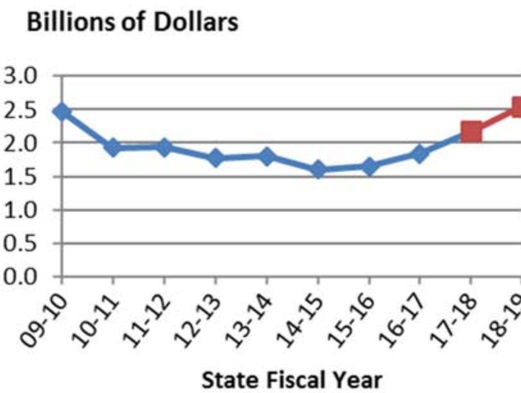
- All Funds appropriation authority of $95.4 million, a decrease of $6 million.
- Decrease reflects right-sizing a temporary increase in fringe benefits that is no longer needed.

New York Power Authority (NYPA)

- All Funds appropriation authority of $215 million, a decrease of $120 million.
- Most of this decrease reflects the loss of a one-time appropriation of $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.
- The remaining $43 million decrease reflects a reduction in the State's repayment of funds previously transferred by NYPA to the State.
- Proposes language to authorize NYPA to provide energy related projects to any of its power customers.
- Proposes language to authorize NYPA to develop renewable energy projects to assist the State in making clean energy standards and goals.

ENVIRONMENTAL CONSERVATION, AGRICULTURE, AND HOUSING

All Funds Disbursements (Millions of Dollars)		
	Estimated FY 2018	Projected FY 2019
Cash	2,179	2,550
Annual Growth Rate	18.1%	17.0%
5 Year Average Growth (Actual)		-0.6%



The FY 2019 Executive Budget recommends All Funds disbursements of $2.5 billion, an increase of $371.2 million for the State's Environmental Conservation, Energy, Agriculture, and Housing agencies. Increases in funding are recommended for the Adirondack Park Agency ($1,000); the Department of Agriculture and Markets ($2.1 million); the Department of Environmental Conservation ($99.7 million); the Department of Public Service ($1.1 million); the Division of Housing and Community Renewal ($228.5 million); the Olympic Regional Development Authority ($18.2 million); the New York Power Authority ($10.4 million); and the Office of Parks, Recreation and Historic Preservation ($12.5 million). Decreases are recommended for the Energy Research and Development Authority ($1.5 million). In addition, the Executive once again recommends no disbursements for the Hudson River Park Trust.

Environmental Conservation (DEC)

The FY 2019 Executive Budget recommends All Funds appropriations of $1.24 billion for the Department of Environmental Conservation (DEC), a decrease of $2.7 billion, or 68.1 percent from FY 2018. This decrease largely reflects the loss of one-time appropriations of $2.5 billion in funding for the Clean Water Infrastructure Act and $151 million for the State's share of an Army Corps of Engineers shore protection project on Staten Island. These projects continue to receive funding within reappropriations.

Staffing levels for DEC are projected to remain at 2,945 FTE positions, no change from the current fiscal year.

Environmental Protection Fund (EPF)

The FY 2019 Executive Budget proposes to maintain spending for the Environmental Protection Fund at $300 million. The Executive has requested those funds be disbursed as follows:

- $39.5 million, a decrease of $910,000, for solid waste programs
- $85.6 million, a decrease of $562,000, for parks and recreation programs
- $154.3 million, a decrease of $78,000, for open space programs

- $20.5 million, an increase of $1.5 million, for climate change programs

See the EPF Chart following this section for full program funding.

Article VII Provisions

Empire Forest Initiative

The Executive proposes language to amend the current Real Property Tax Law (RPTL) Section 480-a program, which provides a real property tax exemption to landowners who produce forest crops pursuant to a DEC approved management plan. Proposed amendments remove administrative barriers to make participation by eligible landowners easier.

Proposed language would also create a new RPTL Section 480-b program to provide two enrollment tracks for landowners: sustainable forest practice management, or sustainable forestry and open space preservation. The new program would also allow for smaller, 25 acre tracts to be eligible rather than 50 acres plots required under Section 480-a.

The Executive also proposes language to create the Community Forest Grant Program to provide competitive grants to municipalities and not-for-profit conservation organizations for the purchase of forest land to protect it from non-forest use. The Executive Budget proposes $500,000 in EPF funds for this purpose.

The Executive also proposes language to create the Empire Forest Incentive Program to landowners for the cost of scientifically based forest management practices on eligible land. The Executive Budget proposes $500,000 in EPF funds for this purpose.

Changes to the EPF and CWIA of 2017

The Executive proposes language to eliminate two accounts created as part of the Clean Water Infrastructure Act of 2017 related to drinking water responses and solid waste mitigation and to instead deposit monies recovered pursuant to Title 12 of Article 27 (Mitigation and Remediation of Certain Solid Waste Sites and Drinking Water Contamination) into the general Capital Projects Fund.

The Executive also proposes language that eliminates a statutory floor for Bottle Bill revenues placed into the EPF.

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 proposes $2 million within the EPF to provide grants for municipalities and not-for-profit food banks to support food donation and the recycling of food scraps.

Expanding the Pine Barrens

The Executive proposes language to expand the Core Preservation Area of the Central Pine Barrens by including land adjacent to the Pine Barrens boundary. One area of inclusion is within the Village of Shoreham and the other is within the Town of Brookhaven.

The Executive also proposes language requiring the Town of Brookhaven, Suffolk County, and the Central Pine Barrens Joint Planning and Policy

Commission to compile a report that provides an assessment of properties suitable for solar projects, which would minimize the need to utilize undisturbed open space, to be submitted by January 1, 2020.

Adirondack Park Agency (APA)

The FY 2019 Executive Budget recommends All Funds appropriations of $4.54 million for the Adirondack Park Agency (APA), a decrease of $100,000, or 2.15 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 (NYSDAM)

The FY 2019 Executive Budget recommends All Funds appropriations of $162 million for the Department of Agriculture and Markets (NYSDAM). This represents a net decrease of $66.7 million, or 29.2 percent, from the current fiscal year. These changes reflect the elimination of legislative local assistance additions and one-time capital adds for the State Fair, improvements at county fairs and assistance for animal shelters.

Staffing levels for NYSDAM are projected to remain at 483 FTE positions, same as the previous two years.

The Executive recommends the elimination of $11.5 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 proposes $275,000 in State Operations appropriations for new marketing and advertising expenses related to agritourism and New York produced food and beverage products. The funds are directed to the City of Geneva and the Thousand Islands Bridge Authority.

The Executive also proposes $2.6 million in State Operations appropriations for a Division of Food Safety and Inspection IT Project to improve internal tracking and billing processes.

Article VII Provisions

Agriculture Marketing Orders

The Executive proposes to make permanent Empire State Development Corporation's authority to administer agricultural and dairy product marketing orders. Marketing orders are industry-initiated programs which level an assessment on produce and utilize the funds for marketing and research. Until FY 2017, this work was done by NYSDAM.

Green Thumb

The FY 2019 Executive Budget recommends All Funds appropriations of $3.32 million for Green Thumb, an increase of $130,000, or 4.07 percent over the current fiscal year. This change is due to increases in personal service resulting from changes in the minimum wage.

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 2019 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 seven 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 2019 Executive Budget recommends All Funds appropriations of $321,000 for the Hudson River Valley Greenway Community Council, a return to prior year spending levels. This funding decrease is attributed to the elimination of the one-time add for the Empire State Trail. The trail is a three-year initiative by the Executive to develop a multi-use trail network along the Hudson River Valley Greenway and Erie Canalway trails.

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.

Hudson River Park Trust

The FY 2019 Executive Budget recommends All Funds appropriations of $50 million for the Hudson River Park Trust to complete the redevelopment and infrastructure repairs of the park.

Division of Housing and Community Renewal (HCR)

The FY 2019 Executive Budget recommends All Funds appropriations of $410.5 million for the Division of Housing and Community Renewal (DHCR), a net decrease of $405.5 million, or 49.7 percent, from current levels. The decrease is attributed to the elimination of a one-time appropriation of over $409 million in capital funds for a multi-year statewide affordable housing plan. The funds for the $2.5 billion plan continue in reappropriations.

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.

Article VII Provisions

Mortgage Insurance Fund

The FY 2019 Executive Budget includes Article VII language that would utilize $44 million in surplus Mortgage Insurance Fund (MIF) reserves, to support the following programs:

- Rural Rental Assistance Program ($23.6 million)
- Neighborhood Preservation Program ($8.48 million)
- Rural Preservation Program ($3.54 million)
- Homeless Housing & Assistance Corporation programs ($8.3 million)

Lake Ontario Flood Relief Programs

The Executive proposes language to allow flexibility between programs that provide flood relief assistance to homeowners, municipalities, and businesses impacted by Spring 2017 flooding in the Lake Ontario region. Currently, the $45 million program provides $15 million to each of the three programs. Proposed language would allow unutilized funds to flow to programs where they are most needed, such as the Homeowner Recovery Fund.

Additional information on Lake Ontario Flooding can be found in the Issues in Focus Water Quality and Flood Funding section.

Reduce Risk of Exposure to Lead Paint

The Executive proposes language to require municipalities that administer the Uniform Fire Prevention and Building Code and contain areas designated as “high risk” by the Department of Health to report lead inspection and remediation outcomes to the Department of Health.

The Executive proposes language to include a presumption that paint in and on residential buildings and on the exterior of non-residential buildings constructed before January 1, 1978 is lead-based. These buildings would be required to be maintained so that the paint does not deteriorate. The Department of State would be required to issue regulations requiring periodic inspections of property to ensure compliance with lead paint codes and remedies to abate code violations.

State of New York Mortgage Agency

The FY 2019 Executive Budget recommends All Funds appropriations of $222.7 million for the State of New York Mortgage Agency (SONYMA), a net increase of $30.4 million, or 15.8 percent, from current levels.

SONYMA is a public benefit corporation that 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. Statute requires the State to guarantee certain obligations of the Agency. 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 2019 Executive Budget recommends All Funds appropriations of $17 million for the New York State Energy Research and Development Authority (NYSERDA). This represents an increase of $1.43 million, or 9.14 percent, from the current fiscal year. The increase is necessary to meet the State’s obligations to 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 $1.34 billion 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 FY 2019 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 sub-allocations of: $1 million to DEC for the climate change program; $150,000 to NYSDAM for the Fuel NY program; and $825,000 for the University of Rochester laboratory for laser energetics.

Regional Greenhouse Gas Initiative and NYSERDA General Fund Transfers

In Article VII Sweeps and Transfers language, the FY 2019 Executive Budget proposes to transfer $23 million in off-budget assessed Regional Greenhouse Gas Initiative (RGGI) funds to the General Fund. This annual reauthorization language allows 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 2019 Executive Budget recommends All Funds appropriations of $95.4 million for the Department of Public Service (DPS), a decrease of $6 million, or 5.92 percent, from the current fiscal year. This decrease results from right-sizing a temporary increase in fringe benefits that is no longer needed. Staffing levels for DPS are projected to remain at 520 FTE positions, same as the previous two fiscal years.

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 2019 Executive Budget recommends All Funds appropriations of $215 million for the New York Power Authority (NYPA). This represents a net decrease of $120 million from the current fiscal year. Most of this decrease, $77 million, is attributed to a one-time appropriation for the $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 remaining $43 million decrease reflects a reduction in the State's repayment of funds previously transferred by NYPA to the State.

Article VII Provisions

NYPA to Provide Energy-Related Services to Any Customers

The Executive proposes language to authorize NYPA to provide energy related projects, programs, and services to any of its power customers. The language also removes a reference to the "Power for Jobs" program, which no longer exists.

NYPA to Develop Renewable Energy Projects

The Executive proposes language to authorize NYPA to develop renewable energy projects and procure and sell renewable products to public entities and NYPA customers to assist the State in meeting any clean energy standard or goals. The language also authorizes NYPA to fully recover associated costs from those who purchase renewable power and to issue bonds or notes for financing these projects.

NYPA Sweep

In Article VII Sweeps and Transfers language, the FY 2019 Executive Budget proposes to transfer $20 million from NYPA to the General Fund.

Olympic Regional Development Authority

The FY 2019 Executive Budget recommends All Funds appropriations of $70.1 million for the Olympic Regional Development Authority (ORDA), an increase of $28 million, or 67 percent from the FY 2018 Enacted Budget. 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 facilities.

Office of Parks, Recreation and Historic Preservation (OPRHP)

The FY 2019 Executive Budget recommends All Funds appropriations of $435.9 million for the OPHRP, a decrease of $8.8 million, or two percent from the FY 2018 Enacted Budget. This decrease results primarily in one-time New York Works capital projects funding, from $204.7 million in FY 2018 to $180.7 million in FY 2019.

Staffing levels for OPRHP are projected to increase by 14 FTE positions to 1,763 FTE positions.

Legislative Initiatives Eliminated:

- *City Parks Foundation $250,000*
- *Historic Hudson Hoosick Rivers Partnership $200,000*
- *Snug Harbor Cultural Center $200,000*
- *Council for the Humanities $150,000*
- *West Indian American Day $125,000*
- *Poppenheusen Institute $50,000*
- *Queens Historical Society $25,000*
- *The Staten Island Zoological Society $25,000*
- *Alley Pond Environmental Health Center $15,000*

New 407-acre State Park in Central Brooklyn

The Executive proposes language to continue the Vital Brooklyn Initiative, which is aimed at enacting open space and recreational opportunities for residents in Central Brooklyn.

The Executive proposes $15 million to open the property to the public, which would create 3.5 miles of waterfront, paths, and trails for biking, hiking, fishing, and kayaking among other activities.

FY 2019 Executive Environmental Protection Fund Proposal	FY 2018 Enacted	FY 2019 Executive	Change
SOLID WASTE			
Landfill Closure/Gas Management	**$700,000**	**$700,000**	**$0**
Essex County	*$300,000*	*$300,000*	*$0*
Hamilton County	*$150,000*	*$150,000*	*$0*
Municipal Recycling	**$14,000,000**	**$14,000,000**	**$0**
Food donation/recycling/organics projects	*$2,000,000*	*$2,000,000*	*$0*
Secondary Marketing	**$500,000**	**$500,000**	**$0**
Pesticide Database	**$1,500,000**	**$1,800,000**	**$300,000**
Long Island Pesticide Prevention	*$200,000*	*$200,000*	*$0*
Environmental Justice	**$8,000,000**	**$8,000,000**	**$0**
Connect Kids	*$1,000,000*	*$1,000,000*	*$0*
EJ community impact and job training grants	*$2,000,000*	*$3,000,000*	*$1,000,000*
Non profit competitive grants	*$0*	*$500,000*	*$500,000*
Community groups and indian tribes	*$0*	*$100,000*	*$100,000*
SUNY ESF Center for Native Peoples and the Environment	*$0*	*$350,000*	*$350,000*
Community Garden Grant Program	*$500,000*	*$0*	*($500,000)*
Natural Resource Damages	**$3,235,000**	**$2,025,000**	**($1,210,000)**
Pollution Prevention Institute	**$4,000,000**	**$4,000,000**	**$0**
Interstate Chemicals Clearinghouse	*$100,000*	*$100,000*	*$0*
Environmental Health	**$6,500,000**	**$6,500,000**	**$0**
Clean SweepNY Program	*$500,000*	*$500,000*	*$0*
Center for Clean Water at Stony Brook for 1,4 Dioxane	*$1,000,000*	*$1,000,000*	*$0*
Children's Environmental Health Centers	*$2,000,000*	*$2,000,000*	*$0*
Fresh Connect	*$625,000*	*$625,000*	*$0*
Land Banks - Lead Abatement	*$500,000*	*$0*	*($500,000)*
Brownfield Opportunity Areas (BOA)	**$2,000,000**	**$2,000,000**	**$0**
Solid Waste Total	**$40,435,000**	**$39,525,000**	**($910,000)**

Environmental Protection Fund Continued.	FY 2018 Enacted	FY 2019 Executive	Change
PARKS & RECREATION			
Waterfront Revitalization	**$16,000,000**	**$16,000,000**	**$0**
Inner City/Underserved	*$10,000,000*	*$10,000,000*	*$0*
Climate Change Resiliency Planning/LWRP Updates	*$2,000,000*	*$2,000,000*	*$0*
Adirondack Projects	*$660,000*	*$660,000*	*$0*
Hammond's Cove		*$0*	*$0*
Municipal Parks	**$20,000,000**	**$20,000,000**	**$0**
Innercity/Underserved	*$10,000,000*	*$10,000,000*	*$0*
Tivoli	*$250,000*	*$250,000*	*$0*
Hudson River Valley Trail Grants	*$0*	*$500,000*	*$500,000*
Lake George Park Commission	*$0*	*$700,000*	*$700,000*
SUNY ESF	*$0*	*$120,000*	*$120,000*
Paul Smiths College	*$0*	*$180,000*	*$180,000*
Ulster Co Rail Trail	*$1,000,000*	*$0*	*($1,000,000)*
NYC East River Esplanade	*$1,000,000*	*$0*	*($1,000,000)*
Finger Lakes Land Trust to enhance public access to preserves	$300,000	*$0*	($300,000)
Public Access & Stewardship	**$30,000,000**	**$34,138,000**	**$4,138,000**
Belleayre	$1,000,000	*$1,000,000*	$0
Parks and Trails Friends Group Capacity Grants	$500,000	*$500,000*	$0
Empire Forest Incentive Program	$0	*$500,000*	$500,000
Hudson River Valley Trail Grants Program	$250,000	*$0*	($250,000)
Hudson River Park (HRP)	**$3,200,000**	**$1,000,000**	**($2,200,000)**
Zoos, Botanical Gardens and Aquaria Program	**$15,000,000**	**$12,500,000**	**($2,500,000)**
Administration of Nav Law 79-b Programs	**$2,000,000**	**$2,000,000**	**$0**
Parks & Recreation Total	**$86,200,000**	**$85,638,000**	**($562,000)**

Environmental Protection Fund Continued.	FY 2018 Enacted	FY 2019 Executive	Change
OPEN SPACE			
Land Acquisition	**$36,599,000**	**$30,000,000**	**($6,599,000)**
Urban Forestry	*$1,000,000*	*$1,000,000*	*$0*
Land Trust Alliance	*$2,500,000*	*$2,500,000*	*$0*
Regions 1, 2 and 3	*$3,000,000*	*$3,000,000*	*$0*
Community Forest Program	*$0*	*$500,000*	*$500,000*
Albany Pine Bush Commission	**$2,675,000**	**$2,675,000**	**$0**
City of Schenectady - Woodlawn Preserve	*$50,000*	*$0*	*($50,000)*
LI Pine Barrens Commission	**$2,000,000**	**$2,000,000**	**$0**
Environmental Commissions	**$712,000**	**$712,000**	**$0**
Susquehanna River Basin Commission	*$259,000*	*$259,000*	*$0*
Delaware River Basin Commission	*$359,500*	*$359,500*	*$0*
Ohio River Valley Water Sanitation Commission	*$13,900*	*$13,900*	*$0*
Interstate Environmental Commission	*$41,600*	*$41,600*	*$0*
New England Interstate Water Poll. Control Comm.	*$38,000*	*$38,000*	*$0*
LI South Shore Estuary Reserve	**$900,000**	**$900,000**	**$0**
Agricultural Non-Point Source Poll Cont	**$17,000,000**	**$17,000,000**	**$0**
Cornell Integrated Pest Management	*$1,000,000*	*$1,000,000*	*$0*
Cornell Cooperative Ext Suffolk County	*$500,000*	*$500,000*	*$0*
Cornell pesticide management education program	*$0*	*$250,000*	*$250,000*
Non-Agricultural Non-Point Source Poll Cont	**$7,000,000**	**$7,000,000**	**$0**
Cornell Community Integrated Pest Management	*$550,000*	*$550,000*	*$0*
Farmland Protection	**$20,000,000**	**$20,000,000**	**$0**
ACUB	*$1,000,000*	*$1,000,000*	*$0*
Cornell Land Classification and Master List of Soils	*$87,000*	*$90,000*	*$3,000*
Biodiversity stewardship	**$1,000,000**	**$1,350,000**	**$350,000**
Pollinator Protection	*$500,000*	*$500,000*	*$0*
Cornell - adverse impacts of pesticides, bee husbandry	*$0*	*$300,000*	*$300,000*
Cary Institute of Ecosystem Studies - Catskill enviro research	*$0*	*$100,000*	*$100,000*
Hudson River Estuary Plan	**$5,500,000**	**$6,500,000**	**$1,000,000**
Mohawk River	*$800,000*	*$1,000,000*	*$200,000*
Finger Lk-Lk Ontario Watershed	**$2,279,000**	**$2,300,000**	**$21,000**
Lake Erie Watershed Protection	**$250,000**	**$250,000**	**$0**
Water Quality Improvement Prog	**$20,000,000**	**$20,250,000**	**$250,000**
Suffolk Co - 50% match to address nitrogen	*$3,000,000*	*$3,000,000*	*$0*
Suffolk Co - sewer improvement projects	*$1,500,000*	*$1,500,000*	*$0*
Nassau County Bay Park Outfall Pipe	*$5,000,000*	*$5,000,000*	*$0*
Testing and monitoring wells in Nassau	*$400,000*	*$400,000*	*$0*
Long Island Regional Planning Council	*$250,000*	*$250,000*	*$0*
Statewide Drug Collection Program at Pharmacies	*$1,000,000*	*$1,000,000*	*$0*
Update source water assess plans and protect prog	*$5,000,000*	*$5,000,000*	*$0*
Removal and disposal of firefighting foam with PFOS	*$500,000*	*$100,000*	*($400,000)*
Cleanup of Scajaquada Creek	*$500,000*	*$0*	*($500,000)*
Long Island Commission for Aquifer Protection	*$250,000*	*$0*	*($250,000)*
Oceans & Great Lakes Initiative	**$15,000,000**	**$18,600,000**	**$3,600,000**
Peconic Bay Estuary Program	*$200,000*	*$200,000*	*$0*
Great Lakes Commission	*$60,000*	*$60,000*	*$0*

Environmental Protection Fund Continued.	FY 2018 Enacted	FY 2019 Executive	Change
Invasive Species	**$13,000,000**	**$13,300,000**	**$300,000**
Lake George	*$450,000*	*$450,000*	*$0*
Cornell Plant Certification Program	*$0*	*$120,000*	*$120,000*
Eradication	*$6,050,000*	*$6,050,000*	*$0*
Cornell for hemlock wooly adelgid	*$500,000*	*$500,000*	*$0*
Central Pine Barrens Joint Planning and Policy Comm.	*$0*	*$250,000*	*$250,000*
Soil & Water Conservation Districts	**$9,000,000**	**$10,000,000**	**$1,000,000**
Agricultural Waste Management	**$1,500,000**	**$1,500,000**	**$0**
Cornell dairy acceleration program	*$700,000*	*$700,000*	*$0*
Open Space Total	**$154,415,000**	**$154,337,000**	**($78,000)**
CLIMATE CHANGE MITIGATION & ADAPTATION			
Greenhouse Gas Management	**$1,700,000**	**$1,000,000**	**($700,000)**
State Climate Adaptation Projects	**$750,000**	**$3,000,000**	**$2,250,000**
Local Govt CRRA	*$750,000*	*$0*	*($750,000)*
Smart Growth	**$2,000,000**	**$2,000,000**	**$0**
Climate Resilient Farms Program	**$2,500,000**	**$2,500,000**	**$0**
Cornell Soil Health	*$400,000*	*$0*	*($400,000)*
Study of incentives for carbon sequestering	*$50,000*	*$0*	*($50,000)*
Climate Smart Communities Competition	**$12,000,000**	**$12,000,000**	**$0**
Renewable energy projects in low income housing	*$500,000*	*$0*	*($500,000)*
Resiliency planting program	*$500,000*	*$500,000*	*$0*
Climate Change Total	**$18,950,000**	**$20,500,000**	**$1,550,000**
ENVIRONMENTAL PROTECTION FUND TOTAL	**$300,000,000**	**$300,000,000**	**$0**

Agriculture Local Assistance Programs				
Item	Executive FY 2018	Enacted FY 2018	Executive FY 2019	Change
Ag. Child Development Program	8,275,000	**9,275,000**	8,275,000	(1,000,000)
Cornell Diagnostic Lab	4,425,000	**5,425,000**	4,425,000	(1,000,000)
Cornell Quality Milk Program	1,174,000	**1,174,000**	1,174,000	-
Cornell Cattle Health Assurance	360,000	**360,000**	360,000	-
Cornell Johnes Disease	480,000	**480,000**	480,000	-
Cornell Rabies	50,000	**610,000**	50,000	(560,000)
Cornell Avian Disease	252,000	**252,000**	252,000	-
Cornell Farm Net (Farm Family Assistance)	384,000	**800,000**	384,000	(416,000)
Cornell Hops and Barley - Born, Bred and Brewed	40,000	**200,000**	40,000	(160,000)
Golden Nematode/Cornell	62,000	**62,000**	62,000	-
Future Farmers of America (FFA)	542,000	**842,000**	730,000	(112,000)
Cornell Ag in the Classroom	380,000	**380,000**	267,000	(113,000)
Cornell Association of Ag Educators	416,000	**416,000**	303,000	(113,000)
Apple Growers Association	206,000	**750,000**	206,000	(544,000)
Wine & Grape Foundation	713,000	**1,020,000**	713,000	(307,000)
Farm Viability Institute	400,000	**1,900,000**	400,000	(1,500,000)
Center for Dairy Excellence	150,000	**150,000**	150,000	-
Local Fair Assistance	340,000	**500,000**	340,000	(160,000)
Pro-Dairy	822,000	**1,200,000**	822,000	(378,000)
EBT at Farmers' Markets	138,000	**138,000**	138,000	-
TasteNY	1,100,000	**1,100,000**	1,100,000	-
Farm-To-School	750,000	**750,000**	750,000	-
North Country Farm-To-School	-	**300,000**	-	(300,000)
Maple Producers	-	**215,000**	-	(215,000)
Tractor Rollover Prevention	-	**250,000**	-	(250,000)
Apple R&D Advisory Board	-	**500,000**	-	(500,000)
Cornell Maple Research	-	**125,000**	-	(125,000)
Berry Growers Association	-	**60,000**	-	(60,000)
Cornell Berry Research	-	**260,000**	-	(260,000)
Christmas Tree Farmers	-	**125,000**	-	(125,000)
Corn & Soybean Growers Association	-	**75,000**	-	(75,000)
Cornell Honeybee Program	-	**50,000**	-	(50,000)
Cornell Onion Research	-	**50,000**	-	(50,000)
Cornell Vegetable Research	-	**100,000**	-	(100,000)
Suffolk Co Deer Fencing	-	**200,000**	-	(200,000)
Eastern Equine Encephalitis	-	**175,000**	-	(175,000)
Farm Viability Dairy Profit Teams	-	**220,000**	-	(220,000)
Genesee County Ag. Academy	-	**100,000**	-	(100,000)
Long Island Farm Bureau - Grown on Long Island	-	**100,000**	-	(100,000)
Island Harvest	-	**20,000**	-	(20,000)
North Country Low Cost Vaccines	-	**25,000**	-	(25,000)
Northern NY Ag Development - CCE Jefferson	-	**600,000**	-	(600,000)
Turfgrass Association	-	**150,000**	-	(150,000)
Wood Products Council	-	**100,000**	-	(100,000)
Farm-to-Seniors Program	-	**500,000**	-	(500,000)
Cornell Vets to Farms	-	**115,000**	-	(115,000)
North Country Ag Academy - St Law-Lewis BOCES	-	**200,000**	-	(200,000)
New York State Brewers	-	**10,000**	-	(10,000)
New York State Distillers Guild	-	**10,000**	-	(10,000)
New York State Cider Association	-	**10,000**	-	(10,000)
Farm to Table Trail	-	**50,000**	-	(50,000)
Cornell Sheep Farming	-	**10,000**	-	(10,000)
Farmer "Muck Boot" training camp	-	**100,000**	-	(100,000)
Seeds of Success School Gardens Program	-	**100,000**	-	(100,000)
Cornell Labor Specialist	-	**200,000**	-	(200,000)
Chautauqua Co Bee Keepers	-	**10,000**	-	(10,000)
TOTAL	**21,459,000**	**32,899,000**	**21,421,000**	**(11,478,000)**

Environmental Conservation, Agriculture and Housing Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	Estimated FY 2018	Proposed FY 2019	Change Amount	Percent
Adirondack Park Agency	4,763	4,764	1	0.02%
Agriculture and Markets	114,275	116,368	2,093	1.83%
Department of Environmental Conservation	1,152,839	1,252,567	99,728	8.65%
Energy Research Development Authority	24,327	22,877	(1,450)	-5.96%
Department of Public Service	79,500	80,639	1,139	1.43%
Housing and Community Renewal	415,051	643,599	228,548	55.07%
Olympic Regional Development Authority	40,686	58,933	18,247	44.85%
Power Authority	3,378	13,750	10,372	307.05%
Parks, Recreation and Historic Preservation	343,717	356,262	12,545	3.65%
Hudson River Park	0	0	0	0.00%
Totals:	**2,178,536**	**2,549,759**	**371,223**	**17.04%**

FACT SHEET : PUBLIC PROTECTION

The Executive Budget proposes total All Funds cash disbursements of $5.46 billion, a decrease of 4.75 percent from FY 2018.

- **Public Safety Initiatives**
  - $8 million in new funding for State Police to provide coordinating efforts to stop MS-13 on Long Island
  - $500,000 in new funding for Gang Prevention efforts
  - Continued support for New York City Bridge and Tunnel Security and counter terrorism efforts from the FY 2018 Enacted Budget $100 million two-year appropriation
  - $5.8 million in new funding for seven FTEs to implement FY 2018 Enacted Homeland Security Initiatives
  - $1.9 million in new funding for 20 FTEs to engage in disaster preparedness and emergency response efforts

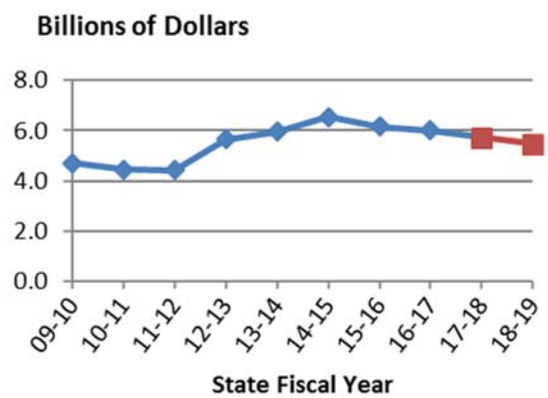
- **Expansion of Statewide Indigent Legal Services**
  - $51 million in new appropriation authority for implementation of county-created plans
    - Requires approval from the Director of Budget before any funds could be dispersed
  - $800,000 for four employees to continue expanding agency operations
  - Continuation of $24 million in support for the original five Hurrell-Harring Lawsuit Counties (Onondaga, Ontario, Schuyler, Suffolk, and Washington)

- **FY 2019 Criminal Justice Reform Proposals:** The Executive proposes Article VII language to implement various criminal justice reforms that would:
  - Eliminate cash-bail for those arrested of misdemeanors and non-violent felonies
  - Ban Civil Asset Forfeiture without an arrest and conviction
  - Create timeline for speedy trial reform
  - Enact the Child Victims Act, which eliminates the criminal statute of limitations for sexually related felony offenses committed against a child, extends the civil statute of limitations, and creates a one year window for time-barred civil claims to be commenced.

- **Proposals Affecting State Inmates**
  - Closing of 912 Special Housing Unit (SHU) beds related to the New York Civil Liberties Union (NYCLU) lawsuit, a savings of $6.8 million
  - $2.3 million in required new programming from 2014 NYCLU lawsuit settlement
  - Expand Limited Credit Time Allowance program to include four current programs
  - Allow those over age 55 with debilitating conditions to be eligible for parole

PUBLIC PROTECTION

All Funds Disbursements (Millions of Dollars)		
	Estimated FY 2018	Projected FY 2019
Cash	5,737	5,465
Annual Growth Rate	-2.3%	-4.7%
5 Year Average Growth (Actual)		7.0%



The FY 2019 Executive Budget recommends All Funds cash disbursements of $5.4 billion, a decrease of $272 million or 4.75 percent over FY 2018 for all public protection agencies.

Department of Corrections and Community Supervision (DOCCS)

The Executive recommends $3.3 billion in All Funds appropriations for the Department, an increase of $16.2 million from FY 2018 levels. This increase is primarily the result of an additional $26 million in Capital appropriations offset by a decrease of $9.8 million in State Operations funding.

The Executive recommends a Capital Budget of $427 million, an increase of $26 million from FY 2018 levels. This increase is for additional funding for preservation of facilities projects and capital maintenance. The Executive continues the FY 2017 and 2018 transfer from the State Operations Budget to Capital Budget of 979 full-time equivalent (FTE) maintenance positions.

The Executive recommends State Operations appropriations of $2.84 billion, a decrease of $10 million from FY 2018 levels. The Department's State Operations increases by:

- $2.3 million for Alcohol and Substance Abuse programs at Lakeview and Upstate Correctional Facilities
  - Programs would require an increase of 23 Correction Officer FTEs and 13 Program FTEs
  - This is in response to a 2014 Lawsuit settled with the New York Civil Liberties Union
- $3 million for use of Federal Medicaid retro-reimbursement to fund a new Electronic Medical Records system
- $305,000 for the appointment of three additional Parole Board members

These increases are offset by decreases of:

- $8.7 million from the shift of 116 Correction Officers, assigned to the Corcraft Program, from the General Fund to the Corcraft Internal Service Fund
- $6.8 million from the closure of three Special Housing Units (SHU), containing 912 beds at Southport, Upstate, and Cayuga Correctional

Facilities for FY 2019. There were 489 beds reduced in FY 2018, bringing the expected number of SHU beds closed by April 2019 to 1,400.
  - The FY 2019 savings would result from the attrition of 110 Correction Officers
  - This is in response to a 2014 Lawsuit settled with the New York Civil Liberties Union
- $4.5 million from health program savings due to reduced hepatitis C drug costs
- $750,000 from elimination of county reimbursement for personal service costs related to the transportation of State Ready Inmates
- $200,000 for going from four days inter-facility transportation of inmates to three days
- $128,000 for the expansion of Merit Time and Limited Credit Time Allowance programs relating to an Article VII proposal

The Executive Budget makes no changes to Aid to Localities spending levels for FY 2019.

The Executive Budget does not include prison closures. The prison population is projected at 50,300 by April 2018, and projected to remain flat in the out years.

Article VII Proposals

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

- Eliminates the personal service expenses related to transporting state ready inmates to prisons, while continuing to pay the travel costs.
- Expand Merit Time and Limited Credit Time Allowance eligibility to inmates who have completed the following programs and related requirements:
  - Two consecutive semesters of college programming with at least six college credits per semester.
  - Complete cosmetology/barbering training program.
  - Participate in a computer operator, or information and technology program for a minimum of two years and pass a Microsoft office specialist certification.
  - Complete the Thinking for a Change cognitive behavioral treatment program.
- Repeals the collection of the Parole Supervision Fee. This $30 per month fee generated $374,000 to the General Fund in FY 2017
- Allow inmates over 55, with debilitating conditions caused by their age, to be eligible for parole if they lack the means of self-care while incarcerated. Those convicted of severe murder charges or life without parole would be ineligible
- Authorizes DOCCS to create two pilot temporary release programs, consisting of college educational leave and work release. Each program would be limited to 50 inmates, whom must also be eligible for Limited Credit Time Allowance and parole or conditional release within two years.

Division of Criminal Justice Services (DCJS)

The Executive Budget recommends $281.4 million in All Funds appropriations for DCJS, a decrease of $4.7 million from FY 2018 levels. The Executive recommends an increase of $16 million for new appropriation authority for Federal Equitable Sharing Agreements, offset by a decrease of $20.7 million in Aid to Localities funding.

Traditional Criminal Justice Aid to Localities Program Funding

The Executive proposes a decrease of $22.5 million in General Fund Local Assistance programs. This decrease is mostly attributable to the elimination of $17.9 million in Legislative additions from FY 2018.

The Executive provides $500,000 for MS-13 Gang Prevention efforts on Long Island that would be allocated pursuant to a plan submitted to and approved by the Director of Budget. This is part of the Executive's five-point plan to cut off MS-13's recruitment pipeline, that also includes a Community Deployment Team from the Division of State Police. The Executive includes $1 million for Rape Crisis Centers that was previously appropriated to the Department of Health, to now be disbursed by DCJS.

The Executive proposes $4.8 million for continual funding of Operation SNUG. This is an increase of $1 million from FY 2018. The Executive combines three SNUG appropriations into one, removing language identifying certain counties receiving Operation SNUG funding. The changes in Local Assistance are outlined in the *FY 2019 Criminal Justice-Aid to Localities Programs* table.

The Executive decreases expenditures from the General Fund by transferring two programs, Aid to Defense ($5 million) and New York State Defenders Association ($1 million), to Special Revenue Accounts.

Legal Services Assistance Fund (LSAF)

The Executive eliminates Legislative initiatives within the Special Revenue Fund that total $4.4 million. These initiatives fund local programs involving civil and criminal legal defense, domestic violence or veterans legal services totaling $3.8 million, and $600,000 for Indigent Parolee Programs. The Executive transfers the Aid to Defense program, a General Fund expenditure of $5 million, to the Fund. As a result of these changes, the funds appropriation spending authority is increased by $686,000 in FY 2019, as can be seen in the *FY 2019 Executive Proposed Funding-Legal Services Assistance Fund* table below.

FY 2019 Executive Proposed Funding- Legal Services Assistance Fund

Programs	FY 2018 Enacted Amount	FY 2019 Proposed Amount	Change
Aid to Prosecution	$2,592,000	$2,592,000	$0
Aid to Defense*	$2,592,000	$7,658,000	$5,066,000
District Attorney and Indigent Legal Attorney Loan Forgiveness Program	$2,430,000	$2,430,000	$0
Statewide Indigent Legal Services for persons leaving prison	$2,200,000	$2,200,000	$0
Indigent Parole Program (Legislative Item)	$600,000	$0	($600,000)
Civil/Criminal Legal Services; Domestic Violence Civil/Criminal Legal Services (Legislative Items)	$3,780,000	$0	($3,780,000)
TOTAL	**$14,194,000**	**$14,880,000**	**$686,000**

* The Executive reduces General Fund spending with the transfer of Aid to Defense to this Special Revenue Account

Indigent Legal Services Fund (ILSF)

The Executive proposes transferring the General Fund Aid to Localities funding for the New York State Defenders Association (NYSDA) to the Indigent Legal Services Fund (ILSF). The Executive includes $1 million for NYSDA, the same as FY 2018 levels, through the use of special revenue funds The ILSF is under the purview of the Office of Indigent Legal Services, and ordinarily administers this fund.

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.

FY 2019 Executive Criminal Justice- Aid to Localities Programs			
Programs	FY 2018 Enacted Amount	FY 2019 Executive Proposed Amount	Change
Aid to Prosecution	$9,957,000	$9,957,000	$0
New York State Prosecutors Training Institute (NYPTI)	$2,178,000	$2,178,000	$0
Witness Protection Program	$287,000	$287,000	$0
District Attorney Salary Reimbursement	$4,212,000	$4,212,000	$0
Special Narcotics Prosecutor	$825,000	$825,000	$0
Crime Laboratories	$6,273,000	$6,273,000	$0
Soft Body Armor	$1,350,000	$1,350,000	$0
Re-entry Task Force	$3,842,000	$3,842,000	$0
GIVE Program	$14,390,000	$14,390,000	$0
Aid to Defense Services*	$5,066,000	$0	($5,066,000)
New York State Defenders Association*	$1,030,000	$0	($1,030,000)
Probation Aid	$44,876,000	$44,876,000	$0
Alternatives to Incarceration	$5,217,000	$5,217,000	$0
ATI and Demonstration Programs/ TANF 200%	$13,819,000	$13,819,000	$0
Probation Violation Centers	$945,000	$945,000	$0
Operation SNUG	$3,815,000	$4,815,000	$1,000,000
Operation SNUG- Bronx- Jacobi Medical Center Auxiliary	$700,000	$0	($700,000)
Operation SNUG- City of Poughkeepsie	$300,000	$0	($300,000)
Rape Crisis Centers	$2,553,000	$3,553,000	$1,000,000
Crimes Against Revenue Program (CARP)	$13,521,000	$13,521,000	$0
ATI Assessment	$946,000	$946,000	$0
New-Gang Prevention Program	$0	$500,000	$500,000
Total	$136,102,000	$131,506,000	($4,596,000)

*Shifted from General Fund to Special Revenue Funds

FY 2019 Executive Aid to Localities Legislative Additions Eliminated			
Programs	FY 2018 Enacted Amount	FY 2019 Executive Proposed Amount	Change
Westchester Policing Program	$1,984,000	$0	($1,984,000)
Law Enforcement, Anti-Drug, Anti-Crime/Crime Control and Prevention	$2,891,000	$0	($2,891,000)
Domestic Violence (Senate)	$1,609,000	$0	($1,609,000)
Law Enforcement, Emergency Services- Equipment and Technology	$730,000	$0	($730,000)
Finger Lakes Law Enforcement	$500,000	$0	($500,000)
Southern Tier Law Enforcement	$500,000	$0	($500,000)
Fireman's Association of the State of New York	$250,000	$0	($250,000)
Additional New York State Prosecutors Training Institute (NYPTI)	$126,000	$0	($126,000)
Additional Rape Crisis Centers	$147,000	$0	($147,000)
New York State Civil Air Patrol	$300,000	$0	($300,000)
Yeshiva University	$200,000	$0	($200,000)
Operation SNUG- Brooklyn	$200,000	$0	($200,000)
District Attorney Office- Queens County	$150,000	$0	($150,000)
District Attorney Office- Bronx County	$100,000	$0	($100,000)
Fortune Society	$100,000	$0	($100,000)
Legal Services NYC	$75,000	$0	($75,000)
Norther Manhattan Improvement Corporation	$75,000	$0	($75,000)
Legal Services of the Hudson Valley	$75,000	$0	($75,000)
Brooklyn Legal Services Corp A	$75,000	$0	($75,000)
Youth Represent Incorporated	$75,000	$0	($75,000)
Inwood Community Services, Incorporated	$50,000	$0	($50,000)
Manhattan Legal Services	$50,000	$0	($50,000)
Center for Court Innovation (Crown heights Mediation Center)	$50,000	$0	($50,000)
MFY Legal Services, Incorporated	$50,000	$0	($50,000)
Center for the Integration and Advancement of New Americans	$50,000	$0	($50,000)
Emerald Isle Immigration Center (Woodside Office)	$50,000	$0	($50,000)
Her Justice	$50,000	$0	($50,000)
Bronx Veteran Mentors, Incorporated	$15,000	$0	($15,000)
Domestic Violence (Assembly)	$609,000	$0	($609,000)
Additional New York State Defenders Association	$1,059,000	$0	($1,059,000)
Additional Aid to Defense Services	$441,000	$0	($441,000)
Prisoner's Legal Services	$750,000	$0	($750,000)
Additional ATI funding	$500,000	$0	($500,000)
Albany Law School- Immigration Clinic	$150,000	$0	($150,000)
Legal Aid Society- Immigration Law Unit	$150,000	$0	($150,000)
Legal Services NYC- DREAM Clinics	$150,000	$0	($150,000)
Make the Road NY	$150,000	$0	($150,000)
STRONG Youth	$300,000	$0	($300,000)
Brooklyn Legal Services Corp A	$250,000	$0	($250,000)
Child Care Center of New York	$250,000	$0	($250,000)
Community Service Society- Record Repair Counseling Corps	$250,000	$0	($250,000)
Fortune Society	$200,000	$0	($200,000)
Vera Institute of Justice: Common Justice	$200,000	$0	($200,000)
Legal Education Opportunity Program	$200,000	$0	($200,000)
Legal Action Center	$180,000	$0	($180,000)
Brooklyn Defender	$175,000	$0	($175,000)
New York County Defender Services	$175,000	$0	($175,000)
Friends of the Island Academy	$150,000	$0	($150,000)
Greenpoint Outreach Domestic and Family Intervention Program	$150,000	$0	($150,000)
Correctional Association	$127,000	$0	($127,000)
Goddard Riverside Community Center	$125,000	$0	($125,000)
Bailey House- Project First	$100,000	$0	($100,000)
John Jay College	$100,000	$0	($100,000)
Groundswell	$75,000	$0	($75,000)
Mohawk Consortium	$75,000	$0	($75,000)
Exodus Transitional Community	$50,000	$0	($50,000)
Elmcor Youth and Adult Activities Program	$44,000	$0	($44,000)
Osborne Association	$31,000	$0	($31,000)
NYU Veteran's Entrepreneurship Program	$30,000	$0	($30,000)
Bergen Basin Community Development Corporation	$26,000	$0	($26,000)
Jacob Riis Settlement House	$20,000	$0	($20,000)
Operation SNUG- Wyandanch	$50,000	$0	($50,000)
Operation SNUG- North Amityville	$50,000	$0	($50,000)
Legislative Total	$17,869,000	$0	($17,869,000)
Grand Total	$153,971,000	$131,506,000	($22,465,000)

Article VII Proposals

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

- Creates an alternative to cash bail for defendants arrested on less serious charges
- Creates a timeframe that is intended to decrease the time between a defendant's arraignment and their trial
- Requires any state-paid justice to certify a monthly statement that they performed assigned judicial duties at least eight hours per workday
- Requires prosecutors and the defense to share information throughout the pre-trial process.
- Bans Civil Asset Forfeiture without an arrest and conviction
- Removes mandatory bars on convicted individuals from working in certain licensed occupations
- Eliminates the criminal statute of limitations for sexually related felony offenses committed against a child, extends the civil statute of limitations, and creates a one-year window for time-barred civil claims to be commenced
- Continues provisions allowing the District Attorney of New York County to dispose funds recovered before filing an accusatory instrument, which is to sunset on March 31, 2018

Division of State Police

The Executive Budget recommends $995 million in All Funds appropriations for the Division of State Police (DSP), an increase of $69 million from FY 2018 levels.

The Executive proposes a Capital Budget of $116.5 million, an increase of $65 million from FY 2018. This increase is primarily the result of two new Federal Capital Equitable Sharing Funds totaling $60 million. The remaining $5 million is dedicated for maintenance and improvement of existing facilities.

The Executive proposes a $3.5 million increase in State Operations from FY 2018 levels. This increase is attributable to an additional 26 FTEs, at a cost of $8 million, to provide support for ongoing efforts to combat MS-13 on Long Island, and an adjustment to the Anti-Methamphetamine Program of $600,000. This increase is offset by decreases of:

- $4.7 million for the removal of one-time Federal Bureau of Justice Statistics grant
- $400,000 savings attributed to not offering a Trooper exam in FY 2019

The projected number of FTEs by the end of FY 2019 is 5,741. This is an increase of 30 FTEs from FY 2018. Along with the additional 26 FTEs for MS-13 initiatives, DSP expects to hire four FTEs to process Sexual Offense Kits. The Executive believes these four new positions can be absorbed within existing resources. DSP expects to hold two academy classes in FY 2019, each with roughly 100 candidates, to supplant attrition.

Article VII Provisions

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

- Provides the Superintendent of the State Police with the administrative subpoena authority in instances when there is reason to believe an internet service account has been used in the act of certain specified sexual offenses against children.

Division of Homeland Security and Emergency Services

The FY 2018 Executive Budget recommends $1.5 billion in All Funds support for the Division, a decrease of $42 million from FY 2018. This is primarily attributable to the removal of a $50 million capital non-recurring appropriation for interoperability grant.

The Division's State Operations Budget increases by $7.7 million:

- $5.8 million is the result of seven new FTEs to annualize FY 2018 Enacted Budget initiatives
    - A new Cyber Incident Response Team which would assist those State agencies and local governments who do not have the resources themselves to protect against cyber attacks
    - A Transportation Security Training Program for Airport Employees. This idea came 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
    - It is unknown which of these programs are being annualized as no further information has been provided by the Executive.

- $1.9 million for 20 FTEs to participate in disaster preparedness and emergency response efforts. No further information has been provided as to what capacity these new FTEs would be serving the Division.

The Executive Budget recommends no spending changes to the $1.5 billion Aid to Localities budget for the Division.

The Executive includes $12.6 billion in Federal Disaster funding from prior year authority (reapproriation) 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 2018 levels, allocated as follows:

- $65 million for new grants to continue support for county interoperable communication
- $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 proposes the following Article VII legislation (see additional detail in section three of this report):

- Extends the existing suspension of the annual transfer of $1.5 million from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund. Which is set to sunset on April 1, 2018.

Division of Military and Naval Affairs

The Executive Budget recommends $156.5 million in All Funds support, an increase of $17.2 million from FY 2018. This increase is primarily related to continued support of capital improvements projects at Armories across the State. The FY 2018 Enacted Budget financed $20 million in armory maintenance projects.

The Division's State Operations Budget increases $4 million due to the creation of a new Federal Equitable Sharing account. The proposed Aid to Localities budget is unchanged from FY 2018.

Article VII Provisions

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

- Establishes a new Armory Rental Account, which would allow Armories to be used by outside entities when not being used by New York military.

Office of Indigent Legal Services

The Executive Budget recommends $161.2 million in All Funds support, an increase of $51.6 million from FY 2018. Of this increase, $50.7 million would be used for the statewide implementation of the Hurrell-Harring Settlement parameters.

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 (ILS).

The FY 2018 Enacted Budget contained Article VII language that created a statewide indigent legal defense plan to apply to all public defenders, legal aid society, assigned counsel programs and conflict defender offices. Statewide implementation, which will take counties from their current level of service to the Settlement terms, is an estimated $250 million cost when fully annualized in 2023. The Executive proposes increasing the appropriation authority evenly until fully annualized.

The Executive Budget increases State Operations by $887,000 for four additional FTEs to handle increased workload associated with statewide implementation.

Office of Victim Services

The FY 2019 Executive Budget recommends $199.7 million in All Funds support, unchanged from FY 2018 levels.

The Executive budget contains new language giving increased transfer authority to the Director of Budget. The Executive eliminates Language that was included in the FY 2018 Enacted Budget allowing funds to be transferred to the State Office for the Aging for enhanced multidisciplinary teams.

Office for the Prevention of Domestic Violence

The FY 2019 Executive Budget recommends $5.6 million in All Funds support, unchanged from FY 2018. The Budget provides $3.8 million and $1.8 million for State Operations and Aid to Localities, respectively.

The Executive eliminates language related to the Women's Rights Clinic at SUNY Buffalo Law School.

State Commission of Corrections

The FY 2019 Executive Budget recommends $2.9 million in All funds support, unchanged from FY 2018 levels.

Interest on Lawyer Account

The FY 2019 Executive Budget recommends $47 million in All Funds support, an increase of $58,000 from FY 2018. This increase is due to a rise in fringe benefits. The Budget provides $2 million and $45 million for State Operations and Aid to Localities, respectively.

Department of Law

The FY 2019 Executive Budget recommends All Funds spending of $247 million, an increase of $5.1 million, or 2.1 percent, from FY 2018 levels.

The spending increase is primarily due to an additional $5.6 million, or four percent, in spending for personal service costs and $3.5 million, or 12 percent, in spending for fringe benefit costs. This rise in spending is primarily a result of agreed to increases for collective bargaining units and management confidential employees.

Non-personal service spending would increase $1.28 million, or 2.1 percent. A reduction of $5.3 million, or 53 percent, in capital spending on the IT Initiative program would offset these increases. The IT Initiative program spending 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 IT systems and data centers.

The Executive proposes no change in Full Time Equivalent (FTE) positions.

Judicial Commissions

The FY 2019 Executive Budget recommends an All Funds increase of $112,000, or two percent, from FY 2018 levels for the Commission on Judicial Conduct. The increase is primarily due to an increase in lease costs.

The FY 2019 Executive Budget recommends the same level of funding as in FY 2018 for the Commission on Judicial Nomination ($30,000) and the Judicial Screening Committees ($38,000).

Judiciary

The FY 2019 Executive Budget recommends All Funds spending of $3.1 billion, an increase of $102 million, or 3.4 percent.

This reflects a spending increase of $24 million for employee benefit costs, and $55.9 million for personal service and nonpersonal service/indirect costs for Court and Agency Operations. Aid to Localities spending for the Court Facilities Incentive Aid Program and Justice Court Assistance Program would increase by $3.7 million, or 3.4 percent. Capital spending would increase $3 million, or 20 percent. The Judiciary transfers $15 million for grants for civil legal services to the Interest on Lawyer Account.

The $55.9 million increase to Court and Agency Operations reflects a personal service increase of $58.9 million, or 3.7 percent, and a non-personal service/indirect costs decrease of $3 million, or 0.6 percent. Of the personal service increase, $16.3 million would be attributable to compensation increases for Judges. Over the past six to eight months, the Office of Court Administration has agreed to new contracts with its 12 unions. Approximately $25.5 million of the increase is attributable to incremental step progression and raises for non-judicial employees. The remaining personal service increase is nearly all attributable to costs associated with the new contracts.

The Office of Court Administration and the Executive disagree over whether the proposed OCA budget conforms with the two percent spending cap. The difference is a result of how each accounts for an $11 million interchange of appropriation authority, that occurred during FY 2018, which transferred $11 million of spending from General State Charges to State Operations.

OCA treats this as an increase of $11 million to FY 2018 spending to $2,186.5 million. The

Executive does not increase the FY 2018 State Operations spending from $2,175.5 million. Thus the Executive's approach results in a State Operations spending increase of $11 million more than OCA, and 0.5 percent higher. Notwithstanding this discrepancy, the Governor stated at the Executive Budget presentation that he would support the 2.5 percent spending increase, provided Judges certify court rooms are operating from nine to five.

Of the $18 million in capital projects spending, $13 million would be used to continue plans to modernize the Judiciary's computer network, provide computing equipment for judges, court staff, the court system's data centers, and provide various communications upgrades for all judges and court staff. OCA would invest $3 million to purchase critical security equipment including x-ray scanning machines, magnetometers, security cameras and access control systems. The remaining $2 million would be used to enhance the court system's capabilities to digitize paper records.

The Judiciary Budget does not include retroactive pay for the recently agreed to collective bargaining agreements between the State and the two public employee unions for the New York City senior court officers and the New York City court officers. To fully fund the retroactive salary increases and other benefits included in the agreements for the period from April 1, 2011 to April 2018, would require an appropriation of $43 million.

