New York State Senate Majority

Finance Committee / Counsel Staff Analysis of the FY 2017

Executive Budget

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JANUARY 2016

New York State Senate Majority Finance Committee / Counsel Staff
Analysis of the FY 2017 Executive Budget

January 2016

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January 17, 2016

Dear Senators:

Please find attached the "Staff Analysis of the FY 2017 Executive Budget." It is intended to assist the members of the Finance Committee and the Senate as a whole, in their deliberations. We hope that our readers find it useful.

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

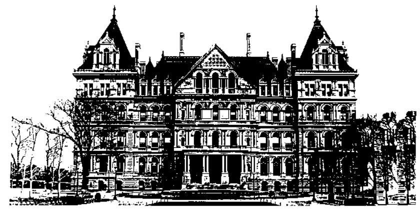
Each member of the Senate Finance Committee devotes considerable time and effort to the passage of a budget that serves the interest of every New Yorker. I am most grateful for their cooperation. It also is a pleasure to thank the staffs of both the Senate Finance Committee, and the Counsel and Program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

Sincerely,

Cathy

Senator Catharine M. Young

Report of the Senate Finance Committee



STAFF ANALYSIS OF THE FY 2017 EXECUTIVE BUDGET

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

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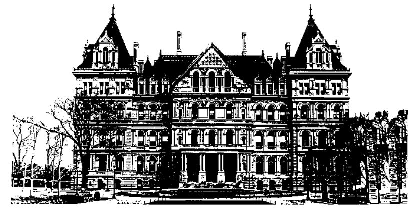

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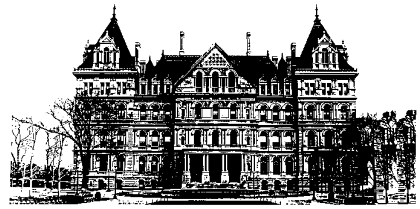


SECTION ONE

HIGHLIGHTS OF THE EXECUTIVE BUDGET

OVERVIEW

The FY 2017 Executive Budget is a tale of two budgets. Once the oratory is stripped away it becomes a document that delivers far less than promised. The Executive Budget calls for $100 billion in infrastructure investment, yet close examination shows this plan is made up of only approximately $29 billion from the State. Analysis shows less than half that amount is actually appropriated and detailed in the FY 2017 Capital Program and Financing Plan and much of that amount was already in the pipeline as of FY 2016.

The Executive Budget speaks of the importance of improving the economic climate of the State and includes various proposals that will reduce taxes. However the FY 2017 impact of these tax reductions will amount to only $3 million. Tax reductions will be phased in over four years and provide only an additional $647 million in tax relief, while State Operating Funds Budget spending will grow by more than $10.7 billion over that same four year time period. The FY 2017 Executive Budget economic proposals will do little to create the jobs New Yorkers want and deserve.

In summary, the FY 2017 Executive Budget falls short of its goals. The task before the Legislature is to refashion and adopt a Budget that recognizes the concerns of our taxpayers and meets the legitimate needs of the Empire State.

FINANCIAL PLAN

The FY 2017 Executive Budget financial plan projects a structural surplus through FY 2020 of $1.6 billion after tax actions.

All Funds FY 2017 spending (excluding Extraordinary Federal Aid and financial settlement proceeds) is projected at $145.3 billion, an increase of $1.7 billion or 1.2 percent.

The inclusion of Extraordinary Federal Aid and financial settlement proceeds brings total All Funds FY 2017 spending to $154.5 billion, an increase of $2.4 billion or 1.6 percent.

FY 2017 ALL FUNDS SPENDING (billions of dollars)				
	2016	2017	Change	Percent
All Funds w/o Extraordinary Federal Aid or Settlement Proceeds	$143.6	$145.3	$1.7	1.2%
All Funds w Extraordinary Federal Aid and Settlement proceeds	$152.1	$154.5	$2.4	1.6%

FY 2017 State Operating Funds spending is projected at $95.9 billion, an increase of $1.6 billion or 1.7 percent from FY 2016.

FY 2017 STATE OPERATING FUNDS (billions of dollars)			
2016	2017	Change	Percent
$94.3	$95.9	$1.6	1.7%

BUDGET SURPLUS / (GAP)

The Executive Budget estimates that the General Fund will remain in balance on a cash basis for FY 2017 and projects a four year structural surplus of $1.6 billion.

Executive Budget Surplus / (Gap) Estimate (millions of dollars)	
FY 2017	$0
FY 2018	$533
FY 2019	$114
FY 2020	$949
Structural Balance	**$1,596**

The Executive Budget estimates a FY 2017 General Fund cash deficit of $1.781 billion to be closed through net spending reductions of $2.048 billion offset by net resource changes of $267 million.

FY 2017 Budget Gap Closing Plan *(millions of dollars)*	
Mid-Year Surplus / (Gap) Estimate	**($1,781)**
Agency Operations	$397
Local Assistance	$1,333
Capital Projects / Debt Management	$439
Initiatives and Investments	($121)
Total Spending Changes	**$2,048**
Resource Changes	($284)
Tax Actions	$17
Total Resource Changes	**($267)**
Executive Budget Surplus / (Gap)	$0

RECEIPTS

The Executive Budget projects FY 2017 State Operating Funds receipts at $94.98 billion, a decrease of $63 million or 0.1 percent. FY 2017 All Funds receipts are projected to decrease from $153.4 billion to $153.0 billion, a decrease of $471 million or 0.3 percent. The All Funds receipts decrease reflects primarily the loss of extraordinarily large financial settlement funds, offset by $2.6 billion growth in tax revenue.

RECEIPTS *(billions of dollars)*				
	2016	**2017**	Change	Percent
State Operating Funds	$95.04	$94.98	($0.06)	-0.1%
All Funds	$153.45	$152.98	($0.47)	-0.3%

The FY 2017 Executive Budget includes various tax reductions that will reduce taxes by $3 million in FY 2017 growing to $647 million in FY 2020. Proposed tax reductions includes a rate reduction for small businesses, education tax credits, thruway toll credits, expansion of the urban youth opportunity program, and the extension of various tax credits. The proposal also includes various revenue enforcement proposals that will have a negligible impact on the Financial Plan.

RESERVES

The Executive Budget projects a FY 2017 General Fund closing balance of $2.9 billion, a decrease of $1.9 billion over the projected closing balance for FY 2016. Included within the FY 2016 reserve total is $1.8 billion for statutory reserves; $60 million in the Community Projects Fund; $15 million for prior year labor agreements (2007-2011); $21 million in a contingency reserve for claims made against the State and $500 million for debt reduction. There is also $2.4 billion in financial settlement proceeds, of which $2.1 billion is projected to be disbursed by the end of FY 2017.

MAJOR SPENDING AREA HIGHLIGHTS

HEALTH - MEDICAID

The FY 2017 All Funds Medicaid spending, including the local share and other State agencies, is projected to be $65.8 billion, an increase of $453.2 million or 0.7 percent over current year spending.

The Executive proposes to extend the State Medicaid Global Cap which limits Department of Health (DOH) Medicaid spending growth to the Medical component of the Consumer Price Index, currently estimated at 3.4 percent, for one year through FY 2018. The Executive Budget projects DOH State Medicaid spending to be $17.95 billion, which is the Global Cap spending amount, an increase of $343 million or 2.0 percent over FY 2016. The year to year State Medicaid increase can primarily be associated with program enrollment growth and the State takeover of the local growth of Medicaid spending, offset by savings from the Essential Plan and the reinstitution of New York City's (NYC) local Medicaid growth contribution.

The Executive estimates in FY 2017 approximately 6.32 million, more than one-third of New Yorkers, will be enrolled in the Medicaid program. This represents an 180,000 increase from the current fiscal year and an increase of one million enrollees since establishment of New York's health insurance exchange in 2014.

The FY 2017 Executive Budget proposes to eliminate the State takeover of local Medicaid growth for New York City only by reverting back to the 2005 uncompounded trend factor. According to the Executive, the proposal acknowledges New York City's exemption from the 2012 property tax cap and that the majority of Medicaid recipients reside within NYC, making their share the largest driver of increased State costs.

Total State Medicaid savings would be $180 million in FY 2017 increasing to $476 million in 2018. In 2019 savings would increase by approximately two percent or $129 million and each year thereafter. The State would continue to finance the local growth of Medicaid for all other localities. The local savings to all other counties associated with eliminating Medicaid growth will increase from $109.2 million in FY 2016 to $163.2 million in FY 2016.

The Executive proposes multiple initiatives that would implement FY 2017 Phase VI MRT initiatives. The net fiscal impact of the proposals are estimated to be State budget neutral within the cap in FY 2017 and FY 2018.

Executive MRT VI proposals impacting the FY 2017 financial plan include:

- Federal Actions with State Medicaid Impact- estimated cost to the State due to rate increase is $183 million
- Medicaid Pharmacy Initiatives- State savings estimated to be $65.6 million
- Long Term Care Initiatives- State savings estimated to be $36.4 million
- Managed Care Initiatives- State savings estimated to be $118 million
- Other Initiatives- net cost to the State estimated to be $37 million
- Additional Financial Plan Relief- $44 million in supportive housing State savings to provide financial plan relief

Total General Fund relief provided by the Medicaid Global Cap rises to $582 million during 2017. Funding would be added to the Mental Health Stabilization Fund, which increases from $1.05 billion to $1.15 billion in FY 2017, to achieve savings.

HUMAN SERVICES

The FY 2017 Executive Budget recommends a decrease in All Funds spending of $105.4 million, or 1.2 percent, for all human services agencies.

The FY 2017 Executive Budget provides $3.9 billion in All Funds appropriation support for the Office of Children and Family Services, a decrease of $124.2 million, or 3.1 percent from FY 2016. The change reflects decreases of $100 million in general fund support for child care subsidies, $5.1 million in support of child care unionization agreements, $5.4 million from the elimination of additional juvenile detention reimbursements related to raise the age, $2.9 million for retroactive juvenile detention bills as a result of decreased backlog, $20.8 million from the elimination of Legislative initiatives and $1.4 million in miscellaneous reductions. These decreases are offset by an increase of $10 million in state operations funding for increased child care provider inspection activity and $1.4 million in support of the Human Services COLA.

The FY 2017 Executive Budget proposal includes Article VII legislation to raise the age of juvenile jurisdiction and enact overall juvenile justice reforms and a $110 million capital program for new and existing facilities that are needed as a result of raising the age of juvenile jurisdiction. The FY 2017 Executive Budget also assumes full implementation of Close to Home Phase II in FY 2017.

The FY 2017 Executive Budget provides $5.6 billion in All Funds appropriations for the Office of Temporary and Disability Assistance, an increase of $150 million from current levels. The change reflects increases of $100 million in TANF support for child care subsidies, $40 million in increased appropriation authority related to updated public assistance caseload projections, $13.5 million for activities to combat homelessness, $16 million for increased nutrition outreach activities, $1 million for Summer Youth Employment, and $1.3 million in state operations in relation to the above. These increases are offset by a decrease of $21.8 million resulting from the elimination by the Executive of Legislative initiatives.

The Executive Budget projects a total public assistance caseload of 557,159 in FY 2017, a decrease of 7,279, or 1.3 percent, from the current year revised estimate of 564,438 cases.

The FY 2017 Executive Budget includes $25 million in new funding to support anti-poverty initiatives across upstate New York. The Executive has announced a $20 billion, five-year capital plan to expand homeless and affordable housing across the State. **Specific details regarding the financing of this plan were not available as of the time of this publication.**

The FY 2017 Executive Budget provides $17.5 million in All Funds appropriation support for the Division of Veteran's Affairs, a decrease of $1.75 million from the current year. This decrease relates to the elimination by the Executive of Legislative initiatives.

The FY 2017 Executive Budget recommends $569 million in All Funds spending for the Department of Labor an increase of $2.6 million or .5 percent from FY 2016. This excludes disbursements from the Unemployment Insurance (UI) Benefit Fund. The Executive Budget includes appropriation authority for the UI Benefit Fund in the amount of $3 billion, a decrease of $650 million primarily related to reduced utilization.

The FY 2017 Executive Budget recommends All Funds spending for the Workers Compensation Board of $206.7 million, an increase of $10.2 million or 5.2 percent from FY 2016. The cash increase is attributed to capital spending. The Executive proposes to transfer $140 million from the Workers' Compensation assessment paid by businesses to General State Charges to finance the Workers' Compensation costs of State employees.

MENTAL HYGIENE

The FY 2017 Executive Budget recommends All Funds spending of $7.04 billion, a decrease of $219 million, or 3 percent for all mental hygiene agencies. The Department of Health proposes $1.1 billion in FY 2017 for Office for People with Developmental Disabilities (OPWDD) services, $1.15 billion in spending under the Global Medicaid Cap and an additional $42 million in other DOH offsets. The Executive proposes increasing the Department of Health offsets by $282.5 million in FY 2017. Additionally, FY 2016 included a 53rd payment for Medicaid and a 27th payroll, further reflecting costs in the previous fiscal year that were not captured in FY 2017. Adjusting for these and other factors, overall spending in Mental Hygiene actually is increasing by $260 million in FY 2017, or 3.3 percent.

The FY 2017 Executive Budget supports a total Mental Hygiene workforce of 33,869, a decrease of 355 Full Time Equivalent (FTE) positions reflecting deinstitutionalization in both Mental Health Psychiatric Centers and Developmental Centers. There are new FTEs related to the expansion of the Sexual Offender Management and Treatment Act program, establishing a separate correctional facility for youth through Executive Order Number 150 (Raise the Age), and increased investigations for the Justice Center. No layoffs are anticipated in FY 2017. The Executive proposes to continue pilot programs in OPWDD that utilize state employees to provide community services.

The FY 2017 Executive Budget for Mental Hygiene includes a Cost of Living Adjustment of 0.2 percent as required by Chapter 57 of the Laws of 2006. Additionally, the Executive proposes a Medicaid Inflationary Trend Factor for eligible developmental disability providers.

The FY 2017 Executive Budget for the Office of Mental Health (OMH) proposes an additional reduction of 100 adult or children's beds if a determination is made by the Executive that community services are sufficient to meet the needs of the population. Additional Executive proposals to provide clinical services for OMH long-term stay patients in more appropriate clinical settings and develop jail-based restoration to competency units would result in an additional 100 adult and 25 forensic bed reductions. The Executive estimates community services will increase by $16 million in FY 2017. There are no planned closures of State-operated psychiatric centers for FY 2017; 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 FY 2017 Executive Budget proposal for OPWDD continues the plan to downsize the State-operated developmental center system. The Executive Budget would remove the remaining inpatient capacity and close Bernard Fineson Developmental Center in Queens by March 31, 2017. The FY 2017 bed reductions are estimated to save $5.8 million in State funds. A reinvestment of $3 million in community services is planned to facilitate the downsizing. The Executive estimates 52 individuals from State-operated developmental centers and 100 individuals in Intermediate Care Facilities would transition to living in not-for-profit operated community housing.

The Executive Budget includes $141 million in funding within the Office for Alcoholism and Substance Abuse Services to address the heroin and opiate epidemic. Of the $141 million, only $6 million is new funding, with the remaining reflecting the restructuring of existing services.

SCHOOL AID

The 2017 Executive Budget provides $23.7 billion in school aid, an increase of $961 million or 4.2 percent over the 2015-16 school year. This proposal provides for an increase of $404 million for expense base aids for the 2016-17 school year. Under the Executive proposal Foundation aid is increased by $266 million over the prior year. Additional funding of $189 million is provided to reduce the Gap Elimination Adjustment (GEA). An additional $100 million in new funding is provided for Community schools.

The Executive Expense Base Aids proposal maintains current law formulas for these reimbursable aid categories. The increase of $404 million is a reflection of the State's reimbursement obligation based on increased spending by schools districts in these aid categories.

The Executive Budget proposal increases Foundation Aid by $266 million. The Executive proposal distributes 91 percent of the increase in

Foundation Aid to high needs school districts. When looking strictly at relative wealth, the Executive proposal distributes 99.6 percent of the proposed Foundation aid increase to low wealth school districts including New York City. Not all districts receive an increase in foundation aid under this proposal.

The Executive Budget proposes to eliminate the remaining $434 million in Gap Elimination Adjustment (GEA) over two years. Under the Executive proposal the GEA will not be eliminated until the 2017-18 school year. The Executive proposal reduces the current GEA of $434 million by $189 million leaving a remaining GEA of $244 million in the 2016-17 school year. Under the Executive proposal 200 districts would have their GEA completely eliminated in the 2016-17 school year.

The Executive proposes $100 million in new community school funding for the 2016-17 school year. The $100 million would be distributed by formula resulting in 17 school districts receiving $75 million to convert persistently failing schools into community schools and the remaining $25 million would be targeted to high need school districts to fund community schools.

The Executive Budget proposal includes $725 million in State aid for Universal Pre-Kindergarten for Four year olds in the 2016-17 school year. The school aid run reflects $385 million of the Universal Pre-Kindergarten funding, an increase of $1.35 million over the prior school year.

The Executive Budget proposes to unfreeze the basic tuition formula for NYC Charter schools only. This proposed action would increase the amount of funding NYC must transfer to charter schools for basic tuition by $12.4 million under current estimates. Charter school supplemental tuition aid will increase by $150 to $500 per pupil and is estimated to cost $63 million in FY 2017.

The Executive Budget reduces the current $3 billion STAR program by $240 million. The decrease is related to multiple Executive proposals to change the STAR program from an exemption program to personal income tax credits and cap growth of STAR at 2015-16 levels.

The Executive Budget extends mayoral control of New York City schools for three years to June 30, 2019.

HIGHER EDUCATION

The FY 2017 Executive Budget recommends All Funds spending of $10.3 billion for New York State public and private higher education programs. This represents a decrease of $262 million or 2.5 percent from FY 2016.

Spending at the State University of New York (SUNY) would increase $33 million, or 0.4 percent, from $7.8 billion to $7.9 billion. City University of New York (CUNY) spending would decrease $378 million, or 24 percent, from $1.6 billion to $1.2 billion. The Higher Education Facilities Capital Matching Grants Program spending would increase from $5 million to $20 million, and Higher Education Services Corporation spending for tuition assistance and state scholarship programs would increase $58 million, or 5.2 percent.

The Executive Budget recommends flat base aid support for SUNY Senior State colleges. The SUNY system would generate an additional $89 million in revenue resulting from a $300 increase in in-state tuition. This increase would be subject to Article VII language authorizing authority for the SUNY Board of Trustees to increase tuition.

SUNY's community colleges receive state aid via formula based on the enrollment of full-time equivalent (FTE) students. The Executive Budget leaves the formula unchanged year-to-year at $2,597/FTE. A decrease in enrollment would reduce assistance by $10 million.

The FY 2016 Executive Budget provides a $473 million capital appropriation for SUNY. This represents an $11 million increase, or 2.3 percent. Senior colleges would receive $200 million for critical maintenance for the second straight year, and the financial plan contains a five-year critical maintenance plan of $200 million annually.

The FY 2017 Executive Budget would require a significant increase in the contribution from New York City to CUNY Senior Colleges by requiring the City to provide 30 percent of CUNY's net operating and debt service expenses, beginning July 1, 2016. The FY 2017 Executive Budget would increase CUNY funding by $240 million to provide retroactive salary increases to CUNY employees without employee contracts since 2010. Language for this increased funding links the payment to Legislative approval of the 30 percent NYC Share requirement.

Operating funds for CUNY Senior Colleges would increase by $70 million or 5% within the FY 2017 Executive Budget. The CUNY system would generate an additional $52 million in revenue resulting from a $300 increase in in-state tuition. Similar to SUNY, this increase would be subject to Article VII language authorizing the increase.

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 $2,597/FTE. An increase in enrollment would augment assistance $8.4 million.

The FY 2017 Executive Budget provides a $193 million capital appropriation for CUNY. This represents a $32 million increase, or 20 percent, from FY 2016.

The FY 2017 Executive Budget provides $1 billion for the Tuition Assistance Program (TAP). TAP spending would increase $42 million, driven primarily by language inserted into the Higher Education Services Corporation appropriation allowing unlawful immigrants to receive TAP awards, at a cost of $27 million.

The FY 2017 Executive Budget provides $46.9 million in funding for arts and cultural grants administered by the New York State Council on the Arts. This represents the same level of funding in FY 2016.

TRANSPORTATION

The FY 2017 Executive Budget proposes an All Funds spending level for the Department of Transportation (DOT) of $9.2 billion, a decrease of $284 million, or 3 percent from FY 2016. This decrease is attributable to a reduction of $565 million in Federal capital funding due to several years of Federal Emergency Management Agency and high speed rail funding accessed in FY 2016; an increase of $195 million in transit aid for operations, resulting from an increase in downstate transit revenues; an increase of $120 million in State capital spending resulting from the new commitment of the proposed $22.1 billion DOT Capital Plan; and a reduction of $34 million in non-personal savings out of the Dedicated Highway and Bridge Trust Fund.

The FY 2017 Executive Budget provides $5.0 billion in operating assistance to the State's transit systems, an increase of nearly $224 million. The MTA would receive $4.5 billion, reflecting an increase of $201 million or about 4.5 percent. Downstate non-MTA systems would see a $17.4 million or 6 percent increase in operating aid. Upstate transit systems would receive a $5 million or nearly 3 percent increase.

Although, upstate transit systems would receive an increase of $5 million in funding, the FY 2017 Executive Budget recommends reducing General Fund support for upstate transit systems by $10 million. Instead, the Executive has proposed using $17 million in funding from the Dedicated Mass Transportation Trust Fund in order to make up for the $10 million General Fund reduction and a $2 million decrease in Public Transportation Operating Account revenues.

Under the Executive's proposal, the Consolidated Highway Improvement Program and the Federal Municipal Streets and Highways Program would remain at FY 2016 levels, and the additional $50 million FY 2016 for severe weather payment is eliminated.

The FY 2017 Executive Budget proposes a reduction in Metropolitan Transportation Authority (MTA) capital spending of $18.9 million, which is attributable to less spending out of funds dedicated to the MTA from the 2005 Transportation Bond Act.

The FY 2017 Executive Budget includes legislation in support of an additional $7.3 billion commitment by the State to the MTA's proposed 2015-2019 Capital Program. The source and the timing of this funding commitment have not yet been identified.

The FY 2017 Executive Budget proposes eliminating $23.2 million in disbursements to the Thruway Authority, which includes $21.5 million in General Fund support for cost waivers previously granted to the Thruway Authority and $1.8 million in funding for the Canal Corporation, which would be transferred to Power Authority.

The FY 2017 Executive Budget includes a $22.1 billion FY 2016- 2020 DOT Capital Plan, which also includes funding for the Thruway Authority. **The source and the timing of this funding commitment have not yet been identified, nor have details of the plan, including a project list and commitments by spending category been provided to the Legislature.**

The FY 2017 Executive Budget recommends a new $700 million appropriation from financial settlement funds to support the replacement Tappan Zee Bridge and the Thruway's core capital spending program. This new funding would build upon the approximately $1.3 billion included in the FY 2016 Enacted Budget, and would allow the Thruway to hold tolls at current levels for all drivers until at least 2020. Another $340 million in settlement funds is proposed for a toll tax credit, which would provide a fifty percent toll discount for frequent business and passenger vehicles and a full toll discount for agricultural vehicles.

The Thruway's 2016 budget anticipates additional bonding for the new Tappan Zee Bridge during the Authority's 2016-2020 capital plan of $3.6 billion. This will bring total outstanding bonds for the new Tappan Zee Bridge to $5.2 billion by the end of 2019, an additional annual debt service cost of $128.7 million. Current system-wide baseline 2019 toll revenue is forecasted at $700.8 million. Hence, this additional bond cost represents eighteen percent of baseline toll revenues. The new Tappan Zee Bridge remains on budget at $3.9 billion and on schedule to open in 2018.

PUBLIC PROTECTION

The Fiscal Year 2017 Executive Budget recommends All Funds spending of $5.9 billion a decrease of $686 million or 10 percent over FY 2016 for all public protection agencies. This decrease is primarily attributable to spending for Superstorm Sandy.

The Executive recommends $3.1 billion in All Funds appropriations for the Department of Corrections and Community Services, an increase of $236 million from FY 2016 levels. The Executive proposes no correctional facility closures for FY 2017. The projected prison population is 53,000.

The Executive proposes an increase of 220 Full Time Equivalent (FTE) positions within the Department. This increase reflects 180 hires for critical Program Services positions; 20 FTE positions related to the Special Housing Unit settlement; and 20 FTE positions related to the Executive Order No. 150 for the separation of youths and adults in the State's prison system.

The Executive Budget recommends $273 million in All Funds appropriations for the Division of Criminal Justice Services, an increase of $5 million from FY 2016 levels. This primarily reflects an increase of $16 million in Federal Funding offset by a decrease of $11 million in Aid to Localities Funding.

The Executive Budget recommends $849 million in All Funds appropriations for the Division of State Police, an increase of $95.6 million from FY 2016 levels. This increase is attributable to increases in Federal Funds; an Internal Revenue Fund increase (partially offset by a General Fund decrease) related to the Thruway Authority reassuming full costs associated with Troop T; and capital funding increases for the design and construction of Troop L Zone Headquarters located in Nassau County.

The Executive Budget provides $1.5 billion in All Funds support for the Division of Homeland Security and Emergency Services, an increase of $583 million, from FY 2016 levels. This increase is primarily attributable to $600 million in Federal Disaster funding authority specifically to allow for the pass through of Federal funding to eligible government entities and not-for-profits related to Federally declared disasters; and $1.3 million in new Special Revenue funding for increased security assessments as part of the Executive's Counter-Terrorism proposal.

ECONOMIC DEVELOPMENT AND JOB CREATION

The FY 2017 Budget recommends an All Funds appropriation of $193 million for economic development programs, this is an increase of $50.5 million or 35.4 percent over the current fiscal year. This increase is the result of an increase in economic development program appropriations of $69.9 offset by the elimination of the legislative additions in the FY 2016 budget totaling $19.5 million.

The Executive Budget does not recommend any changes in the $25.6 million appropriation for the state operations budget of Department of Economic Development (DED). DED would realize a net decrease in local aid of $1.1 million or 1.3 percent over the current year. The net decrease is primarily related to an appropriation reduction of $1.3 million for the Centers for Excellence along with the elimination of $2.7 million in Legislative adds which is offset by $1.4 million in additional aid for High Technology matching grants and $2 million in additional Federal Aid.

The Executive FY 2017 Budget recommendation would reduce the Empire State Development Corporation's appropriation by $1.2 billion. The net year-over-year decrease would be the result of a $1.38 billion or 60.5 percent decrease in capital appropriations with an offsetting increase in local aid appropriations of $51.6 million or 89.1 percent over FY 2016.

The year-over-year increase in local Aid of $51.6 would be the result of a recommended addition in funding of $66.5 million for START-UP New York. The increase would be offset with the elimination of $15 million in FY 2016 Legislative initiatives.

Although not included in the Empire State/Urban Development Budget capital expenditures, the Executive's FY 2017 budget proposal authorizes $170 million in Settlement Funds to be used to support capital projects for the Upstate Revitalization Initiatives program and an additional $85 million of the Settlement Funds are to be earmarked for capital infrastructure projects.

AGRICULTURE/ENVIRONMENT/ HOUSING

The FY 2017 Executive Budget recommends All Funds spending of $1.83 billion, an increase of $140.5 million for the State's Environmental Conservation, Energy, Agriculture, and Housing agencies. Increases in funding are recommended for the Department of Environmental Conservation ($75.8 million); the Energy Research and Development Agency ($5.1 million); the Division of Housing and Community Renewal ($76.6 million); and the Office of Parks, Recreation and Historic Preservation ($3.2 million). In addition, the Executive once again recommends no funding for the Hudson River Park Trust. The Executive recommends decreases in cash outlays for the Department of Agriculture and Markets ($15.3 million); the Department of Public Service ($1.1 million); and the Olympic Regional Development Authority ($275,000).

The FY 2017 Executive Budget proposes to use $120 million in settlement funds to increase spending for the Environment Protection Fund (EPF) by $123 million, from $177 million to $300 million. Funds from other sources provide the balance of the increase.

The FY 2016 Enacted Budget provided $200 million for the Water Quality Infrastructure Improvement Act of 2015 to provide grants to municipalities for the replacement and repair of existing wastewater infrastructure and drinking water infrastructure. The FY 2017 Executive Budget provides an additional $100 million for these purposes over a two year period.

The FY 2017 Executive Budget recommends All Funds spending of $85.7 million for the Department of Agriculture and Markets representing a decrease of $15.3 million, or 15 percent, from the current fiscal year. The Executive recommends the elimination of $12 million in local assistance programs and the shift of the Cornell Integrated Pest Management and Pro-Dairy programs to the EPF. The Executive also proposes to transfer the Department's products and marketing authority to the Empire State Development Corporation. Currently market orders are industry initiated programs which level an assessment on produce and utilize the funds for marketing and research.

The FY 2017 Executive Budget recommends All Funds appropriations of $2.25 billion for the Division of Housing and Community Renewal, a net increase of $1.54 billion, or 219.5 percent, from current levels. The increase can be mainly attributed to a commitment of almost $2 billion in capital funds for a multi-year statewide plan for affordable housing. Full financing details are not yet available.

The FY 2017 Executive Budget includes Article VII language that would utilize $150 million in surplus Mortgage Insurance Fund reserves, to support the housing related programs while also providing General Fund savings.

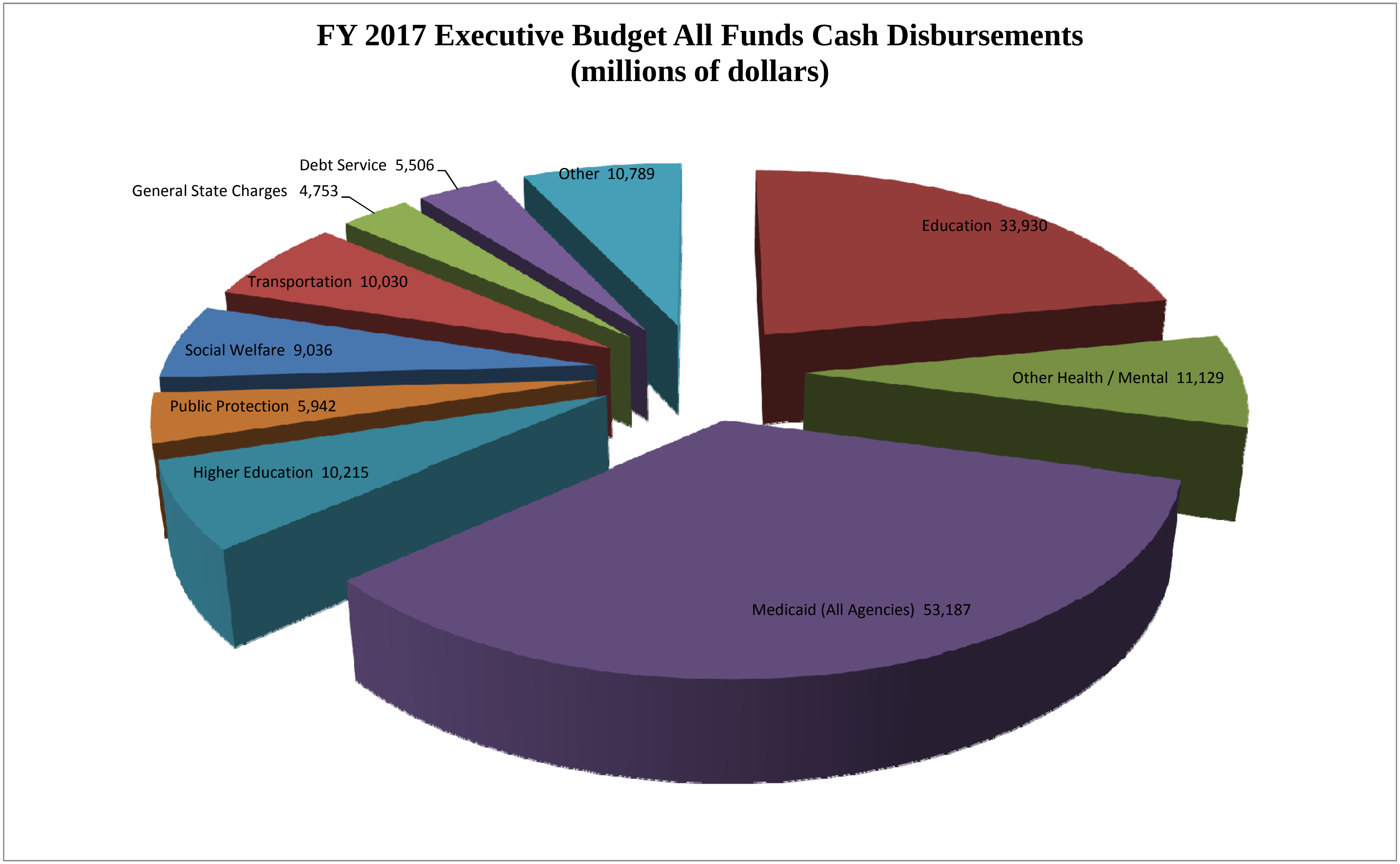
The FY 2017 Executive Budget recommends All Funds appropriations of $13.5 million for the New York State Energy Research and Development Authority. This represents an increase of $950,000, or 7.6 percent, from the current fiscal year. The FY 2017 Executive Budget proposes to transfer $23 million of off-budget assessed Regional Greenhouse Gas Initiative (RGGI) funds to the General Fund. The Executive also proposes to transfer another $15 million of RGGI proceeds to the State University of New York for a new Clean Energy Workforce Opportunity Program.

The FY 2017 Executive Budget recommends All Funds appropriations of $390.4 million for the Office of Parks, Recreation and Historic Preservation, a decrease of $21.3 million from the FY 2016 Enacted Budget. This decrease results primarily from a $20 million reduction in FY 2017 New York Works Capital funding.

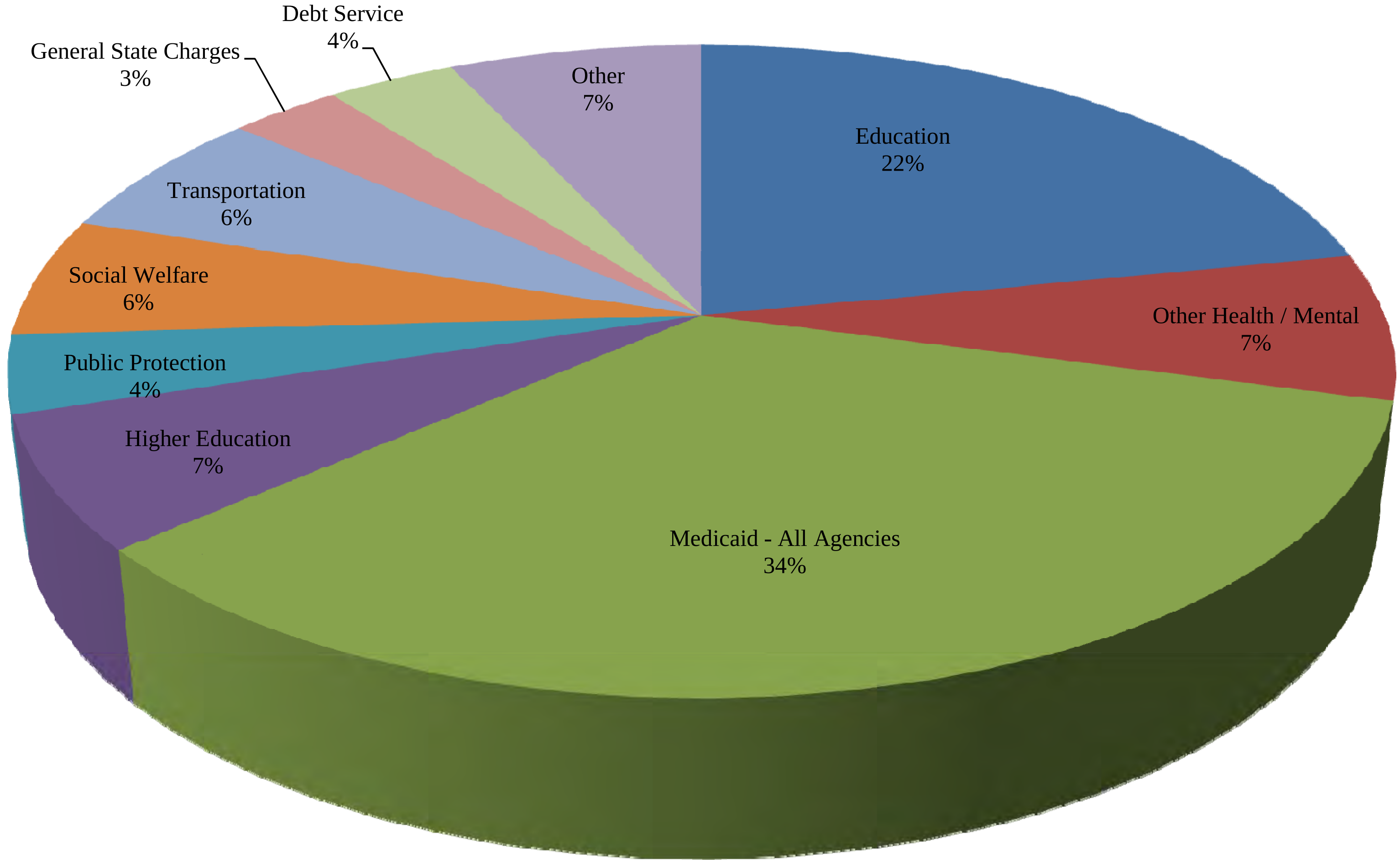
STATE OPERATIONS / WORKFORCE

The number of State employees remains relatively unchanged. The FY 2017 Executive Budget proposes a net All Funds workforce increase of 227 full time equivalent (FTE) positions from 180,252 to 180,505. The increase is net of a 1,773 FTE reduction through attrition offset by an increase of 2,026 new fills. There are no layoffs or newly announced facility closures anticipated.

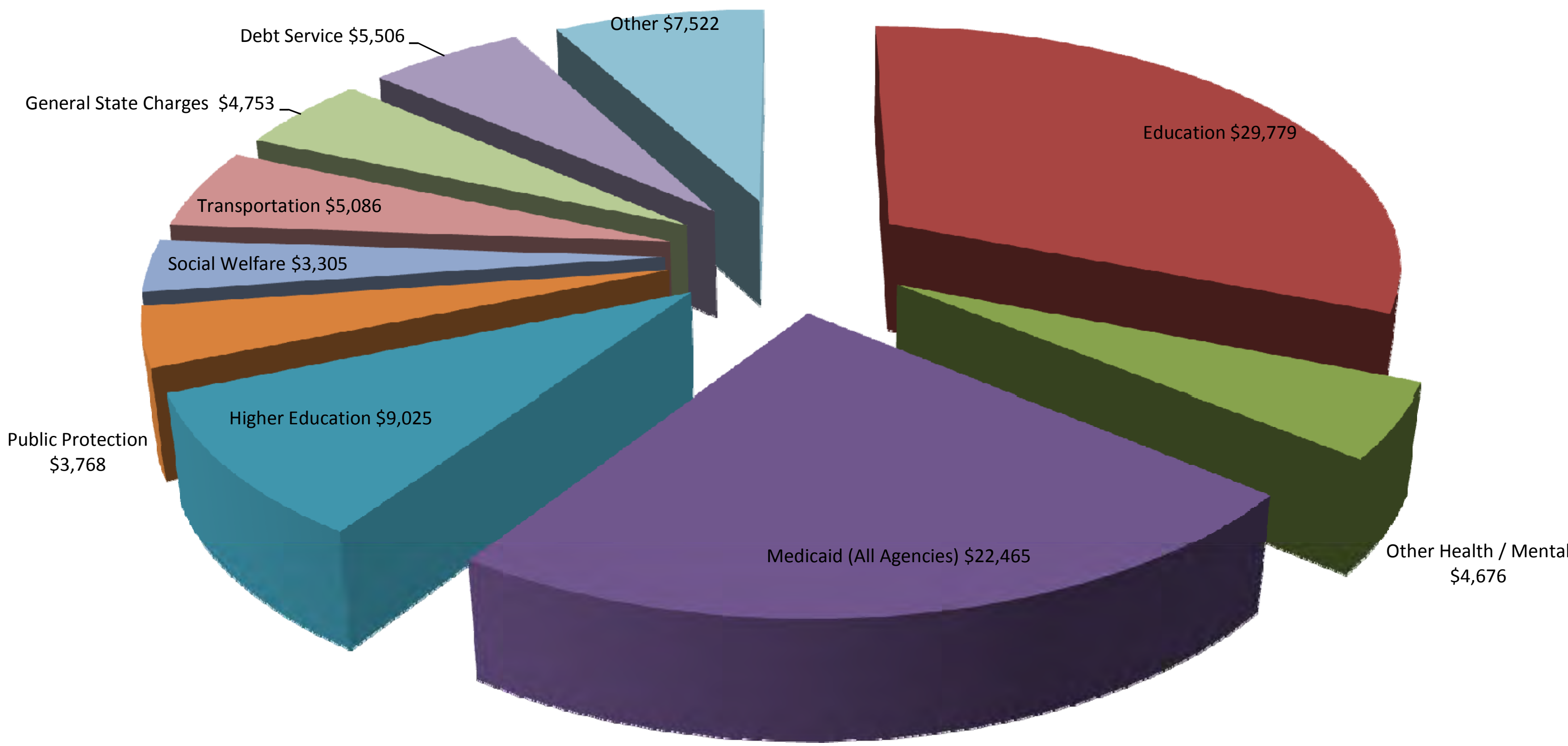
Major workforce net changes proposed in FY 2017 include a 243 FTE increase within the Department of Health; a 220 FTE increase within the Department of Corrections and Community Supervision; a 115 FTE increase within the Office of General Services; a 255 FTE decrease within the Office for People with Developmental Disabilities; a 122 FTE decrease within the Office of Mental Hygiene; and a 92 FTE decrease in the Department of Taxation and Finance.


FY 2017 Executive Budget All Funds Cash Disbursements
(millions of dollars)
Debt Service 5,506
General State Charges 4,753
Other 10,789
Education 33,930
Transportation 10,030
Social Welfare 9,036
Other Health / Mental 11,129
Public Protection 5,942
Higher Education 10,215
Medicaid (All Agencies) 53,187

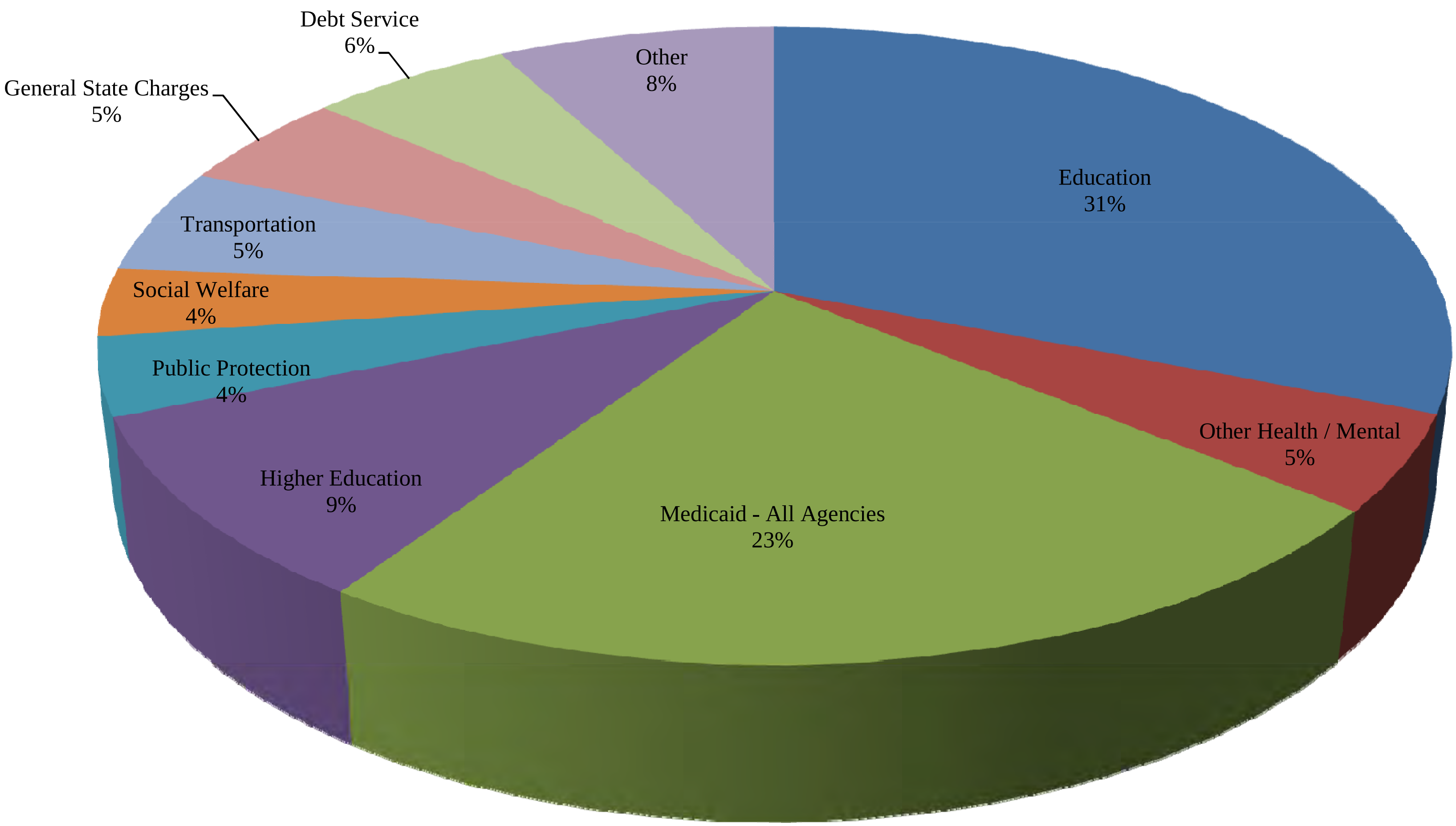
FY 2017 Executive Budget All Funds Cash Disbursements Percentage By Major Function



FY 2017 Executive Budget State Operating Funds Cash Disbursements (millions of dollars)



FY 2017 Executive Budget State Operating Funds Cash Disbursements Percentage By Major Function



Executive's Tax and Revenue Action Proposals

(Millions of Dollars)

	FY 2017	FY 2018	FY 2019	FY 2020
Revenue Reductions				
Provide a Corporate and Personal Income Tax Small Business Tax Cut	$0	($298)	($298)	($298)
Establish Education Tax Credits	$0	$0	($150)	($150)
Establish Thruway Toll Tax Credits	$0	($113)	($113)	($114)
Extend the Hire-A-Vet Tax Credit	$0	$0	($37)	($37)
Authorize Additional Credits of $8m for the Low Income Housing Tax Credit	$0	($8)	($16)	($24)
Extend the Empire State Commercial Production Tax Credit	$0	$0	($7)	($7)
Extend the Credit for Companies who Provide Transportation to Individuals with Disabilities	$0	$0	($5)	($5)
Extend the Alternative Fuels Tax Exemption	($2)	($4)	($4)	($4)
Permanently Extend the Non-Custodial Earned Income Tax Credit	$0	$0	($4)	($4)
Establish Additional ABT Tasting Exemptions and Production Credits	($1)	($3)	($3)	($3)
Extend the Clean Heating Fuel Tax Credit	$0	$0	($1)	($1)
Enhance the Urban Youth Opportunity Program Tax Credit	$0	($30)	($30)	$0
Extend Excelsior Jobs Program	$0	$0	$0	$0
Total Revenue Reductions	**($3)**	**($456)**	**($668)**	**($647)**
Enforcement Actions				
Permanently Extend the Tax Shelter Reporting Requirements	$18	$18	$18	$18
Expand Jeopardy Assessments to the Cigarette and Tobacco Tax	$0	$0	$0	$0
Make Permanent and Update Certain Modernization Provisions of the Tax Law	$0	$0	$0	$0
Extend Tax Preparer E-File Failure Penalties	$0	$0	$0	$0
Total Enforcement Actions	**$18**	**$18**	**$18**	**$18**
Other Revenue Actions				
Simplify the Taxation of Remarketed Rooms	$0	$0	$0	$0
Amend State and NYC Corporate Tax Reform with Technical Amendments	$0	$0	$0	$0
Authorize Combative Sports	$1	$1	$1	$1
Amend Taxes on Aviation Fuel for Consistency with Federal Tax Regulations	$0	$0	$0	$0
Conform to New Federal Tax Filing Dates	$0	$0	$0	$0
Eliminate Charitable Giving as a Factor in Determining Domicile for Estate Tax	$0	$0	$0	$0
Extend Certain Tax Rates and Certain Simulcasting Provisions for One Year	$0	$0	$0	$0
Extend Video Lottery Gaming Vendor's Capital Awards Program for One Year	$0	$0	$0	$0
Extend Monticello Video Lottery Terminal Rates for One Year	($3)	$0	$0	$0
Amend the Upstate New York Gaming and Economic Development Act for Technical Changes	$0	$0	$0	$0
Additional Commission for Certain Video Lottery Terminal Facilities	$0	$0	$0	$0
Increase Purse Surcharge from 1.0% to 1.6% & Regulatory Fee from 0.5% to 0.6%	$2	$2	$2	$2
Adjust Timing of Reimbursement to Gaming Commission of Per Diem Cost for harness Racing Judge and Starter	$0	$0	$0	$0
Remove Restriction for a Single Lab Testing Provider- Equine Testing	$0	$0	$0	$0
Total Other Revenue Actions	**$0**	**$3**	**$3**	**$3**
Fee Increase				
Permanently Extend Waste Tire Fee	**$6**	**$24**	**$24**	**$24**
Total Fee Increase	**$6**	**$24**	**$24**	**$24**
Net Total Revenue Actions	**$21**	**($411)**	**($623)**	**($602)**

Cash Flow Changes				
Convert the NYC PIT STAR Credit into a NYS Credit-Revenue Reduction*	$0	($87)	($284)	($286)
Convert the NYC PIT STAR Credit into a NYS Credit-Spending Savings*	$87	$284	$286	$286
Convert STAR Benefit to a Tax Credit for new Homeowners-Revenue Reduction**	$0	($98)	($194)	($290)
Convert STAR Benefit to a Tax Credit for new Homeowners-Spending Savings**	$98	$194	$290	$385

* This increase in personal income tax refunds will be completely offset by a coresponding decrease in state spending reimbursement to New York City.

** This increase in personal income tax refunds will be completely offset by a coresponding decrease in state spending for STAR reimbursement.

All Funds Cash Financial Plan

FY 2015 through FY 2017
(millions of dollars)

	2015 Results*	2016 Current	Change	Percent	2017 Proposed	Change	Percent
Opening fund balance	**4,035**	**9,355**	**5,320**	**131.85%**	**11,116**	**1,761**	**18.82%**
Receipts							
Taxes	71,034	75,084	4,050	5.70%	77,684	2,600	3.46%
Miscellaneous receipts	29,438	26,035	(3,403)	-11.56%	24,159	(1,876)	-7.21%
Federal grants	48,636	52,328	3,692	7.59%	51,133	(1,195)	-2.28%
Total receipts	**149,108**	**153,447**	**4,339**	**2.91%**	**152,976**	**(471)**	**-0.31%**
Disbursements							
Grants to local governments	104,725	111,853	7,128	6.81%	113,450	1,597	1.43%
Departmental Operations:							
Personal Service	13,163	13,581	418	3.18%	13,498	(83)	-0.61%
Non-Personal Service	6,977	6,722	(255)	-3.65%	6,752	30	0.45%
General State charges	7,337	7,625	288	3.93%	7,942	317	4.16%
Debt service	6,183	5,452	(731)	-11.82%	5,455	3	0.06%
Capital projects	5,506	6,851	1,345	24.43%	7,420	569	8.31%
Total disbursements	**143,891**	**152,084**	**8,193**	**5.69%**	**154,517**	**2,433**	**1.60%**
Net other financing sources (uses)	103	398			522		
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	5,320	1,761			(1,019)		
Closing Fund Balance	**9,355**	**11,116**	**1,761**	**18.82%**	**10,097**	**(1,019)**	**-9.17%**

Notes

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

Unadjusted All Funds spending for FY 2017 is projected at $154.5 billion, an increase of $2.4 billion or 1.6 percent. Excluding extraordinary items related to federal disaster aid for Superstorm Sandy; additional fede ral aid associated with the Affordable Care Act; and capital spending from monetary settlements with financial institutions; All Funds spending would be $145.3 billion an increase of $1.7 billion or 1.2 percent.

State Funds Cash Financial Plan

FY 2015 through FY 2017
(millions of dollars)

	2015 Results*	2016 Current	Change	Percent	2017 Proposed	Change	Percent
Opening Fund Balance	**4,344**	**9,548**	**5,204**	**119.80%**	**11,148**	**1,600**	**16.76%**
Receipts							
Taxes	71,034	75,084	4,050	5.70%	77,684	2,600	3.46%
Miscellaneous receipts	29,261	25,834	(3,427)	-11.71%	23,943	(1,891)	-7.32%
Federal grants	80	79	(1)	-1.25%	79	0	0.00%
Total Receipts	**100,375**	**100,997**	**622**	**0.62%**	**101,706**	**709**	**0.70%**
Disbursements							
Grants to local governments	62,364	65,476	3,112	4.99%	67,209	1,733	2.65%
Departmental Operations:							
Personal Service	12,550	12,957	407	3.24%	12,809	(148)	-1.14%
Non-Personal Service	5,607	5,521	(86)	-1.53%	5,667	146	2.64%
General State charges	7,033	7,319	286	4.07%	7,623	304	4.15%
Debt service	6,183	5,452	(731)	-11.82%	5,455	3	0.00
Capital projects	4,411	5,421	1,010	22.90%	6,499	1,078	0.20
Total Disbursements	**98,148**	**102,146**	**3,998**	**4.07%**	**105,262**	**3,116**	**3.05%**
Net other financing sources (uses)	2,132	1,934			1,817		
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	4,359	785					
Closing Fund Balance	**8,703**	**10,333**	**1,630**	**18.73%**	**9,409**	**(924)**	**-8.94%**

Notes
State Funds includes all State spending except Federal transfer payments.

The FY 2017 Executive Budget projects a State Funds spending increase of 3.1 billion or 3 percent, inclusive of Executive Budget actions. On a current services basis, the Executive Budget projects an increase from $102.2 billion to $107.2 billion, an increase of $4.9 billion or 4.9 percent .

State Operating Funds Cash Financial Plan

FY 2015 through FY 2017
(millions of dollars)

	2015 Results*	2016 Current	Change	Percent	2017 Proposed	Change	Percent
Opening fund balance	**4,789**	**9,890**	**5,101**	**106.51%**	**7,644**	**(2,246)**	**-22.71%**
Receipts							
Taxes	69,661	73,715	4,054	5.82%	76,340	2,625	3.56%
Miscellaneous receipts	25,301	21,249	(4,052)	-16.02%	18,561	(2,688)	-12.65%
Federal grants	75	74	(1)	-1.33%	74	0	0.00%
Total receipts	**95,037**	**95,038**	**1**	**0.00%**	**94,975**	**(63)**	**-0.07%**
Disbursements							
Local Assistance Grants	61,052	63,032	1,980	3.24%	64,328	1,296	2.06%
Departmental Operations:							
Personal Service	12,550	12,957	407	3.24%	12,809	(148)	-1.14%
Non-Personal Service	5,607	5,521	(86)	-1.53%	5,667	146	2.64%
General State charges	7,033	7,319	286	4.07%	7,623	304	4.15%
Debt service	6,183	5,452	(731)	-11.82%	5,455	3	0.06%
Capital projects	1	1	-	0.00%	3	2	n/a
Total disbursements	**92,426**	**94,282**	**1,856**	**2.01%**	**95,885**	**1,603**	**1.70%**
Net other financing sources (uses)	2,028	(3,526)			(1,175)		
Excess (Deficiency) of Receipts over Disbursements and Reserves	4,639	(2,770)			(2,085)		
Closing Fund Balance	**9,428**	**7,120**	**(2,308)**	**-24.48%**	**5,559**	**(1,561)**	**-21.92%**

Notes

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

Although the Executive uses State Operating Funds as the primary measure of State spending, it is not the most accurate metric because it not only excludes capital, but also excludes operating expenses funded by capital. The Dedicated Highway and Bridge Trust Fund in the Department of Transportation is an example of this.

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

General Fund Cash Financial Plan

FY 2015 through FY 2017
(millions of dollars)

	2015 Results	2016 Current	Change	Percent	2017 Proposed	Change	Percent
Opening Fund Balance	**2,235**	**7,300**	**5,065**	**226.62%**	**4,796**	**(2,504)**	**-34.30%**
Receipts							
Taxes	43,569	46,432	2,863	6.57%	48,093	1,661	3.58%
Miscellaneous receipts	8,410	5,597	(2,813)	-33.45%	2,642	(2,955)	-52.80%
Federal grants	2	-	(2)	n/a	-	0	n/a
Transfers From Other Funds	15,940	18,042	2,102	13.19%	18,051	9	0.05%
Total Receipts	**67,921**	**70,071**	**2,150**	**3.17%**	**68,786**	**(1,285)**	**-1.83%**
Disbursements							
Local Assistance Grants	41,592	44,153	2,561	6.16%	45,502	1,349	3.06%
Departmental Operations:							
Personal Service	5,806	6,139	333	5.74%	6,025	(114)	-1.86%
Non-Personal Service	1,858	2,083	225	12.11%	2,209	126	6.05%
General State charges	4,999	5,181	182	3.64%	5,459	278	5.37%
Transfers To Other Funds							
Debt service	1,297	1,282	(15)	-1.16%	725	(557)	-43.45%
Capital projects	1,264	6,147	4,883	386.31%	3,700	(2,447)	-39.81%
State Share Medicaid	1,419	2,159	740	52.15%	1,433	(726)	-33.63%
SUNY Operations	980	998	18	n/a	985	(13)	-1.30%
Other	3,641	4,433	792	21.75%	4,601	168	3.79%
Total Disbursements	**62,856**	**72,575**	**9,719**	**15.46%**	**70,639**	**(1,936)**	**-2.67%**
Excess (Deficiency) of Receipts over Disbursements and Reserves	**5,065**	**(2,504)**			**(1,853)**		
Closing Fund Balance	**7,300**	**4,796**	**(2,504)**	**-34.30%**	**2,943**	**(1,853)**	**-38.64%**

Notes

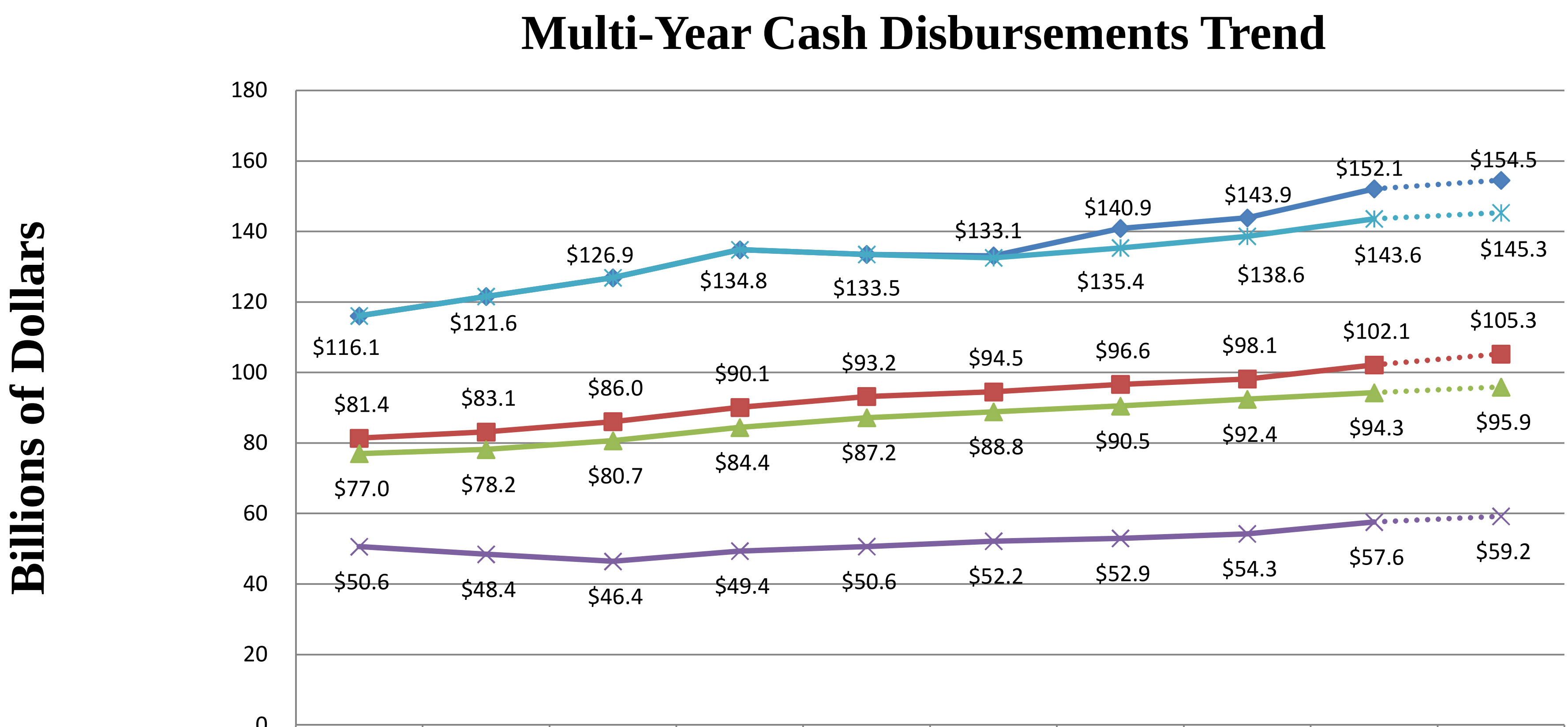
The General Fund is the major operating fund of the State and the traditional measure of State spending; however over the years it has become less reliable as a measure due to spending and taxes in other funds.

The Executive Budget projects FY 2017 General Fund Receipts (including transfers) to decrease by $1.3 billion or roughly two percent from FY 2016, this decline in revenue is driven by a decrease in Miscellaneous Receipts of approximately $2.9 billion.

The Executive Budget projects FY 2017 General Fund Disbursements (including transfers) to decrease by $1.9 billion or 2.67 percent from FY 2016. This is driven mainly by decrease of $2.4 billion in capital projects being transfered to other funds.

Cash Disbursements By Function FY 2017 Executive Budget	All Funds Thousands ($)	Percent	State Funds Thousands ($)	Percent	State Operating Funds Thousands ($)	Percent	General Fund Thousands ($)	Percent
Local Assistance								
Economic Development	1,066,580	0.94%	1,058,525	1.57%	288,411	0.45%	225,065	0.49%
Education, school aid	27,067,827	23.86%	24,389,827	36.29%	24,039,827	37.37%	20,777,827	45.66%
Education, STAR	3,227,844	2.85%	3,227,844	4.80%	3,227,844	5.02%	-	0.00%
Education, other	3,240,776	2.86%	2,346,400	3.49%	2,332,400	3.63%	2,319,269	5.10%
Health, other	6,052,387	5.33%	2,069,605	3.08%	1,954,605	3.04%	1,202,035	2.64%
Health, Medicaid (all components)	50,697,837	44.69%	18,722,486	27.86%	18,722,486	29.10%	13,313,023	29.26%
Higher Education	2,662,565	2.35%	2,654,624	3.95%	2,649,900	4.12%	2,649,900	5.82%
General Government	153,734	0.14%	98,027	0.15%	98,027	0.15%	16,788	0.04%
Local Government Assistance	745,105	0.66%	745,105	1.11%	745,105	1.16%	745,105	1.64%
Mental Hygiene (adjusted)	1,844,117	1.63%	1,691,876	2.52%	1,584,474	2.46%	8,698	0.02%
Parks and Environment	221,882	0.20%	65,612	0.10%	13,030	0.02%	8,180	0.02%
Public Protection	1,975,375	1.74%	387,676	0.58%	357,676	0.56%	143,932	0.32%
Social Welfare, other (adjusted)	3,942,184	3.47%	1,887,333	2.81%	1,651,106	2.57%	1,646,522	3.62%
Social Welfare, welfare asst	3,761,199	3.32%	1,134,623	1.69%	1,134,623	1.76%	1,134,623	2.49%
Transportation	6,634,498	5.85%	6,101,590	9.08%	4,990,338	7.76%	100,851	0.22%
All Other	156,098	0.14%	628,058	0.93%	538,058	0.84%	1,210,458	2.66%
Total Local Assistance	**113,450,008**	**100.00%**	**67,209,211**	**100.00%**	**64,327,910**	**100.00%**	**45,502,276**	**100.00%**
Percent of Total Spending		**73.42%**		**63.85%**		**67.09%**		**76.87%**
State Operations								
Personal Services	13,497,647	47.96%	12,808,444	49.17%	12,808,444	49.08%	6,024,630	44.00%
Non Personal Services	6,701,402	23.81%	5,616,061	21.56%	5,666,637	21.71%	2,209,024	16.13%
General State Charges	7,941,601	28.22%	7,622,372	29.26%	7,622,372	29.21%	5,458,860	39.87%
Total State Operations	**28,140,650**	**100.00%**	**26,046,877**	**100.00%**	**26,097,453**	**100.00%**	**13,692,514**	**100.00%**
Percent of Total Spending		**18.21%**		**24.74%**		**27.22%**		**23.13%**
Capital Projects	**7,421,440**	**100.00%**	**6,500,861**	**100.00%**	**4,626**	**100.00%**	**n/a**	**n/a**
Percent of Total Spending		**4.80%**		**6.18%**		**0.08%**		
Debt Service	**5,505,587**	**100.00%**	**5,505,587**	**100.00%**	**5,455,011**	**100.00%**	**n/a**	**n/a**
Percent of Total Spending		**3.56%**		**5.23%**		**5.69%**		
Total FY 2017 Spending	**154,517,685**	**100%**	**105,262,536**	**100%**	**95,885,000**	**100%**	**59,194,790**	**100%**

Notes: General Fund totals do not include transfers to other funds. All Funds totals include extraordinary federal aid related to Hurricane Sandy and the Affordable Care Act and bank settlment funds. The Medicaid All Components total includes Medicaid spending in other state agencies.



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
All Funds	$116.1	$121.6	$126.9	$134.8	$133.5	$133.1	$140.9	$143.9	$152.1	$154.5
All Funds, adjusted*	$116.1	$121.6	$126.9	$134.8	$133.5	$132.5	$135.4	$138.6	$143.6	$145.3
State Funds	$81.4	$83.1	$86.0	$90.1	$93.2	$94.5	$96.6	$98.1	$102.1	$105.3
State Operating Funds	$77.0	$78.2	$80.7	$84.4	$87.2	$88.8	$90.5	$92.4	$94.3	$95.9
General Fund	$50.6	$48.4	$46.4	$49.4	$50.6	$52.2	$52.9	$54.3	$57.6	$59.2

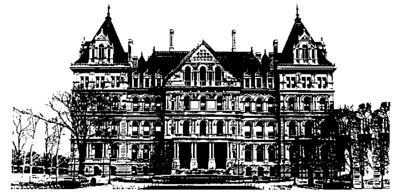
Workforce Impact Summary
All Funds
FY 2015 Through FY 2017

	FY 2015 Actuals (03/31/15)	Starting Estimate (03/31/16)	Attritions	New Fills	Mergers	Net Change	Ending Estimate (03/31/17)
Major Agencies							
Children and Family Services, Office of	2,986	2,875	0	79	0	79	2,954
Corrections and Community Supervision, Department of	28,673	28,869	0	220	0	220	29,089
Education Department, State	2,643	2,672	0	20	0	20	2,692
Environmental Conservation, Department of	2,869	2,946	(21)	21	0	0	2,946
Financial Services, Department of	1,334	1,382	0	0	0	0	1,382
General Services, Office of	1,588	1,754	0	115	0	115	1,869
Health, Department of	4,839	4,926	(79)	322	0	243	5,169
Information Technology Services, Office of	3,592	3,585	0	0	0	0	3,585
Labor, Department of	3,111	2,992	0	0	0	0	2,992
Mental Health, Office of	14,528	14,400	(350)	228	0	(122)	14,278
Motor Vehicles, Department of	2,153	2,159	(10)	0	0	(10)	2,149
Parks, Recreation and Historic Preservation, Office of	1,747	1,735	0	0	0	0	1,735
People with Developmental Disabilities, Office for	18,528	18,655	(245)	0	(10)	(255)	18,400
State Police, Division of	5,667	5,608	(210)	210	0	0	5,608
Taxation and Finance, Department of	4,395	4,359	(415)	323	0	(92)	4,267
Temporary and Disability Assistance, Office of	1,946	1,953	0	0	0	0	1,953
Transportation, Department of	8,559	8,228	(235)	265	0	30	8,258
Workers' Compensation Board	1,130	1,165	0	0	0	0	1,165
Subtotal - Major Agencies	**110,288**	**110,263**	**(1,565)**	**1,803**	**(10)**	**228**	**110,491**
Minor Agencies	**7,519**	**8,048**	**(208)**	**197**	**10**	**(1)**	**8,047**
Subtotal - Subject to Direct Executive Control	**117,807**	**118,311**	**(1,773)**	**2,000**	**0**	**227**	**118,538**
University Systems							
City University of New York	13,703	13,645	0	0	0	0	13,645
State University Construction Fund	145	152	0	0	0	0	152
State University of New York	43,692	43,668	0	0	0	0	43,668
Subtotal - University Systems	**57,540**	**57,465**	**0**	**0**	**0**	**0**	**57,465**
Independently Elected Agencies							
Audit and Control, Department of	2,526	2,643	0	20	0	20	2,663
Law, Department of	1,747	1,833	0	6	0	6	1,839
Subtotal - Independently Elected Agencies	**4,273**	**4,476**	**0**	**26**	**0**	**26**	**4,502**
Grand Total	**179,620**	**180,252**	**(1,773)**	**2,026**	**0**	**253**	**180,505**

Workforce Impact Summary
All Funds
FY 2015 Through FY 2017

	FY 2015 Actuals (03/31/15)	Starting Estimate (03/31/16)	Attritions	New Fills	Net Change	Ending Estimate (03/31/17)
Minor Agencies						
Adirondack Park Agency	54	54	0	0	0	54
Aging, Office for the	93	95	0	0	0	95
Agriculture and Markets, Department of	475	476	0	0	0	476
Alcoholic Beverage Control, Division of	112	127	0	0	0	127
Alcoholism and Substance Abuse Services, Office of	750	741	(67)	67	0	741
Arts, Council on the	24	30	0	0	0	30
Budget, Division of the	239	261	0	0	0	261
Civil Service, Department of	305	347	0	0	0	347
Correction, Commission of	28	32	0	0	0	32
Criminal Justice Services, Division of	413	436	0	0	0	436
Deferred Compensation Board	3	4	0	0	0	4
Economic Development, Department of	142	158	(5)	0	(5)	153
Elections, State Board of	70	80	0	0	0	80
Employee Relations, Office of	28	37	0	0	0	37
Executive Chamber	129	136	0	0	0	136
Financial Control Board, New York State	12	12	0	0	0	12
Gaming Commission, New York State	376	405	(25)	25	0	405
Higher Education Services Corporation, New York State	267	250	0	0	0	250
Homeland Security and Emergency Services, Division of	406	466	(10)	22	12	478
Housing and Community Renewal, Division of	666	683	0	0	0	683
Hudson River Valley Greenway Communities Council	1	1	0	0	0	1
Human Rights, Division of	148	164	0	0	0	164
Indigent Legal Services, Office of	10	19	0	0	0	19
Inspector General, Office of the	66	109	0	0	0	109
Interest on Lawyer Account	8	8	0	0	0	8
Judicial Conduct, Commission on	45	50	0	0	0	50
Justice Center for the Protection of People with Special Needs	354	428	(24)	36	22	450
Labor Management Committees	65	77	0	0	0	77
Lieutenant Governor, Office of the	3	7	0	0	0	7
Medicaid Inspector General, Office of the	457	479	(26)	0	(26)	453
Military and Naval Affairs, Division of	338	337	(30)	47	17	354
Prevention of Domestic Violence, Office for	24	28	0	0	0	28
Public Employment Relations Board	29	33	0	0	0	33
Public Ethics, Joint Commission on	40	58	0	0	0	58
Public Service Department	517	525	(17)	0	(17)	508
State, Department of	512	543	(4)	0	(4)	539
Statewide Financial System	130	139	0	0	0	139
Tax Appeals, Division of	25	27	0	0	0	27
Veterans' Affairs, Division of	84	98	0	0	0	98
Victim Services, Office of	65	81	0	0	0	81
Welfare Inspector General, Office of	6	7	0	0	0	7
Subtotal - Minor Agencies	**7,519**	**8,048**	**(208)**	**197**	**(1)**	**8,047**

Education Fact Sheet



- The 2017 Executive Budget provides $23.7 billion in school aid, an increase of $961 million or 4.2 percent over the 2015-16 school year. This proposal provides for an increase of $404 million in expense base aids for the 2016-17 school year. Foundation aid is increased by $266 million, the Gap Elimination Adjustment (GEA) is reduced by $189 million, and a new $100 million in funding is provided for Community schools.

- The Executive proposes to eliminate the remaining $434 million in GEA over two years. The Executive proposal reduces the current GEA of $434 million by $189 million leaving a remaining GEA of $244 million in the 2016-17 school year. The Executive proposal would eliminate the GEA in the 2017-18 school year.

- The Executive proposal increases Foundation Aid by $266 million. The Foundation Aid formula uses school district need and wealth as determining factors in its distribution. The Executive proposal distributes 91 percent of the increase in Foundation Aid to high needs school districts. When looking strictly at relative wealth the Executive proposal distributes 99.6 percent of the proposed Foundation aid increase to low wealth school districts including New York City. Not all districts receive an increase in foundation aid under this proposal.

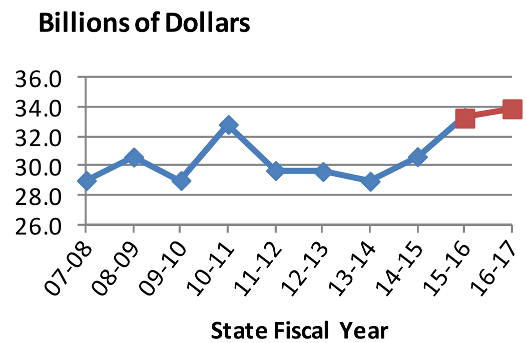
- The Executive Budget proposes $100 million in new community school funding for the 2016-17 school year. The $100 million would be distributed by formula resulting in 17 school districts receiving $75 million to convert failing and persistently failing schools into community schools the remaining $25 million would be targeted to high need school districts.

- The Executive Budget proposes to unfreeze the basic tuition formula for NYC Charter schools only. This proposed action would increase the amount of funding NYC must transfer for basic tuition by $12.4 million under current estimates. The Executive proposes to continue to freeze the basic tuition formula for charter schools outside of NYC.

- The FY 2015 Enacted budget provided additional state general fund supplemental basic tuition for charter schools based on a statutorily mandated per pupil amount. Statewide charter schools received a per pupil allocation totaling $250 million in funding in FY 2015, which amounted to $28.2 million statewide. In FY 2016 supplemental tuition statutorily increased by $100 to $350 per pupil which amounted to a total program of $42.4 million statewide. Under current law the supplemental tuition will increase by $150 to $500 per pupil which is estimated to cost $63 million in FY 2017

Education

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	33,250	33,884
Annual Growth Rate	8.6%	1.9%
5 Year Average Growth (Actual)		1.4%



<u>2016-17 School Aid Proposal</u>

The 2017 Executive Budget provides $23.7 billion in school aid, an increase of $961 million or 4.22 percent over the 2015-16 school year. This proposal provides for an increase of $404 million for expense base aids for the 2016-17 school year. Under the Executive proposal Foundation aid is increased by $266 million over the prior year. Additional funding of $189 million is provided to reduce the Gap Elimination Adjustment (GEA). An additional $100 million in new funding is provided for Community schools.