Public Protection
Proposed Disbursements - All Funds
(Thousands of Dollars)

Agency		Estimated FY 2018	Proposed FY 2019	Change Amount	Percent
Department of Corrections and Community Supervision		3,004,183	3,007,995	3,812	0.13%
Division of Criminal Justice Services		222,485	212,699	-9,786	-4.40%
Division of State Police		826,238	776,397	-49,841	-6.03%
Office of Victim Services		86,737	85,515	-1,222	-1.41%
Commission of Correction		2,651	2,651	0	0.00%
Judicial Commissions		5,652	5,764	112	1.98%
Division of Military and Naval Affairs		122,678	112,416	-10,262	-8.36%
Division of Homeland Security and Emergency Services		1,383,994	1,092,270	-291,724	-21.08%
Office of Indigent Legal Services		79,781	166,393	86,612	108.56%
Office for the Prevention of Domestic Violence		2,881	2,881	0	0.00%
	Totals:	**5,737,280**	**5,464,981**	**(272,299)**	**-4.75%**
Judiciary		2,960,997	3,062,529	101,532	3.43%
Department of Law		241,984	247,030	5,046	2.09%

FACT SHEET : ECONOMIC DEVELOPMENT

The FY 2019 Executive Budget recommends All Funds appropriations of $175.5 million for State Operations and Aid to Localities economic development programs, this is a decrease of $32.3 million, or 15.5 percent from the FY 2018 Enacted Budget.

- General Fund appropriations are recommended at $161 million, which is a decrease of $32.2 million or 16.7 percent. This decrease is primarily driven by the elimination of Legislative additions and a $25 million reduction in Executive advertising and marketing initiatives.

- The Executive proposes extending the Minority and Women Owned Business (MWBE) program through 2023. The proposed extension includes several modifications to the program, including changes based on the disparity impact study that was released by the Division of Minority and Women's Business Development in June 2017, and anti-fraud provisions. Additionally, the Executive proposes adding 5 FTEs to process applications for the MWBE program.

- The Aid to Localities Budget would remain at FY 2018 funding levels for the following programs:
  - Empire State Economic Development Fund $26.2 million
  - 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
  - Retention of Football in Western NY $4.6 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 $392,000

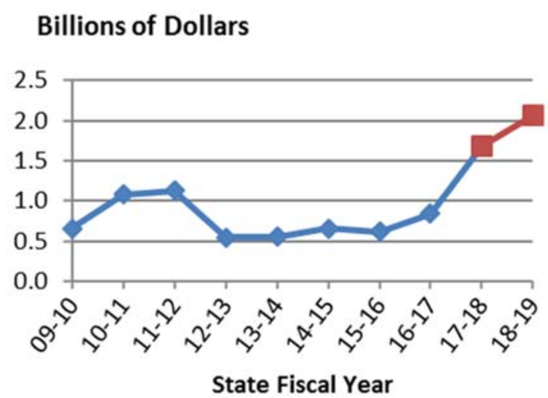
- The FY 2019 Budget recommends a capital appropriation of $1.27 billion. This is a decrease of $1.3 billion or 50.6 percent from FY 2018.

- The FY 2019 Executive Budget recommends $900 million in new capital spending appropriations for the following projects:

  - Phase Two of Capital Region Life Science Lab (Wadsworth) $600 million
  - High Technology Innovation and Economic Development Infrastructure Program $300 million
- Capital appropriations would remain at the FY 2018 Enacted Budget level for the following programs:
  - New York Works $200 million
  - Regional Economic Development Initiatives $150 million
  - Market New York $8 million
  - Clarkson-Trudeau Partnership $5 million
  - Retention of Football in Western NY $2.3 million

ECONOMIC DEVELOPMENT

All Funds Disbursements		
(Millions of Dollars)		
	Estimated FY 2018	Projected FY 2019
Cash	1,688	2,067
Annual Growth Rate	100.5%	22.5%
5 Year Average Growth (Actual)		-0.1%



The FY 2019 Executive Budget recommends an All Funds cash disbursement increase of $379 million or 22.5 percent over FY 2018 for all Economic Development agencies. General Fund cash disbursements are projected to decrease by $38 million or 21.4 percent below FY 2018.

The FY 2019 Executive Budget recommends All Funds appropriations of $175.5 million for State Operations and Aid to Localities economic development programs, this is a decrease of $32.3 million, or 15.5 percent from the FY 2018 Enacted Budget.

General Fund appropriations are recommended at $161 million, which is a decrease of $32.2 million or 16.7 percent. This decrease is primarily driven by the elimination of Legislative additions totaling $11.2 million and a $25 million reduction in Executive advertising and marketing iniatives.

Department of Economic Development (DED)

State Operations

The Executive Budget recommends an appropriation of $26.2 million in State Operations for the Department of Economic Development (DED). This is a decrease of $0.7 million or 2.6 percent from FY 2018 levels.

Aid to Localities (ATL)

The Executive Budget recommends an appropriation of $56.4 million in the Aid to Localities budget for DED. This is a decrease of $9.3 million or 14.2 percent from FY 2018 levels. This decrease is primarily due to the elimination of $3.6 million in FY 2018 Legislative additions and the Market NY program being moved to the Urban Development Corporation ATL budget, offset by an increase of $2.1 million for Taste NY agritourism.

The Agritourism funds may be used for marketing, advertising, and or retail operations to promote the sale of local New York foods and beverages. The

Agritourism appropriation authorizes the following distribution of funds:

- Cornell Cooperative Extension of Nassau County – Up to $600,000
- Cornell Cooperative Extension of Erie County- Up $550,000
- Cornell Cooperative Extension of Orange County- Up to $550,000
- Cornell Cooperative Extension of Columbia and Greene County- Up to $450,000
- Cornell Cooperative Extension of Broome County – Up to $415,000
- Lake George Regional Chamber of Commerce- up to $350,000
- Montgomery County Chapter of NYARC, Inc. – Up to $350,000
- Thousand Islands Bridge Authority- Up to $300,000

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

The FY 2019 Executive Budget recommends All Funds appropriations for the Empire State Development Corporation of $1.36 billion, a decrease of $1.32 billion or 49.3 percent from FY 2018. This decrease is primarily due to a $1.3 billion reduction in Capital Funding from FY 2018 levels.

Aid to Localities

The FY 2019 Executive Budget recommends an appropriation of $92.9 million, a reduction in Aid to Localities of $22.3 million or 19.4 percent from FY 2018 levels. This reduction is primarily due to the elimination of $7.5 million in FY 2018 Legislative additions along with a reduction of $25 million in funding for Executive initiatives, offset $10.3 by million the movement of the Market NY program from the Department of Economic Development to UDC at a higher funding level than FY 2018.

Capital Funding

The FY 2019 Executive Budget recommends a capital appropriation of $1.27 billion. This is a decrease of $1.3 billion or 50.6 percent from FY 2018. (refer to the UDC Capital Funding Appropriation chart for details).

Article VII Proposals

The FY 2019 Executive Budget proposes the following statutory amendments:

Empire State Economic Development Fund

Extend for one year; UDC's authority to administer the Empire State Economic Development Fund. UDC's authority is set to expire July 1, 2017.

UDC Loan Power

Extend for one year, UDC's loan authority. The UDC has had loan powers since 1994. The loan authority has been granted annually thereafter.

Minority and Women Owned Business (MWBE) Extension

Extend the MWBE program to 2023:

- Expand the MWBE program to local governments who receive State funding for the State funded component of a project
- Add anti-fraud provisions in the penal law
- Includes several modifications to the program, including changes based on the disparity impact study that was released by the Division of Minority and Women's Business Development in June 2017
- Gives the State advocate a role in procurement, and makes changes to net worth provisions by industry

Design Build Authorization

Extends design build authorization to the Dormitory Authority (DASNY), ESDC, the Department of Health (DOH), the Office of

General Services (OGS), and the Olympic Regional Development Authority (ORDA).

FY 2019 Executive Urban Development Corporation Capital Funding Appropriation Changes (Thousands of Dollars)			
Program	**FY 2018 Enacted**	**FY 2019 Proposed**	**Change**
Clarkson-Trudeau Patnership	$ 5,000	$ 5,000	$ -
SUNY 2020	$ 55,000	$ -	$ (55,000)
CUNY 2020	$ 55,000	$ -	$ (55,000)
New York Power Electronics Manufactoring	$ 33,000	$ -	$ (33,000)
Retention of Football in Western NY	$ 2,278	$ 2,305	$ 27
Market NY	$ 8,000	$ 8,000	$ -
NY Works	$ 200,000	$ 200,000	$ -
REDC	$ 150,000	$ 150,000	$ -
Art in Public Space	$ 10,000	$ -	$ (10,000)
Kingsbridge National Ice Center	$ 108,000	$ -	$ (108,000)
Moynihan Station	$ 700,000	$ -	$ (700,000)
SUNY Poly Strategic Programs	$ 207,500	$ -	$ (207,500)
City of Auburn and Town of Owasco Drinking Water	$ 2,000	$ -	$ (2,000)
Restore NY	$ 70,000	$ -	$ (70,000)
Equipment for Snow and Ice Control	$ 20,000	$ -	$ (20,000)
LIRR Station Renovation	$ 65,000	$ -	$ (65,000)
Buffalo Bill Phase II	$ 400,000	$ -	$ (400,000)
Life Sciences Initiative	$ 320,000	$ -	$ (320,000)
Capital Region Life Sciences Lab Phase I	$ 150,000	$ -	$ (150,000)
Capital Region Life Sciences Lab Phase II	$ -	$ 600,000	$ 600,000
High Technology Innovation and Economic Development Infrastructure Program	$ -	$ 300,000	$ 300,000
Total:	**$ 2,560,778**	**$ 1,265,305**	**$ (1,295,473)**

FY 2019 Executive Economic Development Local Assistance Appropriation Changes (Thousands of Dollars)				
	Program	**FY 2018 Enacted**	**FY 2019 Proposed**	**Change**
DED	Centers of Excellence	$ 8,723	$ 8,723	$ -
	Additional Centers of Excellence	$ 2,027	$ -	$ (2,027)
	Centers for Advanced Technology	$ 13,818	$ 13,818	$ -
	Technology Development Matching Grants	$ 1,382	$ 1,382	$ -
	Additional Technology Development Matching Grants	$ 609	$ -	$ (609)
	Industrial Technology Extension Services	$ 921	$ 921	$ -
	SUNY Poly and RPI Focus Center	$ 3,006	$ 3,006	$ -
	High Technology Matching Grants Program	$ 6,000	$ 6,000	$ -
	Innovation Hot Spots and Incubators	$ 5,000	$ 5,000	$ -
	Local Tourism Matching Grants	$ 3,815	$ 3,815	$ -
	Additional Local Tourism Matching Grants	$ 700	$ -	$ (700)
	Gateway Information Centers in Beekmantown and Binghamton	$ 392	$ 392	$ -
	Market NY	$ 7,000	$ -	$ (7,000)
	Agritourism	$ 1,450	$ 3,565	$ 2,115
	Finger Lakes Tourism Alliance	$ 200	$ -	$ (200)
	North Country Chamber of Commerce Center of Excellence	$ 200	$ -	$ (200)
	Chautauqua County LPGA	$ 150	$ -	$ (150)
	Long Island Fiber Optic Robotic Feasibility Study	$ 125	$ -	$ (125)
	Regional Economic Gardening	$ 100	$ -	$ (100)
	Dream It Do It Western NY	$ 80	$ -	$ (80)
	Brooklyn Chamber of Commerce	$ 50	$ -	$ (50)
	Town of East Hampton Tourism Initiatives	$ 100	$ -	$ (100)
	Science and Technology Law Center	$ 343	$ 343	$ -
	Manufacturing Extension Partnership	$ 9,470	$ 9,470	$ -
	DED Subtotal	**$ 65,661**	**$ 56,435**	**$ (9,226)**

FY 2019 Executive Economic Development Local Assistance Appropriation Changes (cont.) (Thousands of Dollars)				
	Program	FY 2018 Enacted	FY 2019 Proposed	Change
UDC	Minority and Women Owen Business Development	$ 635	$ 635	$ -
	Economically Distressed Area Development Grants	$ 1,495	$ 1,495	$ -
	Additional Distressed Area Development Grants	$ 300	$ -	$ (300)
	Entrepreneurial Assistance Program	$ 490	$ 490	$ -
	Additional Entrepreneurial Assistance Program	$ 1,274	$ 1,274	$ -
	Retention of Football in Western NY	$ 4,605	$ 4,605	$ -
	Urban and Community Development Program	$ 3,404	$ 3,404	$ -
	Empire State Economic Development Fund	$ 26,180	$ 26,180	$ -
	Executive Economic Development Initiatives, Including Advertisement	$ 69,500	$ 44,500	$ (25,000)
	Bronx Overall Economic Development Corporation	$ 550	$ -	$ (550)
	Brooklyn Chamber of Commerce	$ 500	$ -	$ (500)
	Canisius College	$ 100	$ -	$ (100)
	Town of Tonawanda Industrial Water Usage Study	$ 75	$ -	$ (75)
	World Trade Center Buffalo Niagara	$ 25	$ -	$ (25)
	North Country Chamber of Commerce	$ 100	$ -	$ (100)
	Military Base Retention	$ 3,000	$ -	$ (3,000)
	Beginning Farmers	$ 1,000	$ -	$ (1,000)
	Center State CEO	$ 400	$ -	$ (400)
	Bronx Overall Economic Development Corporation	$ 300	$ -	$ (300)
	Carnegie Hall Corporation	$ 250	$ -	$ (250)
	Kingsbridge Riverdale VanCortland Development Corporation	$ 250	$ -	$ (250)
	Adirondack North Country, Inc.	$ 200	$ -	$ (200)
	Watkins Glen International	$ 110	$ -	$ (110)
	New Bronx Chamber of Commerce, Inc.	$ 100	$ -	$ (100)
	Black Institute, Inc.	$ 75	$ -	$ (75)
	Association of Community Employment Programs for the Homeless	$ 75	$ -	$ (75)
	Camba, Inc.	$ 75	$ -	$ (75)
	Asian Americans for Equality, Inc.	$ 50	$ -	$ (50)
	Market NY	$ -	$ 10,300	$ 10,300
	UDC Subtotal:	**$ 115,118**	**$ 92,883**	**$ (22,235)**
	Economic Development Aid to Localities Grand Total	**$ 180,779**	**$ 149,318**	**$ (31,461)**

Economic Development Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2018**	**Proposed FY 2019**	**Change Amount**	**Percent**
Department of Economic Development	95,965	93,751	(2,214)	-2.31%
Empire State Development Corp	1,554,574	1,942,990	388,416	24.99%
Economic Development Capital - Other	29,276	22,587	(6,689)	-22.85%
Strategic Investment Program	6,000	7,002	1,002	16.70%
Regional Economic Development Program	2,018	338	(1,680)	-83.25%
Totals	**1,687,833**	**2,066,668**	**378,835**	22.45%

MENTAL HYGIENE FACT SHEET

- The FY 2019 Executive Budget proposes $7.2 billion in All Funds cash disbursements in Mental Hygiene spending, an increase of $254 million, or 3.7 percent. This includes $1.8 billion in Department of Health (DOH) disbursements for Office for People with Developmental Disabilities (OPWDD) services, an increase of $492 million.

- The Executive Budget includes over $200 million to continue funding addressing the heroin and opioid crisis.

- The Executive Budget proposes an Opioid Epidemic Surcharge, which charges the authorized entity making the first sale in New York two cents per morphine milligram. This tax would generate approximately $127 million in FY 2019 ($170 million annually). **The funding would support ongoing efforts in the Office of Alcoholism and Substance Abuse Services (OASAS) to combat the heroin and opioid epidemic, and is not earmarked for new initiatives.**

- The Executive proposes decreasing the total number of state-operated psychiatric beds by 150 in FY 2019:
  - Up to 100 adult or children's beds will be eliminated if there are 90 consecutive days that inpatient beds remain vacant
  - Up to 50 forensic beds will be eliminated by allowing counties to establish jail based restoration to competency programs, reducing the need for State services

- There are no proposed 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 proposes over $100 million in funding, an increase of $14.4 million, in Office of Mental Health (OMH) community service reinvestments, required by the reduction in state-operated psychiatric beds. There is no reinvestment proposals associated with ward closures as a result of jail-based restoration.

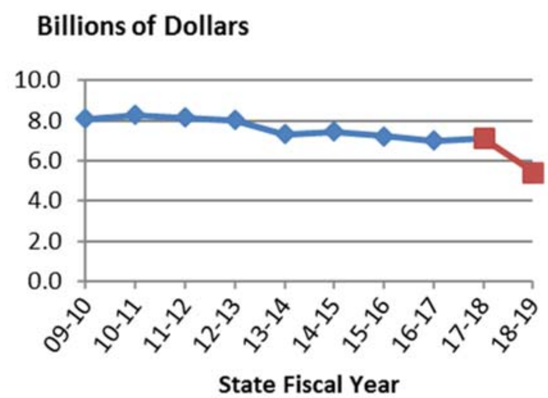
- The Executive proposes $90 million for the scheduled April 1, 2018 continuation of the salary enhancement for direct care, support, and clinical workers in not-for-profit agencies under the auspices of OASAS, OMH, and OPWDD. The total year-to-year increase in spending for this proposal, combined with the full annualization of the January 1, 2018 salary enhancement, is $132 million.

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

- The Executive proposes $65.8 million in funding, an increase of $44 million, to fund the direct cost to not-for-profit providers for the scheduled minimum wage increase for mental hygiene not-for-profits organizations.

MENTAL HYGIENE

All Funds Disbursements		
(Millions of Dollars)		
	Estimated FY 2018	Projected FY 2019
Cash	7,127	5,439
Annual Growth Rate	-2.9%	-23.7%
5 Year Average Growth (Actual)		-2.9%



The FY 2019 Executive Budget recommends All Funds cash disbursements of $5.4 billion, a decrease of $238 million, or 4.2 percent within all mental hygiene agencies. Accounting for Department of Health (DOH) spending for OPWDD services and a reclassification of Mental Hygiene spending adjustments, actual cash spending for Mental Hygiene is **increasing** by $254 million in FY 2019, or 3.7 percent, for a total of $7.2 billion.

Department of Health OPWDD Offset

The FY 2019 Executive Budget recommends DOH spending of $1.8 billion for the Office for People with Developmental Disabilities (OPWDD) services. These funds are **not** reflected in the All Funds Disbursements table and chart in the beginning of this section, or the Proposed Disbursements at the end of this section. The Executive proposes increasing DOH offsets by $492 million in FY 2019. Counting this adjustment, actual cash spending for Mental Hygiene is **increasing** by $254 million in FY 2019, or 3.7 percent, for a total of $7.2 billion.

Mental Hygiene Funding Reclassification

The Executive Budget proposes to shift appropriations and spending from the Mental Hygiene Program Fund and Patient Income Account to the General Fund and the General State Charges budget. This is a Financial Plan neutral shift, and has no impact on programmatic spending. It will affect the accounting treatment of mental hygiene funding, as General Fund spending would increase approximately $4 billion, with an offsetting decrease in Special Revenue – Other Funds.

This proposal would result in the Mental Hygiene account no longer including approximately $1.4 billion in fringe benefits spending and $67 million in indirect costs. The Executive rationalizes this proposal by stating that this reclassification would improve transparency and conform the budgeting of program operations to Generally Accepted Accounting Principles (GAAP).

Mental Hygiene Workforce

The FY 2019 Executive Budget includes a total workforce in Mental Hygiene of 33,624, a decrease of 307 Full-Time Equivalents (FTEs). Major proposals include the Office of Mental Health (OMH) converting state-operated residential beds; transforming state-operated outpatient clinics; decreasing state-operated psychiatric beds; as well as closing two forensic wards. The Executive Budget recommends the hiring of additional OMH staff to combat overtime, an addition of 26 FTEs. No layoffs are anticipated in FY 2019, all FTE decreases would be accomplished through attrition.

Mental Hygiene FY 2019 Full-Time Equivalents (FTEs)			
Agency	FY 2018 Projected FTEs	Expected Change	FY 2019 Projected FTEs
OMH	13,903	(275)	13,628
OPWDD	18,612	(32)	18,580
OASAS	738	-	738
Justice Center	441	-	441
DDPC	18	-	18
Total	**33,712**	**(307)**	**33,405**

Department of Mental Hygiene

Salary Enhancement for Not-for-Profits

The Executive proposes $262 million in All Funds spending, a year to year increase of $237 million, to support the second phase of the 6.5 percent salary increase to direct care professionals for OMH, OPWDD, and the Office of Alcoholism and Substance Abuse Services (OASAS), effective April 1, 2018. The total State funding this year would be $146 million, an increase of $132 million. The increase would be $90 million for the April 1, 2018 enhancement, and an additional $42 million for the full annualization of the enhancement that took effect January 1, 2018.

Mental Hygiene Salary Enhancement State Funds Millions of Dollars				
Agency	FY 2018 Actual	FY 2019 Current*	FY 2019 Proposed New	Total
OPWDD	11.3	45.0	56.3	101.3
OMH	1.7	6.8	26.5	33.3
OASAS	0.9	3.7	7.6	11.3
Total	**13.9**	**55.5**	**90.4**	**145.9**

State Plus Federal Funds Millions of Dollars				
Agency	FY 2018 Actual	FY 2019 Current*	FY 2019 Proposed New	Total
OPWDD	21.2	84.9	106.1	191.0
OMH	2.8	11.4	44.1	55.5
OASAS	1.3	5.1	10.6	15.7
Total	**25.4**	**101.4**	**160.8**	**262.2**

*The first phase of the salary enhacement was partially implemented in FY 2018. This column reflects the FY 2019 funding level needed to implement the first phase.

Minimum Wage

The Executive proposes a $44 million State spending increase, $64 million total when including matching federal funds, to support 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 - $11 M State funds, $12 M total
- OMH - $10 M State funds, $14 M total
- OPWDD - $44 M in State funds, $80 M total

Representative Payees

The Executive proposes continued cost avoidance of $76 million by extending the statute relating to representative payees for three years. The Executive clarifies that OMH and OPWDD facility directors, which act as representative payees for individuals who are under the care and treatment of a facility director, may use an individual's funds for the cost of their care and treatment. This extension would ensure that facility directors do not violate current statute in regards to fiduciary obligation. The extension continues savings of $7 million for OMH and $69 million for OPWDD.

Specialized Transitional Services

The Executive proposes a collaboration between OPWDD and OMH, developing a specialized program for dually diagnosed adults (behavioral health and developmental disabilities). Located on Bernard Fineson Campus in Queens, New York, this program will provide transitional services from OMH inpatient settings to the community.

Social Work Licensure Exemption

The Executive proposes clarifying which tasks and assignments performed by certain individuals require psychology, social work, or mental health practitioner licensure. This applies to social and mental hygiene workers employed by programs or service organizations regulated, operated, funded, or approved by OMH, OPWDD, OASAS, DOH, the State Office for the Aging (SOFA), the Office of Children and Family Services (OCFS), the Department of Corrections and Community Services (DOCCS), the Office of Temporary and Disability Assistance (OTDA), local government units, or social service districts. The Executive proposes to extend the current exemption to July 1, 2020.

The Executive asserts that this legislation would avoid a combined direct cost of $324 million to the State and to entities licensed and regulated by the State. This cost is related to actions these entities would be required to take from new licensure requirements if the current exemption ends. A one-year extension of the exemption is included in the Executive's appropriation language for State Operations and Aid to Localities.

Office of Mental Health

The Executive proposes Office of Mental Health All Funds cash spending of $2.9 billion, an increase of $96 million, or 3.4 percent (adjusted for funding reclassification).

State-Operated Psychiatric Centers

The Executive proposes to continue the current plan, started in FY 2015, to reduce state-operated inpatient psychiatric beds. Through October 2017, the Executive has reduced 531 adult beds and 125 children's beds.

Inpatient Service Reductions

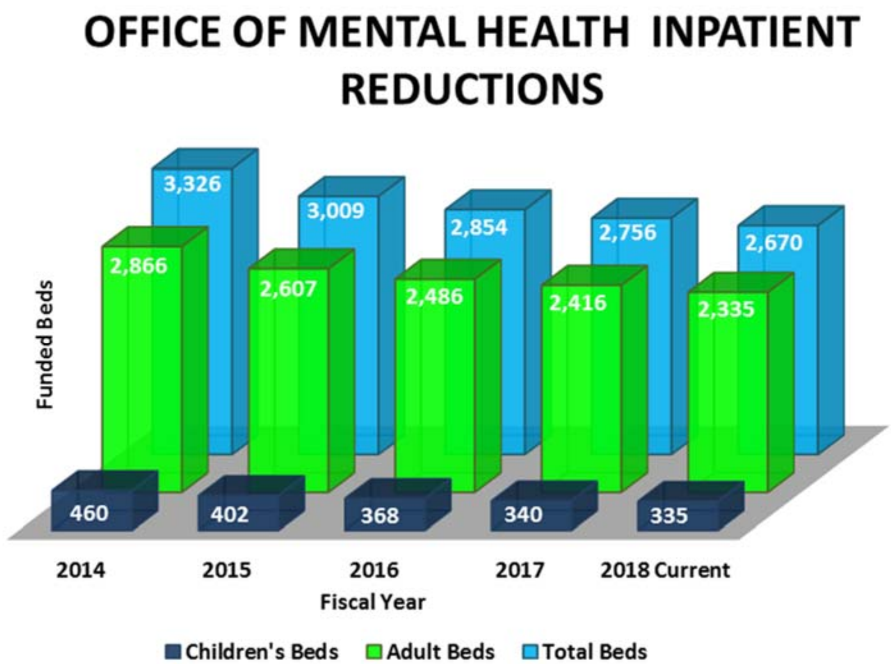
The FY 2019 Executive Budget proposes an additional reduction of 100 adult or children's beds. However, the State Operations appropriations bill includes language allowing the closure of up to 400 inpatient beds if there is a consecutive 90-day period of time that the inpatient beds remain vacant. OMH will continue to 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 annual savings associated with bed reductions. The Executive estimates that a reduction of 140 FTEs is associated with this proposal.

There are no planned closures of state-operated psychiatric centers for FY 2019; however, the Executive proposes to continue the planned merger of Western New York Children's Hospital with Buffalo Psychiatric Center.

Office of Mental Health

State Operated Bed Reductions April 2014 - October 2017

Program	Funded Beds FY 2014	Funded Beds April 1, 2017	Bed Reduction 2014- April 1, 2017	Bed Reductions April to October	Funded Beds October 2017	Total Bed Reductions since 2014
Adult Facilities						
Bronx	181	156	(25)	0	156	(25)
Buffalo	183	156	(27)	0	156	(27)
Capital District	136	111	(25)	(3)	108	(28)
Creedmoor	344	322	(22)	0	322	(22)
Elmira	72	52	(20)	(1)	51	(21)
Greater Binghamton	90	72	(18)	0	72	(18)
Hutchings	119	117	(2)	0	117	(2)
Kingsboro	165	161	(4)	0	161	(4)
Manhattan	230	200	(30)	(50)	150	(80)
Pilgrim	385	290	(95)	(7)	283	(102)
Rochester	145	94	(51)	(8)	86	(59)
Rockland	430	368	(62)	0	368	(62)
South Beach	300	249	(51)	(9)	240	(60)
St. Lawrence	65	47	(18)	(3)	44	(21)
W. Heights	21	21	0	0	21	0
Adult Bed Reductions	**N/A**	**N/A**	**(450)**	**(81)**	**N/A**	**(531)**
Total Adult Beds	**2,866**	**2,416**	**N/A**	**N/A**	**2,335**	**N/A**
Children's Facilities						
Buffalo	0	0	0	0	0	0
Elmira	18	12	(6)	0	12	(6)
Greater Binghamton	16	13	(3)	0	13	(3)
Hutchings	30	23	(7)	0	23	(7)
Mohawk Valley	30	27	(3)	0	27	(3)
NY City Children's	172	105	(67)	(3)	102	(70)
Rockland	54	22	(32)	(2)	20	(34)
Sagamore	54	54	0	0	54	0
South Beach	12	11	(1)	0	11	(1)
St. Lawrence	28	27	(1)	0	27	(1)
Western New York	46	46	0	0	46	0
Children's Bed Reductions	**N/A**	**N/A**	**(120)**	**(5)**	**N/A**	**(125)**
Total Children's Beds	**460**	**340**	**N/A**	**N/A**	**335**	**N/A**
Total Bed Reductions	**N/A**	**N/A**	**(570)**	**(86)**	**N/A**	**(656)**



Reinvestments

Concurrently, as of October 2017, the Executive has invested $92 million in annual funding into community services, serving 32,734 individuals. Reinvestments are required from state savings resulting from the reduction of inpatient psychiatric services at Article 28 or 31 hospitals (general or private), which since 2014 is $19 million. The combined total of these reinvestments is $111 million, with 45,787 individuals served. The Executive proposes $11 million in new annual funding to expand community service capacity, continuing the formula of $110,000 reinvestment for each net reduction in inpatient beds.

Summary of OMH Community Reinvestments as of October 2017

Geographical Region/ Psychiatric Center	New Individuals Served	Annualized Reinvestment Amount
Greater Binghamton/ Elmira	6,587	$ 9,567,658
Hutchings	1,034	$ 2,943,634
Sagamore/ Pilgrim	6,369	$ 14,186,042
New York City	1,607	$ 17,559,192
Rochester	2,243	$ 6,374,387
St. Lawrence	4,559	$ 4,226,118
Rockland/ Capital District	6,368	$ 9,214,449
Western New York/Buffalo	3,891	$ 5,666,356
Statewide	**32,658**	**$ 69,737,836**
Suicide Prevention, Forensic and Risk Monitoring	N/A	$ 2,500,000
Residential Stipend Adjustment	N/A	$ 5,725,636
Nursing Home Transition	76	$ 5,500,000
Unallocated FY 2018 Funding	Unknown	$ 8,444,000
Bed Reduction Reinvestment Total	**32,734**	**$ 91,907,472**
Article 28 and 31 Hospital Reinvestment*	13,053	$ 18,892,411
Grand Total	**45,787**	**$110,799,883**

*Pursuant to Chapter 53 of the Laws of 2014, State savings from psychiatric inpatient services at hospitals are reinvested into community services

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 may occur on an outpatient basis or at OMH Psychiatric Centers, OPWDD Developmental Centers, or hospitals with psychiatric units. The Executive estimates that this proposal would result in the reduction of two wards, or 50 beds, at state-operated forensic psychiatric centers, saving $2.5 million in OMH funding. The Executive estimates that a reduction of 56 FTEs associated with this proposal. This proposal would also result in $1.1 million in savings in DOCCS, including fringe, when fully annualized.

Counties, at their discretion, would be able to develop residential mental health units within their respective jails, fostering the restoration of individuals without accessing care at state-operated forensic psychiatric centers. Counties would reimburse less the state under this proposal, resulting in long-term savings to participating counties. The Executive proposes $850,000 in aid to county jails for infrastructure changes necessary to provide this program. The Executive has not identified which counties would utilize this option.

Mental Health Housing Initiatives

The Executive proposes 1,724 new residential opportunities, which include:

- 802 Single Residence Occupancy or Supportive Housing opportunities
- 500 Adult Home opportunities
- 282 opportunities for New York/New York III
- 140 units from the Empire State Supportive Housing Initiative (ESSHI)

The Executive proposes to reconfigure 100 state-operated residential beds and replace them with 200 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 $2.1 million in savings from the closure of the state-operated beds, with $1.2 million in increased spending for the creation of the Supported Housing units. There is an estimated decrease of 55 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 increases.

Miscellaneous

The Executive proposes $50 million in new capital funding to enable the expansion of crisis respite capacity in the community. This funding would allow individuals to avoid unnecessary emergency room visits and inpatient hospitalizations.

The Executive proposes $5 million in specialized supports to engage individuals with mental illness transitioning from adult homes into the community who require higher than normal levels of care.

The Executive proposes to continue the review of clinic treatment services at all 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, of which some may be closed. The Executive anticipates $2 million in savings in FY 2019, and a decrease of 50 FTEs.

Office for People with Developmental Disabilities

The Executive proposes OPWDD All Funds cash spending of $3.6 billion, an increase of $130 million, or 3.7 percent (adjusted for funding reclassification) – this includes $1.8 billion in DOH spending for OPWDD services under the Medicaid Global Cap.

New OPWDD Opportunities

The Executive proposes $120 million in new 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.

The Executive proposes to continue $15 million in capital to expand independent living housing capacity, allowing more individuals to live in their own apartment.

Institute for Basic Research (IBR)

The Executive continues the work of a Blue Ribbon Panel examining the feasibility of transitioning IBR research or other activities from OPWDD to the College of Staten Island.

Transition to Manage Care

The Executive proposes $39 million to support the transition of care for the developmentally disabled to a managed care system. The development of Regional Care Coordination Organizations (CCOs) on July 1, 2018 would start an enhanced care coordination model, before a transition to a fully capitated rate structure within five years.

The Executive proposes a $10.4 million increase in capital funding for an investment in the state-operated Electronic Health Records system. The Executive contends that this funding is necessary to facilitate the transition to Managed Care.

Office for Alcoholism and Substance Abuse Services

The Executive proposes OASAS All Funds cash spending of $604 million. Adjusting for funding reclassification, the actual increase is $26 million, or 4.5 percent.

Heroin and Opioid Crisis

The Executive Budget recommends static funding of over $200 million to address the heroin and opioid epidemic. New initiatives are not proposed to combat the opioid/heroin epidemic.

The Executive Budget recommends a continuation of funding for the completion of 235 residential treatment beds and 350 Opioid Treatment Program slots currently in development statewide. The Executive proposal also continues full funding for initiatives created since the epidemic began, specifically programs championed by the Senate, such as:

- Family Support Navigators
- Peer Engagement Programs
- Adolescent Clubhouses
- Recovery Community and Outreach Centers
- 24/7 Open Access Centers

Opioid Epidemic Surcharge

The Executive Budget proposes an Opioid Epidemic Surcharge, which charges two cents per morphine milligram on the first sale of opioids in New York. This tax would generate approximately $127 million in FY 2019 ($170 million annually). It is important to note that the proposed surcharge would not be used to fund new initiatives combatting the heroin and opioid epidemic; instead, the Executive proposes using these funds to supplant existing funding.

Opioid Prescriptions Practices

The Executive Budget for Health proposes requiring a treatment plan and an attestation of prescriber monitoring when opioids are prescribed longer than a three month period, or past the time of normal healing. This proposal would also require a patient-prescriber agreement for such treatment. The Executive also proposes modifying the drug formulary to encourage access to non-opioid alternatives. This proposal does provide exemptions for cancer patients or individuals in hospice, end of life, or palliative care.

OASAS Housing Initiatives

The Executive Budget would fund 438 residential opportunities, including local aid and capital funding. These opportunities would be completed within a three-year time frame. In addition to the continuation of the 235 beds previously mentioned, the Executive Budget proposes an additional 203 residential beds, including:

- 80 Part 820 beds (stabilization/rehabilitation)
- 66 Crisis beds
- 32 Intensive Residential beds
- 25 Community Residential beds

The continuation of FY 2018 funding would create an additional:

- 135 Part 820 beds (stabilization/rehabilitation)
- 75 Crisis beds
- 25 Community Residential beds

Gambling

The Executive proposes $3.5 million for the creation of seven new Problem Gambling Resource Centers statewide. The centers would serve as the hub for coordinating referrals for problem gambling services in each region. The Centers would also coordinate with local gambling facilities to ensure information and referrals are available as needed.

Justice Center for the Protection of People with Special Needs

The Executive Budget proposal includes $44.3 million for the Justice Center, an increase of $2 million, or 4.7 percent, related to increased personal costs.

Developmental Disabilities Planning Council

The Executive proposes $4.2 million in disbursements in FY 2019, which reflects no changes from the current fiscal year.

Mental Hygiene Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2018**	**Proposed FY 2019**	**Change Amount**	**Percent**
Office of Mental Health	3,489,867	2,901,234	(588,633)	-16.87%
Office for People With Developmental Disabilities	2,973,812	1,884,933	(1,088,879)	-36.62%
Office of Alcoholism and Substance Abuse	617,006	603,902	(13,104)	-2.12%
Developmental Disabilities Planning Council	4,200	4,200	0	0.00%
Justice Center for the Protection of People with Special Needs	42,301	44,307	2,006	4.74%
Totals:	**7,127,187**	**5,438,576**	**(1,688,611)**	**-23.69%**

Refer to the first page of the Summary of Agency Spending for Mental Hygiene for details on revised spending amounts as a result of Fund Reclasssification as well as increased DOH spending for OPWDD services

FACT SHEET : HUMAN SERVICES

The Executive Budget proposes All Funds spending of $8.9 billion, an increase of $318.2 million or 3.7 percent from FY 2018 for all Human Services agencies.

Office of Children and Family Services (OCFS)

- Provides $100 million in Aid to Localities appropriation authority for local reimbursements and State costs, and $50 million in capital funding to support the implementation of Raise the Age
- Extends, for five years, the New York City Close to Home initiative, which allows the placement of juvenile delinquents, who do not require placement in a secure setting, to be placed with the New York City Administration for Children's Services, and eliminates $41.4 million in State reimbursement to New York City for related costs
- Authorizes the closure, upon 30 days' notice, of the Ella McQueen Reception Center for adjudicated juvenile offenders and juvenile delinquents; there are no staff layoffs associated with this proposal
- Restores funding for child care subsidies to the FY 2017 Enacted Budget level of $806 million
- Caps State reimbursement to New York City for child welfare services at the anticipated FY 2018 level of $320 million, yielding approximately $17 million in State savings
- Extends the Youth Development Program for an additional three years
- Authorizes OCFS to obtain capital design and construction services from the Dormitory Authority of the State of New York

Office of Temporary and Disability Assistance (OTDA)

- Requires local Social Services Districts to develop a comprehensive Homeless Service Plan, including street outreach, prevention activities, rapid rehousing and ongoing housing stability for the formerly homeless, and allows OTDA to withhold State reimbursements to districts for failure to comply
- Authorizes counties outside of New York City to opt-in to the law authorizing them to cap housing expenses for Public Assistance recipients who are living with HIV/AIDS at no more than 30 percent of their income
- Provides $1 million in new funding for comprehensive services, including medical and mental health support, addiction treatment, trauma and family counseling, language training and other

community support services for at-risk young people, with an emphasis on unaccompanied children entering the United States

- Increases spending for Public Assistance programs by $104.3 million

Department of Labor (DOL)

- Aggregates $175 million in existing workforce development related funding programs into a new Consolidated Funding Application for workforce investments through the Regional Economic Development Councils

- Expands the New York Youth Jobs tax credit program by increasing the individual credit amounts by 50 percent

Division of Veterans' Affairs (DVA)

- Provides an additional $250,000 for the "Justice for Heroes" initiative to fund another round of grants to five law schools so they can expand the legal services and outreach provided to veterans and service members

- Continues $1 million in funding for veteran-to-veteran support services

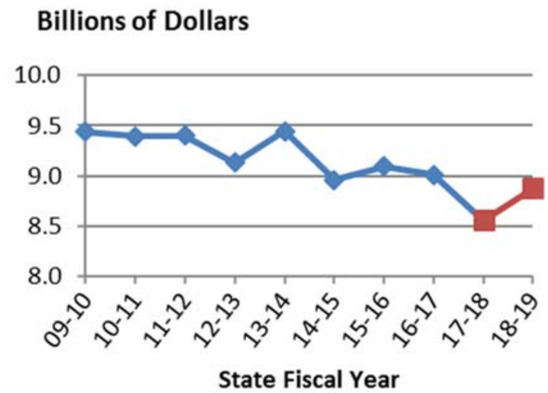
Division of Human Rights (DHR)

- Extends anti-discrimination provisions in the Human Rights Law to public schools

- Advances an amendment to the New York State Constitution to prohibit discrimination based upon a person's sex

HUMAN SERVICES

All Funds Disbursements (Millions of Dollars)	Estimated FY 2018	Projected FY 2019
Cash	8,556	8,875
Annual Growth Rate	-0.9%	3.7%
5 Year Average Growth (Actual)		-0.8%



The FY 2019 Executive Budget recommends an increase in All Funds cash disbursements of $318.2 million or 3.7 percent over FY 2018 for all Human Services agencies. State Operating Funds cash disbursements are projected to increase by $151.6 million or 4.2 percent over FY 2018.

In addition, the Executive proposes new language throughout State Operations appropriations providing the Director of the Division of the Budget (DOB) with authority to transfer appropriations between any State agency or public authority.

Office of Children and Family Services (OCFS)

State Operations

The FY 2019 Executive Budget proposes All Funds cash spending for agency operations, including General State Charges, of $354.9 million, an increase of $2.4 million or 0.7 percent from FY 2018 levels. This change primarily reflects increases in salary and fringe benefit costs, in accordance with recent collective bargaining agreements for certain state employees. The Executive recommends total staffing of 2,907 Full Time Equivalent (FTE) positions, a reduction of 58 FTE from FY 2018 resulting from the Executive proposal to close the Ella McQueen Reception Center for boys and girls.

Aid to Localities

FY 2019 All Funds cash spending is projected to be $2.4 billion, a decrease of $47.4 million or 1.9 percent.

In support of this, the Executive provides FY 2019 All Funds appropriation authority of $3.2 billion, a decrease of $41.7 million or 1.3 percent from FY 2018 levels. This decrease can be attributed to reductions of: $41.4 million from the discontinuation of State reimbursements to New York City for the Close to Home initiative; $23.6 million from the elimination of Legislative additions; and $6.7 million in miscellaneous reductions. These reductions are offset by a $30 million increase in General Fund support for child care subsidies.

Child Care Program
The Executive proposes to increase General Fund support for child care subsidies by $30 million, which is partially offset by a corresponding $23 million decrease in federal Temporary Assistance for Needy Families (TANF) funding under the Office of Temporary and Disability Assistance. In total, the Executive Budget recommends approximately $806 million from all funding sources, an increase of $7 million from FY 2018 levels.

Additionally, the Executive has eliminated $10.3 million in Legislative child care facilitated enrollment and other additions. A full listing of these additions can be found in the "FY 2018 Legislative Additions Eliminated by the Executive" table at the end of this section.

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 current estimate for implementing the new law is approximately $555 million, representing a substantial unfunded mandate from the federal government.

The provisions of the law with the greatest cost implications in New York are:

- Newly required annual inspections of child care providers that were previously exempt ($26 million)
- Enhanced training and professional development requirements for child care workers ($13 million)
- Newly required federal criminal background checks for child care workers ($32 million)
- Establishment of a 12-month eligibility re-determination period for families receiving child care subsidies ($121 million)
- A requirement that there must be a gradual phase-out of child care subsidies, over a period lasting up to at least one year, once a family becomes no longer eligible ($320 million)
- A mandatory requirement that the State spend three percent of its full CCDBG award on improving the quality of child care for infants and toddlers ($24 million)

Recently, the federal government began allowing states to apply for temporary waivers to delay implementing these new requirements for up to three years. OCFS has pursued, and in most cases received, 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 2019 Executive budget includes $2.5 million for professional development activities and $5 million for quality improvement grants in New York City.

In addition, $1.5 million and $2.5 million is provided for professional development activities and quality improvement grants, respectively, in the rest of the State.

Close to Home
The Executive proposes language to reauthorize the Close to Home program for an additional five years. Originally authorized in the FY 2013

Enacted Budget, the Close to Home initiative allows juvenile delinquents who do not require placement in a secure setting to be placed with the New York City Administration for Children's Services, in lieu of OCFS. This enables these youth to be placed with voluntary agencies located within or near the City, as opposed to in OCFS facilities across the State. Please see the Article VII Summary in section three for more information.

In addition, the Executive proposes the elimination of $41.4 million in state reimbursement to New York City for Close to Home related expenses.

Raise the Age of Juvenile Jurisdiction

The FY 2018 Enacted Budget contained legislation to raise the age of juvenile jurisdiction in New York State. Specifically, the law:

- Establishes new Youth Parts in Superior Court for "adolescent offenders" who are charged with felony offenses
- Provides for the removal/transfer of nonviolent felony cases to Family Court, unless the District Attorney (DA) objects
- Stipulates that misdemeanor offenses will be adjudicated in Family Court (the current process for adjudicating violations and Vehicle and Traffic Law misdemeanors will remain the same)
- Enhances victim rights in Family Court, including the right to make an oral or written statement and a requirement that a victim impact statement be included
- Requires placement of defendants who are sentenced to State prison in a new type of specialized secure detention facility that will be administered by the Department of Corrections and Community Supervision, in consultation with OCFS

As a result of Legislative advocacy, the law provides 100 percent State reimbursement to counties for the incremental added costs resulting from raising the age of criminal responsibility, unless the most recently adopted county budget exceeded the allowable tax levy limit as prescribed in the General Municipal Law. For those counties where their most recently adopted budget exceeds this limit, and for New York City, the Director of DOB is authorized to waive any local share of expenditures upon a showing of financial hardship.

The first phase of the law, which will increase the age of juvenile jurisdiction from 15 to 16 years-old, will take effect on October 1, 2018. The second phase, increasing the age from 16 to 17 years-old, will take effect on October 1, 2019.

The FY 2019 Executive Budget contains a new, $100 million miscellaneous Aid to Localities appropriation for related costs incurred by New York State, New York City or counties, including, but not limited to:

- Juvenile delinquency prevention services
- Law enforcement services
- Transportation services, including transportation provided by local Sheriffs
- Court operational expenses and services
- Adolescent offender facilities
- Detention and specialized secure detention services
- Probation services
- Placement, specialized housing and aftercare services
- Program oversight and monitoring

The appropriation language requires localities to submit a comprehensive plan, on or after April 1, 2018, identifying eligible incremental costs for which reimbursement is being sought. These plans will be reviewed by OCFS, the Division of Criminal Justice Services (DCJS) and other applicable State agencies, and approved by DOB. Related expenses incurred prior to April 1, 2018 are also eligible for reimbursement. Because the implementation of raise the age impacts multiple state agencies, this appropriation also contains language allowing all or a portion of these funds to be transferred or suballocated to other agencies and the Judiciary. The Executive anticipates spending of approximately $37 million in FY 2019 related to raise the age. In addition, the Executive Budget contains $50 million in new capital funding, along with $110 million in capital funding that is reappropriated from FY 2018.

Child Welfare Services

The Executive Budget includes $635.1 million for reimbursement to counties and New York City for child welfare services, which is unchanged from FY 2018. This funding has historically provided an open-ended, 62 percent State reimbursement to municipalities for these services. The FY 2019 Executive proposal, however, would cap the total amount of reimbursements available to New York City at $320 million per year, which is the amount they are projected to receive in FY 2018. The Executive anticipates related State savings of approximately $17 million in FY 2019. Reimbursements to counties outside of New York City would not be affected.

Capital Projects

The FY 2019 Executive Budget recommends All Funds capital spending of $68.7 million, an increase of $3.8 million from FY 2018 levels. This increase is mainly attributable to increased capital spending related to raise the age.

Additional Article VII Proposals

Additional details on each of these proposals are provided under section three of this report.

Closure of Ella McQueen Reception Center

The Executive proposes language to authorize the closure, upon 30 days' notice, of the Ella McQueen Reception Center ("Center") for boys and girls, located in Brooklyn. Currently underutilized, the Center has been used to provide initial intake services for youth who are placed in OCFS custody, and has a capacity of 29 beds. In the future, these intake services would be performed at the placement facility.

State Operations appropriation authority is decreased by $5.6 million related to the reduction in budgeted capacity for 58 FTEs related to this proposal. However, existing staff will be offered the opportunity to transfer to other facilities and there are no staff layoffs associated with this proposal.

Youth Development Program (YDP) Reauthorization

The Executive proposes language to extend YDP for three additional years. YDP provides funding to localities to provide community based services that are designed to promote positive youth development. The Executive continues baseline funding for the program of $14.1 million. Additional funding of $1.5 million that was provided by the Legislature in FY 2018 was eliminated by the Executive.

Reauthorize BOCES Contracting Authority

The Executive proposes language to extend, for three years, the ability of OCFS to contract with Boards of Cooperative Educational Services (BOCES) for the provision of certain services to youth at the facilities it operates.

Authorize DASNY to Provide Capital Construction Services to OCFS

The Executive proposes language to enable OCFS to contract with the Dormitory Authority of the State of New York (DASNY) for the provision of capital design and construction services. Currently, only the Office of General Services (OGS) can provide these services to OCFS.

Office of Temporary and Disability Assistance (OTDA)

State Operations

The FY 2019 Executive Budget proposes All Funds cash spending, including General State Charges, of $326.8 million, an increase of $3.1 million or 0.9 percent from FY 2018. This change primarily reflects increases in salary and fringe benefit costs, in accordance with recent collective bargaining agreements for certain state employees. The Executive recommends a staffing level of 2,006 FTE, which is unchanged from current levels.

The Executive proposes new language throughout State Operations appropriations providing the Director of DOB with authority to transfer any appropriations between any State agency or public authority.

Aid to Localities

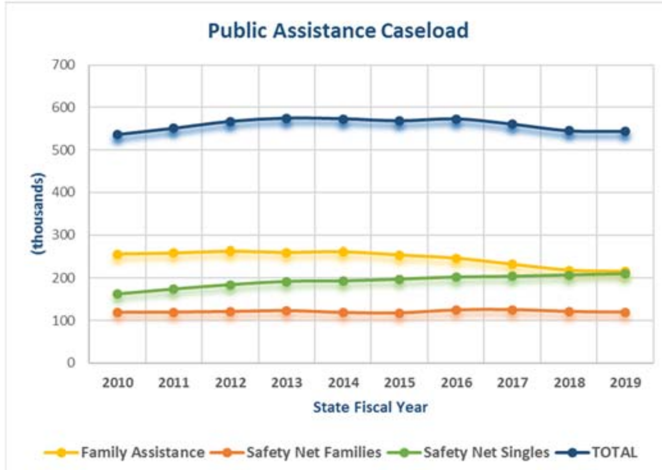
The Executive proposes FY 2019 All Funds appropriation authority of $5.2 billion, an increase of $76.1 million or 1.5 percent from FY 2018. This change can be attributed to increases of:

- $14.7 million for Safety Net Assistance
- $5 million for SSI State supplement payments
- $99.3 million for Family Assistance and Emergency Assistance to Families
- $4 million for the Summer Youth Employment program
- $1.4 million for homeless housing and preventive services

These increases are partially offset by a $23 million reduction in TANF support for child care subsidies, the transfer of $3 million for Nurse-Family Partnership to the Department of Health, and the elimination of $21.3 million in Legislative additions. A full listing of these additions can be found in the "FY 2018 Legislative Additions Eliminated by the Executive" table at the end of this section.

Proposed FY 2019 All Funds cash spending is projected to be $5.1 billion, an increase of $279.1 million or 5.8 percent.

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 eligible families that include a minor child. FA is funded entirely with federal Temporary Assistance for Needy Families (TANF) block grant funds and, pursuant to federal law, is available for a lifetime maximum of 60 months. Families who have reached this limit, as well as income eligible families without children and single adults, receive benefits through SNA. The State reimburses municipalities for 29 percent of SNA expenditures.

Although total caseload is projected to decline slightly in FY 2019, the Executive Budget includes increases in appropriation authority of $99.3 million for FA and $14.7 million for SNA. These increases are being driven by several factors: a recent policy change allowing all income eligible individuals with HIV/AIDS illness in New York City to access services; a recent judicial decision that found OTDA's refusal to provide SNA benefits to immigrants with

Temporary Protected Status to be unconstitutional; and an increase in Emergency Assistance claims.

The Executive Budget projects approximately $2.8 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 2019 Executive Budget proposes total TANF appropriations of $2.7 billion, an increase of $58.3 million from the current year. This is the result of increases of $99.3 million for public assistance and $4 million for the Summer Youth Employment Program related to increases in the minimum wage. These increases are partially offset by reductions of $23 million in TANF support for child care subsidies, $3 million for Nurse-Family Partnership (NFP) and the elimination of $19 million in Legislative TANF additions. The funding for NFP has not been eliminated, but rather has been transferred to the Department of Health.

Comprehensive Homeless Service Plans

Utilizing existing statutory authority, OTDA will be issuing new regulations in the near future to require local Social Services districts to develop and implement comprehensive homeless service plans. These plans must address local District activities related to street outreach and homelessness prevention, rapid rehousing and ongoing housing stability for the formerly homeless. Local districts will be required to engage in ongoing efforts, set data-driven goals and report regularly to OTDA on their progress. The Executive has included new language in the appropriations for FA and SNA to allow OTDA to withhold funding or deny reimbursements to districts that fail to implement an effective program.

Local Social Services districts are currently required to have certain procedures in place to identify persons who are, or at risk of becoming, homeless and to provide assistance with regard to obtaining temporary housing and meeting immediate food and health and safety needs. These enhanced requirements are being advanced by the Executive in order to address the growing homelessness problem across the State.

Support Services for Unaccompanied Youth

The Executive proposes $1 million in new funding for a program to provide comprehensive support and case management services for at-risk youth, in particular unaccompanied children entering the United States and residing in Nassau and Suffolk Counties. Services to be offered include:

- Medical and mental health support
- Addiction treatment
- Trauma and family counseling
- English language training

The appropriation language authorizes OTDA, in its discretion, to award these funds to a recognized refugee resettlement agency, or local representative thereof, with which OTDA has an existing contractual relationship.

Capital Projects

The FY 2019 Executive Budget recommends flat All Funds capital spending of $800,000 to provide continued support for the multi-year affordable and homeless housing and services initiative. Additional information on this initiative can be found under the Division of Housing and Community Renewal in the Environmental Conservation, Agriculture and Housing section of this report.

Article VII Proposals

Additional details on each of these proposals are provided under section three of this report.

Federal SSI COLA Pass-Through

The FY 2019 Executive Budget includes language to authorize the pass-through of the federal Supplemental Security Income (SSI) cost of living adjustment (COLA). This language sets forth the actual dollar amounts for the 2018 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 2019. Similar legislation has been enacted each year since 1984.

Rental Subsidies for Persons with HIV/AIDS

The FY 2019 Executive Budget includes language to authorize counties outside of New York City, at local option, to provide rental subsidies to Public Assistance recipients with medically diagnosed HIV infection, as defined by the AIDS Institute of the New York State Department of Health. Counties would be authorized, in accordance with a plan approved by OTDA, to cap housing expenses for these individuals at no more than 30 percent of their income, whether earned or unearned.