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 $404 million is a reflection of the State's reimbursement obligation based on increased spending by schools districts in these aid categories.

Foundation Aid: The Executive proposal increases Foundation Aid by $267 million. The Foundation Aid formula uses school district need and wealth as determining factors in its distribution. The Executive proposal distributes 91 percent of the increase in Foundation Aid to high needs school districts. When looking strictly at relative wealth the Executive proposal distributes 99.6 percent of the proposed Foundation aid increase to low wealth school districts including New York City. Not all districts receive an increase in foundation aid under this proposal.

Gap Elimination Adjustment (GEA): The Executive proposes to eliminate the remaining $434 million in GEA over two years. The Executive proposal reduces the current GEA of $434 million by $189 million leaving a remaining GEA of $244 million in the 2016-17 school year. The Executive proposal would eliminate the GEA in the 2017-18 school year. Under the Executive proposal 200 districts would have their GEA completely eliminated in the 2016-17 school year.

Community Schools: 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. The Executive proposes $100 million in new community school funding for the 2016-17 school year. The $100 million would be distributed by formula resulting in 17 school districts receiving $75 million to convert failing and persistently failing schools into community schools the remaining $25 million would be targeted to high need school districts. The 2015-16 Enacted budget also included $75 million in funding for Community schools distributed to 17 persistently failing school districts via a grant process. The Executive proposal also continues prior year funding of $15 million in competitive grants originally initiated in 2014-15 for Community schools. The Executive proposal eliminates $1.5 million in funding for the New York City Community Learning Schools initiative.

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 $195 million for a total of $3 billion.

High Excess Cost Aid: The Executive increases High Excess Cost aid by $67.61 million for a total of $600.53 million.

Private Excess Cost Aid: The Executive increases Private Excess Cost aid by $9.98 million for a total of $330.8 million.

BOCES Aid: The Executive increases BOCES aid by $42.81 million for a total of $861.65 million.

Transportation Aid: The Executive increases Transportation aid by $85.15 million for a total of $1.78 billion.

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

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

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

Charter School Transitional Aid: The Executive increases charter transition aid by $3.03 million for a total of $35.14 million.

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

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

2015-16 School Aid

Category	School Year 2015-16	School Year 2016-2017	Change	% Change
Foundation Aid	$15,856.39	$16,122.76	$266.37	1.68%
Expense Based Aids	$6,769.46	$7,173.41	$403.95	4.28%
Community Schools Aid	$0.00	$100.00	$100.00	NA
High Tax Aid	$223.30	$223.30	$0.00	N/A
Universal PreKindergarten for Four Year Olds*	$383.68	$385.03	$1.35	0.35
Gap Elimination Adjustment	($433.60)	($244.19)	$189.41	NA
Categorical Aids	$286.93	$288.96	$2.03	0.71%
Performance Grants	$147	$175	$28	19.05%
Total	$23,233.16	$24,224.27	$991.11	4.27%

*This is a portion of the total $725 million in Pre-K.

Universal Pre-K for Four year olds

The Executive proposal includes $725 million in State aid for Universal Pre-Kindergarten for Four year olds in the 2016-17 school year.

The school aid run reflects $385 million of the Universal Pre-Kindergarten funding, an increase of $1.35 million over the prior school year.

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

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 2014 budget. Of the $340 million $300 million is designated for NYC and $40 million for the rest of the State annually.

Universal Pre-K for Three year olds: The Executive proposal increases prior year funding of $30 million in competitive grants by $22 million for a total of $55 million in the 2016-17 school year.

Charter Schools

Basic Tuition: The Executive Budget proposes to unfreeze the basic tuition formula for NYC Charter schools only. This proposed action would increase the amount of funding NYC must transfer to charter schools for basic tuition by $12.4 million under current estimates. The Executive proposes to continue to freeze the basic tuition formula for charter schools outside of NYC.

Supplemental Tuition: The FY 2015 Enacted budget provided additional state general fund supplemental basic tuition for charter schools based on a statutorily mandated per pupil amount. Statewide charter schools received a per pupil allocation of $250 in funding in FY 2015, which amounted to $28.2 million statewide. In FY 2016 supplemental tuition statutorily increased by $100 to $350 per pupil which amounted to a total program of $42.4 million statewide. Under current law the supplemental tuition will increase by $150 to $500 per pupil estimated to cost $63 million in FY 2017.

Grants in Aid: The FY 2017 Executive Budget proposes $27.4 million for per pupil funding for aid to charter schools. This is an increase of $2.4 million over the $25 million in FY 2016. The per pupil amount will be based on the December 1, 2016 charter school enrollment numbers and distributed after April 1, 2017.

Other Education Programs

In addition to funding for State Education Department agency operations, the Department's budget includes support for various aid programs in the areas of higher education, cultural education and vocational rehabilitation.

Preschool Special Education

The Executive proposes a $15 million increase to support the State share of pre-school special education.

Private Schools for the Blind and Deaf. The Executive maintains prior year funding of $98 million.

Nonpublic School Aid

The Executive increases nonpublic school aid by $2.6 million for a total of $174 million.

Nonpublic Safety Grants: The Executive maintains $4.5 million for non public safety grants.

Nonpublic Prior Year Expenses: In 2015 the Legislature appropriated $250 million for nonpublic schools to reimburse for prior year expenses incurred for mandated services of state testing and student data collection. Of the $250 million $125 million will be distributed in the 2015-16 school year. The Executive has reappropriated the remaining $125 million to be distributed in the 2016-17 school year.

Other Major budget actions include:

Education Department

The Executive continues the $8.4 million necessary 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.

Library Aid

The Executive proposal maintains the prior year funding level of $91.6 million

The Executive maintains $1.3 million for reimbursement of the MTA payroll tax to libraries.

Teachers of Tomorrow

The Executive maintains the prior year funding at $25 million and sets aside $15 million or 60 percent for New York City.

Teacher Mentor Intern

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

Math and Science High schools

The Executive maintains prior year funding at $1.382 million.

Smart Scholars Early College High School Program

The Executive provides $4 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.

QUALITYstarsNY Program

The Executive proposal increases QUALITYstars funding by $2 million for a total of $5 million. The QUALITYstars program is currently a voluntary program that monitors the quality of pre-kindergarten programs. The Executive is proposing to require the participation in QUALITYstars for any Pre-Kindergarten program that is receiving State funds and is identified as needing extraordinary quality support by the Office of Children and Family Services, Department of Health and Mental Hygiene of NYC or the State Education Department.

New York State Center for School Safety

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

Public Broadcasting Aid

State support for New York's nine public television stations and 17 public radio stations is maintained at $14 million.

Capital Projects

The Executive proposal maintains funding for library construction projects at $14 million.

Small Government Assistance to School Districts

The Executive maintains funding of $1.87 million.

Teacher Resource Centers

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

National History Day

The Executive proposes eliminating funding of $100,000.

School Tax Relief Program

The Executive proposal reduces the current $3 billion STAR program by $240 million. The decrease is related to multiple Executive proposals to change the STAR program from an exemption program to personal income tax credits and cap growth of STAR at 2015-16 levels.

Article VII:

Contracts for Excellence

School districts participating in the Contracts for excellence program would continue operating approved academic intervention programs consistent with Contract for Excellence requirements. However, the required investment in these programs would be permitted to decline by the same percentage the districts' formula based aid is reduced under the Gap Elimination Adjustment. This approach will ensure the continued participation of 15 school districts, including all 'Big Five" city school districts (New York City, Buffalo, Rochester, Syracuse and Yonkers).

Pre Kindergarten

The Executive proposal creates the Empire State Pre-Kindergarten Grant Board to develop and award grants for all existing pre-kindergarten programs.

Special Education Waivers

The Executive proposes legislation allowing districts to receive a waiver from the State Education Department for special education requirements that are in excess of Federal law.

School Safety Improvements

Extends provision allowing for an additional ten percent in building aid for school districts making certain safety improvements for one year.

School Safety Plans

Streamlines the development of comprehensive district-wide school safety plans and building-level emergency response plans; Ensures confidentiality of such plans; Requires school staff to undergo training; and requires superintendents, or their designees, to act as chief emergency officers.

School Fire Drills

Provides for a reduction of mandated fire drills from twelve to eight, but mandates four "lock down" drills in their place.

Waiver of 180 day School Year

Authorizes Commissioner of Education to forego reduction in state aid if minimum number of days were not complied with due to credible threats to student safety.

Charter School Funding

Continues to freeze the basic tuition formula for charter schools outside of NYC.

Charter School Facilities

After October 1, 2016 the calculation for charter facilities aid for new and expanding charter schools will statutorily change. Facilities funding for new or expanding NYC charter schools that cannot find suitable co-location space or are denied co-location space within NYC public school buildings will receive facilities aid calculated based on maximum cost allowance structure established by the Commissioner of Education.

The Executive proposal permanently extends current law. Under the Executive proposal NYC charters facilities aid would be permanently calculated as the lesser of the cost of renting a private space or 20 percent of a charter schools basic tuition in the current year adjusted for enrollment.

Mayoral Control

Extends mayoral control of New York City schools for three years to June 30, 2019.

STAR

The Executive proposes to Eliminate the existing STAR exemption program to new applicants and establishes a new refundable personal income tax (PIT) credit in its place.

Under the Executive proposal current recipients of STAR exemptions are permitted to keep those exemptions as long as they continue to own their current homes, once their homes are transferred to new owners, the new owners would transfer to the PIT credit program.

Under the Executive proposal current STAR recipients are provided the option of renouncing their STAR exemption if they wish to receive the PIT credit instead. PIT credit amounts would remain consistent with amounts provided as an exemption.

The Executive proposes to cap the actual dollar amount of basic and enhanced benefits to property owners under the STAR program, beginning with the 2016-17 school year, at the 2015-16 levels.

In addition this proposal requires enrollment in income verification in order for individuals to be eligible for Enhanced STAR benefits beginning with final assessments rolls for 2017.

The Executive proposal authorizes the Commissioner of Tax and Finance to extend the filing deadline and grant exemptions for Enhanced STAR where "good cause" for missing the deadline is shown and the individual is otherwise entitled to the exemption.

The Executive has also advanced legislation that authorizes municipalities that have adopted an exemption for senior citizens, to adopt a local law allowing assessors to extend the filing deadline and grant exemptions for senior citizens where "good cause" for missing the deadline is shown and the individual is otherwise entitled to the exemption.

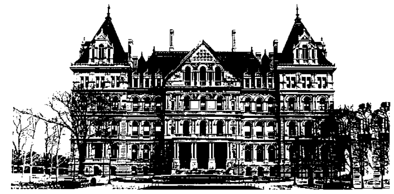
The Executive proposes to create a school tax reduction credit for residents of New York City, with incomes under $250,000, allowing for a $125 credit for those filing jointly and a credit of $62.50 for individuals. Credits under the state school tax reduction, for New York City residents, will be available for taxable years prior to 2016.

Lastly, the Executive proposal Authorizes the commissioner of Tax and Finance to directly remit payment to property owners that did not receive a STAR exemption due to an administrative error and as a result of this error paid an excessive amount of school taxes.

Education Aid FY 2016-17 (in millions)				
Formula Aids	**2015-16**	**2016-17**	**Change**	**Percent Change**
Foundation Aid	$15,856.39	$16,122.76	$266.37	1.68%
Community Schools Aid	$0.00	$100.00	$100.00	100.00%
Special Education – High Cost	$532.92	$600.53	$67.61	12.69%
Special Education – Private	$320.83	$330.81	$9.98	3.11%
Reorganization Operating Aid	$7.91	$7.63	-$0.28	-3.54%
Textbook Aid	$176.74	$179.41	$2.67	1.51%
Computer Hardware Aid	$37.20	$38.33	$1.13	3.04%
Computer Software Aid	$45.31	$46.35	$1.04	2.30%
Library Materials Aid	$18.85	$19.34	$0.49	2.60%
BOCES Aid	$818.84	$861.65	$42.81	5.23%
Special Services Aid	$211.94	$211.40	-$0.54	-0.25%
Transportation Aid	$1,697.74	$1,782.89	$85.15	5.02%
High Tax Aid	$223.30	$223.30	$0.00	0.00%
Universal Pre-K	$383.68	$385.03	$1.35	0.35%
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	$32.11	$35.14	$3.03	9.44%
Full Day Kindergarten	$5.78	$1.18	-$4.60	-79.58%
Academic Enhancement Aid	$9.57	$9.57	$0.00	0.00%
Supplemental Special Education Aid	$4.31	$4.31	$0.00	0.00%
Gap Elimination Adjustment (GEA)	-$433.60	-$244.19	$189.41	-43.68%
Building Aid	$2,830.70	$3,026.16	$195.46	6.91%
Formula Aid TOTAL	**$22,799.23**	**$23,760.31**	**$961.08**	**4.22%**
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	$6.66	$6.66	$0.00	0.00%
EPE	$96.00	$96.00	$0.00	0.00%
Homeless Pupils	$25.97	$26.97	$1.00	3.85%
Incarcerated Youth	$18.75	$19.50	$0.75	4.00%
Bilingual Education	$14.50	$14.50	$0.00	0.00%
Education of OMH/OMR Pupils	$64.50	$66.00	$1.50	2.33%
Special Act School Districts	$2.70	$2.70	$0.00	0.00%
Chargebacks	-$52.00	-$53.50	-$1.50	NA
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	$47.62	$47.90	$0.28	0.59%
School Bus Driver Safety	$0.40	$0.40	$0.00	0.00%
Subtotal	$286.93	$288.96	$2.03	0.71%
GSPS Total	**$23,086.16**	**$24,049.27**	**$963.11**	**4.17%**
Performance Grants	$147.00	$175.00	$28.00	19.05%
School Year Total	$23,233.16	$24,224.27	$991.11	4.27%

Education Proposed Disbursements - All Funds (Millions of Dollars)				
Agency	**Estimated FY 2016**	**Proposed FY 2017**	**Change Amount**	**Percent**
School Aid FY	26,179	27,068	889	3.40%
STAR	3,337	3,228	(109)	-3.27%
Programs for the Disabled	2,259	2,285	26	1.15%
All Other	1,475	1,303	(172)	-11.66%
Totals:	**33,250**	**33,884**	**634**	**1.91%**

Higher Education: Fact Sheet



- The FY 2017 Executive Budget proposes total All Funds spending authorization of $15.2 billion an increase of $147 million, or one percent, over the current year:
  - Increase of $194 million to SUNY, for a total of $9.9 billion;
  - Decrease of $42 million to CUNY, for a total of $4 billion;
  - Decrease of $4 million to HESC, for a total of $1.2 billion; and
  - Another round of $30 million available for capital projects at non-public schools (HECap).

- Establishes a shares system requiring New York City to contribute 30 percent of the net operating and debt service costs at CUNY's senior colleges.

- Provides five years of reauthorization authority for the SUNY and CUNY Boards of Trustees to increase tuition. Tuition increases would be $300 annually, and $1,500 total. Systems must demonstrate they have undertaken cost-saving measures and that an increase is justified based on one or more inflationary indices.

- Flat base aid support to CUNY and SUNY community colleges:
  - State support to SUNY would decrease $10 million due to a decline in enrollment of 4,000 FTEs; and
  - State support to CUNY would increase $8.4 million due to an increase in enrollment of 3,000 FTEs.

- Capital funding for critical maintenance at SUNY senior colleges held flat at $200 million.

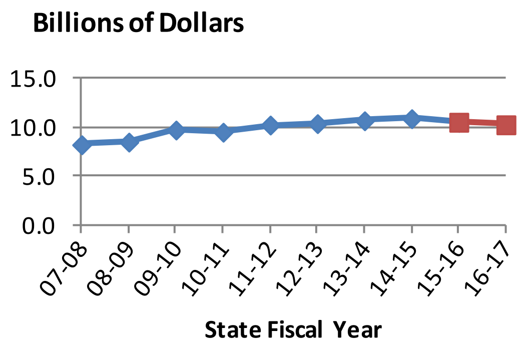
- Additional capital funding for critical maintenance at the SUNY Upstate and SUNY Downstate teaching hospitals of $50 million each.

- Capital funding for critical maintenance at CUNY senior colleges held flat at $103 million.

- Increase to the Tuition Assistance Program of $42 million, primarily resulting from legislation enacting the DREAM Act.

HIGHER EDUCATION

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	10,523	10,261
Annual Growth Rate	-3.3%	-2.5%
5 Year Average Growth (Actual)		2.1%



The FY 2017 Executive Budget recommends All Funds cash disbursements of $10.3 billion for New York State public and private higher education programs. This represents a decrease of $262 million, or 2.5 percent, from FY 2016.

Cash spending at SUNY would increase $33 million, or 0.4 percent, from $7.8 billion to $7.9 billion. CUNY cash spending would decrease $378 million, or 24 percent, from $1.6 billion to $1.2 billion. The Higher Education Facilities Capital Matching Grants Program would increase from $5 million to $20 million in disbursements, and the Higher Education Services Corporation – which is responsible for providing tuition assistance and state scholarship programs – would increase $58 million, or 5.2 percent.

State University of New York (SUNY)

The Executive Budget recommends **$9.9 billion** in All Funds appropriations for SUNY, an increase of $194 million, or two percent, above FY 2016 levels. Aid to Localities would decrease $12 million, State Operations would increase $195 million, and Capital appropriations would increase $11 million.

State-Operated Senior Colleges

The Executive Budget recommends flat base aid support for Senior State colleges. The SUNY system would generate an additional $89 million in revenue resulting from a $300 increase in in-state tuition. This increase would be subject to Article VII language authorizing the SUNY Board of Trustees to increase tuition.

The FY 2016 Budget required schools to develop a performance improvement plan to enhance student outcomes, providing $18 million to pursue the plans on a competitive basis. The Executive would provide an additional $18 million to further fund the implementation of these plans.

Several Legislative additions are eliminated, including $4.7 million in salary support and $1.5 million for Small Business Development Centers. The Harvest NY program, previously funded at $300,000, is proposed to be eliminated. A subsidy for the three SUNY teaching hospitals at Brooklyn, Stony Brook, and Syracuse is also proposed to be reduced by $18.6 million, to $69 million.

Under the Executive proposal, SUNY would also receive a $15 million transfer from the Regional Greenhouse Gas Initiative Fund to finance training programs for students entering the clean energy sector. Senior colleges would receive $10 million and community colleges $5 million from the RGGI funds. These funds would be distributed through an off-budget Income Fund Reimbursable account which is not subject to Legislative approval, and is not included in the SUNY budget.

The Executive Built to Lead proposal would create a Cybersecurity Research Scholarship to provide full tuition support for students seeking degrees in the field of cybersecurity at SUNY schools. The Executive Budget does not provide language that establishes or appropriates funds for this scholarship.

Community Colleges

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 from year-to-year at $2,597/FTE. A decrease in enrollment would reduce assistance by $10 million.

The Executive eliminates $1 million for a new program instituted in FY 2016 to coordinate community college career offices with the Department of Labor. A reduction of $1.1 million for childcare centers would reduce the total available amount to $1 million. The Graduate Achievement and Placement Program (GAAP), previously funded at $1.5 million, is eliminated. Modeled after a successful program at City University of New York, the program was included in the FY 2016 budget to improve graduation rates and reduce remediation costs.

The FY 2016 Budget required community colleges to develop regional councils which aligned course offerings with regional employment and training needs. The Executive would allow a portion of the SUNY System Administration's $32 million budget be used for implementing and operating the councils.

The Executive Budget would provide $3 million to create a new "Apprentice SUNY" program. Under the proposal, community colleges would use funding to expand their apprenticeship offerings, focusing specifically on partnerships with large semi-conductor manufacturers. The Executive has stated that the 21-day amendments will reflect an appropriation of $5 million for Apprentice SUNY. Two new community schools would be funded at $500,000 each. Three were funded when this program was established in FY 2016.

Capital

The FY 2016 Executive Budget provides a $473 million capital appropriation for SUNY. This represents an $11 million increase, or 2.3 percent. Senior colleges would receive $200 million for critical maintenance for the second straight year (see Table 1), and the financial plan contains a five-year critical maintenance plan of $200 million annually.

Table 1

SUNY Senior College Capital Funding (thousands)	
Albany	$9,500
Alfred Ceramics	$800
Alfred State	$2,300
Binghamton	$10,600
Brockport	$5,700
Brooklyn Health Center	$3,700
Buffalo College	$6,700
Buffalo University	$17,300
Canton	$1,800
Cobleskill	$2,100
Cornell	$9,600
Cortland	$4,700
Delhi	$1,900
Empire State	$400
Environmental Science and Forestry	$2,500
Farmingdale	$4,800
Fredonia	$3,800
Geneseo	$3,700
Maritime	$1,800
Morrisville	$2,200
New Paltz	$4,700
Old Westbury	$2,400
Oneonta	$4,100
Optometry	$900
Oswego	$6,100
Plattsburgh	$3,900
Potsdam	$4,000
Purchase	$4,300
State University Plaza	$1,600
Stony Brook (Including Health Center)	$21,000
Syracuse Health Center	$3,500
SUNY Polytechnic	$1,000
University-Wide/Unspecified	$46,600
Total SUNY Senior College Capital	**$200,000**

The Upstate and Stony Brook teaching hospitals have exhausted their capital appropriation authority, and each would receive $50 million in new capital appropriation. The SUNY Downstate hospital would not receive a new appropriation, although Downstate currently has over $150 million in existing appropriation authority. An additional $75 million is made available as a matching grant for SUNY Upstate, contingent upon receiving an equal award in federal funds.

The Executive provides capital appropriations for the SUNY system in the Urban Development Corporation budget, including $55 million for a sixth round of SUNY2020 competitive grants. Two new SUNY Polytechnic Institute facilities would also be constructed. The centers would be located in Chautauqua County and Clinton County, with appropriations of $200 million and $125 million, respectively. These project proposals are not fully developed, and there is an expectation that the Executive and Legislature will work together to more fully develop them.

An appropriation of $23 million is included for projects at community colleges (see Table 2). These projects require a 1:1 dollar match from a local government sponsor, and every community college project with a local sponsor would be funded.

Table 2

SUNY Community College Capital Funding (thousands)	
Broome	$890
Clinton	$1,625
Columbia-Greene	$50
Erie	$2,100
FIT	$5,349
Finger Lakes	$651
Genesee	$225
Herkimer	$50
Hudson Valley	$500
Mohawk Valley	$688
Monroe	$1,802
Orange	$650
Schenectady	$848
Suffolk	$3,468
Ulster	$2,637
Westchester	$1,463
TOTAL	**$22,996**

City University of New York (CUNY)

The Executive recommends appropriations of **$4.1 billion**, a decrease of $42 million, or one percent, below FY 2016 levels. This is the result of increases of $306 million in Aid to Localities and $32 million in Capital and a decrease of $380 million in State Operations.

Senior Colleges

The Executive would require a significant increase in the contribution from New York City to Senior Colleges by requiring the City to provide 30 percent of CUNY's net operating and debt service expenses, beginning July 1, 2016. This action would create a City Share requirement of $485 million for the 2016-17 City Fiscal Year. New York City currently contributes two percent of net expenses. The Executive would also provide $240 million for retroactive salary increases to resolve a labor dispute that has left CUNY without employee contracts since 2010. Language for this appropriation links the payment to Legislative approval of the 30 percent NYC Share requirement.

Operating funds for senior colleges would increase $70 million, or five percent. The CUNY system would generate an additional $52 million in revenue resulting from a $300 increase in in-state tuition. Similar to SUNY, this increase would be subject to Article VII language authorizing the increase.

Community Colleges

CUNY's community colleges receive state aid via formula based on the enrollment of full-time equivalent (FTE) students. The Executive Budget leaves the formula unchanged year-to-year at $2,597/FTE. An increase in enrollment would augment assistance by $8.4 million.

The Executive eliminates $750,000 for a program instituted in FY 2016 to coordinate community college career offices with the Department of

Labor. The Accelerated Study in Associate Program would also be eliminated. The program is designed to improve graduation rates and reduce remediation costs with a FY 2016 appropriation of $2.5 million. The Executive would cut $902,000 for childcare centers, reducing the total available amount to $813,000.

Capital

The FY 2017 Executive Budget provides a $193 million capital appropriation for CUNY. This represents a $32 million increase, or 20 percent, from FY 2016. Senior colleges would receive $103 million for critical maintenance for the second straight year (see Table 3), and the financial plan contains a five-year critical maintenance plan of $103 million annually.

Table 3

CUNY Senior College Critical Maintenance 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	$56,650
TOTAL	**$103,000**

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

An appropriation of $52.7 million is included for projects at community colleges. These projects require a 1:1 dollar share commitment from New York City (See Table 4).

Table 4

CUNY Community College Capital Funding (thousands)	
Bronx	$7,119
Borough Manhattan	$5,691
Hostos	$318
Kingsborough	$1,750
LaGuardia	$14,097
Queensborough	$7,590
University-Wide Improvement Needs	
Health & Safety Projects	*$7,262*
Unspecified Critical Maintenance	*$8,731*
Assistive Technology Projects	*$100*
TOTAL	**$52,658**

Higher Education Services Corporation (HESC)

The Executive Budget recommends All Funds appropriations of **$1.2 billion** to support HESC operations. This is a net reduction of $4 million, or 0.3 percent, from FY 2016 levels, reflecting a loss of funding due to the sunset of a federal grant program targeted at low-income students.

The budget provides $1 billion for the Tuition Assistance Program (TAP) – the primary source of financial aid assistance provided by New York State. TAP spending would increase $42 million, driven primarily by language inserted into the HESC appropriation allowing unlawful immigrants to receive TAP awards, at a cost of $27 million. Increased tuition at community colleges would cost $13.4 million as the result of higher maximum TAP awards for community college students, while enrollment changes account for the remaining $1.6 million increase.

The sunset of the federal College Access Challenge Grant Program results in the loss of $7.5 million in federal funding. This program previously allowed HESC to fund programs which prepared low-income students for post-secondary education.

Changes in State Support in Higher Education (thousands)			
Program	FY 2016	FY 2017	Change
CUNY			
Retroactive Salary Increases	-	240,000	240,000
CUNY Pipeline at Graduate Center	188	-	(188)
CUNY LEADS	375	-	(375)
Community Schools	1,000	500	(500)
Career Centers	750	-	(750)
CC Childcare	1,715	813	(902)
Murphy Institute	1,625	500	(1,125)
ASAP Remedial Program	2,500	-	(2,500)
Senior Colleges Operating Expenses	1,207,009	826,229	(380,780)
SUNY			
Apprentice SUNY Program	-	5,000	5,000
American Chestnut Research Project	100	-	(100)
State Vet College at Cornell	500	250	(250)
Orange County CC Bridge Program	250	-	(250)
SBU Marine Animal Lab	330	-	(330)
Community Schools	1,500	1,000	(500)
Harvest NY	600	-	(600)
Graduate Diversity Fellowships	6,639	6,039	(600)
Career Centers	1,000	-	(1,000)
CC Childcare	2,099	1,001	(1,098)
Grad Achievement & Placement Program	1,500	-	(1,500)
Small Business Opportunity Centers	3,473	1,973	(1,500)
Salary Subsidy	4,689	-	(4,689)
Hospital Subsidy	87,864	69,264	(18,600)
HESC			
DREAM Act	-	27,000	27,000
STEM & Misc. Scholarships	66,021	74,908	8,887

Higher Education Capital Matching Grant Program (HECap)

The Executive proposes for the third straight year $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 2017 Executive Budget provides $46.9 million in funding for arts and cultural grants administered by the New York State Council on the Arts. This represents the same level of funding in FY 2016. Funding of $100,000 is suballocated to the Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation, colloquially known as the “Egg”.

Article VII

Establish CUNY Funding Shares for NYC

The Executive would require the City of New York to assume a 30 percent share of the net operating and debt service expenses of CUNY's senior colleges. These expenses will total $1.6 billion in FY 2016, creating a City share of $485 million and State share of $1.1 billion. This change would take effect July 1, 2016.

Renew the NYSUNY 2020 and NYCUNY 2020 Program

The Executive proposes to reauthorize the SUNY and CUNY systems to increase tuition $300 annually for five years ($1,500 total). If any student is eligible for receiving a TAP award greater than $5,165, SUNY and CUNY would remain responsible for covering the difference. In-state tuition is currently $6,470 at SUNY and $6,330 at CUNY. This authorization would increase in-state tuition to $7,970 at SUNY and $7,830 at CUNY in 2021. The systems must demonstrate they have undertaken cost-saving measures and that an increase is justified based on one or more inflationary indices.

Stony Brook Hospital Escrow Fund

The Executive would establish an escrow fund to accommodate the financial operations of the Southampton Hospital. The SUNY Board of Trustees approved a merger between Stony Brook University Hospital and Southampton Hospital in 2015, and this language would separate the financial operations of the two institutions.

DREAM Act

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

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

Extend and Make Conforming Changes to Various Financial Aid Programs

The Executive would extend loan forgiveness and scholarship programs for social workers, physicians, and nurses for five years. It would also amend the Nursing Faculty and Math and Science Teaching programs to provide for waiver or suspension of financial obligations in the event of extreme hardship and terminate obligations in the event of death of the recipient.

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.

Expand the State Apprenticeship Training Council Membership

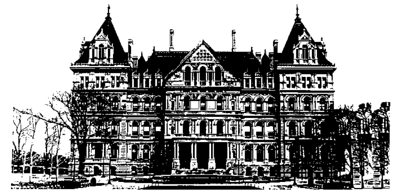
The State Apprenticeship Training Council's composition would be expanded to include three representatives from New York public colleges, community colleges, or BOCES. The SUNY budget would provide for a new apprenticeship program in conjunction with this action.

Extend Exemptions from Licensure for Individuals in Certain State Agencies

The Executive would provide a five-year extension for licensure exemption of unlicensed individuals to practice Mental Health Counseling, Marriage and Family Therapy, Creative Arts Therapy, Psychoanalysis, Psychology, and Social Work in programs regulated, operated, or funded by various State agencies until 2021. Complementary language is found in the State Operations budgets of these agencies. A similar exemption was extended in FY 2014.

Higher Education Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2016**	**Proposed FY 2017**	**Change Amount**	**Percent**
SUNY	7,817,981	7,851,035	33,054	0.42%
CUNY	1,551,470	1,173,947	(377,523)	-24.33%
Higher Education Services Corp.	1,112,465	1,170,076	57,611	5.18%
Higher Education Capital Grants Program	5,000	20,000	15,000	300.00%
Higher Education - Misc.	390	390	0	0.00%
Council on the Arts	35,753	45,953	10,200	28.53%
Totals:	10,523,059	10,261,401	**(261,658)**	**-2.49%**

Health – Medicaid: Fact Sheet



The FY 2017 Executive Budget recommends All Funds cash disbursements of $56.99 billion, a net increase of $1.34 billion or 2.4 percent.

Medicaid:

- Projects All Funds Medicaid spending, including the local share and other agencies, to be $65.8 billion, an increase of $453.2 million or 0.7 percent.
- Extends Medicaid State Global Spending Cap for one year, which is currently calculated at 3.4 percent.
- Projects State Medicaid spending for the Department of Health (DOH) to be $17.95 billion, the Global Cap spending amount, an increase of $343 million or 2.0 percent.
- Eliminates the State takeover of Medicaid growth for New York City only by reverting back to the 2005 uncompounded trend factor, and achieves $180 million in State savings in FY 2017.
- Implements Phase VI Medicaid Redesign Team (MRT) proposals. Proposals include an increase in Vital Access Provider Assurance Program (VAPAP) program payments, prohibition of spousal refusal, several Medicaid pharmacy cost savings provisions, adjustments for federal Medicare Changes, and various initiatives resulting in managed care capitated rate reductions.

Health Care Reform Program (HCRA):

- Reduces funding for the Excess Medical Malpractice Coverage Pool from $127.4 million to $102.4 million to achieve State savings of $25 million in FY 2017. Additionally targets coverage to high risk physicians based on their specialties and practicing location.

Public Health:

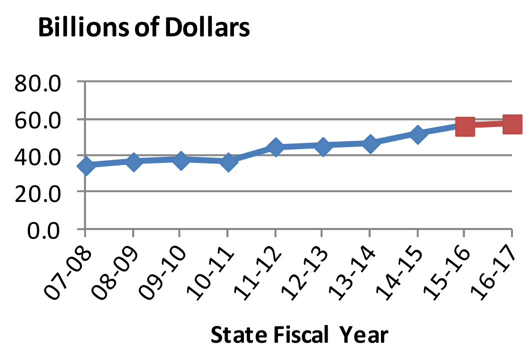
- Proposes Early Intervention program reforms to maximize commercial insurance reimbursement and streamline the eligibility and evaluation process in order to achieve State savings totaling $5 million in FY 2017.

Capital

- Reallocates $300 million in prior year capital funding for Oneida County hospitals as follows:
    - Up to $200 million to support health facility transformation projects statewide;
    - Up to $100 million to fund a Nano project in Utica; and
    - Up to $5 million to purchase mobile mammography vehicles.

HEALTH – MEDICAID – AGING

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	55,931	57,274
Annual Growth Rate	8.4%	8.4%
5 Year Average Growth (Actual)		7.0%



Department of Health (DOH)

The Fiscal Year (FY) 2017 Executive Budget recommends All Funds cash disbursements of $56.99 billion, a net increase of $1.34 billion or 2.4 percent.

All Funds Cash Disbursements ($ in thousands)	FY 2016	FY 2017	Change
Medicaid	$48,387,512	$48,764,553	$377,041
Medicaid Administration	$1,554,472	$1,589,473	$35,001
Essential Plan	$1,660,090	$2,460,805	$800,715
Public Health	$4,051,928	$4,182,862	$130,934
Total DoH	**$55,654,002**	**$56,997,693**	**$1,343,691**

The Executive proposes a workforce of 5,169 Full Time Equivalents (FTEs), a net increase of 243 over current year levels. Of this amount 300 new FTEs are associated with the phased-in takeover of the local administration of the Medicaid program. The remaining increase is attributable to a new survey and certification initiative for healthcare providers, utilizing Federal funds to support 22 additional FTEs. This increase is offset by a reduction of 79 FTEs due to attritions within the Department.

MEDICAID

The FY 2017 All Funds Medicaid spending, including the local share and other State agencies, is projected to be $65.8 billion, an increase of $453.2 million or 0.7 percent over current year spending.

PROPOSED ALL FUNDS MEDICAID SPENDING ($ in thousands)	FY 2016	FY 2017	Change	Percent
Federal Funds	**$33,861,526**	**$34,483,726**	**$622,200**	**1.8%**
DOH State Share*	**$17,610,503**	**$17,953,968**	**$343,465**	**2.0%**
Essential Plan (EP) State Total	**$130,045**	**$377,137**	**$247,092**	**190.0%**
Other State Agencies (OSA):				
Mental Hygiene	$1,123,614	$928,458	($195,156)	(12.8%)
Foster Care	$88,693	$90,273	$1,580	1.8%
Education	$50,000	$50,000	$0	0.0%
OSA State Operations	$3,692,322	$3,492,668	($199,654)	-5.4%
Total State Share with EP (All Agencies)	**$22,695,177**	**$22,892,504**	**$197,327**	**0.9%**
All Funds Medicaid with EP	**$56,556,703**	**$57,376,230**	**$819,527**	**1.4%**
Local Share	$8,759,076	$8,392,720	($366,356)	-4.2%
All Funds Including Local Share	**$65,315,779**	**$65,768,950**	**$453,171**	**0.7%**

*Represents the Medicaid Global Cap amount, which is currently indexed for 3.4 percent growth in FY 2017.

Global Spending Cap and Related Provisions: The Executive proposes to extend the State Medicaid Global Cap which limits DOH Medicaid spending growth to the Medical component of the Consumer Price Index (CPI), currently estimated at 3.4 percent, for one year through FY 2018. The Global Cap was enacted in FY 2012 to contain Medicaid program growth and spending increases, and is estimated to have saved the State over $17 billion since its enactment. The authority of the Commissioner of Health to develop a Medicaid Savings Allocation plan if State expenditures are projected to exceed the cap amount are also proposed to be extended for one year. The Commissioner's authority for these provisions has been extended on an annual basis since FY 2012.

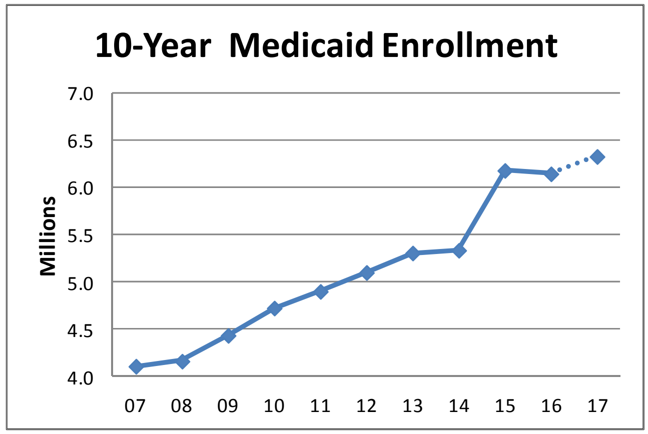
DOH State Medicaid: The Executive Budget projects DOH State Medicaid spending to be $17.95 billion, which is the Global Cap spending amount, an increase of $343 million or 2.0 percent over FY 2016.

DOH State Medicaid Year to Year Change *($ in millions)*	
FY 2016 Global Cap Amount	**$17,611**
3.4 Percent Growth*	$588
State Takeover of Local Growth	$183
NYC Local Contribution	($180)
Essential Plan**	($247)
FY 2017 Global Cap Amount	**$17,954**

*The 3.4 percent growth figure of $588 million reflects the maximum annual growth under the Medicaid Global Cap. However, Medicaid spending is actually proposed to increase by $343 million, or 2.0 percent because Medicaid Administration is not subject to statutory Medicaid index.
**The Global Cap is reduced by the Essential Plan program costs, as these costs are not financed inside of Medicaid.

The year to year State Medicaid increase can primarily be associated with program enrollment growth and the State takeover of the local growth of Medicaid spending, offset by savings from the Essential Plan and the reinstitution of New York City's (NYC) local Medicaid growth contribution. These proposals are detailed below.

Medicaid Enrollment: The Executive estimates in FY 2017 approximately 6.32 million, more than one-third of New Yorkers, will be enrolled in the Medicaid program. This represents a 180,000 increase from the current fiscal year and an increase of one million enrollees since establishment of New York's health insurance exchange, New York State of Health (NYSOH), in 2014. Enrollment declined slightly in FY 2016 due to the transfer of certain legally residing immigrants from Medicaid to the Essential Plan.



NYC Medicaid Contribution: Since the inception of Medicaid in 1966, State law has required counties to contribute to the non-federal share of Medicaid. Historically, counties paid 25 percent of Medicaid cost. In 2005, legislation was enacted to cap all county and NYC Medicaid costs at 2005 Medicaid expenditures, increased by uncompounded trend factors set in statute as follows: 3.5 percent in 2006; 3.25 percent in 2007; and 3 percent each year thereafter.

Further, the FY 2013 Enacted Budget included provisions to eliminate the growth of the local contribution of the Medicaid program over a three year phase-in period, as follows:

- On January 1st, 2013 the capped rate of local growth decreased from three percent to two percent;
- On January 1st, 2014 the capped rate of local growth decreased from two percent to one percent; and

- On January 1st, 2015 the capped rate of growth decreased to zero percent and is now fully phased-in.

The FY 2017 Executive Budget proposes to eliminate the State takeover over of local Medicaid growth for New York City only by reverting back to the 2005 uncompounded trend factor. According to the Executive the rationale of the proposal is to acknowledge New York City's exemption from the 2012 property tax cap and that the majority of Medicaid recipients reside within NYC, making their share the largest driver of increased State costs.

The proposal would be effective October 1st 2016 and contribution levels would increase by 3.6 percent in FY 2017 and 5.8 percent in FY 2018. By 2019 the City's local Medicaid growth would return to the amounts established under the 2005 cap. The elimination of the State takeover of growth would be prospective and would not recapture any savings realized by either cap to date.

Total State Medicaid savings would be $180 million in FY 2017 increasing to $476 million in 2018. In 2019 savings would increase by approximately two percent or $129 million and each year thereafter.

Under the Executive proposal the State would continue to finance the local growth of Medicaid for all other localities. The local savings to all other counties associated with eliminating Medicaid growth will increase from $109.2 million in FY 2016 to $163.2 million in FY 2017.

For further detail, refer to Part A of the Health and Mental Health Bill (S. 6407) in the Article VII section.

<u>Minimum Wage:</u> The Executive Budget includes a proposal to increase the statewide minimum wage from $9 per hour to $15 per hour phased in over multiple years. According to the health care industry when fully implemented the total impact of direct, compression and benefit costs will be over $2.9 billion. **The Executive Budget does not include or identify any funding to support this proposal.** Wages and benefits for health care employees are often financed through Medicaid rates and other third party reimbursement. Without an identified funding source the proposal could disproportionately impact the health care sector.

<u>Proposed FY 2017 Medicaid Redesign Team (MRT) Phase VI Initiatives:</u> The Executive proposes multiple initiatives that would implement FY 2017 Phase VI MRT initiatives. The MRT was established in 2011 and was comprised of State and Legislative staff and representatives across the health care industry for the purpose of making reforms to the health care system to contain spending and improve health outcomes. The various MRT work groups are no longer active, however the final MRT report issued in May 2012 has served as a multi-year blueprint of changes to the Medicaid program going forward.

Many of the FY 2017 Executive proposals require legislative action and others could be accomplished administratively. The net fiscal impact of the proposals are estimated to be State budget neutral within the cap in FY 2017 and FY 2018.

For further detail of MRT VI proposals requiring legislation, refer to Part B of the Health and Mental Hygiene Bill (S.6407) in the Article VII Section.

Executive MRT VI proposals include:

<u>*Federal Actions with State Medicaid Impact:*</u>

- Medicare Part B premium increase for Dual Eligibles: Medicare premiums will increase to $121.80 for Dual Eligible Medicare beneficiaries and individuals not subject to the hold harmless provision. The estimated cost to the State is $69 million in FY 2017.

- Medicare Part D Clawback Payment Increase: The Medicare Part D prescription drug program requires states to share costs with the Federal government, known as a “clawback.” In 2016 this cost-sharing rate will increase to 11.6 percent. The estimated cost to the State due to the rate increase is $114 million in FY 2017.

Medicaid Pharmacy Initiatives:

- Limit Reimbursement Rate for Specialty Drugs: Authorizes DOH to limit the reimbursement rate for certain fee for service (FFS) drugs to better align with Managed Care (MC) plan rates. State savings are estimated to be $1.8 million ($3.7 All Funds) in FY 2017.
- Establish a Generic CPI Penalty: Authorize DOH to require drug manufacturers to provide rebates to DOH if the price for a generic drug increases at a rate greater than the CPI Urban index. State savings are estimated to be $23.8 million ($47.5 million All Funds) in FY 2017.
- Establish a Ceiling on Blockbuster Drugs: Authorize DOH to set an upper limit price on new high-cost “blockbuster” drugs. The upper limit would be determined by the State’s Medicaid actuary. State savings are estimated to be $6 million ($12 million All Funds) in FY 2017.
- Prescriber Prevails: Eliminate prescriber prevails in the FFS and MC programs for all drugs except atypical antipyschotics and antidepressants. State savings are estimated to be $20.7 million ($41.4 million All Funds) in FY 2017.
- Clinical Drug Review Program (CDRP): Provide DOH with authority to require prior authorization for certain drugs prior to the evaluation of the CDRP. State savings are estimated to be $160,000 ($320,000 All Funds) in FY 2017.

Long Term Care Initiatives:

- Managed Long Term Care (MLTC) Transportation Carve-Out: Carves MLTC transportation capitated rates back into FFS. The Legislature authorized transportation managers to coordinate Non Emergent Medicaid Transportation (NEMT) for other Medicaid populations in 2011. This proposal would shift the responsibility of coordinating MLTC transportation services from Managed Care Organizations (MCOs) to the State-contracted transportation managers. State savings are estimated to be $8 million ($16 million All Funds) in FY 2017.
- Community Spouse Support: Reduce the minimum community spousal resources threshold from $74,820 to $23,844, consistent with the federal limits. State savings are estimated to be $5.75 million ($11.5 million All Funds) in FY 2017.
- Spousal Refusal: Prohibit Medicaid benefits for long term care services to an applicant whose relative is refusing to contribute income or assets towards the cost of health care. Estimated State Medicaid savings are $10 million ($20 million All Funds) in FY 2017.

Managed Care Initiatives:

- Reduce Managed Care Profit Cap: Reduces the allowable annual profit percentage for Managed Care plans from 5 percent to 3.5 percent. Savings would be achieved through a Medical Loss Ratio (MLR) on premiums. The State savings are estimated to be $63 million ($126 million All Funds) in FY 2017.
- Establish Penalty for Late or Incorrect Encounter Data: Institutes penalties on MCOs for late or incorrect submissions of encounter data. The actual assessment amount would be based on a tiered schedule as determined by

DOH. State Savings are estimated to be $10 million ($20 million All Funds) in FY 2017.

Other Initiatives:

- Increase Funding for Distressed Hospitals: Increases funding for the Vital Access Provider Assurance Program (VAPAP) and Value Based Payment-Quality Incentive Program (VBP-QIP) by $75 million ($150 million All Funds) to $254 million.
- Limited Services Clinics: Authorize diagnostic and treatment centers to provide health care services within a retail space, store front, or in a space used by an employer. DOH would promulgate regulations to designate treatments and services that may be provided, prohibit services from being provided to children under the age of two, prohibit immunizations to patients under 18 and to require extended business hours. The clinics would also be required to accept Medicaid, participate in the Statewide Health Information Network of New York (SHIN-NY), and promote and maintain relationships with patient primary care providers. The estimated State Medicaid savings are $5 million ($10 million All Funds) in FY 2017.
- Reduce the Behavioral Health Organization and Health And Recovery Plan (BHO/HARP) Investment: Reduce the 2014 All Funds behavioral health investment of $105 million to $85 million. Decreased funding would be offset by extended Balancing Incentive Program resources. State savings would be $10 million in FY 2017.
- Medicare Part C Cost Sharing Limits: Reduce the amount the Medicaid program would provide on behalf of Medicare Part C dual eligible beneficiaries by basing cost-sharing amounts on Medicaid rates. Currently, Medicaid cost sharing amounts are based on the Medicare rate of payment. State savings are estimated to be $11.5 million ($22.9 million All Funds) in FY 2017. Providers would experience payment reductions in equivalent amounts.
- Breast and Prostate Cancer Services: Invest $800,000 ($1.6 million All Funds) in breast and prostate cancer services.
- End of AIDS Funding: Increase funding to support the end of AIDS initiative by $10 million to $15 million. Funding would continue for five years and represents a portion of the Executive's five year, $200 million commitment to ending the HIV/AIDS epidemic.
- Supportive Housing: Supplant $44 million in Medicaid supportive housing with $44 million in capital bonds from other State agencies. State savings would be $44 million in FY 2017. Total funding for supportive housing would be maintained at $127 million.

Additional Financial Plan Relief:

- The Executive proposes utilizing $44 million in supportive housing State savings to provide financial plan relief. This would increase the total General Fund relief provided by the Medicaid Global Cap to $582 million. Funding would be added to the Mental Health Stabilization Fund, which increases from $1.05 billion to $1.15 billion in FY 2017, to achieve savings.

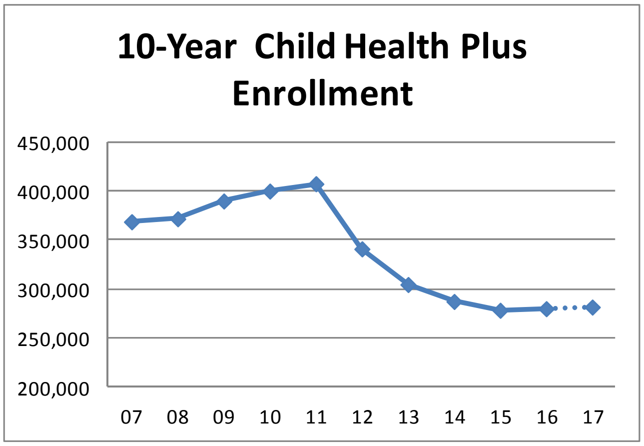
The following chart lists all proposed MRT Phase VI proposals that would require a fiscal investment or achieve savings:

FY 2017 MRT VI Executive Budget Proposals
State and Federal Investments / (Savings) $ in Millions

Initiative	Legal - Admin	Effective Date	FY 2017 All Funds	FY 2017 State	FY 2018 All Funds	FY 2018 State
Federal Actions:						
Increase in Medicare Part B Premiums for Dual Eligibles	Admin	1/1/16	$69.03	$69.03	$69.03	$69.03
Medicare Part D "Clawback" Annual Rate Adjustment	Admin	1/1/16	$114.00	$114.00	$114.00	$114.00
Total Federal Actions			**$183.03**	**$183.03**	**$183.03**	**$183.03**
Pharmacy Savings Initiatives:						
Reduce Reimbursement Rate for Specialty Drugs (FFS)	Legal	5/1/16	($3.70)	($1.80)	($7.30)	($3.60)
Eliminate Prescriber Prevails (FFS)	Legal	6/1/16	($17.60)	($8.80)	($17.60)	($8.80)
Eliminate Prescriber Prevails (MCO)	Legal	6/1/16	($23.80)	($11.90)	($23.80)	($11.90)
Expand Clinical Drug Review Program (CDRP) (FFS)	Legal	4/1/16	($0.30)	($0.16)	($0.50)	($0.25)
Accelerate RFP and Rebate Collections (FFS/MCO)	Admin	4/1/16	($27.00)	($13.00)	($33.00)	($17.00)
Generic CPI Penalty (FFS/MCO)	Legal	7/1/16	($47.50)	($23.80)	($47.50)	($23.80)
Establish Ceiling on Brand Name Blockbuster Drugs (FFS/MCO)	Legal	4/1/16	($12.00)	($6.00)	($20.50)	($10.30)
Implement Hard Cap on Opioids	Legal	4/1/16	($0.30)	($0.17)	($0.70)	($0.30)
Total Pharmacy Savings			**($132.20)**	**($65.63)**	**($150.90)**	**($75.95)**
Long Term Care Savings Initiatives:						
Carve Out Transportation from the Managed Long Term Care Program (MLTCP)	Legal	10/1/16	($16.00)	($8.00)	($32.00)	($16.00)
Carve Out Adult Day Home Care Transportation	Admin	4/1/16	($6.40)	($3.20)	($6.40)	($3.20)
Remove Transportation Direct Cost Component from Nursing Home Rate	Admin	4/1/16	($12.00)	($6.00)	($12.00)	($6.00)
Eliminate Spousal Refusal	Legal	4/1/16	($20.00)	($10.00)	($20.00)	($10.00)
Carve all Medicaid Benefits into Managed Long Term Care	Admin	10/1/16	($3.10)	($1.50)	($3.96)	($1.98)
Restrict MLTCP to only Nursing Home Eligibles	Legal	10/1/16	($3.80)	($1.90)	($11.20)	($5.60)
Reduce Community Spouse Resource Amount	Legal	7/1/16	($11.50)	($5.75)	($15.30)	($7.65)
Total LTC Savings			**($72.80)**	**($36.35)**	**($100.86)**	**($50.43)**
Managed Care Savings Initiatives:						
Reduce Managed Care Profit Cap to 3.5 Percent	Admin	4/1/16	($126.00)	($63.00)	($126.00)	($63.00)
OMIG/ MCO Medicaid Fiscal Integrity Initiative	Admin	4/1/16	($30.00)	($15.00)	($40.00)	($20.00)
Establish Penalty for Late and/or Incorrect Encounter Data	Legal	4/1/16	($20.00)	($10.00)	($10.00)	($5.00)
Behavioral Health Children Managed Care Implementation	Admin	4/1/16	$0.00	$0.00	$30.00	$15.00
Implement Comptroller Audit Findings	Admin	4/1/16	($40.00)	($20.00)	($10.00)	($5.00)
Accelerate Transition to Managed Care for all Services	Admin	4/1/16	($20.00)	($10.00)	($20.00)	($10.00)
ACA Insurance Tax on Managed Care Organizations	Admin	1/1/17	$0.00	$0.00	($140.00)	($70.00)
Total Managed Care Savings			**($236.00)**	**($118.00)**	**($316.00)**	**($158.00)**
Other Savings:						
Implement Cost Sharing Limits to Medicare Part C	Legal	7/1/16	($22.90)	($11.45)	($22.90)	($11.45)
Expansion of the Ambulette Ambulatory Fee to New York City and Other Counties	Admin	4/1/16	($10.77)	($5.40)	($20.38)	($10.20)
Claim extra 1 Percent FMAP for U.S. Preventative Services Task Force (USPSTF) A & B Recommended	Admin	4/1/16	$0.00	($0.60)	$0.00	($0.60)
Implement Comprehensive Coverage and Promote of Long Acting Reversible Contraception (LARC)	Admin	4/1/16	($12.60)	($6.30)	($12.60)	($6.30)
Increase Disallowance for Early Elective Deliveries under 39 Weeks Gestations without Medical Indication to 50 Percent	Admin	4/1/16	($3.00)	($1.50)	($3.00)	($1.50)
Reduce BHO/HARP Investment Program	Admin	4/1/16	($20.00)	($10.00)	($20.00)	($10.00)
Mandate Commercial Insurance Reimbursement for Early Intervention (EI)	Legal	4/1/16	($4.20)	($2.10)	($4.20)	($2.10)
Modify EI Screening and Evaluation Requirements	Legal	4/1/16	($5.40)	($2.70)	($5.40)	($2.70)
Establish Retail Clinic Pilot Program	Legal	4/1/16	($10.00)	($5.00)	($10.00)	($5.00)
Continue Medicaid Coverage Review	Admin	4/1/16	($10.00)	($5.00)	($10.00)	($5.00)
Total Other Savings			**($98.87)**	**($50.05)**	**($108.48)**	**($54.85)**
Other Investments:						
Breast and Prostate Cancer State of the State Proposals	Admin	4/1/16	$1.60	$0.80	$0.00	$0.00
Additional Funding for Distressed Hospitals	Admin	4/1/16	$75.00	$75.00	$145.00	$145.00
Increase EI Administrative Component of Provider Rates	Admin	4/1/16	$2.40	$1.20	$2.40	$1.20
Increase End of AIDS Investment	Admin	4/1/16	$10.00	$10.00	$10.00	$10.00
Total Other Investments			**$89.00**	**$87.00**	**$157.40**	**$156.20**
Other:						
Utilize Bonded Capital Resources for Supportive Housing	Legal	4/1/16	($44.00)	($44.00)	($44.00)	($44.00)
Increase in Stabilization Fund for Bonded Capital	Admin	4/1/16	$44.00	$44.00	$44.00	$44.00
Total Other			**$0.00**	**$0.00**	**$0.00**	**$0.00**
Total MRT VI Impact			**($267.84)**	**$0.00**	**($335.81)**	**$0.00**

CHILD HEALTH PLUS (CHP)

Over the past 36 months CHP enrollment has declined due to a Medicaid expansion that resulted in approximately 180,000 CHP enrollees moving into Medicaid. The Executive estimates that CHP enrollment will slightly increase by approximately 1,700 to 281,500 children in FY 2017.



Increased CHP FFP: The FY 2017 Executive Budget includes an additional $126 million in financial plan relief associated with increased FFP permitted under the ACA for the CHP. In October 2015, the Federal share of CHP increased from 65 to 88 percent.

Health Services Initiative: The Executive proposes to utilize $36.2 million in federal CHP administrative grants to support portions of Medical Indemnity Fund (MIF) and Poison Control funding. The Affordable Care Act (ACA) authorizes up to ten percent of federal CHP administrative grants to fund non-CHP programs that improve the health of children. Federal CHP appropriations increase by $74.4 million to support this change.

NEW YORK STATE OF HEALTH (NYSOH)

- ✓ **Background**
- ✓ **FY 2017 New York State of Health Budget**

Background: In 2012, Governor Cuomo issued Executive Order #42 to establish a New York State Health Benefit Exchange in accordance with the ACA. The Executive Order stated the Exchange would be funded entirely with Federal funds through January 1, 2015, at which time it would be wholly self-funded. The Executive Order also explicitly clarified that no State or county taxpayer dollars would be used for such purpose.

New York has received a total of $575 million in federal planning, establishment, and early innovator grants, which expired December 31, 2014. This total includes a $63.8 million grant received in December of 2014 for technology development and upgrades. This grant was extended beyond January 1, 2015, however it can only be used for information technology purposes and cannot be used for operational support. Approximately $32 million remains and is projected to be expended in FY 2017.

FY 2017 New York State of Health Budget: The Executive Budget includes $484.0 million in All Funds spending in FY 2017, an increase of $95.6 million from current year levels. The increase is primarily to increase information technology and contract costs. The operating budget is projected to increase by $51.2 to $535.2 million in FY 2018.

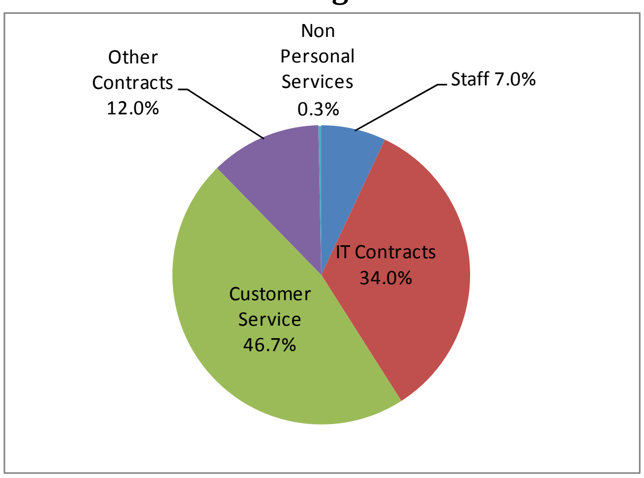
New York State of Health Proposed Budget ($ in millions)				
FY 2016 Enacted				
	QHP	**Medicaid/ CHP**	**EP**	**Total**
State Funds*	$68.9	$60.1	$35.7	**$164.7**
Federal Funds	$63.0	$160.7	$0.0	**$223.7**
All Funds	**$131.9**	**$220.8**	**$35.7**	**$388.4**

FY 2017 Executive				
	QHP	**Medicaid/ CHP**	**EP**	**Total**
State Funds*	$59.6	$118.3	$44.5	**$222.4**
Federal Funds	$32.0	$229.6	$0.0	**$261.6**
All Funds	**$91.6**	**$347.9**	**$44.5**	**$484.0**

FY 2018 Executive				
	QHP	**Medicaid/ CHP**	**EP**	**Total**
State Funds*	$88.9	$138.5	$41.0	**$268.5**
Federal Funds	$0.0	$266.7	$0.0	**$266.7**
All Funds	**$88.9**	**$405.2**	**$41.0**	**$535.2**

**State funds are financed through existing Health Care Resources Account (HCRA) revenues.*

NYSOH Budget: FY 2017



The Executive Budget allocates $59.6 million in HCRA revenues to finance the administrative costs of the Exchange (qualified health plan enrollement).

NYSOH proposes a workforce of 170 FTEs in FY 2017 consistent with current FY levels. DOH FTEs total 149 and the remaining 21 FTEs are within the Department of Financial Services.

ESSENTIAL PLAN (EP)

- ✓ **Background**
- ✓ **FY 2017 Budget**

Background: The FY 2015 Enacted Budget authorized the establishment of a Essential Plan (EP), formally known as the Basic Health Plan (BHP), if determined to be in the best financial interest of the State. The EP provides health care coverage for citizens between 133 and 200 percent of the federal poverty level (FPL), who would otherwise be eligible to purchase coverage through the NYSOH, and for legal aliens below 200 percent of the FPL. This program is outside of Medicaid.

States operating EPs receive federal funding equal to 95 percent of the amount of the premium tax credits and the cost sharing reductions that would have otherwise been provided to eligible individuals if they had enrolled in QHPs through a health exchange marketplace.

In 2014 the Executive found the establishment of an EP to be in the financial interest of the State, and submitted a blue print to CMS in December of 2014 for approval to phase in its implementation beginning in FY 2015. The EP 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 EP.
- Phase Two: On January 1st, 2016 approximately 213,000 enrollees in QHPs through NYSOH transitioned into the EP.

As of November 1, 2015 all NYSOH eligible applicants between 133 percent and 200 percent of the FPL are enrolled in the EP instead of QHPs.

FY 2017 EP Budget: The Executive Budget includes $2.08 billion in Federal support to cover premium and cost sharing expense for EP enrollees. Additionally, $333.9 million in State support is proposed to cover the costs of premiums and cost-sharing for the portion of EP costs that will not be federally reimbursed.
The FY 2017 Executive Budget also includes $43.2 million in State Operations funds to support the administration of the EP, which will be entirely cost- allocated to the NYSOH.

The increase in State and federal expenses are related the annualization of Phase Two enrollees qualifying for the EP through the NYSOH. There are no State savings to Medicaid associated with Phase Two enrollees. Net Medicaid savings associated with transferring Phase One enrollees into the EP are estimated to decrease from $944.7 million in FY 2016 to $518.9 million in FY 2017.

FEDERAL HEALTH CARE REFORM SAVINGS

Under the federal ACA, the State began to receive enhanced Federal Financial Participation (FFP) for single childless adults enrolled in the Medicaid program beginning January 1, 2014. Federal law requires the portion of increased FFP associated with the local share of Medicaid to be passed on to local districts.

Additionally, beginning October 1, 2015 the FFP percentage for the CHP program increased from 65 percent to 88 percent in New York. State savings will be realized outside the Global Cap.

In FY 2017 the Executive estimates a total State Medicaid benefit of $1.7 billion and a General Fund financial plan benefit of $245 million associated with the enhanced matching rates. In addition, local districts will receive increased Medicaid savings totaling $614 million in FY 2017.

State and Local Relief Under the ACA
($$ in millions)

	Local Savings-Enhanced FFP for Childless Adults	State Savings-Enhanced FFP for Childless Adults	State Savings-CHP Enhanced FFP*
FY 2016	$522	$1,422	$119
FY 2017	$614	$1,680	$245
FY 2018	$652	$1,749	$253
3 Year Total	**$1,788**	**$4,851**	**$617**

* In 2015 the federal share of Child Health Plus Increased from 65 to 88 percent

OTHER CONTINUING HEALTH CARE INITIATIVES

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

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.

The DSRIP Year One initiative began its first quarter in March 2015 and recently completed its 2nd quarter in September 2015. Payments made during these two quarters are detailed below:

- The first DSRIP Performance Fund payment, totaling $866.7 million was made during the 1st quarter. Payments were made to the Public Hospital led Performance Provider Systems (PPS) of all 25 PPS on May 18, 2015 and to the Safety Net PPS on May 28, 2015.

- Two DSRIP Performance Fund payments, totaling $96 million, were made during the 2nd quarter. These payments were made to two PPS: State University of New York at Stony Brook University Hospital and the Central New York Care Collaborative, Inc. PPS.
- To date almost $1.7 billion in DSRIP payments have been made to PPSs.

The remaining $1.58 billion in waiver funds were approved for the following purposes:

- $500 million for the Interim Access Assurance Fund to provide safety net ($250 million) and for public hospitals ($250 million) with immediate cash flow needs with temporary payments through March 31, 2015.
- $1.08 billion for other Medicaid redesign purposes, including Health Home development, investments in long term care, workforce investments and behavioral health services.

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.

DOH anticipated the implementation of transformation plans would reduce the need for State operational support for these facilities. Therefore funding for the VAPAP and VBP QIP programs were set to decrease to $179 million in FY 2017 and to phase out over time.

According to the Executive the impacts of the self-sustainability plans have not yet been realized. The Executive Budget proposes to increase funding for VAPAP and VBP QVP by $75 million to $254 million in FY 2017.

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.

During the course of the current fiscal year, 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.

Additionally, a proposal to align payment reform efforts for Medicare was released in July 2015. This proposal attempts to align Medicaid VBP reforms by applying strategies and methods to replicate VBP design within Medicare.

The New York State Health Insurance Plan also aims to shift VBP for its non Medicaid health insurance plans. NYSHIP aims to have 80 percent of its enrollee population cared for under a VBP arrangement with the same percentage receiving care from providers focused on preventative and coordinated behavioral healthcare.

DOH is working with stakeholders, including the federal Centers for Medicare and Medicaid Services (CMS), to implement VBPs across Medicaid, Medicare and commercial insurance is consistent.

State Health Innovation Plan (SHIP): The SHIP serves as the State's "roadmap" to achieve the "Triple Aim" for New Yorkers, which consists of 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:

- 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
- The proposed implementation of value-based payments

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 will continue for 48 months. SHIP funding was awarded through the Health Research Institute, Inc (HRI), and therefore is not included within the State budget.

Health Information Technology: The Executive proposes to continue $40 million in HCRA revenue support for the operational costs of the Statewide Health Information Network of New York (SHIN-NY) and the All Payer Database (APD), a decrease of $15 million from current year levels. Additional federal funding through Medicaid may also be available for both projects.

The SHIN-NY ($30 million) is a developing network of information transmitted between healthcare providers to facilitate the sharing of health information. SHIN-NY is overseen by DOH and is facilitated via contract with the New York eHealth Collaborative, Inc. (NYeC). 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 there are 32 million individuals in the statewide master patient index. Currently operational rates are as follows:

- 86 Percent of Hospitals
- 79 Percent of Qualified Health Centers
- 20 percent of clinical practice sites

DOH is in the process of implementing regulations establishing SHIN-NY. The regulations were released for public comment in November of 2015 and are now within the 45 day public comment period. The proposed regulations would require all hospitals to connect to SHIN-NY within one year. Nursing homes, diagnostic and treatment centers, hospices and home care would be required to connect within two years. The proposed regulation also includes requirements for consent and establishes minimal technical standards that each qualified health care provider must provide.

HCRA support for SHIN-NY is set to phase-out in FY 2018. DOH is in the process of identifying the long term costs for SHIN-NY, and potential funding sources.

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.

HEALTH CARE REFORM ACT (HCRA)

The New York Health Care Reform Act (HCRA) of 1996 was established to finance a portion of State health care activities and deregulate inpatient hospital rates paid by private insurers.

For FY 2016 the HCRA resources fund has an operating deficit of $14 million against estimated revenue of $5.57 billion, and disbursements of $5.58 billion. An opening fund balance of $14 million for FY 2016 allows HCRA to operate at a deficit, and the closing balance for FY 2016 is estimated to be zero.

In FY 2017 revenues and disbursements are estimated to be $5.58 billion, with a closing balance of zero. HCRA is projected to remain in balance over the multi-year projection period. Significant changes to the FY 2017 HCRA budget include:

The Executive proposes reducing funding for the Excess Medical Malpractice program by $25 million to $102.4 million. The proposal would also significantly reduce the number of policies in the pool by targeting coverage to high risk physicians based on their specialties and practicing location as determined by the Department of Financial Services (DFS). According to the Executive these changes are necessary to make the Excess Pool actuarially adequate to cover risk within the pool.

For further detail, refer to Part C of the Health and Mental Health Bill (S. 6407) in the Article VII section.

Leverages federal Child Health Plus (CHP) administrative funding to offset HCRA spending by $36.2 million for the following programs:

- $35.1 million for the Medical Indemnity Fund (MIF)
- $1.1 million for Poison Control Centers

The Affordable Care Act established the Health Services Initiative (HSI) which authorizes states to use up to ten percent of their federal CHP administrative funding for non-CHP programs that relate to improving the overall health of children. Both programs meet the Federal HIS standards and makes them eligible for the CHP enhanced Federal Matching Assistance Percentage (eFMAP) of 88 percent. There would be no programmatic or administrative changes to the MIF or Poison Control Centers under this proposal.

PUBLIC HEALTH

Projected FY 2017 Public Health Budget spending, excluding Medicaid and the Essential Plan, is $4.18 billion, an increase of $130.9 million from current year levels. This net increase is mainly attributable to increased State and federal program re-estimates and hospital capital adjustments related to the delay of expenditures, offset by funding re-estimates and new Executive Budget savings initiatives, and is detailed in the chart below:

Public Health All Funds Change ($ in millions)	
New York State of Health	58.7
Capital	140.8
Elderly Pharmaceutical Insurance Coverage Program Re-estimates	6.0
General Public Health Work Program Re-estimates	4.4
CHP Re-estimates (All Funds)	58.5
Annualization of Human Services COLA--0.2 Percent Increase	0.8
Discontinue FY 2016 One Time Adds	(12.1)
Federal Funds- Medical Indemnity Fund and Poison Control	36.2
Federal Funds- Survey and Certification Shift	10.0
Federal Re-estimates	(84.1)
All Other Re-estimates (Non-Federal)	(3.1)
Executive Budget Actions (Detailed Below)	(85.2)
All Funds Year to Year Change	**130.9**

Public Health Proposals with Financial Plan Impacts ($85.2 million):

- ✓ **Early Intervention Program Reform**
- ✓ **Shifts in Non-Personal Service (NPS) Costs**
- ✓ **HCRA Spending Actions**
- ✓ **Rape Crisis Center Funding**
- ✓ **Breast and Prostate Cancer Awareness Campaign**
- ✓ **Survey and Certification Activities**
- ✓ **Drinking Water Administration**
- ✓ **Personal Service Savings**

Aid to Localities ($42.5 million):

Early Intervention Program Reform: The Executive proposes a series of changes to the Early Intervention (EI) program that would result in $5 million in State savings in FY 2017, increasing to $20.3 million in FY 2018.

The EI program provides therapeutic and support services to children under the age of three who have confirmed disabilities or developmental delays. EI services are provided at no cost to families. The expenses for the program are covered by the State, local governments, the Medicaid program and private health insurance plans. The program provides services to almost 6,500 children and in FY 2015 total program expenditures were approximately $591 million. Payer mix was as follows:

FY 2015 EI Expenditures by Payer ($ in millions)		
Payor	**Amount**	**Percent**
State	$160	27%
Local Municipalities	$175	30%
Medicaid	$244	41%
Private Insurance	$13	2%
Total EI Expenditures	**$591**	

The program requires EI providers to first seek reimbursement for services by third party payers and Medicaid. Any service not covered by health insurance or Medicaid are paid by the locality in which the child resides. The State reimburses localities for 49 percent of their payments to providers.

In FY 2013 multiple reforms were enacted to the EI program, including the requirement to establish a State Fiscal Agent to manage EI claims. The intent of the legislation was to establish a relationship between EI providers and third party payers to improve the billing and claiming process.

There were multiple problems related to the reforms and the implementation of the State Fiscal Agent, including delays in reimbursement to providers. While there have been improvements, the State, providers, health insurance plans and other stake holders continue to meet regularly to address these issues and to improve the billing and claiming process.

Another major goal of the FY 2013 reforms was an increase in commercial insurance reimbursement for EI covered services. However, in 2015 approximately 85 percent of claims submitted to plans were still denied.

The FY 2017 Executive budget proposes multiple changes to the program that are intended to streamline the eligibility process and increase health insurance reimbursement for EI Services. In addition the Executive is proposing to increase the administrative rate component to EI providers by one percent.

The proposals are estimated to achieve net State savings of $5 million in FY 2017, growing to $20.3 million in FY 2018. The proposed changes would also result in corresponding Medicaid savings which are detailed in the Medicaid section of the report. State savings are broken out as follows:

- *($4.6 million)--Maximize Private Health Insurance Reimbursement*: The proposal modifies the preauthorization and medical necessity requirements related to determining program eligibility and requires coverage regardless of the location of services and network coverage. Additionally, health insurers would be required to provide reimbursement at the higher rate of a negotiated rate or a rate established by DOH.
- *($800,000)--Screening and Evaluation Efficiencies:* The proposal would decrease the referral time by streamlining the eligibility and evaluation process. Additionally providers would be required to enroll in one or more clearinghouses to assist with uniform billing.
- *$400,000--Administrative Component of Rate:* The Executive is using existing authority to increase the administrative component of the EI rate by one percent.

  For further detail, refer to Part E of the Health and Mental Health Bill (S. 6407) in the Article VII section.

Shift NPS to Local Assistance: The Executive proposes shifting multiple programs from State Operations to Aid to Localities in order to accurately reflect how the funding is actually spent. The action is budget neutral, however the increase to the Aid to Localities budget is $23.7 million. The following six programs are moved:

- $9.6 million- Occupational Health Clinics
- $10.6 million- Emergency Medical Services
- $1 million- Quality of Care Improvement
- $990,000- Professional Medical Conduct Medical Society of New York (MSSNY) Contract
- $2.6 million- Breast Cancer Research and Education
- $1.0 million- Alzheimer's Disease Research and Education

HCRA Spending Actions ($61.2 million): The Executive proposes the following spending reductions or actions to HCRA programs that ultimately result in General Fund savings:

- Reduce funding for the Excess Medical Malpractice Coverage Pool by $25 million
- Utilize authority within the Affordable Care Act to access federal Child Health Plus support for the following programs:

- o $35.1 million- Medical Indemnity Fund
- o $1.1 million- Poison Control Centers

Rape Crisis Center Funding ($5.5 million): The Executive Budget includes a total of $5.5 million in rape crisis center funding within DOH:

- $4.5 million for rape prevention, education and victim services on college campuses across the State. This funding was included in the campus sexual assault bill enacted in 2015 and is proposed to be maintained within DOH.
- $1 million for rape prevention services. This funding was included in the FY 2016 Enacted Budget and is proposed to be continued in FY 2017.

Funding for both programs were assumed in last year's financial plan and mid-year updates, and are therefore budget neutral.

Breast and Prostate Cancer Awareness Campaign: The Executive announced a $91 million statewide plan to increase the rates of breast cancer screening and to educate men on the associated risks with prostate cancer. The FY 2017 Executive Budget includes components of this announcement, including capital funding for mammography equipped vehicles and Medicaid support, however **detail on the remaining elements of the proposal have not been provided**.

State Operations: ($42.7 million):

- ✓ **Shifts in NPS Costs**
- ✓ **Survey and Certification Shift**
- ✓ **Personal Service Attrition**
- ✓ **Drinking Water Administration – Shift to Capital**

Shift NPS Costs to Local Assistance: As detailed above, the Executive proposes shifting six programs from State Operations to Aid to Localities in order to accurately reflect how the funding is actually spent. The action is budget neutral, however the decrease to the State Operations budget is $23.7 million.

Survey and Certification Shift: The Executive proposes utilizing federal funds to increase staff and expand the resources available for Federal Survey and Certification activities. These staff are responsible for the surveying and various certification processes for health care providers, including hospitals and nursing homes. The Proposal would:

- Transfer $4.8 million in personal service costs for 61 FTEs from General Fund to federal support.
- Transfer existing surveillance contracts with IPRO and the NY County Health Services Review Organization totaling $5.2 million from General Fund to Federal Support.
- Increase the number of FTEs for the program by 22 using $6 million in new Federal funding.

Personal Service Attrition: The Executive Budget includes $4.8 million in State savings related to the attrition of 79 FTEs.

Drinking Water Administration: The Executive proposes shifting administrative support for the Drinking Water Administration to the Capital budget consistent with the capital federal grant for the program. This action would achieve $4.6 million in State savings in FY 2017.

Capital Funding:

Health Care Facility Transformation Program: *Background:* The FY 2015 and 2016 Enacted Budgets included a total of $2.6 billion in capital funding for various health care providers:

- $1.2 billion - Capital Restructuring Financing Program (CRFP): The FY 2015 Enacted Budget included bonded capital authority to support capital projects that enhance the quality, financial viability and efficiency of the health care delivery system in New York State. Eligible entities include hospitals, nursing homes, diagnostic and treatment centers, clinics, assisted living providers, primary care providers, home care providers, and various mental hygiene facilities. There were two applications processes included in the RFA: 1) DSRIP and 2) non-DSRIP applications. The program requires funding be awarded regionally proportionate to the way in which the applications for funding were received. A Request for Application (RFA) was released on November 18, 2014, however to date no awards have been made.