This proposal would also amend existing law granting authorization to New York City to allow rental subsidies to be provided to public assistance recipients with medically diagnosed HIV infection, as defined by the AIDS Institute. Currently, the City is only authorized to provide rental subsidies to individuals living with clinical/ symptomatic HIV illness or AIDS.

Department of Labor (DOL)

State Operations

The FY 2019 Executive Budget recommends All Funds spending, including General State Charges, of $397.9 million, a decrease of $810,000 or 0.2 percent. This decrease can be attributed to lower administrative expenses for the Unemployment Insurance program resulting from decreased utilization and a reduction in Federal Workforce Investments Act grant funding. The staffing level for FY 2019 is unchanged at 2,990 FTE.

The Executive proposes new language throughout State Operations appropriations providing the Director of DOB with authority to transfer appropriations between any State agency or public authority.

Aid to Localities

Excluding Unemployment Insurance, the FY 2019 Executive Budget recommends All Funds spending of $152 million, a decrease of $15.3 million or 9.1 percent. This decrease can be attributed to the elimination by the Executive of $15.3 million in Legislative additions, a full listing of which can be found in the "FY 2018 Legislative Additions Eliminated by the Executive" table at the end of this section.

Unemployment Insurance (UI) Program

The FY 2019 Executive Budget reduces the appropriation authority for the UI program by $50 million, to $2.85 billion. This is due to a combination of a decrease in UI benefit payments due to reduced utilization and the strong health of the fund.

Consolidated Funding Application for Workforce Initiatives

In early January 2018, the Executive announced strengthening workforce development efforts as the 19th proposal of the 2018 State of the State. One component of this proposal is the aggregation of several existing funding streams into a new Consolidated Funding Application for workforce investments, to be made available through the Regional Economic Development Councils. Additional details on this proposal can be found in the Senate Issue in Focus on the Executive Workforce Development proposal in section two of this report.

Article VII Proposals

Expand the New York Youth Jobs Program

The Executive advances legislation to expand, by 50 percent, the individual tax credit amounts that are authorized by the New York Youth Jobs program. Additional information on this proposal can be found under the Receipts, Taxes and Fees section, and in section three of this report.

Workers' Compensation Board (WCB)

State Operations

The FY 2019 Executive Budget recommends an All Funds cash spending amount of $216.5 million, an increase of $19.2 million or 9.7 percent from FY 2018.

This increase is primarily driven by capital spending ($17.3 million), General State Charges ($1.2 million) and personal services and non-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, $3.7 million in FY 2017 and is expected to disburse $4.3 million in FY 2018. The additional capital will fully fund projected cost overrides for the project.

The Board's workforce of 1,110 FTE remains unchanged.

Article VII Proposals

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. The SIF would also be allowed to invest up to 25 percent of surplus funds in the equities of American companies rated invested grade, and up to 50 percent of surplus funds in American companies irrespective of securities ratings. Additional information on this proposal can be found in section three of this report.

Division of Veterans' Affairs (DVA)

State Operations

The FY 2019 Executive Budget recommends All Funds spending, including General State Charges, of $7.8 million. This is an increase of $96,000 or 1.2 percent, which can be attributed to increases in salary and fringe benefit costs in accordance with recent collective bargaining agreements for certain state employees. The Executive maintains a staffing level of 98 FTEs, which is unchanged from current levels.

The Executive also increases the appropriation authority for the Veterans' Counseling Services Program by $130,000 to support continued maintenance of the database management system, which contains vital information on veterans and their eligibility status for benefits and services.

Aid to Localities

The Executive recommends FY 2019 spending of $7.6 million, a decrease of $1.8 million or 18.8 percent. This decrease is attributable to the elimination by the Executive of $1.8 million in Legislative additions.

A full listing of these additions can be found in the "FY 2018 Legislative Additions Eliminated by the Executive" table at the end of this section.

"Justice for Heroes" Initiative

The FY 2018 Enacted Budget included a new, $250,000 competitive grant initiative to improve access to legal services for veterans and service members. Grants of $50,000 were awarded to each of five law schools in the State in order to expand legal clinics and other services offered to veterans and service members. The FY 2019 Executive Budget provides an additional $250,000 for this initiative to fund another round of grants to these law schools so they can expand the services they provide even further.

Veteran-to-Veteran Support Services
The FY 2019 Executive Budget retains $1 million in funding that was created in the FY 2018 Enacted Budget for veteran-to-veteran support services. Pursuant to a plan developed by the Director of Veterans' Affairs, these funds can be used to:

- Support veteran-to-veteran programs maintained by Veterans' Service Organizations
- Connect veteran defendants to treatment and support services directed by the criminal justice system and in support of such services
- Provide veterans' support services to avoid involvement with the criminal justice system
- Support programs providing counseling and advocacy activities for veterans

Division of Human Rights (DHR)

State Operations
The FY 2019 Executive Budget recommends All Funds cash spending of $14.3 million, an increase of $54,000 or 0.4 percent from FY 2017 levels. The increase can be attributed to increases in salary and fringe benefit costs in accordance with recent collective bargaining agreements for certain state employees.

The Executive proposes new appropriation language providing the Director of DOB with authority to transfer appropriations between any State agency or public authority.

Article VII Proposals
Additional information on these proposals can be found in section three of this report.

Extend Anti-Discrimination Protections to Public Schools
The Executive advances language to amend the definition of "educational institutions" contained in the Human Rights Law to include public schools. This would enable DHR to investigate claims of discrimination, harassment and bullying in public schools. This proposal was advanced by the Executive as part of the FY 2018 Executive Budget, though it was not included in the Enacted Budget for FY 2018.

Prohibit Discrimination Based on Sex
The Executive advances an amendment to the New York State Constitution to add "sex" as a protected class against discrimination and violation of civil rights.

Office of the Welfare Inspector General (OWIG)

The Executive recommends an All Funds State Operations spending amount of $686,000 for FY 2019, an increase of $14,000 or 2.1 percent from FY 2018 levels. This can primarily be attributed to increases in salary and fringe benefit costs in accordance with recent collective bargaining agreements for certain state employees. The proposed staffing level of seven FTE is unchanged.

The Executive proposes new appropriation language providing the Director of DOB with authority to transfer any appropriations between any State agency or public authority.

Miscellaneous

National and Community Service
The Executive recommends All Funds State Operations spending of $16.6 million for FY 2019, an increase of $311,000 or 1.9 percent from FY 2018. The anticipated staffing level of 10 FTE is

unchanged. In Aid to Localities, the Executive recommends level funding of $350,000.

Pay For Success Contingency Reserve

The FY 2019 Executive Budget maintains the current $69 million in appropriation authority. In addition, the Executive proposes to amend the appropriation language to include workforce development as an eligible category for funding initiatives. This program is included as part of the Executive's proposed new Consolidated Funding Application for workforce initiatives to be made available through the Regional Economic Development Councils.

FY 2018 Legislative Additions Eliminated by the Executive

Item	Amount
Office of Children and Family Services (OCFS)	
2-1-1	$ 1,250,000
Adoptive and Foster Family Coalition of New York	$ 5,000
Advantage After School - Additional	$ 2,500,000
American Legion Boys State (SUNY Morrisville Auxiliary)	$ 150,000
Be Proud	$ 5,000
Big Brothers Big Sisters NYC	$ 150,000
Boro Park Jewish Community Council	$ 25,000
Bronx Jewish Community Council	$ 135,000
Brooklyn Chinese-American Assiciation	$ 100,000
Carribean Women's Health Association	$ 100,000
Catholic Charities Community Services / Alianza Dominicana	$ 75,000
Catholic Charities Neighborhood Services	$ 50,000
Cattaraugus County Youth Bureau	$ 200,000
Center for Elder Law and Justice	$ 250,000
Centro - Center for Puerto Rican Studies	$ 100,000
Child Advocacy Centers Additional	$ 2,200,000
Child Care Facilitated Enrollment - Erie	$ 500,000
Child Care Facilitated Enrollment - NYC2	$ 500,000
Child Care Facilitated Enrollment - Onondaga	$ 500,000
Citizens Committee for NYC	$ 150,000
Community Voices for Youth and Families of Long Island	$ 1,012,000
CPS Caseload Reduction	$ 758,000
Dominican Women's Development Center	$ 100,000
Gateway Youth Outreach	$ 90,000
Hamaspik of Kings County	$ 75,000
Harmony in the Jewish Home	$ 20,000
Helen Keller Services for the Blind	$ 50,000
Hillside Children's Center - Reinvesting in Youth Program	$ 260,000
JCCA Healing Center	$ 100,000
JCC of Greater Coney Island	$ 52,000
Kinship / Caretaker Relative	$ 1,900,000
Kinship Navigator	$ 100,000
Kips Bay Boy's and Girl's Club	$ 30,000
Masores Bais Yaakov	$ 50,000
Metropolitan Council on Jewish Poverty	$ 50,000
Mothers Aligned Saving Kids	$ 50,000
Neighborhood Initiatives Development Corporation	$ 147,000
New Alternatives for Children	$ 466,000
New York State YMCA Foundation	$ 400,000
NYS Alliance of Boys & Grils Clubs	$ 700,000
Ohel Children's Home & Family Services	$ 200,000
Ohr Malkah	$ 50,000
Opportunities for a Better Tomorrow	$ 215,000
Pesach Tikvah-Hope Development	$ 50,000
Riverdale Neighborhood Houses	$ 150,000
Rockland Habitat for Humanity	$ 50,000
Safe Harbour	$ 3,000,000
Sansone Foundation	$ 10,000
Schenectady Foundation Weekend Backpack Program	$ 50,000
Settlement Houses	$ 2,450,000
St. Athanasius School	$ 25,000
The Jewish Board	$ 200,000
Woodside on the Move	$ 50,000
Yeled V'yalda Early Childhood Center	$ 200,000
YMCA of Greater NY	$ 50,000
Young Men's & Young Women's Hebrew Assoc of Boro Park	$ 35,000
Youth Development Program Additional	$ 1,499,000
Total OCFS	**$ 23,639,000**

FY 2018 Legislative Additions Eliminated by the Executive (cont'd)

Item	Amount
Office of Temporary and Disability Assistance (OTDA)	
Association of Community Employment Programs for the Homeless	$ 150,000
Bed-Stuy Campaign Against Hunger	$ 50,000
Council of Jewish Organizations of Flatbush	$ 200,000
Disability Advocacy Program (DAP) Additional	$ 1,500,000
Heartshare Wellness, LTD	$ 25,000
Housing and Family Services of Greater New York	$ 100,000
Refugee Resettlement Agencies	$ 2,000,000
Street Corner Resource	$ 25,000
TANF ATTAIN	$ 4,000,000
TANF Career Pathways	$ 2,850,000
TANF Centro of Oneida	$ 25,000
TANF Child Care CUNY	$ 141,000
TANF Child Care Facilitated Enrollment - Monroe	$ 2,185,000
TANF Child Care Facilitated Enrollment - NYC	$ 3,754,000
TANF Child Care Facilitated Enrollment - Upstate	$ 2,549,000
TANF Child Care SUNY	$ 193,000
TANF Preventive Services	$ 1,570,000
TANF RGRTA	$ 82,000
TANF Strengthening Families Through Stronger Fathers	$ 200,000
TANF Wage Subsidy	$ 475,000
TANF Welfare to Careers	$ 800,000
TANF Wheels for Work	$ 144,000
United Jewish Organizations of Williamsburgh	$ 150,000
Urban Justice Center	$ 75,000
Youth Services Opportunity Project (YSOP)	$ 60,000
Total OTDA	**$ 23,303,000**

Division of Veterans' Affairs	
Helmets to Hardhats	$ 200,000
Legal Services Hudson Valley Veterans Advocacy Project	$ 200,000
NYS Defenders Assoc Veterans Defense Program	$ 500,000
SAGE Veterans Project	$ 100,000
Veterans Justice Project	$ 100,000.00
Veterans Miracle Center	$ 25,000.00
Veterans of Foreign Wars NYS Chapter Field Operations	$ 120,000.00
Veterans Outreach Center, Inc (Monroe) Additional	$ 250,000.00
Vietnam Veterans of America	$ 50,000.00
Warrior Salute	$ 200,000.00
Total Veterans	**$ 1,745,000**

FY 2018 Legislative Additions Eliminated by the Executive (cont'd)

Item	Amount
Department of Labor (DOL)	
AFL-CIO Domestic Violence	$ 150,000
AFL-CIO Leadership	$ 150,000
Brooklyn Chamber of Commerce - Brooklyn Jobs Initiative	$ 500,000
Building Trades Pre-Apprenticeship Program (BTPAP) - Nassau	$ 200,000
BTPAP - Rochester	$ 200,000
BTPAP - Western NY	$ 200,000
Chamber On-the-Job Training Program	$ 980,000
Citizens Committee for NYC	$ 225,000
Displaced Homemakers Program	$ 1,620,000
Jubilee Homes of Syracuse	$ 150,000
Lesbian, Gay, Bisexual & Transgender Community Center	$ 100,000
Manufacturers Association of Central NY	$ 750,000
New York Council on Safety and Health (NYCOSH)	$ 350,000
NYCOSH Long Island	$ 200,000
NYCOSH Western NY	$ 200,000
NYS Pipe Trades Solar Thermal Training Grant Program	$ 140,000
Office of Adult and Career Education Services (OACES)	$ 30,000
Paul Smiths College WDI North American Logger Training	$ 400,000
Rochester Summer of Opportunity Youth Employment Program	$ 300,000
Rochester Tooling and Machining Institute	$ 50,000
Team STEPPS	$ 50,000
The Solar Energy Consortium (TSEC)	$ 500,000
WDI (Workforce Development Institute)	$ 3,975,000
WDI Manufacturing	$ 3,000,000
Worker Institute	$ 550,000
Youth Build Statewide	$ 300,000
Total Labor	**$ 15,270,000**

Human Services Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	Estimated FY 2018	Proposed FY 2019	Change Amount	Percent
Children and Family Services	2,908,425	2,867,125	(41,300)	-1.42%
Temporary and Disability Assist.	4,830,328	5,109,470	279,142	5.78%
Welfare Inspector General	672	686	14	2.08%
Department of Labor	566,009	549,929	(16,080)	-2.84%
Workers' Compensation Board	197,328	216,543	19,215	9.74%
Division of Veterans' Affairs	17,149	15,481	(1,668)	-9.73%
Division of Human Rights	14,289	14,343	54	0.38%
National and Community Service	16,253	16,564	311	1.91%
Raise the Age	0	37,000	37,000	100.00%
Nonprofit Infrastructure Capital Program	6,000	47,500	41,500	691.67%
Totals:	**8,556,453**	**8,874,641**	**318,188**	**3.72%**

FACT SHEET : GENERAL GOVERNMENT AND LOCAL ASSISTANCE

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 2019. The Executive anticipates paying the full amount of the State's pension obligation in April, 2018 to save $61.9 million in interest.

- The FY 2019 Executive maintains Aid to Municipalities (AIM) funding at FY 2018 levels.

Executive Program Reductions and Eliminations

- The Executive Budget eliminates Legislative initiatives that provide targeted aid to municipalities.

New Programs Proposed by the Executive

- Third round of funding totaling $100 million for the Downtown Revitalization Initiative identical to that included in FY 2017 and FY 2018 Enacted Budgets.

- A permanent County-Wide Shared Services Property Tax Savings Initiative that would require counties to develop plans to reduce property taxes and streamline services funded through Aid to Localities.

- ***Simplify Video Lottery Gaming tax rates.*** The Executive advances language to simplify the tax rates at the nine Video Lottery Facilities for a State revenue decrease of $2.8 million.

- ***Ethics Reform.*** The Executive recommends various reforms including placing limits on outside income for legislators, Freedom of Information Law expansion, new regulations for online and social media political advertising, campaign finance reform, and various other changes such as eight-year term limits for elected officials and same day registration and voting.

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

GENERAL GOVERNMENT AND LOCAL GOVERNMENT ASSISTANCE

All Funds Disbursements (Millions of Dollars)	Estimated FY 2018	Projected FY 2019
Cash	8,011	9,971
Annual Growth Rate	1.1%	24.5%
5 Year Average Growth (Actual)		6.3%

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 2019 Executive budget recommends All Funds Cash Disbursements of approximately $9.9 billion for General Government Agencies, General State Charges and Local Government Assistance. This represents a year-over-year increase of $1.9 billion or 24.45 percent over FY 2018 levels. The majority of the increase can be attributed to General State Charges ($1.9 billion) and The Office of General Services ($106.5 million) with offsetting reductions in the State Board of Elections ($9.3 million), The Department of Taxation and Finance ($42.5 million), the Gaming Commission ($20.9 million), and The Division of Budget ($1.5 million).

The large increase in General State Charges can be attributed to a cost neutral shift of Mental Hygiene agency fringe benefits to the General State Charges budget.

The following General Government Agencies are projected to have flat or near flat All Funds cash disbursement growth in FY 2019:

- Alcoholic Beverage Control
- Deferred Compensation Board
- Executive Chamber
- Office of Lieutenant Governor
- Office of Employee Relations
- Public Employment Relations Board
- Statewide Financial System
- Data Analytics

Division of the Budget

The FY 2019 Executive Budget recommends All Funds spending of $29.6 million, this represents a decrease of $1.53 million or 4.9 percent over FY 2018.

This cash reduction is primarily driven by shifting the $1 million Expert Witness appropriation from within the Division of Budget to General State Charges. The reduction also 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.

The Executive adds new language within the appropriations providing the Director of the Division of the Budget with authority to transfer appropriations between any State agency or public authority. As in previous years, this authority is reflected throughout the State Operations Budget.

The workforce of 261 FTE remains unchanged.

Audit and Control

The FY 2019 Executive Budget recommends All Funds spending of $193.5 million for the State

Comptroller, an increase of $8.1 million or 4.4 percent from FY 2018.

This increase is driven by:

- $4.9 million in additional personal service and contractual services costs. These costs are associated with new Maintenance Undistributed (MU) appropriations. The additional funds would be allocated towards abandoned property audits, administration, and chief Information office accounts. The Comptroller has not indicated or committed what the additional funds will be used for.
- $2.8 million in Capital project funds to complete the Payserv Payroll System replacement project.
- $400 thousand to administer the new Achieving a Better Life Experience (ABLE) 529 savings account.

Payroll System Upgrade and Improvement Project

The additional $2.8 million in capital funds results from the Comptroller's determination that additional funds are needed to better prepare agencies adopting the new Payserv Payroll System and for higher than expected project costs. The project received an initial $6 million in capital appropriations in FY 2017 intended to cover consulting services and equipment costs. The successful bidder's proposal had a cost of $7.8 million. The additional project and management costs would require $2.8 million in capital funds according to the Comptroller.

The workforce of 2,663 remains unchanged.

Civil Service

The FY 2019 Executive Budget recommends an All Funds spending level of $13.5 million, a $150,000 or 1.2 percent increase over FY 2018 levels.

The cash increase is driven by:

- $126,000 for additional personal service costs
- $15,000 for additional non-personal service costs
- $14,000 increase in General State Charges

The Executive adds a new Aid to Localities appropriation of $1 million to reimburse eligible localities for sick leave associated with qualifying World Trade Center health conditions. There is no cash behind this appropriation.

Department of Financial Services (DFS)

The FY 2019 Executive Budget recommends All Funds spending of $375.4 million, an increase of $15.8 million or 4.2 percent from FY 2018. The cash increase is driven by increases in personal service, fringe benefits, and IT upgrades within the Administration program.

The Executive proposes to create a Student Loan Ombudsman within DFS. However, no new FTEs or additional funding is specifically identified for these purposes. The Executive proposes to create the Omsbudsman administratively using existing resources in the DFS Student Protection Unit, within the Financial Frauds and Consumer Protection Division.

Appropriation authority increases by $18.9 million, from $414.4 million to $433.3 million. The increase is primarily driven by a $13.1 million sub allocation to the Department of Health for family planning services and a $14.9 million increase reflecting salary increases, fringe benefit growth and IT upgrades. This increase is offset by a $9.1 million reduction in Healthy NY and Direct Pay spending related to the lapsing of the Entertainment Workers' Subsidy as these functions are transferred to the Health Exchange.

Article VII Proposals

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

License and regulate student loan servicers and prohibit student loan servicers from suspending or denying professional licenses for individuals with defaulted student loans.

Gaming Commission

The FY 2019 Executive Budget recommends All Funds appropriations of $359.6 million, an increase of $28.9 million or 8.7 percent, from FY 2018.

The FY 2019 Executive Budget recommends a State Operations appropriation of $113.6 million, a decrease of $100,000 due to adjustments in funds designated for the Racing Fan Advisory Council. The Council was established in 2011 and 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 Council is charged with actively monitoring the racing industry and reporting their observations to the Gaming Commission along with recommendations to improve the industry. The Council members advise the Commission on actions necessary to encourage increased attendance and wagering at thoroughbred and harness tracks. Due to the Commission's requirement to regulate commercial gaming facilities, the Executive Budget recommends a workforce increase of seven full-time equivalents from FY 2018.

The FY 2019 Executive Budget recommends an appropriation of $246 million for local assistance, an increase of $29 million or 13 percent. This is due to the uncertainty regarding the possibility of retroactive Tribal State Compact revenue payments that would be obligated to localities if received.

Commercial and Video Lottery Gaming

Between December 2016 and March 2017, three Destination Resort Casinos have opened within the Central and Capital regions of New York. These casinos pay 80 percent of their tax to Education, with the remaining 20 percent going to host and non-host municipalities. Approximately $21 million will be disbursed to host and non-host municipalities for FY 2018. The FY 2019 Executive Budget recommends a local assistance appropriation authority of $60 million. A fourth casino, Resort's World Catskills, is expected to open early February 2018.

The FY 2019 Executive Budget anticipates the Video Lottery Gaming (VLG) program to generate $906 million, a $51 million decrease from FY 2017 and FY 2018. Proposed Article VII language would lift the statutory requirement that the Commercial Gaming for education fund hold harmless the VLG contribution to the State Lottery Fund.

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 the 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.

The FY 2019 Executive Budget recommends an appropriation of $186 million, a $57 million increase from FY 2018. The State and the Seneca Nation are currently in arbitration since the Nation has ceased making their quarterly payments, the last being in April 2017. The Financial Plan assumes arbitration will be resolved by March 2018, and the appropriation reflects the belief that three remaining payments of FY 2018, will be made in FY 2019.

Article VII Proposals

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

- Allow NYRA to conduct a certain number of races after sunset.
- Create an advisory committee to make recommendations on the organization, procedures, and funding sources for equine drug testing and research.

- Allow the New York State Thoroughbred Breeding and Development Fund and the Agriculture and New York State Horse Breeding Development Fund to use resources for retired horses.
- Eliminate hold harmless language requiring a monthly transfer from the Casino Education account to the VLG Education account. The reasoning for this proposal is because this is a duplicative process since both accounts fund education and is a poor indicator of commercial gaming impact on VLG facilities.
- Simplify the current Video Lottery Gaming distribution structure and additional commission provisions. Allocations for Marketing and Capital Awards would no longer be lined out, but part of a larger Commission fee. Video Lottery Terminal (VLT) rates would no longer be regressively based on revenue, but how they fall into the following four categories:
    - Proximity to a Commercial Gaming Facility
    - Proximity to a Tribal Casino
    - Operated by an Off-Track Betting Corporation
    - Amount of VLTs

VIDEO LOTERY TERMINAL VENDOR COMMISSION RATES			
VENDOR	FY 18 APPROXIMATE EFFECTIVE RATE*	FY 19 PROPOSED RATE	ANTICIPATED CHANGE
Batavia**	48.5%	51.0%	2.5%
Finger Lakes**^	43.5%	43.5%	0.0%
Hamburg	55.0%	56.0%	1.0%
Jake's 58	45.0%	45.0%	0.0%
Monticello^	51.0%	51.0%	0.0%
Nassau OTB	45.0%	45.0%	0.0%
Resort's World	47.0%	47.0%	0.0%
Saratoga**^	42.0%	43.5%	1.5%
Vernon	55.0%	56.0%	1.0%
Yonkers**	39.5%	39.5%	0.0%
*INCLUDES COMMISSION, CAPITAL AWARD, AND MARKETING ALLOWANCE			
**WILL LIKELY BE MARGINALLY TAXED IN FY 2018			
^WILL BE ELIGIBLE FOR ADDITIONAL COMMISSION			

General State Charges

The FY 2019 Executive Budget recommends All Funds spending of $6.8 billion, an increase of $1.92 billion or 39.2 percent.

This increase is primarily driven by shifting $1.42 billion in fringe benefit funding for 32,149 FTEs in the Mental Hygiene agencies from Special Revenue Funds to the General Fund within the General State Charges budget. This shift is to conform agency program operations to guidelines established within Generally Accepted Accounting Principles (GAAP). The change does not affect overall programmatic or FTE levels for the Mental Hygiene agencies, but represents a technical funds shift. In addition, fringe benefits for 2,712 FTEs within the Department of Transportation and Department of Motor Vehicles (DMV) will now be accounted for within the GSC Budget. Without this change appropriations would increase by $474 million, mainly driven by increases in costs for State employee health insurance and workers compensation.

The Executive Budget includes a $315 million or 7.9 percent increase associated with higher New York State Health Insurance Plan (NYSHIP) costs.

The State Workers Compensation costs are increasing by $150 million, or 46 percent. This is due to a $45 million growth in the average weekly wage that is used to account for medical cost benefit calculations. The balance of this increase reflects a $105 million reduction in the use of offsetting workers compensation reserve funds that are decreasing to $100 million in FY 2019 from $205 million in FY 2018.

The State will not amortize pension costs in FY 2019. The State's contribution to the pension fund will be prepaid in April 2018, rather than paid in monthly increments, saving the State $61.9 million in interest costs.

Article VII Proposals

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

- Elimination of reimbursement for Income Related Monthly Adjustment Amounts (IRMAA) tied to Medicare Part B Premiums for seniors defined as being high income taxpayers.

- Cap reimbursement for the Medicare Part B standard premium at federal 2018 levels.

- Establish market interest rates on court judgments as opposed to the fixed rate of interest established in statute.

The proposals above are incorporated into the GSC appropriation language.

The Office of General Services

The FY 2019 Executive Budget recommends All Funds spending of $419 million, an increase of $106.5 million or 34.10 percent from FY 2018.

Agency appropriation authority decreases by 74.6 million, from $1.3 billion to $1 billion, a decrease of six percent from FY 2018. This decrease can be attributed to the previous fiscal years one time funding of $87.6 million for the Albany Cogeneration Plant and Microgrid capital project. The Capital Projects fund decrease is off set by a $3 million increase for anticipated design and construction projects.

The Executive Budget recommends a General Fund increase of $4.5 million, of which $3.5 million is allocated to the Real Property Management and Development program for building restacking operational costs. The restacking program is offset by the reclassification of 92 maintenance related FTE's and a shift of the corresponding $8 million in personal service from the General Fund to Capital Projects.

The Executive Budget recommends a $200,000 increase to the Enterprise Funds to support expanding the New York State Capitol Visitors Center to manage the sale of E-Z Passes. The executive further recommends increasing the Enterprise Funds by an additional $275,000 for the expansion of the annual GovBuy Forum.

The Executive Budget also advances new transfer authority language that would grant the Director of the Division of the Budget the authority to increase or decrease the amounts within the Real Property Management and Development Program, and the Business Services Center program by interchange or transfer without limit, with any appropriation of any other department, agency or public authority.

Article VII Proposals

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

- Extends the authority of the State Commission on the Restoration of Capitol for five years.
- Expands the types of government bodies that may obtain surplus state land for nominal consideration, as well as the purpose for which the land may be used.
- Amends State Finance Law to establish the Parking Services Account, Special Events Account, and Solid Waste Account as enterprise funds.

Information Technology Services

The FY 2019 Executive Budget recommends All Funds spending of $654.9 million, a decrease of $27.3 million or four percent from FY 2018.

Agency appropriation authority increases by 500,000 to $854.6 million from $854.1 million. The $500,000 increase in the special reserve fund from FY 2018 can be attributed to administration of a Federal Grant for the Geographic Information Systems (GIS) program.

Article VII Proposals

The Executive proposes to authorize information technology services insourcing would permit 300 information technology term appointment for eligible personnel without taking the Civil Service examination for up to five years.

Local Government Assistance

The FY 2019 Executive Budget recommends All Funds cash disbursements of $756 million, a reduction of $5.5 million or one percent from FY 2018.

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 $715 million in AIM funding, which is unchanged from FY 2018.

AIM DISTRIBUTION	FY 2018	FY 2019
Big Four Cities	$ 429	$ 429
Other Cities	$ 218	$ 218
Towns and Villages	$ 68	$ 68
Restructuring/Efficiencies	$ -	$ -
Total (in millions)	**$ 715**	**$ 715**

Legislative Initiatives Eliminated:

- Onondaga County - $2,000,000
- Niagara County Industrial Development Agency - $1,440,000
- Town of Rotterdam - $250,000
- South Fallsburg Fire District - $250,000
- City of Cortland - $194,500
- City of Oneonta - $194,500
- City of Syracuse for a shared service program with Onondaga County - $115,000
- Village of Woodbury - $27,000
- Town of Victor - $25,000
- Village of South Blooming Grove - $19,000
- Village of Sagaponack – $2,000

Grants for non-payment of property taxes from the Cayuga and Mohawk Indian nations

- Seneca County - $310,000
- Franklin County - $310,000
- Cayuga County - $83,350
- Village Per Capita Aid Program - $2 million

Downtown Revitalization:

The Executive Budget proposes a third round of funding totaling $100 million for downtown revitalization initiatives financed through the Department of State. The downtown revitalization program was first proposed in FY 2017 and continued in FY 2018. The purpose of these grants is to make payments to local governments and other municipal entities for downtown development projects for transformative housing, economic development, transportation and community projects designed to increase the property tax base.

Article VII Proposals

The Executive proposes Article VII language to amend the Citizen Empowerment Tax Credit (CETC) statute. Since FY 2012, the state has granted CETCs to municipalities that have either consolidated or dissolved. According to the Executive, a total of $3.1 million in CETCs comprising 18 dissolutions, were granted in FY 2018.

The Executive proposes Article VII language to authorize neighboring towns to share one or more town justices.

The Executive proposes authorization for counties to perform agreed upon functions with a local government. Counties would be authorized to regulate, administer, and enforce many land use regulations in agreement with a municipality. The Executive believes this proposal will remove barriers inhibiting local government collaboration and allow for property tax relief.

The Executive proposes Article VII language to make the Countywide Shared Services Panels permanent. These panels are currently led by counties, which have two years to develop their shared services plans that contain property tax savings initiatives. Funding for local government performance aid will be subject to the continuation of these panels. Proposed plans would be acted upon by the County Legislature and presented to voters via referendum.

The Executive proposes Article VII language that would authorize the Town of Islip Resource Recovery Agency to select outside independent auditors.

(For additional detail, see section three of this report)

Department of State

The FY 2019 Executive Budget recommends All Funds spending of $146.2 million, an increase of $12.6 million or 9.44 percent from FY 2018.

The projected cash spending is supported by $247.7 million in appropriation authority, an increase of $90.4 million or 37 percent form FY 2018. The growth can be mainly attributed to a $100 million increase in capital for Downtown Revitalization Round III, as well as a $121,000 increase to the agencies budget office for natural salary growth.

The Executive Budget does not include funding for the following legislative initiatives:

- Towns of Ellenburg and Plattsburg $2 million,
- Liberty Defense Funds $10 million, and
- The Public Utility Law Project $505,000.

The Executive Budget recommends appropriation authority for new Federal grants of $2.5 million for AmeriCorps antipoverty outreach as well $51,000 for reimbursement related to increased consumer protection activity.

The Executive requests one full time equivalent (FTE) in the Public Service account Consumer Protection program and supports this increase with $322,000 for increased advocacy activity.

Article VII Proposals

- The Executive proposes the following Article VII legislation *(additional detail is provided under section three of this report):*
- Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents
- Place responsibility for mailing a copy of service of process on plaintiffs rather than the Department of State (DOS).
- Enhancements to the Brownfield Opportunity Areas (BOA) program to allow for more avenues to achieve designation and also reform the current BOA process to bolster efficiency.
- Eliminate the 25 percent match requirement for localities utilizing federal Community Service Block Grant funds.
- Require all new or substantially renovated buildings with publicly accessible restrooms to provide safe and compliant diaper changing tables.

Department of Tax and Finance

The FY 2019 Executive Budget recommends All Funds spending of $255.9 million, a decrease of $42.6 million or 16 percent. This decrease includes a $17.3 million cash reduction in General State Charges and a $25.4 million reduction in personal and non-personal service costs.

The decrease is attributable to an accounting change in how DTF processes tax returns originating from New York City (NYC) within the NYC assessment account. Currently, NYC reimburses the Tax Department for providing the service of processing tax returns originating from its residents. Administrative costs associated with this service will no longer first be recorded as spending. Rather, miscellaneous receipts received by NYC to reimburse DTF for the services will offset the costs.

Appropriation authority is increased by $5 million, or 1.1 percent to account for a new federal law mandating an equitable sharing fund change.

The workforce of 3,978 FTEs is consistent with FY 2018 budget.

Article VII Proposals

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

- Allow the Department the ability to appeal Tax Appeals Tribunal decisions via judicial review.

State Board of Elections

The FY 2019 Executive Budget recommends All Funds spending of $8.6 million, which is a decrease of $9.4 million, or 52.2 percent.

On a State Operating Funds basis, spending would increase $105,000, or 1.2 percent from FY 2018. This difference is due primarily to a $9.2 million decrease in non-recurring spending from the federally funded Help America Vote Act. The remaining difference is due to a $300,000 decrease in local assistance grants spending.

The Executive Budget recommends a $5 million appropriation to fund the creation of an election support center, development of an elections cyber security support toolkit, and related vulnerability assessments and support for local board of elections. However, the Financial Plan does not include spending in FY 2019 for this proposal. Additionally, the Financial Plan does not include spending for the Executive's public campaign finance proposal.

Article VII Proposals

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

- Introduce disclosure standards for online and social media political advertising.
- Require all drivers to be registered voters unless opted out, and further requires that early voting polling sites be available in all elections.
- Treat limited liability corporations as corporations for purposes of contribution limits, and require identification of all direct and indirect owners. This is the so called "LLC loophole".
- Create a taxpayer funded campaign finance system, creates limits on political contributions and increases reporting of such contributions.
- Prohibit campaign contributions by persons or entities actively bidding for government procurement contracts.

Concurrent Resolutions to Amend Constitution

The Executive proposes the following concurrent resolution legislation (see additional detail in section three of this report)

- Limits outside income of Legislators to 15 percent of base salary.
- Same day voter registration.
- Eight Year Term Limits.

Joint Commission on Public Ethics

The FY 2019 Executive Budget recommends All Funds spending of $5.6 million, which is an increase of $45,000, or 0.8 percent. Personal service spending would increase $26,000, or 0.6 percent. Non-personal service spending would increase approximately $20,000, or two percent.

Article VII Proposals

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

- Requires legislative members to seek advisory opinion on outside income in excess of $5,000.
- Requires local elected officials to be subject to JCOPE financial disclosure requirements.
- Eliminates the legislative section of the freedom of information law (FOIL) and subjects legislative records to agency record access provisions.

Inspector General

The FY 2019 Executive Budget recommends All Funds spending of $7.4 million, which is an increase of $60,000, or 0.8 percent. Personal service spending would increase $48,000 or 0.7 percent. Non-personal service spending would increase $12,000, or 1.5 percent.

The appropriations include new interchange and transfer authority language that would greatly expand the authority of the Executive, through the Director of the Budget, to change appropriations at will after the budget is passed.

Article VII Proposals

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

- Expands oversight by the State Inspector General (IG) to include certain nonprofit organizations and foundations affiliated with SUNY or CUNY.
- Expands oversight by the State IG beyond State employees to include parties who contract with the State in any State procurement.
- Authorizes and requires the State IG to implement and enforce financial control policies at certain SUNY and CUNY affiliated nonprofit organizations and foundations.
- 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.
- Creates a Chief Procurement Officer in the Executive Chamber to be the principal officer tasked with oversight over state procurements.

General Government and Local Government Assistance Proposed Disbursements - All Funds (Thousands of Dollars)					
Agency		Estimated FY 2018	Proposed FY 2019	Change Amount	Percent
Alcoholic Beverage Control		12,683	12,483	(200)	-1.58%
Audit and Control		185,348	193,535	8,187	4.42%
Deferred Compensaton Board		846	846	0	0.00%
Division of the Budget		31,123	29,596	(1,527)	-4.91%
Civil Service		13,410	13,560	150	1.12%
State Board of Elections		17,982	8,587	(9,395)	-52.25%
Office of Employee Relations		2,581	2,601	20	0.77%
Executive Chamber		13,578	13,578	0	0.00%
Financial Services		359,544	375,360	15,816	4.40%
Gaming Commission		225,203	204,303	(20,900)	-9.28%
Office for Technology		682,272	654,962	(27,310)	-4.00%
Office of the Lt. Governor		614	614	0	0.00%
Office of General Services		312,513	419,090	106,577	34.10%
General State Charges		4,910,983	6,834,058	1,923,075	39.16%
Office of the Inspector General		7,367	7,427	60	0.81%
Commission on Public Integrity		5,531	5,576	45	0.81%
Local Government Assistance		760,996	755,512	(5,484)	-0.72%
Public Empl. Relations Board		3,573	3,604	31	0.87%
Department of State		133,661	146,279	12,618	9.44%
Statewide Financial System		30,137	30,137	0	0.00%
Taxation and Finance		298,497	255,909	(42,588)	-14.27%
Division of Tax Appeals		3,040	3,040	0	0.00%
	Totals:	**8,011,482**	**9,970,657**	**1,959,175**	**24.45%**

FY 2019 Executive Budget All Funds Receipts
(Millions of Dollars)

	Projected FY 2018	Proposed FY 2019	Change	Percent Change
Personal Income Tax	50,935	49,244	(1,691)	-3.3%
User Taxes and Fees				
Sales and Use	14,510	15,266	756	5.2%
Cigarette and Tobacco	1,177	1,152	(25)	-2.1%
Motor Fuel Tax	515	512	(3)	-0.6%
Alcoholic Beverage	262	267	5	1.9%
Opioid Epidemic Surcharge	-	127	127	100.0%
Medical Marihuana Excise Tax	2	2	-	0.0%
Highway Use tax	96	142	46	47.9%
Auto Rental Tax	133	137	4	3.0%
Taxicab Surcharge	59	59	-	0.0%
Total	**16,754**	**17,664**	**910**	**5.4%**
Business Taxes				
Corporation Franchise	3,286	4,341	1,055	32.1%
Corporation and Utilities	737	710	(27)	-3.7%
Insurance	1,721	1,868	147	8.5%
Bank Tax	505	143	(362)	-71.7%
Petroleum Business	1,097	1,136	39	3.6%
Total	**7,346**	**8,198**	**852**	**11.6%**
Other Taxes				
Estate and Gift	1,314	1,033	(281)	-21.4%
Real Estate Transfer	1,147	1,212	65	5.7%
Pari-Mutuel	15	15	-	0.0%
Other	3	3	-	0.0%
Total	**2,479**	**2,263**	**(216)**	**-8.7%**
Payroll Tax	1,438	-	(1,438)	-100.0%
Total Taxes	**78,952**	**77,369**	**(1,583)**	**-2.0%**
Miscellaneous Receipts	27,829	27,959	130	0.5%
Total Receipts	**106,781**	**105,328**	**(1,453)**	**-1.4%**
Federal Grants	57,777	57,878	101	0.2%
Total Receipts and Federal Grants	**164,558**	**163,206**	**(1,352)**	**-0.8%**

Source: New York State Division of the Budget.

FY 2019 Executive Budget General Fund Receipts
(Millions of Dollars)

	Projected FY 2018	Proposed FY 2019	Change	Percent Change
Personal Income Tax				
Withholding	39,459	41,314	1,855	4.7%
Estimated Payments	17,734	14,921	(2,813)	-15.9%
Final Returns	2,441	2,599	158	6.5%
Other Payments	1,426	1,501	75	5.3%
Gross Collections	**61,060**	**60,335**	**(725)**	**-1.2%**
STAR Special Revenue Fund	(2,585)	(2,410)	175	-6.8%
Refunds	(9,277)	(10,218)	(941)	10.1%
Revenue Bond Tax Fund	(12,734)	(12,311)	423	-3.3%
City/State Offsets	(848)	(873)	(25)	2.9%
Net Collections	**35,616**	**34,523**	**(1,093)**	**-3.1%**
User Taxes and Fees				
Sales and Use	6,784	7,139	355	5.2%
Cigarette/Tobacco	340	346	6	1.8%
Alcoholic Beverage	262	267	5	1.9%
Total	**7,386**	**7,752**	**366**	**5.0%**
Business Taxes				
Corporate Franchise	2,559	3,479	920	36.0%
Corporate Utilities	565	540	(25)	-4.4%
Insurance	1,539	1,668	129	8.4%
Bank	445	122	(323)	-72.6%
Total	**5,108**	**5,809**	**701**	**13.7%**
Other Taxes				
Estate and Gift	1,314	1,033	(281)	-21.4%
Pari-mutuel	15	15	-	0.0%
Other	3	3	-	0.0%
Total	1,332	1,051	(281)	-21.1%
Total Tax Collections	**49,442**	**49,135**	**(307)**	**-0.6%**
Miscellaneous Receipts	2,946	2,019	(927)	-31.5%
Total Receipts	**52,388**	**51,154**	**(1,234)**	**-2.4%**
Source: New York State Division of the Budget.				

FY 2019 Executive Budget All Funds Receipts (Millions of Dollars)				
	Proposed FY 2019	Proposed FY 2020	Change	Percent Change
Personal Income Tax	49,244	53,891	4,647	9.4%
User Taxes and Fees				
Sales and Use	15,266	15,963	697	4.6%
Cigarette and Tobacco	1,152	1,119	(33)	-2.9%
Motor Fuel Tax	512	507	(5)	-1.0%
Alcoholic Beverage	267	272	5	1.9%
Opioid Epidemic Surcharge	127	171	44	100.0%
Medical Marihuana Excise Tax	2	2	-	0.0%
Highway Use tax	142	142	-	0.0%
Auto Rental Tax	137	145	8	5.8%
Taxicab Surcharge	59	59	-	0.0%
Total	**17,664**	**18,380**	**716**	**4.1%**
Business Taxes				
Corporation Franchise	4,341	4,986	645	14.9%
Corporation and Utilities	710	724	14	2.0%
Insurance	1,868	1,956	88	4.7%
Bank Tax	143	71	(72)	-50.3%
Petroleum Business	1,136	1,166	30	2.6%
Total	**8,198**	**8,903**	**705**	**8.6%**
Other Taxes				
Estate and Gift	1,033	1,092	59	5.7%
Real Estate Transfer	1,212	1,269	57	4.7%
Pari-Mutuel	15	15	-	0.0%
Other	3	3	-	0.0%
Total	**2,263**	**2,379**	**116**	**5.1%**
Payroll Tax	-	-	-	0.0%
Total Taxes	**77,369**	**83,553**	**6,184**	**8.0%**
Miscellaneous Receipts	27,959	26,166	(1,793)	-6.4%
Total Receipts	**105,328**	**109,719**	**4,391**	**4.2%**
Federal Grants	57,878	58,589	711	1.2%
Total Receipts and Federal Grants	**163,206**	**168,308**	**5,102**	**3.1%**

Source: New York State Division of the Budget.

FY 2019 Executive Budget General Fund Receipts (Millions of Dollars)				
	Proposed FY 2019	Proposed FY 2020	Change	Percent Change
Personal Income Tax				
Withholding	41,314	42,557	1,243	3.0%
Estimated Payments	14,921	18,723	3,802	25.5%
Final Returns	2,599	2,748	149	5.7%
Other Payments	1,501	1,563	62	4.1%
Gross Collections	**60,335**	**65,591**	**5,256**	**8.7%**
STAR Special Revenue Fund	(2,410)	(2,322)	88	-3.7%
Refunds	(10,218)	(10,901)	(683)	6.7%
Revenue Bond Tax Fund	(12,311)	(13,473)	(1,162)	9.4%
City/State Offsets	(873)	(799)	74	-8.5%
Net Collections	**34,523**	**38,096**	**3,573**	**10.3%**
User Taxes and Fees				
Sales and Use	7,139	7,467	328	4.6%
Cigarette/Tobacco	346	348	2	0.6%
Alcoholic Beverage	267	272	5	1.9%
Total	**7,752**	**8,087**	**335**	**4.3%**
Business Taxes				
Corporate Franchise	3,479	4,073	594	17.1%
Corporate Utilities	540	550	10	1.9%
Insurance	1,668	1,749	81	4.9%
Bank	122	60	(62)	-50.8%
Total	**5,809**	**6,432**	**623**	**10.7%**
Other Taxes				
Estate and Gift	1,033	1,092	59	5.7%
Pari-mutuel	15	15	-	0.0%
Other	3	3	-	0.0%
Total	**1,051**	**1,110**	**59**	**5.6%**
Total Tax Collections	**49,135**	**53,725**	**4,590**	**9.3%**
Miscellaneous Receipts	2,019	2,028	9	0.4%
Total Receipts	**51,154**	**55,753**	**4,599**	**9.0%**
Source: New York State Division of the Budget.				

FY 2019 Executive's Tax and Revenue Action Proposals				
(Millions of Dollars)				
	FY 2019	FY 2020	FY 2021	FY 2022
Revenue Reductions				
Extend the Hire a Vet Tax Credit for Two Years	$0	$0	($37)	($37)
Total Revenue Reductions	**$0**	**$0**	**($37)**	**($37)**
Tax, Fee, Revenue Increases				
Taxation of Cigars	$12	$23	$23	$23
Discontinue the Energy Services Sales Tax Exemption	$96	$128	$128	$128
Increase the Vending Machine Sales Tax Exemption	$0	$0	$2	$3
Close the Carried Interest Loophole	$0	$0	$0	$0
Tax on Vapor Products	$3	$5	$5	$5
Opioid Epidemic Surcharge	$127	$171	$154	$138
Healthcare Insurance Windfall Profit Fee	$140	$140	$140	$140
Impose a Vehicle Safety Inspection Fee	$3	$3	$3	$3
Student Loan Servicer Registration Fee- $750	$0	$0	$0	$0
Pre Licensing Course Pilot Program Fee- $8	$0	$0	$0	$0
License for Production and Sale of Mead and Braggot Annual Fee- $70	$0	$0	$0	$0
Exporter License for Export of New York State Alcoholic Beverages Annual Fee- $125	$0	$0	$0	$0
Defer Business Related Tax Credit Claims	$82	$278	$199	$164
Video Lottery Gaming Distribution Structure Simplification	$22	$20	$20	$20
Modernize Highway Right of Way Fees	$15	$30	$50	$50
Increase Medicaid co-pay for OTC drugs	$11	$15	$0	$0
Extends Telecom Mass Property Assessments	$0	$0	$0	$0
Extends Certain Simulcasting Provisions One Year	$0	$0	$0	$0
Empire Child Credit Hold Harmless	$0	$503	$503	$503
Total Tax Increases	**$511**	**$1,316**	**$1,227**	**$1,177**
Enforcement Actions				
Extends the Statute of Limitations on Amended Tax Returns	$3	$3	$3	$3
Allows Warrantless Tax Debt to be Assessed Against Unclaimed Funds	$3	$3	$3	$3
Allows the Department of Tax and Finance to Access Dependent and Child Care Data	$0	$5	$5	$5
Allows the Department of Tax and Finance to Appeal Tax Appeal Tribunal Decisions	$0	$5	$5	$5
Clarifies New York Residency Requirements for Tax Purposes	$0	$0	$3	$3
Internet Sales Tax	$80	$159	$159	$159
Total Enforcement Actions	**$86**	**$175**	**$178**	**$178**
Net Total Revenue Actions	**$597**	**$1,491**	**$1,368**	**$1,318**

RECEIPTS, TAXES, AND FEES

The FY 2019 Executive Budget contains a number of tax and revenue related proposals, tax decreases and revenue enhancements. The following is a list of those proposals:

Personal Income Tax

Close the Carried Interest Loophole

The Executive proposes to close the so called carried interest loophole, under which a portion of the compensation of managers or partners of hedge funds is treated as capital gains, rather than as income for Federal tax purposes. Under New York State Tax Law, this compensation is taxed at the same rate as ordinary income.

Under this proposal, this compensation would be reclassified as income earned from a trade or business, and subject to a 17 percent "fairness fee". This fee would remain in place until the Federal government classifies this type of compensation in a similar way to this proposal. This proposal would not go into effect until Connecticut, New Jersey, Massachusetts, and Pennsylvania enact "substantially similar" legislation.

The Executive estimates that if this proposal were to take effect, State revenue would increase by $1.1 billion.

Clarify New York Residency Requirements for Tax Purposes

The Executive proposes amending the Tax Law to clarify what constitutes residency in New York for state and New York City income tax purposes. The Executive believes this change is needed as a result of a recent change in judicial interpretation of the current residency statute, which has been in place since 1960. This change is intended to align statute with the previous interpretation of New York residency standards and count the days a person is present in New York while maintaining a place of abode in the state regardless of whether or not they are domiciled in New York on those days.

The Executive estimates that this will increase revenue by $3 million annually beginning in FY 2021.

Hold Harmless 2017 Empire State Child Tax Credit Benefits

This proposal would decouple the Empire State Child Tax Credit from Federal Tax Law to maintain the credit at 2017 levels. As a result of the passage of the Tax Cuts and Jobs Act, the Executive estimates that the value of this credit would substantially increase, resulting in a loss of revenue to the State of $503 million beginning in FY 2020.

Business Taxes

Impose a Healthcare Insurance Windfall Profit Fee

The Executive proposes assessing a 14 percent tax on the net underwriting gain from the sale of health insurance on risks in New York. These companies have recently received a 14 percent Federal tax rate reduction as result of the Tax Cuts and Jobs Act. The Executive estimates that this fee will increase State revenues by $140 million annually starting in FY 2019.

Extend the Hire a Vet Tax Credit for Two Years

The Executive proposes extending the Hire a Vet Tax Credit until 2021. The Executive estimates this proposal would decrease State revenue by $37 million per year in FY 2021 and FY 2022.

Enhance the New York Youth Jobs Program

This proposal would increase the value of available credits by 50 percent, and would require qualified employers to comply with enhanced reporting requirements. The total credit pool for the program will remain at $50 million.

Defer Business Related Tax Credit Claims

The Executive proposes deferring the credits that taxpayers would receive over an aggregate of $2 million worth of certain business credits until 2021. The only business credits not impacted by this proposal are: the film production, post production, commercial production credit, the New York Youth Jobs credit, and the Hire a Vet credit.

This proposal is virtually identical to the credit deferment that was enacted in 2010.

The Executive estimates that this proposal would increase State revenue by $82 million in FY 2019, $278 million in FY 2020, $199 million in FY 2021, $164 million in FY 2022, and would reduce State revenue by $298 million in FY 2023, $173 million in FY 2024, and $49 million in FY 2025.

Sales Tax

Amend Local Sales Tax Statute for Technical Changes

The Executive proposes extending the revenue distribution provisions for Genesee, Monroe, Onondaga, and Orange Counties until November 30, 2020, the same sunset date as their authorization to impose additional tax.

This proposal would make the revenue distribution provisions consistent with all other counties.

Simplify the Sale for Resale Exemption for Prepared Food

The Executive would amend the Tax Law to change the sales tax credit for food and alcoholic beverages sold for resale to an exemption. This would allow vendors to purchase food exempt from sales tax when they provide a properly completed resale certificate at the time of purchase.

The Executive believes that this change would promote tax administration efficiencies and conform the Tax Law to the best practices of other states.

Discontinue the Energy Services Sales Tax Exemption

The Executive proposal repeals the sales tax exemption on the transportation and delivery of gas and electricity when sold by an energy service company (ESCO) to a commercial purchaser. To qualify for the current exemption the commodity must be sold separately from delivery.

The Executive believes that this sales tax exemption is no longer needed as competition among ESCOs has increased. The Executive projects that this part would increase All Funds receipts by $96 million in FY 2019 and $128 million annually thereafter.

Convert the Veterinary Sales Tax Credit to an Exemption

This proposal would replace the sales tax credit for drugs or medicine sold to or used by a veterinarian or farmer for treating livestock or poultry with a sales tax exemption for such items.

The Executive believes that by replacing the current refund/ credit with this exemption will simplify the tax reporting burden on the veterinarians and farmers.

Provide Responsible Person Sales Tax Relief for Minority LLC Owners

The Executive would amend the Tax Law to allow limited partners of a limited partnership or members of an LLC to apply for an exemption from being personally, jointly, and severally liable for the partnership's or the LLC's unpaid sales and use taxes.

This proposal would allow limited partners to apply for relief with the Commissioner of The Department of Taxation and Finance if they can demonstrate that they were not under a duty to act in complying with sales tax requirements and that their ownership interest is less than 50 percent. If approved, a limited partner or member will be liable only for their pro-rata share of the original liability of the business, based on the greater of the limited partner's or member's ownership percentage or their distributive share of the business' profits and losses.

Increase the Vending Machine Sales Tax Exemption

This Executive proposal would increase the current sales tax exemption from $1.50 to $2.00 for certain foods and drinks sold through a vending machine depending on the type of machine. This would maintain the $1.50 exemption for food and drink purchases from vending machines that accept only coin or currency. It would increase the exemption to $2.00 for vending machines that are capable of accepting cashless purchases. Additionally, this would clarify that bottled water sold in vending machines is eligible for the sales tax exemption, subject to this price and currency distinction.

The Executive estimates that this proposal would have no impact in FY 2019 and would increase State sales tax receipts by $2 million in FY 2021 and $3 million annually thereafter. Local sales tax receipts would be increased by a commensurate amount. The current vending machine exemption and the expanded exemption would both sunset on May 31, 2020.

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 of whether or not the seller has nexus with the State.

An internet marketplace provider that facilitates sales exclusively via the internet and has $100 million or more in total annual sales, not just sales in New York, would be considered a marketplace provider for the purposes of this proposal.

Also would require sellers and marketplace providers who are not required to collect sales tax, because they have no Nexus with the state, to file information returns with the Department of Taxation and Finance regarding aggregate sales of tangible personal property delivered to purchasers in New York. They would also be required to provide an annual statement of purchase to each New York purchaser who receives such purchases in the state.

The Executive estimates this proposal will generate $80 million in FY 2019 and $159 million annually thereafter.