- $700 million - Kings County Transformation Program*:* The FY 2016 Enacted Budget included bonded capital authority to support health care transformation projects in Kings County (Brooklyn). Specifically, funding was made available to facilities within communities facing health care disparities and other risk factors to renovate or replace outdated facilities. Funding is required to be distributed subject to an agreement with DOH and DASNY, and the agreement must be shared with the Legislature no later than 30 days prior to the release of an RFA. To date, the agreement has not been shared with the Legislature.

- $300 million - Oneida County Health Care Facility Transformation Program*:* The FY 2016 Enacted Budget included $300 million in bonded capital authority to support health care transformation in Oneida County. Specifically, funding was provided to consolidate multiple health care facilities into an integrated system of acute inpatient, outpatient and other health care services. Funding is required to be distributed subject to an agreement with DOH and DASNY, and the agreement must be shared with the Legislature no later than 30 days prior to the release of an RFA. To date, the agreement has not been shared with the Legislature.

- $355 million - Essential Health Care Provider Support Program*:* The FY 2016 Enacted Budget included $355 million in settlement funds to support debt retirement, capital projects or non-capital projects that facilitate transformations resulting in financially sustainable systems of care. DOH was authorized to allocate funding without a competitive bid or request for proposal process. Eligible hospitals must either have a loss from operations for three consecutive years or be deemed by DOH to be a provider that fulfills or will fulfill an unmet need in a defined geographical region where services would otherwise be unavailable to the population. The funding was split into two RFAs and were released on October 21, 2015:

    - $300 million for the Essential Health Care Provider Support Program.
    - $55 million for the Health Care Delivery Innovators Fund.

  Applications for both RFAs were due in late December of 2015, and according to the Executive, awards will be announced within two months.

- $29.5 Million - Other: The FY 2016 Enacted Budget also include $19.5 million for a primary care revolving loan fund to support projects for community based providers. Additionally $10 million was provided for information technology systems and other hardware costs for behavioral health providers to assist in their transition to managed care.

The FY 2017 Executive Budget Proposal: The Executive Budget reauthorizes $2.5 billion of the $2.6 billion in prior year capital. However, the proposal significantly changes the Oneida Health Care Facility Transformation Program.

The FY 2017 Executive Budget proposed to eliminate $300 million for Oneida County Health Care Facility Transformation Program and reallocates the funding as follows:

- Up to $200 million to establish a new Statewide Health Care Facility Program. Funding would be used to replace outdated and inefficient facilities as part of a merger, consolidation or acquisition. In addition, eligible applicants would be expanded to include nursing homes and clinics. Oneida hospitals would be eligible to apply for this funding.

  For further detail, refer to Part E of the Health and Mental Health Bill (S. 6407) in Article VII section.

- Up to $5 million for the purchase of mammography equipped vehicles.
- Up to $100 million may be transferred to any State agency for an economic development project at Nano Utica.

The Executive Budget authorized the remaining health care facility prior year capital funding consistent with the amounts and purposes for which they were enacted in prior years.

According to the Executive this proposal is necessary to meet the capital facility needs of health care providers across the entire State. However, the Executive Budget does not provide detail on why the Oneida funding was proposed to be reallocated rather than the Brooklyn funding.

Health Information Technology: The FY 2017 Executive reduces support for the Statewide Health Information Network of New York (SHIN-NY) by $15 million from $45 million to $30 million, consistent with prior year financial plan projections, and maintains spending for the establishment of an All Payer Database (APD) at $10 million. These programs are financed using HCRA covered lives assessment revenue. State support for both initiatives is projected to end in FY 2018.

Roswell Park Cancer Institute (RPCI): The FY 2017 Executive Budget adds $15.5 million in capital support for the Roswell Park Cancer Institute. The FY 2016 Executive Budget proposed reducing HCRA operational support for RPCI by $15.5 million, however the Enacted Budget provided a one-time restoration using settlement funds. This proposal would maintain current spending levels of $102.6 million using DOH capital support.

Safe Drinking Water Revolving Loan Fund: The Executive Budget proposes transferring $4.2 million in administrative costs related to the Safe Drinking Water Revolving loan fund and utilizing federal resources for this purpose.

State Office for the Aging (SOFA)

The FY 2017 Executive Budget provides $224.9 million in All Funds support for SOFA, an increase of $1.2 million or 0.5 percent from the current year. The net increase is mainly attributed to maintaining one-time legislative adds ($3 million), offset by a reduction in Naturally Occurring Retirement Community (NORC) and Neighborhood NORC funding (-$951,000).

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

Naturally Occurring Retirement Community (NORC) Program and Neighborhood NORC (NNORC): A NORC refers to an apartment building/housing complex which was built with government assistance where at least 50 percent of units have an occupant who is an older adult, 60 years or older or at least 2,500 residents are older adults.

A NNORC refers to a residential dwelling containing less than 2,000 persons who are 60 years or older, residing in at least 40 percent of units that comprise low-rise buildings (six stories or less in height).

The Executive proposes to prohibit NORC and NNORC contracts from being awarded if the program is not incompliance with these statutory requirements. Appropriation levels remain consistent with the current year; however cash amounts are reduced by $951,000 to account for reductions in contracts.

Currently the State provides contracts to 18 NORCs in New York City and to 14 NNORCs across the State. According to the Executive the number of NORCS and NNORCS that are not in compliance with statutory requirements is unknown at this time.

Contractual Services: The FY 2017 Executive Budget transfers $75,000 in General Fund support for the NY Connects Resource Directory to Federal support to achieve State savings.

Community Services for the Elderly (CSE) Program: The Executive proposes maintaining increased spending for the CSE program in FY 2017. The Legislature secured an additional $2.5 million for the CSE program in FY 2016, increasing the program total to $28 million.

Long Term Care Ombudsman Program (LTCOP): The Executive proposes maintaining increased spending for the LTCOP program in FY 2017. The Legislature secured an additional $500,000 for the LTCOP program in FY 2016, increasing the program total to $1.2 million.

Licensure Exemption of Unlicensed Individuals: The Executive includes language in the State Operations budget that would provide a five-year extension for licensure exemption of unlicensed individuals to practice Mental Health Counseling, Marriage and Family Therapy, Creative Arts Therapy, Psychoanalysis, Psychology, and Social Work in programs regulated, operated, or funded by the agency until 2021. This same exemption was previously extended in FY 2014.

Office of the Medicaid Inspector General (OMIG)

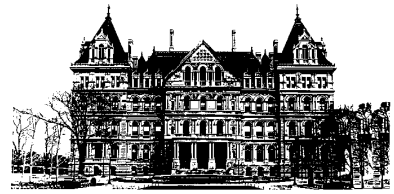
The FY 2017 Executive Budget recommends All Funds cash disbursements of $51.2 million, a net decrease of $2.0 million or 3.8 percent for OMIG. The decrease can primarily be attributed to Personal Service attrition and Non-Personal Service operational efficiencies.

The Executive proposes a workforce of 453 FTEs, a reduction of 26 from the current year. This decrease is associated with attritions.

The audit target for Medicaid recoveries and cost avoidance in FY 2017 is $1.16 billion, consistent with the current year target.

Health - Medicaid - Aging Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2016**	**Proposed FY 2017**	**Change Amount**	**Percent**
Office for the Aging	223,695	224,893	1,198	0.54%
Medical Assistance	48,387,512	48,764,553	377,041	0.78%
Medicaid Administration	1,554,472	1,589,473	35,001	2.25%
Essential Plan	1,660,090	2,460,805	800,715	0.00%
Public Health	4,051,928	4,182,862	130,934	3.23%
Medicaid Inspector General	53,202	51,204	(1,998)	-3.76%
Totals:	**55,930,899**	**57,273,790**	**1,342,891**	**2.40%**

Transportation Fact Sheet



The Executive Budget proposes total All Funds spending for Transportation of $10 billion, **a decrease of $330 million or 3.2 percent** from last year's level of $10.3 billion.

- **Department of Transportation.** The FY 2017 Executive Budget proposes a $284 million (3 percent) reduction in spending, primarily due to a decrease in federal capital funding ($565 million) from FY 2016, as well as non-personal savings within the Dedicated Fund. State spending on DOT capital and transit operating aid would increase over the FY 2016 level by $315 million ($120 million and $195 million, respectively). The FY 2017 Executive Budget also proposes a $22.1 billion FY 2016-FY 2020 Transportation Capital Program, which includes $2 billion in funding for the Thruway Authority from settlement funds.

- **Local Highway Funds.** The Consolidated Highway Improvement Program (CHIPS) and the Municipal Streets and Highway Program ("Marchiselli") continue at FY 2016 funding levels of $438.1 million and $39.7 million, respectively. The CHIPS funding does not include the $50 million FY 2016 severe weather payment added by the Legislature.

- **Thruway Authority.** The Thruway Authority would receive $700 million from the Special Infrastructure Account, created last year, for the Thruway Stabilization Program to support the Thruway's core capital program and construction of the New NY Bridge (Tappan Zee Bridge). In addition, $340 million in settlement funds would be provided for a 3-year tax credit program for frequent passenger and business vehicles and agricultural vehicles. Recommended legislation would authorize the transfer of the New York State Canal Corporation to the New York Power Authority and return responsibility for the policing costs of State Police Troop T to the Thruway Authority from the State.

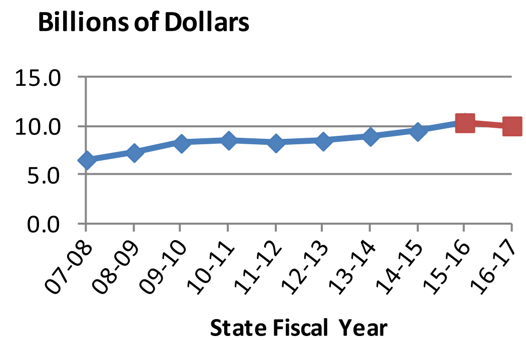
- **Department of Motor Vehicles.** Department of Motor Vehicles (DMV) spending for FY 2017 would be reduced by $2.8 million (0.9 percent) from FY 2016, based on continued administrative and operational efficiencies.

- **Transit Funding.** The FY 2017 Executive Budget includes an increase of $224 million in operating assistance to transit systems, including $201 million for the MTA ($4.5 billion total), $17.4 million for non-MTA downstate ($303 million total) and $5 million for upstate transit ($194 million total). The Executive Budget also includes $20 million in capital funding for upstate transit systems, an increase of $5 million from FY 2016.

- **Metropolitan Transportation Authority.** The FY 2017 Executive Budget includes legislation in support of an additional $7.3 billion commitment by the State to the Metropolitan Transportation Authority's (MTA) proposed $26.1 billion 2015-2019 Capital Program. The source and the timing of this funding commitment have not yet been identified.

TRANSPORTATION

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	10,360	10,030
Annual Growth Rate	9.6%	-3.2%
5 Year Average Growth (Actual)		2.8%



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 2017 Executive Budget proposes a spending level of $10 billion, a decrease of $330 million, or 3.2 percent. This section mainly discusses overall changes to the transportation budget. The "Transportation Capital Plans" Issues in Focus section of this report has a detailed discussion of the capital spending.

Department of Transportation

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

Workforce levels for DOT will increase by 30 to 8,258 Full-time equivalents (FTEs). This reflects DOT's agreement with Columbia and Steuben Counties to take over snow and ice clearance.

The FY 2017 Executive Budget proposes an All Funds cash spending level of $9.2 billion, a decrease of $284 million, or 3 percent from FY 2016. This decrease is attributable to four main components:

- A reduction of $565 million in Federal capital funding due to several years of Federal Emergency Management Agency (FEMA) and high speed rail funding accessed in FY 2016.
- An increase of $195 million in transit aid for operations, resulting from an increase in downstate transit revenues.
- An increase of $120 million in State capital spending resulting from the new commitment of the proposed $22.1 billion DOT Capital Plan.
- A reduction of $34 million in non-personal savings out of the Dedicated Highway and Bridge Trust Fund (DHBTF).

In addition, the FY 2017 Executive Budget includes $10.3 million to continue the Verrazano-Narrows Bridge E-ZPass toll rebate program for commercial and Staten Island resident drivers, of which, $3.3 million was added by the Legislature in FY 2016.

Transit Operating Aid

DOT provides oversight and funding for public transit operators, including the Metropolitan Transportation Authority (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 2017 Executive Budget provides $5.0 billion in operating assistance to the State's transit systems, an increase of nearly $224 million. The MTA would receive $4.5 billion, reflecting an increase of $201 million or about 4.5 percent. Downstate non-MTA systems would see a $17.4 million or 6 percent increase in operating aid. Upstate transit systems would receive a $5 million or nearly 3 percent increase.

The MTA's operating assistance increase is due to $104 million in additional Metropolitan Mass Transportation Operating Assistance (MMTOA) revenues and $107 million in additional dedicated payroll mobility tax (PMT) receipts. MMTOA is funded from a portion of the petroleum business tax (PBT), the MTA Corporate Surcharge, a regional sales tax, and transmission tax).

Although, upstate transit systems would receive an increase of $5 million in funding, the FY 2017 Executive Budget recommends reducing General Fund support for upstate transit systems by $10 million (a FY 2016 Legislative add). Instead, the Executive has proposed using $17 million in funding from the Dedicated Mass Transportation Trust Fund (DMTTF) in order to make up for the $10 million General Fund reduction and a $2 million decrease in Public Transportation Operating Account (PTOA) revenues. Capital funding for omnibus services and non-MTA downstate transit currently funded within the DMTTF would be transferred into the Capital Projects Fund in order to provide additional operating aid from the DMTTF for upstate transit systems.

Transit Operating Assistance
Cash Disbursements
(Dollars in Thousands)

	FY 2016	Proposed FY 2017	Difference
Downstate			
NYCTA	1,734,077	1,817,107	83,030
MTA Commuter Rail	648,294	662,946	14,652
MTA (Payroll & Aid Trust)	1,909,450	2,013,117	103,667
MTA Total	**4,291,821**	**4,493,170**	**201,349**
Rockland	3,173	3,366	193
Staten Island Ferry	30,951	32,835	1,885
Westchester	51,949	55,113	3,164
Nassau - NICE Bus	62,832	66,658	3,826
Suffolk	24,439	25,927	1,488
NYC DOT	82,710	87,747	5,037
Remaining Systems	30,002	31,829	1,827
Non-MTA Total	**286,055**	**303,475**	**17,420**
Subtotal Downstate	4,577,876	4,796,645	218,770
Upstate			
CDTA	33,927	34,826	899
CNYRTA	30,970	31,790	821
RGRTA	37,604	38,600	996
NFTA	48,848	50,142	1,294
Remaining Systems	37,344	38,334	990
Subtotal Upstate	**188,692**	**193,692**	**5,000**
Program Totals	**4,766,568**	**4,990,337**	**223,770**

**Due to rounding some amounts may vary*

Local Highway Funding

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 2016 levels, but does not include the additional $50 million FY 2016 severe weather payment.

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 2017 Executive Budget recommends an All Funds cash spending level of $302.3 million for DMV, a $2.8 million or 0.9 percent decrease from last year. This reduction is primarily attributable to a decrease in the DMV's personal service expenses through administrative and operational efficiencies including online transactions.

DMV estimates its workforce for FY 2017 at 2,149 FTE positions, a net decrease of 10 positions reflecting operational efficiencies.

The Executive Budget includes two Article VII bills specific to the DMV:

- Consolidating four existing DMV Special Revenue Funds and transferring them into the Dedicated Highway and Bridge Trust Fund (DHBTF)
- Bring New York State into compliance with federal regulations regarding covered farm vehicles and vehicles over 26,000 pounds that transport passengers

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 Bridges & Tunnels.

The FY 2017 Executive Budget proposes a reduction in MTA capital spending of $18.9 million, which is attributable to less spending out of funds dedicated to the MTA from the 2005 Transportation Bond Act.

The FY 2017 Executive Budget includes legislation in support of an additional $7.3 billion commitment by the State to the Metropolitan Transportation Authority's (MTA) proposed 2015-2019 Capital Program. **The source and the timing of this funding commitment have not yet been identified.**

The MTA has been without an approved five-year capital spending program since its previous plan expired at the end of 2014. The MTA's revised $26.1 billion 2015-2019 Capital Program has not yet been submitted to the CPRB for official consideration. Additional details on the MTA capital program are included in the "Transportation Capital Plans" Issues in Focus section of this report.

The Executive Budget includes three Article VII bills specific to the MTA:

- Requires the State of New York and the City of New York to provide a source of funding for the remaining $10.8 billion of the MTA's 2015-2019 Capital Program ($8.3 billion and $2.5 billion, respectively) once the MTA has exhausted its own capital funding toward the program.
- Enacts procurement reforms to create annual savings ($4 million estimate) for the MTA 2015-2019 Capital Program.
- Approves project delivery reforms to generate savings ($375 million estimate) for the MTA 2015-2019 Capital Program.

Thruway Authority

The New York State Thruway Authority (Thruway) operates a 570-mile highway system that includes the 426-mile mainline from Pennsylvania to New York City. Through its subsidiary, the New York State Canal Corporation, the Thruway maintains, operates, develops, and makes capital improvements to the 524-mile navigable waterway, which includes 57 locks, 20 lift bridges, dams, reservoirs, and water control structures. The Thruway is also managing the construction of the replacement Tappan Zee Bridge, a $3.9 billion design-build project that is on schedule to be completed by the end of 2018.

The FY 2017 Executive Budget proposes eliminating $23.2 million in disbursements to the Thruway Authority. This includes $21.5 million in General Fund support for cost waivers previously granted to the Thruway Authority and $1.8 million in funding for the Canal Corporation, which would be transferred to the Power Authority.

The Thruway has traditionally been financed by authority funds that are not part of the State Budget. However, the FY 2017 Executive Budget recommends $700 million in settlement funds to the Thruway, building upon approximately $1.3 billion in financial settlement funds included in the FY 2016 Enacted Budget. This additional $700 million capital investment, which would bring the Thruway's two-year settlement funds total to $2 billion, would enable the authority to avoid a toll increase until at least 2020.

The Thruway Authority's calendar year 2016 combined operating and capital budget, including the Canal Corporation, totals $2.1 billion, an increase of $291 million or 16 percent over 2015 levels primarily due to the new Tappan Zee Bridge. The Thruway's 2016 Budget includes $1 billion in spending on the new bridge, a $231 million increase from 2015.

The authority's 2016 budget also includes $348 million in Thruway and Canal operating expenses, $2 million less than last year. Legislation included in the FY 14 Enacted Budget shifted $85 million in annual policing and other operating costs to the State, averting a proposed commercial toll increase. The Executive Budget for FY 2017 contains Article VII legislation that would have the Thruway reassume responsibility for the policing costs by State Police Troop T, end the cost waivers, and transfer the operations and management responsibility of the Canal Corporation to the New York Power Authority. In 1992, responsibility for the Canal Corporation was transferred from the Department of Transportation to the Thruway.

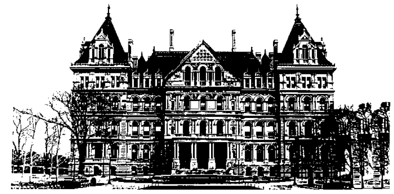
Upon the proposed transfer of the Canal Corporation to the Power Authority, Thruway expenditure levels are expected to remain relatively unchanged from last year, since the Thruway would assume the policing cost of Troop T, previously provided State operating support would be eliminated, and cost reimbursement payments to the State would resume.

The Executive Budget includes two Article VII bills specific to the Thruway Authority:

- Authorizes the transfer of the New York State Canal Corporation to the New York Power Authority.
- Establishes a 3-year tax credit program for a portion of Thruway tolls paid by qualifying individual and business customers through E-ZPass accounts.

Transportation Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2016**	**Proposed FY 2017**	**Change Amount**	**Percent**
Department of Transportation	9,519,383	9,234,569	(284,814)	-2.99%
Department of Motor Vehicles	305,144	302,333	(2,811)	-0.92%
Thruway Authority	23,300	0	(23,300)	-100.00%
Metropolitan Transportation Authority	512,171	493,229	(18,942)	-3.70%
Totals:	**10,359,998**	**10,030,131**	**(329,867)**	**-3.18%**

Environment, Agriculture and Housing Fact Sheet



Adirondack Park Agency

- All Funds appropriation authority of $4.84 million, a decrease of $419,000.
- Changes primarily reflect a financial transfer to the Office of Information Technology Services.

Department of Agriculture & Markets

- All Funds appropriation authority of $153 million, a decrease of $23.5 million.
- Net reduction of $11 million in local assistance programs due to the elimination of several legislative additions from FY 2016.
- Moves marketing order programs from the Department of Agriculture and Markets to the Empire State Development Corporation.

New York State Energy Research and Development Authority (NYSERDA)

- All Funds appropriation authority of $13.5 million, an increase of $950,000.
- Increases reflect additional anticipated West Valley remediation costs.
- Transfers $23 million from Regional Greenhouse Gas Initiative (RGGI) assessment funds to the General Fund.
- Transfers an additional $15 million in RGGI funds to the State University of New York for a new Clean Energy Workforce Opportunity Program.

Department of Environmental Conservation

- All Funds appropriation authority of $1.32 billion, an increase of $69.2 million.
- Environmental Protection Fund increases by $123 million to $300 million.
- Creates a new Climate Change Account within EPF.
- Appropriates an additional $100 million for water quality infrastructure improvement projects.
- Permanently extends the Waste Tire Fee.

Division of Housing and Community Renewal

- All Funds appropriation authority of $2.25 billion, an increase of $1.54 billion.
- Includes $2 billion in capital funds for a multi-year statewide plan for affordable housing.
- Utilizes $150 million in surplus Mortgage Insurance Fund reserves to support: the Rural Rental Assistance Program; the Mitchell-Lama portfolio; Neighborhood and Rural Preservation Programs; Rural and Urban Community Investment Fund Program; Low Income Housing Trust

Fund Program; Homes for Working Families; and Homeless Housing & Assistance Corporation Programs.

Olympic Regional Development Authority:

- All Funds appropriation authority of $11.5 million, a decrease of $275,000.
- Changes reflect decreases in State Operation spending due to snowmaking efficiencies.

Office of Parks, Recreation and Historic Preservation:

- All Funds appropriation authority of $390.4 million, a decrease of $21.3 million.
- Changes primarily reflect a $20 million decrease in 2015 New York Works Capital spending.

Department of Public Service

- All Funds appropriation authority of $90.5 million, a decrease of $1.67 million.
- Changes primarily reflect staffing decreases due to attrition and proposed efficiency and workload reduction measures.

New York Power Authority

- Transfers authority of the Canal Corporation from the New York State Thruway Authority to the New York Power Authority.
- Transfers $20 million from the Power Authority to the General Fund.

ENVIRONMENTAL CONSERVATION, AGRICULTURE, & HOUSING

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	1,691	1,832
Annual Growth Rate	5.6%	8.3%
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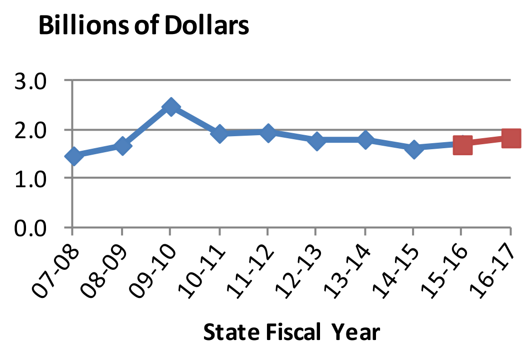


Environment, Agriculture and Housing

The FY 2017 Executive Budget recommends All Funds disbursements of $1.83 billion, an increase of $140.5 million for the State's Environmental Conservation, Energy, Agriculture, and Housing agencies. Increases in funding are recommended for the Department of Environmental Conservation ($75.8 million); the Energy Research and Development Agency ($5.1 million); the Division of Housing and Community Renewal ($76.6 million); and the Office of Parks, Recreation and Historic Preservation ($3.2 million). In addition, the Executive once again recommends no funding for the Hudson River Park Trust. The Executive recommends decreases in cash outlays for the Department of Agriculture and Markets ($15.3 million); the Department of Public Service ($1.1 million); and the Olympic Regional Development Authority ($275,000).

Environmental Conservation

The Executive recommends All Funds appropriations in the amount of $1.32 billion for the Department of Environmental Conservation (DEC) in FY 2017. This is a net increase of $69.2 million from FY 2016, largely reflecting an additional $123 million in Environmental Protection Fund spending, which is offset by state operations savings of $8 million, decreased local assistance of $10 million (including elimination of legislative adds,) and federal and state capital funding reductions.

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

Environmental Protection Fund

The FY 2017 Executive Budget proposes to use $120 million in settlement funds to increase spending for the Environment Protection Fund (EPF) by $123 million, from $177 million to $300 million. Funds from other sources provide the balance of the increase. The Executive has requested new or additional funds for the following initiatives*:*

- $18.6 million, an increase to $33.9 million, for solid waste programs;
- $15.1 million, an increase to $76.8 million, for parks and recreation programs;
- $56.9 million, an increase to $156.9 million, for open space programs; and

- $32.5 million for a new EPF category dedicated to climate change related programs.

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

Sewer/Water Infrastructure

The FY 2016 Enacted Budget provided $200 million for the Water Quality Infrastructure Improvement Act of 2015 which authorizes the Environmental Facilities Corporation (EFC) to provide grants to municipalities for the replacement and repair of existing wastewater infrastructure and drinking water infrastructure. The $200 million would be allocated as follows: $50 million for FY 2016; $75 million for FY 2017; $75 million for FY 2018.

Grants may constitute up to 60 percent of the overall cost of an infrastructure project and municipalities would be responsible for financing the remaining 40 percent, which may be obtained through EFC loans or outside sources. No municipality may receive more than $5 million in grant money in any one year. Grants would be awarded on the basis of hardship, using current EFC criteria for water infrastructure programs. The hardship criteria takes into consideration the ability of a community to bear increased water rates, and provides grant money that would prevent rates from rising over a certain threshold.

The FY 2017 Executive Budget provides an additional $100 million for these purposes. Up to $50 million in funds would be available for both FY 2017 and FY 2018, for a total of $125 million each year.

Article VII Legislation

Waste Tire Fee

The Executive proposes language to eliminate the December 31, 2016 sunset date for the Waste Tire Fee, which would make permanent the $2.50 fee that is collected on each new tire sold. This fee provides approximately $24 million in annual revenues, which funds 140 DEC employees involved in solid and hazardous waste cleanup activities.

Climate Change EPF Account

The Executive proposes language to establish a Climate Change Mitigation and Adaptation Account within the EPF. Money from this account is for projects to reduce greenhouse gases; for the development of local waterfront revitalization plans to adapt for climate change; smart growth programs; adaptive infrastructure; resiliency planting projects; climate resilient farms program; state vulnerability assessments; and projects to implement the Community Risk and Resiliency Act, signed in 2014.

Adirondack Park Agency

The FY 2017 Executive Budget recommends All Funds appropriations of $4.84 million for the Adirondack Park Agency (APA), a decrease of $419,000, or 7.96 percent, from the current year. The decrease is primarily due to a transfer of funds to Information Technology Services (ITS) for centralized technology services. Staffing levels for the APA are projected to remain at 54 FTE positions, same as FY 2016.

Agriculture and Markets

The FY 2017 Executive Budget recommends All Funds cash disbursements of $85.7 million for the Department of Agriculture and Markets (NYSDAM). This represents a decrease of $15.3 million, or 15 percent, from the current fiscal year.

The Executive recommends the elimination of $12 million in local assistance programs initiated by the Legislature. Funding for the Cornell IPM and Pro-Dairy programs are proposed to be moved to the Environmental Protection Fund (EPF), shifting $724,000 in spending from local assistance to capital spending in the Department of Environmental Conservation.

See chart following this section for full list of changes in the Agriculture and Markets Aid to Localities budget.

The Executive includes language in the State Operations budget directing NYSDAM to establish a commission to examine methods to assist dairy farmers in handling volatility in market prices. This language was also included in the FY 2016 Executive Budget and ultimately rejected by the Legislature.

Article VII Legislation

The Executive proposes language that would transfer authority for overseeing market orders from NSYDAM to the Empire State Development Corporation (ESDC). Market orders are industry-initiated programs which level an assessment on produce and utilize the funds for marketing and research purposes. NYSDAM currently oversees market orders for the apple, sour cherry, onion, and cabbage industries.

This change would result in a reduction in State Operations spending of $12.3 million in FY 2017, and $15.8 million in FY 2018. There would be no net change in program spending, but moving the market order funds to ESDC shifts the spending off budget so that it does not appear in the financial plan.

Green Thumb

The FY 2017 Executive Budget recommends All Funds appropriations of $3.19 million for Green Thumb. This represents an increase of $46,000, or 1.5 percent, from the current fiscal year. Green Thumb provides income-eligible elderly citizens with part-time employment, and this funding increase results from an increase in the State's 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 2017 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 five 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 2017 Executive Budget recommends All Funds appropriations of $321,000 for the Hudson River Valley Greenway Community Council (Council), the same as the previous four fiscal years. The Council is comprised of a 25 member advisory board and one staff member that promotes the preservation of natural and cultural resources in the Hudson River Valley. It is funded entirely through the General Fund.

Division of Housing and Community Renewal

The FY 2017 Executive Budget recommends All Funds appropriations of $2.25 billion for the Division of Housing and Community Renewal (DHCR), a net increase of $1.54 billion, or 219.5 percent, from current levels. The increase can be mainly attributed to a commitment of almost $2 billion in capital funds for a multi-year statewide plan for affordable housing.

The Executive anticipates no net staffing changes, maintaining a level of 683 FTEs for FY 2017. However, the Executive proposes an increase of $4.5 million for state operation costs within the Office of Rent Administration, for the Tenant Protection Unit.

Affordable and Homeless Housing Plan

In FY 2014, the Executive initiated the HouseNY program to preserve and create affordable housing units statewide. The $1 billion (off-budget), five-year plan to preserve, repair, finance, and create an estimated 14,300 affordable housing units includes, among other initiatives, the acquisition and revitalization of 44 Mitchell Lama affordable housing projects, and the creation and preservation of 5,643 affordable housing units through various community development programs. The program is financed through a combination of bonding and Mortgage Insurance Fund (MIF) surplus money.

The FY 2016 Enacted Budget expanded the HouseNY program by adding $10 million in new capital resources for construction and renovation of affordable housing for low income individuals and families, coupled with $63 million for the Homeless Housing and Assistance Program (HHAP) in the Office of Temporary and Disability Assistance (OTDA).

The FY 2017 Executive Budget builds on the existing $1 billion HouseNY affordable housing program by proposing an additional $2 billion to prevent and address homelessness across the State. These funds would provide support for housing construction, rehabilitation, community development activities, public housing modernization activities, and technical assistance for site evaluation, acquisition, planning, design, preparation, environmental studies and related fees.

This proposal is part of a five year, $20 billion plan to create 100,000 affordable housing units and 6,000 supportive housing units. Full financing details are not yet available, but the FY 2017 Executive Budget includes a total of $640 million in settlement funds and $1.38 billion in bonding dedicated towards these activities.

Mortgage Insurance Fund

The FY 2017 Executive Budget includes Article VII language that would utilize $150 million in surplus Mortgage Insurance Fund (MIF) reserves, to support the following programs:

- Rural Rental Assistance Program ($22.3 million);
- Mitchell-Lama portfolio ($42 million);
- Neighborhood Preservation Program ($8.48 million);
- Rural Preservation Program ($3.54 million);
- Rural and Urban Community Investment Fund Program ($35.3 million);
- Low Income Housing Trust Fund Program ($10 million);
- Homes for Working Families ($12.8 million); and
- Homeless Housing & Assistance Corporation programs ($15.7 million).

State of New York Mortgage Agency

The FY 2017 Executive Budget recommends All Funds appropriations of $192.3 million for the

State of New York Mortgage Agency (SONYMA), a net increase of $15.3 million, or 8.67 percent, from current levels.

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

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

New York Energy Research and Development Authority

The FY 2017 Executive Budget recommends All Funds appropriations of $13.5 million for the New York State Energy Research and Development Authority (NYSERDA). This represents an increase of $950,000, or 7.6 percent, from the current fiscal year. The increase is necessary to meet the State's requirements of a Federal cost sharing agreement with the US Department of Energy for the management and administration of the nuclear fuel reprocessing plant at West Valley.

The bulk of the estimated $958.7 million in NYSERDA revenue and spending in calendar year 2016 come 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 increase use of renewable energy resources.

Article VII Legislation

NYSERDA Payment to General Fund

The Executive Budget includes the annual provision to allow the State Comptroller to transfer $913,000 from the unrestricted corporate funds of NYSERDA to the General Fund. These funds are used to offset New York's debt service requirements related to the Western NY Nuclear Service Center.

NYSERDA Assessment

The SFY 2017 Executive Budget includes the annual authorization for NYSERDA to finance a portion of its research, development and demonstration, and policy and planning programs, from assessments on gas and electric corporations pursuant to section 18-a of the Public Service Law. This section would authorize collection of an amount not to exceed $19.7 million in assessments, and includes a maximum of a $1 million sub-allocation to DEC for its climate change program and $750,000 for the University of Rochester laboratory for laser energetics.

Regional Greenhouse Gas Initiative Transfer

In the Article VII Sweeps and Transfers bill, the FY 2017 Executive Budget proposes to transfer $23 million in off-budget assessed Regional Greenhouse Gas Initiative (RGGI) funds to the General Fund.

The Executive proposes to transfer another $15 million of RGGI proceeds to the State University of New York for a new Clean Energy Workforce Opportunity Program. Additional information on this program can be found in the Higher Education Section.

Department of Public Service

The FY 2017 Executive Budget recommends All Funds appropriations of $90.5 million for the Department of Public Service (DPS), a decrease of $1.67 million, or 1.81 percent, from the current fiscal year. Staffing levels for DPS are expected to decrease by 17 FTEs, to 508, due to attrition and efficiency measures, further described in the Article VII legislation below.

Article VII Legislation

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.

Streamlining Efficiencies

The FY 2017 Executive Budget authorizes the Public Service Commission (PSC) to implement efficiency and workload reduction measures to reduce the administrative burden associated with the Commission's review of municipal and investor owned utility rate requests. The estimated savings as a result of these measures is $1.2 million.

New York Power Authority

Article VII Legislation

Transfer of the Canal Corporation to New York Power Authority

The Executive proposes to transfer authority of the Canal Corporation from the New York State Thruway Authority (NYSTA) to the New York Power Authority (NYPA). This transfer moves all of the powers and duties relating to the canal, canal lands, assets, and equipment to NYPA.

The bill also requires that NYSTA reimburse the State for expenses relating to the enforcement activity of the New York State Police on the Thruway. It would also make the NYSTA a public authority eligible to receive an annual State governmental cost recovery assessment to help pay for these costs.

There is an estimated annual savings of $53.8 million in operating expenses to the Thruway Authority related to this proposed transfer.

New York Power Authority Sweep to General Fund

The Executive is also proposing legislation to sweep $20 million from the New York State Power Authority (NYPA) to the General Fund. These funds may be used to support energy-related activities.

Olympic Regional Development Authority

The FY 2017 Executive Budget recommends All Funds appropriations of $11.5 million for the Olympic Regional Development Authority (ORDA), a decrease of $275,000. Capital appropriations have no recommended changes from FY 2016, but State Operation spending is decreased due to snowmaking efficiencies.

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

Office of Parks, Recreation and Historic Preservation

The FY 2017 Executive Budget recommends All Funds appropriations of $390.4 million for the Office of Parks, Recreation and Historic Preservation (OPHRP), a decrease of $21.3

million from the FY 2016 Enacted Budget. This decrease results primarily from a $20 million in reduction in FY 2017 New York Works Capital funding, from $112.5 million in FY 2016 to $92.5 million in FY 2017.

Staffing levels for OPHRP are projected to remain at 1,735 FTE positions, same as FY 2016.

Article VII Legislation

Reduced Reimbursement

The Executive proposes to reduce the authorized reimbursement rate paid to governmental entities that voluntarily enforce certain provisions of the Navigation Law from 50 percent to 25 percent.

Eligible expenditures are those incurred in the enforcement and participation in approved accident reporting and anti-theft programs and/or an "I Love NY Waterways" boating safety program and/or a boating noise level enforcement program.

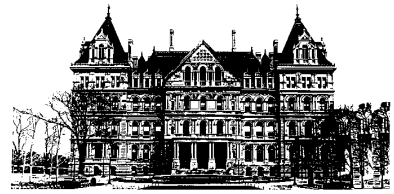
Enacting this provision would provide nearly $1 million in savings, at the expense of local governments.