Impose a Health Tax on Vapor Products

The Executive proposes to regulate and tax "vapor" products in a similar manner as cigarettes. Vapor products are defined as "any nonconcombustible 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 to be treated as cigarettes regardless of the nicotine content.

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 would increase All Funds revenues by $3 million in FY 2019 and $5 million annually thereafter.

Excise Taxes

Establish an Opioid Epidemic Surcharge

The Executive proposes a surcharge on opioids of two cents per morphine milligram, charged on the first sale in the state.

This proposal would require establishments liable for this surcharge to file monthly returns with the Commissioner of Taxation and Finance, and make monthly payments of the surcharge to the Commissioner (making parody with alcohol and tobacco vendors).

This proposal would create an opioid prevention, treatment, and recovery account. The account would be under the joint custody of the Comptroller and the Commissioner of Taxation and Finance. The account would be funded with the opioid surcharges, and moneys received from litigation or enforcement actions against opioid manufacturers, distributors, and wholesalers.

The funds in the account would be allocated to support programs operated by the Office of Alcoholism and Substance Abuse Services (OASAS) to provide opioid treatment, recovery, and prevention services.

The Executive estimates that this part would increase All Funds receipts by $127 million in FY 2019, $171 million in FY 2020, $154 million in FY 2021, $138 million in FY 2022, and $125 million in FY 2023.

Improve Cigar Tax Enforcement

The Executive would amend the definition of "wholesale price" from the established price of the tobacco product to the invoice price when the manufacturer or other person sells the product to a distributor.

This proposal would repeal the statutory presumption that in the absence of an established price of such tobacco products, the wholesale price is the invoice price.

Additionally, this proposal would include the Federal excise tax in the tax base.

The Executive estimates that this would increase All Funds receipts by $12 million in FY 2019 and $23 million annually thereafter.

Real Estate Transfer Tax

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 extend the statute of limitations from two years to three years for a taxpayer to file an application for a refund of the RETT if the taxpayer claims that the RETT was paid in error. The purpose of this proposal is to align the period a taxpayer has to claim a refund with the three year period the Department has to assess RETT.

The Executive also proposes to establish joint liability between the grantor and grantee for payment of the mansion tax. Under current law, the grantor and grantee are subject to a joint and several liability provision for the basic RETT but not the mansion tax. This proposal would amend the Tax Law to make the mansion tax consistent with the basic RETT.

Racing and Gaming

Amend Racing Operations Statutes

The Executive proposes allowing the New York Racing Association (NYRA) to conduct racing at Belmont Park after sunset. The races would only be allowed on Thursdays, Fridays, or Saturdays and must end by 10:30pm. NYRA would be required to coordinate with Yonkers Raceway to ensure that race times are staggered.

An increase in the reserve fund of NYRA is also proposed. Current law allows NYRA to retain 45 days of operating expenses for their reserves, this proposal would raise it to 90 days.

The proposal also calls for the creation of an advisory committee to make recommendations on the structure and operations of equine drug testing. Recommendations would be due to the Executive and Legislature by December 1, 2018.

The Executive estimates these proposals to have a minimal fiscal impact.

Expansion of Breeding Funds uses

The Executive proposes to allow the New York State Thoroughbred Breeding and Development Fund and the Agriculture and New York State Horse Breeding Development Fund to use a portion of their revenue for the aftercare of retired horses.

This proposal will not impact state revenues.

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 2019 as the reduced rate is built into the FY 2018 base.

Eliminate the Video Lottery Gaming hold harmless transfer provision

Eliminates the requirement to conduct a monthly transfer from the casino gaming “education account” to the Video Lottery Gaming (VLG) “education account” if the VLG account falls below the base year. The intent of this language was to provide a measure of the impact that commercial casinos was having on racinos. However, since two new VLG facilities have become operational since the base year was established, this transfer exercise does not provide the clear picture as was intended. This proposal is revenue neutral.

Simplify Video Lottery Gaming rates and additional commissions

The Executive proposes to restructure the distribution rates of Video Lottery Terminals

(VLT) depending on whether the facility is: (1) impacted by commercial casinos; (2) impacted by Native American casinos; (3) run by an OTB; or (4) considered large.

The distribution of VLT receipts would no longer have a progressive structure. Instead it would be a flat rate, regardless of Net Win. The proposal would also combine the Capital Award and Marketing Allowance into the Operator Commission. The Facility Operator would have discretion over how much of the money to use for those purposes, subject to approval by the Gaming Commission.

The Executive proposes to amend the additional commissions VLG facilities receive as a result of them being in close proximity to a commercial casino. The proposed amended formula would result in the VLG Facilities receiving approximately $25 million less than current law. This proposal would be in effect for the payments based on FY 2018.

The Executive estimates these proposals will result in a $22 million increase in revenues.

VIDEO LOTERY TERMINAL VENDOR COMMISSION RATES			
VENDOR	FY 18 APPROXIMATE EFFECTIVE RATE*	FY 19 PROPOSED RATE	ANTICIPATED CHANGE
Batavia**	48.5%	51.0%	2.5%
Finger Lakes**^	43.5%	43.5%	0.0%
Hamburg	55.0%	56.0%	1.0%
Jake's 58	45.0%	45.0%	0.0%
Monticello^	51.0%	51.0%	0.0%
Nassau OTB	45.0%	45.0%	0.0%
Resort's World	47.0%	47.0%	0.0%
Saratoga**^	42.0%	43.5%	1.5%
Vernon	55.0%	56.0%	1.0%
Yonkers**	39.5%	39.5%	0.0%
*INCLUDES COMMISSION, CAPITAL AWARD, AND MARKETING ALLOWANCE			
**WILL LIKELY BE MARGINALLY TAXED IN FY 2018			
^WILL BE ELIGIBLE FOR ADDITIONAL COMMISSION			

Real Property Tax

The Executive proposes to reform the process of determining the amount of real property taxes due on taxable state lands. Current law requires State taxes to be based on property values that must be reassessed every year by state and local officials which creates an administrative burden. This proposal would limit the taxes due on such properties to the taxes due in the prior year plus two percent or the rate of inflation, whichever is less. The purpose of this proposal is to limit the tax liability of the state consistent with the property tax levy cap.

Enforcement and Other Issues

Co-Op STAR PIT Credit Processing

The Executive proposes to require a real property transfer report be filed with the Department of Taxation and Finance whenever there is a sale of a co-op apartment or unit. Since co-op apartments are not deeded properties (such as a condominium), there is no requirement for owners to report the transfer of a co-op to the Department. This proposal would help identify individuals eligible for the STAR PIT credit, reduce delays in providing Property Tax Relief Checks to owners, and provide the Department with useful assessment information to help streamline the process.

Reporting Requirement for Mobile Homes

The Executive proposes to require mobile home park owners to file quarterly registration statements with the Division of Housing and Community Renewal (DHCR). The statements would have to include the names and addresses of all residents of the park and any other information DHCR requires. This proposal would help identify individuals eligible for the STAR PIT credit and the STAR exemption, reduce delays in providing Property Tax Relief Checks to owners, and provide the Department with useful information to help streamline the process.

Extend the Statute of Limitations on Amended Tax Returns

The Executive proposes extending the statute of limitations on amended tax returns. Currently, the Department of Tax and Finance has three years from the initial filing date to audit a return or an amendment to that return. Under this proposal, the three year statute of limitations for amended returns would begin when the amended return is filed. The Executive estimates that this will increase revenue by $3 million annually beginning in FY 2019.

Provide for Employee Wage Reporting Consistency Between the Departments of Taxation and Finance and Labor.

This proposal would require consistent quarterly reporting on employee wage data between Department of Tax and Finance (DTF) and the Department of Labor (DOL). The same DTF returns which are currently filed annually would be filed quarterly to coincide with quarterly DOL returns that contain similar information. This would assist Tax and Finance in ensuring that tax credit applications are accurate.

Allow Warrantless Tax Debt to Be Assessed Against Unclaimed Funds

The Executive proposes to allow the Department of Taxation and Finance to share data with the Comptroller to collect unclaimed funds for taxpayers that have unwarranted fixed and final debts. Currently the Department is only authorized to share data with the Comptroller for warranted fixed and final debts. The Executive estimates that this proposal would increase revenue by $3 million annually beginning in FY 2019.

Allow the Department of Taxation and Finance Access to Dependent and Child Care Data from Other State Agencies

This proposal would allow the Office of Children and Family Services to share day care subsidy data with the Department of Tax and Finance. This would allow Tax and Finance to better verify child and dependent care credit claims. The Executive estimates that this would increase revenue by $5 million annually starting in FY 2020.

Allow Tax and Finance to Appeal Tax Appeals Tribunal Decisions

The Executive proposes to grant the Department of Tax and Finance (DTF) the right to appeal Tax Appeals Tribunal decisions via judicial review. Taxpayers currently have the ability to appeal Tax Appeals decisions. This proposal would allow DTF the same appeal ability following a judgement not in its favor.

The Division of Tax Appeals was created in 1987 as an independent body separate from DTF. The Tribunal is able to reverse decisions of the State Tax commission following formal hearings.
The Executive estimates that this proposal will increase revenue by $5 million annually beginning in FY 2020

SECTION TWO

SENATE ISSUES IN FOCUS

MIDDLE CLASS TAX CUT / CHILD AND DEPENDENT CARE CREDIT

Middle Class Income Tax Cut

In FY 2012, a middle class income tax cut was enacted which reduced the tax rates for middle class taxpayers from 6.85 percent to 6.65 percent and 6.45 percent. However, this tax cut 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 initiated $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 has occurred 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, a 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.

The Executive has maintained the State's commitment to cut middle class taxes in the FY 2019 Executive Budget, which is important considering that the State is currently facing budget deficit.

- For middle class taxpayers, savings will average approximately $250 in 2018 and will grow to $700 annually.
- When fully phased in, total savings will be $4.2 billion annually.
- This is one of the largest income tax cuts in New York history.
- By 2019, middle class tax rates will be the lowest in 70 years.

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.

Middle Class Tax Savings By Fiscal Year (million of dollars)				
FY 2018	FY 2019	FY 2020	FY 2021	Full Implementation (FY 2026)
$236	$1,071	$1,504	$1,874	$4,200

By 2025, when the tax cut is fully phased in, it will provide an average savings of $700 per year to taxpayers.

Child and Dependent Credit

The FY 2018 Enacted Budget increased the Child and Dependent Care Tax Credit for certain taxpayers.

Under the Enacted Budget, roughly 200,000 families benefited as a result of the credit being expanded to taxpayers with incomes between $50,000 and $150,000. At the behest of the Senate, the cap on child care expenses increased from $6,000 to $9,000 (depending on the number of children). These expanded benefits impact families with up to five children.

These changes will provide $47 million of additional tax relief for families that qualify.

Middle Class Tax Rate Reduction

Married Filing Jointly

Tax Brackets	Tax Rates in effect for 2012-2017	Tax Rates that were set to take effect in 2018	New Tax Rates Beginning in 2018							
			2018	2019	2020	2021	2022	2023	2024	2025 and beyond
$26,000 to $40,000	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$40,000 to $150,000	6.45%	6.85%	**6.33%**	**6.21%**	**6.09%**	**5.97%**	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$150,000 to $300,000	6.65%	6.85%	**6.57%**	**6.49%**	**6.41%**	**6.33%**	**6.25%**	**6.17%**	**6.09%**	**6.00%**

Single

Tax Brackets	Tax Rates in effect for 2012-2017	Tax Rates that were set to take effect in 2018	New Tax Rates Beginning in 2018							
			2018	2019	2020	2021	2022	2023	2024	2025 and beyond
$13,000 to $20,000	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$20,000 to $75,000	6.45%	6.85%	**6.33%**	**6.21%**	**6.09%**	**5.97%**	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$75,000 to $200,000	6.65%	6.85%	**6.57%**	**6.49%**	**6.41%**	**6.33%**	**6.25%**	**6.17%**	**6.09%**	**6.00%**

Head of Household

Tax Brackets	Tax Rates in effect for 2012-2017	Tax Rates that were set to take effect in 2018	New Tax Rates Beginning in 2018							
			2018	2019	2020	2021	2022	2023	2024	2025 and beyond
$19,500 to $30,000	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$30,000 to $100,000	6.45%	6.85%	**6.33%**	**6.21%**	**6.09%**	**5.97%**	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$100,000 to $250,000	6.65%	6.85%	**6.57%**	**6.49%**	**6.41%**	**6.33%**	**6.25%**	**6.17%**	**6.09%**	**6.00%**

NEW YORK STATE PROPERTY TAX RELIEF

New York State Property Tax Burden

New York State's local governments are entering their seventh year since the historic enactment of the State's property tax cap. All counties, towns, villages, certain cities, special districts and school districts in the State of New York except NYC are 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 which is more than twice the rate of inflation over the same period.[1] 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.[2] Of that amount 39 counties fell within the top 10 percent of Median Property Taxes paid in the same comparison.[3]

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.[4] 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.[5] These counties include Westchester, Rockland, Putnam, Suffolk, Nassau and Orange.

- Taxpayers have cumulatively saved over $23 billion in property taxes due to the enactment of the tax cap.
- STAR and the Property Tax Relief Credit is projected to save taxpayers over $4.2 billion in FY2019 separate from the property tax savings attributed the tax cap.
- New York State continues to have one of the highest tax burdens among all 50 states (amount per person).

New York State 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 Legislative session through 2020.[6]

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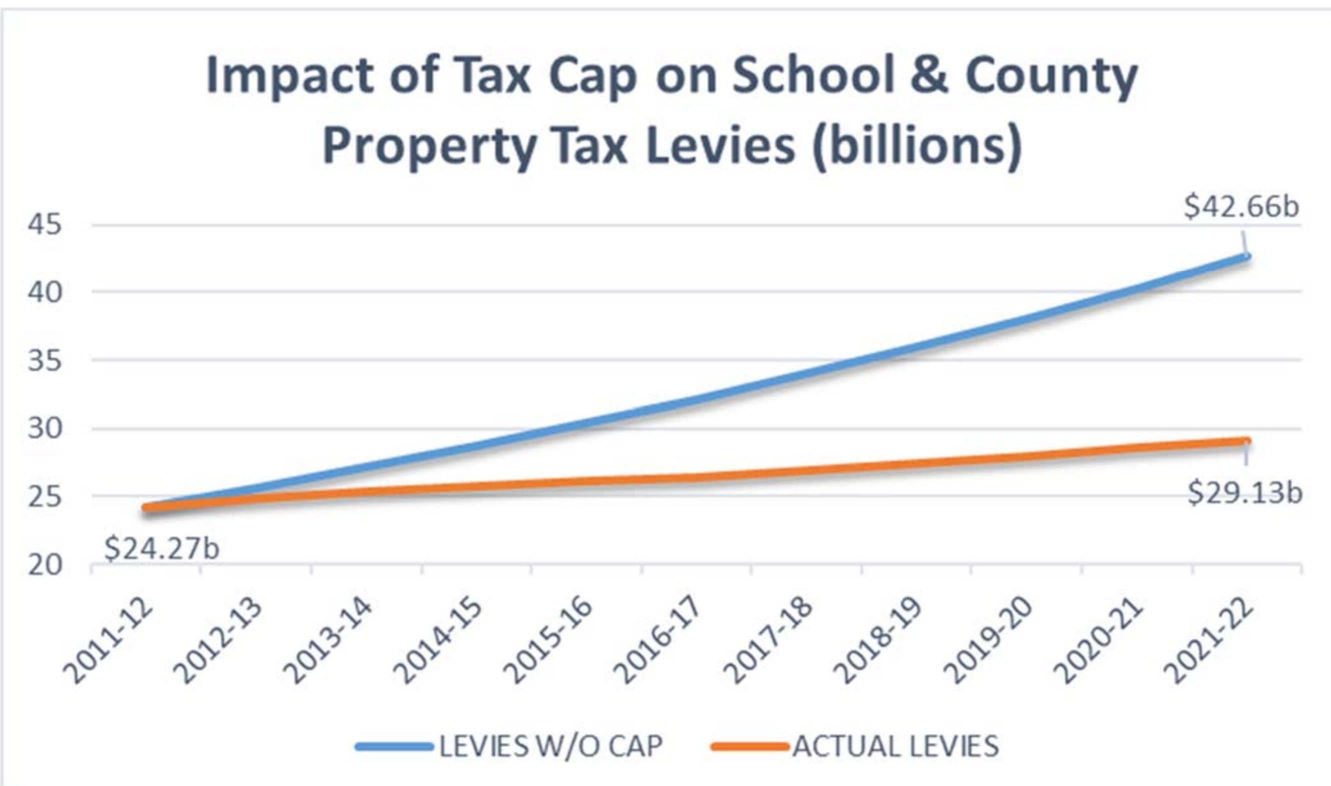
[1] Annual Report on Local Governments 2011, NYS Comptroller.
[2] Based upon a Tax Foundation report analyzing and ranking property tax data of 2,773 counties within the United States through the years 2006-2010. Comparative data available from the Tax Foundation is limited through 2010.
[3] Ibid.
[4] Ibid.
[5] Ibid.
[6] S.6012 - Chapter 20 of the laws of 2015.

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 below shows, in the first six years of the tax cap it is estimated that property tax payers saved approximately $23.0 billion cumulatively in school and county property taxes. Further, the tax cap is estimated to save taxpayers over $67.0 billion cumulatively over the first ten years of its implementation.**[7]

Comparatively speaking, the property tax cap has had the greatest effect on school district tax levies. Independent school districts statewide proposed an average tax levy increase of 1.69 percent for 2017-18 and the average proposed spending increase for the same year was 2.31 percent. That compares with average tax levy increases of 0.6 percent in 2016-17, 1.13 percent in 2015-16, 2.6 percent in 2014-15, 2.9 percent in 2013-14, and 1.5 percent in 2012-13.

School budget voting behavior has also undergone a change. For example, from 1969 to the year prior to the enactment of the tax cap, the average school budget passage rate is 84 percent. However, since the introduction of the tax cap in 2012, the average passage rate for school district budgets is over 98 percent including June re-votes.

In total, the 2017 school budget vote results show that 100 percent of all school budgets proposed passed in the State of New York. Of the 676 school budget votes, only five were defeated in their first vote. All of those budgets passed on the second vote and no district adopted a contingency budget.[8]



[7] Estimate based on a 30 year average levy increase statewide (6 percent). Empire Center Report May of 2015.
[8] http://www.p12.nysed.gov/mgtserv/votingresults/

If you examine the votes by whether or not the district stayed within the tax cap, the distinction is more marked. In FY 2018, 663 school districts proposed budgets with tax levies that were within their tax caps and required only a simple majority to pass. Of those districts, 662 or 99.8 percent saw their budgets pass. In total, thirteen districts had budgets with tax levies that exceeded the cap and required a 60 percent "supermajority" to pass. Of those districts, ten or 76.9 percent saw their budgets pass. In the prior year, there was a 77.8 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 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".

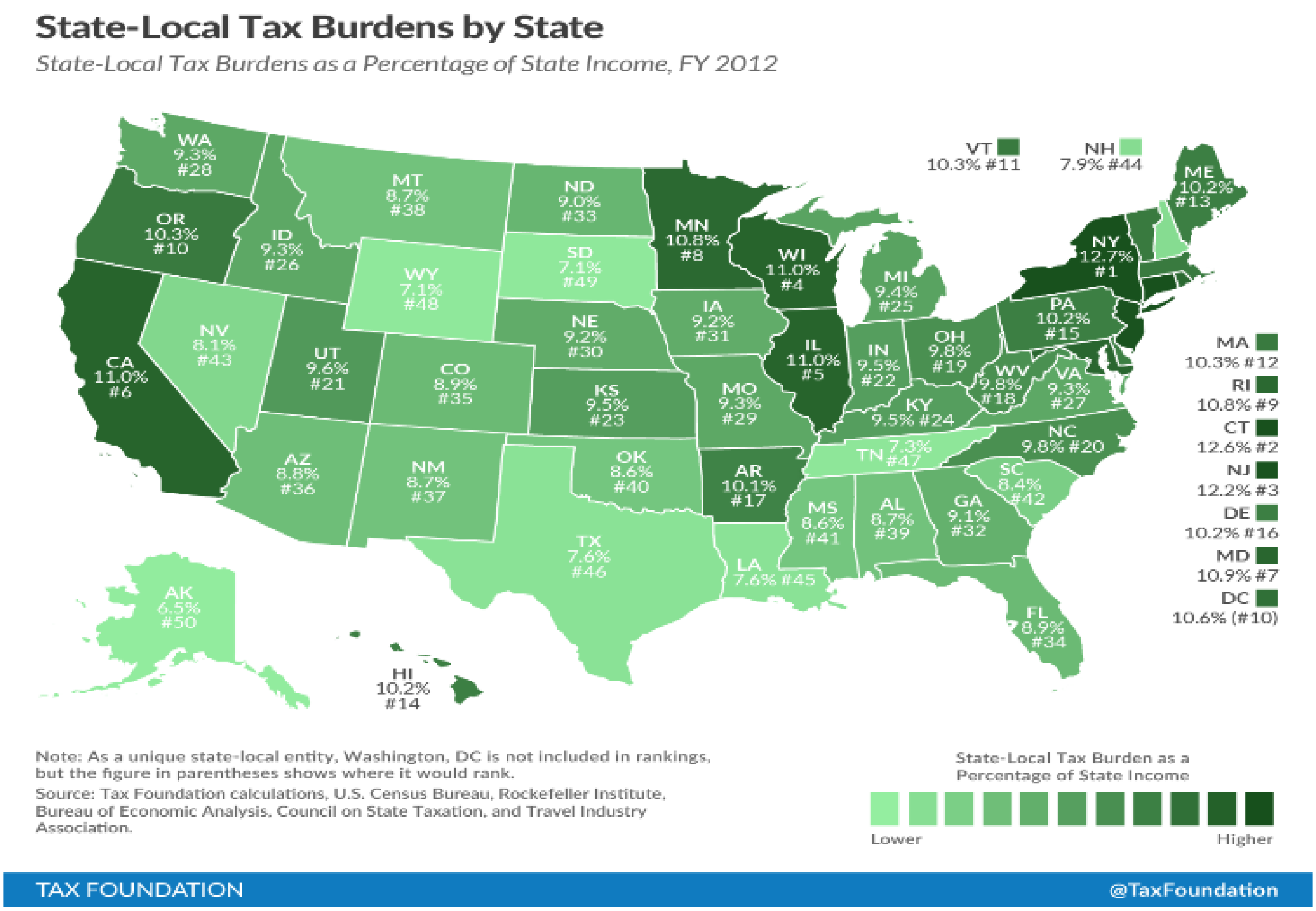
For Fire Districts and other districts which have their own taxing authority, they may override the "tax levy limit" upon the passage of a resolution approved by 60 percent of the controlling board's vote.

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[9]. 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[10].

[9] NYS Commission on Property Tax Relief. Final Report 2008.
[10] The Tax Foundation State and Local Tax burden 2010.



Massachusetts business tax climate ranking, of which property taxes is a significant factor, was 22 in 2018, far below its geographic peer states of Rhode Island (41), Connecticut (44), New York (49) and New Jersey (50). 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/Direct Property Tax Relief

Education Funding: The cap was only one part of the State's commitment to property taxpayers, school districts and local municipalities. Over the same six year period in which the property tax cap has been in effect the State has increased aid to school districts by over $5.9 billion or 31 percent. The rate of inflation over that same period was only seven percent.

The Executive proposes a FY 2019 general support for public schools aid increase of $769 million or three percent above FY 2018. 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 include:

- State takeover of the growth in the local share of Medicaid beginning in FY 2013, saving counties approximately $15.46 billion through FY 2019
- 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)
- A four-year moratorium on assumed amortization interest rates used to calculate Building Aid ($155 million in savings for over 500 school districts)
- Relief to various school districts facing penalties and exorbitant chargebacks ($4 million in savings)
- 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)
- Permitting school districts to use excess Employee Benefit Accrued Liability Reserve (EBALR) funds to maintain educational programs for five consecutive years (Up to $191 million in excess funds is available for districts to access)
- 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)
- An amnesty provision of five-year and ten-year extended building aid recovery terms for districts that have late filed final cost reports for building projects approved by SED prior to July 1, 2011
- An elimination for five years of the requirement for all districts statewide to perform annual visual inspections of all school buildings and submit documentation of the results thereon to SED
- Relief for 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 Relief Credit program.

Property Tax Freeze Credit: For tax years 2014, 2015, and 2016, the State froze 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. Approximately 2.8 million homeowners benefitted from the credit, receiving an average benefit of $536. The program provided over $1.5 billion in direct property tax relief over three years.

Property Tax Relief Credit: In the 2015 legislative session, Chapter 20 of the Laws of 2015 created the Property Tax Relief Credit. The credit 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 received a property tax relief check. Upstate homeowners received a flat $185 property tax relief credit check and downstate homeowners received a flat $130 relief credit check. Those checks were issued as advance refunds for the 2016 income tax year and were paid to eligible recipients beginning in the Fall of 2016.

After the first year, the property tax relief credit was designed to provide a credit equal to a percent of an eligible recipient's STAR savings with the utilization of income thresholds as follows:

STAR Property Tax Rebate Income Brackets

Bracket	Minimum	Maximum	Percent
1	$0	$75,000	28.0
2	Above $75,000	$150,000	20.5
3	Above $150,000	$200,000	13.0
4	Above $200,000	$275,000	5.5

Lower income brackets will receive a higher percent benefit based on their STAR program benefit or savings amount. Seniors who qualify for the enhanced STAR benefit will also receive the property tax relief credit checks over the four years of the program. Similarly, the credit for eligible Seniors is also calculated as a percentage of a homeowner's STAR benefit but without regard to their income. In addition, the previously enacted NYC circuit breaker credit was extended for four years ($85 million annually)

In the Fall of 2017, eligible homeowners began receiving the following benefit by region:

STAR Property Tax Rebate

Region	Fall 2017 AVG Check
Statewide	$179
Upstate	$138
Nassau	$246
Suffolk	$223
Downstate Suburbs	$264

In the Fall of 2018, eligible homeowners are projected to receive the following benefit by region:

STAR Property Tax Rebate

Region	Fall 2018 AVG Check
Statewide	$380
Upstate	$300
Nassau	$500
Suffolk	$470
Downstate Suburbs	$554

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.

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 $66,800 of the full value of a home from school taxes as of 2018-19 school tax bills (up from $65,500 in 2017-18)

NYC PIT

- Provides a personal income tax credit for NYC residents. The credit is limited to those individuals whose income is less than $250,000.

STAR exemptions only apply 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).

In FY 2018, the STAR benefits for eligible recipients across the state are estimated to exceed $3.5 billion. The current STAR program provides property tax exemptions to seniors ($960 million) and non-seniors ($1.78 billion) as well as a personal income tax credit for NYC residents ($342 million) and the Property Tax Relief Credit ($453 million). Since its enactment, the original STAR program has provided $65.6 billion in property tax relief to eligible senior and non-senior homeowners. The table below shows the savings provided to taxpayers over the history of the STAR program.

School Tax Relief Program Funding History (millions of dollars)

SFY	Basic	Enhanced	NYC	Rebates	Total
1998-99	$0	$497	$85	$0	$582
1999-00	$418	$576	$200	$0	$1,194
2000-01	$875	$587	$415	$0	$1,877
2001-02	$1,393	$597	$520	$0	$2,510
2002-03	$1,512	$612	$540	$0	$2,664
2003-04	$1,636	$643	$540	$0	$2,819
2004-05	$1,751	$676	$632	$0	$3,059
2005-06	$1,838	$683	$692	$0	$3,213
2006-07	$1,865	$759	$696	$674	$3,994
2007-08	$1,855	$748	$955	$1,099	$4,657
2008-09	$1,781	$710	$733	$1,212	$4,436
2009-10	$1,780	$715	$917	$2	$3,414
2010-11	$1,875	$760	$599	$0	$3,234
2011-12	$1,856	$808	$570	$0	$3,234
2012-13	$1,857	$842	$588	$0	$3,287
2013-14	$1,879	$867	$611	$0	$3,357
2014-15	$1,734	$930	$627	$0	$3,291
2015-16	$1,774	$943	$618	$0	$3,335
2016-17	$1,764	$953	$615	$414	$3,746
2017-18	$1,776	$960	$342	$453	$3,531
2018-19	$1,717	$929	$626	$957	$4,229
Total	**$32,936**	**$15,795**	**$12,121**	**$4,811**	**$65,663**

NEW YORK CITY PROPERTY TAX GROWTH

New York City Property Taxes - Overview

The property tax remains New York City's largest revenue source and it has traditionally provided between 42 percent and 45 percent of the City's overall tax revenues. Property tax receipts in New York City have continued to grow at more than the inflation rate. For City Fiscal Year (CFY) 2018, the property tax is expected to raise $25.8 billion, reflecting a one-year growth rate of 5.5 percent.

Tax levies in New York City are determined through a class share system designed to contain the tax burden on one to three family housing units in order to help encourage homeowners to remain in or move to New York City, and to 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, utilities, cooperatives, and condominiums.

The general property tax levy is the one major revenue source that New York City can set by itself without State approval. The two major components of how much revenue the property tax produces for the City are the tax rate and property assessments based on actual data or market trends.

A two-year period starting in 2007 was the only time during the last 35 years that the overall property tax rate was reduced. Action by the New York City Council ("Council"), the City's legislative body, is required to change property tax rates. For the last nine years, the weighted overall tax rate has remained at 12.283 percent. In CFY 2009, the City Council returned the rate to 12.283 percent from 11.483 percent largely in response to the "Great Recession."

While the overall citywide property tax rate has remained unchanged, tax levies can, and usually do, rise automatically based on yearly increases in assessments. Assessment increases are the primary reason that property tax revenues in New York City have been increasing at over a five percent rate since the real estate market began to recover in 2009. In addition, the tax rates for different types of properties change every year due to the City's class share system.

New York City Real Property Tax Assessment Classes

New York City evaluates its real property for tax assessment by utilizing 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 method by which each class is valued for assessment purposes varies by its primary use: for Class 1 it is "market value"; Class 2 and Class 4 are valued by net income; and Class 3 is valued at replacement cost (for the cables and easements) less depreciation for power plants and equipment.

Caps and Shares

While property is assessed each year and 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 1 is six percent each year and no more than 20 percent over five years. Class 2 is eight percent in one year and no more than 30 percent over five years. Class 3 and 4 have no cap, but there is a five-year phase-in for Class 4 increases). In addition, the ratio of market to assessed value can increase each year; for Class 1 it is set at six percent of market value, and for all other classes it is 45 percent. In addition, Class 1 and Class 2 increases have been further limited by enacted 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). This results in a smoothing of sorts that has resulted in the commercial classes (primarily classes three and four) bearing a larger and larger share of the property tax burden. The class shares system always must allocate 100 percent of the assessment between the four classes.

Current Class Shares

- Class 1: Set at 46.6 percent of total market value, but its tax levy is 14.9 percent of the total levy
- Class 2: Set at 24.1 percent of total market value, but these payers bear a 37.3 percent share of the tax levy
- Class 3: Represents 3.1 percent of the total market value, but the class is assessed a 5.9 percent share of the tax levy
- Class 4: Represents 26.2 percent of the total real estate market value, but assessed at 41.9 percent share of the levy

It is worth pointing out that, for the first time, in CFY 2017 Citywide property market values for all classes surpassed $1 trillion.

Current and Projected Growth of New York City's Property Taxes

For CFY 2018, which ends on June 30, 2018, the latest estimates from the NYC Department of Finance (DoF) forecasts the property tax will generate $25.812 billion or 45 percent of New York City's total tax revenues. This estimate would result in a 5.5 percent growth of property tax receipts over CFY 2017's collection of $24.475 billion.

Going forward, for CFY's 2019, 2020 and 2021, the Mayor's Office of Management and Budget (OMB) estimates that property taxes will generate $27.748 billion, $28.810 billion and $29.930 billion, respectively. These increases would result in an average annual growth rate of 5.1 percent.

The DoF's recently released final assessment roles for CFY 2018 shows a continuation of the upward trend. According to DoF, the full market value of property in the City increased by 7.98 percent, taxable assessed value increased by 7.22 percent, and taxable billable value increased by 7.60 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 largest government burden placed on their efforts to create jobs, invest, grow, and continue producing in New York State. The Executive has acknowledged the burden of property taxes, both upstate and downstate.

The Executive's 2015 State of the State - New York Opportunity agenda noted that the property tax is an impediment to economic growth. "The No. 1 business tax is the property tax. The highest tax we collect in the state of New York is the property tax," according to the Executive. 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." Similarly, the Executive repeated this message in his 2017 State of the State, noting, "The property tax is the most burdensome tax to homeowners and business owners in every part of the state, inhibiting their ability to grow and contribute to our economy."

The problem may be even more pressing today. In his 2018 State of the State address, the Executive notes that while the local property tax has been an obstacle to growth, with the elimination of the federal income tax deduction for state and local taxes (SALT), it is an "economic cancer."

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 major reason 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 lesser of two percent or the rise in the Consumer Price Index (CPI). The Senate Republican Conference has calculated that the Property Tax Cap has saved taxpayer $23 billion through FY 2018.

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 a rebate of up to $400 to 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. It is difficult to argue against the position that this cap aided the world's greatest city in its economic recovery.

In view of the recent federal changes that limit the deductibility of state and local taxes, this may be an opportune time to finally revisit the decision to exempt New York City from the property tax cap guidelines that have so benefitted taxpayers everywhere else in the State. It seems undoubtedly clear that if the City had been held to the same tax policy as the rest of New York, the tax burden, especially on businesses sectors such as manufacturing and high technology, which are essential for a strong value added economy, would be significantly less. In addition, New York City's, and by extension the entire State's, reliance on the financial and legal services industries to provide the quality of life all New Yorkers deserve, could be extended to other high value sectors, thereby providing greater stability and opportunities for economic growth.

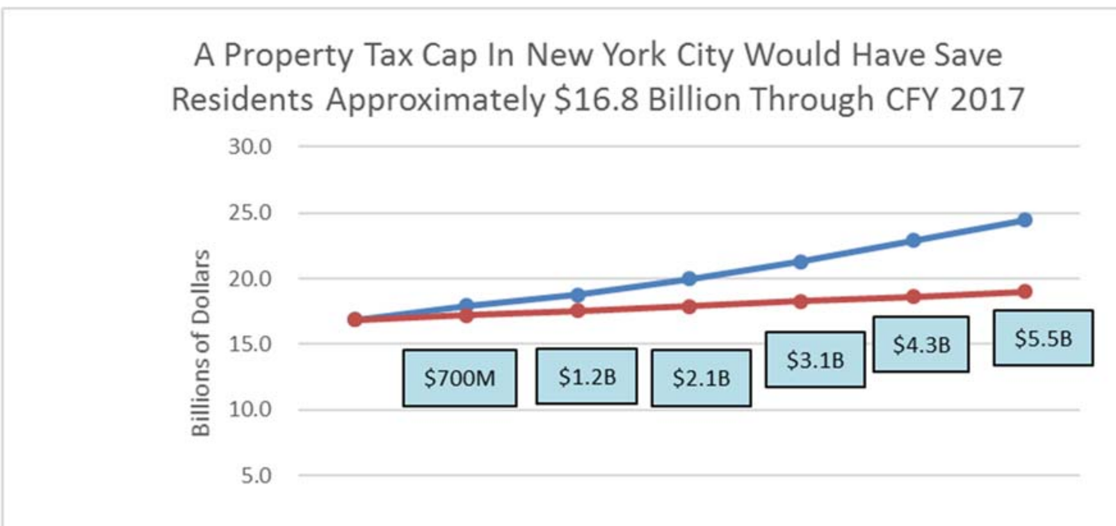
In addition, the real estate industry in New York City has come to rely heavily on certain tax abatement programs, such as the renewed 421-a program (now called Affordable New York) to somewhat offset the high property taxes on commercial properties. Limiting the growth of rising property taxes leads to the reasonable assumption that more housing stock of every type would be constructed or rehabilitated in the City without as much reliance on exemptions and abatements.

While the property tax is New York City's largest tax revenue, the City also collects a significant personal income tax. For CFY 2018, the City expects to collect $11.8 billion from its personal income tax, $800 million or seven percent more than in CFY 2017. For perspective, the City forecasts that it will collect a total of $56.6 billion in taxes in CFY 2018, including $25.8 billion in property taxes, or 3.5 percent more than last year.

Between fiscal years 2010 and 2017, New York City property tax revenues have increased by a total of $9.6 billion, or an average annual gain of six 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 $10.5 billion less through CFY 2018.

Such a significant level of tax savings might have encouraged the construction of greater amounts of affordable and supportive housing, as well as attracted 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, homeowners and business in New York City would actually see their tax rates fall under the property tax cap. Since the recent federal tax law changes place New York at a competitive disadvantage against states with lower taxes, this may be an appropriate time to reconsider whether New York City should be required to comply with the State's tax cap.



	2011	2012	2013	2014	2015	2016	2017
Property Tax	16.9	17.9	18.8	20.0	21.3	22.9	24.4
Property Tax @ 2%	16.9	17.2	17.5	17.9	18.3	18.6	19.0

FOUNDATION AID

History of Foundation Aid

First enacted in the FY 2008 State Budget, Foundation Aid is the largest unrestricted source of state aid provided to 674 public school districts in New York State. It represents almost 70 percent of all formula based state aid provided annually. 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 $17.2 billion in FY 2018, for a 37 percent increase, far outpacing the 20 percent rate of inflation over the same time period.

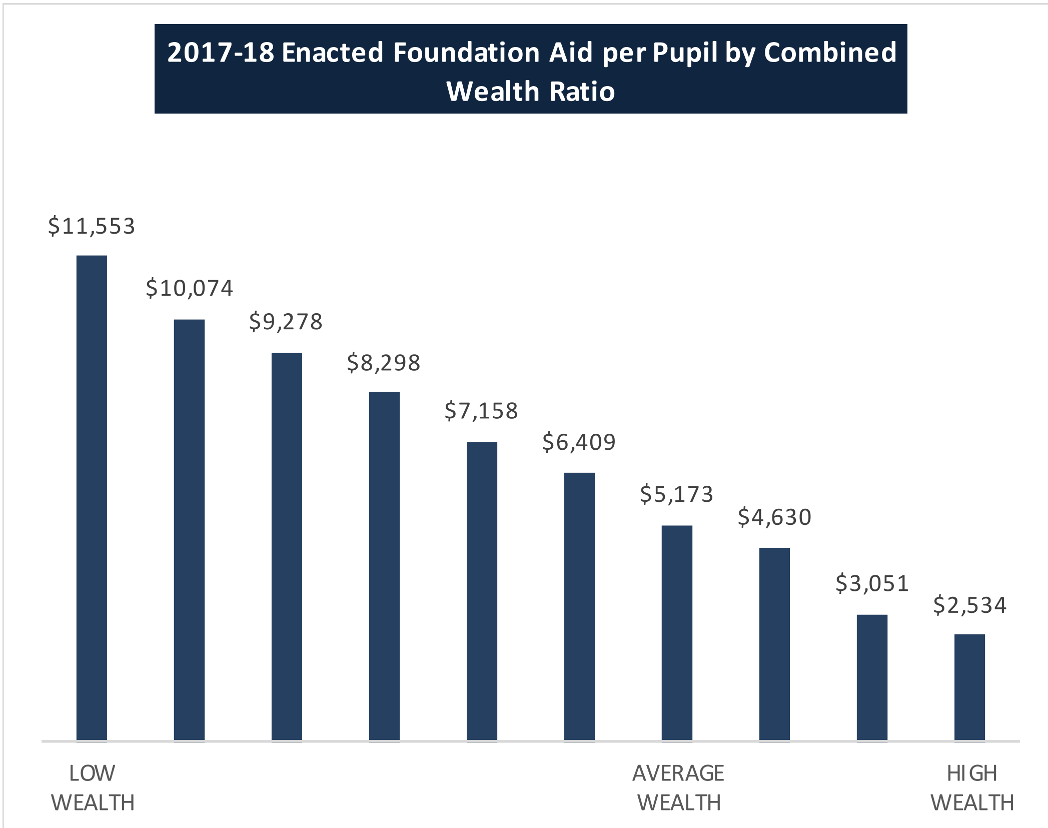
When Foundation Aid was first enacted, there was an expectation that school districts would receive full funding under the formula after a four year phase-in. The formula represented a desired amount of Foundation Aid for each public school district and is based on educational research and data analysis 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. 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 3.7 percent a year since FY 2013 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 State has provided a Foundation Aid increase of over $4.6 billion or 37 percent since its enactment in 2007.
- In 2017-18, high need districts received $12.3 billion or 72 percent of total Foundation Aid.
- The Foundation Aid formula is progressive. Low wealth-high need districts receive a greater amount of Foundation Aid per pupil compared to high wealth-low need districts.

The Foundation Aid formula is progressive. The distribution of Foundation Aid per pupil has an inverse relationship to district wealth. Districts that have the least amount of wealth generate the highest amount of Foundation Aid per pupil. School districts with the greatest amount of wealth generate the least amount of Foundation Aid per pupil. The Enacted Foundation Aid chart below shows the average amount of Foundation Aid per pupil measured by wealth deciles (Combined Wealth Ratio or CWR) in the enacted FY 2018 Enacted State Budget:



School districts included in the low wealth decile have low fiscal capacity and high need and as a result, they receive the greatest amount of Foundation Aid per pupil. Conversely, school districts included in the high wealth decile have greater fiscal capacity and low need and they receive the least amount of Foundation Aid per pupil.

2018-19 Executive Budget

The Executive has proposed a multi-tiered Foundation Aid formula that maintains the phase-in concept of calculating an aspirational funding target with annual phase-in amounts designed to reach the target. Two tiers provide aid to districts based on student need and local fiscal capacity

- The Executive has proposed a Foundation Aid increase of $337.6 million.
- High need school districts would receive $275 million or 81.4 percent ($175/pupil) of the total Foundation Aid increase.
- The minimum Foundation Aid increase is .0025 or one quarter of one percent.

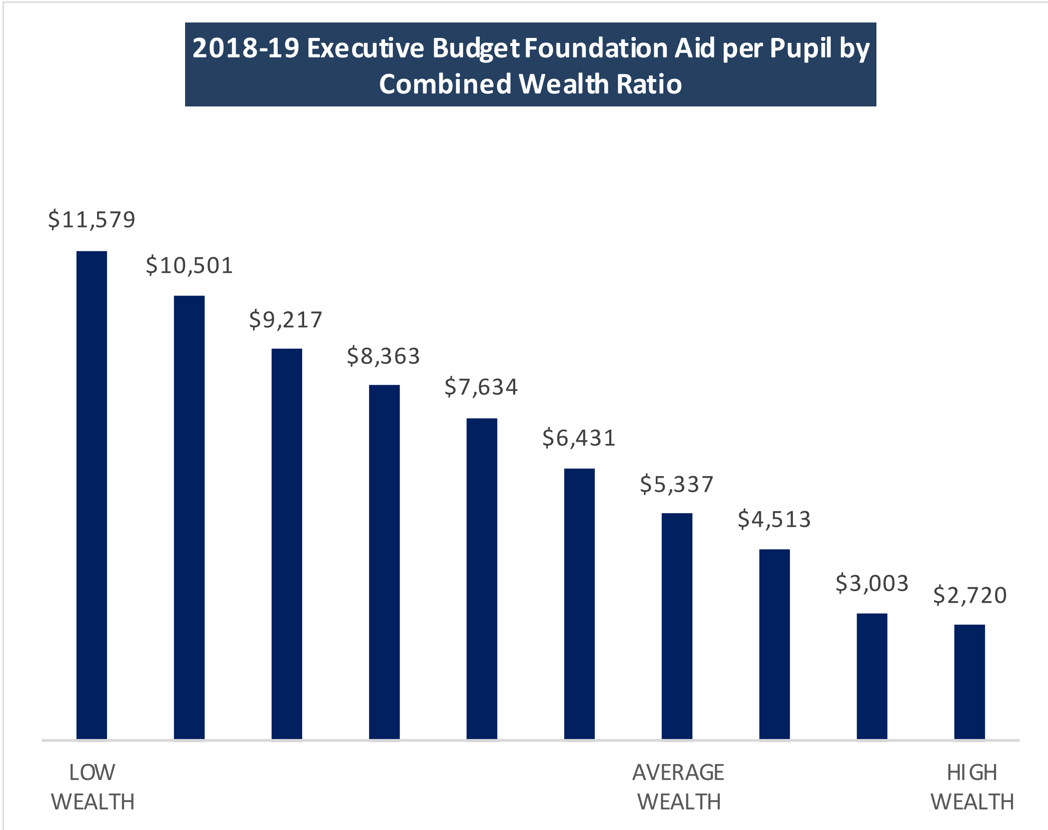
while a third tier provides a .25 percent minimum increase to all districts. Districts would receive the greater amount of these tiers which provide over $287 million as a base increase. Lastly, the Executive provides a Community Schools increase of $50 million which is a set aside within the Foundation Aid formula for a total FY 2019 increase of $337.6 million. The Executive has also proposed increasing the minimum Community Schools increase from $10,000 in 2017-18 to $75,000 for 2018-19. Language is also provided by the Executive which restricts the use of the Community Schools increase. Consistent with prior years since its enactment, the formula is also save-harmless so no district would receive less than they received in the prior year. For the most part, many of the data factors from prior year formulas are still used and are, in fact, updated to reflect current measures in arriving at calculations.

The Executive Budget provides over $17.5 billion in Foundation Aid for an increase of $337.6 million or 1.97 percent for the 2018-19 school year. Further, **all** school districts show an increase on the state aid run with no district projected to receive less than a .25 percent (one quarter of 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, $275 million or 81.4 percent of the proposed Foundation Aid increase is provided to high need districts, $58.2 million or 17.2 percent is provided to average need districts, and $4.5 million or 1.3 percent is provided to low need districts.
- On a per pupil basis, the Executive has proposed a $175 Foundation Aid increase per pupil for high need districts, a $78 increase per pupil for average need districts, and a $12 increase per pupil for low need districts.
- When looking strictly at relative wealth as measured by a district's Combined Wealth Ratio, 98.4 percent of the proposed Foundation Aid increase is provided to below average wealth districts including New York City.

Consistent with the concept of progressive funding shown in the Enacted Foundation Aid Chart, the Executive Budget Foundation Aid chart on the following page shows the average amount of Foundation Aid per pupil measured by wealth deciles (CWR) in the 2018-19 Executive Budget:

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 Foundation Aid per pupil in deciles three and eight are attributed to increased enrollment. Further, it should be noted that while average Foundation Aid per pupil in deciles three and eight are less compared to FY 2018, the Executive has still proposed year over year increases in Total Foundation Aid for all districts statewide.


2018-19 Executive Budget Foundation Aid per Pupil by Combined Wealth Ratio
$11,579
$10,501
$9,217
$8,363
$7,634
$6,431
$5,337
$4,513
$3,003
$2,720
LOW WEALTH
AVERAGE WEALTH
HIGH WEALTH

CHARTER SCHOOLS

Charter Schools in New York State

The New York State 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 37 more have been approved and are scheduled to become operational in 2017-18 or thereafter.

Pursuant to Chapter 20 of the Laws of 2015, New York State may 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. Based on this cap, there are 153 charters remaining that may be issued statewide including a limit of 27 charters that may be issued in New York City.

- There are 267 charter schools currently operating in New York State with another 37 scheduled to become operational in 2017-18 or thereafter.
- 248 or almost 82 percent of all charter schools in operation or soon to be in operation are located in New York City.
- Charter schools are projected to educate 139,394 pupils in the 2017-18 school year.

Enrollment Trends

In the past five years, the enrollment and resulting demand for Charter Schools has remained strong, particularly in New York City where most Charter Schools are located. The table below shows the five year increase of enrollment in Charter Schools in both New York City and Statewide:

NEW YORK STATE CHARTER SCHOOL ENROLLMENT

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	INCREASE
NYS	77,956	91,927	106,353	117,619	128,784	139,394	79%
NYC	58,493	71,422	84,179	94,334	103,908	113,064	93%

Charter school enrollment has increased 79 percent statewide and 93 percent in New York City since SY 2013. In addition to the growth in enrollment, there are thousands of children who remain locked out of seats on wait lists hoping for new Charter School slots to become available. In New York City alone, an estimated 47,800 or 65.5 percent of all Charter School applicants were on wait lists in 2017-18.[1]

[1]NYC Charter School Center Survey & Analysis, May 2017

Charter School Basic Tuition Funding Formula

Charter School basic tuition has historically been calculated on a per pupil dollar basis that is equal to a public school district's approved operating expenses (AOE) per pupil in the year prior to the base year with an adjustment that reflects the statewide percentage change in AOE over the prior two-year period. 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.

For seven years, Charter School basic tuition was frozen at 2010-11 levels. In an effort to address basic tuition rates that were flat funded for so many years, the State authorized an additional amount of supplemental basic tuition for three years beginning in 2014-15.

With the freeze on Charter School basic tuition due to sunset at the end of 2016-17, the State amended the formula to consolidate Charter School basic tuition and supplemental basic tuition to more closely align future Charter School basic tuition with the resident student school district's AOE as it was originally intended. Further, the State also included a provision whereby Charter School basic tuition will once again be adjusted to reflect multi-year increases in public school district spending, in effect providing an annual inflationary adjustment. Lastly, the State also enacted a provision to continue the reimbursement to public school districts for the full cost of supplemental basic tuition.

The Executive proposes to continue the reimbursement for supplemental basic tuition for Charter Schools outside of New York City. The Executive also includes a new $22.6 million appropriation for New York City Charter Schools to be distributed on a per pupil basis in the 2018-19 school year.

Charter School Transitional Aid

Since 2007-08, the state has provided financial support to public school districts with large concentrations of Charter School students. In 2018-19, 25 public school districts are projected to receive $48.4 million in Transitional Aid for Charter School Payments to help offset the costs of Charter School basic tuition incurred by these districts.

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 2018 Enacted Budget amended previous laws enacted in FY 2015 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 was increased by ten percent in FY 2018 and is now calculated in statute to be the lesser of the actual cost of renting private space or 30 percent of a Charter Schools basic tuition in the current year adjusted for enrollment.

The Executive proposes to increase support for new and expanding Charter Schools in New York City by aligning facilities reimbursement to capture more accurate costs of occupying Charter School space.

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.

Charter Schools are intended to operate with fewer constrictions and bureaucracy than traditional public schools. Through these regulations the SUNY Board of Trustees have an opportunity to provide greater flexibility, thereby enabling these schools to continue their record of being some of the highest achieving schools in the State. This regulatory authority was, among other purposes, intended to allow Charter Schools to employ a greater number of teachers that are not certified, but who meet other rigorous criteria. Charter Schools were previously allowed to employ up to 15 uncertified teachers.

This additional flexibility was designed to target a critical teacher shortage that these schools face in the areas of Science, Technology, and Mathematics. Responding to this shortage in early October 2017, the SUNY Charter Schools committee, approved a plan to allow high-performing SUNY authorized Charter Schools to certify their own teachers. Only Charter Schools authorized by SUNY that have a proven record of success can gain teacher certification under the new regulations. Such Charter Schools can now submit a proposed certification program to the SUNY Charter Schools Institute, which would approve or deny the program within 120 days.

Chapter 73 of the Laws of 2016 also allowed Charter Schools a one year window during which they could change their authorizing entity. Authorizers play a critical role for Charter Schools by renewing their charter every five years. Having an authorizer that is supportive and eager to help the school serve students at the highest level possible is critical to the success of these schools.

The Executive proposal does not make any changes to these provisions. As new issues arise in the future for Charter Schools, this regulatory authority gives the SUNY Charter Schools Institute the ability to deal with them and ensure Charter Schools continue to play a unique role in the realm of public education.

COLLEGE AFFORDABILITY

New Scholarships

The FY 2018 Enacted Budgeted included three new scholarships, appropriating an additional $142 million in financial aid to college students. These were the Excelsior Scholarship, Enhanced Tuition Award, and Part-Time Scholarship.

> Three Programs Created in FY 2018 Budget Entering Second Year of Implementation
> - Excelsior Scholarship, projected to increase from $94 million to $118 million
> - Enhanced Tuition Award, projected to increase from $6 million to $23 million
> - Part-Time Scholarship for community college students, held flat at $3.1 million

Excelsior Scholarship

The Excelsior Scholarship covers tuition costs for eligible students at SUNY and CUNY. To be eligible students must meet the following criteria:

- Have an adjusted gross income (AGI) of $100,000 in Academic Year (AY) 2017-18 (increases to $110,000 in AY 2018-19, and $125,000 in AY 2019-20 and beyond)
- Complete 30 credits per year
- Be a student in good standing and on track to graduate on-time
- Graduate from a New York High School
- Meet Federal citizenship requirements

Students receiving the award are also required to live and work in New York for the same number of years that they receive the award, otherwise it will convert into a loan. As a "last dollar" program, the award is only applied after all other financial aid is calculated. If a student receives other aid such as a Federal Pell Grant award or academic award, their Excelsior Scholarship is reduced by a corresponding amount. It may only be applied to tuition, and does not cover institutional fees, books, housing, or other costs associated with attendance.

Participants receive a $5,500 award from the State, with SUNY and CUNY required to waive any outstanding tuition balance. The State then reimburses SUNY and CUNY for lost tuition revenue at the AY 2017 tuition rate. The systems must cover the difference between the actual tuition rate and the AY 2017 tuition rate of $6,470. For example, SUNY tuition in AY 2018 is $6,670 and will increase to $6,870 in AY 2019 and is projected to increase to $7,070 in AY 2020. However, in each year the State will reimburse the systems $970, or the difference between $5,500 and the AY 2017 tuition rate of $6,470, regardless of any tuition increases.

This rate will reset every four years, with the State making payments equal to the rate of tuition again in AY 2022.

A total of 22,900 students will receive Excelsior Scholarships in the current academic year, with a total cost of $94 million. This exceeds the appropriated amount of $87 million. Usage is projected to increase to 27,000 students receiving $118 million in benefits in AY 2019. The Executive budget would appropriate $118 million to accommodate this forecast.

Enhanced Tuition Scholarship

The Enhanced Tuition Award (ETA) was included in the FY 2018 Enacted Budget for students attending not-for-profit, private institutions. Students must meet the same income and academic eligibility standards as with the Excelsior Scholarship to participate. Eligible students receive $3,000 from the State, with their institution providing a matching award, generating a total benefit to the student of $6,000. Additionally, a student cannot have their tuition raised during their participation in the program. Schools have the option of participating in the program, as well as limiting the number of their students that participate to manage scholarship dollars. In the first year, 29 of 96 eligible institutions opted into the program.

A total of 4,500 students will participate in the ETA program in the current academic year, with a total State cost of $6.4 million. This is less than the $19 million appropriated for the program. Participation is projected to increase to 16,000 students receiving $23 million in AY 2019, and the Executive Budget would appropriate $23 million to match this need.

Part-Time Scholarship

Also included in the FY 2018 Enacted Budget was a Senate initiative to assist part-time students at community colleges who were ineligible for the Excelsior Scholarship. These part-time students could receive up to $1,500 per semester for up to two years provided they maintain a G.P.A. of 2.0 and complete at least six and no more than 11 credits per semester. An appropriation of $3.1 million was made in FY 2018 to support creation of the program.

Differences in Implementation

Regulations for the Excelsior and ETA scholarships were approved by the Higher Education Services Corporation (HESC) Board in May of 2017. While the Excelsior Program application opened on June 7, students were not able to apply for ETA until July 7. The difference, combined with administrative hurdles in determining which students on each campus would be eligible, led to Excelsior students being informed of their eligibility much earlier than ETA recipients.

The enacting language of both programs contained a provision for a lottery to determine award recipients if there were more applicants than could be covered within appropriated amounts. Although the regulations regarding the ETA scholarship provided for such a lottery, there was no parallel lottery placed on Excelsior. While students could be denied the ETA scholarship if an insufficient amount is appropriated, this is not the case for Excelsior recipients.

The Part-Time Scholarship has yet to be implemented as HESC is still formulating the regulations that would govern disbursements. Language prescribing a lottery system was also included should the program receive more applications than the appropriation can support. The Executive Budget would appropriate an additional $3.1 million in FY 2019 for the program.

Additional Financial Aid Programs

Tuition Assistance Program (TAP)

In addition to the programs enacted in FY 2018, HESC operates several other financial aid programs. The largest is TAP, which will provide a projected $929 million in assistance to 276,000 students in AY 2019. This is an increase of $6.2 million over the current year. Recipients must be full-time students at either public or private institutions with a maximum income of $80,000 net taxable income (NTI) for dependent students, and $35,000 for independent students. As with all New York State financial aid program, recipients must also be documented citizens and have graduated from a New York high school.

TAP awards range from $500 to $5,165 based on income level. State law requires SUNY and

CUNY to provide the difference between $5,165 and the cost of tuition for any student eligible for the maximum TAP award, allowing the student to attend-tuition free. Institutions are not reimbursed for this benefit. SUNY will provide a benefit of $65 million this year to TAP recipients, and CUNY will provide a benefit of $59 million.

TAP is operated as an "as of right" program, guaranteeing a benefit to any student who qualifies.

Other Existing Programs

The STEM (Science, Technology, Engineering, and Science) scholarship, which covers tuition for students in a recognized STEM program, was established in AY 2015. The first freshman cohort to receive the award will graduate in AY 2018, and a projected 2,113 students will receive $12.9 million in AY 2019. Students must attend a SUNY or CUNY school, graduate within the top ten percent of their high school class, and agree to live and work in New York in a STEM field for five years after graduation.

The Get on Your Feet Loan Forgiveness Program was established in FY 2016. The program covers federal student loan payments for graduates of New York institutions for two years. Participants must earn less than $50,000 annually and participate in the Pay As You Earn Federal repayment program. A projected 3,401 graduates will receive a benefit of $4.5 million in AY 2019.

A number of scholarships are also available recognizing service and sacrifice. These include:

- Veterans Tuition Awards
- Regents Awards for Children of Deceased and Disabled Veterans
- Memorial Scholarship for Families of Deceased Firefighters, Volunteer Firefighters, Police Officers, Peace Officers, and Emergency Medical Service Workers
- NYS World Trade Center Memorial Scholarship
- American Airlines Flight 587 Memorial Scholarship
- Flight 3407 Memorial Scholarship

The State also operates a number of financial aid programs to encourage participation in specific occupations. Loan forgiveness programs for physicians, nursing faculty, social workers, district attorneys, young farmers and child welfare workers are all available for individuals who graduate from New York Higher Education institutions and agree to work in a specific field/area for a specified number of years.

The total cost of these scholarships, loan forgiveness programs and awards (not including TAP, Excelsior, or ETA) is projected to be $73 million in AY 2019.

STATE INFRASTRUCTURE AND SETTLEMENT FUNDS

Overview

The FY 2019 Executive Budget continues funding for the approximately $100 billion multi-year Capital and Infrastructure Investment Plan (The Plan), including existing, new and future projects. These infrastructure projects include anticipated funding, not just from the State, but from federal, private and other investors as well.

Infrastructure Update

MTA 2015-2019 Capital Plan - $29.9 Billion

The FY 2019 Executive Budget recommends continued and incremental funding for the Metropolitan Transportation Authority (MTA) **$29.9 billion multi-year (2015-2019) capital program.** The MTA Capital Program is funded from multiple sources, New York State has committed $8.3 billion to the five-year program, and the City of New York has pledged $2.5 billion. Effective July 2017, the MTA Capital Program Review Board (CPRB) approved a capital plan of $29.5 billion. The remaining $428 million represents New York State's share of the MTA Subway Action Plan, advanced in the FY 2019 Executive Budget.

Major Components of $100 Billion Infrastructure Plan

- $29.9 Billion MTA Capital Plan
- $29.2 Billion Roads and Bridges
- $20.0 Billion Housing
- $2.5 Billion Clean Water
- $2.6 Billion Hospital Restructuring

MTA Subway Action Plan

The FY 2019 Executive Budget recommends $428 million in aid to support the MTA Subway Action Plan; $254 million in operating and $174 million in capital.

Operating aid of $254 million partially funds New York State's half of the plan, which would address system failures and delays that are currently impacting New York City's subway system. The $254 million would be derived from a one-time subsidy of $194 million from extraordinary monetary settlements and $60 million made available through the accelerated transfer of Payroll Mobility Tax revenue to the MTA (discussed further in the Summary of Agency Spending for Transportation).

In addition, the Executive proposes to allocate $174 million in new capital funding to the MTA. This would constitute the State's total commitment to the MTA Subway Action Plan.

Further details on the MTA Capital Plan can be found in the "Transportation Capital Plans" Issues In Focus Section.

Roads and Bridges - $29.2 Billion

The FY 2019 Executive Budget recommends continued and incremental funding for the **$29.2 billion multi-year capital plan (2016-2020)** to preserve and upgrade roads, bridges and other transportation infrastructure. The plan allocates over $27 billion for statewide DOT projects and $2 billion for Thruway Stabilization funding.

For further details on both the MTA and DOT Capital Plans please refer to the "Transportation Capital Plans" Issues in Focus section.

Affordable Housing - $20 Billion

The Executive proposes the second installment of $2.5 billion in capital funding to support the five year $20 billion affordable housing initiative to expand the housing stock for homeless and economically disadvantaged individuals. The goal of the program is to create 100,000 new affordable housing units and 6,000 supportive housing units.

Clean Water - $2.5 Billion

The Infrastructure plan includes $2.5 billion for the Clean Water Infrastructure Act which funds upgrades for clean water and drinking water systems, and source water protections. This was agreed upon as part of the FY 2018 Enacted Budget and is funded by bonded capital proceeds.

Hospital Restructuring - $2.6 Billion

The Plan multi-year plan includes $2.6 billion in capital ($1.2B authorized in 2015 and $1.4B authorized in 2016) for hospital restructurings such as mergers, consolidations, acquisition and other corporate restructuring activities.

Other Infrastructure - $27 Billion

The Gateway Tunnel and airport modernization projects are outside the scope of either the MTA or DOT capital plan and are projected to exceed $27 billion. This would increase the overall magnitude of the infrastructure investments to more than $110 billion. According to the Executive, the $100 billion number is a soft estimate and could increase substantially.

Gateway Tunnel Project - $13 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 $13 billion project to build a new rail tunnel. Under the agreement for the Gateway Tunnel Project, the federal government would pay $7 billion, or half the estimated cost, and New York and New Jersey would each pay $3 billion or approximately 25 percent. The project would revitalize the existing tunnels and add a new, two-track tunnel under the Hudson River.

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.

In the past, the Executive has 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.

REDC Round VIII - $750 Million

The Executive recommends $750 million for Regional Economic Development Council initiatives (REDC) – Round VIII. 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 resources for the remaining balance.

Downtown Revitalization Initiative - $100 Million

The FY 2018 Executive Budget includes $100 million in capital funding for a third round of the Downtown Revitalization Initiative, which would award another ten communities $10 million each. It would be payable to local governments and other municipal entities for capital and expenses related to transformative housing, economic development, transportation and community projects including those designed to increase the property tax base.

Design Build

The FY 2019 Executive Budget includes legislation to expand the provisions of the Infrastructure Investment Act (design-build) to include the New York State Dormitory Authority (DASNY), the Urban Development Corporation (UDC), the Office of General Services (OGS), the Department of Health (DOH) and the New York State Olympic Regional Development Authority (ORDA). The asset class would also be expanded to include State infrastructure (such as buildings and other vertical structures). Currently design build is mostly restricted to horizontal infrastructure (such as roads and bridges).

The following agencies/authorities are authorized to use design-build:

- Department of Environmental Conservation
- Department of Transportation
- New York State Bridge Authority
- Office of Parks, Recreation and Historic Preservation
- New York State Thruway Authority

For further detail please refer to the section summarizing the Executive Budget Article VII bills (S.7508, Part R).

Settlement Update

New York State has received approximately $10.7 billion in monetary settlements with banks, insurance companies and auto makers. Of this amount, $7.8 billion has been appropriated from capital projects funds as indicated in the table entitled "Use of Settlement Proceeds".

The FY 2016 and FY 2017 Enacted Budgets included $8 billion in commitments divided between capital ($6.5 billion) and non-capital ($1.5 billion) investments. The FY 2018 Enacted Budget allocated $2 billion of settlement funds. The accompanying tables list the source and allocations of these funds.

Settlement Overview	
Approved Use of Settlements	**(10,000)**
Capital Investments	(7,715)
Over-payment of Federal Medicare/Medicaid Revenues	(850)
Financial Plan Support (FY 2015 - FY 2018)	(1,089)
CSX Litigation Payment	(76)
Reserve For Retroactive Labor Settlements	(155)
Dept. of Law Litigation Services	(100)
Local Assistance Transfer - Mass Transit, Operating	(10)
FY 2016 Transfer to Support OASAS Chemical Dependence Program	(5)
Proposed Use of Available Settlements	**(702)**
Capital Investments	(125)
MTA Operating Aid	(194)
Financial Plan Support (FY 2019)	(383)
Total	**(10,702)**

The proposed use of the remaining $702 million in settlement funds includes $125 million for capital projects and $194 million for MTA operating aid and $383 million for FY 2019 Financial Plan support.

Health Care Facility Transformation Program. The 2019 Executive Budget includes an additional $425 million ($300 million in bonded capital and $**125 million from settlement proceeds** to support these activities.

The Executive proposes to allocate **$194 million to the MTA as operating aid** that would be used to partially fulfil New York State's commitment to subsidize half the cost of the **MTA subway action plan.**

The remaining $383 million would be used for general Financial Plan support.

Source of Settlement Proceeds					
	FY 2015	FY 2016	FY 2017	FY 2018	Total
BNP Paribas	2,243	1,348	-	350	3,941
Deutsche Bank	-	800	444	-	1,244
Credit Suisse AG	715	30	-	135	880
Commerzbank of Germany	610	82	-	-	692
Barclays	-	670	-	-	670
Credit Agricole	-	459	-	-	459
Bank of Tokyo Mitsubishi	315	-	-	-	315
Bank of America	300	-	-	-	300
Standard Chartered Bank	300	-	-	-	300
Goldman Sachs	-	50	190	-	240
Morgan Stanley	-	150	-	-	150
Bank Leumi	130	-	-	-	130
Ocwen Financial	100	-	-	-	100
Citigroup (State Share)	92	-	-	-	92
MetLife Parties	50	-	-	-	50
American International Group	35	-	-	-	35
PricewaterhouseCoopers	25	-	-	-	25
AXA Equitable Life Insurance Company	20	-	-	-	20
Promontory	-	15	-	-	15
New Day	-	1	-	-	1
Volkswagen	-	-	32	33	65
Mega Bank	-	-	180	-	180
Agricultural Bank of China	-	-	215	-	215
Intesa San Paolo	-	-	235	-	235
PHH Mortgage	-	-	28	-	28
Habib Bank	-	-	-	225	225
Cigna	-	-	-	2	2
Western Union	-	-	-	60	60
Other Settlements (TBD)	7	-	(7)	33	33
Total Sources	**4,942**	**3,605**	**1,317**	**838**	**10,702**

**Amount may very due to rounding*

Use of Monetary Settlements - By Project					
	FY 2016 Enacted Budget	FY 2017 Enacted Budget	FY 2018 Enacted Budget	FY 2019 Executive Budget	Four-Year Total
Capital					
Thruway Stabilization Program	1,285.0	700.0	-	-	1,985.0
Upstate Revitalization Initiative	1,500.0	170.0	-	-	1,670.0
Health Care	355.0	-	200.0	125.0	680.0
Affordable and Homeless Housing	-	640.0	-	-	640.0
Broadband Initiative	500.0	-	-	-	500.0
Buffalo Billion Phase II	-	-	400.0	-	400.0
Life Sciences	-	-	320.0	-	320.0
MTA Capital Plan (Penn Station Access)	250.0	-	65.0		315.0
Municipal Restructuring / Downtown Revitalization	150.0	20.0	100.0	-	270.0
Security and Emergency Response FY 2018	150.0	-	100.0	-	250.0
DOT Capital Plan Contribution	-	200.0	-	-	200.0
Long Island Transformative Projects	150.0	-	-	-	150.0
Environmental Protection Fund	-	120.0	-	-	120.0
Upstate Infrastructure and State Fair	115.0	-	-		115.0
Other Economic Development Projects	-	85.0	-	-	85.0
Southern Tier and Hudson Valley Farmland	50.0	-	-	-	50.0
Empire State Poverty Reduction Initiative	-	25.0	-		25.0
Non MTA Transit	-	-	20.0		20.0
Community Health Care Revolving Loans	19.5	-	-	-	19.5
Roswell Park Cancer Institute	15.5	-	-	-	15.5
Behavioral Health Care Grants	10.0	-	-	-	10.0
Subtotal Capital	**4,550.0**	**1,960.0**	**1,205.0**	**125.0**	**7,840.0**
Non-Capital					
Federal Audit Disallowance	850.0	-	-	-	850.0
Financial Plan Support	526.0	102.0	461.0	383.0	1,472.0
MTA Operating Aid	-	-	-	194.0	194.0
Local Assistance Transfer - Mass Transit Operating	-	-	10.0	-	10.0
Dept. of Law Litigation Services	10.0	63.0	27.0	-	100.0
OASAS Services	5.0	-	-	-	5.0
CSX Litigation Payment	-	-	76.0	-	76.0
Reserve For Retroactive Labor Settlements	-	-	155.0	-	155.0
Subtotal Non-Capital	**1,391.0**	**165.0**	**729.0**	**577.0**	**2,862.0**
Total	**5,941.0**	**2,125.0**	**1,934.0**	**702.0**	**10,702.0**

TRANSPORTATION CAPITAL PROGRAMS

Six Year Transportation Capital Obligations (in millions)						
Obligations	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Core Program	$1,904	$2,251	$2,533	$2,476	$2,588	$0
Van Wyck-Kew/ Hunts Pt-Bruckner	$0	$0	$1,162	$0	$0	$0
Administration w/ Aviation Bureau	$77	$79	$76	$77	$79	$0
State Forces Engineering	$408	$438	$465	$485	$504	$0
Preventive Maintenance	$368	$368	$372	$356	$360	$0
Maintenance Facilities	$18	$18	$18	$32	$18	$0
Other Federal Programs	$25	$25	$25	$25	$25	$0
Rail Development	$64	$72	$72	$72	$72	$0
Aviation Systems	$14	$217	$27	$17	$17	$0
Non- MTA Transit	$57	$85	$105	$85	$85	$0
Capital Aid to Localities	$528	$478	$543	$478	$478	$0
Local Pave NY/ Bridge NY	$200	$200	$200	$200	$200	$0
Legisl Accel/ Reg'l Import	$100	$150	$130	$0	$0	$0
Federal Accelerations	$0	$0	$600	$0	$0	$0
Annual Total	**$3,763**	**$4,380**	**$6,327**	**$4,302**	**$4,425**	$0
Throughway Stabalization	$1,285	$700	$0	$0	$0	$0
Annual Capital plan	**$5,048**	**$5,080**	**$6,327**	**$4,302**	**$4,425**	**$3,994**
Total Transportation Capital Plan						**$29,176**

Coordinated and Balanced Statewide Transportation Plans

After longer than a decade without coordinated transportation capital programs, New York now has balanced multi-year transportation capital programs for the Department of Transportation (DOT) and the Metropolitan Transportation Authority (MTA). The FY 2019 Executive Budget continues funding for the multi-year transportation capital programs for DOT and MTA approved as part of the FY 2017 Enacted Budget, as well the New York State Thruway Authority (Thruway). In addition, the Port Authority of New York and New Jersey has a ten-year capital plan that 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 Enacted Budget included approximately $2 billion in additional DOT commitments, increasing the FY 2016-2020 DOT Capital Plan to $27.2 billion. Last year's additions included $600 million to accelerate road and bridge projects, $564 million to improve access to and from John F. Kennedy (JFK) International Airport, and $700 million for the first phase of a $1.8 billion project to reconstruct the Bruckner-Sheridan Interchange in the Bronx

The FY 2019 Executive Budget provides $4.3 billion for the fourth year of the DOT Capital Program.

Local Aid

Under the Executive's FY 2019 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, maintaining base funding levels that are unchanged since FY 2014.

The FY 2019 Executive Budget continues the fourth year of the five-year Local PAVE NY program, which provides $100 million per year ($500 million total) to municipalities for pavement projects. The distribution of the FY 2017-2020 Local PAVE NY allocations is based on the CHIPS formula.

The FY 2019 Executive Budget also includes the fourth 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. A legislative addition of $50 million agreed to in FY 2018 Enacted Budget for Local BRIDGE NY is not included. The FY 2017-2020 allocations ($400 million) of Local BRIDGE NY funding are distributed via a solicitation process that 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 2019. A $20 million addition included in the FY 2018 Enacted Budget is not included in the FY 2019 proposal. Of the $85 million proposed for FY 2019, $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)

These amounts match last year's allocations. In distributing the remaining $65 million, DOT will work with the non-MTA Downstate and Upstate transit systems in evaluating their capital needs.

Airports

The FY 2016-2020 DOT Capital Plan includes $292 million for aviation, including a proposed $16.5 million commitment for FY 2019. The FY 2019 Executive Budget for FY 2019 eliminates $10 million in additional funding that was included in the FY 2018 Enacted Budget.

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 remaining $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

After a major State funding commitment ($8.3 billion) was agreed to as part of the FY 2017 Enacted Budget, the MTA's 2015-2019 Capital Program able to move forward. The MTA Capital Program Review Board (CPRB) first approved a $26.6 billion 2015-2019 plan in May 2016. An amendment to the plan approved by the CPRB in

July 2017 increased the value of the program from $26.7 billion to $29.5 billion.

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.

Approved MTA 2015-2019 Capital Plan Spending	
Plan	Approved Plan ($ Millions)
Core Capital Plan	
New York City Transit	$16,315
Long Island Rail Road	$2,956
Metro-North Railroad	$2,414
MTA Bus	$376
MTA Interagency	$321
Core Subtotal	**$22,382**
Network Expansion Projects	$7,135
CPRB Program Total	**$29,517**
MTA Bridges & Tunnels	$2,940
Total 2015-2019 Capital Plan	**$32,457**

The funding plan includes a total State commitment of $8.5 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 the Penn Station Access project. The $7.3 billion State commitment will be disbursed once the MTA has expended its own funding sources. So far, $5.5 billion of the $7.3 billion commitment has been appropriated. Another $1.6 billion appropriation is included in the FY 2019 Executive Budget.

The City of New York's contribution to the 2015-2019 MTA Capital Program remains unchanged at $2.5 billion. The City has yet to agree to increase its contribution in order to fund additional transit improvements.

Approved MTA 2015-2019 Capital Plan Funding Sources	
Funding Plan	Approved Plan ($ Millions)
Federal Formula, Flexible & Misc.	$6,956
MTA Bonds	$7,558
New York State	$8,466
Pay-as-you-go Capital (PAYGO)	$2,270
Asset Sales/Leases	$600
City of New York	$2,492
Federal / Core Capacity	$100
Federal / New Starts	$500
Other MTA Sources	$575
Subtotal – CPRB Funds Available	**$29,517**
Bridges & Tunnels Bonds & PAYGO	$2,940
Total 2015-2019 Funds Available	**$32,457**

The MTA Capital Program includes a CPRB core program of $22.4 billion, including $16.3 billion for New York City Transit, $3 billion for the Long Island Rail Road and $2.4 billion for Metro-North Railroad. This funding includes the purchase of 535 new subway cars, 1,441 new buses, and over 300 new commuter rail cars.

Another $7.1 billion is for network expansion projects, including funding to complete East Side Access, Penn Station Access projects and the second phase of the Second Avenue Subway project. An amendment to the 2015-2019 MTA Capital Program approved last summer authorized construction of the LIRR Expansion or Third Track project, which will construct an additional track and remove seven at grade railroad crossings between Floral Park and Hicksville. The total cost of the Third Track project is estimated at $2.6 billion. This amendment also authorized an additional $700 million, or a total of $1.7 billion, for the second phase of the Second Avenue Subway.

MTA Network Expansion	
Approved MTA 2015-2019 Capital Plan	
Category	Approved Plan ($Millions)
East Side Access	$2,302
Second Avenue Subway, Phase 2	$1,735
Penn Station Access	$695
LIRR Expansion Project - Third Track	$1,950
Regional Investments	$193
ESA Rolling Stock and Liability Reserve	$131
Miscellaneous/Administration	$128
Total - MTA Network Expansion	**$7,134**

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, went into service 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 would extend the line north to 125th Street in Manhattan. The total cost of the next phase of the Second Avenue Subway project has not yet been determined.

The MTA will be seeking another amendment to the 2015-2019 Capital Program to incorporate the capital projects included as part of its $836 million NYC Subway Action Plan. The NYC Subway Action Plan is designed to improve and stabilize the system while laying the foundation for a system-wide modernization plan.

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 (Mario M. Cuomo Bridge) and the Authority's core capital spending program, with $1.3 billon 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. Similar to last year, the FY 2019 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 fully open later this year. One span of the new bridge, which was named for former Governor Mario M. Cuomo, opened last year. 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 2018 budget provides for a 2018-2022 capital plan of $2.75 billion, including $775 million for the new Mario M. Cuomo Bridge (Tappan Zee) and $1.7 billion for system-wide Thruway projects. The Thruway's capital budget for 2018 includes $459 million for the Mario M. Cuomo Bridge and $406 million for other capital projects across the Thruway system. The Thruway's budget also provides for the continued implementation of all electronic toll collection at the Mario M. Cuomo Bridge. Electronic toll collection began at the former Tappan Zee Bridge in April 2016. The Executive recently announced that the Thruway would start to implement cashless tolling on a system-wide basis.

Port Authority of New York and New Jersey

The Port Authority of New York and New Jersey (Port Authority) has an approved $32.2 billion 2017-2026 Capital Plan. The plan includes a portfolio of over 600 projects. The Port Authority Board of Commissioners adopted the ten-year plan in February 2017.

The 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.
- Deliver category includes the completion of 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
- Gateway Program

CONGESTION PRICING

Congestion Pricing

Over the past few months, the Executive has expressed strong support for a congestion pricing program to address the problem of increased traffic in Manhattan, and to provide a new revenue source to support additional capital investments in New York City's subway system. The Executive has stated that the subway system, operated by the Metropolitan Transportation Authority (MTA), is in crisis and needs substantial investment to fix its antiquated signal system and make other necessary upgrades.

Under the Executive's forthcoming proposal, which may be be included in an amendment to the FY 2019 Executive Budget, motorists and trucks would be charged to enter designated geographic zones in Manhattan. If adopted, New York would have the first congestion pricing program in the nation.

Congestion pricing involves using electronic or cashless tolling technology to charge vehicles that enter designated zones. It is in place in several international cities such as London, Stockholm and Singapore, where it can cost more than $15 to drive into the main part of the city during peak periods.

During the first half of 2017, New York City's subway system began to experience a series of major service-related problems that often resulted in widespread and lengthy delays. According to the MTA, problems such as frequent signal system outages, revealed the need for corrective action and additional investment, both short-term and on a long-term basis.

After a comprehensive review undertaken by newly returned MTA chairman Joseph J. Lhota, the MTA released a Subway Action Plan to stabilize and improve the system by addressing the key factors of the major incidents of delay. The Subway Action Plan is expected to cost a total of $836 million through 2018, and work is already underway. The Executive has proposed that the State fund one-half of the program, with New York City providing the other half. So far, the City has not agreed to contribute any additional funding.

In August 2017, the Executive stated that it was time to revisit the idea of congestion pricing in order to provide a new revenue source to support increased MTA investment and address the City's worsening traffic. The Executive created an advisory panel, called Fix NYC, to develop new congestion pricing proposals. It has been a decade since a major congestion pricing effort by former Mayor Michael R. Bloomberg failed to gain approval in Albany.

History

In April 2007, as part of an environmental sustainability initiative called PlaNYC 2030: A Greener, Greater New York, Mayor Bloomberg proposed a traffic congestion pricing fee for vehicles travelling into or within Manhattan's central business district. The initial plan included an $8 charge for cars and a $21 charge for trucks that travelled south of 86th Street in Manhattan or within the congestion zone. The charge would have applied from 6:00 a.m. to 6:00 p.m. on weekdays and no vehicle would be charged more than once per day. Taxi and livery trips that began, ended, or passed through the zone would have been subject to a $1 surcharge. It was estimated that the fees would generate $380 million annually.

Mayor Bloomberg's proposal was not approved in Albany. Instead, legislation was passed that created the New York City Traffic Congestion

Mitigation Commission to study several options, solicit public input for reducing traffic in Manhattan, and make recommendations to that end. In 2008, the Commission presented a congestion pricing proposal that was a modified version of Mayor Bloomberg's plan. Differences included reducing the congestion pricing zone to south of 60th Street, reduced fees for certain low emission vehicles, and no intra-zonal charge. Despite the support of Governor David A. Paterson the Commission's plan failed to gain approval in Albany, as the Legislature failed to vote on the measure.

Move NY

A major criticism of the Bloomberg plan was that Manhattan would receive the benefits of congestion pricing while the outer boroughs would bear the costs. While the Move NY plan would add tolls to the East River bridges, the proposal includes a "toll swap" that would reduce bridge tolls in the outer boroughs, creating a benefit in areas that had strongly resisted congestion pricing. In addition, under the Move NY proposal a portion of the revenue raised from congestion pricing would be reserved for roads and bridges to benefit drivers instead of all of the revenue going to mass transit.

Move NY developed a congestion pricing plan that included a toll swap and revenue for roads and bridges. To address the surge in Uber and other ride-hail-application services, the plan also proposed adding per-mile and per-minute surcharges to fares for cabs and other for-hire vehicles in Manhattan south of 96th Street, measures intended to improve traffic flow in heavily congested business areas.

Move NY estimates that its plan would generate about $1.5 billion for mass transit as well as local road improvements.

Fix NYC

The Fix NYC advisory panel, which was tasked by the Executive with developing proposals to reduce traffic and raise revenue to modernize the subway system, recently released its report. The panel recommends that the MTA make improvements to the subway system before implementing a zone congestion pricing plan in Manhattan. Under the proposal, using electronic tolling, driving into the busiest part of Manhattan, south of 60th Street, could cost $11.52, matching the E-ZPass rate. The charge would be daily. Motorists who have already been charged a bridge or tunnel toll to get into the city would not have to pay again.

Under the plan, trucks would pay $25.34, and taxis and for-hire vehicles would see surcharges of $2 to $5 per trip. The zone for taxis and for-hire services might be extended to 96th Street. Over the past few years, ride-hailing companies such as Uber and Lyft have experienced a large increase in business, contributing to the increased traffic congestion in Manhattan.

The congestion pricing program would be in effect on weekdays between 6 a.m. and 8 p.m., with the possibility of longer extended hours, including weekends.

The recommendations by the Fix NYC panel build upon Move NY's efforts, although the panel does not recommend putting tolls on the City's free East River bridges nor does it recommend lowering existing bridge tolls in the outer boroughs. The panel says the program would be implemented over two years, and estimates that it would generate between $1 billion and $1.5 billion, with the monies going to the MTA to fund subway improvements.

The program would be implemented in three phases over the next two years:

- Phase one would include the continuation of transit improvements in the outer boroughs and suburbs, and increased enforcement by the New York City Police Department of existing traffic laws.
- Phase two would include the implementation of a surcharge on taxi and for-hire vehicle trips once transportation service companies

have fully installed the necessary GPS technologies.

- Phase three would include the activation of a zone pricing program, first for truck, and then for all vehicles, entering Manhattan's central business district below 60th Street.

Next Turn?

As of July 2017, the MTA has an approved $29.5 billion 2015-2019 Capital Program. The consideration of a new revenue source to support additional MTA capital investments should be done in a deliberative manner, possibly as part of the next five-year MTA program.

HEROIN AND OPIOID CRISIS

> **The New York Senate Joint Task Force on Heroin and Opioid Addiction**
>
> - **Has secured millions of dollars to combat the crisis, with record levels of funding secured annually**
> - **Successfully sponsored numerous opioid related legislative bills enacted into law**
> - **Committed to continuing its work against the fatal consequences of heroin and opioids**

The New York State Senate continues its in depth analysis of one of our State and nation's greatest public health problems, heroin and opioid addiction, while concurrently leading the struggle against this scourge by initiating significant actions to combat this crisis.

Historically, the Senate championed measures designed to combat the fatal consequences of heroin and opioid use. The Senate sponsored landmark legislation creating the Opioid Overdose Prevention Program, facilitating the use of Naloxone as well as increasing its availability; requiring Continuing Education as a mandate on physicians for expertise on treating pain; limiting the number of opioid prescriptions individuals can receive; requiring electronic prescribing; enacting additional Good Samaritan Protections; and creating the I-STOP Prescription Management Program ("PMP"). As good as these actions were, it was still not enough to combat the flooding of the market with inexpensive heroin.

Realizing the severity of the crisis, the Senate created the Joint Task Force on Heroin and Opioid Addiction in early 2014. Since its creation, the Task Force continuously gathers input from impacted parties to produce optimal proposals. The Task Force has been instrumental in securing additional funding for the opioid and heroin crisis. Numerous legislative ideas from the Task Force have been enacted into law.

Today the Senate has strong reservations regarding the Executive Budget, which appears deficient in the scope of new proposals addressing this crisis. The Task Force and the Senate will work with interested parties to better define distinct goals and policy, and to provide necessary resources for enactment. The Senate will push forward on all fronts, including prevention, treatment, rehabilitation, and criminal enforcement. The Task Force will continue to intensely review newly created programs with the Executive to determine any gaps in service and potential opportunities for sharply increased and productive funding.

Opioids

Opioids are a class of drugs that include the illegal drug heroin, synthetic opioids such as fentanyl, and pain relievers available legally by prescription, such as oxycodone, hydrocodone, codeine, morphine, and many others.[1] The use of opioid painkillers became prevalent in the 1990s and 2000s before they were known to be addictive. This was accompanied by widespread diversion and misuse of these medications.

[1] https://www.drugabuse.gov/drugs-abuse/opioids

Experts on the opioid crisis estimate:

- **About 80 percent of heroin users first misused prescription opioids**
- **Four to six percent of individuals who misuse prescription opioids transition to heroin**
- **About 21 to 29 percent of patients prescribed opioids for chronic pain misuse them**
- **Eight to 12 percent develop an opioid use disorder.**

Facts to know about the Heroin Epidemic

- **U.S. life expectancy decreased for the second consecutive year, attributable to heroin overdose fatalities, specifically fentanyl and its analogs**
- **Heroin has infiltrated all walks of life, it is in everyone's neighborhood**
- **Drug overdoses now cause more deaths than car crashes and gun violence.**

Opioid use disorder is a medical condition characterized by a problematic pattern of opioid use that includes a preoccupation with the desire to obtain and take opioids, as well as using more than intended, leading to clinically significant impairment or distress. The diagnosis of opioid use disorder is based on criteria established by the American Psychiatric Association in the DSM-5.[2]

In 2015, more than two million people in the United Stated experienced substance use disorders related to prescription opioid pain relievers, and 591,000 from heroin use disorder – these two numbers are not mutually exclusive.[3]

Severe consequences of misuse of opioids include overdose deaths, heart and respiratory problems, and addiction. Extended use of painkillers containing acetaminophen may also cause severe liver damage.

Opioid dependence causes dramatic changes in physical and psychological functioning, without regard to race or ethnicity, age, gender, or socioeconomic background. The negative and often devastating impacts of this disease affect individuals, families, friends, and whole communities. This was recently highlighted in Monroe County, where almost every village and town have a resident who experienced an opioid overdose in 2017; no corner of the county was left unscathed.[4]

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. Nearly half of young people who inject heroin start by misusing prescription pain medications.[5] The U.S. Surgeon

[2]American Psychiatric Association (2013), Diagnostic and Statistical Manual of Mental Disorders (5th ed.), Arlington: American Psychiatric Publishing, pp. 540–546,
[3] https://www.drugabuse.gov/drugs-abuse/opioids/opioid-overdose-crisis

[4]https://www.democratandchronicle.com/story/news/2018/01/08/opioid-overdoses-monroe-county/1012874001/
[5]Algren D, Monteilh C, Rubin C, et al. Fentanyl-associated fatalities among illicit drug users in Wayne County, Michigan (July 2005-May 2006). Journal Of Medical Toxicology: Official Journal of the American College Of Medical Toxicology [serial online]. March 2013; 9(1):106-115.

General estimates that five million individuals have used heroin in their lifetime.[6]

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 most severe consequence of heroin use is a fatal overdose. Tragically, many heroin fatalities are linked to heroin laced with fentanyl.[7]

The recent growth of heroin use in the United States over the last decade followed the increased use of opioid painkillers, specifically oxycodone. Efforts were made to curb the number of prescriptions for opioid analgesics; however, those efforts coincided with a spike in readily available and much cheaper heroin. The widespread availability of heroin attracted individuals taking opioid painkillers as well as a unique class of individuals who were not addicted to an opioid previously.

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.

It is used medically to treat patients in severe pain and in post-operative situations. Fentanyl comes in a variety of forms, including transdermal patches, films, lozenges, or pills. It can be given by injection or intravenously.

Illegal fentanyl is either diverted from pharmacies for abuse, or illicitly produced as non-pharmaceutical and fentanyl analogs, such as acetyl fentanyl that has been linked to a number of overdose fatalities.[8] Fentanyl and its analogs are emerging with increasing frequency 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 (e.g., Xanax, hydrocodone).

The federal government has identified the United States as being in the midst of a fentanyl crisis, as seen in reports from law enforcement and public health officials indicating the higher availability of fentanyl, increased drug seizures, and more overdose deaths than at any other time since this class of drugs was first created in 1959. China-sourced fentanyl's and fentanyl precursor chemicals fuel the current fentanyl crisis.[9]

Of particular concern is the increased use of the fentanyl analog carfentanil. This opioid is 10,000 times more potent than morphine and 100 times more potent than fentanyl. Carfentanil is used by veterinarians to tranquilize elephants and other large mammals.

The United States Drug Enforcement Administration has issued a warning to the police and public about the dangers of carfentanil.[10] This drug has led to a surge of fatal overdoses, whether taken straight, as a component of street heroin, or disguised as another drug.

Increased Use and Overdose Deaths

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.[11]

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[6]https//addiction.surgeongeneral.gov/surgeon-generalsreport.pdf
[7]https://drugfree.org
[8]http://pub.lucidpress.com/NDEWSFentanyl
[9]https://content.govdelivery.com/attachments/USDOJDEA/2016/07/22/file_attachments/590360/fentanyl%2Bpills%2Breport.pdf
[10] https://www.dea.gov/divisions/hq/2016/hq092216.shtml
[11]https://addiction.surgeongeneral.gov/surgeon-generalsreport.pdf

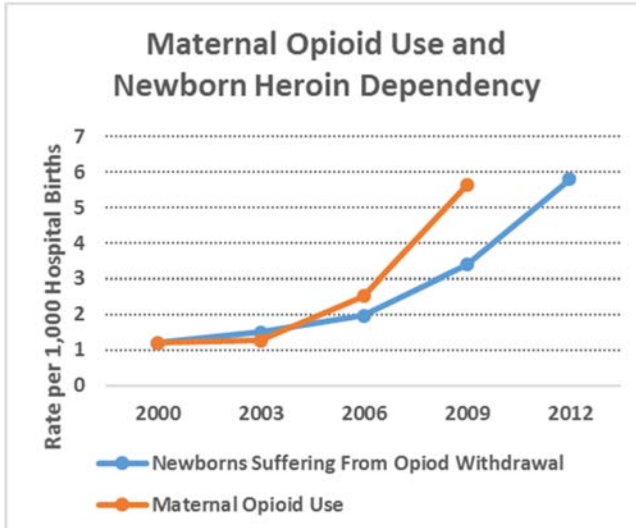
Every day, nearly 100 Americans die after overdosing on opioids.[12] It is estimated that drug overdose deaths in 2016 will rise to almost 64,000 Americans. That is a 22 percent rise in deaths from the 52,404 recorded in 2015. Drug overdoses are the leading cause of death among Americans under 50.[13] Drug overdoses now cause more deaths than car crashes and gun violence. Over the past two-year period, more Americans died of opiate addiction than died in the entire Vietnam War.[14]

The increasing prevalence of opioid use during pregnancy has led to a fivefold increase in neonatal abstinence syndrome over the last decade, from 1.2 to 5.8 per 1,000 hospital births.

Every 25 minutes a baby is born suffering from opioid withdrawal

Neonatal abstinence syndrome is a drug withdrawal syndrome that opioid-exposed neonates experience shortly after birth. By 2012, nearly 22,000 neonates were born in the United States each year resulting in $1.5 billion in hospital charges nationwide.[15]

Nationally, the trend of increasing deaths due to opioid overdoes continues to rise. During 2010 to 2015, the rate of drug overdose deaths increased in 29 states and the District of Columbia. Examining data from 2014 to 2015, New York was identified as having a statistically significant increase in the rate of opioid and synthetic opioid deaths (13.3 percent increase in rate).[16] While numbers for 2016 are not finalized, it is estimated that approximately 50,000 individuals died of a prescription opioid, heroin, fentanyl, or fentanyl analog overdose. Deaths involving synthetic opioids, mostly fentanyls, are estimated to rise from 3,000 to more than 20,000 in a three-year period. Deaths involving prescription opioids also continue to rise, but many of those deaths also involved heroin, fentanyl, or a fentanyl analog. There is a downward trend in deaths from prescription opioids alone.[13]



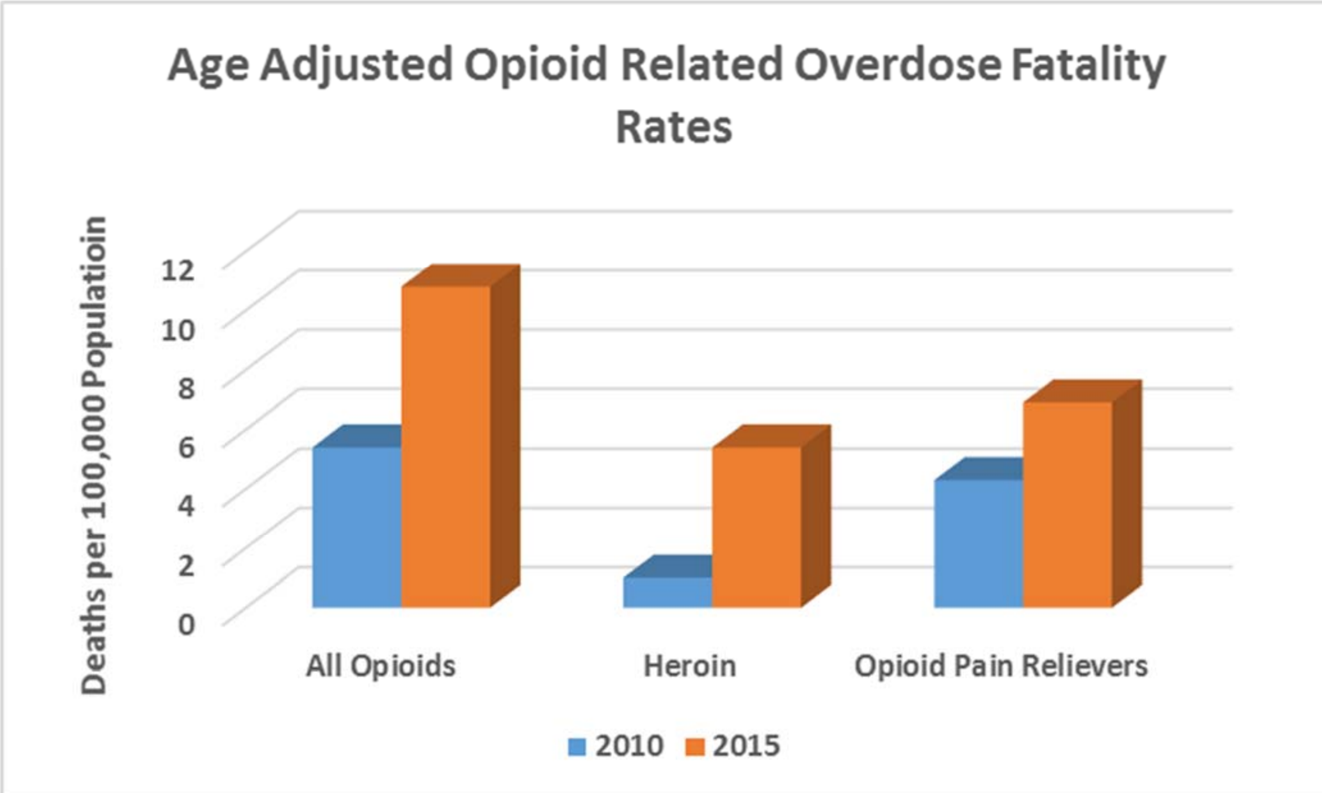
[12] https://www.statnews.com/2017/06/27/opioid-deaths-forceast/

[13] https://www.nytimes.com/interactive/2017/09/02/upshot/fentanyl-drug-overdose-deaths.html

[14] https://www.huffingtonpost.com/entry/heroin-now-the-leading-cause-of-death-in-americans_us_593428e6e4b062a6ac0ad0c6

[15] https://www.drugabuse.gov/related-topics/trends-statistics/infographics/dramatic-increases-in-maternal-opioid-use-neonatal-abstinence-syndrome

[16] https://www.cdc.gov/mmwr/volumes/65/wr/mm655051e1.htm



In New York, from 2013-2015 higher overdose death rates involving heroin and opioid pain relievers were found in county clusters, with at least one county in each region experiencing high fatality rates. This follows previous trends, where the age-adjusted rate of all opioid overdose deaths per 100,000 population in New York State doubled between 2010 (5.4) and 2015 (10.8). The age-adjusted rate of heroin deaths increased over five times, from 1.0 in 2010 to 5.4 in 2015. In comparison, the age-adjusted rate for opioid pain reliever deaths per 100,000 increased 1.6 times in the same period, from 4.3 per 100,000 population to 6.9. It is important to note that these rates would be significantly higher without the use of Naloxone, which was administered over 15,000 times in 2016 [17]

Overdose death rates continue to rise in New York, which experienced a 32.4 percent increase in overall drug overdose death rates from 2015 to 2016.[18] Onondaga County experienced greater death rates attributed to heroin use in 2016 when compared to prior years. In the first 10 months of 2016, Onondaga County experienced 46 heroin-related deaths. In comparison, there were 44 heroin-related fatalities in all of 2015; and one heroin-related fatality in all of 2010. This increase is attributed to the greater use of fentanyl in heroin.[19] Erie County experienced seven overdose deaths in a 24-hour period in March 2017, and a speculated lethal batch of heroin caused 11 suspected overdose deaths in May 2017.[20]

Fiscal Year 2019 Executive Budget

The Executive Budget does not propose new initiatives to combat the opioid/heroin epidemic. The Executive proposes static funding of over

[17]https://www.health.ny.gov/statistics/opioid/data/pdf/nys_opioid_annual_report_2017.pdf

[18]https://www.cdc.gov/drugoverdose/data/statedeaths.html

[19]http://www.syracuse.com/health/index.ssf/2016/10/onondaga_county_heroin_deaths_surpass_last_years_toll.html

[20] http://buffalonews.com/2017/05/15/8-suspected-drug-overdoses-erie-county-since-saturday/

$200 million to maintain prior year funding. There is a proposed increase for the Office of Alcoholism and Substance Abuse Services (OASAS) of $26 million, or 4.5 percent, in operating and capital support. The majority of the proposed increase is attributable to the second year of funding for direct care and support workers salary enhancements ($10.3 million), as well as support for providers impacted by the scheduled minimum wage increase ($7 million) – while supporting the workforce this does nothing to expand prevention and treatment. The remaining $11 million of the year-to-year increase would designate a small portion to fund previously planned residential or treatment slots. There is no new funding for new initiatives for prevention, treatment, and recovery.

The Executive Budget proposes the completion of 235 residential treatment beds and 350 Opioid Treatment Program slots currently in development. Other major initiatives continued by the Executive Budget include:

- Recovery Community and Outreach Centers
- 24/7 Open Access Centers
- Certified Peer Recovery Advocates
- Family Support Navigators
- Adolescent Clubhouses

The Executive Budget also proposes an Opioid Epidemic Surcharge, which charges the authorized entity making the first sale in New York two cents per morphine milligram. This proposal would generate approximately $127 million in FY 2019 ($170 million annually). This funding would support ongoing efforts in OASAS to combat the epidemic, and is not earmarked for new initiatives. It is also uncertain that the consumer would fully protected from the cost being passed on.

The Executive proposes requiring a treatment plan and an attestation of monitoring by the prescriber when opioids are prescribed longer than the normal healing time or a three-month period. This proposal would require a patient-prescriber agreement for such treatment. Exemptions would be provided for cancer patients or individuals in hospice, end of life, or palliative care. The Executive also proposes modifying the drug formulary to encourage access to non-opioid alternatives.

Senate Joint Task Force on Heroin and Opioid Addiction

As noted earlier, 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 claiming lives and damaging families. The Task Force was charged with exploring the complex issues of preventing and treating heroin and opioid abuse, and to formulate a platform of recommendations. 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 report,[21] which included a comprehensive package of bills that targeted prevention, treatment, recovery, and enforcement issues.[22] The Senate passed this legislation during the 2014 legislative session and reached an agreement with the Executive and the Assembly on a comprehensive package that enacted a number of initiatives addressing the heroin and opioid epidemic.[23] The Task Force was also vital in

[21] https://www.nysenate.gov/newsroom/press-releases/phil-boyle/joint-senate-task-force-heroin-and-opioid-addiction-full-report

[22] https://www.nysenate.gov/newsroom/press-releases/phil-boyle/senate-passes-bills-recommended-heroin-task-force

[23] https://www.governor.ny.gov/news/governor-cuomo-signs-legislation-combat-combat-heroin-opiod-and-prescription-drug-abuse-epidemic

securing $2.8 million in additional funding in the FY 2015 Enacted Budget.

Senate's Multi-Prong Approach

In 2015 and 2016, the Senate Task Force built upon its previous efforts to continue the battle against the opioid epidemic.[24] The Senate was successful in 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.[25] The Senate passed a number of initiatives, some of which were enacted into law.[26]

Removing Obstacles to Treatment

While holding numerous forums across the State over the last four years, one continuous barrier that many stakeholders identified was lack of access to treatment and services. The main cause of lack of access relayed by stakeholders were deficiencies within the insurance system. The Task Force has continuously gathered input on this issue and has sponsored legislation specifically addressing insurance coverage for addiction treatment. Notable legislative accomplishments enacted into law include:

- Enabling individuals requiring treatment to have access to an expedited appeals process while ensuring continuity of care.
- Improving access to care by requiring insurers to use recognized, evidence-based, and peer-reviewed clinical review criteria, approved by the OASAS, when making decisions regarding the medical necessity of treatment.
- Ensuring medical necessity decisions are made by medical professionals who specialize in behavioral health and substance use.[23]
- Requiring up to a minimum of 14 days of coverage for necessary inpatient treatment of Substance Use Disorder (SUD) without prior approval or concurrent utilization review during those 14 days for in-network providers.
- Allowing 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.
- Requiring insurance coverage, without prior authorization, for a five-day supply of medications to treat a SUD when emergency conditions exist.
- Requiring 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.
- Eliminating requirements for prior Medicaid authorization for Buprenorphine and Vivitrol prescriptions.[26]

The Senate continues to review the effect the above insurance related actions have made upon

[24] https://www.nysenate.gov/newsroom/press-releases/robert-g-ortt/ortt-senate-heroin-task-force-release-comprehensive-report-and

[25] https://www.nysenate.gov/newsroom/press-releases/terrence-p-murphy/senate-passes-bills-combat-heroin-crisis-and-enhance

[26] https://www.nysenate.gov/newsroom/press-releases/john-j-flanagan/senate-passes-legislative-package-fight-heroin-and-opioid

individuals obtaining treatment and services. The insurance marketplace continuously evolves, and the Task Force remains vigilant in identifying initiatives that will further improve the system.

The 2017 Legislative Session

The FY 2018 Enacted Budget, the Senate was able to secure a record level $214 million in funding to continue the fight against the heroin/opioid epidemic. Of note, new funding was for the development of residential treatment opportunities and slots for the Opioid Treatment Programs (chemical treatment) and the establishment of ten regional 24/7 Crisis Treatment Centers. The Senate also passed a number of legislative initiatives focusing on enforcement, prevention, treatment, and recovery, none of which were chaptered into law, as listed below.

Strengthening Enforcement

- Establish the crime of homicide by sale of an opiate controlled substance.
- Criminalize the sale of a controlled substance on the grounds or within 1,000 feet of a drug or alcohol treatment center.
- Create appropriate level penalties as it relates to heroin sales, taking into account the lighter weight of heroin.
- Create a presumption that possession of 50 or more individual packages containing heroin and/or having an aggregate value of $300 is possession with intent to sell.
- Establish the offense of fraudulent prescription, dispensing, and procurement of non-controlled substance prescription medications and devices, and establish the offense of unlawful possession of non-controlled substance prescription medications and devices.
- Increase the penalties for selling heroin, compounds that include heroin and "poly-drug" compounds that include heroin and another narcotic.

Prohibiting Dangerous Synthetic Drugs

- Add six new derivatives of fentanyl to the controlled substance schedule regulated by the Department of Health.
- Make the sale of two milligrams or more of Carfentanil a Class A-II felony and the sale of 10 milligrams or more of Carfentanil a Class A-I felony.
- Provides that a controlled substance analog shall be deemed the controlled substance to which it is substantially similar or mimics.
- Update the State controlled substances schedules to promote consistency with the federal schedules.
- Add new derivatives of fentanyl to the controlled substance schedule and increase criminal penalties for the sale of an opiate containing a fentanyl derivative.
- Designate Xylazine as a controlled substance, due to recent instances of this veterinary drug being used to lace heroin.
- Add the synthetic opiate U-47700 (Pink) to the schedule I opiate list.

Protecting Children from Drug Abuse

- Make the sale of a controlled substance by an adult to a minor under the age of 14 a class A-II felony.
- Require a health practitioner to receive written consent from a minor’s parent or legal guardian in order to prescribe opioids.

Preventing Addiction and Facilitating Successful Recoveries

- Establish at least four infant recovery centers to help care for infants experiencing opioid or other drug withdrawal symptoms as a result of in utero exposure, or neonatal abstinence syndrome.
- Require health care practitioners to consult with a patient regarding the quantity of an opioid prescription and the patient’s option to have the prescription written for a lower quantity.

- Make it a crime to offer or accept any kickback from an individual or entity that provides substance abuse services in exchange for patient referral and admission.
- Authorize OASAS to provide funding to substance use disorder and/or compulsive gambling programs operated by for profit agencies.
- Establish protocols and criteria for assisted outpatient treatment for substance abuse; and provide for service, right to counsel, hearings, appeals, and applications for additional periods of treatment.
- Make the state's Peer Engagement Program permanent.

Information Sharing

- Require hospital and emergency room physicians to notify a patient's prescriber when a patient is being treated for a controlled substance overdose.
- Authorize the exchange of health care information with hospitals, office-based surgery practices, and health care providers who accept walk-in patients not regularly seen by the provider.[27]

No End in Sight

The impact of the opioid epidemic cannot be overstated. For the second straight year, life expectancy for Americans decreased. This can be directly attributed to overdose fatalities. For the first time, fentanyl and its close opioid cousins played a bigger role in the death than any other legal or illegal drug.[28]

There is no immediate end in sight to the epidemic. Experts contend that fatal overdoes will not even begin to level off until sometime after 2020.[29] The Senate recognizes that this crisis is long term in nature, and remains committed to strengthening prevention, treatment, and recovery efforts while giving law enforcement the necessary tools to successfully combat this disaster.

[27] https://www.nysenate.gov/newsroom/press-releases/senate-completes-passage-bill-package-takes-next-steps-combat-statewide-drug

[28] https://nypost.com/2017/12/21/overdoses-cut-us-life-expectancy-for-second-straight-year/

[29] https://www.statnews.com/2017/06/27/opioid-deaths-forceast/

Heroin and Opioid State Investments
(Thousands of Dollars)

Spending Initiatives	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Community Based Providers	$ 72,000	$ 75,000	$ 88,000	$ 102,000	$ 110,000
State-Operated OASAS Services	$ 15,000	$ 16,000	$ 17,000	$ 18,000	$ 20,000
Naloxone Kits and Training	$ -	$ -	$ -	$ -	$ -
Expanded Program and Capital	$ -	$ -	$ -	$ -	$ -
Total	**$ 87,000**	**$ 91,000**	**$ 105,000**	**$ 120,000**	**$ 130,000**

Spending Initiatives	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Projected
Community Based Providers	$ 115,000	$ 117,000	$ 134,000	$ 137,000	$ 145,000
State-Operated OASAS Services	$ 22,000	$ 24,000	$ 28,000	$ 27,000	$ 27,000
Naloxone Kits and Training	$ -	$ 35,000	$ 6,415	$ 7,740	$ 6,480
Expanded Program and Capital	$ -	$ -	$ -	$ 2,500	$ 35,375
Total	**$ 137,000**	**$ 176,000**	**$ 168,415**	**$ 174,240**	**$ 213,855**

EXECUTIVE CRIMINAL JUSTICE PROPOSALS

The FY 2018 Executive Budget proposed funding for the development of a Bail Reform Risk Assessment tool and for research and development for speedy trial reforms. Both proposals were rejected by the Legislature, in part because they failed to include Article VII language describing how the funding would be used. This year, the Executive proposes changes in three areas of the criminal procedure process; speedy trial rules, bail, and pre-trial discovery, and proposes no funds for implementation.