FY 2017 Environmental Protection Fund (in thousands of dollars)			
	2016 Enacted	2017 Executive	Change
Solid Waste Account			
Landfill Closure/Gas Management	$250	$700	$450
Municipal Recycling	$7,500	$14,000	$6,500
Secondary Marketing	$1,000	$1,000	$0
Pesticide Database	$1,200	$1,200	$0
Community Impact Research Grants - Environmental Justice	$1,100	$7,000	$5,900
Environmental Health	$0	$2,000	$2,000
Natural Resources Damages	$1,000	$1,950	$950
Pollution Prevention Institute	$3,250	$4,000	$750
Brownfield Opportunity Areas	$0	$2,000	$2,000
Subtotal Solid Waste	**$15,300**	**$33,850**	**$18,550**
Parks and Recreation Account			
Local Waterfront Revitalization Programs	$12,500	$15,000	$2,500
Municipal Parks Projects	$15,750	$20,000	$4,250
Public Access and Stewardship	$18,500	$28,000	$9,500
Hudson River Park Trust	$2,500	$800	-$1,700
Zoos, Botanical Gardens and Aquaria	$12,450	$13,000	$550
Subtotal Parks & Rec	**$61,700**	**$76,800**	**$15,100**
Open Space Account			
Land Acquisition	$26,550	$40,000	$13,450
Albany Pine Bush Preserve Commission	$2,475	$2,675	$200
Long Island Central Pine Barrens Planning	$1,600	$1,800	$200
Long Island South Shore Estuary Reserve	$900	$900	$0
Environmental Commissions	$0	$746	$746
Non-Point Source Pollution Control	$19,000	$27,000	$8,000
Agricultural Non-point Source Abatement	*$14,200*	*$19,000*	*$4,800*
Non-agricultural Non-point Source Abatement	*$4,800*	*$8,000*	*$3,200*
Farmland Protection	$15,000	$20,000	$5,000
Biodiversity Stewardship	$500	$1,000	$500
Hudson River Estuary Management Plan	$4,700	$5,000	$300
Smart Growth	$600	$0	-$600
Finger Lakes-Lake Ontario Watershed	$1,750	$1,979	$229
Lake Erie Watershed Protection	$250	$250	$0
Water Quality Improvement Program	$8,000	$20,000	$12,000
Ocean and Great Lakes Innitiative	$6,050	$15,000	$8,950
Invasive Species Task Force	$5,850	$10,000	$4,150
Soil and Water Conservation District	$5,275	$9,000	$3,725
Agricultural Waste Management Projects	$1,500	$1,500	$0
Subtotal Open Space	**$100,000**	**$156,850**	**$56,850**
Climate Change Account			
Greenhouse Gas Management	$0	$3,000	$3,000
Resiliency Planning	$0	$4,500	$4,500
Smart Growth	$0	$2,000	$2,000
Adaptive Infrastructure	$0	$23,000	$23,000
Subtotal Climate Change	**$0**	**$32,500**	**$32,500**
TOTAL EPF	**$177,000**	**$300,000**	**$123,000**

Changes in Ag & Markets Local Assistance Programs			
PROGRAM	2016 Enacted	2017 Executive	Change
Ag. Child Development Program	$7,521,000	$8,275,000	$754,000
Electronic Benefits Transfer at Farmers' Markets	$0	$138,000	$138,000
Cornell Quality Milk Program	$1,174,000	$1,174,000	$0
Taste New York	$1,100,000	$1,100,000	$0
Cornell Johnes Disease	$480,000	$480,000	$0
Cornell Cattle Health Assurance	$360,000	$360,000	$0
Cornell Avian Disease	$252,000	$252,000	$0
Center for Dairy Excellence	$150,000	$150,000	$0
NYS Seed Lab	$128,000	$128,000	$0
Ag in the Classroom	$80,000	$80,000	$0
Association of Ag Teachers	$66,000	$66,000	$0
Golden Nematode/Cornell	$62,000	$62,000	$0
Farm-To-School	$250,000	$250,000	$0
Island Harvest	$20,000	$0	($20,000)
North Country Lost Cost Vaccines	$25,000	$0	($25,000)
Cornell Onion Research	$50,000	$0	($50,000)
Cornell Honybee Program	$50,000	$0	($50,000)
Corn & Soybean Growers Ass'n	$75,000	$0	($75,000)
Grown on Long Island	$100,000	$0	($100,000)
Genesee County Ag. Academy	$100,000	$0	($100,000)
Cornell Vegetable Research	$100,000	$0	($100,000)
Wood Products Council	$100,000	$0	($100,000)
Precision Ag Study	$100,000	$0	($100,000)
Christmas Tree Farmers	$125,000	$0	($125,000)
Cornell Maple Research	$125,000	$0	($125,000)
Turfgrass Association	$150,000	$0	($150,000)
Local Fair Assistance	$500,000	$340,000	($160,000)
Geneva Station - Hops Testing	$200,000	$40,000	($160,000)
Eastern Equine Encephalitis	$175,000	$0	($175,000)
Future Farmers of America (FFA)	$392,000	$192,000	($200,000)
Deer Fencing	$200,000	$0	($200,000)
Maple Producers	$213,000	$0	($213,000)
Farm Viability Dairy Profit Teams	$220,000	$0	($220,000)
Animal Control in NYC	$250,000	$0	($250,000)
Tractor Rollover Prevention	$250,000	$0	($250,000)
Quality Assurance & Control Program	$250,000	$0	($250,000)
Wine & Grape Foundation	$1,019,000	$713,000	($306,000)
Berry Growers Association	$320,000	$0	($320,000)
Farm Net (Farm Family Assistance)	$800,000	$384,000	($416,000)
Integrated Pest Management	$500,000	$0	($500,000)
Apple R&D Advisory Board	$500,000	$0	($500,000)
Farm-to-Seniors Program	$500,000	$0	($500,000)
Drain Tile Revolving Loan Fund	$500,000	$0	($500,000)
Apple Growers Association	$750,000	$206,000	($544,000)
Cornell Rabies	$610,000	$50,000	($560,000)
Northern Ag Development	$600,000	$0	($600,000)
Pro-Dairy	$1,200,000	$598,000	($602,000)
Cornell Diagnostic Lab	$5,425,000	$4,425,000	($1,000,000)
Food Hubs	$1,064,000	$0	($1,064,000)
Farm Viability Institute	$1,900,000	$400,000	($1,500,000)
TOTAL	**$31,081,000**	**$19,863,000**	**($11,218,000)**

Environmental Conservation, Agriculture and Housing Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	Estimated FY 2016	Proposed FY 2017	Change Amount	Percent
Adirondack Park Agency	4,682	4,682	0	0.00%
Agriculture and Markets	100,921	85,664	(15,257)	-15.12%
Department of Environmental Conservation	922,457	998,228	75,771	8.21%
Energy Research Development Authority	18,308	23,450	5,142	28.09%
Department of Public Service	74,810	73,692	(1,118)	-1.49%
Housing and Community Renewal	232,885	309,489	76,604	32.89%
Olympic Regional Development Authority	10,661	10,386	(275)	-2.58%
Parks, Recreation and Historic Preservation	322,833	326,018	3,185	0.99%
Hudson River Park	3,537	0	(3,537)	0.00%
Totals:	**1,691,094**	**1,831,609**	**140,515**	**8.31%**

Public Protection Fact Sheet



The Executive Budget proposes total All Funds cash disbursements of $5.9 billion a decrease of 10 percent from Fiscal Year 2016. *This primarily reflects a spending decrease for Superstorm Sandy costs that flow directly through the State Budget.*

- **Combating Terrorism:**
  - $40 million total investment for the permanent deployment of State Police and National Guard in New York City.
  - Consolidation of the Office of Counter Terrorism to the New York State Intelligence Center under the command of the Division of State Police (Article VII language).
  - $4 million for the Division of State Police to provide Troopers with rifles, body armor, and ballistic helmets to all on duty uniformed troopers, including any necessary training in response to a terrorist threat (Special Infrastructure Funding).
  - $1.3 million to fund annual security assessments and response exercises.
  - The creation of a Cybersecurity Research Scholarship to provide full tuition support for degrees in the field of cyber security at any SUNY Institution. The Executive Budget does not provide language that establishes or appropriates funds for this scholarship.

- **FY 2017 Criminal Justice Reform Act of 2016 Proposal:** The Executive proposes Article VII language to implement a Criminal Justice Reform Act of 2016 *(additional detail is provided in the section three of this report)* to include:

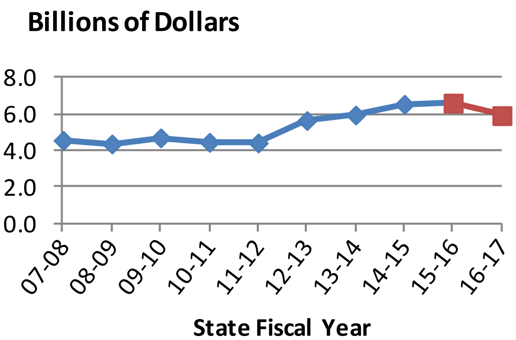
  - Creates an **Independent Special Counsel** appointed by the Executive;
  - Creates a **Grand Jury Report**;
  - Creates a **District Attorney Letter**;
  - Allows for the appointment of a **Special District Attorney**;
  - Creates an expedited appeals process to the Court of Appeals for either party where the Appellate Division denied a motion for a **change of venue**;
  - Requires Special Prosecutor to be added to the list of individuals who upon unlawful disclosure of grand jury materials would be guilty of **unlawful disclosure**;
  - Requires the Municipal Police and Training Council within the Division of Criminal Justice Services (DCJS) to establish a **Model Law Enforcement Use of Force Policy**;
  - Requires all local law enforcement and the State Police, to **annually report the total number of arrests made for non-criminal violations and misdemeanors** to DCJS; and
  - Increases requirements for **search warrants**.

- **Re-Entry and Transitional Support for the Formerly Incarcerated:**
  - Transitional Housing assistance would be provided to the formerly incarcerated in the Executive's $20 billion five year Capital Housing Plan.

- Transitional Employment: Existing funding of $5.8 million of which $3 million would be used for high-risk parolees in both New York City and Upstate areas and over $2 million for employment services for Alternative to Incarceration Programs.
- Medical and Mental Health Services through Medicaid Funding: Existing funding of $5 million of Department of Health funds to connect the criminal justice system with Health Homes.
- $1 million in new funding for expansion of County Re-Entry Task Forces. The Executive does not provide locations for the expansion.
- $1 million in new funding for Alternative to Incarceration (ATI) assessments.

PUBLIC PROTECTION

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	6,601	5,914
Annual Growth Rate	5.4%	9.9%
5 Year Average Growth (Actual)		7.4%



The Fiscal Year 2017 Executive Budget recommends All Funds cash disbursements of $5.9 billion a decrease of $686 million or 10 percent over FY 2016 for all public protection agencies. This decrease is primarily attributable to reduced spending for Superstorm Sandy.

Department of Corrections and Community Supervision (DOCCS)

The Executive recommends $3.1 billion in All Funds appropriations for the Department, an increase of $236 million from FY 2016 levels. Of the total increase in State Operations Funding:

- $22.2 million increase in costs for Hepatitis C pharmaceutical drugs and increased hospital costs;
- $16.7 million increase from the replacement of one-time Federal funds with General Fund monies;
- $13.9 million for collective bargaining increases;
- $3 million for 20 Full-Time Equivalent (FTE) positions for updates in policies, procedures and training related to the New York Civil Liberties Union (NYCLU) Special Housing Unit (SHU) Settlement; and
- $1 million (20 FTE) for updates to policies and procedures related to the Executive Order No. 150 requiring the separation of adults and youths.

This increase is offset by decreases of:
- $75 million for the elimination of funding related to a non-recurring bi-weekly institutional pay period;
- $32 million in savings from the transfer of 521 maintenance positions to Capital Funding; and
- $11 million in reductions of overtime related to more oversight on workers compensation claims and tougher overtime controls.

The FY 2017 Executive Budget recommends $310 million in new Capital Funding, an increase of $295 million from FY 2016 levels, primarily the result of the following new Capital investments and reevaluation of Capital needs:

- $47 million to comply with the Special Housing Unit (SHU) Settlement;
- $30 million to comply with the Executive Order No. 150 requiring youths within the State's prison system to be housed in a separate facility. The transformation of Hudson Correctional Facility located in Columbia

County will occur in three phases, with construction of the juvenile separation to begin in November of 2016;

- $32 million from the transfer of 521 maintenance positions to Capital Funding; and
- $25 million for correctional officer and facility equipment (fixed cameras, thermal imaging, and heartbeat monitors) to better monitor inmate movement.

Remaining Capital funding totaling $161 million will be used for the continued support of capital operations under the following accounts: Environmental Protection or Improvement, Health and Safety, Preservation of Facilities, and Program Improvement or Changes.

The Executive recommends an increase in Aid to Localities Funding of $300,000 for expansion of the video visitation program, locations to be determined. The FY 2017 Executive Budget recommends an increase of $1 million in funding for the Neighborhood Work Project Account. This increase is to align appropriation authority with spending.

The Executive proposes $2.5 million in existing resources to be used to train staff to test inmates for learning disabilities; and $430,000 to update existing printing workshops in prisons to a digital platform and train inmates in computer coding.

The Executive proposes no correctional facility closures for FY 2017. The projected prison population is 53,000.

The Executive proposes an increase of 220 Full Time Equivalent (FTE) positions within the Department. This increase reflects 180 hires for critical Program Services positions; 20 FTE positions related to the Special Housing Unit (SHU) settlement; and 20 FTE positions related to the Executive Order No. 150 for the separation of youths and adults in the State's prison system.

The Executive includes language in the State Operations budget that would provide a five-year extension for licensure exemption of unlicensed individuals to practice Mental Health Counseling, Marriage and Family Therapy, Creative Arts Therapy, Psychoanalysis, Psychology, and Social Work in programs regulated, operated, or funded by the agency until 2021. This same exemption was previously extended in FY 2014 for three years.

Division of Criminal Justice Services (DCJS)

The Executive Budget recommends $273 million in All Funds appropriations for DCJS, an increase of $5 million from FY 2016 levels. This primarily reflects an increase of $16 million in Federal Funding offset by a decrease of $11 million in Aid to Localities Funding.

Traditional Criminal Justice Aid to Localities Program Funding

The Executive proposes an increase of $3.4 million in General Fund Local Assistance Programs, primarily from the transfer of $14.3 million for the Crimes Against Revenue Program from the Special Revenue Fund; $1 million in new funding for Alternative to Incarceration (ATI) assessments; and $1 million in new funding for Re-Entry Task Forces as part of the Executive proposal on providing transitional support services to the formerly incarcerated. This increase is offset by a decrease of $12.3 million, primarily from the elimination of Legislative funding.

The Executive combines the following existing funding and language into a single funding stream: ATI 200 percent Temporary Assistance for Needy Families (TANF) and other ATI programs as part of the Executive proposal on providing transitional support to the formerly incarcerated; and combines three Operation SNUG programs into one. The changes to local assistance are outlined in Table 3.

The Executive provides $6.5 million for Rape Crisis Centers for services to rape victims and programs that prevent rape, along with $10 million in funding to combat sexual assault on campuses related to Legislation enacted in FY 2016. Sexual Assault on Campuses Legislation requires funding for Rape Crisis Centers for services, prevention and education; creation of a new Sexual Assault Victims Unit within the Division of State Police; and support training for college campuses. This funding is in various State Agencies outlined in Table 1 below.

Table 1

RAPE CRISIS FUNDING (in millions of dollars)		
Agency	**Rape Crisis Centers**	**Sexual Assault on Campuses Legislation**
Division of Criminal Justice Services	2.7	
Office of Victim Services	2.8	
Department of Health	1.0	4.5
Division of State Police		4.5
College Campuses		1.0
TOTAL	**6.5**	**10.0**

Federal funding is increased by $16 million, attributable to $8 million in new Federal Equitable Sharing Justice funding; and $8 million in new Federal Equitable Sharing Treasury funds, which are necessary to comply with Federal requirements for depositing seized asset revenue and reporting of expenditures.

Legal Services Assistance Account

The Executive eliminates Legislative initiatives totaling $3.8 million for civil and criminal legal services and domestic violence civil and criminal legal services; and $600,000 for Indigent Parolee Program.

Level funding is maintained for Aid to Defense, Aid to Prosecution, the District Attorney and Indigent Attorney Loan Forgiveness Program. The Statewide Indigent Legal Services For Persons Leaving Prison Program is increased by $1.2 million, to $2.2 million.

The Executive proposes new funding of $4.4 million for civil or criminal legal services including legal services for victims of domestic violence. Funding would be distributed pursuant to a plan submitted by DCJS and approved by the director of the Division of the Budget (DoB).

Proposed spending from the Legal Services Assistance Account is outlined in Table 2 below.

Table 2

FY 2017 Executive Proposed Funding Under the Legal Services Assistance Account (in millions of dollars)			
Programs	**FY 2016 Enacted Amount**	**FY 2017 Executive Proposed Amount**	**Change**
Aid to Prosecution	2.6	2.6	***0.0***
Aid to Defense	2.6	2.6	***0.0***
District Attorney and Indigent Legal Attorney Loan Forgiveness Program	2.4	2.4	***0.0***
Statewide Indigent Legal Services for persons leaving prison	1.0	2.2	***1.2***
Indigent Parole Program (Legislative Item)	0.6	0.0	***-0.6***
Civil/Criminal Legal Services; Domestic Violence Civil/Criminal Legal Services (Legislative Items)	3.8	0.0	***-3.8***
Statewide Indigent Legal Services for persons leaving prison (Legislative Item)	1.2	0.0	***-1.2***
New Civil/Criminal Legal Services; Domestic Violence Legal Services	0.0	4.4	***4.4***
TOTAL	**14.2**	**14.2**	**0.0**

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.

Table 3

FY 2017 Criminal Justice - Aid to Localities Programs			
Programs	**FY 2016 Enacted Amount**	**FY 2017 Executive Proposed Amount**	**Change**
Aid to Prosecution	$10,680,000	$10,680,000	$0
New York State Prosecutors Training Institute (NYPTI)	$2,304,000	$2,304,000	$0
Witness Protection Program	$304,000	$304,000	$0
District Attorney Salary Reimbursement	$4,212,000	$4,212,000	$0
Special Narcotics Prosecutor	$825,000	$825,000	$0
Crime Laboratories	$6,635,000	$6,635,000	$0
Westchester Policing Program	$1,984,000	$1,984,000	$0
Additional Westchester Policing Program Funding*	$316,000	$0	($316,000)
Soft Body Armor	$513,000	$513,000	$0
Re-entry Task Force	$3,063,000	$4,063,000	$1,000,000
GIVE Program	$15,219,000	$15,219,000	$0
Aid to Defense Services	$5,507,000	$5,507,000	$0
New York State Defender Association	$1,089,000	$1,089,000	$0
Probation Aid	$44,876,000	$44,876,000	$0
Alternatives to Incarceration (ATI)	$5,518,000	$5,518,000	$0
ATI and Demonstration Programs	$11,994,000	$0	($11,994,000)
Temporary Assistance For Needy Families (TANF) 200%	$2,622,000	$0	($2,622,000)
ATI and Demonstration Programs / TANF 200%	$0	$14,616,000	$14,616,000
Probation Violation Centers	$1,000,000	$1,000,000	$0
ATI Assessment		$1,000,000	
SNUG/ Bronx, Queens, Rockland and Onondaga	$1,000,000	$0	($1,000,000)
SNUG	$2,000,000	$3,315,000	$1,315,000
Rape Crisis Centers*	$2,700,000	$0	($2,700,000)
Rape Crisis Centers	$0	$2,700,000	$2,700,000
Crimes Against Revenue Program (CARP)	$0	$14,300,000	$14,300,000
Additional ATI funding*	$715,267	$0	($715,267)
Groundswell*	$75,000	$0	($75,000)
Make the Road*	$150,000	$0	($150,000)
Friends of the Island Academy*	$150,000	$0	($150,000)
Brooklyn Defender*	$175,000	$0	($175,000)
Bailey House Project FIRST*	$100,000	$0	($100,000)
Legal Aid Society - Immigration Law Unit*	$150,000	$0	($150,000)
John Jay College*	$100,000	$0	($100,000)
Legal Action Center*	$180,000	$0	($180,000)
Community Service Society - Record Repair Counseling Corp*	$250,000	$0	($250,000)
Vera Institute of Justice: Immigrant Family Unity Project*	$200,000	$0	($200,000)
Osborne Association*	$31,000	$0	($31,000)
Bergen Basin Community Development Corporation*	$26,000	$0	($26,000)
Vera Institute of Justice: Common Justice*	$200,000	$0	($200,000)
Consortium of Niagara Frontier*	$175,000	$0	($175,000)
Greenpoint Outreach Domestic and Family Intervention*	$150,000	$0	($150,000)
Brooklyn Legal Services Corp A*	$250,000	$0	($250,000)
Correctional Association*	$127,000	$0	($127,000)
Jacob Riis Settlement House*	$20,000	$0	($20,000)
Fortune Society*	$100,000	$0	($100,000)
Legal Services - NYC Dream Clinics*	$150,000	$0	($150,000)
Elmcor Youth and Adult Activities Program*	$19,000	$0	($19,000)
Legal Education Opportunity Program*	$200,000	$0	($200,000)
NYPD Training: Museum of Tolerance NY Tools for Tolerance Program*	$200,000	$0	($200,000)
NYU Veteran's Entrepreneurship Program*	$30,000	$0	($30,000)
Mohawk Consortium*	$50,000	$0	($50,000)
Exodus Transitional Community Center*	$50,000	$0	($50,000)
Goddard Riverside Community Center*	$118,733	$0	($118,733)
Legal Aid Society of Staten Island*	$250,000	$0	($250,000)
Queens Child Guidance*	$250,000	$0	($250,000)
Albany Law School - Immigration Clinic*	$150,000	$0	($150,000)
Harlem Mothers SAVE*	$50,000	$0	($50,000)
Additional NYS Defenders Association*	$1,000,000	$0	($1,000,000)
Domestic Violence (Assembly)*	$609,000	$0	($609,000)
Domestic Violence (Senate)*	$1,609,000	$0	($1,609,000)
Law Enforcement, Anti-Drug,Anti-Crime/Crime Control and Prevention*	$2,891,000	$0	($2,891,000)
Finger Lakes Law Enforcement*	$500,000	$0	($500,000)
Law Enforcement, Emergency Services - Equipment and Technology*	$604,000	$0	($604,000)
Neighborhood Initiatives Development Corporation*	$100,000	$0	($100,000)
NYPD - Community-Police Relations in County of Bronx*	$100,000	$0	($100,000)
District Attorney Office - Queens County*	$100,000	$0	($100,000)
District Attorney Office - Richmond County*	$100,000	$0	($100,000)
District Attorney Office - Rockland County*	$65,000	$0	($65,000)
SNUG - Bronx, Jacobi Medical Center Auxiliary*	$315,000	$0	($315,000)
TOTAL	**$137,196,000**	**$140,660,000**	**$3,464,000**

**Legislative Adds total $12.8 million.*

Article VII Provisions

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

- Extends for one year the formula distribution of certain monies recovered by District Attorneys in New York City, which is set to expire on March 31, 2016.

Division of State Police

The Executive Budget includes adjustments to the Division's FY 2016 Enacted Budget to: transfer $40 million for collective bargaining to the General Fund; and $4.5 million related to the creation of a Sexual Assault Victims Unit within the Division associated with the Sexual Assault on Campuses Legislation of 2015.

The Executive Budget recommends $849 million in All Funds appropriations for the Division, an increase of $95.6 million from FY 2016 levels. This increase is attributable to increases in Federal Funds totaling $60 million: $30 million in Federal Equitable Sharing Justice Account; and $30 million in Federal Equitable Sharing Treasury Account, necessary to comply with Federal requirements for depositing seized asset revenue and reporting of expenditures; and $58 million in Internal Revenue Funds for the Thruway Authority to reassume full costs associated with Troop T ($34.7 million is from the shift of funding from the General Fund; and the remaining $23.3 million is related to non agency General State Charges and fringe benefits associated with 270 FTE positions).

Capital funding increases by $6 million for the design and construction of Troop L Zone Headquarters located in Nassau County.

State Operations General Fund spending decreases by $33.4 million. This decrease primarily represents a $34.7 million shift in a portion of funding for Troop T costs to the Internal Service Fund from the General Fund; and a $5 million shift of non-personal service costs to the Public Safety Communications Account. This decrease is offset by an increase of $4.3 million related to salary adjustments; and $2 million in new funding for the creation of a Commercial Gaming Unit for background checks associated with the creation of new State Casinos.

Division of Homeland Security and Emergency Services

The Executive Budget includes an adjustment to the Division's FY 2016 Enacted Budget appropriation to transfer $600,000 for administration of emergency equipment stockpiles (e.g. generators) from the Office of General Services to the Division of Homeland Security and Emergency Services.

The Executive Budget provides $1.5 billion in All Funds support for the Division, an increase of $583 million, from FY 2016 levels. This increase is primarily attributable to $600 million in Federal Disaster funding authority specifically to allow for the pass through of Federal funding to eligible government entities and not-for-profits related to Federally declared disasters; and $1.3 million in new Special Revenue funding for increased security assessments as part of the Executive's Counter-Terrorism proposal.

This increase is offset by the following reductions:

- $15 million elimination of Capital funding for potential interoperable projects to make the interoperable system a statewide system. This Capital project will be funded through prior year commitments.

- $3.2 million in non-recurring nonpersonal service expense associated with the FY 2015 Citizen Preparedness Initiative (distribution of citizen preparedness bags).
- $500,000 elimination of a Legislative addition for the Red Cross.

A new $500,000 Special Revenue Fireworks Account is created pursuant to FY 2015 Enacted Legislation regarding the registration and fee structure for the manufacturing and selling of fireworks.

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 includes $450 million in Superstorm Sandy Capital Disaster Assistance prior year funding (reappropriation) to restore State properties.

The Executive Built to Lead document proposes the creation of a Cybersecurity Research Scholarship to provide full tuition support for students seeking degrees in the field of cybersecurity. The Executive Budget does not provide language that establishes or appropriates funds for this scholarship.

<u>Interoperable Communications Grant</u>

The Executive proposes $75 million in funding to support county public safety communications efforts under the Interoperable Communications Grant Program, same as FY 2016 levels, allocated as follows:

- $65 million for new grants to continue support for county interoperable communications.
- $10 million for a new annual grant program to support operating costs, of public safety dispatch centers, factors such as population density and emergency call volume could be considered.

<u>Article VII Provisions</u>

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

- The Executive proposes to transfer the Intelligence and Analysis Unit (seven Full-Time Equivalent (FTE) positions) within the Office of Counterterrorism in the Division of Homeland Security and Emergency Services (DHSES) to the Division of State Police. The Executive includes appropriation language should this bill become law to effectuate the transfer of funds totaling $15 million.
- The Executive proposes to suspend the annual transfer of $1.5 million from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund for two years. This fund assists local governments, fire districts and not-for-profit fire/ambulance corporations in financing emergency response equipment. The Executive would rely on multi-year reappropriation balances in the fund of $12.7 million to sustain the fund.

<u>Division of Military and Naval Affairs</u>

The Executive Budget recommends $129 million in All Funds support, an increase of $12 million from FY 2016 levels. This increase is attributable to:

- $4 million total in Federal Equitable Sharing Justice Account ($2 million) and Treasury Account ($2 million). These accounts are necessary to comply with Federal requirements for depositing seized asset revenue and reporting of expenditures; and

- $8 million in Capital Funding: $3 million related to the maintenance and improvement of the State's Armories; and $5 million for Federal match related to personal service expenses associated with maintenance of the State's Armories.

Article VII Provisions

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

- Extends for five years the Recruitment Incentive and Retention Program that provides a direct payment of college tuition for certain active members of the New York Army National Guard, New York Air National Guard, and the New York Naval Militia, which is set to expire September 1, 2016.

Interest on Lawyers Account

The FY 2017 Executive Budget proposes $46.8 million, the same as the FY 2016 levels.

The Executive Budget recommends level funding of $45 million for local grants. The actual disbursement amounts depend on the interest generated by the trust accounts to fund the program. As of December 31, 2015 the account balance was $20 million. Grants totaling $23 million were disbursed in FY 2016, of which $15 million was transferred from the Office of Court Administration (OCA).

Office of Indigent Legal Services

The Executive Budget recommends $99.4 million in All Funds support for the Office, an increase of $12.4 million from FY 2016 levels. This increase is attributable to the required implementation of the Hurrell-Harring Settlement Agreement. In November 2007 five counties – Onondaga, Ontario, Schuyler, Suffolk, and Washington – filed suit against the State, alleging a deprivation of the right to counsel for indigent defendants (defined as a criminal defendant eligible for publicly funded legal representation). The State settled with five of the plaintiffs in October 2014 after agreeing to undertake actions to increase indigent criminal counsel services through the State Office of Indigent Legal Services (OILS). New funding of $12.4 million is included for the implementation of this agreement:

- $200,000 increase in State Operations Funding is for the full annual cost of hires from FY 2016; and
- $12.2 million increase in Aid to Localities funding: $10.4 million for Caseload Standards; $1 million for Counsel at Arraignment; and $800,000 for Counsel at First Appearance.

Office for the Prevention of Domestic Violence

The FY 2017 Executive Budget recommends $5.1 million in All Funds an increase of $200,000 from FY 2016 levels. This increase is for the establishment of high-risk homicide reduction pilot programs. These pilots would be mirrored after the Schenectady pilot program which allowed for the hiring of a coordinator for local law enforcement and service providers on interventions to prevent domestic violence homicides. The Executive has yet to identify the locations of the pilot projects.

Office of Victim Services

The FY 2017 Executive Budget recommends $119 million in All Funds support, an increase of $6.8 million from FY 2016 levels. This primarily reflects an increase of $4.8 million in Aid to Localities Funding in the Federal Crime Victims

Assistance Account. The Executive maintains $2.8 million in Aid to Localities Funding for Rape Crisis Centers from FY 2016 levels.

State Operations spending is increased by $2 million of which $1.4 million is for new Federal Victim Assistance Training; and $634,000 increase in Federal Crime Victims Assistance Account.

State Commission of Corrections

The FY 2017 Executive Budget recommends maintaining All Funds appropriations of $2.9 million.

Department of Law

The FY 2017 Executive Budget proposes All Funds spending of $233.5 million, an increase of $7.25 million, or 3.2 percent, from FY 2016 levels. Of the spending increase, $4 million is the result of an increase in capital spending from $1 million to $5 million. This spending increase would be used to consolidate and upgrade their data center, upgrade their e-discovery system, improve big data analysis capabilities, improve charities monitoring abilities, and to upgrade their case management system. The Executive proposes an increase of six Full Time Equivalent (FTE) positions and this would increase spending by approximately $500,000. The remaining $2.75 million is primarily due to increased personal service costs.

Judiciary

The FY 2017 Executive Budget proposes All Funds spending of $2.9 billion, an increase of $112.2 million, or 4.1 percent.

This reflects a spending increase of $48.6 million for employee benefit costs, and $47.9 million for personal service and nonpersonal service/indirect costs for Court and Agency Operations. There would be an additional $700,000 spending increase in Aid to Localities mainly for cleaning and minor repairs. The Judiciary transfers $15 million for grants for civil legal services to the Interest on Lawyer Account.

Of the $47.9 million increase for Court and Agency Operations, $23.9 million is personal service, an increase of 1.6 percent, and $24 million is nonpersonal service/indirect costs, an increase of 5.3 percent. The increase in personal service reflects collectively negotiated salary increases, longevity bonuses and similar items for all eligible employees. A nonpersonal service spending increase of $16 million, or 17.6 percent is for other professional services to nonprofit agencies in support of civil legal services as well as to enable the Judiciary to receive additional grants from the Substance Abuse and Mental Health Services Administration.

The Executive Budget does not include funding for the Judicial compensation increases adopted by The Commission on Legislative, Judicial and Executive Compensation in its December 24, 2016 final report because the Judiciary was required to submit its proposed budget to the Executive prior to this date. It is expected that the compensation increase would increase general fund cash spending in FY 2017 by $27 million.

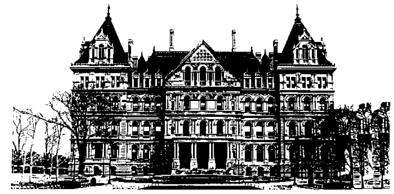
Although the Judiciary's proposed budget would increase general fund cash spending by $44.4 million, or 2.4 percent, and the compensation increase of $27 million for FY 2017 is not reflected in the Executive Budget, the Executive expects, or is hopeful, that the Judiciary will ultimately absorb the cost of the salary increase and that spending growth will be reduced to two percent. The areas to be reduced have not yet been specified.

Judicial Commissions

The FY 2017 Executive Budget recommends the following amounts for the State's three judicial commissions: The Commission on Judicial Conduct ($5.58 million), Commission on Judicial Nomination ($30,000), and the Judicial Screening Committees ($38,000). Each program would receive the same level of funding as in FY 2016.

Public Protection Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2016**	**Proposed FY 2017**	**Change Amount**	**Percent**
Department of Corrections and Community Supervision	2,997,045	2,944,414	(52,631)	-1.76%
Division of Criminal Justice Services	232,203	235,668	3,465	1.49%
Division of State Police	733,963	729,921	(4,042)	-0.55%
Office of Victim Services	66,720	71,230	4,510	6.76%
Commission of Correction	2,651	2,651	0	0.00%
Judicial Commissions	5,652	5,652	0	0.00%
Division of Military and Naval Affairs	103,704	138,972	35,268	34.01%
Division of Homeland Security and Emergency Services	2,390,867	1,681,695	(709,172)	-29.66%
Office of Indigent Legal Services	66,017	101,695	35,678	54.04%
Office for the Prevention of Domestic Violence	2,281	2,381	100	4.38%
Totals:	**6,601,103**	**5,914,279**	**(686,824)**	**-10.40%**
Judiciary	2,753,376	2,865,600	112,224	4.08%
Department of Law	226,278	233,535	7,257	3.21%

Economic Development: Fact Sheet



- The FY 2017 Budget recommends All Funds appropriations of $193 million for economic development programs; this is an increase of $50.5 million or 35.4 percent over the current fiscal year. Economic development program appropriations of $69.9 million are offset by the elimination of $19.5 million in legislative additions in the FY 2016 budget.
- General Fund appropriations are projected to increase in FY 2017 by $48 million or 37 percent. This increase is primarily due to new funding of $66.5 million for advertising and promoting the benefits of the START-UP NY program.
- State Operations funding remains unchanged at $25.6 million.
- General Fund Aid to Localities appropriations would be reduced to $56.1 million a reduction of $1.1 million or 1.3 percent over FY 2016; the reduction can be attributed to the elimination of FY 2016 Legislative initiatives offset by $1.4 million in additional aid for High Technology matching grants and $2 million in additional Federal Aid.

  Funding would remain at FY 2016 levels for the following programs:

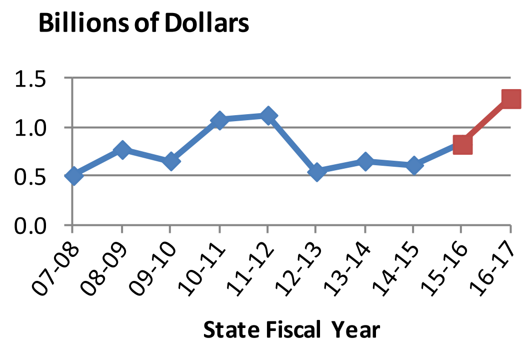
  - The Centers for Advanced Technology (CAT) - $13.8 million;
  - Industrial Technology extension Service - $921,000;
  - The SUNY Albany & Rensselaer Polytechnic Institute Focus Centers - $3 million;
  - Funding for the local tourism matching grants - $3.8 million;
  - Gateway information Centers in Binghamton and Beekmantown - $196,000 each;
  - Market New York Program - $5 million; and,
  - Science & Technology Law Center Program - $343,000.

- The FY 2017 Executive Budget recommends an All Funds capital spending appropriation of $904.8 million. This is a decrease of $1.38 billion or 60.5 percent over FY 2016.
- The Executive Budget also includes authorization to spend $255 million in settlement funds: $170 million for the Upstate Revitalization Initiatives and $85 million for economic development/infrastructure projects.
- The FY 2017 Executive Budget recommends $468 million in new All Funds capital spending appropriations for the following Economic Development programs:
  - SUNY Polytechnic Institute Colleges of Nanoscale Science and Engineering/Chautauqua County - $200 million;
  - SUNY Polytechnic Institute Colleges of Nanoscale Science and Engineering/Clinton County - $125 million;
  - Utica Nano - $100 million;
  - SUNY Polytechnic Institute Colleges of Nanoscale Science and Engineering - $15 million;
  - Brookhaven National Laboratory - $10 million;
  - Buffalo High Technology Manufacturing Innovation Hub - $10 million; and,
  - Market New York - $8 million.

- The Executive recommends an increase of $1.449 million for:
  - Western New York Professional Football Retention – $4.56 billion (+$49,000); and,
  - Security Through Advanced Research and Technology (START) - $6 million (+$1.4 million).

Economic Development

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	826	1,295
Annual Growth Rate	34.7%	56.8%
5 Year Average Growth (Actual)		6.1%



The FY 2017 Executive Budget recommends an All Funds cash disbursement increase of $468.1 million or 56.6 percent for all Economic Development agencies over FY 2016. General Fund spending is projected to increase by $75.6 million or 52.8 percent over FY 2016.

General Fund appropriations for economic development programs is projected to increase in FY 2017 by $48 million or 37 percent. This increase is primarily due to new funding of $66.5 million for advertising and promoting the benefits of the START-UP NY program.

The FY 2017 Budget recommends an All Funds appropriation of $193 million for economic development programs, an increase of $50.5 million or 35.4 percent over the current fiscal year. Increased economic development program appropriations of $69.9 are offset by the elimination of $19.5 million in legislative additions in the FY 2016 budget.

ECONOMIC DEVELOPMENT PROGRAM APPROPRIATION INCREASES (Thousands of Dollars)

LOCAL ASSISTANCE

PROGRAM	FY 2016	FY 2017	DIFFERENCE
START-UP NY Promo and Advertising	$0	$66,500	$66,500
Training and Business Assistance	$7,470	9470	$2,000
START	$4,606	$6,000	$1,394
Western NY Football	$4,508	$4,557	$49
Total	**$16,584**	**$86,527**	**$69,943**

Department of Economic Development (DED)

State Operations

The Executive Budget recommends level funding of $25.6 million for State Operations.