- Creates new speedy trial procedures
- Eliminates cash bail for specific offences
- Creates new discovery and disclosure procedures
- Requires State Judges to certify eight hours of service per workday

Speedy Trial

The Executive advances legislation intended to decrease the time between a defendant's arraignment and their trial. Currently, the District Attorney must declare "readiness" for trial within six months on a felony charge, 90 days on a class A misdemeanor, 60 days on a class B misdemeanor and 30 days on a violation. This does not mean the trial must take place within those periods but that the prosecution is ready to proceed. This proposed legislation would require a judge to inquire, on the record, about the prosecutions actual readiness for trial.

It is a common practice for a defendant to waive the speedy trial requirement as part of negotiations. This legislation includes codifying the waiver process, requiring a defendant to sign a speedy trial waiver in open court on the record, with judicial approval. This waiver would include relevant dates so that all involved parties know when the trial would commence. No more than two waivers would be granted except for extraordinary situations. A waiver period would not exceed:

- 90 days if a defendant is accused of at least a felony
- 45 days if a defendant is accused of a misdemeanor carrying a sentence to jail longer than three months
- 30 days if a defendant is accused of a misdemeanor carrying a sentence to jail less than three months
- 15 days if a defendant is accused of a violation

A motion to dismiss charges would be required to be made at least 20 days before the trial date. The motion would also include sworn allegations specifying the time periods that the District Attorneys were not ready for trial.

Bail

The Executive advances legislation to create an alternative to cash bail for defendants arrested on less serious charges.

This legislation creates a presumption of release for those arrested for misdemeanors and nonviolent felony charges. The Court would release the defendant on their own recognizance, or with non-monetary stipulations by the court including; reporting to an Office of Court Administration certified pre-trial service organization, restrictions on associations or travel, restrictions on the possession of firearms, or the required use of an electronic monitoring device. This legislation specifically states that an indigent defendant will not be required to pay for an electronic monitoring device.

Monetary bail, according to the Executive proposal, would be allowed in remaining cases, after an on the record assessment of the nature of the case, and the defendant's personal and financial circumstances. Upon a motion from the District Attorney, and a hearing allowing the defendant to be heard, the court could order that a defendant be held pretrial when the defendant commits a new crime while on release, fails to appear at court, is found to pose a high flight risk, or poses a threat to specific individuals.

Discovery

The Executive advances language to reform the discovery process; including rules regarding disclosure of: evidence that is favorable to the defense (Brady information); expert opinion evidence, witnesses' criminal history, search warrants, and evidence intended to be introduced at trial. This proposed legislation creates new time frames for disclosure that are shorter than existing requirements.

Language is also advanced allowing the parties, after judicial review of the material, the ability to seek protective orders and redact personal information from discovery that could hinder an open investigation.

Further, the existing crimes of witness tampering and intimidating a witness would be expanded and three new offenses would be added. These include:

- Class A misdemeanor for tampering with or intimidating a victim or witness through social media
- Class A-1 felony for tampering with a witness
- Class A-1 felony for intimidating a victim or witness

Judicial Accountability

The Executive advances language that would require any state-paid justice to certify a monthly statement that they performed assigned judicial duties at least eight hours per workday.

The Comptroller would conduct a periodic review and audit of the submitted judicial statement; they would also evaluate the accuracy of the statements and effectiveness of the system. The FY 2019 Executive Budget does not contain new appropriation language for the Office of State Comptroller to complete this task.

Online Sexual Abuse of Children Subpoena

The Executive advances legislation to provide the Superintendent of the State Police with the administrative subpoena authority for instances when there is reason to believe an internet service account has been used in the act of certain specified sexual offenses. Current practice requires State Police investigators to receive a warrant from a grand jury or federal agency who has the administrative subpoena capability.

Executive Proposal on Ethics and other Governmental Operations

Summary

The Executive Budget included a Good Government and Ethics Reform proposal including three concurrent resolutions amending 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; 3) impose eight year term limits for legislative members and statewide officials; and 4) extend terms of legislative members to four years.

The Executive proposal on ethics and campaign finance reform includes the following:

Part A would introduce disclosure standards for online and social media political advertising.

Part B would require all drivers to be registered voters unless he or she opted out, and further requires that early voting polling sites be available in all elections.

Part C would require 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 D would treat limited liability corporations as corporations for purposes of contribution limits, and require identification of all direct and indirect owners.

Part E would require various local officials, including all local elected officials earning more than $50,000, to be subject to the Joint Commission on Public Ethics (JCOPE) financial disclosure filing requirements.

Part F would create a taxpayer funded campaign finance system, create limits on political contributions and increase reporting of such contributions.

Part G would eliminate the legislative section of the freedom of information law (FOIL) and subject legislative records to agency record access provisions.

Part H would expand oversight by the State Inspector General (IG) to include certain nonprofit organizations and foundations affiliated with SUNY or CUNY.

> Ethics and Campaign Finance Reform Proposals
> - Taxpayer Funded Campaign Finance System
> - 15 Percent Cap on Outside Income for Legislators
> - Same Day Voter Registration and Voting
> - Eight Year Term Limits

Part I would expand oversight by the State IG beyond State employees to include parties who contract with the State in any State procurement.

Part J would authorize and require the State IG to implement and enforce financial control policies at certain SUNY and CUNY affiliated nonprofit organizations and foundations.

Part K would create a Chief Procurement Officer in the Executive Chamber to be the principal officer tasked with oversight of state procurements. This position would be appointed by the Executive.

Part L would prohibit 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 would provide 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.

Concurrent Resolutions to Amend the Constitution

Limit Outside Income of Legislators to 15 Percent of Base Salary

Currently, a legislator can engage in outside employment, only to the extent that it does not 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 herself or another in connection to any proposed or pending bill or resolution in either house. (Public Officer's Law §§ 73 (7) and (7-a)). Public Officers Law § 73 (12) also prohibits them from verbally 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) is intended to guard against substantial conflicts of interest between a member's outside activities and his or her 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 are 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.

Same Day Voter Registration

The Constitution, Article II, § 5 requires laws be made for ascertaining, by proper proofs, the 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 the eligible citizens be entitled to vote in that election.

While 15 states and the District of Columbia allow same day voter registration, the vast majority require voter registration to 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 Executive 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 the below 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.

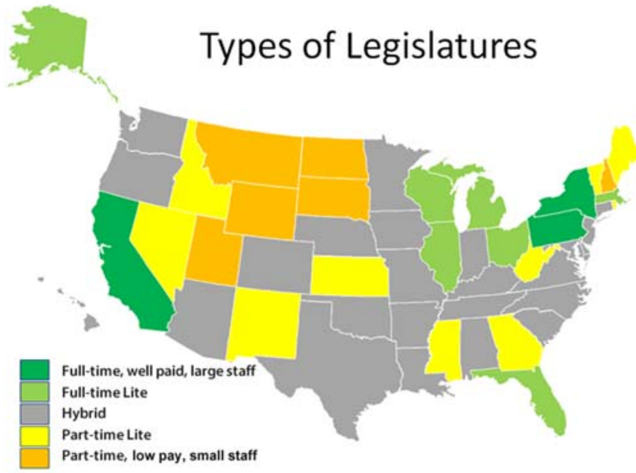


Table 1. Green, Gray, and Gold Legislatures

Green	Green Lite	Gray		Gold Lite	Gold
California	Alaska	Alabama	Minnesota	Idaho	Montana
Michigan	Hawaii	Arizona	Missouri	Kansas	North Dakota
New York	Illinois	Arkansas	Nebraska	Maine	South Dakota
Pennsylvania	Massachusetts	Colorado	Nevada	Mississippi	Wyoming
	Ohio	Connecticut	New Jersey	New Hampshire	
	Wisconsin	Delaware	North Carolina	New Mexico	
		Florida	Oklahoma	Rhode Island	
		Georgia	Oregon	Utah	
		Indiana	South Carolina	Vermont	
		Iowa	Tennessee	West Virginia	
		Kentucky	Texas		
		Louisiana	Virginia		
		Maryland	Washington		

Source: NCSL 2008

Table 2. Average Job Time, Compensation, and Staff Size by Category of Legislature

Category of Legislature	Time on the Job (1)	Compensation (2)	Total Staff (3)
Green	84%	$82,358	1,250
Gray	74%	$41,110	469
Gold	57%	$18,449	160

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: 2014 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 2015.

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 Executive 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.

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 $175/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.

Congress

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 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 equating to a 15 percent cap on earned income of $26,100.

New Regulation of Digital Political Advertising

The Executive proposal would amend the Election Law to provide new regulations for political advertising related to paid internet or digital advertisements. The definition of independent expenditure would be amended to specify that published statements be conveyed to 500 or more members of a general public audience, or be in paid internet or digital advertisements. Independent expenditures that are internet or digital advertisements or are broadcast or written communications with a general public audience of 500 or more people would have to contain a clear and conspicuous statement of who paid for such advertisement.

The proposal would also prohibit foreign nationals, governments or agents from registering as independent expenditure committees to make independent expenditures in state or local elections.

Radio and television stations, cable providers, and online platforms would be required to make reasonable efforts to ensure all independent expenditures comply with the Election Law. Online platforms would have to keep a publicly-viewable record of each independent expenditure purchase request above $500, and failure to do so could result in a $1,000 civil penalty per violation.

Required Outside Income Advisory Opinion Requests

The Executive proposal would require legislative members with outside employment to request a formal advisory opinion from the Legislative Ethics Commission. Outside income would be defined as "compensation in excess of five thousand dollars per year … from employment for services rendered or goods sold."

Additionally, this proposal would expand the legislative ethics commission from nine to ten members such that one of the members would be appointed by the Office of Court Administration. This member would be appointed only for the purpose of reviewing and responding to requests for formal advisory opinions on outside income. This proposal also mandates the appointment of a particular person, the Chief Administrative Law Judge, and directs that he or she be appointed by the Office of Court Administration.

CAMPAIGN FINANCE REFORMS

LLC Treatment

The Executive proposal 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).

A 1996 Board of Elections opinion (Op. 1996-01) which held an LLC to be a "person" since it was not a "corporation" under the definitions as enacted was recently challenged in two different actions. Both challenges were unsuccessful at the trial court level. Two separate appeals, challenging the lower court decisions are currently pending before the Appellate Division, Third Department, an intermediate appellate court.

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 would require an LLC to prorate its contributions in all cases against the individual members. This provision would require that each contribution by a LLC be attributed to each individual member and count against the individual member's aggregate limits as well.

If such member is itself a 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 2019 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 this proposal.

Maximum Public Funds that Could be Received by Each Eligible Candidate (in thousands of dollars)			
Candidate	Gen/Special Election	Primary	Total
Executive	$10,000,000	$8,000,000	$18,000,000
Lieutenant Governor	$10,000,000	$4,000,000	$14,000,000
Attorney General	$4,000,000	$4,000,000	$8,000,000
Comptroller	$4,000,000	$4,000,000	$8,000,000
Member of Senate	$375,000	$375,000	$750,000
Member of Assembly	$175,000	$175,000	$350,000
Constitutional Convention Delegates	$175,000	$175,000	$350,000

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 would likely be used to pay for Board of Elections audits (audits required for every participating candidate).

As noted above the proposed legislation would require that payments be made from the General Fund if there were insufficient funds to pay claims. As such, an appropriation is necessary to ensure both adequate funding is available for the program and to inform taxpayers the amount they are potentially paying to fund political campaigns.

Without an appropriation, a situation could arise where funds are expended to publicly finance election campaigns and other non-election appropriated 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 2018, the State would offer a Campaign Finance Fund Check-Off Box. Resident taxpayers who have at least $40 in State tax liability for that year could elect to direct $40 to the New York State Campaign Finance Fund. Married couples who file jointly may each direct $40 to the Fund.

Whether a taxpayer checks the box would have no impact on the individual's tax liability. If an individual checks the box, this would simply direct New York State to allocate $40 of the individual's tax liability to the State's Campaign Finance Fund Special Revenue Account (SRO). The funds in this account would be used to help pay for the Executive's taxpayer financed public campaign finance proposal. Regardless of whether any taxpayers check the box, the State would be obligated to fully fund the Executive's taxpayer funded public campaign finance proposal through the general fund.

Disclosure of Intermediaries

The Executive's proposal 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 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, as well as other lawful activities. This proposal would limit contributions to a Housekeeping Committee to $25,000 per year.

The proposed Housekeeping limits would also require 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 the 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, which provides that specific records are available for public inspection and copying. Separately, the Legislative Law has long held categories of documents that 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 relative to transparency, which are not currently being implemented. For instance, in Chapter 399 L. 2011 the Legislature created a "Doing Business Database" that is maintained and operated by the Office of General Services. 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)[1]. See, http://www.projectsunlight.ny.gov

The Legislature, in proactively publishing its expenditure data is unique. Unlike the Executive branch, specific details on allocating funds or spending funds is provided. In the Senate this information is posted biannually, and payroll data is posted biweekly.

Government Vendor Campaign Contributions

The Executive proposal 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. The 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 (DMV) 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.

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.

[1] As of 2017.

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

This proposal would expand oversight jurisdiction of the State Inspector General (IG) to include nonprofit organizations and foundations affiliated with SUNY or CUNY, including the SUNY and CUNY Research Foundations and alumni associations. Organizations that manage or receive less than $50,000 annually as well as student-run organizations comprised solely of enrolled students would be exempt.

This proposal would also authorize the IG to implement and enforce financial control policies at SUNY and CUNY affiliated nonprofit organizations and foundations. Each entity would be required to adopt policies, in consultation with the IG, designed to prevent corruption, fraud, and abuse. The IG would also have the authority to appoint compliance officers from within SUNY and CUNY. Failure to comply would result in the loss of State funds. Organizations that manage or receive less than $50,000 annually and student-run organizations comprised solely of enrolled students would be exempt.

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 would be required to be implemented by September 1, 2019. The Director of Budget would make the final determination regarding the code or numbers that would 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.

STATE SPENDING CAP

Fiscal Responsibility

Fiscal responsibility is good for economic growth and job creation. By adhering to a self-imposed State Operating Funds spending cap of two percent for the past seven years, the Senate has partnered with the Executive to save taxpayers more than $41 billion while maintaining a commitment to high priority areas such as education and health care. Adhering to a two percent spending cap will save taxpayers an additional 11.4 billion in FY 2019 to bring total savings for taxpayers to $52 billion.

Executive Budget

- State Operating Funds Spending Cap of 2%
- Will Have Saved $52 billion over 8 years
- Maintains investments in health and education

The Fiscal Year (FY) 2019 Executive Budget would increase State Operating Funds spending by $1.85 billion or 1.9 percent and All Funds spending would increase by $3.7 billion or 2.3 percent. State Operating Funds school aid would increase by three percent on a school year basis and Department of Health Medicaid by 6.5 percent on an FY basis.[1]

Spending-Cap Bill

The Senate Majority has historically advocated for a statutory spending cap. To ensure the continuance of fiscal austerity, on January 9, 2018, the Senate passed the Annual Spending Growth Cap Act (S.365), which would codify a spending cap linked to inflation.

S.365 is a more stringent annual spending cap that would limit spending to the average rate of inflation of the three calendar years immediately preceding the state fiscal year for which the cap would apply (as reported by the consumer price index for all urban consumers, published by the United States Department of Labor, Bureau of Labor Statistics). The spending cap would apply only to State Operating Funds (which excludes state capital and all federal funds).

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 cap could 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 has the power to declare a state of emergency by Executive Order and, based upon

[1] *FY 2019 Executive Budget Financial Plan, page 15.*

such declaration, the Legislature would be authorized, by a two-thirds super majority, to act upon a budget with spending that exceeds the cap. The Legislation defines an emergency as an extraordinary, unforeseen occurrence such as a terrorist attack, natural disaster, invasion or economic calamity.

Increase Reserves

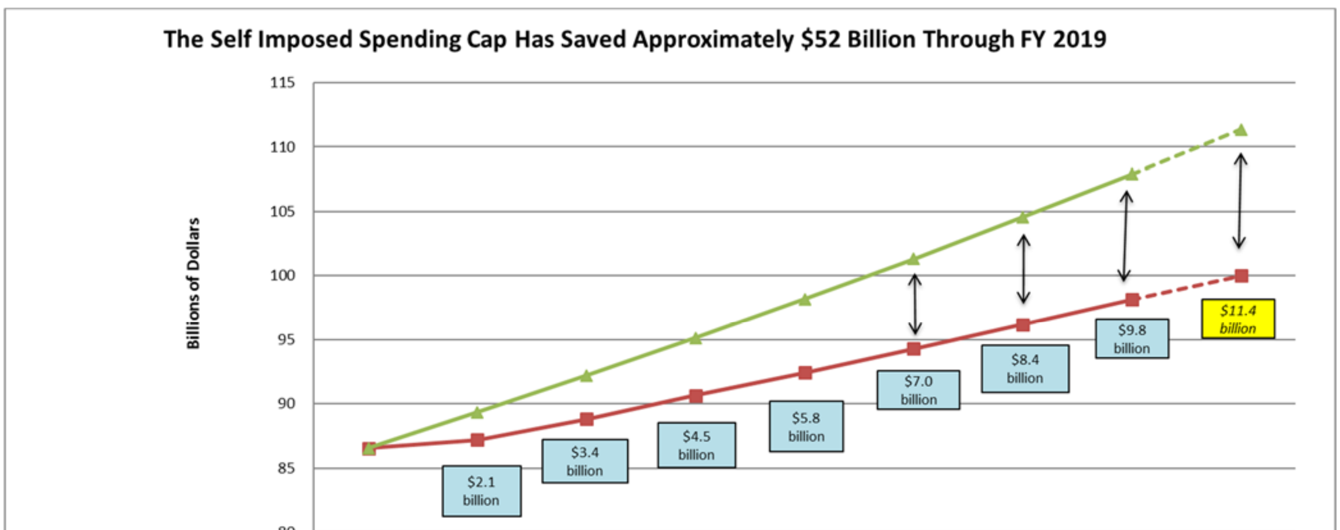
The bill would also increase the maximum reserve capacity of the rainy day fund from five percent to ten percent of the aggregate amount projected to be disbursed from the General Fund during the immediate following FY.

Statutory Reserves include $1.9 billion of which $1.3 billion is deposited in the Tax Stabilization Reserve and $540 million is deposited in the Rainy Day Reserve.

Funds can be withdrawn from the Tax Stabilization Reserve pursuant to the State Finance Law §92 (4) in the event of a shortfall in receipts or can be loaned to the General Fund during any FY pursuant to §92 (5).

Funds can be withdrawn from the Rainy Day Reserve in the event of an economic downturn or a catastrophic event as defined in the State Finance Law §92-cc (3) (a). An economic downturn is determined by the Commissioner of Labor as provided in subdivision 3 (a) (i) and a catastrophic event is defined as the need to repel invasion, insurrection, defense of the state in a time of war, or to respond to an emergency resulting from a disaster to include but not limited to an act of terrorism.

This bill (S.365) passed by the Senate has no fiscal impact for FY 2019 as it would apply to the FY 2020 budget.



	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19
spending w/ self imposed cap	$86.6	$87.2	$88.8	$90.6	$92.4	$94.3	$96.2	$98.1	$100.0
spending @ 3.2%	$86.6	$89.3	$92.2	$95.1	$98.2	$101.3	$104.6	$107.9	$111.4

MINIMUM WAGE
$15 PER HOUR (update)

Background

The FY 2017 Enacted Budget included 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 employers in New York City (11 or more employees); small employers in New York City; Nassau, Suffolk and Westchester Counties; and the rest of the state.

As a result of Senate advocacy, the 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 section 656 of the Labor Law, which governs Wage Board reports.

Minimum Wage Update:

- Scheduled increases, ranging from 18% for large employers in NYC to 7% upstate, took effect on December 31, 2017
- The Department of Labor has not conformed the separate, more accelerated increases for fast food workers to those in statute
- The Executive has announced a new Wage Board to examine eliminating the Hospitality Industry minimum wage tip credit

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, which contained different increase schedules for New York City and the rest of the state. In both instances, the scheduled increases are more aggressive than those enacted statutorily. Under this order, the minimum wage for fast food workers in New York City will 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

Schedule of Statutory and Fast Food Minimum Wage Increases

Effective Date	NEW YORK CITY						LONG ISLAND / WESTCHESTER				REST OF THE STATE			
	Fast Food*		Large Employer		Small Business		Fast Food*		All Other		Fast Food*		All Other	
	$/hour	% change	$/hour	% change	$/hour	% change	$/hour	% change	$/hour	% change	$/hour	% change	$/hour	% change
12/31/15	$9.00		$9.00		$9.00		$9.00		$9.00		$9.00		$9.00	
12/31/16	$12.00	33.3%	$11.00	22.2%	$10.50	16.7%	$10.75	19.4%	$10.00	11.1%	$10.75	19.4%	$9.70	7.8%
12/31/17	$13.50	12.5%	$13.00	18.2%	$12.00	14.3%	$11.75	9.3%	$11.00	10.0%	$11.75	9.3%	$10.40	7.2%
12/31/18	**$15.00**	11.1%	**$15.00**	15.4%	$13.50	12.5%	$12.75	8.5%	$12.00	9.1%	$12.75	8.5%	$11.10	6.7%
12/31/19	$15.00	0.0%	$15.00	0.0%	**$15.00**	11.1%	$13.75	7.8%	$13.00	8.3%	$13.75	7.8%	$11.80	6.3%
12/31/20	$15.00	0.0%	$15.00	0.0%	$15.00	0.0%	$14.50	5.5%	$14.00	7.7%	$14.50	5.5%	$12.50	5.9%
7/1/21	N/A		N/A		N/A		**$15.00**	3.4%	N/A		**$15.00**	3.4%	N/A	
12/31/21	$15.00	0.0%	$15.00	0.0%	$15.00	0.0%	N/A		**$15.00**	7.1%	N/A		**	

* *pursuant to December 2015 administrative Wage Order*

** *Effective December 31, 2021, and each December 31 thereafter, the minimum wage for the Rest of the 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 indicies 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.*

with those in statute. However, the Department of Labor has maintained the accelerated wage increase schedule for fast food workers to date, which has created disparities, unintended consequences, and some confusion among businesses and workers.

The full schedule of recent and upcoming increases in the minimum wage can be found in the "Schedule of Statutory and Fast Food Minimum Wage Increases" table.

The Cash Wage

The cash wage, or "tipped wage," is paid to certain 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. Additionally, employers are not entitled to the tip credit on days when tipped workers spend more than two hours, or 20 percent, of a shift doing non-tipped work. 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.

In December 2016, an amended Hospitality Industry wage order was issued that reinstated separate categories for tipped food service workers and tipped service employees. A cash wage and corresponding tip credit were established for food service workers. For service employees, a higher cash wage and lower corresponding tip credit were established, along with a tip threshold rate, which sets forth the minimum amount employees must earn in tips in order for the employer to receive the tip credit. There are separate tip threshold rates for restaurants and all year hotels, and resort hotels.

Schedule of Hospitality Industry Cash Wage / Tip Credit / Tip Threshold Increases

Effective Date	NEW YORK CITY								LONG ISLAND / WESTCHESTER				REST OF THE STATE			
	Large Employer				Small Business											
	Cash Wage	Tip Credit	Tip Threshold Hotel	Tip Threshold Resort	Cash Wage	Tip Credit	Tip Threshold Hotel	Tip Threshold Resort	Cash Wage	Tip Credit	Tip Threshold Hotel	Tip Threshold Resort	Cash Wage	Tip Credit	Tip Threshold Hotel	Tip Threshold Resort
Tipped Food Service Workers																
12/31/16	$7.50	$3.50			$7.50	$3.00			$7.50	$2.50			$7.50	$2.20		
12/31/17	$8.65	$4.35			$8.00	$4.00			$7.50	$3.50			$7.50	$2.90		
12/31/18	**$10.00**	$5.00	N/A	N/A	$9.00	$4.50	N/A	N/A	$8.00	$4.00	N/A	N/A	$7.50	$3.60	N/A	N/A
12/31/19	$10.00	$5.00			**$10.00**	$5.00			$8.65	$4.35			$7.85	$3.95		
12/31/20	$10.00	$5.00			$10.00	$5.00			$9.35	$4.65			$8.35	$4.15		
12/31/21	$10.00	$5.00			$10.00	$5.00			**$10.00**	$5.00			*	*		
Tipped Service Employees																
12/31/16	$9.15	$1.85	$2.40	$6.15	$8.75	$1.75	$2.30	$5.90	$8.35	$1.65	$2.15	$5.60	$8.10	$1.60	$2.10	$5.45
12/31/17	$10.85	$2.15	$2.80	$7.30	$10.00	$2.00	$2.60	$6.75	$9.15	$1.85	$2.40	$6.15	$8.65	$1.75	$2.25	$5.85
12/31/18	**$12.50**	$2.50	$3.25	$8.40	$11.25	$2.25	$2.95	$7.60	$10.00	$2.00	$2.60	$6.75	$9.25	$1.85	$2.40	$6.25
12/31/19	$12.50	$2.50	$3.25	$8.40	**$12.50**	$2.50	$3.25	$8.40	$10.85	$2.15	$2.80	$7.30	$9.85	$1.95	$2.55	$6.60
12/31/20	$12.50	$2.50	$3.25	$8.40	$12.50	$2.50	$3.25	$8.40	$11.65	$2.35	$3.05	$7.85	$10.40	$2.10	$2.70	$7.00
12/31/21	$12.50	$2.50	$3.25	$8.40	$12.50	$2.50	$3.25	$8.40	**$12.50**	$2.50	$3.25	$8.40	*	*	*	*

* *Effective December 31, 2021, and each December 31 thereafter, the minimum wage for the Rest of the State, which serves as the basis for the hospitality industry minimum wage, 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 indicies 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.*

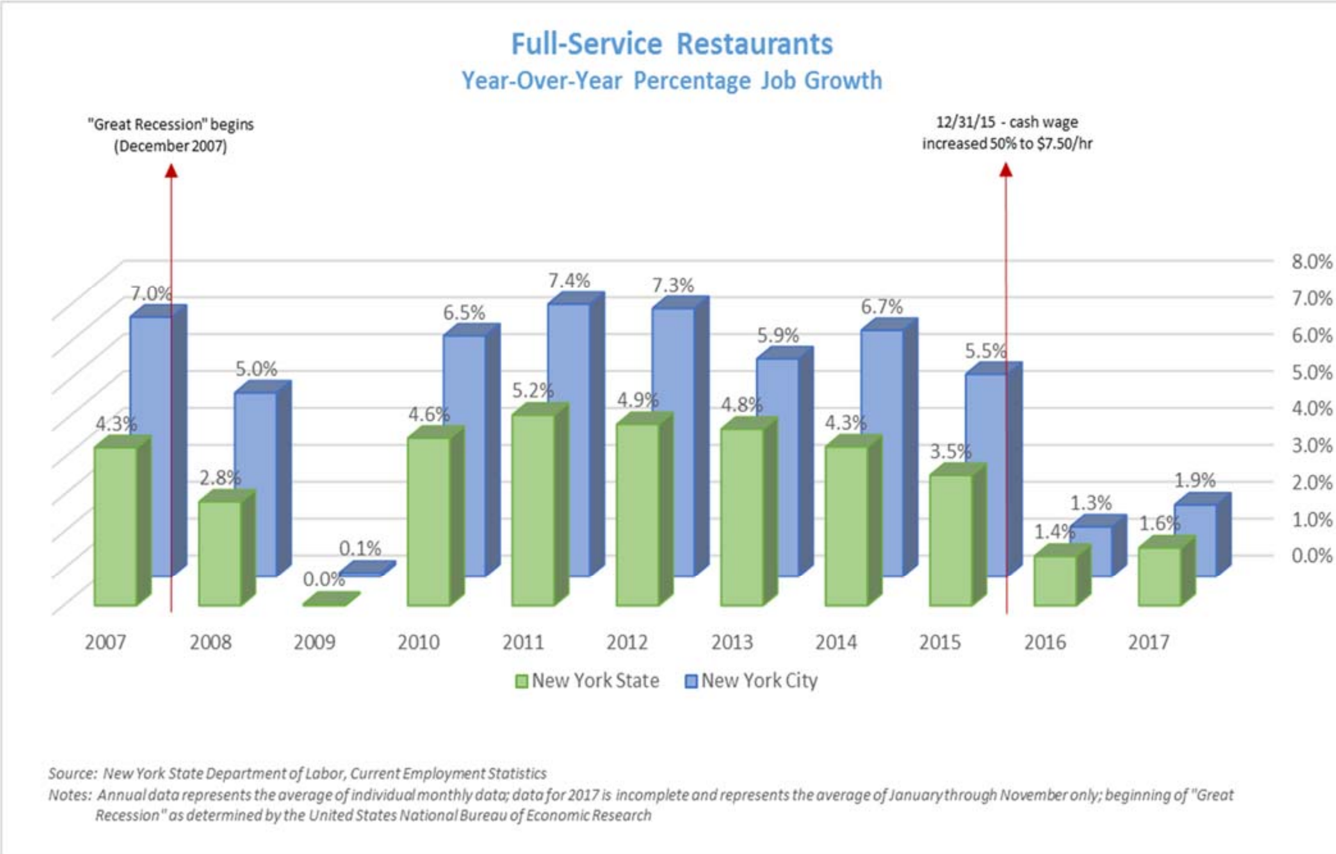
A full schedule of recent and upcoming increases in these various rates can be found in the "Schedule of Hospitality Industry Cash Wage / Tip Credit / Tip Threshold Increases" table.

On December 17, 2017, the Executive announced an examination into eliminating the minimum wage tip credit to "strengthen economic justice in New York State" as the fifth proposal of the 2018 State of the State. Specifically, the Executive has directed the Department of Labor to utilize its authority under the Minimum Wage Act to convene a Wage Board to hold public hearings in order to solicit input from businesses, workers and others to evaluate the elimination of tip credits. The elimination of tip credits would have a significant impact on workers and employers, and any proposal to do so must take into account potential increases in labor costs and any possible reduction to tipped employees' earnings.

A schedule of dates and locations for these hearings has not yet been released.

Hospitality Industry In-Depth

The hospitality industry is an important job sector in New York, representing 9.5 percent of all private sector employment in 2017 and a significant concentration of minimum wage workers. Parts of this industry are impacted by the accelerated minimum wage increases for



certain fast food workers pursuant to the December 2015 administrative wage order, and the remainder was impacted by a 50 percent increase in the cash wage that same year. Both workers and businesses in this sector would also be significantly impacted by any proposal to eliminate the minimum wage tip credit.

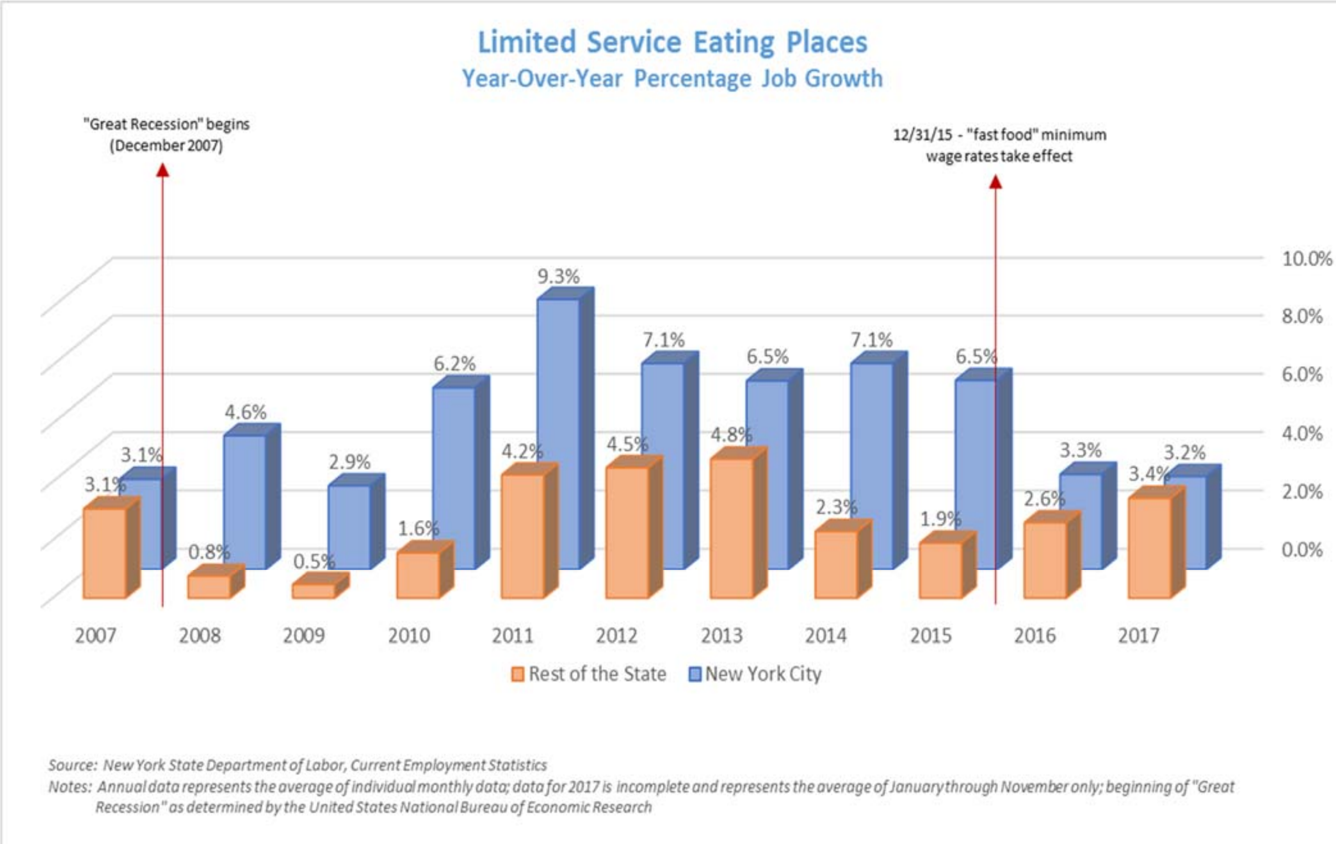
An examination of current and historical employment data for the accommodation and food services sector, as reported by the New York State Department of Labor, yields some concerning trends, particularly for operators of food services establishments. On a statewide basis, the food services and drinking places sector represents over 87 percent of total hospitality industry employment (see "Hospitality Industry Employment in New York" chart), with nearly half of that, 44.8 percent, being in full-service restaurants[1].

As seen in the "Full-Service Restaurants Year-Over-Year Percentage Job Growth" chart, the rate of job growth in full-service restaurants experienced a significant decline after the cash wage was increased by 50 percent, to $7.50 per hour, on December 31, 2015, and is at its lowest levels since the great recession. The impact was more acute in New York City, where full-service restaurants comprise 47 percent of the total hospitality industry.

The limited service eating places[2] category, which includes, but is not exclusive to, fast food establishments that are impacted by the fast food employee minimum wage, represents another 31.3 percent of hospitality industry jobs. Pursuant to the 2015 administrative wage order, the minimum wage for covered fast food workers in New York City increased 33.3 percent, to $12.00 per hour, which again resulted in the lowest levels of job growth since the great

[1] *Defined as establishments primarily engaged in providing food services to patrons who order and are served while seated, typically by a waiter/waitress, and pay after eating.*

[2] *Defined as establishments primarily engaged in providing food services where patrons generally order or select items and pay before eating.*



recession (as depicted in the "Limited Service Eating Places Year-Over-Year Percentage Job Growth" chart). The minimum wage for these workers rose to $13.50 per hour on December 31, 2017, and will hit $15 per hour next year.

In the rest of the state, where the wage increase for fast food workers was less severe, job growth has not seen similar declines. It remains to be seen, however, if this will be sustained as the minimum wage for fast food workers in the remainder of the state increases to $15 per hour by July 1, 2021.

Additionally, restaurants in this sector, particularly fast-food chains, are increasingly utilizing, or are seriously considering, automated technology to replace certain workers. Recently, there have been announcements from Jack in the Box restaurants that they are replacing cashiers with automated order kiosks at some locations in California, where minimum wage increases have been similar to those in New York. Red Robin has recently announced the elimination of bus boy positions from their restaurants, after previously eliminating certain food preparation positions. McDonald's, Wendy's, Dunkin' Donuts, along with numerous other establishments, have been installing automated kiosks at an increasing pace. The pace of this is likely to continue, if not accelerate, as the cost of labor overtakes the cost of technology.

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 of energy, and relief from the cost of overregulation.

State Budget Impact

Farm Workforce Retention Credit

The FY 2017 Enacted Budget included 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 is $250 for taxable year 2017, $300 for 2018, $500 in 2019, $400 in 2020, and $600 in 2021. Although the minimum wage is scheduled to increase at different rates in 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 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

In FY 2018, Medicaid spending is projected to increase by $255 million above statutory Global Cap limits as a result of the minimum wage increase. This cost is projected to continue rising in future Fiscal Years, as follows:

- $703 million in FY 2019
- $1 billion in FY 2020
- $1.1 billion in FY 2021
- $1.2 billion in FY 2022

Mental Hygiene

The FY 2018 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 – $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)

The FY 2019 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 – $10.9 million ($12.1 million including federal funds)
- Office of Mental Health – $9.5 million ($13.5 million including federal funds)
- Office for People With Developmental Disabilities – $43.3 million ($79.8 million including federal funds)

Education

The FY 2018 Enacted Budget included an additional $6.2 million for the impact of the minimum wage increase on schools in the 2017-18 school year. The FY 2019 Executive Budget includes approximately $11 million for the impact in the upcoming 2018-19 school year.

Human Services

There is no direct impact on state funds related to the minimum wage increase in the Human Services budget. However, since most services in this area are provided on a contractual basis, the increased labor costs faced by providers will likely result in higher State contracting expenses as the minimum wage increases, or a reduced level of services provided.

A $5 million increase in the Summer Youth Employment program was included in the FY 2018 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 2019 is $4 million.

PAID FAMILY LEAVE

The FY 2017 Enacted Budget contained legislation (Chapter 54 of 2016, Part SS) establishing a Paid Family Leave (PFL) benefit for workers in New York. Once fully implemented, the benefit will provide employees with up to 12 weeks of paid time off to care for a seriously ill relative, care for and bond with a new child, or when a close relative is called to active Military duty.

Eligibility

Most private sector employees are covered by the program and, with one exception, participation is mandatory. Employees who work full-time (regular work schedule of 20 or more hours per week) are eligible for PFL benefits after working 26 consecutive weeks. Part-time employees (regular work schedule of less than 20 hours per week) are eligible for PFL benefits after working 175 days, which do not need to be consecutive. Only those employees who work less than the number of hours that are required to qualify for PFL benefits may opt-out of the program.

Public employees, including those employed by the State or local governments and public authorities, are exempt from the program, in deference to several collective bargaining agreements providing PFL benefits that pre-existed the law. Public employees who are represented 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 notice to employees of at least 90 days.

PFL benefits are not available:

- When the employee is receiving total disability payments through Workers' Compensation, or through volunteer firefighters' or volunteer ambulance workers' benefits[1]
- When an employee is not employed or is on administrative leave
- When an employee is collecting sick pay or other paid time off, unless specifically allowed by the employer; or
- For any day in which the employee works at least part of the day for remuneration or profit.

As of January 1, 2018, most private sector employees are eligible to take Paid Family Leave

- Employees can take up to 8 weeks of paid leave in 2018
- Employees receive 50% of their average weekly wage (capped at $652.96)
- Benefits are funded through a mandatory employee payroll deduction (maximum of $1.65 per week in 2018)

[1] *Employees who are collecting these benefits and who are working on a reduced earnings schedule may still be eligible for PFL benefits.*

Benefit

Employees may take paid family leave in order to care for a seriously ill family member, bond with a new child or when a loved one is called to active military duty, subject to certain conditions.

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 (AWW), as follows:

Year	# of Weeks	% of AWW
2018	8	50%
2019	10	55%
2020	10	60%
2021	12	67%

The Superintendent of Financial Services ("Superintendent"), in his or her discretion, may delay these increases by one or more calendar years, after consideration of certain factors.

Benefits are capped at the applicable percentage of the statewide average weekly wage (SAWW), as calculated annually by the New York State Department of Labor. The SAWW is currently $1,305.92.

Where leave is foreseeable, the employee must provide notice of at least 30 days to their employer. Otherwise, the employer must be notified as soon as possible. Employees must provide documentation in support of the type of leave they are taking. Employees retain their employer sponsored health insurance while taking PFL, provided they continue making any required employee contribution.

Upon returning from family leave, an employee must be restored to the position they held when leave commenced, or to a similar position with comparable pay, benefits and other terms and conditions of employment, and employers are prohibited from taking retaliatory action against an employee who claims a PFL benefit. Employees whose PFL request is denied can request review of the decision by a third-party arbitrator.

Leave for Family Care

Employees are eligible to take PFL in order to care for a seriously ill family member. For purposes of receiving PFL benefits, an employee's family member is their:

- Child / stepchild (including adopted and foster children)
- Parent / step parent / parent-in-law
- Spouse / domestic partner
- Grandparent
- Grandchild

In order to be considered seriously ill, the family member must have an illness, injury, physical or mental impairment that requires either: inpatient care in a hospital, hospice, or residential health facility; or continuing treatment or supervision by a health care provider.

Leave for New Parents

PFL benefits are available in order for an employee to care for and bond with a new child. Leave can be taken any time within the first 12 months after the birth or adoption of a child, or the placement of a foster child. PFL benefits are not available during pregnancy, but can be taken prior to the adoption or placement of a child, if necessary for the process to proceed.

Leave related to Active Military Duty

Employees are eligible for PFL benefits for qualifying events when their spouse, domestic partner, child or parent is on, or has been notified of an impending call to, active duty in the United States Armed Forces, National Guard or Reserves and is/will be deployed to a foreign country (including in international waters). PFL benefits are not available in the event of the employee's own deployment.

Qualifying events may include:

- when the family member is notified of deployment within seven days of its start
- attending official military events and related activities
- providing urgent, temporary childcare, arranging for childcare, or to arrange or attend school-related activities for a minor child of the family member
- making financial or legal arrangements for the family member
- attending counseling for the employee, the family member being deployed or their child;
- when a deployed family member is on a period of rest and recuperation leave
- attending or engaging in certain activities within 90 days of the deployment
- arranging care for the family member's parent when they are not capable of caring for themselves

Financing

PFL benefits are paid as an insurance benefit through a new PFL insurance product. On an annual basis, the Superintendent is required to set the cost of this insurance policy ("premium rate"), utilizing commonly accepted actuarial principles and actual claims data (when available), and the maximum amount the employer is authorized to collect from employees through a mandatory payroll deduction ("employee contribution"). The premium rate must equal the employee contribution. Employers are not required to fund any portion of the PFL benefit.

On June 1, 2017, the Superintendent established that the premium rate and maximum employee contribution for 2018 will be 0.126 percent of the employee's weekly wage. Since PFL benefits are capped at the SAWW, the employee contribution is also capped at that level and will not exceed $1.65 per week in 2018. For subsequent years, the Superintendent is required to update the premium rate/maximum employee contribution annually by the preceding September 1.

The Superintendent, in consultation with the Chair of the Workers' Compensation Board ("Chair"), also established that group accident and health insurance policies providing PFL benefits coverage will be subject to community rating.[2] As is common when community rating is utilized, policies providing PFL coverage will be subjected to a risk adjustment mechanism that is designed to equalize the per member per month claim amounts among insurers in order to protect insurers from disproportionate adverse risks. The Superintendent, in consultation with the Chair, may determine whether to continue the risk adjustment mechanism annually, on or before the preceding June 30.

Impact on Employers

By statute, no employer is required to fund any portion of the PFL benefit.[3] Private employers were required to have a PFL insurance policy in place by January 1, 2018. For most employers with carrier-provided disability benefits insurance coverage, PFL coverage was added to their policy automatically. Employers who are self-insured for disability coverage had the option to apply to the Workers' Compensation Board to self-insure their PFL coverage by September 30, 2017, or to purchase a PFL-only policy.

Employers may offer their own PFL benefit to employees, however, the benefit they offer must provide what the law requires, at minimum. Employers who provide more robust PFL benefits are able to seek reimbursement from their insurance carrier for the portion of the benefit that is required by law. Employers also have the option of allowing employees to collect paid sick

[2] *Community rating defines a rating methodology in which the premium equivalent rate for all persons covered is the same, based upon the experience of the entire pool covered without regard to age, sex, health status or occupation [New York State Insurance Law, §4702(a)]*

[3] *New York State Workers' Compensation Law, §209(3)(b)*

or other time off concurrent with PFL, but are not required to do so.

Employers may fund PFL benefits on behalf of their employees if they choose. In order to build up necessary funds to pay PFL insurance premiums in anticipation of the law taking effect, employers were permitted to begin collecting funds through the mandatory PFL payroll deduction on July 1, 2017. Any funds received by an employer through the mandatory employee payroll deduction can only be used to pay for the employer's PFL insurance coverage.

Lastly, employers are required to: update or otherwise provide written information on the PFL program to employees; identify any employees who are not expected to work enough hours to qualify for PFL benefits, notify them of their ability to opt-out of the program and provide them with a waiver form; and visibly post notice to employees stating that the employer has PFL insurance (similar to the requirement for Workers' Compensation and disability insurance).

WORKFORCE UPDATE

The overall number of State employees remains relatively unchanged. The FY 2019 Executive Budget proposes a net All Funds workforce increase of 201 full time equivalent (FTE) positions from 182,364 to 182,565. This change is due to an increase of 8,078 new hires offset by 7,877 FTE employees leaving due to normal attrition.

Major Changes

Department of Health (DOH)

DOH projects a workforce increase of 381 FTE, which reflects 947 new hires offset by 566 vacancies generated through attrition. The additional staff would be used to manage the State takeover of Medicaid administration from the counties (200 FTE), increase survey and surveillance activities of hospitals and adult living facilities (36 FTE), health home background checks (three FTE) and increased operational support for several public health programs (142 FTE).

- No Layoffs
- Largest Workforce increase is within DOH with 200 of the 381 new FTE hires to manage the continued State takeover of Medicaid administration from localities
- OCFS projects a decrease of 58 FTE from the closure of the Ella McQueen Center in Brooklyn

Department of Motor Vehicles (DMV)

DMV projects a net workforce increase of 89 FTE, which reflects five vacancies due to attrition, offset by 94 new hires. The additional staff would be used to implement the Federal Real ID Act.

Office of Children and Family Services (OCFS)

OCFS projects a decrease of 58 FTE resulting from the closure of the Ella McQueen Reception Center in Brooklyn. There would not be any layoffs due to excess budgeted capacity at other facilities. Affected employees would be offered transfers.

Office of Mental Health (OMH)

OMH projects a net workforce reduction of 275 FTE, which reflects 1,670 vacancies due to attrition, offset by 1,395 new hires. This reflects the reconfiguration of state operated services and inpatient bed reductions.

Collective Bargaining

The Civil Service Employees Association (CSEA) and District Council-37 employees ratified a five-year contract, which includes annual salary increases of two percent for FY 2017 through 2021.

The Public Employee Federation (PEF) and the Graduate Students Employee Union (GSEU) ratified three year contracts which includes a two percent annual stipend increase through FY 2019.

The New York State Correctional Officers (NYSCOPA) members rejected a contract in March 2017 that included annual salary increases of two percent through 2021. The State is continuing negotiations with NYSCOPA.

The Police Benevolent Association of the New York State Troopers (NYSTPBA) and the New York State Police Investigators Association (NYSPIA) each have a have a four year deal which includes two percent salary increases for FY 2015 and FY 2016 and a one and a half percent for FY 2017 and FY 2018.

The State continues negotiations with other employee unions whose contracts concluded in FY 2016, including United University Professors (UUP) and Council 82.

The City University of New York (CUNY) board of trustees reached an agreement with the unions representing its faculty and staff in June 2016.

The Judiciary reached agreements with all of the 12 unions represented in its workforce.

Workforce Impact Summary
All Funds
FY 2017 Through FY 2019

	FY 2017 Actuals (03/31/17)	Starting Estimate (03/31/18)	Attritions	New Fills	Mergers	Net Change	Ending Estimate (03/31/19)
Major Agencies							
Children and Family Services, Office of	2,932	2,965	(729)	671	0	(58)	2,907
Corrections and Community Supervision, Department of	29,189	29,254	(110)	39	0	(71)	29,183
Education Department, State	2,590	2,692	(269)	269	0	0	2,692
Environmental Conservation, Department of	2,956	2,945	(234)	234	0	0	2,945
Financial Services, Department of	1,325	1,382	(78)	78	0	0	1,382
General Services, Office of	1,755	1,915	(337)	337	0	0	1,915
Health, Department of	4,853	5,082	(566)	947	0	381	5,463
Information Technology Services, Office of	3,486	3,406	(170)	170	0	0	3,406
Labor, Department of	2,861	2,990	(329)	329	0	0	2,990
Mental Health, Office of	14,221	13,903	(1,670)	1,395	0	(275)	13,628
Motor Vehicles, Department of	2,184	2,256	(5)	94	0	89	2,345
Parks, Recreation and Historic Preservation, Office of	1,752	1,749	(152)	166	0	14	1,763
People with Developmental Disabilities, Office for	18,958	18,630	(1,479)	1,447	0	(32)	18,598
State Police, Division of	5,645	5,711	(208)	238	0	30	5,741
Taxation and Finance, Department of	3,946	3,978	(40)	40	0	0	3,978
Temporary and Disability Assistance, Office of	1,973	2,006	(248)	248	0	0	2,006
Transportation, Department of	8,487	8,453	(353)	423	0	70	8,523
Workers' Compensation Board	1,122	1,110	(56)	56	0	0	1,110
Subtotal - Major Agencies	**110,235**	**110,427**	**(7,033)**	**7,181**	**0**	**148**	**110,575**
Minor Agencies	**7,672**	**8,085**	**(757)**	**802**	**0**	**45**	**8,130**
Subtotal - Subject to Direct Executive Control	**117,907**	**118,512**	**(7,790)**	**7,983**	**0**	**193**	**118,705**
University Systems							
City University of New York	13,635	13,547	(6)	8	0	2	13,549
State University Construction Fund	144	146	0	6	0	6	152
State University of New York	45,316	45,657	0	0	0	0	45,657
Subtotal - University Systems	**59,095**	**59,350**	**(6)**	**14**	**0**	**8**	**59,358**
Independently Elected Agencies							
Audit and Control, Department of	2,647	2,663	(81)	81	0	0	2,663
Law, Department of	1,787	1,839	0	0	0	0	1,839
Subtotal - Independently Elected Agencies	**4,434**	**4,502**	**(81)**	**81**	**0**	**0**	**4,502**
Grand Total	**181,436**	**182,364**	**(7,877)**	**8,078**	**0**	**201**	**182,565**

Workforce Impact Summary
All Funds
FY 2017 Through FY 2019

	FY 2017 Actuals (03/31/17)	Starting Estimate (03/31/18)	*Attritions*	*New Fills*	*Mergers*	*Net Change*	Ending Estimate (03/31/19)
Minor Agencies							
Adirondack Park Agency	53	54	*(1)*	*1*	*0*	*0*	54
Aging, Office for the	90	95	*(3)*	*3*	*0*	*0*	95
Agriculture and Markets, Department of	472	483	*(30)*	*30*	*0*	*0*	483
Alcoholic Beverage Control, Division of	112	120	*(6)*	*6*	*0*	*0*	120
Alcoholism and Substance Abuse Services, Office of	745	738	*(105)*	*105*	*0*	*0*	738
Arts, Council on the	28	30	*(3)*	*3*	*0*	*0*	30
Budget, Division of the	234	261	*(40)*	*40*	*0*	*0*	261
Civil Service, Department of	324	350	*(67)*	*67*	*0*	*0*	350
Correction, Commission of	31	32	*(1)*	*1*	*0*	*0*	32
Criminal Justice Services, Division of	410	436	*(22)*	*22*	*0*	*0*	436
Deferred Compensation Board	4	4	*(1)*	*1*	*0*	*0*	4
Economic Development, Department of	147	148	*(8)*	*13*	*0*	*5*	153
Elections, State Board of	75	76	*(6)*	*6*	*0*	*0*	76
Employee Relations, Office of	32	37	*(2)*	*2*	*0*	*0*	37
Executive Chamber	121	136	*(36)*	*36*	*0*	*0*	136
Financial Control Board, New York State	12	12	*0*	*0*	*0*	*0*	12
Gaming Commission, New York State	410	411	*(17)*	*17*	*0*	*0*	411
Higher Education Services Corporation, New York State	200	190	*(10)*	*10*	*0*	*0*	190
Homeland Security and Emergency Services, Division of	467	564	*(39)*	*74*	*0*	*35*	599
Housing and Community Renew al, Division of	644	682	*(48)*	*48*	*0*	*0*	682
Hudson River Valley Greenw ay Communities Council	0	1	*0*	*0*	*0*	*0*	1
Human Rights, Division of	155	164	*(15)*	*15*	*0*	*0*	164
Indigent Legal Services, Office of	17	30	*0*	*4*	*0*	*4*	34
Inspector General, Office of the	92	109	*(10)*	*10*	*0*	*0*	109
Interest on Law yer Account	9	9	*0*	*0*	*0*	*0*	9
Judicial Conduct, Commission on	44	50	*(2)*	*2*	*0*	*0*	50
Justice Center for the Protection of People w ith Special Needs	417	441	*(30)*	*30*	*0*	*0*	441
Labor Management Committees	75	77	*(6)*	*6*	*0*	*0*	77
Lieutenant Governor, Office of the	5	7	*(2)*	*2*	*0*	*0*	7
Medicaid Inspector General, Office of the	432	426	*(48)*	*48*	*0*	*0*	426
Military and Naval Affairs, Division of	366	390	*(42)*	*42*	*0*	*0*	390
Prevention of Domestic Violence, Office for	26	27	*(1)*	*1*	*0*	*0*	27
Public Employment Relations Board	30	33	*(3)*	*3*	*0*	*0*	33
Public Ethics, Joint Commission on	51	52	*(3)*	*3*	*0*	*0*	52
Public Service Department	508	520	*(33)*	*33*	*0*	*0*	520
State, Department of	499	525	*(91)*	*92*	*0*	*1*	526
Statew ide Financial System	137	141	*(14)*	*14*	*0*	*0*	141
Tax Appeals, Division of	23	27	*(1)*	*1*	*0*	*0*	27
Veterans' Affairs, Division of	89	98	*(3)*	*3*	*0*	*0*	98
Victim Services, Office of	79	92	*(7)*	*7*	*0*	*0*	92
Welfare Inspector General, Office of	7	7	*(1)*	*1*	*0*	*0*	7
Subtotal - Minor Agencies	**7,672**	**8,085**	***(757)***	***802***	***0***	***45***	**8,130**

FEDERAL TAX CHANGES

Federal Tax Changes

On September 27, 2017 Federal Leaders released a nine-page proposal on changes to the Federal tax code. According to the proposal, the ultimate goal of tax reform is to provide tax relief and simplify the tax code in a way that grows the economy. In early November, both the House and the Senate introduced their own version of the Tax Cuts and Jobs Act of 2017. After nearly two months of debate, these bills passed their respective houses and moved to the Reconciliation process, during which time the bill was amended to produce a same as bill that was acceptable to both houses. This final bill was signed into law on December 22, 2017.