ECONOMIC DEVELOPMENT PROGRAM APPROPRIATION REDUCTIONS AND ELIMINATIONS			
Local Assistance			
Program	**FY 2016**	**FY 2017**	**Difference**
Military Base Retention	$3,000	$0	($3,000)
Bronx Children Museum	$2,000	$0	($2,000)
Centers for Excellence	$10,000	$8,723	($1,277)
CenterState CEO	$1,150	$0	($1,150)
Bronx Over-all Economic Development Corporation	$1,050	$0	($1,050)
Beginning Farmers	$1,000	$0	($1,000)
Hot Spots/Incubators	$6,000	$5,000	($1,000)
NUAIR/ Griffis IA	$1,000	$0	($1,000)
Newburgh Armory Unity Center	$750	$0	($750)
RPI Smart Lighting	$600	$0	($600)
Seneca Army Depot	$600	$0	($600)
Kings County Security Improvements	$500	$0	($500)
Technology Development Matching Grant Program	$1,882	$1,382	($500)
Tourism Promotion	$4,315	$3,815	($500)
MWBE Development	$1,000	$635	($365)
Adirondack North Country Association	$350	$0	($350)
Veterans Entrepreneurial Assistance	$350	$0	($350)
Community Development Financial Institutions	$1,795	$1,495	($300)
Glimmerglass Opera	$300	$0	($300)
Albany Center of Excellence (Atmospheric)	$250	$0	($250)
Camp Venture	$250	$0	($250)
Kingsbridge-Riverdale Development Corporation	$250	$0	($250)
Onondaga County Facility Improvements	$250	$0	($250)
Regional Economic Gardening Program	$250	$0	($250)
Capital Culture	$225	$0	($225)
Canisius College	$200	$0	($200)
New Bronx Chamber of Commerce	$200	$0	($200)
Fishing Tournaments	$150	$0	($150)
Harlem Arts Alliance	$150	$0	($150)
Watkins Glen International	$150	$0	($150)
Finger Lakes Tourism	$100	$0	($100)
Queens Economic Development Corporation	$100	$0	($100)
Racing Fan Advisory	$100	$0	($100)
Michigan Street African American Heritage Corridor Commission	$75	$0	($75)
Cayuga Community Center	$60	$0	($60)
LI Tourism Promotion (Wine Council)	$50	$0	($50)
LI Tourism Promotion (Farm Bureau)	$50	$0	($50)
Total Local Assistance Reductions	**$40,502**	**$21,050**	**($19,452)**

Aid to Localities

A net decrease of $1.1 million or 1.3 percent is proposed over the current year. The decrease is primarily due to reductions of $1.3 million for the Centers for Excellence along with the elimination of $2.7 million in Legislative adds, offset by an increase of $1.4 million for High Technology matching grants and $2 million in Federal Aid.

The Executive proposes $8.7 million for the ten existing Centers of Excellence ($872,333 for each center); the FY 2017 funding mirrors the FY 2015 funding. The additional funding of $127,677 to provide $1 million for each center in FY 2016 that was added by the Legislature is eliminated.

Similar to the Centers for Excellence, the Executive proposes to eliminate $1 million in hotspot/incubator funding and $500,000 in funding for the Matching Tourism Grants program. The appropriation for these two programs would be limited to $5 million and $3.8 million respectively.

Empire State Development Corporation (ESD)

The FY 2017 Executive Budget recommends All Funds spending for the Empire State Development Corporation of $1 billion, a reduction of $1.33 billion. The decrease results from $1.38 billion or 60.5 percent reduction in capital with an offsetting increase in Aid to Localities of $51.6 million or 89.1 percent over FY 2016.

<u>Local Aid</u>

Additional funding of $66.5 million for START-UP NY is offset by the elimination of $15 million of FY 2016 Legislative adds resulting in a net increase of $51.6 million in local aid.

START-UP NY was established in 2013 to transform SUNY as well as private college and university campuses and communities across the State into tax-free zones to encourage new and existing businesses to invest and/or expand their businesses in New York. According to the Executive, there are currently 155 businesses that have been approved for START-UP NY participation. The Executive projects another 4,200 new jobs and nearly $221 million in investment as a result of New York's investment in START-UP NY.

<u>Capital Funding</u>

The FY 2017 Executive Budget recommends All Funds capital spending of $904.8 million, a decrease of $1.38 billion or 60.5 percent over FY 2016. This is primarily the result of a $1.87 billion reduction in funding for Upstate Revitalization Initiatives (includes $400 million reduction in Upstate Revitalization Aid for the Buffalo Cluster Program). The capital reductions are offset by $475 million in increased local capital spending and a $54 million increase for New York Works.

The Executive proposes $99 million for the New York Works program, a $54 million increase over FY 2016. New York Works provides capital grants to employers and businesses to facilitate the growth or retention of jobs or to fund infrastructure investments to aid in attracting or expanding business ventures in New York.

The New York Works program coordinates various financial, labor, planning and transportation offices to strategically and efficiently allocate capital investment funds to eligible entities for the purpose of attracting, retaining or growing businesses in New York.

Although not included in the Empire State/Urban Development Budget capital expenditures, the Executive's FY 2017 budget proposal authorizes $170 million in Settlement Funds to be used to support capital projects for the Upstate Revitalization Initiatives program and an additional $85 million of the Settlement Funds are to be earmarked for capital infrastructure projects.

URBAN DEVELOPMENT CORPORATION CAPITAL FUNDING APPROPRIATION CHANGES (Thousands of Dollars)			
Program	**FY 2016**	**FY 2017**	**Difference**
Nanoscale / Chautauqua County	$0	$200,000	$200,000
Nanoscale / Clinton County	$0	$125,000	$125,000
Nano Utica	$0	$100,000	$100,000
NY Works	$45,000	$99,000	$54,000
SUNY Polytech Nano	$0	$15,000	$15,000
Buffalo Mfg Hub	$0	$10,000	$10,000
Brookhaven Nat'l Lab	$0	$10,000	$10,000
Promotion of Regional Attractions	$0	$8,000	$8,000
Clarkson-Trudeau Partnership	$5,000	$12,000	$7,000
Western NY Pro	$2,223	$2,251	$28
Upstate Revitalization Initiative	$1,500,000	$30,000	($1,470,000)
Upstate Revitalization Initiative/Buffalo Regional Innovation Cluster Program	$400,000	$0	($400,000)
SUNY Binghamton	$25,000	$0	($25,000)
Cornell Veterinary Medicine	$19,000	$0	($19,000)
Total	**$1,996,223**	**$611,251**	**($1,384,972)**

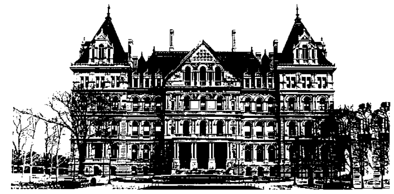
Article VII Proposals

The FY 2017 Executive Budget proposes the following statutory amendments:

- Extend for one year, to June 30, 2017, UDC's authority to administer the Empire State Development Fund as well as extend UDC's loan authority.
- Create the "Transformational Economic Development Infrastructure and Revitalization Project" to authorize "design build". The proposal would put in place the necessary authorizations to allow various entities involved in the future expansion of the Jacob V. Javits Convention Center and the creation of the Empire State Transportation Center (HUB) to award design and construction contracts to a single entity.
- Transfer the NYS Agricultural and Markets (NYSDAM) products and marketing authority to ESD. Currently market orders are industry initiated programs which level an assessment on produce and utilize the funds for marketing and research. Transferring the duties to ESD would allow greater marketing exposure. This proposal is expected to be revenue neutral.

Economic Development Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	Estimated FY 2016	Proposed FY 2017	Change Amount	Percent
Department of Economic Development	100,103	98,511	(1,592)	-1.59%
Empire State Development Corp	708,223	1,165,489	457,266	64.57%
Economic Development Capital - Other	11,215	23,000	11,785	105.08%
Strategic Investment Program	5,000	6,000	1,000	20.00%
Regional Economic Development Program	1,889	1,500	(389)	-20.59%
Totals	**826,430**	**1,294,500**	**468,070**	**56.64%**

Mental Hygiene Fact Sheet



- The FY 2017 Executive Budget proposes $7.04 billion in All Funds cash disbursements for Mental Hygiene, a decrease of $219 million, or 3 percent.

- The Executive Budget proposes $1.2 billion in Department of Health disbursements for Office for People with Developmental Disabilities (OPWDD) services in FY 2017, an increase of $282.5 million. Additionally, FY 2016 included a 53rd payment for Medicaid and a 27th payroll, further reflecting costs in the previous fiscal year that were not captured in FY 2017. Adjusting for these and other factors, overall spending in Mental Hygiene is increasing by $260 million in FY 2017, or 3.3 percent.

- The Executive proposes decreasing the total number of State-operated psychiatric beds by 225 in FY 2017. There would be no closures of State-operated psychiatric centers; however, the Executive would continue with the planned merger of Western New York Children’s Psychiatric Center into the Buffalo Psychiatric Center. The Executive would reduce beds by:
    - Determining community services are sufficient to meet the needs of the population (100 adult or children’s beds);
    - Serving long-term stay patients currently residing in Office of Mental Health facilities in more clinically appropriate settings (100 adult beds); and
    - Allowing counties to establish jail based restoration to competency programs, reducing the need for State services (25 forensic beds).

- The Executive proposes $60 million in new State funding, with a Federal match of $60 million, in FY 2017 for expanded services in OPWDD.

- The Executive Budget proposal continues to downsize OPWDD developmental centers. Bernard Fineson Developmental Center in Queens would close on March 31, 2017. Under the Executive proposal there would be a total reduction of 52 individuals transitioning from developmental center beds to community settings, and 100 individuals from State-operated Intermediate Care Facility beds.

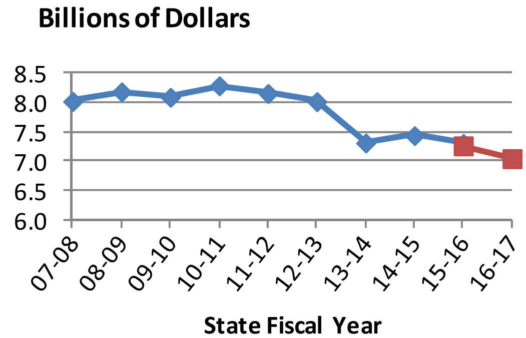
- The Executive proposes a 0.2 percent Cost of Living Adjustment and Medicaid Inflationary Trend Factor. The Department of Mental Hygiene would receive $12 million in additional funding from these adjustments.

- The Executive proposes new Medicaid Services for children’s mental health. These services would total $7.5 million in FY 2017, $30 million when fully annualized.

- The Executive Budget includes $6 million in new services to address the heroin crisis, and $1 million in capital to allow law enforcement to purchase synthetic drug testing devices.

MENTAL HYGIENE

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	7,261	7,042
Annual Growth Rate	1.7%	-3.0%
5 Year Average Growth (Actual)		-1.6%



The Fiscal Year (FY) 2017 Executive Budget recommends All Funds cash disbursements of $7.04 billion, a decrease of $219 million, or 3 percent for all mental hygiene agencies (See Table 1).

Table 1

Proposed Changes in Mental Hygiene Spending for FY 2017 (Millions of Dollars)	
Annual State Operation Increases	98
Replacement of Balancing Incentive Program Federal Funding with State Funding	65
New Housing, Bed and Capital Spending	60
Growth in Services	45
Increased Community Services Resulting from Deinstitutionalization	32
0.2 Percent Medicaid Trend/COLA for NFPs	8
Increase in SOMTA Beds	3
Synthetic Drug Testing Devices	1
Miscellaneous	(5)
Increased Transfers to OITS	(27)
Savings from Deinstitutionalization	(47)
No 53rd Medicaid Cycle or 27th Pay Period	(168)
Increase to DOH Global Cap OPWDD Offset	(282)
Total	**(219)**

The Executive proposes Department of Health (DOH) spending of $1.2 billion in FY 2017 for Office for People with Developmental Disabilities (OPWDD) services, $1.15 billion in spending under the Global Medicaid Cap and an additional $42 million in other DOH offsets. The Executive proposes increasing the Department of Health offsets by $282.5 million in FY 2017. Additionally, FY 2016 included a 53rd payment for Medicaid and a 27th payroll, further reflecting costs in the previous fiscal year that were not captured in FY 2017. Adjusting for these and other factors, overall spending in Mental Hygiene actually is increasing by $260 million in FY 2017, or 3.3 percent.

Mental Hygiene Workforce

Table 2

Mental Hygiene FY 2017 Full-Time Equivalents (FTEs)			
Agency	FY 2016 Projected FTEs	Expected Change	FY 2017 Projected FTEs
OMH	14,400	(122)	14,278
OPWDD	18,637	(255)	18,382
OASAS	741	-	741
Justice Center	428	22	450
DDPC	18	-	18
Total	**34,224**	**(355)**	**33,869**

The FY 2017 Executive Proposal includes a total workforce in Mental Hygiene of 33,869, a decrease of 355 Full-Time Equivalents (FTEs)

(See Table 2). The deinstitutionalization in both Mental Health Psychiatric Centers and Developmental Centers is the primary cause for this decrease. There are new FTEs related to the expansion of the Sexual Offender Management and Treatment Act (SOMTA) program, establishing a separate correctional facility for youth through Executive Order Number 150 (Raise the Age), and increased investigations for the Justice Center. No layoffs are anticipated in FY 2017, all FTE decreases would be accomplished through attrition. The Executive proposes to continue pilot programs in OPWDD that utilize state employees to provide community services.

Department of Mental Hygiene

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

The Executive proposes a Cost of Living Adjustment (COLA), as required by Chapter 57 of the Laws of 2006. The Cost of Living Adjustment for FY 2017 would be 0.2 percent, based upon the Consumer Price Index. Additionally, the Executive proposes a Medicaid Inflationary Trend Factor for eligible developmental disability providers. The COLA and the trend factor would become effective April 1, 2016, with providers in the agencies receiving the following:

- OPWDD – $9.2 million, including the Federal Medicaid match
- Office of Mental Health (OMH) - $2.4 million
- Office of Alcoholism and Substance Abuse Services (OASAS) - $750,000

Social Worker Licensure Exemption

The Executive proposes a five-year extension of the social worker licensure exemption, until July 1, 2021. This applies to social and mental hygiene workers employed by certain 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 governments units, or social service districts. The Executive asserts that this legislation would avoid a direct cost of $325 million to the State and for entities licensed and regulated by the State. This cost is related to actions these entities would be required to take from new licensure requirements.

According to the Executive, this fiscal estimate does not contain unemployment costs resulting from the inevitable layoffs if the existing exemption is not extended. A one-year extension is included in the Executive's appropriation language for State Operations and Aid to Localities.

Temporary Operator Appointment

The Executive proposes to allow OMH and OPWDD to appoint a temporary operator for providers operating under their authority in specific circumstances, including fiscal difficulties, proper operations, or jeopardized access to services. A temporary operator would assume the sole responsibility for the provider's operations for a limited time period.

The temporary operator would be entitled to a reasonable fee as determined by the Commissioner. The initial term of appointment would be for 90 days, after which only one additional 90-day extension could be granted. The Executive does note that other legal options would remain available, such as the revocation of an operating certificate or the creation of a receivership in the case where the program or provider is unable to stabilize operations.

Clinical Records

The Executive proposes to allow State-operated facilities and facilities licensed by the Department of Mental Hygiene (OMH, OPWDD, and OASAS) to exchange clinical records of clients with managed care organizations, behavioral health organizations, health homes, or other entities authorized by the Department or DOH. The purpose would be to allow for the provision, arrangement, or coordination of health care services for individuals who are enrolled or receiving services from these organizations or entities.

Office of Mental Health

State Operated Psychiatric Centers

- The Executive, beginning in FY 2015, has pursued a course of reducing State-operated inpatient psychiatric beds and pre-investing those savings into community services. Through November 2015, the Executive has reduced 358 adult inpatient beds, and 89 children's beds (See Table 3).

Table 3

Office of Mental Health
State Operated Bed Reductions April 2014 - November 2015

Program	Facility	FY 2014 Funded Beds	FY 2015 Bed Reductions	FY 2016 Funded Beds	FY 2016 Bed Reductions	Current Funded Beds	Total Bed Reductions
Adult	Bronx	181	(25)	156	0	156	(25)
	Buffalo	183	(25)	158	(2)	156	(27)
	Capital District	136	0	136	(12)	124	(12)
	Creedmoor	344	(22)	322	0	322	(22)
	Elmira	72	(12)	60	(6)	54	(18)
	Greater Binghamton	90	(5)	85	(9)	76	(14)
	Hutchings	119	0	119	(2)	117	(2)
	Kingsboro	165	0	165	(4)	161	(4)
	Manhattan	230	(15)	215	0	215	(15)
	Pilgrim	385	(75)	310	(14)	296	(89)
	Rochester	145	(30)	115	(15)	100	(45)
	Rockland	430	(50)	380	(12)	368	(62)
	South Beach	300	0	300	(11)	289	(11)
	St. Lawrence	65	0	65	(12)	53	(12)
	W. Heights	21	0	21	0	21	0
	Total Adult	**2866**	**(259)**	**2607**	**(99)**	**2508**	**(358)**
Children and Youth	Buffalo	0	0	0	0	0	0
	Elmira	18	(2)	16	(2)	14	(4)
	Greater Binghamton	16	0	16	0	16	0
	Hutchings	30	(4)	26	(3)	23	(7)
	Mohawk Valley	30	0	30	(2)	28	(2)
	NY City Children's	172	(32)	140	(15)	125	(47)
	Rockland	54	(20)	34	(8)	26	(28)
	Sagamore	54	0	54	0	54	0
	South Beach	12	0	12	0	12	0
	St. Lawrence	28	0	28	(1)	27	(1)
	Western New York	46	0	46	0	46	0
	Total Children	**460**	**(58)**	**402**	**(31)**	**371**	**(89)**
	Total Adult and Children	**3,326**	**(317)**	**3,009**	**(130)**	**2,879**	**(447)**

- Through that same time period, the Executive has pre-invested or reinvested an annual amount of $53 million into community services, for 7,750 new individuals. Also, reinvestments resulting from State savings from the closure of Article 28 or 31 hospitals (general or private psychiatric) is required. When these reinvestments, as well as funding not yet allocated are taken into account, $75 million annually will be reinvested, resulting in new services for 9,864 individuals (see Table 4).

Table 4

Summary of Community Reinvestments by Geographical Area - November 2015

Geographical Region / Psychiatric Center	New Individuals Served	Annualized Reinvestment Amount ($)
Greater Binghamton / Elmira PCs	1,435	$ 8,128,853
Hutchings PC	624	$ 1,793,046
Long Island	856	$ 10,934,500
New York City	422	$ 11,707,722
Rochester PC	614	$ 5,925,865
St. Lawrence PC	1,366	$ 3,874,059
Rockland/Capital District PC	1,462	$ 4,738,614
Western New York / Buffalo CPC	971	$ 4,761,788
Forensic / Suicide Prevention	N/A	$ 1,500,000
Bed Reduction Reinvestment Total	**7,750**	**$ 53,364,447**
Article 28 and 31 Hospital Reinvestment*	2,114	$ 15,973,993
Unallocated FY 2016 Funding	N/A	$ 5,543,000
Grant Totals	**9,864**	**$ 74,881,440**

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

- The FY 2017 Executive Budget proposes an additional reduction of 100 adult or children's beds if a determination is made by the Executive that community services are sufficient to meet the needs of the population. The Executive estimates community services would increase by $16 million in FY 2017.
- There are no planned closures of State-operated psychiatric centers for FY 2017; 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.
- Additional Executive proposals are expected to reduce the total number of State-operated inpatient psychiatric beds include providing clinical services for OMH long-term stay patients who can be served in more appropriate clinical settings, and developing jail-based restoration to competency units. The Executive estimates that these proposals would result in an additional 100 adult and 25 forensic bed reductions.
- The total amount of proposed bed reductions is 225 adult, children's, and/or forensic beds.
- The Executive Budget appropriation language specifies the following:
  - Reduction limited to no more than 400 inpatient beds during FY 2017;
  - A consistent 90-day period of time that beds must remain vacant before any net reduction in funded capacity occurs;
  - Investment of a minimum of $110,000 by OMH to improve mental health services for each net reduction of inpatient beds that require community housing;
  - Investments to improve mental health services shall begin prior to the reduction in funding for inpatient beds, and
  - Monthly reports from OMH and OPWDD to the Chairs of the Legislative Fiscal Committees.

Jail Based Restoration to Competency

The Executive Budget proposal would 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 are only authorized at OMH psychiatric centers, OPWDD Developmental Centers, hospitals with psychiatrics units, or on an outpatient basis. The Executive estimates that this proposal would result in the reduction of 25 beds at State-operated mental health forensic psychiatric centers.

Counties, at their discretion, would be able to develop residential mental health units within their respective jails, without accessing care at State-operated forensic psychiatric centers. Since counties would no longer reimburse the State for this treatment, this proposal would result in long-term savings to counties. It is not clear if reinvestment would occur as a result of bed reductions in forensic units.

OMH Long-Term Care Patients

The Executive proposes that 100 long-term care patients currently residing in State-operated mental health facilities be served in more clinically appropriate settings. OMH would utilize either a Managed Long Term Care program with community support services, or a Skilled Nursing Facility to allow these individuals to transition from OMH inpatient services. This proposal is expected to result in the reduction of 100 State-operated inpatient beds in FY 2017. The Executive estimates that the new investments would be funded at $2.8 million in FY 2017 and the bed reductions would result in $5.2 million in savings. The Executive proposal does not include reinvestment into community services from bed reductions that result from an individual transferring to a Skilled Nursing Facility.

Mental Health Housing Initiatives
The Executive provides $50 million for new community residential opportunities. This includes full funding for 1,700 beds partially developed in FY 2016, and the creation of 2,000 new beds in FY 2017. The Executive also proposes $5 million in new funding to assist in the transition of 250 individuals with a diagnosis of mental illness from adult homes into community settings.

Children’s Mental Health Service Expansion
The Executive proposes to provide new Medicaid services for children including the following:

- Crisis intervention
- Community psychiatric support and treatment
- Psychosocial rehabilitation services
- Family peer support services
- Youth peer training and support services
- Other licensed practitioner services

The Executive proposes $7.5 million in funding in FY 2017, growing to $30 million for these services when fully annualized.

Raise the Age
To comply with Executive Order Number 150, which establishes a separate correctional facility for youth ages 16-17, OMH is required under the order to provide full time professional staffing for this facility. These staff must provide residential crisis treatment, residential day treatment, medication monitoring by psychiatric nursing staff, and potential commitment to central New York Psychiatric Center. The Executive proposes $500,000 for nine new FTEs to comply with this order.

Physician Loan Repayment
The Executive proposes $1.5 million for the making of physician loan repayment awards. Psychiatrists would be eligible for the awards if they meet the following criteria: work in hospitals or outpatient programs operated by

OMH, work in underserved areas, and agree to work for a five-year period.

Improvement of Service Quality

The Executive proposes that State-operated mental hygiene facilities and other providers implement and incentivize new activities and strategies to improve the quality of care in order to qualify for additional funding under the Delivery System Reform Incentive Payment program.

Comprehensive Psychiatric Emergency Program (CPEP)

The Executive Budget provides for a four-year extension, until July 1, 2020, of CPEP. CPEPs are OMH-licensed programs designed to directly provide or ensure the provision of a full range of psychiatric emergency services for a defined geographic area.

Exempt Incomes Recoveries

The Executive estimates continued savings of $3 million by extending the ability of OMH to recover Medicaid exempt income from community residence providers until June 30, 2019. This proposal has been extended on an annual basis since 2010.

Office for People with Developmental Disabilities

Closures and Downsizing

The Executive Budget proposal continues the plan to downsize the State-operated developmental center system (see Table 5). The Executive Budget would remove the remaining inpatient capacity of beds and close Bernard Fineson Developmental Center in Queens by March 31, 2017. The Executive also proposes to reduce the census in other remaining developmental centers.

The FY 2017 bed reductions are estimated to save $5.8 million in State funds. The Executive reinvests $3 million in State funds in new community services to facilitate the planned downsizing. The Executive estimates 52 individuals from State-operated developmental centers and 100 individuals in Intermediate Care Facilities would transition to living in not-for-profit operated community housing.

Table 5

Changes in OPWDD Development Centers through September 2015

Developmental Center	May 2014 Census	September 2015 Census	Census Change	Status of Facility
Bernard Fineson	133	114	(19)	Closing March 31 , 2017
Brooklyn	202	23	(179)	Closed December 31, 2015
Broome	101	55	(46)	Closing March 31, 2016
O.D. Heck	26	0	(26)	Closed March 31, 2015
Valley Ridge for Intensive Treatment**	44	48	4	Remaining Open
Sunmount**	182	169	(13)	Remaining Open
Total	688	409	(279)	

* The Executive has confirmed the closure of Brooklyn

** The stated goal of the Executive is 150 remaining beds after deinstitutionalization is completed

New OPWDD Service Opportunities

The Executive Budget provides $60 million in State funds, with a Federal match of an additional $60 million, in FY 2017 to support expanded services throughout OPWDD's continuum of care. These services would include certified and non-certified residential opportunities, day programs, employment, case management, and respite services. This level of support would provide approximately 6,000 new or expanded opportunities. Additionally, the Executive continues $2 million in funding, with a Federal match of $2 million, for the development of new service opportunities for individuals with disabilities that are currently living at home and whose caregivers are unable to continue caring for them.

Affordable Housing

The Executive proposes a $10 million increase in capital funding ($15 million total) to support the development of affordable housing for individuals with intellectual and/or developmental disabilities.

Crisis Intervention

The Executive proposes $15 million in new annual funding to expand upon the Systematic Therapeutic Assessment, Respite and Treatment (START) programs. START is a crisis and prevention response model focused on ensuring effective treatment and reducing dependency on higher levels of service. This funding will be used to expand the program outside its current geographical areas.

Balancing Incentive Program Offsets

The Executive Budget includes $65 million in new State funding in FY 2017 to offset the loss of previous year funding received from Federal Balancing Incentive Program transformation grants in order to continue programs started using this funding.

Transformation Agenda

A Transformation Panel was formed in 2015 to assist in shaping the future of the OPWDD system. The formal recommendation will be released in February of 2016. The Executive has stated that OPWDD will implement the recommendation of the transformation panel, however, no details of how this will be accomplished is currently available.

Office for Alcoholism and Substance Abuse Services

Heroin Crisis

The Executive Budget includes $141 million funding to address the heroin and opiate epidemic. Of the $141 million, only $6 million is new funding, which would be used to implement the following:

- Family support navigators
- On-call peers
- Adolescent clubhouses
- Recovery community and outreach centers
- Treatment availability tool
- Kitchen table toolkit and Talk2Prevent

Existing services have been restructured within OASAS to address the heroin epidemic. Information is not available on what services have been changed, altered, or eliminated within OASAS in order to accomplish this restructuring.

Housing

The Executive provides $3 million in new funding in FY 2017 to increase housing and community capacity. This includes 170 supportive housing opportunities for homeless families under New York/New York III. An additional 130 new beds will be developed in Suffolk, Albany, and Westchester counties, as well as the Southern Tier in order to combat heroin addiction.

Synthetic Drug Testing

The Executive Budget provides $1 million in new capital funding for law enforcement to purchase hand-held synthetic drug testing devices.

Financing Eligibility

The Executive proposes to authorize OASAS licensed treatment facilities that provide alcohol, substance abuse and or chemical dependency services to also operate as traditional physical health care clinics, while also remaining eligible for Dormitory Authority of the State of New York financing of infrastructure projects.

Justice Center for the Protection of People with Special Needs

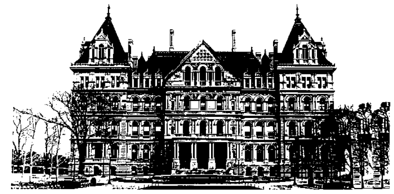
The Executive Budget proposal includes $42.7 million in disbursements for the Justice Center, which includes an increase of $600,000 related to a transfer of 10 Intermediate Care Facilities Investigation FTEs from OPWDD to the Justice Center.

Developmental Disabilities Planning Council

The Executive proposes $4.2 million in disbursements in FY 2017, which reflects no changes from the current fiscal year.

Mental Hygiene Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2016**	**Proposed FY 2017**	**Change Amount**	**Percent**
Office of Mental Health	3,379,831	3,369,110	(10,721)	-0.32%
Office for People With Developmental Disabilities	3,240,707	3,022,756	(217,951)	-6.73%
Office of Alcoholism and Substance Abuse	594,403	603,577	9,174	1.54%
Developmental Disabilities Planning Council	4,200	4,200	0	0.00%
Justice Center for the Protection of People with Special Needs	41,922	42,671	749	1.79%
Totals:	**7,261,063**	**7,042,314**	**(218,749)**	**-3.01%**

Human Services Fact Sheet



- The Executive Budget proposes All Funds spending of $8.9 billion, a reduction of $105 million or 1.2 percent from FY 2016.

Office of Children and Family Services (OCFS)

Raise the Age of Juvenile Jurisdiction:

- Raises the age of juvenile jurisdiction from age 16 to age 17 on January 1, 2018 and to age 18 on January 1, 2019.
- Raises the lower age of juvenile jurisdiction from age seven to age 12 for all offenses except homicide, for which the age would be raised to ten.
- Creates new Youth Parts in Superior Court to process Juvenile Offender cases and originates cases involving serious crimes, including violent felonies, class A felonies, homicide offenses, sexually motivated felonies, terrorism, felony vehicular assaults, aggravated criminal contempt, and conspiracy to commit any of the above or related tampering with a witness.
- Extends the current ability to have cases against juveniles removed to Family Court to cases involving 16 and 17 year-olds in the Youth Part, and allows cases involving certain more serious offenses to be removed to Family Court upon consent of the District Attorney.
- Prohibits confinement of any minor in adult jail or prison and prohibits detention and placement for youth who are assessed as low-risk, per risk assessment, in first or second-time misdemeanor cases not involving harm to another person, and for youth who have probation violations that do not involve crimes.
- Expands the current juvenile practice regarding parental notification of arrest and the use of Office of Court Administration approved rooms for questioning of 16 and 17 year-olds by police.
- Mandates diversion attempts for misdemeanor cases that have been assessed as low-risk per risk assessment.
- Allows for additional time for probation adjustment in order to access necessary services, establishes family engagement specialists to facilitate adjustment, and provides for the issuance of orders of protection while adjusting a case.
- Establishes Family Support Centers to provide comprehensive services to children at risk of Persons in Need of Supervision (PINS) adjudication and their families.
- Prohibits the use of detention in PINS proceedings and authorizes foster care placements only in cases involving sexually exploited youth, effective January 1, 2019.

- Uses determinate sentencing for youth sentenced as a Juvenile or Youthful offender, including 16 and 17 year-olds.
- Requires a period of post-release supervision for Juvenile Offenders who are released from OCFS facilities.
- Allows records of certain convictions to be sealed by a judge after at least ten years have elapsed and provided the individual making application has not been convicted of any additional crimes.
- Authorizes 100 percent State reimbursement to local social service districts for their added costs for probation and providing services to 16 and 17 year-olds, and waives reimbursement for placement of 16 and 17 year-olds with OCFS.

Other Children and Family Budget Action Highlights:

- Provides $1.4 million in support of a Cost of Living Adjustment for Human Services workers.
- Provides $10 million for increased child care provider inspections as required by the Federal Child Care and Development Block Grant Act of 2014.
- Provides $4.5 million for Runaway and Homeless Youth Act Programs, maintaining additional funds that were added by the Legislature in FY 2016.

Office of Temporary and Disability Assistance (OTDA)

Empire State Poverty Reduction Initiative

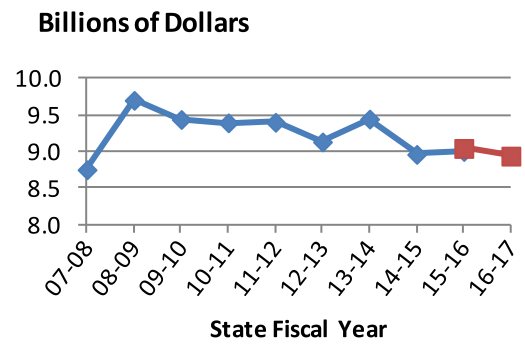
- Includes $25 million in new funding to support anti-poverty initiatives across upstate.
- Provides planning grants of $500,000 to each of ten upstate cities.
- Makes $20 million available to provide matching funds to leverage private sector and foundation funding for initiatives designed to reduce poverty and increase social mobility.

Multi-Year Homeless and Affordable Housing Plan

- Provides $20 billion over five-years to expand homeless and affordable housing across the State.
- Calls for the creation of 6,000 supportive housing units for formerly homeless individuals, with a total of 20,000 new units constructed over the next 15 years.
- Provides for the creation of 1,000 new emergency homeless shelter beds.
- Creates or preserves 100,000 units of affordable housing across the state.

HUMAN SERVICES

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	9,042	8,937
Annual Growth Rate	0.9%	-1.2%
5 Year Average Growth (Actual)		-1.0%



The State Fiscal Year (FY) 2017 Executive Budget recommends a decrease in All Funds cash disbursements of $105.5 million, or 1.2 percent, for all human services agencies.

Office of Children and Family Services (OCFS)

The FY 2017 Executive Budget provides $3.9 billion in All Funds appropriation support, a decrease of $124.2 million, or 3.1 percent from FY 2016. The change reflects decreases of: $100 million in general fund support for child care subsidies, $5.1 million in support of child care unionization agreements in accordance with contractual obligations, $5.4 million from the elimination of additional juvenile detention reimbursements related to raise the age, $2.9 million for retroactive juvenile detention bills as a result of decreased backlog, $20.8 million from the elimination of Legislative initiatives and $1.4 million in miscellaneous reductions.

These decreases are offset by an increase of $10 million in state operations funding for increased child care provider inspection activity and $1.4 million in support of the Human Services COLA.

The Executive anticipates a net staffing increase of 79 Full-Time Equivalent positions (FTEs), from 2,875 to 2,954. This increase primarily reflects an increase of 13-14 FTEs at the Human Services Call Center to handle increased call volume from additional phone lines recently taken over from other agencies, with the remainder reflecting additional direct-care staff at OCFS youth facilities.

The Executive includes language in the State Operations budget that would provide an exemption from licensure requirements for individuals to practice Mental Health Counseling, Marriage and Family Therapy, Creative Arts Therapy, Psychoanalysis, Psychology and Social Work in programs regulated, operated or funded by the agency during FY 2017. This same exemption was previously extended in FY 2014.

Raise the Age of Juvenile Jurisdiction

The FY 2017 Executive Budget proposal once again includes Article VII legislation to raise the age of juvenile jurisdiction and enact overall juvenile justice reforms. The current proposal is substantially similar to that from last year, though some minor changes have been made to reflect concerns that were raised during previous negotiations.

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

More detailed information about this proposal can be found in the Senate Issue in Focus on Criminal Justice Reforms in section two of this report and the Article VII summary in the Appendix.

Implementation of the Human Services Cost of Living Adjustments (COLA)

The Commissioner of OCFS is required by statute to establish an annual COLA for various programs administered by the Office, subject to available funding. Originally enacted in 2006, the lack of available State resources in recent years has resulted in the COLA largely being delayed since 2008.

The statutorily required COLA for FY 2017 is 0.2 percent and the Executive Budget includes $1.4 million to support this increase across multiple programs, including the Foster Care Block Grant, Adoption subsidies, Committee on Special Education maintenance, Home and Community Based Services Waiver, Bridges to Health and NY/NY III.

Continued Implementation of the Close to Home Initiative

The Close to Home Initiative, enacted as part of the FY 2013 budget, required the transfer of custody of all New York City (NYC) youth placed in non-secure and limited secure facilities from OCFS to NYC, pursuant to a plan developed by NYC and approved by OCFS. NYC youth placed in secure residential facilities will remain in the custody of OCFS. NYC is responsible for developing their own juvenile justice system to provide a combination of community services, supervision and residential placement to youth in their custody. OCFS is responsible for oversight, monitoring and licensing of the NYC system.

Close to Home Phase I involved the physical transfer of custody for young people in non-secure placements from OCFS to NYC and was completed in June of 2013. Phase II involves NYC taking over new admissions for young people in limited-secure placements and began in November 2015. The Executive expects full implementation of Phase II in FY 2017.

Child Care Program

The FY 2017 Executive Budget recommends a total of $902 million in combined Child Care Block Grant (CCBG) funding, representing no change from FY 2016. The Executive proposal includes a decrease of $100 million in general fund support in OCFS, which is offset by an equal increase in Temporary Assistance for Needy Families (TANF) support in the Office of Temporary and Disability Assistance. More than 234,000 children receive child care subsidies annually.

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 programmatic changes that the Division of the Budget estimates will cost approximately $90 million to implement. These costs represent an unfunded mandate from the Federal government, as no new funding has been provided to implement these changes.

Currently, New York receives approximately $309 million in federal CCDBG funding.

Among the new requirements is the extension of annual inspections to child care providers that were previously exempt from such requirements. The FY 2017 Executive Budget includes a $10 million increase in State Operations funding in support of these activities. The full annual cost of this requirement is estimated to be $22 million.

Although not addressed in the Executive Budget proposal, the new federal law will also subject child care workers to enhanced training and criminal background check requirements. Compliance with these new requirements will result in an estimated $28 million and $24 million, respectively, in new costs. The Executive has indicated that these costs are likely to be borne by child care providers.

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

Draft federal regulations were released in late December 2015 and are currently in the public comment period. State-level implementation of the new requirements is ongoing, with OCFS expected to release its draft three-year child care plan for public comment in late January 2016. The plan must be submitted no later than March 1, 2016 and would become effective on June 1, 2016.

Child Care Unionization

In accordance with the State's multi-year contractual commitment, the FY 2017 Executive Budget includes $2.5 million in funding for the United Federation of Teachers (UFT) for professional development, and $5 million for grants to improve the quality of child care, a net increase of $1 million from FY 2016.

As provided in the State's multi-year agreement with the Civil Service Employees Association (CSEA), $2.2 million is provided for professional development and $4.1 million for quality improvement grants, a net decrease of $6.1 million from FY 2016.

Family and Children's Services Program

Child Welfare Services

Child Welfare Services funding provides local social service districts with an open-ended 62 percent reimbursement for child preventive, child protective and after care services to prevent or reduce foster care placements. The Executive recommends continued General Fund support of $635.1 million for child welfare services.

Foster Care Block Grant (FCBG)

The Executive Budget recommends $445.5 million for the Foster Care Block Grant, an increase of $674,000 over FY 2016. The increase reflects the cost associated with implementation of the human services COLA.

Adoption Assistance

The FY 2017 Executive Budget maintains the current State share of adoption subsidies at 62 percent, and provides an increase in funding of $225,000 in support of the Human Services COLA.

Additionally, $5 million in State savings resulting from the Federal government assuming a greater share of adoption assistance costs would be invested in post-adoption and preventative services for children at risk of entering foster care, in accordance with Federal law.