- The majority of New York taxpayers will see a Federal tax cut under this law, including nearly all taxpayers who take the standard deduction.
- The new law caps the State and Local Tax Deduction (SALT) at $10,000.
- If the State fails to decouple New York tax code from Federal law, New York taxpayers will face a $1.5 billion State tax increase next year, as a result of changes to Federal law.

Overview of the Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act made a variety of changes to various components of the Federal tax code. These changes include the following:

Income Tax Rates

The Tax Cuts and Jobs Act of 2017 makes multiple changes to the income tax. The standard deduction is roughly doubled to $12,000 for single filers and $24,000 for married joint filers. However, the personal and dependent exemption, which was $4,050 each, is eliminated. The former number of tax brackets was retained, however the brackets themselves and the rates are modified. Please see the charts on the next page for the new proposed brackets. These provisions sunset at the end of 2025. These provisions will likely be extended, as the sunset was included so that the bill would comply with the Byrd Rule, which states that measures passed via the Reconciliation process may add no more than $1.5 trillion to the national debt over a ten-year period.

Changes to Income Tax Brackets			
Single Filers			
2017 Law		New Law	
Rates	Brackets	Rates	Brackets
10%	$0- $9,525	10%	$0- $9,525
15%	$9,526- $38,700	12%	$9,526- $38,700
25%	$38,701- $93,700	22%	$38,701- $82,500
28%	$93,701- $195,450	24%	$82,501- $157,500
33%	$195,451- $424,950	32%	$157,501- $200,000
35%	$424,951- $426,700	35%	$200,000- $500,000
39.6%	$426,701+	37%	$500,001+

Changes to Income Tax Brackets			
Joint Filers			
2017 Law		New Law	
Rates	Brackets	Rates	Brackets
10%	$0- $19,050	10%	$0- $19,050
15%	$19,051- $77,400	12%	$19,051- $77,400
25%	$77,401- $156,150	22%	$77,401- $165,000
28%	$156,151- $237,950	24%	$165,001- $315,000
33%	$237,951- $424,950	32%	$315,001- $400,000
35%	$424,951- $480,000	35%	$400,001- $600,000
39.6%	$480,001+	37%	$600,001+

Changes to Income Tax Brackets			
Head of Household Filers			
2017 Law		New Law	
Rates	Brackets	Rates	Brackets
10%	$0- $19,050	10%	$0- $13,600
15%	$19,051- $77,400	12%	$13,601- $51,800
25%	$77,401- $156,150	22%	$51,801- $82,500
28%	$156,151- $237,950	24%	$82,501- $157,500
33%	$237,951- $424,950	32%	$157,501- $200,000
35%	$424,951- $480,000	35%	$200,000- $500,000
39.6%	$480,001+	37%	$500,001+

Tax Credits and Deductions

Under the new law there are several significant changes made to tax credits and deductions that will impact New York taxpayers. The new law eliminates or modifies several itemized deductions. Some of the most notable actions include:

- Home mortgage interest deduction is capped at $750,000 for principal on new mortgages;
- The deduction for charitable contributions is retained;
- Medical expenses deduction threshold is lowered from 10 percent to 7.5 percent in 2018 before reverting back to 10 percent thereafter;
- State and Local Tax (SALT) deduction is capped at a combined value of $10,000 for property taxes and a taxpayer's choice of income or sales tax. The elimination of this deduction will negatively impact taxpayers in high tax states like New York.

The Alternative Minimum Tax (AMT) is amended to increase the exemption from the prior level of $86,200 to $109,400, and the phase-out threshold of the tax is raised to $1 million. The dependent exemption is eliminated in exchange for enhancements to the Child Tax Credit, the maximum value of which is increased from $1,000 to $2,000, with the first $1,400 being refundable, and is further enhanced by increasing the income limits at which the credit phases out. The new law also creates a new $500 credit for non-child dependents.

Business Tax Rates

The new law also makes changes to business taxes. These actions include:

- Reducing the corporate tax rate from the prior level of 35 percent to 21 percent
- Eliminating the Corporate AMT
- Creating a new 20 percent deduction for pass through business income, which is limited to the greater of (i) 50 percent of wage income or (ii) 25 percent of wage income and 2.5 percent of the cost of tangible depreciable property. These limitations do not apply for joint incomes below $315,000
- Allowing businesses to immediately write off (expense) the cost of new investments in depreciable assets until 2023, and then phases out the provisions over the next five years
- Expanding the small business depreciation deduction from the prior level of $500,000 to $1,000,000 and increasing the phase-out from $2 million to $2.5 million
- Modifying the tax treatment of interest; under prior law businesses could fully deduct interest, under the new law interest deductions are capped at 30 percent of earnings before interest, taxes, depreciation and amortization for the first four years, with the cap moving to 30 percent of earnings before interest and taxes thereafter
- Modifying the provisions of the tax code dealing with net operating losses. Formerly net operating losses could be carried back two years or forward twenty years, with no limit to taxable income. Under the new law, net operating loss carrybacks are eliminated, while providing indefinite net operating loss carryforwards, which is limited to 80 percent of taxable income
- Allowing businesses with up to $25 million in income to use the cash method of accounting, up from the prior limit of $5 million
- Making several changes in an attempt to repatriate revenue that is currently being held overseas

Other Notable Measures

In addition to cutting personal income and business rates, the Tax Cuts and Jobs Act makes several additional notable changes. These actions include:

- Eliminating the individual mandate of the Affordable Care Act (commonly referred to as Obamacare) by reducing the penalty for noncompliance to $0 in 2019
- Replacing the former method of indexing tax provisions (such as brackets, the standard deduction, and exemptions) for inflation (Traditional CPI) with chained CPI (C-CPI), which grows at a slower rate
- Expanding the use of 529 savings accounts to allow funds to be used to cover tuition for K-12 students in private schools and who are being homeschooled
- Doubling the estate tax exemption from the current level of $5.6 million to $11.2 million starting in 2018

State Level Response to Federal Changes

Since the passage of the Tax Cuts and Jobs Act, the following actions have been proposed on the State level:

Actions by the Senate

The Senate introduced legislation (S.6974-A) to hold harmless New York's tax code to Federal changes. This effectively decouples New York Tax Law from changes to Federal Tax Law, which will prevent New York residents from experiencing a **State tax increase of roughly $1.5 billion next year**.

The Executive did not propose any State tax code changes in the FY 2019 Executive Budget to address this issue, and as a result, New York taxpayers are currently slated to see a significant tax increase next year.

Actions by the Executive

During the Executive's budget address, several actions were discussed that the State could take to mitigate the potential negative impact that the Tax Cuts and Jobs Act could have on some New Yorkers, potentially by changing the method through which New York collects revenue from an income tax to a payroll tax. Despite this portion of the speech, the FY 2019 Executive Budget did not contain a payroll tax proposal. However, the day after the release of the FY 2019 Executive Budget, the Department of Tax and Finance issued a report which outlined a variety of proposals in response to the new Federal law. It is possible that amendments to the FY 2019 Executive Budget could contain a payroll based tax shift proposal.

While the proposals in the Tax and Finance report vary, the general concept behind the switch to the payroll tax is as follows:

- Under the Tax Cuts and Jobs Act, the deductibility of State and Local Taxes is capped at $10,000, however there is no such cap for the deduction of payroll taxes by businesses.
- Under these proposals, part of the New York State personal income tax (PIT) would be replaced by an employer-side payroll tax. The report further states that one goal of this design would be to keep the progressive nature of New York's tax system in place
- In many cases, the employer would reduce the wage of the employee to account for this change, which if properly designed and calculated, would not impact the take home wage of the employee, however, this could cause other issues, such as reducing the value of a future pension

There are many potential issues with a new tax system as described above including:

- According to the nonpartisan Tax Foundation, it is possible that the IRS could rule that this system constitutes payment of an employee's income tax by their employer, which under current case law (*Old Colony Trust Co. v. Commissioner*) could result in an increased tax liability to the business, thus negating the entire stated purpose of this system
- The creation of a secondary tax system could cause significant administrative issues for the Department of Tax and Finance
- An employee may not want to have their pre-tax wage adjusted downward, because of the effect on the calculation of a future pension
- The Triborough Amendment could prevent collectively bargained wages from being adjusted. This could have the added effect of creating a new unfunded mandate on local governments
- New York's credit rating could be negatively impacted, as a significant portion of State debt is currently financed via bonds secured by PIT revenue, which would be sustainably weakened under these proposals

WATER QUALITY AND FLOOD FUNDING

Water Infrastructure in New York State

New York's water infrastructure is outdated and insufficient to provide reliable and safe drinking water with reports estimating an $80 billion cost for adequate upgrades. Recognizing that water quality and aging infrastructure issues are statewide, the Senate has actively pursued avenues to ensure New Yorker's have access to safe drinking water, as well as address environmental and public health concerns.

Water Infrastructure Improvement Act (WIIA) of 2015

The FY 2016 and 2017 Enacted Budgets provided a total of $400 million for the Water Quality Infrastructure Improvement Act (WIIA) 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. Funds were allocated as follows: $50 million for FY 2016; $175 million for FY 2017; and $175 million for FY 2018.

Water Infrastructure Improvement Act of 2017

Building on WIIA of 2015, the FY 2018 Enacted Budget provided $2.5 billion over five years for clean water infrastructure projects as follows:

- Not less than $1 billion for the Water Infrastructure Improvement Act of 2017
- Not less than $150 million for Intermunicipal Water Infrastructure Grants
- Not less than $245 million for Water Quality Improvement Projects (WQIPs), including up to $25 million for road salt management
- Up to $50 million for green infrastructure projects.
- $110 million for source water protection projects
- Up to $50 million for concentrated animal feeding operations (CAFOs)
- Up to $130 million for solid waste management facility and drinking water investigation and remediation
- Not less than $20 million for lead service line replacement
- $200 million for NYC water quality projects
- Not less than $75 million for a septic rebate program
- Up to $10 million for an Emergency Water Infrastructure program
- Up to $10 million for a water quality mapping and tracking information system

- Almost $3 B has been committed to water infrastructure improvement since FY 2016
- $15 M committed to Lake Ontario flooding
- **Additional assistance is necessary**
- $65 M proposed for addressing algal blooms
- $150 M proposed for mitigating Grumman plume

- $100 million to support water quality infrastructure initiatives that do not otherwise qualify.

Lake Ontario Flooding

On May 2, 2017, a State of Emergency was declared for the following counties after days of near record heavy rain and snow melt: Cayuga, Jefferson, Monroe, Niagara, Orleans, Oswego, St. Lawrence, and Wayne. The National Guard deployed to the region to provide assistance and set up sandbags to low-lying areas. A week later, mobile command centers deployed to the region to provide insurance help to residents impacted by the flooding.

To provide additional assistance, the Legislature introduced and passed a number of measures to address local needs. Following additional discussions, legislation was signed into law which provided $45 million in flood relief:

- $15 million for homeowners, including owners of multiple dwelling with an annual income of less than $275,000
- $15 million for small businesses, farms, homeowners associations, and not-for-profits
- $15 million for municipalities.

In the few months that the funds have been available, the homeowner program is already oversubscribed – local agencies coordinating the response received over 3,500 applications worth $71.5 million. To address part of the $56.5 million gap in available funds, the FY 2019 Executive Budget proposes flexibility in the program by allowing funds not spent in one program to be used in another program as necessary. However, additional resources will need to be identified.

Algal Blooms

Over the past year, NYS waterbodies have seen a significant uptick in the number of harmful algal blooms (HABs). As of October 2017, the Department of Environmental Conservation has listed 66 waterbodies as having significant outbreaks of harmful cyanobacteria, commonly known as "blue-green algae." Long Island Sound waters also suffer from a separate type of algal bloom known as a "red-tide" caused by a number of species of dinoflagellates, a marine plankton. The number of outbreaks have continued to rise exponentially due to a combination of a wet spring (increased storm water runoff) and an unseasonably warm fall (better algae growing conditions).

The FY 2019 Executive Budget proposes $65 million from existing resources of the Clean Water Infrastructure Act and the Environmental Protection Fund for an initiative to combat algal blooms.

There are 12 priority lakes that are vulnerable to HABs. These lakes, which are critical sources of drinking water and vital tourism drivers were chosen as priority waterbodies for focus of the plan, including:

- Western Group: Conesus Lake; Honeoye Lake; Chautauqua Lake
- Central Group: Owasco Lake; Skaneateles Lake; Cayuga Lake
- North Country Group: Lake Champlain at Port Henry; New York portion of Lake Champlain at Isle La Motte watershed; Lake George
- Greater Hudson Valley Group: Lake Carmel; Palmer Lake; Putnam Lake; Monhagen Brook watershed, including the five reservoirs serving the Middletown area

The Executive proposes four regional summits to bring together experts with steering committees of local stakeholders established for each lake to develop action plans to identify contributing factors fueling HABs.

The Executive proposes $500,000 per lake to develop immediate action plans to reduce sources of pollution that spark algal blooms and nearly $60 million in competitive grant funding to implement the Action Plans, including new monitoring and treatment technologies. Funds proposed are from existing resources within the Environmental Protection Fund and Clean Water Infrastructure Act funds.

US Navy and Northrop Grumman Contamination

The Executive proposes a plan to fast track construction of a new, state-of-the-art well system to fully contain and treat the plume of contamination caused by industrial waste from the U.S. Navy and Northrop Grumman Bethpage manufacturing facilities in Oyster Bay, Nassau County. A full containment and treatment system could cost $150 million to construct and the Executive proposes funding through the existing Superfund Cleanup Program.

As with other hazardous waste cleanup projects, the State will be pursuing reimbursement from the responsible parties, in this case the US Navy and Northup Grumman.

Niagara Falls Wastewater Treatment

In response to a blackwater discharge incident from the Niagara Falls Wastewater Treatment Plant in July 2017, the Executive proposes to invest over $20 million in existing funds to launch the first phase of a wastewater system overhaul to complete comprehensive infrastructure and operational improvements at the facility.

The Executive proposes $500,000, also in existing funds, to expedite two engineering studies to evaluate both the plant's discharges and treatment systems, which are required by the new consent order with the Niagara Falls Water Board.

Hudson River Cleanup

The Executive proposes New York take legal action against the U.S. Environmental Protection Agency (EPA) if they accept the Upper Hudson River dredging of polychlorinated biphenyls (PCBs) as complete.

DEC recently sent a letter to EPA Administrator Scott Pruitt outlining these concerns and reiterating that a Certificate of Completion should not be issued for this project.

The EPA has not yet released a final recommendation, though it was expected on December 23, 2017.

EXECUTIVE WORKFORCE DEVELOPMENT PROPOSAL

On January 3, 2018, the Executive announced strengthening workforce development in the State to "prepare New Yorkers for the jobs of the future" as the 19th proposal of the 2018 State of the State. The proposal consists of four components:

- A $175 million Consolidated Funding Application for workforce investments
- A new Office of Workforce Development
- A new "one-stop shop" for information on the various programs the State offers
- Utilization of data analytics to better target workforce development efforts

These proposals are intended to streamline and better coordinate the myriad of different programs that currently exist across multiple State agencies.

$175 Million Consolidated Funding Application

The Executive proposes the creation of a new Consolidated Funding Application (CFA) for workforce investments, to be made available through the Regional Economic Development Councils (REDC). Modeled after the existing CFA for economic development programs, this proposal would pull together resources from several programs that are currently administered by multiple entities and enable businesses to submit a single application to be considered for worker training funds.

The various programs and funding amounts[1] that would be available through the CFA include:

- $69 million from the Pay for Success program, which was expanded to include workforce development projects
- $50 million from the State University of New York (SUNY) and City University of New York (CUNY) 2020 Challenge Grant programs
- $15 million from resources available to the New York State Energy Research and Development Authority (NYSERDA) for offshore wind related workforce training
- $20 million from Department of Labor (DOL) resources for re-employment services
- $5 million in "redeployed" Workforce Innovation and Opportunity Act (WIOA) resources
- $5 million from resources available to the Empire State Development Corporation through the Employee Training Incentive Program Tax Credit

Executive four-point plan to improve the State's workforce development efforts

- Creates a new Consolidated Funding Application for workforce initiatives through the REDCs
- Establishes a new "Office of Workforce Development"
- Creates a new "one-stop shop" online portal
- Increased use of data analytics to better target the State's efforts

[1] *Note: amounts do not sum to $175 million due to rounding; additional information about these various programs can be found in the Summary of Agency Spending section of this report for the relevant area.*

- $13 million from other SUNY and CUNY job training programs.

Office of Workforce Development

The Executive proposes the creation of a new Office of Workforce Development ("Office"), to be led by a newly appointed Director of Workforce Development ("Director"). Because there are currently dozens of programs available across numerous agencies, this position would serve to coordinate statewide workforce development activities. The Director would serve on the State Workforce Investment Board, the Strategic Implementation Assessment Team (responsible for reviewing proposals submitted by the individual REDCs), and the Regional Community College Councils. The Office and Director would be incorporated into the Executive Chamber staff. Additional details on funding or additional staff for the Office are not currently available.

One-Stop Shop

The Executive proposal includes the creation of a new online portal to serve as a "one-stop shop" for workers and businesses in the State to obtain information about the various programs that provide support and assistance in matching job seekers with employers across the State.

Utilization of Data Analytics

Monroe County Community College has developed a methodology designed to mine data from various sources in order to better analyze the specific workforce needs in the area. Through this model, Monroe Community College has been able to analyze data with more precision than using Bureau of Labor Statistics and Census Bureau data alone. Through an initiative to be led by the Director of Workforce Development, the Executive proposes to expand the use of these data analysis techniques to each of the individual REDCs across the State.

Senate Workforce Development Efforts

The Senate has a strong record of advancing proposals that are designed to improve the business climate in New York, delivering relief to small businesses, farmers and manufacturers by cutting taxes, reforming regulations and investing in job training.

In addition, every year the Senate fights to secure millions in funding for various job training and workforce initiatives across the State. In FY 2018, the Senate provided:

- $3.975 million for the Workforce Development Institute (WDI)
- $3 million for WDI's Manufacturing Initiative
- $600,000 for Building Trades Pre-Apprenticeship Programs in strategic locations
- $980,000 for Chamber of Commerce On-the-Job Training Programs
- $500,000 for the Brooklyn Chamber of Commerce – Brooklyn Jobs Initiative
- $140,000 to establish a new Pipe Trades Solar Thermal Training Grant Program
- $400,000 for a North American Logger Training Program at Paul Smith's College, in collaboration with WDI
- $500,000 for The Solar Energy Consortium to provide manufacturers with access to specialized manufacturing equipment
- $50,000 for workforce development at the Rochester Tooling and Machining Institute
- $300,000 for Youth Build programs
- $750,000 for the Manufacturers Association of Central New York (MACNY) Intermediary Apprenticeship Program
- $100,000 for the Bronx Chamber of Commerce Bronx HIRE Program

ENERGY AND ENVIRONMENT

The Executive set forth a number of proposals regarding environment and energy policy, most of which do not require legislative action. The following is a brief overview of each.

Energy Agenda

The Executive proposes a number of actions to expand current energy and climate agenda, such as:

- Expand Regional Greenhouse Gas Initiative (RGGI) regulations to include high-polluting "peaker" power plants, which are not currently subject to RGGI rules.
- Solicit proposals for at least 800 MW of additional offshore wind projects via the Clean Energy Standard. Statoil is currently developing the Empire Wind project off the southern coast of Long Island, which has the potential to generate up to one gigawatt of electricity.
- Direct New York State Energy Research and Development Authority (NYSERDA) to invest $15 million in clean energy workforce development
- Create the Zero Cost Solar for All Program for 10,000 Low-Income New Yorkers to be financed through NYSERDA's NY-Sun program
- Reconvene the Scientific Advisory Committee on Climate Change Disbanded by the Federal Government
- Direct NYSERDA to propose a new 2025 energy efficiency target by Earth Day, April 22, 2018
- Regulations to close all coal plants. Only Cayuga Power Station in Lansing and Kintigh Generating Station in Somerset are still active. Four others have been recently closed or retired and two, Kodak Park and Dunkirk Power, are transitioning to natural gas
- Invest $200 million from the NY Green Bank to support energy storage

- The Executive proposes a number of initiatives regarding energy and the environment
- Few proposals require Legislative input
- Funding support is found in existing resources such as the Clean Energy Fund via NYSERDA

Launch Resilient NY

The Executive proposes a program to help New York adapt to and prepare for extreme weather, including:

- Require the Department of State (DOS) to make changes to the State Fire Prevention and Building Code to increase climate resiliency
- Require the Department of Environmental Conservation (DEC) to update and improve maps of wetlands and coastal areas
- Require State agencies to implement individual adaptation plans based on the risks identified by the State Vulnerability Assessments funded by the Environmental Protection Fund.

- Provide financial support for state-of-the-art local resiliency plans to create a pipeline of projects to increase the flood resiliency of communities by protecting streams, coasts and critical infrastructure

Reduce Emissions of Greenhouse Gases

The Executive intends to direct NYSERDA, DEC, and DOS to develop a strategy to reduce hydrofluorocarbons (HFCs) emissions by:

- Proposing rebates to municipalities to replace or retrofit converting large cooling systems to safer alternative technologies
- Developing new building codes to encourage climate friendly alternatives
- Providing free audits and technical assistance to help businesses identify opportunities to reduce emissions and costs

Reduce Greenhouse Gas Emissions in Transportation

The Executive intends to direct NYSERDA, DEC and the Department of Transportation to develop policy approaches to reduce carbon emissions in the transportation sector.

Prepare Puerto Rico for the New Climate Reality

The Executive proposes to implement a blueprint developed by the newly formed Puerto Rico Energy Resiliency Work Group (made up of New York State, Puerto Rico and Federal energy and utility experts) to assist Puerto Rico in rebuilding their electricity grid following Hurricane Maria.

Railcar Storage in the Adirondacks

The Executive proposes New York take legal action to halt a rail operator's plan to store thousands of railcars indefinitely in the Adirondack Park.

The Union Tank Car Company, one of the companies leasing space on the rail line for the storage of its cars, has ordered removal of all its cars from the park. However, Iowa-Pacific Holdings, which operates the railway, says it will continue to lease space on the line to store railcars and threatens legal action against the State if it interferes with those business dealings.

LOCAL GOVERNMENT IMPACT, SHARED SERVICES, AND CONTINUED SAVINGS TO COUNTIES

FY 2019 Executive Budget Impact on Local Governments: The FY 2019 Executive Budget includes many proposals that, if enacted, would present a significant financial impact on local governments. Areas affected would include the following:

Special Education

The Executive proposes to reduce the Summer School Special Education Reimbursement Rates beginning in FY 2019. This proposal is estimated to cost the New York City School district $40 million and school districts in the rest of the state $30 million for a total cost of $70 million in FY 2019.

Education

The Executive proposes to terminate reimbursement to NYC for charter school supplemental tuition, but still require NYC to pay charter schools in the first instance. Reimbursement would be eliminated beginning in FY 2020. The estimated cost to NYC would be $113 million annually and would likely increase in the out years since charter school enrollment has been increasing every year.

Beginning in FY 2020, the Executive Budget would also cap reimbursement at no more than two percent above the prior year allocation for BOCES Aid and Transportation Aid. Since this proposal is prospective, no cost estimate to school districts can be provided.

The Executive proposes to require public schools serving grades six through 12 to provide free feminine hygiene products in restrooms. The Executive estimates a cost to schools of $2 million. There is no State cost associated with this part.

Human Services

The Executive proposes to cap reimbursement to NYC for child welfare services at $320 million annually. The Executive believes that this cap will control the growth of expenses. The State currently provides an open-ended 62 percent reimbursement rate for these costs. NYC is expected to receive $320 million in child welfare services in FY 2018. The savings to New York State is estimated at $17 million.

The Executive also proposes to eliminate $41.4 million in the state reimbursement rate to NYC for expenses related to the Close to Home Initiative. Close to Home is a juvenile justice reform initiative that allows juveniles to be placed

- Permanent Countywide Shared Services Panels- Appropriates $225 million state match for plans
- Reform of the Summer School Special Education Reimbursement Rates – total $70 million cost to NYC and School Districts
- Discontinuation of the Rural Transit Assistance Program - $4 million cost to upstate counties
- State continues takeover of local share of Medicaid costs – provides $3.3 billion in local government relief

close to their friends and families in their community.

Health

The Executive proposes to increase rates for Early Intervention providers enrolled in the Early Intervention Program. This proposal is estimated to cost counties $1.4 million and NYC $2.1 million for a total local government cost of $3.5 million.

The remaining components of the proposed reform offset this provider rate increase and result in a net local savings of $12 million.

Medicaid

The Executive proposes to discontinue the Rural Transit Assistance Program. This program provides local transit operators with a Medicaid subsidy. This proposal is estimated to cost upstate counties a total of $4 million if implemented.

Public Protection

The Executive proposes to eliminate county reimbursements for personal service expenses related to the transportation of state ready inmates. Currently, the Department of Corrections and Community Supervision (DOCCS) pays both the travel as well as a portion of salary expenses for the transportation of state ready inmates. This proposal would eliminate the personal service costs however, DOCCS would still be responsible for the transportation payment of state ready inmates. This proposal is estimated to cost counties $800,000 if implemented.

Early Voting & Same-Day Registration

The Executive proposes to establish early voting and same-day registration throughout the state. This proposal is estimated to cost counties a total of $6.4 million if implemented and would be an annual cost going forward.

General State Charges

The Executive proposes language that would set the court judgement and accrued claims rate payment on settlements to the variable market-based rate. Currently, this rate is set at a fixed rate of nine percent. If enacted, local government costs would be reduced, as the interest paid on claims would be lowered substantially.

Permanent Countywide Shared Services Panels: The Executive proposes to establish a permanent Countywide Shared Services Program similar to a program established in the FY 2018 Enacted Budget. The objective of the program is to incentivize counties to achieve savings through more efficient operations.

The FY 2019 Executive Budget includes a $225 million appropriation as a state match for countywide-shared services plans.

This program would establish a shared services panel within each county outside the City of New York that would be chaired by a chief executive officer (CEO) (either a county executive or county manager) and include one representative from each town, village, and city in the county. Funding for local government performance aid would be subject to the continuation of shared services panels.

The CEO may invite a variety of potential participants such as school districts, board of cooperative services (BOCES), fire districts, fire protection districts, and special improvement districts. Once invited to join the panel, participants would select one representative to serve as a panel member.

The panel would be required to prepare a plan that contains new and recurring property tax savings focusing on the following actions:

- elimination of duplicative services
- shared services, such as joint purchasing between local governments
- shared highway equipment, shared storage facilities, shared plowing services, and energy and insurance purchasing cooperatives

- reduction in back office administrative overhead
- more effective coordination of services

The Department of State (DOS) would be authorized to provide assistance regarding the structure of any proposed plans.

The CEO, county legislature, and panel participants, would be required to hold a minimum of three public hearings in order to receive feedback from the public on any proposed plans.

The CEO would be required to submit any proposed plans, along with a certificate declaring the accuracy of the proposed plan's savings. Once the plan is submitted to the County Legislature, at least 45 days must pass before a scheduled vote is held.

Plans that are approved by the panel are required to be transmitted to DOS within 30 days from the date of approval and must be accompanied by a certificate that validates the accuracy of the savings plan. Approved plans would be transmitted to county residents.

The CEO would be required to conduct a public presentation of any approved plan no later than 30 days form the panel's approval.

By January 15, 2020, any panel that did not approve a shared services plan would be required to release the plan to the public and transmit a statement to DOS explaining why the plan was voted down.

DOS would be authorized to seek guidance, advice and recommendations from the panels regarding the operations of local governments and shared services initiatives. The panel would be authorized to advance recommendations from DOS by majority vote.

Continuing Savings to Counties:

Medicaid Growth Takeover

The State continues the takeover of the local growth of Medicaid providing $3.3 billion in local government relief.

Pension Reform

The implementation of the Tier 6 pension level includes a variety of cost saving measures estimated to save the State, NYC, and local governments more than $82 billion over 30 years.

These cost saving measures include new employee contribution rates, an increase to the retirement age, and additional vesting requirements.

Workers' Compensation Reform

In 2017, the Senate passed a historic workers' compensation reform package that saved employers across the State a near $400 million realized by a reduction in workers' compensation premiums. A portion of these savings can be attributed to local government employers.

SECTION THREE

SUMMARY OF ARTICLE VII
LEGISLATION AND APPENDICES

SCHEDULE FOR LEGISLATIVE REVIEW OF THE FY 2019 EXECUTIVE BUDGET PROPOSAL

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

APPENDIX

SUMMARY OF THE IMPLEMENTING BUDGET BILLS

This appendix contains a summary of the implementing legislation submitted with, and required to enact the FY 2019 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 2019 EXECUTIVE BUDGET BILLS

Appropriation Bills

S.7500/A.9500 State Operations
S.7501/A.9501 Legislative & Judiciary
S.7502/A.9502 State Debt Service
S.7503/A.9503 Aid to Localities
S.7504/A.9504 Capital Projects

Article VII Bills

S.7505/A.9505 Public Protection & General Government
S.7506/A.9506 Education, Labor & Family Assistance
S.7507/A.9507 Health & Mental Hygiene
S.7508/A.9508 Transportation, Economic Development & Environmental Conservation
S.7509/A.9509 Revenue

Freestanding Article VII Bills

S.7510/A.9510 Good Government and Ethics Reform
S.7511/A.9511 Women's Agenda
Same Day Registration
Outside Income
Term Limits
Sex as Protected Class

PUBLIC PROTECTION AND GENERAL GOVERNMENT ARTICLE VII LEGISLATION S.7505/A.9505

<u>PART A</u> – Makes revisions to the Criminal Procedure Law to ensure citizens accused of a crime have the right to a speedy and public trial

- Requires that a waiver of a defendants speedy trial rights must be made in open court, in writing and with the approval of the court. Such waivers are effective for only:
  - Three months for a felony
  - Forty-five days for a class A misdemeanor
  - Thirty days for a class B misdemeanor
  - Fifteen days for a violation
- Only two waivers may be executed absent a showing of "extraordinary circumstances."
- Upon a declaration of readiness for trial, the court may make inquiries as to the prosecutions actual readiness.

<u>PART B</u> – Makes revisions to the Judiciary Law to increase accountability and efficiency of the courts

- Adds a new duty to section 212 of the Judiciary Law, requiring the Chief Administrator of the Courts to ensure that state-paid judges in the Unified Court System certify monthly, in a filed sworn statement, that on each workday of the preceding month, he or she performed judicial duties for the full daily period of at least eight hours at an assigned location. The comptroller is directed to conduct a "periodic review and audit of these judicial certifications" to ensure that the state is "responsibly authorizing state dollars for judicial salaries and the operation of State Trial Court." Section 212 of the Judiciary Law sets forth the functions, authority, and obligations of the Chief Administrator of the Courts.

<u>PART C</u> – Enacts bail reform initiatives

- Provides that the court should select the least restrictive method available to secure a defendant's return to court, and state the reasons for that method on the record.
  - Upon arrest for a misdemeanor or nonviolent felony offense, the defendant should not be held on bail. However, the court, upon a finding that the defendant's return to court is not assured, is authorized to issue non-monetary conditions of release including, supervision by a pretrial services agency, restrictions on association or travel, refrain from possessing a firearm, or an electronic monitoring device.
- Provides a procedure for revocation of release upon application of the prosecutor.
- Stipulates that when bail has been set, the defendant would be entitled to a hearing to evaluate the bail after five days.
- Adds additional factors for the court to consider in determining release status:
  - the defendants activities, history, and community ties
  - severity of the charges

- o defendants criminal history
  - o financial status
- Directs the Office of Court Administration to certify a pretrial services agency in each county to supervise those released on non-monetary bail.

PART D – Makes revisions to the Criminal Procedure Law to improve the disclosure of evidence and information between prosecutors and the defense

- Amends the criminal procedure law provisions relating to discovery as follows:
  - o Removes provisions that require the defense to request the materials and provides for automatic disclosure 15 days after arraignment.
  - o Codifies requirements established in case law regarding exculpatory information.
  - o Specifically provides for disclosure of material, including witness information, expert witness information, search warrant and search warrant applications.
  - o Provides that the court may alter time periods established in this section upon a showing of good cause.
  - o Allows for an application for a protective order and/or redaction of a witnesses personal information.
  - o Creates a new class A misdemeanor, tampering with or intimidating a victim or witness through social media.
  - o Adds two new A-I felony offenses to both tampering with a witness in the first degree and Intimidating a witness in the first degree.

PART E – Enacts civil asset forfeiture reform initiatives

- Repeals existing asset forfeiture provisions in the Civil Practice Law and Rules (CPLR).
- Amends the CPLR to require a criminal conviction prior to an asset seizure.
  - o Provides for a provisional seizure after arrest and prior to conviction, which allows for return of assets if there is not a conviction.
- Adds a requirement that demographic information regarding seized assets be sent to the Division of Criminal Justice Services.

PART F – Continues provisions relating to the disposition of certain monies recovered by county district attorneys

- Extends for one year 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. The formula is based upon a cumulative amount of recoveries within a State fiscal year. The program is set to expire March 31, 2018.

PART G – Eliminates reimbursement to counties for personal service expenses related to the transportation of state-ready inmates

- Amends section 602 of the Correction Law to remove a requirement that the county shall be reimbursed for a portion of the salary of the sheriff, or the person having the charge of an inmate, for a period not to exceed 36 hours, for conveying the inmate to a state prison from the county jail.

PART H – Expands merit time eligibility and adds four new significant program accomplishments for the potential award of the limited credit time allowance

- Adds the completion of at least two semesters of college programming approved by the New York State Board of Regents to the list of programs that allow for merit time eligibility.
- Adds the following four programs to the list of significant program accomplishments for the limited credit time allowance:
  - cosmetology training program and participates for 18 months thereafter
  - barbering training program and participates for 18 months thereafter
  - computer operator, general business or computer information technology and support vocational program for two years and receives a Microsoft certificate
  - Thinking for a Change, a cognitive behavioral treatment program, and employed for 18 months in a work release program

PART I – Eliminates the parole supervision fee

- Repeals subdivision 9 of section 201 of the Correction Law, which requires that persons over the age of 18 under parole supervision pay a fee of $30 per month.

PART J – Authorizes the Department of Corrections and Community Supervision to pilot two temporary release programs

- Establishes a pilot college educational leave program:
  - No more than 50 inmates at any one time
  - Inmates who are not eligible for a limited time allowance as set forth in section 803-b of the Correction Law are not eligible for the program
  - Inmates must be eligible for release on parole or conditional release within two years
  - Participating inmates may be permitted to leave the premises of the institution for a period not exceeding seven days for the purposes set forth in subdivision four of section 251 of the Correction Law.
- Establishes a pilot work release program:
  - No more than 50 inmates at any one time
  - Eligibility and conditions are the same as the pilot college educational leave program.

PART K – Removes unnecessary bars on licensing and employment for people with convictions

- Removes bars on several licenses including; stockbrokers, bingo, community school board, bingo operator, notaries, license to conduct games of chance, authorized commercial lessor, and real estate brokers and sales.
- Provides that the factors laid out in Article 23-a of Correction Law should be used to determine if a license is appropriate.

PART L – Allows for Geriatric Parole

- Authorizes release on geriatric parole for inmates who are affected by an age-related disability.
    - Inmates must be at least 55 years of age.
    - No Inmate serving a sentence imposed upon conviction for murder in the first degree, aggravated murder or an attempt or conspiracy to commit murder in the first degree or aggravated murder or a sentence of life without parole shall be eligible for such release.
    - No inmate serving an indeterminate sentence shall be eligible unless he or she has served at least one-half of the minimum period of the sentence.
    - No inmate serving a determinate sentence shall be eligible unless he or she has served at least one-half of the term of his or her determinate sentence.
    - A medical assessment by a physician shall be made of an inmate which shall include a prognosis concerning the likelihood that the inmate shall not recover from the conditions, diseases or syndromes and a statement from the physician of whether the inmate is so debilitated or incapacitated as to be severely restricted in his or her ability to self-ambulate or to perform significant activities of daily living.
    - The Commissioner shall review the assessment and may certify that the inmate is suffering from a chronic or serious condition, disease, syndrome or infirmity, exacerbated by age, that has rendered the inmate so physically or cognitively debilitated or incapacitated that the ability to provide self-care within the facility is substantially diminished.
- Once an inmate is released on geriatric parole, that release will then be supervised by the Department pursuant to Executive Law section 259-i(2)(b).

PART M – Suspends a subsidy to a revolving loan fund from cell surcharge revenue

- Extends the suspension of the annual transfer of $1.5 million from the Public Safety Communications Account, funded through a surcharge levied on cellular phone service, to the Emergency Services Revolving Loan Fund (Fund) for an additional two fiscal years.
    - The Fund presently has a balance of approximately $14.8 million.

PART N – Streamlining the subpoena process for cases of online sexual abuse of children

- Authorizes the New York State Police to issue an administrative subpoena to an internet service account for the production of records and testimony in an investigation into the crimes in articles 230 (Prostitution offenses), 235 (Obscenity and related offenses) and 263 (Sexual performance by a child) of the Penal Law when a minor is the potential victim.

PART O – Establishes the armory rental account enterprise fund

- Establishes an armory rental account, in the joint custody of the comptroller and the commissioner of taxation and finance, to receive all monies paid in rent for the use of armory facilities across the state. Moneys within this new account, would be made available to the adjutant general, for services and expenses relating to the direct maintenance and operation of the armories.

PART P – Makes changes to the Child Victims Act

- Removes the statute of limitations for sexually related felony offenses where a limitation exists when the offense was committed against a child under age 18.
- Defines sexually related felony as any offense from article 130, article 230, article 235, article 245, and article 264 of the Penal Law, as well as several Penal Law offenses including; incest, unlawfully dealing with a child, luring a child, unlawful imprisonment, and unlawful surveillance.
- Removes notice of claim requirement for claims made for physical, psychological, or other injury or conditions suffered as a result of conduct defined as a sexually related offense.
- Amends the Civil Practice Law and Rules to allow a claim for a sexually related offense to be brought within 50 years of the act.
- Applies to the individual who committed the act or anyone who could be charged with criminal liability.
- Creates a one year window in which currently time barred civil claims are revived.

PART Q – Creates a new special on-premises hotel license for hotels without a full service restaurant

- Amends the definition of a hotel licensee to remove the requirement that a hotel operate an on-premises restaurant, and instead requires a hotel to keep food available for on-premises consumption in order to sell alcohol.
- Removes the requirement that a hotel must operate a restaurant on its premises to receive an on-premises liquor license.

PART R – Creates a new license for production and sale of mead and braggot in New York State

- Adds mead, a honey-based wine, and braggot, a honey-based beer, to the Alcohol Beverage Control Law.
- Creates a farm meadery license, and allows retail and wholesale licensees to sell mead and braggot.
- Allows farm breweries, farm cideries, distilleries, wineries, and farm wineries to conduct tastings of and sell mead and braggot.
- Expands the items that farm breweries, farm cideries, and farm wineries can sell as "alcoholic beverages."

PART S – Creates a new exporter license for businesses that export New York State alcoholic beverages

- Establishes a license for businesses that only purchase and export New York State alcoholic beverages and do not sell to wholesalers or retailers within the state.

PART T – Extends the authority of the State Commission on the Restoration of the Capitol for five years

- Extends for five years, until 2023, the authority for the State Commission on the Restoration of the Capitol, which is a commission tasked with studying and reporting methods to restore, preserve, and improve the New York State Capitol.

PART U – Expands the types of government bodies that may obtain surplus state land, as well as their uses thereof

- Proposes expanding the types of government bodies that may obtain surplus state land for nominal ($1) consideration. Presently, only cities counties, towns, villages and counties may obtain such land. This proposal would expand such to also include school districts, Boards of Cooperative Educational Services, fire companies and volunteer ambulance services.
- Expands the purposes for which these governmental bodies may use surplus state land. Presently, such land can be used for mental health, developmental disability, park, recreation, playground, reforestation, and street or highway purposes. This proposal would add public education, public safety, or other municipal purposes to the list of authorized uses.

PART V – Establishment of the parking services account, solid waste account and special events account as enterprise funds

- Creates an enterprise fund for each of the following:
  - Parking services fund: holds moneys received from use of state-owned parking lots and garages, with such funds available to the Office of General Services (OGS) for direct maintenance and operation of such lots and garages.
  - Solid waste fund: holds moneys received by OGS from the sale of recyclables, with such funds available to OGS for collecting, processing, and selling recycled materials.
  - Special events fund: holds fees received for use of state-owned facilities, with such funds available to OGS for services and expenses relating to the use of state-owned facilities by private entities and individuals.

PART W – Permits term appointments for eligible, highly specialized information technology services positions without initial Civil Service examination

- Authorizes the New York State Office of Information Technology Services to make up to 300 information technology term appointments for up to 60 months, and without an initial Civil Service examination.

- Term appointees will be required to pass a Civil Service examination during their term in order to be eligible for a permanent, competitive class position.

PART X – Empowers the New York State Deferred Compensation Board to create a voluntary retirement savings program for private-sector employees

- Authorizes the New York State Deferred Compensation Board to design, administer and manage a retirement savings plan (Plan) for private-sector employees.
- The Plan would be funded through an administrative service fee on the investments made by enrollees, which would be capped at 0.75 percent.

PART Y – Stabilizes State Insurance Fund's (SIF)investments

- Expands the SIF's authority to invest in:
    - any surplus funds in obligations rated "A" or higher; or
    - up to 25 percent of surplus funds in "investment grade" obligations; or
    - up to 50 percent of surplus funds irrespective of the rating.

PART Z – Freezes State reimbursement of the Standard Medicare Part B premium paid to eligible New York State Health Insurance Program retirees

- Freezes the current reimbursement at $134 monthly, a rate established by the federal government.

PART AA – Ceases reimbursement of the Medicare Income Related Monthly Adjustment Amounts (IRMAA) to high income State retirees

- Eliminates the IRMAA reimbursement effective January 1, 2018.

PART BB – Reduction of interest on unpaid judgments

- Provides an annual rate of interest on all judgments or accrued claims to be calculated at the one-year Untied States Treasury bill rate.

PART CC - Limits the Citizen Empowerment Tax Credit

- Limits the eligibility requirements for the Citizen Empowerment Tax Credit by restricting the credit to municipalities incorporated on or before December 31, 2017.

PART DD – Removes obstacles to local government shared services

- The executive proposes amending the Uniform Justice Court Act to allow adjoining towns to share one or more town justices without state legislative approval.
- Authorizes counties to perform zoning, planning and land use regulation functions.

PART EE – Permanently establishes the County Based Shared Services Program

- Removes the two-year expiration and makes the shared services program.

PART FF – Authorizes the Town of Islip Resource Recovery Agency to select its own Independent auditors

- Allows the Town of Islip Resource Recovery Agency to select the independent outside auditor that performs the agency's annually required independent audit of its accounts and business practices.

EDUCATION, LABOR AND FAMILY ASSISTANCE
ARTICLE VII LEGISLATION
S.7506/A.9506

PART A – Amends the Education Law and makes changes to authorize school aid and implement education-related programs

- **Contracts for Excellence:** Requires school districts who submitted a contract for excellence in the 2017-2018 school year to submit a contract for the 2018-2019 school year, and provide for the expenditure [for] of an amount no less than the amount approved by the commissioner in the previous year unless all schools in the district are in "good standing" [amount].
- **Data Reporting for Graduate-Level Teachers and Leader Education Programs:** Requires institutions with such programs to report demographic data to the State Education Department (SED).
- **Respect for Diversity Program:** Requires the Commissioner of SED, in conjunction with the Commissioner of the Division of Human Rights (DHR), to develop a model respect for diversity program for eighth and ninth graders.
- **School Level Funding Plan**: Requires large school districts to submit school-level funding plans to SED and the Division of Budget (DOB) for approval.
  - The Big Five School Districts would begin reporting in 2018-2019.
  - Other districts with nine or more individual schools receiving more than half of their revenue through state aid would begin reporting in 2019-2020.
  - State aid increases will not be given to school districts until their plan has been submitted and approved.
- **Charter Schools:** Clarifies the expenditures to be included in the calculation of facilities aid for new and expanding Charter Schools in New York City. [Raises] Continues the Charter School basic tuition formula changes enacted in FY2018.
- **Foundation Aid**: Provides for an increase of $338 million.
- **Community Schools Aid:** Provides a $50 million increase as a setaside within Foundation Aid, with an emphasis on districts with persistently failing schools and high numbers of English Language Learners or homeless youth in low wealth districts.
- **Full-Day Kindergarten Conversion Aid:** Provides additional funding to school districts converting to full-day kindergarten programs in SY 2019. Districts would be eligible in SY 2020 for 50 percent of the conversion aid received in SY 2019.
- **Universal Pre-Kindergarten Aid:** Makes technical corrections to allow federal funds to be used for programs during the 2018-2019 school year, changes the maintenance of effort provisions, and extends the use of federal grants for the program to the 2018-2019 school year.
- **State Aid Adjustments:** Freezes school aid claims and payments at the database level used to compute aid for the Executive Budget.
- **Teachers of Tomorrow Recruitment and Retention:** Extends the program to the 2018-2019 school year.
- **Special Education:**
  - Allows the big four school districts to continue setting special education maximum class sizes.

    - Realigns the State reimbursement to school districts for summer school special education tuition costs with the wealth equalized aid ratio.
    - Provides flexibility for school districts, BOCES, or approved private schools for a specific school year to request waivers from certain special education requirements. 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.
- **Workforce Education Programs:**
    - Establishes the maximum reimbursement for the consortium on workforce education in New York City.
    - Requires the Commissioner of SED to withhold a portion of employment education aid to New York City school districts.
    - Extends the Consortium for Worker Education funding into the 2018-2019 school year.
- **East Ramapo School District:** Extends current oversight and reporting requirements for one year to June 30, 2019; extends the long-term strategic and fiscal improvement plan to be updated and approved by the commissioner on an annual basis until June 30, 2021; extends the requirement that the commissioner approve contracts in excess of $100,000 until June 30, 2021.
- **Standardized Testing:** Extends the moratorium on excluding standardized test scores from student records for students in grades K-2.
- **School Bus Driver Safety:** Continues at a funding level of $400,000 for training purposes.
- **Public Libraries:** Extends public support for public libraries for one year.

PART B – Increases access to healthy, locally sourced meals for students

- Bans lunch shaming practices for students with unpaid meal charges and/or who cannot pay at the point of service.
    - Schools that do not currently offer universal free meals must develop plans to ensure all students receive the same meal.
    - Schools must report on how staff will carry out the plan to prevent shaming.
    - Plans must be submitted by July 1, 2018 or 60 days after enactment.
- Requires school districts to provide breakfast after the school day has begun where more than 70 percent of the students are eligible for free and reduced-price meals.
- Increases the State reimbursement for schools that purchase locally-sourced foods.
    - The State would increase reimbursement from $0.06 per meal to $0.25 per meal for any school that purchases at least 30 percent of its food from New York farmers, growers, producers, or processors beginning in the 2019-2020 school year.

PART C – Authorizes school bus stop-arm cameras and increases fines for passing stopped school buses

- Authorizes school districts to enter into contracts with third parties for the installation, administration, operation, notice processing, and maintenance of school bus stop-arm cameras. None of the costs of purchasing and/or leasing cameras, installation, and administration, maintenance, etc would be eligible for transportation aid. However, school districts would be able to recoup their costs through fines paid by violators

    - School districts may enter into a memorandum of understanding with a local law enforcement agency provided the school district does not return more than 20 percent of the fine collected.
- Increases fines for passing a stopped school bus:
    - First violation increases from $500 to $750.
    - Second violation increases from $1,000 to $1,250.
    - Third violation increases from $1,250 to $1,500.

<u>PART D</u> – Authorizes non-component school districts to participate in recovery high school programs operated by Boards of Cooperative Educational Services (BOCES)

- Allows BOCES to enter into a memorandum of understanding with a non-component school district to participate in a recovery high school program (Program) operated by BOCES for a period of five years.
- The Program would be funded through tuition paid to BOCES and school districts would receive BOCES Aid. Admittance would be open to all eligible students, regardless of whether the school district is a component of the BOCES operating the Program.

<u>PART E</u> – Establishes the New York State Dream Act

- Provides Tuition Assistance Program (TAP) awards to students without lawful immigration status 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.
    - A student without lawful immigration status 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.
    - Provides Graduate TAP awards under the same criteria for undergraduate awards except that the student must apply to graduate school within ten years of receiving a high school diploma or GED.
- Extends all other criteria, exemptions or opportunities found within the Education Law pertaining to citizen students to those students without lawful immigration status such as:
    - Waives residency requirements for TAP for members, spouses or dependents of a member of the armed forces.
    - Allows 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 students without lawful immigration status shall be eligible for any scholarship in Articles 13 or 14 of the Education Law. These include the Excelsior scholarship, an Enhanced Tuition Award, 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 students without lawful immigration status 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 students without lawful immigration status 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 – Allow public accounting firms to have minority ownership by individuals who are not certified public accountants (CPA)

- Authorizes public accounting firms to incorporate in New York State with minority ownership by individuals who are not CPAs provided that the words, "Certified Public Accountant" or the abbreviation, "CPA" do not appear in the firm's name.

PART G – Reauthorizes the Close to Home initiative

- Repeals certain State funding, reimbursement provisions, and the annual reporting requirement.
- Extends the Close to Home initiative for five years.

PART H – Authorizes closure of the Ella McQueen Reception Center for boys and girls

- Authorizes the State to close the Ella McQueen Reception center with a 30-day notice to the Speaker of the Assembly and the Temporary President of the Senate. Also requires posting of such notice on the Office of Children and Family Services public website.

PART I – Reauthorizes the youth development and delinquency prevention program and the special delinquency prevention program (Youth Development Programs)

- Extends the Youth Development Programs for three years.

PART J – Reauthorizes the Office of Children and Family Services (OCFS) to enter into a contract with Board of Cooperative Educational Services (BOCES)

- Extends authority of OCFS to contract with BOCES for three years.

PART K – Authorizes the Dormitory Authority of New York (DASNY) to provide capital construction services to the Office of Children and Family Services (OCFS)

- Amends the definition of "dormitory" to include OCFS in order to authorize DASNY to provide capital construction services to OCFS.

<u>PART L</u> – Authorizes the pass-through of any federal cost of living adjustment (COLA) in relation to Supplemental Security Income (SSI)

- 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. The federal SSI benefit amount is increased annually, through a COLA, and State law must be amended accordingly to ensure accurate payments are made.
- Sets forth the actual dollar amounts for the 2018 PNA and the standard of need for eligibility and payment of additional State payments. 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 the calendar year 2019.

<u>PART M</u> – Authorizes a rental subsidy for individuals who have a medically diagnosed HIV infection

- Amends current law to provide a rental subsidy for individuals medically diagnosed with the HIV infection, as defined by the AIDS institute, rather than an individual with clinical/symptomatic HIV illness or AIDS, in a social service district with a population of over five million people.
- Authorizes a rental subsidy for individuals who have a medically diagnosed HIV infection, in social service districts with a population of five million or fewer, at local option and in accordance with a plan approved by the Office of Temporary and Disability Assistance. Such individual shall not be required to pay more than 30 percent of his or her monthly earned or unearned income.

<u>PART N</u> – Authorizes the State of New York Mortgage Agency to transfer excess Mortgage Insurance Fund (MIF) reserves to be utilized for housing initiatives

- Provides for the dispersion of up to $44 million in excess MIF reserves, which are projected to be accessible without negatively impacting the MIF's credit rating, to be utilized for specified housing initiatives including:
  - Up to $23.6 million for reimbursing costs associated with the Rural Rental Assistance Program.
  - 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 $8.3 million 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 the AIDS Housing Program, or grantees under those programs.

<u>PART O</u> – Provides funding flexibility within the Lake Ontario-St. Lawrence Seaway Relief and Recovery Grant Program (Program)

- Allows funding to be transferred between the three separate granting areas included in the Program.

HEALTH AND MENTAL HYGIENE ARTICLE VII LEGISLATION S.7507 /A.9507

PART A – Makes hospital-related Medicaid Redesign Team recommendations

- Requires the Commissioner of Health to convene a temporary workgroup to develop recommendations for streamlining the Medicaid capital rate methodology for hospital and nursing homes to achieve a one percent reduction in Medicaid capital expenditures.
- Authorizes the Commissioner of Health to reduce the overall amount of capital reimbursement to achieve a one percent reduction in capital expenditures while the recommendations and any subsequent implementation of recommendations are pending.
- Proposes extending the Indigent Care Pool transition provisions through December 31, 2019. Certain hospitals in New York are reimbursed for providing charity care or uncompensated care from the Indigent Care Pool, financed through a series of statewide and regional pools.
- Authorizes the Commissioner of Health to create a penalty pool within the statewide general hospital quality pool. The penalty pool would consist of funds derived from establishing performance targets for hospitals for potentially preventable emergency department utilization, and from reducing or eliminating rates based on the quality and safety scores of a hospital.
- Requires $10 million to be reinvested annually in the expansion of existing preventative services as determined by the Commissioner of Health.
- Authorizes the expansion of coverage for social workers in hospitals by utilizing the $10 million investment from the penalty pool.
- Increases the capitation on physical therapy visits from 20 per year to 40 per year by utilizing the $10 million investment from the penalty pool.
- Reduces the capitation on speech therapy and occupational therapy from 20 visits per year each to 20 visits per year total.

PART B – Makes long-term care (LTC) related Medicaid Redesign Team recommendations

- Imposes a two percent Medicaid revenue reduction on low performing nursing homes.
- Allows existing Assisted Living Program (ALP) providers to apply for additional beds, and authorizes the Commissioner of Health to award new ALP beds in high need areas.
- Creates a voucher demonstration project to subsidize the cost of assisted living for persons with dementia who are not eligible for Medicaid.
- Restricts enrollment in Managed Long Term Care (MLTC) plans to individuals who require extended community-based long term care and are assessed at a nine or above on the Universal Assessment System.
- Requires continuous MLTC plan enrollment for 12 months.
- Shifts reimbursement for services for individuals residing in nursing homes longer than six months from managed long term care to fee-for-service
- Requires a responsible relative with sufficient income and resources residing with an applicant for Medicaid to contribute to that individual’s cost of coverage.
- Reduces the “community spouse resource allowance” for Medicaid long-term care eligibility to $24,180.

- Adjusts the free-standing clinic rate in the traumatic brain injury program.
- Requires the Department of Health to study home and community based services in rural areas of the State.

PART C – Makes Medicaid Managed Care related recommendations

- Incentivizes Medicaid managed care enrollees to participate in wellness activities.
- Creates health home enrollment targets for special needs managed care plans. Penalties may be assessed upon plans who fail to meet such enrollment targets.
- Requires criminal history record checks for health homes employees and subcontractors, or for entities that provides home and community based services to enrollees who are under 21 years of age or diagnosed with a developmental disability. Such providers would also be required to report child abuse or maltreatment.
- Penalizes managed care plans for failure to submit a performing provider system (PPS) partnership plan by July 1, 2018.

PART D – Makes pharmaceutical-related Medicaid Redesign Team recommendations

- 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.
- 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.
- Eliminates prescriber prevails for the dispensing of prescription drugs in both FFS and managed care.
- 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.
- Requires a patient's medical record to include a written treatment plan for opioids prescribed for pain lasting more than three months or past the time of normal tissue healing in order to be eligible for Medicaid coverage.
- Extends the Medicaid Drug Cap through FY 2020. Reduces the FY 2020 cap from 5 percent to 4 percent above the 10-year rolling average of the Consumer Price Index less an $85 million savings target.

PART E – Makes transportation-related Medicaid Redesign Team recommendations

- Removes Medicaid transportation reimbursement from the managed long term care capitated rates, not including a Program for All-Inclusive Care for the Elderly (PACE). 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 F – Reprograms excess Medicaid managed care reserves

- Authorizes the Commissioner of Health to adjust the rates of Medicaid managed care plans with excess reserves.

PART G – Establishes retail practices

- Authorizes provision of health services in a retail setting. The retail practices shall be located in a retail setting and provide basic treatment and referral for common healthcare complaints.
- Requires retail service practices to enter into a collaborative relationship between a retail practice and certain health care provider(s) within same geographic region.
- Requires retail practices to be staffed at all times by a physician, physician assistant or nurse practitioner.
- Requires retail practices to attain and maintain accreditation by a nationally recognized accrediting entity.
- Authorizes retail practice sponsors to operate one or more retail practices. Retail practice sponsors may include business corporations, general hospitals, nursing homes, and diagnostic and treatment centers.
- Requires retail service practices to provide treatment without discrimination as to source of payment, maintain sliding scale for payment options, accept walk-in patients, provide uninsured individuals with information on the New York State of Health, offer extended business hours, and publish a list of available services and prices.

PART H - Expands scope of practice for Certified Registered Nurse Anesthetists (CRNAs)

- Codifies and expands the scope of practice for CRNAs.
- Provides that nurse anesthesia includes:
    - The administration of anesthesia and anesthesia related care to patients
    - Pre-anesthesia evaluation and preparation
    - Anesthetic induction, maintenance and emergence
    - Post anesthesia care
    - Paranesthesia nursing and clinical support functions
    - Pain management
- Requires that nurse anesthesia care be provided in collaboration with a licensed physician qualified to determine the need for anesthesia, pursuant to a written practice agreement and protocols or pursuant to a collaborative relationship with CNRAs who have been practicing for more than 3,600 hours.
- Establishes a pathway for CNRAs to obtain prescribing authority.
- Specifies the authorized settings for nurse anesthesia care.
- Depending on such settings, provides that nurse anesthesia services be directed by a physician, dentist or periodontist who is responsible for the clinical aspects of anesthesia services offered by such provider and authorizes such provider to establish the level of supervision, if any, that is necessary to be maintained.

- Establishes state certification requirements for CRNAs including provisions for:
  - Application
  - Education
  - Fees
  - Information required for conditional and triennial registration
  - Title protection
  - Grand parenting (authorizing currently qualified CRNAs to become state certified without meeting further requirements)

<u>PART I</u> – Establishes Medicaid integrity initiatives

- Clarifies that payments made by the Medicaid program to a managed care organization (MCO), and from a MCO to any subcontractor or provider, are public funds.
- Requires MCOs to recover overpayments from subcontractors or providers when identified by a State audit or investigation.
- Requires all MCOs refer to the Office of the Medicaid Inspector General (OMIG) all cases of potential fraud, waste, or abuse.
- Provides for immunity from civil liability for any MCO making a complaint or furnishing a report, referral, information or records regarding fraud, waste and abuse in good faith.
- Authorizes imposition of a fine on a MCO that willfully fails to make a referral to OMIG when there is actual knowledge of fraud.
- Authorizes imposition of a fine (up to $5,000 for a provider or $10,000 for a MCO) for failure to comply with Medicaid program rules, regulations, or directives. Includes instances when a MCO submits a cost report containing errors, and intentional or systematic submissions of inaccurate encounter data to the state.
- Authorizes imposition of penalty for late, incomplete or inaccurate encounter data in cases of fraud or abuse, or when otherwise authorized by law.

<u>PART J</u> – Amends New York State's False Claims Act penalties to align with the federal False Claims Act

- Aligns the state statute with the federal statute to automatically adjust the minimum and maximum penalty amounts to equal the federal penalty amounts. Penalties under the federal statute range from $10,781 to $21,563 per false claim. Penalties under current state statute range from $6,000 to $12,000 per false claim.

<u>PART K</u> – Extends the Medicaid Global Cap and other miscellaneous Medicaid-related proposals

- Authorizes the Department of Health to require any provider participating in the Medicaid program to report on costs incurred in rendering health care services to Medicaid beneficiaries in a frequency and format as determined by the Department.
- Extends the Medicaid Global Cap through FY 2020.

<u>PART L</u> – Makes Child Health Plus (CHP) related recommendations

- Authorizes the CHP program to contract with outside entities to recover third party liabilities.
- Grants the Director of the Division of Budget, in consultation with the Commissioner of Health, authority to implement programmatic changes to CHP in the event that federal funding is reduced or eliminated. The Legislature must be notified of the reduction amount and provided any plan to address changes to the program.

<u>PART M</u> – Extends the Physicians Excess Medical Malpractice program for one year

- Extends the current hospital excess liability pool provisions for one year.

<u>PART N</u> – Discontinues cost of living adjustment (COLA) payments to certain Department of Health (DOH) providers

- Discontinues the COLA for DOH providers.

<u>PART O</u> – Reforms the Early Intervention (EI) program

- Makes changes to the EI program by updating and expanding definitions related to the eligibility determination process.
- Requires a mandatory referral to the local EI program by the primary referral source documenting the basis for the diagnosed disability or suspected disability; requires the primary referral source to get parental consent for the referral.
- Makes changes to the eligibility process by first requiring a screening for children referred to the EI program using a Department of Health (DOH)-approved standardized instrument; requires the evaluator to fully document and explain the results of the screening to the parents. If the standardized instrument is not used, the evaluator must document, in writing, reasons for not utilizing the standardized instrument.
- Establishes a voluntary process to assess the family's ability to meet the developmental needs of the child.
- Authorizes the use of medical records review for children with a diagnosed physical or mental condition, with a high probability of resulting in a developmental delay, to determine eligibility; clarifies that children referred to the EI program due to this diagnosed physical or mental condition will not undergo a screening.
- Authorizes the parents of a child with a diagnosed physical or mental condition, which establishes the child's eligibility, to request an evaluation.
- 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 to be included as part of any precertification, preauthorization and/or medical necessity review.
- 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.
- Stipulate that EI providers and services are subject to utilization review and external appeal processes.
- Increases the maximum fine for entities regulated under the New York State Insurance Law that are found to have made an improper payment or for making a false statement to the Department of Financial Service (DFS). The fine would be increased from $1,000 per offense to the greater of $10,000 per offense or two times greater of the aggregate damages or aggregate economic gain attributable to the violation.
- Authorizes EI providers to receive a 2% increase upon enacting the requirement that they appeal insurer denials. For Medicaid, the 2% increase is subject to the availability of federal financial participation.

PART P – Eliminates certain Health Care Reform Act (HCRA) programs

- Eliminates the Empire Clinical Research Investigator Program (ECRIP). ECRIP provides funding to eligible institutions to train physicians as clinical researchers to advance biomedical research in New York.
- Eliminates requirement for hospital resident hour working audits to be performed annually. Substitutes an attestation by hospitals that they are in compliance with applicable working hour and working conditions requirements. Maintains the state's ability to perform targeted investigations into hospital compliance.

PART Q – Authorizes additional capital support for the health care providers

- Establishes a new $425 million Health Care Facility Transformation Program: Statewide III to fund capital projects, debt retirement, working capital, and other non-capital projects. Of the $425 million, $300 million will be bonded capital funds and $125 million will be derived from settlement funds to the State.
  - Sets aside $60 million for community-based health care providers, up to $20 million of which may be used for a new Assisted Living Program expansion initiative.
  - Sets aside $45 million for nursing homes.

PART R – Reduces the Risk of exposure to lead paint in residential and non-residential settings

- Requires municipalities that administer the Uniform Fire Prevention and Building Code (Uniform Code), and contain areas identified by the Department of Health (DOH) as high-risk, to submit reports to DOH regarding inspections and remediation. The Uniform Code applies to all municipalities of the state except New York City.
- Creates a presumption that all paint in and on residential and non-residential buildings and structures built before January 1, 1978 is lead-based and must be maintained.

- Requires the Department of State to promulgate regulations requiring local code enforcement officers to conduct periodic inspections of local residential property and establish violation remedies.
- Provides anti-retaliation protections for tenants who report suspected lead paint hazards.

PART S – Makes Regulatory Modernization Initiative related Medicaid Redesign Team recommendations

- Subpart A
  - Authorizes health care providers to collaborate on community paramedicine programs that allow emergency personnel to provide care within their certification, training, and experience in residential settings.
  - Requires community paramedicine collaboratives at a minimum include (1) general hospital, nursing home, or diagnostic and treatment center; (2) a physician; (3) an emergency medical services provider; and (4) a home care services program when services are provided in a private residence.
  - Authorizes Medicaid reimbursement for community paramedicine services, subject to financial participation.
- Subpart B
  - Clarifies that providers licensed or certified under Public Health Law Article 28 or Mental Hygiene Law Articles 31 or 32 may provide care when authorized to do so by the Department of Health (DOH), the Office of Mental Health (OMH) or the Office of Alcoholism and Substance Abuse Services (OASAS) pursuant to regulation without needed a second or third license or certification from one of the other agencies
- Subpart C
  - Expands the definition of "originating site" to include a patient's residence as well as any other location the patient may be temporarily located for purposes of Medicaid reimbursement for telehealth.
  - Expands the list of medical professionals eligible to provide telehealth services to include credentialed alcoholism and substance abuse counselors, authorized early intervention and others as determined by OMH, OASAS, and Office for People with Developmental Disabilities in consultation by DOH.
  - Clarifies that remote patient monitoring can encompass follow-up telephone calls or additional interactive requests for transmission of data in response to previous transmissions.

PART T – Extends various provisions of the Public Health and Social Services Laws

- Extends through March 31, 2019:
  - Authorization for the Commissioner to require that drug manufacturers provide rebates to the State when the price of generic drugs exceed 75 percent of the ceiling price set by the State's actuary;
  - Subdivision 4 of section 366-C of the social services law authorizing spousal budgeting in long-term care waiver programs;

- Authorization for the statewide Medicaid integrity and efficiency initiative; and
- Authorization for the continuation of the Care at Home I and II waivers, which provide community-based services to physically disabled children who require hospital or nursing home levels of care.

- Makes technical amendments to effectuate the elimination of a trend factor for general hospital reimbursement through December 31, 2019, which was enacted as part of the FY 2018 Enacted Budget (Ch. 57, L. 2017, Pt. I).

PART U – Extends the authorization for certain time-limited demonstration programs in the Department of Mental Hygiene

- Extends for three years authorization for offices in the Department of Mental Hygiene to operate certain time-limited demonstration programs for evaluating new methods of services for individuals with intellectual and/or developmental disabilities.

PART V – Extends authorization for the Community Mental Health and Reinvestment program

- Extends for three years the authority for the Community Mental Health and Reinvestment Program, requiring the Office of Mental Health to reinvest savings from inpatient reductions for community mental health services. This would maintain the current reinvestment rate of $110,000 per inpatient bed.

PART W – Authorizes the Office of Mental Health (OMH) to establish voluntary jail-based restoration to competency programs for individuals awaiting trial

- Authorizes the Commissioner of OMH to enter into agreements with volunteering local sheriffs or the Commissioner of the Department of Corrections and Community Supervision to establish restoration to competency programs within jail-based settings. This authority would expire on March 31, 2023.

PART X – Authorizes the Office of Mental Health facility directors who act as representative payees to continue to use funds for care and treatment consistent with federal law and regulations

- Extends for three years current provisions of law that stipulate a facility director, acting as a representative payee, may apply a patient's personal funds for care and treatment without violating the director's fiduciary obligation to the individual.

PART Y – Terminates the entity exemption authorizing unlicensed individuals to provide psychology, social work and mental health services in certain settings

- Clarifies tasks and functions that may be performed and services that may be provided by unlicensed individuals working in entities that are regulated, operated, funded or approved by the Office of Mental Health, the Office for People with Developmental Disabilities, the Office for Alcoholism and Substance Abuse Services, the Department of Health, the State Office for the Aging, the Office of Children and Family Services, the Department of Corrections and Community Services, the Office for Temporary and Disability Assistance, and/or local governmental units or social services districts.

- Clarifies services that constitute protected scope of practice and may only be provided by a licensed professional.
- Ensures that at least one licensed professional qualified to diagnose mental health disorders is responsible for making the behavioral health diagnosis or treatment plan, but authorizes unlicensed individuals to assist the licensed professional as part of the multidisciplinary treatment team.
- Authorizes all employees currently providing psychological, social work and mental health services in such entities to continue to provide services without requiring a license through a permanent exemption, however, requires that services provided on July 1, 2020 and thereafter, must be provided by a licensed professional.

PART Z – Extends Medicaid managed care authority for the office for people with developmental disabilities (OPWDD), makes technical changes to that authority, and corrects references to OPWDD waiver services

- Allows managed care organizations to affiliate with non-profit entities, that have experience serving persons with developmental disabilities, to provide care coordination services.
- Requires comprehensive health services and other services determined by the Department of Health and OPWDD to be included in health and long term care services provided by managed care organizations.
- Requires managed care organizations to demonstrate the ability to organize, market, manage, promote, and operate a health and long term services care plan before such plan can be issued a certificate of authority as a Developmental Disability Individual Support and Care Coordination Organization (DISCO).
- Requires all managed care organizations to provide comprehensive healthcare coverage for individuals with a developmental disability enrolled in a DISCO.
- Amends various sections of the social services law and mental hygiene law to add references to section 1115 of the Social Security Act, consistent with the transition of OPWDD waiver services from section 1915(c) of the Social Security Act to section 1115.
- Permanently extends various sections of the public health law and social services law related to DISCOs.
- Extends for five years, through December 31, 2024:
    - Subdivision 4 of section 366-C of the Social Services Law authorizing spousal budgeting in long-term care waiver programs
    - Various sections of the Public Health Law and Social Services Law relating to managed long term care plans
    - Section 364-j of the Social Services Law relating to managed care programs
    - Subdivision 6 of section 367-a of the Social Services Law relating to co-payments for services

PART AA – Defers for one-year the Human Services "Cost-of-Living Adjustment" (COLA)

- Defers the COLA for designated human services programs in the State Office for the Aging, the Office of Temporary and Disability Assistance, the Office of Children and Family Services, and the Department of Health for FY 2019, and extends the adjustment for an additional year to FY 2022.

TRANSPORTATION, ECONOMIC DEVELOPMENT, AND ENVIRONMENTAL CONSERVATION ARTICLE VII LEGISLATION S.7508 /A.9508

PART A – Strengthens the State's authority to enforce Federal Motor Carrier Safety regulations

- Authorizes the Department of Motor Vehicles (DMV) to suspend the registration of a motor carrier where the carrier has been issued an out-of-service order by the United States Department of Transportation (USDOT).
- Increases penalties for violations of the laws and regulations applicable to motor carriers by imposing a fine not to exceed $10,000 for a second violation and a fine not to exceed $25,000 for a third violation occurring within a period of 18 months.

PART B – Allows the sale of locally-sourced food and beverages at roadside rest areas operated by Department of Transportation (DOT)

- Allows for the placement of commercial facilities at State owned roadside rest areas.

PART C – Enhances Public Transportation Safety Board (PTSB) enforcement power in compliance with federal requirements

- Provides authority to the PTSB to enforce federal requirements pertaining to rail fixed guideway public transportation systems (subways and commuter rails) through State Safety Oversight (SSO) services.

PART D – Allows the Thruway Authority (TA) to set fees for use of its fiber optic system

- Authorizes the TA to enter into agreements for use of its fiber optic system through the payment of set fees rather than public auction.

PART E – Authorizes Department of Transportation (DOT) to collect a $120 fee for semi-annual inspections of certain for-profit vehicles

- Authorizes DOT to collect a $120 fee for semi-annual inspections of for-profit tour and charter bus fleets, ambulettes, and other large passenger van and limousine services.

PART F – Authorizes Department of Transportation (DOT) to charge for use and occupancy of fiber optic lines on DOT right of way and establishes a uniform process for the siting of small cell wireless facilities

- Authorizes DOT to enter into agreements with fiber optic utilities for use of fiber optic lines and charge reasonable fees for such use. Fiber optic utilities would be prohibited from passing the cost of fees along to the consumer.

- Provides a right of access for wireless providers to install small and micro wireless facilities in the municipal right of way subject to certain size limitations. Municipalities would be permitted to require an applicant to obtain a permit provided the permit is of general applicability and not exclusive to wireless facilities, and could charge a reasonable fee that covers the processing of the application and direct and actual cost of maintaining the right of way.

PART G – Requires all back seat passengers to wear seat belts, requires proper safety restraints for children under the age of 8, prohibits the use of mobile telephones and portable electronic devices by persons under the age of 18, and permits junior license holders to operate a vehicle in New York City

- Authorizes a junior license holder to drive in New York City provided they are accompanied by a person over the age of 21 who is a parent, guardian, driver's education teacher or driving school instructor and the vehicle is equipped with dual brake controls.
- Prohibits persons under the age of 18 from making a phone call with a hand-held or hands-free mobile telephone while driving.
- Prohibits the use of a portable electronic device by persons under the age of 18 while driving with an exception made for navigation systems.
- Requires the wearing of seatbelts by vehicle passengers in the back seat.
- Authorizes localities within the Metropolitan Commuter Transportation District, the Metropolitan Transportation Authority (MTA), and the Long Island Railroad (LIRR) to install cameras at rail crossing and issue fines to drivers for violations.

PART H – Extends the authorization of autonomous vehicle testing

- Extends the current authorization for autonomous vehicle testing for an additional two years to April 1, 2020.
- Repeals the requirement that drivers must have one hand on the wheel at all times while the vehicle is in motion.

PART I – Removes the authorization for the State Comptroller (OSC) to prescribe a reporting format to New York City and requires the Department of Motor Vehicles (DMV) continue to report on behalf of New York City

- Makes technical changes to the operation of the New York City Transit Adjudication Bureau.

PART J – Creates an internet pre-licensing course pilot program in the Vehicle and Traffic Law, and establishes fees for the course application and administration for students

- Authorizes the Department of Motor Vehicles (DMV) to create a five-year pilot program which will create and administer an online pre-licensing course. DMV would be permitted to charge a course fee not to exceed $8 per student.
- The commissioner of DMV would be required to report to the Executive and the Legislature on the pilot program upon its completion.

PART K – Redirects certain revenues and program spending from the Dedicated Highway and Bridge Trust Fund to the General Fund, and directs that future revenues raised by the Payroll Mobility Tax be sent to the Metropolitan Transportation Authority (MTA) without need of appropriation

- Redirects funds raised by the Department of Motor Vehicles (DMV) Point Insurance Reduction Program, DMV Motorcycle Safety Program, DMV Seized Assets Program, DMV Compulsory Insurance Program, Department of Transportation (DOT) Motor Carrier Safety Program, and DOT Rail Safety Program from the Dedicated Highway and Bridge Trust Fund to the General Fund where they can be used for operational rather than capital purposes.
- Allows for monies accrued through the Payroll Mobility Tax to flow directly to the MTA rather than be remitted through the state.

PART L – Establishes a process for the recoupment of costs for major capital construction by the Metropolitan Transportation Authority (MTA) within New York City

- Authorizes the MTA to create "transportation improvement subdistricts" within New York City. Such subdistricts would be in proximity to significant transportation capital projects and would receive all or a portion of the resulting increase in property tax assessments directed to the MTA. To qualify for a subdistrict the projects must have a capital cost greater than $100 million. Districts would immediately be authorized for the following projects: phases one, two, three and four of the Second Avenue Subway; East Side Access; Penn Station Access; 125th MNR and subway stations.

PART M – Relates to the capital needs of the New York City subway system

- States that New York City is obligated to provide all capital funding for transit facilities operated by the New York City Transit Authority (NYCTA).
- Authorizes emergency authority for the State to appropriate revenues it deems necessary to remedy train operational failures related to track conditions, signals, and other infrastructure of transit facilities operated by the NYCTA. Such appropriations would trigger a requirement for New York City to provide identical funding within 60 days for capital repairs and construction.

PART N – Provides procurement reform to the Metropolitan Transportation Authority (MTA) and its affiliates

- Increases the sealed bidding threshold for MTA to $1M for purchases and public works.
- Eliminates the 15 day notice period required under the Omnibus Procurement Act.
- Authorizes the MTA board of directors to terminate, modify or amend any service or funding agreement already approved that either does not have a defined duration or has a duration longer than 20 years.

<u>PART O</u> - Extends authorization for the New York State Urban Development Corporation (UDC) to administer the Empire State Economic Development Fund (EDF)

- Extends for one year UDC's authority to administer the EDF that is set to expire on July 1, 2018.

<u>PART P</u> - Extends the general loan powers of the New York State Urban Development Corporation (UDC)

- Extends for one year the general loan powers of the UDC that are set to expire on July 1, 2018.

<u>PART Q</u> – Reauthorizes and extends the provisions of law relating to participation by minority and women-owned business enterprises (MWBE) in state contracts and expands upon those provisions based upon the findings of a 2016 Disparity Study

- Extends for five years Article 15-A of the Executive Law authorizing the Department of Economic Development's (ESD) Division of Minority and Women's Business Development to promote employment and business opportunities on state contracts for MWBE. ESD's authority and the requirements of the MWBE program are set to expire on December 31, 2018.
- Makes a number of programmatic amendments to MWBE requirements Article 15-A of the Executive Law, including:
    - Creating a new criminal offense of MWBE Fraud when a person "knowingly provides materially false information or omits material information" in order to be awarded a State contract or demonstrate compliance with MWBE participation requirements. This new crime would be punishable as a class E felony if the State contact is worth more than $50,000 and a class D felony if the State contract is worth more than $1M;
    - Expanding MWBE program requirements to include all municipalities on contracts let with State dollars, and requires units of local government subject to Article 15-A to set MWBE goals on contracts and submit reports to the Division;
    - Creating a new "Workforce Diversity Program" to develop "aspirational goals" for the utilization of minority group members and women in each construction trade, profession and occupation;
    - Authorizing the Division to set the "personal net worth" requirement for MWBE certification via regulation;
    - Expanding the authority of the Statewide MWBE Advocate to audit agencies and investigate complaints from MWBEs by State agencies and contractors; and
    - Amending various statutory dollar amount thresholds on contracts subject to MWBE participation requirements.

<u>PART R</u> – Authorizes new State agencies for design-build contracts

- Expands design-build authority to the Dormitory Authority (DASNY), the New York State Urban Development Corporation (UDC), the Office of General Services (OGS), the Department of Health (DOH), and the New York State Olympic Regional Development Authority (ORDA). Infrastructure that would be eligible for utilizing design-build is expanded to include buildings and appurtenant structures.

PART S – Extends for one year the authority of the Secretary of State (SOS) to charge increased fees for expedited handling of documents

- Extends for one year the ability of the Department of State (DOS), to charge additional fees for expedited and special handling of documents.

PART T – Places responsibility for service of process on business entities upon plaintiffs instead of the Secretary of State (SOS)

- Amends the procedure for service of process through the SOS by requiring plaintiffs to make service of process by mail on defendants and then file the affidavits of service with the SOS.
- 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 to the board of managers of the condominium, for the purpose of receiving service of process in lawsuits and other proceedings.

PART U – Enhance the Brownfield Opportunity Areas (BOA) program

- Removes references to the pre-nomination study for a BOA designation.
- Expands the nomination process for designation of a BOA to include a community participation strategy that solicits and considers the views of residents, businesses and other stakeholders of the proposed BOA.
- Authorizes the Secretary of State (SOS) to provide, on a competitive basis, financial assistance to municipalities, to community based organizations, or to community boards to conduct predevelopment and other activities within a designated or proposed BOA to advance the goals and priorities set forth in a nomination.

PART V – Eliminates the 25 percent match requirement for localities under Community Block Grant Program

- Repeals the requirement that each local government recipient of Community Services Block Grants secure a local share equivalent of twenty-five percent of such Federal funds received.

PART W – Expands authority of the Superintendent of the Department of Financial Services (DFS) to regulate federally contracted servicers of student loans

- Expands the authority of the Superintendent of DFS to regulate the servicers of student loans.

PART X - Extends the authorization of the Dormitory Authority of the State of New York (DASNY) to form subsidiaries

- Extends for two years the authorization of the DASNY to create subsidiaries to take title to health care facilities who have defaulted on loan agreements or mortgages with DASNY.

PART Y – Makes permanent the Empire State Development Corporation's (ESDC) authority to administer agricultural and dairy marketing orders

- Makes permanent the authority of the ESDC to administer agricultural and dairy marketing orders on behalf of the Department of Agriculture and Markets (DAM), in order to assist with agricultural marketing and branding programs.

PART Z – Creates the Empire Forests for the Future Initiative to enhance management of privately owned forests and open space, and encourage timber sales to support the biomass energy and wood products industries

- Amends the Real Property Tax Law for forest land to:
  - Condition eligibility on participation in an approved forest management plan;
  - Provide a "forestry exemption assistance" (FEA) payment to localities that have over one percent of total taxable assessed value exempt under this program;
  - Create a graduated penalty for non-compliance that contains a lower penalty as the length of time the eligible forest land has been owned increases; and
  - Streamline the administration of this exemption.
- Creates a real property tax exemption for forest land under a forest practice program.
- Requires localities that pass local laws restricting forestry practices to obtain comments from the Department of Environmental Conservation (DEC).
- Requires landowners to notify DEC of commercial timber harvesting of ten or more acres per year.
- Creates a Community Forest Grant Program to purchase lands to be used as forest plantations and community forests.
- Creates a Forest Incentive Program to provide assistance payments for forest stewardship planning projects.
- Adds New York-made wood products to the list of items subject to discretionary, non-competitive agency procurement.

PART AA – Makes technical changes to the Environmental Protection Fund (EPF) and the Clean Water Infrastructure Act of 2017 and the State Finance Law

- Establishes that monies recovered from responsible parties pursuant to Title 12 of Article 27 of the Environmental Conservation Law, relating to the remediation of drinking water contamination and certain solid waste sites, will be deposited into the Capital Projects Fund.
- Eliminates an $8 million statutory floor for bottle bill revenues placed into the EPF.

PART BB – Reduces and sustainably manages food waste by requiring large food waste generators to divert excess edible food to food banks and food scraps to organic recycling facilities

- Beginning January 1, 2021, food waste generators that generate an annual average of two tons per week or more of excess food and food scraps would be required to divert all excess edible food to food banks, animal feed operations, composting facilities, anaerobic digesters, or organics recycling facilities.

- Requires designated food waste generators within a 40-mile radius of an organics recycler to obtain a transporter and deliver food scraps to such recycler.
- Prohibits any incinerator or landfill from accepting or commingling solid waste source-separated food scraps from designated food scraps generators.
- All designated large food waste generators shall submit an annual report to the Department of Environmental Conservation (DEC) on or before March 1, 2022, and annually thereafter.

PART CC – Preserves open space on Long Island by expanding the Core Preservation Area of the Central Pine Barrens

- Expands the Core Preservation Area of the Central Pine Barrens through the inclusion of two areas located adjacent to the Central Pine Barrens boundary, one in the Village of Shoreham, and the other on municipal land in the Town of Brookhaven.
- Requires the Town of Brookhaven and the Central Pine Barrens Joint Planning and Policy Commission to compile a report that would provide an assessment of properties that would be suitable for solar projects, while minimizing the need to utilize undisturbed open space. The report must be submitted to the Executive by January 1, 2020.

PART DD – Authorizes expenses of the Department of Health (DOH) to be reimbursed by a cable television assessment, and expenses of the Office of Parks, Recreation and Historic Preservation, and of the Department of Agriculture and Markets (DAM), Department of Environmental Conservation (DEC), and Department of State (DOS), to be reimbursed by a utility assessment

- Allows the Department of Public Service (DPS) to reimburse the Office of Parks, Recreation and Historic Preservation and DAM, DEC, DOH, and DOS for costs expended relative to public health campaigns and utility oversight from statutory assessments levied on cable television companies and public utilities.

PART EE – Authorizes the New York State Energy Research and Development Authority (NYSERDA) to obtain revenue for certain programs from a special assessment on gas and electric corporations

- Allows NYSERDA to finance a portion of its research, development and demonstration program (including grants), the energy policy & planning program, the zero emissions vehicle and electric vehicle rebate program, and Fuel NY program from an assessment on gas and electric corporations. The assessment cannot exceed $19.7 million annually.

PART FF – Authorizes the New York Power Authority (NYPA) to provide energy related projects and programs to any of their power customers

- Expands the authority of NYPA to provide energy-related projects, programs, and services to any of its power customers, including State agencies, authorities and municipalities and higher education institutions.

- Amends the definition of energy-related projects, programs and services to include energy management, distribution or control projects and services; energy supply security, resiliency and reliability projects and services, and energy procurement programs for public entities.
- Expands the definition of public entity to include those entities that were formed for the purpose of facilitating the delivery, implementation or management of energy related projects, programs and services.

<u>PART GG</u> – Authorizes the New York Power Authority (NYPA) to develop renewable energy projects

- Allows NYPA to develop renewable energy projects and procure and sell renewable products to public entities and NYPA customers.
- Authorizes NYPA to recover costs from entities purchasing renewable products, and authorizes the use of notes, bonds, loans or other available sources to finance the development of renewable energy projects.

REVENUE
ARTICLE VII LEGISLATION
S.7509 /A.9509

PART A – Caps Annual Growth in STAR benefit amounts at 0 percent

- Permanently caps the actual dollar amount of the basic and enhanced School Tax Relief (STAR) benefits to property owners, beginning with the 2018-19 school year, at the 2017-18 levels.

PART B – Makes 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 exemption, beginning with final assessment rolls for 2019.

PART C – Requires filing RP-5217 for Co-Ops and Co-Op Shares

- Requires the filing of a real property transfer report with the Department of Taxation and Finance when there is a sale of a cooperative unit, or when there is a transfer or acquisition of a controlling interest in an entity with an interest in real property, regardless of whether a deed is prepared.

PART D – Establishes reporting requirement for manufactured home park owners

- Requires manufactured home park owners to file registration statements on a quarterly basis instead of on an annual basis.
    - Authorizes the Commissioner of the Division of Housing and Community Renewal, in consultation with the Commissioner of Taxation and Finance, to promulgate regulations to require additional information in the quarterly registration statements.

PART E – Makes technical amendments to property tax laws

- Repeals statutes authorizing the property tax freeze credit, which expired in 2016, while retaining the current requirement that municipalities and school districts certify compliance with the tax cap.
- Provides Enhanced STAR credit recipients an extra five days to pay their property taxes, as Enhanced STAR exemption recipients currently can.
- Gives counties that collect partial property tax payments for localities the sole authority to approve the payment program.
- Requires localities where the county prepares tax bills or provides accounting software to get written approval from the county before the localities can implement a partial payment programs.
- Codifies an existing Department of Tax and Finance practice of establishing the inflation adjusted Enhanced STAR exemption for certain localities after the statutory established date for completing such task. This practice allowed localities that do not collect school taxes on the traditional calendar cycle to benefit from the inflation adjustment.

- Establishes that a STAR credit can only be claimed on one residence by a married couple, as is the case for the STAR exemption, and that a married couple who own more than one residence cannot receive a STAR credit on one property and the exemption on another property, unless such couple is living apart due to legal separation.

PART F – Implements a State-owned lands tax cap limitation

- Implements a new program to tax state-owned lands in place of the current practice of individual assessment of each state-owned parcel.
  - The new tax liability for such lands would be calculated by multiplying the prior year's taxes by the allowable growth levy factor for the taxing locality or school district in which the state-owned land is located.
  - If the state begins paying taxes on a parcel of state-owned land, an initial individualized assessment will occur, following in subsequent years by the formula used for state-owned lands already taxed under the new formula.

PART G – Proposes a telecommunications-utility mass property assessments extender and fix

- Extends the local public telecommunications-utility mass real property assessment program for four years, from January 1, 2019 until January 1, 2023.
- Sets parameters for assessment rate ceilings in 2018 through 2020, benchmarked to assessment rates set in 2014, so that the annual assessment gradually moves toward the new assessment amount over those four years.

PART H – Extends the statute of limitations on amended tax returns

- Provides a three-year statute of limitations for audits and assessments of amended tax returns, running from the filing of an amended personal income tax, corporate tax, or New York City personal income tax return.

PART I – Provides for employee wage reporting consistency between the Department of Taxation and Finance and Labor

- Changes yearly reporting requirements on employee wage and withholding information to quarterly reporting requirements, and makes a conforming change to the penalty for non-compliance.

PART J – Simplifies the sale for resale exemption for prepared food

- Changes the sales tax credit on food and alcoholic beverages sold for resale to an exemption, as long as a proper resale certificate is presented at the time of purchase.

PART K – Allows warrantless debt to be assessed against unclaimed funds

- Authorizes the Commissioner of Tax and Finance to release to the Comptroller information regarding fixed and final, unwarranted debts of taxpayers who have unclaimed funds with the Comptroller.

PART L – Allows the Department of Taxation and Finance access to Dependent and Child Care Data from other state agencies

- Adds the Commissioner of Taxation and Finance to the list of agency heads who can access day care subsidy information for verification of child and dependent care credit claims.

PART M – Closes the Carried Interest Loophole

- Treats an investment management services firm partner's or shareholder's share of compensation for management services rendered as income, instead of as capital gains.
- Creates a new tax, the "carried interest fairness fee" that is assessed at 17% of the difference in value between the partner's or shareholder's distributive share for performing investment services and that share when the person did not perform such services.
  - This fee will be assessed until federal legislation with the same impact is enacted.
- Becomes effective upon enactment of substantially similar laws in Connecticut, New Jersey, Massachusetts, and Pennsylvania.

PART N – Authorizes the Department of Taxation and Finance to appeal Division of Tax Appeals Tribunal decisions

- Allows the Commissioner of the Department of Taxation and Finance to seek judicial review of decisions of the Division of Tax Appeals Tribunal, as taxpayers currently can do.

PART O – Clarifies New York Residency Requirements for Tax Purposes

- Amends the definition of resident individual for income tax purposes to count the days a person is present in New York while maintaining a place of abode in the state, regardless of whether or not they are domiciled in the state and makes conforming changes for New York City personal income taxes.

PART P – Maintains 2017 Empire State Child Tax Credit benefits

- Links the calculation of New York State Empire State Child Tax Credit benefits to the relevant federal tax code provisions in use prior to the 2017 federal tax reform bill was enacted.

PART Q – Extends Hire-A-Vet tax credit for two years

- Extends the Hire-A-Vet tax credit for two years, through 2020.

PART R – Enhances the New York Youth Jobs Program

- Increases the tax credits currently available under this program by 50% each.
- Moves guidelines on program eligibility for employers from regulation to statute, and provides the Labor Commissioner with enhanced oversight over participating employers.
- Makes an annual report by participating employers a prerequisite to receive the available tax credits under the program.
- Requires participating employers to disclose their tax returns as part of the application process for the tax credits available under the program.

PART S – Defers business related tax-credit claims

- Requires taxpayers who receive over an aggregate of $2 million in certain tax credits to defer using such credits from 2018 to 2021.
- A subset of these tax credits is nonrefundable, and when the deferral ends, the taxpayer can claim the credit balance until it is exhausted.
- The remainder of the tax credits are refundable, and the when the deferral ends, the taxpayer can claim fifty percent of the credit in 2021, seventy-five percent of the balance of the credit in 2022, and the remainder of the balance in 2023.

PART T – Amends the refund and joint liability provisions of the real estate transfer tax

- Extends the statute of limitations to apply for an erroneous payment of the real estate transfer tax (RETT) from two years to three years to match the time limit for the Department of Taxation and Finance to assess the RETT.
- Establishes joint and several tax liability for the grantor and grantee of a property subject to the mansion tax when the grantee failed to pay such tax.

PART U – Improves cigar tax enforcement

- Amends the definition of "wholesale price" from the established price of the tobacco product to the invoice price when such the manufacturer or other person sells the product to a distributor.
- Repeals the statutory presumption that in the absence of an established price of such tobacco products, the wholesale price based is invoice price.
- Amends the tax base to include the Federal excise tax paid by the manufacturer.

PART V – Discontinues the energy services sales tax exemption

- Repeals the sales tax exemption on the transportation and delivery of gas and electricity sold separately from the energy commodity when sold to commercial purchasers from energy service companies (ESCOs).

<u>PART W</u> – Converts the veterinary sales tax credit to an exemption

- Replaces the sales tax credit for drugs or medicine sold to or used by a veterinarian or farmer for treating livestock or poultry with a sales tax exemption for such items.

<u>PART X</u> – Provides responsible person sales tax relief for minority LLC owners

- Allows limited partners of a limited partnership or member of an LLC to apply for an exemption from being personally and jointly and severally liable for the partnership's or the LLC's unpaid sales and use taxes.

<u>PART Y</u> – Increases the vending machine sales tax exemption

- Expands the current sales tax exemption for certain foods and drinks sold for a $1.50 or less in vending machines, regardless of form of payment, to exempting those items sold for $1.50 or less from machines that accept currency only, and those items sold for $2.00 or less from machines that accept any form of payment.
    - Exempts bottled water sold in vending machines from sales tax, subject to this price and currency distinction.
    - Sunsets the current vending machine exemption and the expanded exemption on May 31, 2020.

<u>PART Z</u>- Amends the local sales tax statute for technical changes

- Extends the sunset date for revenue distribution processes for Genesee, Monroe, Onondaga, and Orange counties from November 30, 2019 to November 30, 2020, to correspond with the sunset date for the local sales tax authority in those counties.

<u>PART AA</u> – Imposes an internet fairness conformity tax

- Requires marketplace providers to collect sales tax on all sales of tangible personal property facilitated by the provider regardless whether the seller has nexus in New York.
    - Defines a marketplace provider as a person or entity, such as an internet website, that provides a forum connecting the sellers of personal property with purchasers and facilitates more than $100 million in nationwide sales annually.
- Requires sellers and marketplace providers who do not collect such sales tax to file information returns with the Department of Taxation and Finance regarding sales of tangible personal property delivered to purchasers in New York, and to provide an annual statement of purchase to each New York purchaser who receives such purchases in the state.

<u>PART BB</u> – Imposes a health tax on 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 United States Department of Agriculture (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 and 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 CC – Establishes an opioid epidemic surcharge

- Imposes a surcharge on opioids of two cents per morphine milligram, charged on the first sale in the state, and charged to the establishment making the first sale in the state.
    - Requires establishments liable for this surcharge to file monthly returns with the Commissioner of Taxation and Finance, and make monthly payments of the surcharge to the Commissioner.
    - Imposes secrecy provisions on the returns filed by liable establishments.
- Creates an opioid prevention, treatment, and recovery account.
    - The account is under the joint custody of the Comptroller and the Commissioner of Taxation and Finance.
    - The account is funded with the opioid surcharges, and moneys received from litigation or enforcement actions against opioid manufacturers, distributors, and wholesalers.
    - The funds in the account shall be allocated to support programs operated by the Office of Alcoholism and Substance Abuse Services to provide opioid treatment, recovery, and prevention services.

PART DD – Imposes a healthcare insurance profit fee

- Imposes a 14 percent surcharge on the net underwriting gain for the sale of health insurance in New York State beginning in tax years after December 31, 2017.
- Requires the Superintendent of Financial Services to issue regulations related to the calculation that will define the net underwriting gain.
- Provides that the surcharge is not deductible by a corporation and shall not be included as a cost in determining health premium rates.
- Requires corporations subject to the surcharge to file annually by March 15.
- Authorizes the Superintendent of Financial Services to examine returns, and estimate an amount if a corporation fails to file a return or is deficient.
- Allows interest and penalties to be assessed when there are deficiencies in a return.
- All surcharges, interest, and penalties collected will be deposited in the health care reform act (HCRA) resources fund.

PART EE – Amends racing operator provisions

- Authorizes the New York Racing Association (NYRA) to conduct limited night racing at Belmont Park racetrack.
- Authorizes NYRA to retain up to 90 days of operating expenses in a reserve fund (up from 45 days in current law).
- Creates an Advisory Committee of interested stakeholders in horse racing to "review the present structure, operations and funding of equine drug testing and research" and make recommendations to the Legislature and Governor by December 1, 2018.

PART FF – Allows breeding funds to be used for equine aftercare

- Authorizes the New York State Thoroughbred Breeding and Development Fund to dedicate an amount, in its discretion, to be used for aftercare of retired horses.
- Authorizes the Agriculture and New York State Horse Breeding Development Fund to dedicate an amount, in its discretion, to be used for aftercare of retired horses.

PART GG – Extends 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 HH – Eliminates the Video Lottery Gaming (VLG) hold harmless transfer provision

- Eliminates the requirement to conduct a monthly transfer from the casino gaming "education account" to the VLG "education account."

PART II – Simplify Video Lottery Gaming (VLG) rate and additional commission provisions

- Restructures the way in which VLG rates are paid to video lottery terminals (VLTs) into a new system of four categories: (1) VLTs impacted by gaming facilities, (2) VLTs impacted by Native American casinos, (3) VLTs run by off track betting corporations, and (4) the larger VLTs.
- Includes VLT marketing allowances and capital awards within the VLT operator commission and provides discretion to the VLT operator to decide how much to spend, subject to Gaming Commission approval.
- Amends the "additional commission" payments to VLTs impacted by the Finger Lakes, Saratoga and Monticello gaming facilities, thereby creating a significant reduction in such payments (approximately $25M in FY 2019).

GOOD GOVERNMENT AND ETHICS ARTICLE VII LEGISLATION S.7510/A.9510

PART A – Increases transparency in digital political ads

- Amends the definition of a political communication from internet advertisements to paid internet or digital advertisements.
- Amends the definition of independent expenditure to specify that published statements be conveyed to 500 or more members of a general public audience, or be in paid internet or digital advertisements.
- Requires independent expenditures that are internet or digital advertisements or are broadcast or written communications with a general public audience of 500 or more people to contain a clear and conspicuous statement of who paid for such advertisement.
- Prohibits foreign governments or agents from registering as independent expenditure committees to make independent expenditures in state or local elections.
- Requires radio and television stations, cable providers, and online platforms to make reasonable efforts to ensure independent expenditures comply with the Election Law.
- Requires online platforms to keep a publicly-viewable record of independent expenditure purchase requests above $500, and failure to do so can result in a $1,000 civil penalty.

PART B – Enacts 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 Department of Motor Vehicles (DMV).
- Requires early voting at polling sites for a period of 12 days prior to special, primary, and general elections.

PART C – Requires advisory opinion on outside income for members of the Legislature

- Requires members of the Legislature to request an advisory opinion on whether outside employment violates section 74 of the Public Officers Law.
- Requires a member of the Legislative Ethics Commission to be the Chief Administrative Law Judge or their appointee.

PART D – Closes the limited liability company (LLC) loophole

- 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 it's members in proportion to the members ownership interest.

<u>PART E</u> – Enacts financial disclosure for locally elected officials

- Requires elected local officials that make over $50,000 annually to file the long form financial disclosure statement in section 73-a of the Public Officers Law
- Allows municipalities to apply to the Joint Commission on Public Ethics (JCOPE) to allow their local officials to use their own form. If a municipality receives the approval to use its form, the local officials are still required to file that local form with JCOPE for public inspection.
- Grants JCOPE jurisdiction to review the accuracy of a covered local official's section 73-a financial disclosure form, but it must refer any potential ethical violations to the local ethics board and any potential crimes to the county district attorney where the municipality is located.

<u>PART F</u> – Institutes public campaign financing and enacts additional campaign finance reforms

- 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 funding from the State General Fund.

<u>PART G</u> – Enacts comprehensive freedom of information law (FOIL) reform

- Subjects the Legislature to the 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 (DEC), and repeals provisions protecting the confidentiality of municipal emergency 911 calls and records.

PART H – **Expands State Inspector General (IG) jurisdiction**

- Expands the IG's jurisdiction to include affiliated entities of the State University of New York (SUNY) or the City University of New York (CUNY) and specifies what affiliated nonprofit organization or foundation means in this context.
- The IG's jurisdiction will 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, including the SUNY and CUNY Research Foundations, to assist in meeting the needs of or providing a direct benefit to SUNY or CUNY or their respective campuses, that has control of, manages or receives $50,000 or more annually.

PART I – **Clarifies the State Inspector General's (IG) authority over State procurements**

- Empowers the IG to investigate alleged corruption, fraud, criminal activity, conflicts of interest or abuse, by officers, employees and contracted parties related to any State procurement.

PART J – **Provides for public university foundation oversight**

- Establishes that the State Inspector General (IG) will oversee the implementation and enforcement of financial control policies at the State Universities of New York (SUNY) and City Universities of New York (CUNY) and their affiliated entities.
- Defines "affiliated nonprofit organization or foundation."
- Provides the IG shall require affiliated entities to adopt bylaws and policies, in consultation with the IG, designed to prevent corruption, fraud, criminal activity, conflicts of interests or abuse. Grants the 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 with the IG results in a loss of State aid. The IG shall articulate the basis of a non-compliance determination which may be subject to review in an Art 78 proceeding.

PART K – **Establishment of a New York State Chief Procurement Officer (CPO)**

- Creates the new office of the CPO, appointed by the Executive, to "serve as the principal officer tasked with the oversight of all state procurements."
- The CPO would have the authority to review any procurement and the duty to promptly report any suspicion or allegation of corruption, fraud, criminal activity, abuse or conflicts of interest to the State Inspector General (IG) for appropriate action.
- Adds the CPO as a member of the State Procurement Council.

PART L – Amends 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 begins with the posting of the offer and ends six months after the contract is awarded, 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.

PART M – Requires a feasibility report on single identifying codes

- Designates the New York State Office of the Comptroller (OSC), the Attorney General (AG), the Office of General Services (OGS), and Information Technology Services (ITS) to issue a feasibility study on a single code for all state vendors and grantees.
- Requires the feasibility report to be completed by September 1, 2018 and shall take into account fiscal implications.
- Allows the Division of the Budget (DOB), after the feasibility report is issued, to designate the single code for vendors and grantees, if designees fail to come to an agreement.
- Allows implementation of such single code system by no later than September 1, 2018.
- Requires an additional feasibility study to be issued on or before December 1, 2018 detailing the barriers to implementation, if it is determined that the system cannot be implemented.

WOMEN'S AGENDA
ARTICLE VII LEGISLATION
S.7511 /A.9511

PART A – Enacts the Comprehensive Contraceptive Coverage Act

- Requires health insurance policies to provide cost-free coverage for all Federal Food and Drug Administration (FDA) approved methods of birth control, including emergency contraception.
- Prohibits insurance companies from "medical management" review restrictions that can limit or delay contraceptive coverage.
- Provides coverage for voluntary sterilization procedures without cost sharing.
- Allows for the dispensing of contraceptives for the full 12 month supply.
- Adds a licensed midwife to those practitioners who may prescribe emergency contraception and allows pharmacists and nurses to dispense emergency contraception without a patient-specific prescription.

PART B – Codifies Federal Case Law regarding a woman's health care decisions into State Law

- Removes the regulation of abortion from the State's Penal Law, and from certain sections of the Public Health Law and Education Law.

PART C – Establishes the Maternal Mortality Review Board (MMRB) to save lives

- Establishes the MMRB, within the Department of Health (DOH), for the purpose of reviewing and assessing the cause of death and factors leading to each death to reduce the risk of maternal mortality and morbidity.
- The MMRB will consist of 15 members appointed by the Executive, and will make recommendations to the Commissioner of Health regarding the preventability of each maternal death case.

PART D – Requires the State Board of Medicine to include experts in women's health and reducing health disparities

- Requires at least one of the physician appointees, appointed to the State Board of Medicine, to be an expert in women's health and at least one other of the physician appointees to be an expert in reducing health disparities among demographic subgroups.

PART E – Removes firearms from domestic abusers

- Adds a number of misdemeanor offenses committed against members of the same family to the definition of "serious offense" that serves as a disqualifier to possess a weapon.
- Adds a new section to the Criminal Procedure Law establishing a procedure for determining Penal Law serious offenses.

- Provides for notification of a conviction for misdemeanors designated a serious offense to the Division of Criminal Justice Services.
- Repeals and replaces the Criminal Procedure Law provisions providing for the revocation or suspension of a pistol permit upon the issuance of a criminal or family court order of protection.

PART F – Ends sextortion and revenge porn

- Enacts three new felony offenses related to sexual extortion.
- Enacts a class A misdemeanor of unlawful publication of a sexual image.
- Adds these new offenses to provisions giving family court concurrent jurisdiction.

PART G – Extends the storage timeline for forensic rape kits at hospitals

- Extends the length of time hospitals must preserve sexual offense evidence collection kits from 30 days to at least five years, or when the victim turns 19 (whichever is a longer length of time).
- Requires hospitals to notify victims multiple times and no less than 30 days before the evidence is destroyed.
- Authorizes hospitals to contract with other entities to ensure appropriate storage of sexual offense evidence collection kits.

PART H – Extends anti-discrimination protections to public schools

- Defines "educational institution" as any public school including any school district, Board of Cooperative Educational Services (BOCES), public colleges or universities.
- Prohibits such educational institutions from denying the use of their facilities or permitting harassment due to race, color, religion, disability, national origin, sexual orientation, military status, age, sex, or marital status.
- Includes educational institutions within the jurisdiction of the Division of Human Rights (DHR).

PART I – Amends various laws to combat sexual harassment in the workplace

- Requires any contractor with the State to disclose the aggregate number of sexual harassment violations, settlement agreements, and non-disclosure agreements entered into, as well as information about sexual harassment training.
- Prohibits contract agreements that restrict an employee's legal remedy for unlawful discrimination based upon sexual harassment.
- Prohibits indemnification of individual state employees for any settlement awards as a result of sexual harassment.
- Prohibits a state agency or official, or a municipality from agreeing to non-disclosure agreements unless it is the complainant's preference.
    - Complainant shall have 21 days to consider such condition.
- Amends the Public Officers Law to create a specialized unit at the Joint Commission on Public Ethics (JCOPE) for sexual harassment claims.
- Establishes a uniform standard for sexual harassment policies for all branches of state and local government.

PART J – Enacts computer science education standards

- Requires the Executive to convene a work group composed of educators, industry experts, institutions of higher education, and employers to review, develop, or adapt existing frameworks for model grade K-12 computer science education programs.
- Requires the work group to deliver a report to the Commissioner of Education by March 1, 2019.

PART K – Enacts a "Be Aware, Be Informed" healthy relationship education program

- Requires the State Education Department (SED), in consultation with the Department of Health (DOH), to develop a model program to educate grade K-12 students on healthy relationships.
    - The program would consist of age-appropriate model curriculum, lesson plans, and best practices.

PART L – Requires access to feminine hygiene products in public schools

- Requires public schools serving students grades 6-12 to provide feminine hygiene products in school restrooms free of charge to students.

PART M – Ensures equal access to diaper changing stations in public restrooms

- Requires all new or substantially renovated buildings, classified as assembly group A occupancies or mercantile group M occupancies, with publicly accessible restrooms to provide diaper changing tables. On each publically accessible floor, at least one changing table must be accessible to each gender. Requires signs to be posted in conspicuous places indicating the location of the nearest diaper changing station.

CONCURRENT RESOLUTIONS

OUTSIDE INCOME

Limits outside income of members of the Legislature.

- Amends the State Constitution, subject to voter approval, to limit the outside income, of members of the Legislature to fifteen percent of their base salary ($11,925).

SAME DAY VOTER REGISTRATION

Establishes 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.

TERM LIMITS FOR ELECTED OFFICIALS

Imposes term limits for legislators and statewide elected officials.

- Amends the State Constitution, subject to voter approval, to create four-year legislative terms for members of the Senate and Assembly and to impose eight-year term limits (2 terms) for all legislators and statewide elected officials, which includes the Governor, Lieutenant Governor, Comptroller and Attorney General.

SEX AS A PROTECTED CLASS

Adds "sex" as a protected class.

- Amends the State Constitution, subject to voter approval, to add sex to the list of protected classes in the equal protection clause.