Runaway and Homeless Youth Act Programs

In FY 2016, the Executive provided baseline funding for Runaway and Homeless Youth Act Programs of $2.4 million, which was supplemented by $2.1 million in funds added by the Legislature in the Adopted Budget, for a total of $4.5 million. The FY 2017 Executive Budget maintains this funding level.

Article VII Summary

Federal Preventing Sex Trafficking and Strengthening Families Act Compliance

The Federal Preventing Sex Trafficking and Strengthening Families Act was signed into law on September 29, 2014. The FY 2016 Adopted Budget included Article VII legislation enacting numerous statutory changes that were necessary for the State to comply and continue receiving approximately $600 million in federal funding.

During the summer of 2015, the Federal Administration for Children and Families issued further guidance on the law. The FY 2017 Executive Budget includes Article VII legislation necessary to bring New York into compliance.

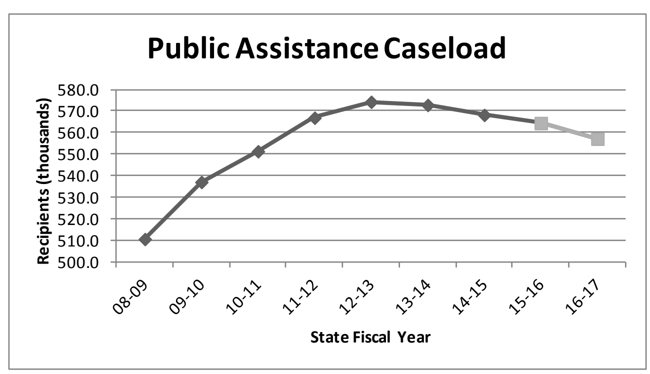
Office of Temporary and Disability Assistance (OTDA)

The FY 2017 Executive Budget provides $5.6 billion in All Funds appropriations, an increase of $150 million from current levels. The change reflects increases of: $100 million in TANF support for child care subsidies, $40 million in increased appropriation authority related to updated public assistance caseload projections, $13.5 million for activities to combat homelessness, $16 million for increased nutrition outreach activities, $1 million for Summer Youth Employment, and $1.3 million in state operations in relation to the above. These increases are offset by a decrease of $21.8 million resulting from the elimination by the Executive of Legislative initiatives. The Executive anticipates no change in the FY 2016 workforce level of 1,953 FTEs.

Temporary and Disability Assistance Program

New York State receives a $2.4 billion block grant allocation from the Federal government as a result of the 1997 Welfare Reform Act. The Executive utilizes Federal TANF funds to support the State's public assistance caseload, and historically, to provide a variety of support services to eligible families.

Public Assistance Caseload



Caseload began increasing in FY 2009 as a result of increased unemployment rates due to the recession. As the economy has improved, caseload began to decline in FY 2013 and is projected to continue declining through FY 2017. The Executive Budget projects total caseload of 557,159 in FY 2017, a decrease of 7,279, or 1.3 percent, from the current year revised estimate of 564,438 cases.

Elimination of Temporary Assistance for Needy Families (TANF) Initiatives

The FY 2017 Executive Budget proposes the elimination of $19.4 million in Legislative TANF initiatives, as follows:

- ACCESS-Welfare to Careers ($800,000)
- ATTAIN ($4 million)
- BRIDGE ($102,000)
- Career Pathways ($1.5 million)
- Centro of Oneida ($25,000)
- Child Care CUNY ($141,000)
- Child Care Facilitated Enrollment - Upstate ($2.7 million)
- Child Care Facilitated Enrollment – NYC ($5.7 million)
- Child Care SUNY ($193,000)
- Community Solutions to Transportation ($112,000)
- ESL/Adult Literacy ($250,000)
- Emergency Homeless Needs ($1 million)
- Preventive Services ($1.57 million)
- Rochester-Genesee Regional Transportation Authority ($82,000)
- Strengthening Families Through Stronger Fathers ($200,000)
- Wage Subsidy ($950,000)
- Wheels for Work ($144,000)

The Executive proposes to increase funding for the Summer Youth Employment program by $1 million, from $30 million to $31 million, to cover increased costs resulting from the December 31, 2015 increase in the minimum wage.

Empire State Poverty Reduction Initiative

The FY 2017 Executive Budget includes $25 million in new funding to support anti-poverty initiatives across upstate New York. Planning grants of $500,000 will be distributed to each of ten upstate cities. In addition, $20 million will be available to provide matching funds to leverage private sector and foundation funding for initiatives designed to reduce poverty and increase social mobility.

The following cities were selected for the program based on the local concentration of poverty: Syracuse, Binghamton, Oneonta, Buffalo, Utica, Elmira, Jamestown, Oswego, Troy and Albany.

Affordable and Homeless Housing Plan

The Executive has announced a $20 billion, five-year capital plan to expand homeless and affordable housing across the State. The plan calls for the creation of 6,000 new supportive housing units and 1,000 new emergency shelter beds to combat homelessness. Over 15 years, the State will add a total of 20,000 new supportive housing units, building upon the 44,000 units that currently exist. Information on the affordable housing portion of the plan can be found under the Division of Housing and Community Renewal in the Environmental Conservation, Agriculture and Housing section of this report.

Specific details regarding the financing of this plan were not available as of the time of this publication.

Article VII Summary

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

The FY 2017 Executive Budget includes Article VII legislation that would authorize the Supplemental SSI Federal COLA pass-through. This language sets forth the actual dollar amounts for the 2016 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 2017. Similar legislation has been enacted each year since 1984.

Division of Human Rights

The FY 2017 Executive Budget provides All Funds appropriation support of $18 million, representing no change from the current year. The Executive also recommends maintaining the current staffing level of 164 FTEs.

Division of Veterans' Affairs

The FY 2017 Executive Budget provides $17.5 million in All Funds appropriation support, a decrease of $1.75 million from the current year. This decrease can be attributed to the elimination of Legislative initiatives by the Executive, as follows:

- VFW – Buffalo ($50,000)
- VFW – New York City ($75,000)
- New York State Vietnam Veterans ($25,000)
- Veterans Justice Project ($100,000)
- SAGE Veterans Project ($100,000)
- Warrior Salute ($200,000)
- Legal Services of the Hudson Valley Veterans Advocacy Project ($200,000)
- Additional funding for the Monroe County Veterans Outreach Center, Inc. ($250,000)
- American Legion Indigent Burial Expenses ($250,000)
- NYS Defenders Association Veterans Defense Program ($500,000)

The Executive anticipates no staffing level changes, maintaining 98 FTEs for FY 2017.

Office of the Welfare Inspector General

The FY 2017 Executive Budget provides $1.3 million in All Funds appropriation support, an increase of $100,000 from the current year, which is attributable to an increase in Federal Funds related to the potential receipt of seized assets from investigations. The Executive anticipates no staffing changes, maintaining a level of seven FTEs for FY 2017.

Department of Labor

The FY 2017 Executive Budget recommends an All Funds spending amount of $569 million, an increase of $2.6 million or .5 percent from FY 2016. **This excludes disbursements from the Unemployment Insurance (UI) Benefit Fund.**

State Operations

The Executive Budget recommends an All Funds State Operations spending amount of $296 million, an increase of approximately $1.8 million or .6 percent. The proposed cash spending in General State Charges is approximately $115 million, an increase of 3.6 million or 3.2 percent, which reflects overall increases in pension and health insurance costs.

Aid to Localities

The Executive Budget recommends All Funds, Aid to Localities spending of $158 million, a decrease of approximately $8 million or 4.8 percent. This primarily reflects the cash value of eliminating the following FY 2016 Legislative initiatives:

- North American Logger School at Paul Smith's College, $300,000
- New York Committee on Occupational Safety and Health, $350,000
- Displaced Homemaker Program, $1.6 million
- Chamber On-The-Job Training Program, $980,000
- Long Island Office on Occupational Safety and Health (NYCOSH), $155,000
- Building Trades and Pre-Apprenticeship Program (BTPAP), Rochester, $200,000
- BTPAP, Western New York, $200,000
- BTPAP, Nassau County, $200,000
- Jubilee Homes, Syracuse, 310,000
- Workforce Development Institute, $2 million
- Rochester Tooling and Machining Institute, $50,000
- Hillside Works, $100,000
- Summer of Opportunity Youth Employment Program, Rochester, 300,000
- American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Cornell Leadership Institute, $150,000
- AFL-CIO Cornell University Domestic Violence Program, $150,000
- Brooklyn Chamber of Commerce, $500,000
- Brooklyn Goes Global and related programs administered by the Brooklyn Chamber of Commerce, $500,000
- Western New York Council on Safety and Health (WNYCOSH), 200,000
- Worker Institute at the Cornell School of Industrial and Labor Relations; $400,000
- Workforce Development Institute Manufacturing Initiative, $3 million
- Team STEPPS at St. John Fischer, $50,000
- The Solar Energy Consortium (TSEC), $500,000
- Office of Adult and Career Education Services (OACES), $30,000
- Youth Build, $300,000
- Midwood Development Corporation, $125,000

Workforce Impact

The FY 2017 Executive Budget recommends a workforce of 2,992 full time equivalents (FTEs), which is unchanged from FY 2016.

Unemployment Insurance Program

The Executive Budget includes appropriation authority for the UI Benefit Fund in the amount of $3 billion, which represents a decrease of $650 million from FY 2016. This is primarily related to a decrease in UI benefit payments due to reduced utilization. The UI Trust Fund no longer has a deficit and there is no anticipated payment to the Federal government for the Interest Assessment Surcharge (IAS). Hence, the IAS appropriation has been reduced from $30 million to $5 million with no projected cash disbursements for FY 2017.

Article VII Summary

Minimum Wage (S.6406, Part K)

The Executive Budget proposes to increase the Minimum wage to $15.00 per hour phased in over the next five years. For further detail please refer to the Senate Issue in Focus on the Minimum Wage and the Article VII summary in the Appendix.

Paid Family Leave (S.6405, Part H)

The Executive Budget proposes a Paid Family Leave program financed by a tax on employees. For further detail please refer to the Senate Issue in Focus on Paid Family Leave and the Article VII summary in the Appendix.

Urban Youth Jobs Program (S.6406, Part L)

The Executive Budget proposes to increase the allocation for the Urban Youth Jobs Program tax credit from $20 million to $50 million and expand the program to additional areas of the State. For further detail please refer to the Article VII summary in the Appendix.

Binding Arbitration (S.6405, Part L)

The Executive Budget proposes to extend binding arbitration, in its current form, until July 1, 2019. For further detail please refer to the Article VII summary in the Appendix.

Apprenticeship Training Council (S.6406, Part J)

The Executive Budget proposes to modify the membership of the State Apprenticeship Training Council to include representatives from the State / City of New York community colleges or Boards of Cooperative Educational Services (BOCES). For further detail please refer to the Article VII summary in the Appendix.

Design Build

The Executive Budget proposes to authorize Design build for select projects, subject to a project labor agreement (S.6408, Part H) and to create the New York State Design and Construction Corporation (NYSDCC) to expand the scope of design build for public works undertaken by state entities (S.6405, Part I). For further detail please refer to the Article VII summary in the Appendix.

Workers' Compensation Board (WCB)

The FY 2017 Executive Budget recommends an All Funds spending amount of $206.7 million, an increase of $10.2 million or 5.2 percent from FY 2016.

The cash increase is attributed to capital spending. 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 plans to disburse $15 million through FY 2017 ($5 million from FY 2016 and $10 million in FY 2017).

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

Workforce Impact

The Board's workforce of 1,165 FTE remains unchanged.

Article VII Summary

Workers' Compensation Reform (S.6405, Part G)

The Executive Budget proposes Workers' Compensation Reform which would include measures to streamline the administrative process and create a new pooling agreement to increase the liquidity of employer reserves.

Miscellaneous

Office of National and Community Service

The FY 2017 Executive Budget provides $30.7 million in All Funds appropriation support, unchanged from the current year. The Executive anticipates no staffing change, maintaining the current level of 10 FTEs.

Pay For Success Contingency Reserve

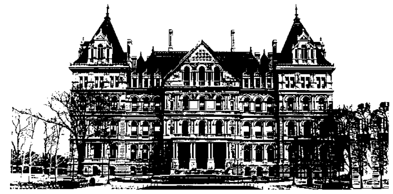
The FY 2017 Executive Budget maintains the current level of $69 million in appropriation authority. This will provide continued support for the ongoing project, announced in December 2013, which provides training and employment services aimed at reducing recidivism among former inmates, and for two new projects that are currently being negotiated.

The projects under negotiation would provide nurse home-visiting services to first-time expectant, low-income mothers in order to improve pregnancy outcomes, child health, development, and self-sufficiency, and would provide diversion alternatives to Probation Officers and Family Court Judges for placement and detention of high-risk youth. Both are expected to begin operation during FY 2017.

Human Services
Proposed Disbursements - All Funds
(Thousands of Dollars)

Agency	Estimated FY 2016	Proposed FY 2017	Change Amount	Percent
Children and Family Services	3,192,639	3,046,761	(145,878)	-4.57%
Temporary and Disability Assist.	5,034,761	5,069,515	34,754	0.69%
Welfare Inspector General	672	672	0	0.00%
Department of Labor	571,164	568,558	(2,606)	-0.46%
Workers' Compensation Board	196,459	206,679	10,220	5.20%
Division of Veterans' Affairs	17,463	15,546	(1,917)	-10.98%
Division of Human Rights	14,266	14,226	(40)	-0.28%
National and Community Service	14,909	14,909	0	0.00%
Totals:	**9,042,333**	**8,936,866**	**(105,467)**	**-1.17%**

General Government and Local Assistance Fact Sheet



Overview

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

- New York State will not amortize pension costs for FY 2017.

- The FY 2017 Executive Budget does not propose a change in the appropriation authority, cash disbursements or allocation of Video Lottery Terminal (VLT) aid to municipalities.

Executive Program Reductions and Eliminations

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

New Programs

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

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

- The Procurement Stewardship Act and the Procurement Lobbying Law are set to expire in 2016 and the Executive proposes to make them permanent.

- The Executive proposes a joint resolution to amend the New York State Constitution to provide that a public official who is convicted of a crime related to public office would forfeit their pension.

- The Executive proposes a $20 million restructuring award to be granted to the local government that creates a consolidation program yielding the highest permanent tax savings.

GENERAL GOVERNMENT & LOCAL GOVERNMENT ASSISTANCE

All Funds Disbursements (Millions of Dollars)	Estimated FY 2016	Projected FY 2017
Cash	7,580	7,907
Annual Growth Rate	4.5%	4.3%
4 Year Average Growth (Actual)		3.7%

Summary

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

The FY 2017 Executive Budget recommends All Funds Cash Disbursements of approximately $7.9 billion for General Government Agencies, General State Charges and Local Government Assistance. This represents a year-over-year increase of $326 million or 4.3 percent over FY 2016 levels. The majority of the increase can be attributed to General State Charges ($272 million) and Information Technology ($155 million) with offsetting reductions in Financial Services ($18 million), Local Government Assistance ($40 million), the Gaming Commission ($29 million) and the State Board of Elections ($20 million).

The following General Government Agencies are projected to have flat Year-Over-Year All Funds Cash Disbursement Growth in FY 2017:

- Executive Chamber
- Office of Lt. Governor
- Office of Employee Relations
- Public Employment Relations Board
- Division of Tax Appeals
- Statewide Financial System (SFS)

Alcoholic Beverage Control

The FY 2017 Executive Budget recommends All Funds spending of $12.8 million, a decrease of $4.6 million or 26 percent over the current FY 2016 level of $17.4 million.

The cash spending reductions reflects that the agency will no longer be funded with special revenue funds and is now funded through the General Fund. This change reduces appropriation authority by $4.8 million or 26.3 percent over the prior year as all fringe and indirect costs will be transferred to General State Charges. The year-over-year appropriation remains flat at $13.3 million for other personal and non-personal agency expenses.

Department of Audit and Control

The FY 2017 Executive Budget recommends All Funds spending of $184.7 million, an increase of $7.5 million or 4.2 percent over the current FY 2016 level of $177.2 million.

This increase is primarily driven by $4.6 million in new Capital Funds to upgrade the Department's PayServ system which maintains the payroll data for the State workforce.

The Department's Operating Budget also reflects an increase of $1.5 million for an additional 21 Full Time Equivalent (FTE) positions. Nine would be auditors in the Office of Unclaimed Funds, another eight auditors for the State's Medicaid Program, and four for the proposed upgrade to the State's payroll system (PayServ).

The remaining $1.4 million of the increase is associated with $1.3 million in increased rent costs for the Department's data center in Rensselaer Technology Park and $100,000 in General State Charges (GSC).

Division of the Budget (DOB)

The FY 2017 Executive Budget recommends All Funds appropriation of $50.1 million, this represents a decrease of $527,000 or 1.37 percent over FY 2015. This reduction reflects the elimination of $527,000 for membership dues to the Council on State Government, National Conference of State Legislators, and the National Conference of Insurance Legislators.

Department of Civil Service

The FY 2017 Executive Budget proposes an All Funds appropriation spending level of $55.4 million, a $4.5 million increase over FY 2016 levels. This increase is attributed to the following changes in the Internal Service Fund:

- $3.8 million for additional pre-employment health examinations; and
- $700,000 to support Office of State Comptroller audits of the State's health insurance program.

Joint Commission on Public Ethics

The FY 2017 Executive Budget recommends All Funds spending of $5.5 million, which is unchanged from FY 2016 levels. Personal service increases by $300,000 and non-personal service decreases by an equivalent amount. This is due to costs related to a staffing increase in the prior year and corresponding adjustments related to the operational needs of the Commission.

Article VII. The Executive Budget is proposing various ethics related reforms. See Section Three for a summary of Article VII Legislation.

State Board of Elections (BOE)

The FY 2017 Executive Budget proposes All Funds spending of $8.5 million, which is a decrease of $19.94 million, or 71 percent from FY 2016 levels. This is primarily due to non-recurring spending of $17.28 million from the federally funded Help America Vote Act as well as $1.8 million of non-recurring spending on local assistance grants. Excluding the items above, spending decreased $860,000, or 9.1 percent. The majority of this remaining decrease, results from $600,000 that was spent in the prior fiscal year on IT upgrades. The Financial Plan includes $111 million in FY 2019 spending most likely associated with the Executive's public campaign finance proposal.

Article VII. The Executive Budget recommends a publicly financed political campaign program and would institute stricter contribution limits and rules for statewide, Senate and Assembly candidates. Additionally the Executive proposes to authorize early voting for twelve days prior to all general, primary, and special elections as well as the creation of a Department of Motor Vehicles (DMV) voter registration program in which DMV customers would be registered to vote by default unless they opt out. For further detail please refer to Section Three for a summary of Article VII Legislation.

Department of Financial Services (DFS)

The FY 2017 Executive Budget recommends All Funds spending of $357 million, a decrease of $18 million or 4.8 percent from FY 2016.

The decrease is driven by a $19.5 million reduction in the Insurance Program which reflects a reduction in Healthy NY and Direct Pay spending and lapsing of the Entertainment Workers' Subsidy as these functions are transferred to the Health Exchange. This decrease is offset by approximately $2 million in additional spending related to salary growth.

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

Article VII.

Early Intervention. The FY 2017 Executive Budget recommends significant changes to the Early Intervention Program (EI). Included among these are changes in how insurance companies reimburse EI providers. For further detail please refer to Section Three for a summary of Article VII Legislation (S.6407 Health and Mental Hygiene (HEALTH) Part E).

Excess Medical Malpractice. The FY 2017 Executive Budget proposes to make changes to the premiums paid to insurers for Excess Medical Malpractice Insurance and to eligibility for participating in the program. For further detail please refer to Section Three for a summary of Article VII Legislation (S.6407 Health and Mental Hygiene (HEALTH) Part C).

Gaming Commission

The Executive Budget recommends $240 million in All Funds appropriation authority, an increase of $2.2 million or 0.9 percent from FY 2016.

The spending would be allocated as follows:

- $30.8 million increase for local assistance related to Tribal State Compact Revenue;
- $975,000 increase within the Gaming Commission Administration General Fund for lease increases, capital improvement, and the continuation of an uninterruptable power system;
- $988,700 increase for the administration of commercial gaming personnel pending the development of commercial gaming at Lago;
- $42,000 increase due to a re-estimation of the Special Revenue Funds;
- $416,000 decrease from the Video Lottery Terminal Administration for operational efficiencies; and,
- $30.2 million reduction attributed to the onetime payment of the commercial casino licensing fee.

This reduction in the local share of the State's revenues from commercial gaming license fees received in FY 2016 is a result of the decrease in grants to local governments. The reduction can be attributed to the onetime payment of the commercial casino licensing fee of $30.2 million. However, this reduction is offset by an $30.8 million increase to Tribal State Compact Revenue for local assistance.

Commercial Gaming

Pursuant to statute, ten percent of the revenue that the State receives from commercial gaming, including licensing fees, must be distributed to the local government hosting the commercial casino and an additional ten percent to the non-host county. In December of FY 2016, the Gaming Commission approved three commercial casinos licenses (Montreign Resort Casino, Rivers Casino & Resort at Mohawk Harbor and Lago Resort and Casino). The Executive anticipates a fourth commercial casino license (Tioga Downs) will be approved in FY 2017. The Executive anticipates the local commercial casino licensing revenue distribution for host municipalities and non-host counties will be as follows:

Commercial Gaming Licensing Fees Distribution		
Host Aid	FY 2016	FY 2017
Region 1 Montreign	5,100,000	0
Region 2 Rivers Casino	5,000,000	0
Region 5 Lago and Tioga	5,000,000	2,000,000
Regional Aid		
Region 1 Montreign	5,100,000	0
Region 2 Rivers Casino	5,000,000	0
Region 5 Lago and Tioga	5,000,000	2,000,000
Total	**30,200,000**	**4,000,000**

Tribal State Compact

The Executive estimates an increase in local revenue sharing of Native American Gaming proceeds of $30.8 million or 33.6 percent over FY 2016. The increased revenue is attributed to the June 2015 opening of the Yellow Brick Road Casino by the Oneida Nation along with increased activity at Turning Stone and the anticipated final gaming agreement with the Mohawk Nation. The projected local Tribal State Compact revenue distribution for host and non-host municipalities for FY 2016 and FY 2017 is as follows:

Tribal State Compact Lcoal Revenue Sharing		
Host Aid	**FY 2016**	**FY 2017**
Seneca Niagara	22,300,000	24,800,000
Seneca Allegany	9,100,000	11,200,000
Seneca Buffalo Creek	7,500,000	9,500,000
Mohawk	6,600,000	14,400,000
Oneida	21,700,000	29,900,000
Regional Aid		
Seneca Niagara	8,900,000	9,900,000
Seneca Allegany	3,600,000	4,500,000
Seneca Buffalo Creek	3,000,000	3,800,000
Mohawk	2,700,000	5,800,000
Oneida	6,300,000	8,700,000
Total	**91,700,000**	**122,500,000**

Host: Seneca - Cattaraugus, Salamanca, Buffalo, Niagara Falls
Host: Oneida - Oneida Host: Mohawk Franklin, St. Lawrence
Genesee, Livingston, Monroe, Niagara, Ontario, Orleans,
Lewis, Madison, Onondaga, Oswego, Otsego
Non-host: Mohawk - Clinton, Essex, Hamilton, Jefferson,

Office of General Services (OGS)

The FY 2017 Executive Budget recommends All Funds Appropriations of $1.13 billion, a decrease of $140 million or 1.16 percent from FY 2016. The All Funds appropriation decrease of $140 million from the FY 2016 Budget reflects a reduction in capital appropriations of $152 million for the Harriman Campus Strategic Action Plan offset by a $7.8 million increase for the expansion of enterprise services, and a $4.3 million increase for the annualization of Business Services Center transfers.

The Executive Budget recommends a workforce level of 1,869 FTE's, an increase of 115 FTE's from the 2016 level and reflects employee transfers from other agencies into the OGS Business Services Center.

General State Charges (GSC)

The FY 2017 Executive Budget recommends All Funds spending of $4.8 billion, an increase of $272 million or six percent.

The components of the $272 million spending increase are:

- $217 million for increased prescription drug costs in the New York Health Insurance Plan (NYSHIP);

- $181 million for pensions, primarily attributable to the increase in the amortization rate associated with prior pension amortizations, **the State will not amortize pension costs for FY 2017;**

- $97 million in savings attributed to offsetting increasing Workers' Compensation costs for State employees by transferring $140 million to General State Charges from the Administrative Assessment levied on employers by the Workers' Compensation Board; and,

- $29 million in savings attributable to an increase in fringe benefits rates paid by the Federal government and other State agencies, offset by expected increases in litigation costs and other items.

Article VII.

Medicare Part B Reimbursement.
The Executive Budget proposes to eliminate reimbursement for Income Related Monthly Adjustment Amounts (IRMAA) tied to Medicare Part B Premiums for seniors defined by the Executive as being high income taxpayers (S.6405 Public Protection and General Government (PPGG) Part K). For further detail please refer to Section Three for a summary of Article VII Legislation.

NYSHIP Premiums For Retirees. The Executive Budget proposes to implement multiple tiers of health insurance premium cost sharing for future New York State retirees based upon the number of years of service (S.6405 Public Protection and General Government (PPGG) Part J). For further detail please refer to Section Three for a summary of Article VII Legislation.

Pension Forfeiture. The Executive proposes to amend the State Constitution to provide that public officials convicted of a crime related to their office shall forfeit their pensions (S.6410). For further detail please refer to Section Three for a summary of Article VII Legislation.

Office of Information Technology Services

The FY 2017 Executive Budget recommends $839 million in All Funds appropriation authority, a net decrease of $94.7 million from FY 2016 levels.

This decrease reflects a reduction of $149.4 million in internal Service Fund appropriations offset by an increase of $54.7 million resulting from additional consolidation of IT costs from participating agencies. The Internal Service Fund appropriations have been reduced by $149.4 million to reflect the ongoing conversion from the ISF billing structure to supporting expenses directly from the General Fund. Currently there are 25 agencies and departments that are in the process of transferring information technology functions to ITS. Another seven State offices will begin ITS consolidation during SF 2017 leaving seven remaining.

The Executive Budget recommends a workforce of 3,585 FTEs for the Agency, no change in FTE levels from FY 2016.

Inspector General

The FY 2017 Executive Budget proposes All Funds spending of $7.4 million, an increase of $150,000, or 2.1 percent, from FY 2016 levels. The Inspector General no longer receives a suballocation of resources from the Division of Lottery, and this increase would adjust for that loss of resources.

Local Government Assistance

The Executive Budget recommends All Funds cash disbursements of $745 million, a reduction of $40 million or five percent from FY 2016.

The cash reduction is derived as follows:

- Elimination of legislative initiatives $17.5 million:
    - Mastic Beach, $75,000;
    - Woodbury, $27,000;
    - South Blooming Grove, $19,000;
    - Sagaponack, $2,000;
    - Onondaga County, $2,000,000;
    - Syracuse, $250,000;
    - Babylon, $100,000;
    - Amityville, $300,000;
    - Wyandanch Volunteer Fire Company, $50,000; and,
    - Oneonta, $250,000
- For shortfalls or non-payment of property taxes from the Cayuga and Mohawk Indian nations:
    - Seneca County, $340,000;
    - Cayuga County, $92, 500;
    - Franklin County, $340,000;
- Elimination of funding for the *Village Per Capital Aid* Program, $1.6 million;
- Reduced spending in the *Aid and Incentives for Municipalities Program*, $21 million.

Aid and Incentives for Municipalities (AIM). The AIM program was created in 2006, to consolidate several unrestricted aid programs referred to as revenue sharing for cities, towns and villages. The Executive proposes AIM funding of $736 million; a decrease of $21 million or three percent over FY 2016. The basic AIM program that provides unrestricted aid to all villages, towns and cities remains at the FY 2016 level of $715 million.

The $21 million AIM reduction reflects the Citizens Empowerment Tax Credit and Local Government Efficiency Grants being funded out of the Special Infrastructure Account, which is in Capital Projects as opposed to General Fund.

Also, spending for the Buffalo / Erie efficiency grants has been reduced by the full $1.6 million as the programs reach completion.

Special Infrastructure Account. The Executive Budget includes $20 million for municipal consolidation and restructuring under infrastructure capital. The funds would be awarded to a county or other local government that pursues shared services and consolidation which results in the greatest permanent reduction in the property tax burden.

The Executive Budget would also eliminate appropriation authority in the amount of $40 million for the Local Government Performance and Efficiency Program because sufficient spending authority was reappropriated from FY 2015 and 2016.

AIM DISTRIBUTION	FY 2016	FY 2017
Big Four Cities	$429	$429
Other Cities	$218	$218
Towns and Villages	$68	$68
Restructing/Efficiencies	$22	$23
	$737	$738

Department of State (DOS)

The Executive Budget recommends All Funds appropriation authority of $140.7 million, an increase of $26,000 from the FY 2016 budget. This reflects total increases of $7.86 million and are offset by $7.83 million in agency reductions.

The $7.86 million in State Operations spending increases are as follows:

- $3.7 million, agency modernization initiative;
- $785,000, General Fund personnel Service re-estimation;
- $1.9 million in the business and licensing fund due to the General Fund offload;
- $1 million for the Constitutional Convention Commission;
- $400,000 from the re-estimation of non personal service in the Business and Licensing Fund;

These increases are offset by $7.83 million in State Operations reductions as follows:

- $350,000, from the re-estimation of personal service in the Business and Licensing Fund;
- $200,000, from personal service call center attrition;
- $600,000, from the Executive's proposal to require plaintiffs to serve copies of process documents on the defendant rather than through the department of State;
- $1.2 million from the General Fund personal service offload to the business and licensing fund;
- $21,000 elimination of legislative initiatives for NYCUSL; and,
- $5.4 million from the elimination of one-time legislative initiatives.

The Executive Budget recommends a workforce of 539 FTEs for the Department, a decrease of 4 FTEs from FY 2016 FTE levels.

Article VII Legislation

The Executive proposes language that extends for one year the ability of the Department of State, Division of Corporations, to charge additional fees for expedited and special handling of documents. Current authority expires March 31, 2016. This authority has been extended annually since 2003.

The Executive also proposes language that requires plaintiffs to serve copies of process documents on the defendant rather than through the department of State.

Department of Taxation and Finance

The FY 2017 Executive Budget recommends All Funds appropriation authority of $456.4 million, a decrease of $5.8 million or 1.2 percent from FY 2016 levels. This reflects $7.7 million in personal and non-personal savings related to agency program consolidation partially offset by a $2.0 million increase in the medical marihuana local assistance that provides payments to counties where medical marihuana is manufactured and dispensed.

The Executive Budget proposes to consolidate six existing programs into two new programs.

The Revenue Analysis, Collection, Enforcement & Processing Program will replace:

- Audit, Collection and Enforcement;
- Revenue Processing and Reconciliation;
- Tax Policy, Revenue Account and Taxpayer Guidance; and,
- Office of Real Property Tax Services.

The Administration and Operation Program will replace:

- Centralized Operation Support; and,
- Management, Administration and Counsel.

The Executive Budget recommends a workforce of 4,267 FTEs for the Department, a decrease of 92 FTEs from FY 2016 through attrition.

Article VII. Legislation

The Executive Budget proposes language that would make permanent the Tax Modernization provisions enacted in the FY 2012 Budget. These provisions include the electronic filing (e-file) mandate on tax preparers who prepare more than 10 returns in the prior year and the requirement that personal income taxpayers who use tax software to prepare their return must e-file their return. The bill also extends the Department of Taxation and Finance's authorization to require sales tax vendors that have been delinquent in payments to set up a segregated bank account in which the taxpayer will be required to make weekly deposits of sales tax collections. These provisions are due to sunset December 31, 2016.

The Executive Budget proposes language that amends Tax law to provide a penalty between $100 and $1000 when a tax preparer knew, or reasonably should have known, that a position on any return was not proper and did not adequately disclose such position on the return. In addition there would be a penalty between $500 and $5000 if a tax preparer was reckless or intentionally disregarded the law, rules or regulations. This section provides penalties for tax preparers who are not required to register with the Department of Taxation and Finance, but are required to sign and provide a unique identification number on a return.

For further detail please refer to Section Three for a summary of Article VII Legislation.

General Government and Local Government Assistance
Proposed Disbursements - All Funds
(Thousands of Dollars)

Agency	Estimated FY 2016	Proposed FY 2017	Change Amount	Percent
Alcoholic Beverage Control	17,394	12,836	(4,558)	-26.20%
Audit and Control	177,219	184,706	7,487	4.22%
Deferred Compensaton Board	855	866		
Division of the Budget	30,920	30,495	(425)	-1.37%
Civil Service	13,195	13,381	186	1.41%
State Board of Elections	28,426	8,482	(19,944)	-70.16%
Office of Employee Relations	2,581	2,581	0	0.00%
Executive Chamber	13,578	13,578	0	0.00%
Financial Services	375,560	357,490	(18,070)	-4.81%
Gaming Commission	281,434	252,443	(28,991)	-10.30%
Office for Technology	543,033	697,824	154,791	28.50%
Office of the Lt. Governor	614	614	0	0.00%
Office of General Services	281,086	300,612	19,526	6.95%
General State Charges	4,481,122	4,753,040	271,918	6.07%
Office of the Inspector General	7,217	7,367	150	2.08%
Commission on Public Integrity	5,531	5,531	0	0.00%
Local Government Assistance	785,254	745,105	(40,149)	-5.11%
Public Empl. Relations Board	3,731	3,572	(159)	-4.26%
Department of State	140,712	130,729	(9,983)	-7.09%
Statewide Financial System	30,137	30,137	0	0.00%
Taxation and Finance	357,773	352,154	(5,619)	-1.57%
Division of Tax Appeals	3,040	3,040	0	0.00%
Totals:	**7,580,412**	**7,906,583**	**326,160**	**4.30%**

All Funds Receipts
(Millions of Dollars)

	Projected FY 2016	Proposed FY 2017	Change	Percent Change
Personal Income Tax	47,093	49,960	2,867	6.1%
User Taxes and Fees				
Sales and Use	13,318	13,877	559	4.2%
Cigarette and Tobacco	1,224	1,226	2	0.2%
Motor Fuel Tax	491	488	(3)	-0.6%
Alcoholic Beverage	254	258	4	1.6%
Medical Marihuana Excise Tax	1	4	3	300.0%
Highway Use tax	155	143	(12)	-7.7%
Auto Rental Tax	126	128	2	1.6%
Taxicab Surcharge	72	70	(2)	-2.8%
Total	15,641	16,194	553	3.5%
Business Taxes				
Corporation Franchise	5,069	4,487	(582)	-11.5%
Corporation and Utilities	767	762	(5)	-0.7%
Insurance	1,557	1,484	(73)	-4.7%
Bank Tax	(92)	203	295	-320.7%
Petroleum Business	1,105	1,082	(23)	-2.1%
Total	8,406	8,018	(388)	-4.6%
Other Taxes				
Estate and Gift	1,446	965	(481)	-33.3%
Real Estate Transfer	1,147	1,138	(9)	-0.8%
Pari-Mutuel	18	18	-	0.0%
Other	2	3	1	0.0%
Total	2,613	2,124	(489)	-18.7%
Payroll Tax	1,331	1,388	57	4.3%
Total Taxes	**75,084**	**77,684**	**2,600**	**3.5%**
Miscellaneous Receipts	26,035	24,159	(1,876)	-7.2%
Total Receipts	**101,119**	**101,843**	**724**	**0.7%**
Federal Grants	52,328	51,133	(1,195)	-2.3%
Total Receipts and Federal Grants	**153,447**	**152,976**	**(471)**	**-0.3%**

Source: New York State Division of the Budget.

General Fund Receipts

(Millions of Dollars)

	Projected FY 2016	Proposed FY 2017	Change	Percent Change
Personal Income Tax				
Withholding	36,816	38,675	1,859	5.0%
Estimated Payments	15,678	16,741	1,063	6.8%
Final Returns	2,633	2,720	87	3.3%
Other Payments	1,292	1,358	66	5.1%
Gross Collections	56,419	59,494	3,075	5.5%
STAR Special Revenue Fund	(3,337)	(3,228)	109	-3.3%
Refunds	(9,326)	(9,534)	(208)	2.2%
Revenue Bond Tax Fund	(11,773)	(12,490)	(717)	6.1%
Net Collections	31,983	34,242	2,259	7.1%
User Taxes and Fees				
Sales and Use	6,220	6,483	263	4.2%
Cigarette/Tobacco	307	348	41	13.4%
Alcoholic Beverage	254	258	4	1.6%
Total	6,781	7,089	308	4.5%
Business Taxes				
Corporate Franchise	4,325	3,703	(622)	-14.4%
Corporate Utilities	589	579	(10)	-1.7%
Insurance	1,388	1,321	(67)	-4.8%
Bank	(100)	173	273	-273.0%
Total	6,202	5,776	(426)	-6.9%
Other Taxes				
Estate and Gift	1,446	965	(481)	-33.3%
Pari-mutuel	18	18	-	0.0%
Other	2	3	1	0.0%
Total	1,466	986	(480)	-32.7%
Total Tax Collections	**46,432**	**48,093**	**1,661**	**3.6%**
Miscellaneous Receipts	5,597	2,642	(2,955)	-52.8%
Total Receipts	**52,029**	**50,735**	**(1,294)**	**-2.5%**

Source: New York State Division of the Budget.

All Funds Receipts
(Millions of Dollars)

	Proposed FY 2017	Proposed FY 2018	Change	Percent Change
Personal Income Tax	49,960	51,743	1,783	3.6%
User Taxes and Fees				
Sales and Use	13,877	14,578	701	5.1%
Cigarette and Tobacco	1,226	1,192	(34)	-2.8%
Motor Fuel Tax	488	483	(5)	-1.0%
Alcoholic Beverage	258	263	5	1.9%
Medical Marihuana Excise Tax	4	4	-	0.0%
Highway Use tax	143	144	1	0.7%
Auto Rental Tax	128	135	7	5.5%
Taxicab Surcharge	70	70	-	0.0%
Total	16,194	16,869	675	4.2%
Business Taxes				
Corporation Franchise	4,487	4,764	277	6.2%
Corporation and Utilities	762	757	(5)	-0.7%
Insurance	1,484	1,579	95	6.4%
Bank Tax	203	190	(13)	-6.4%
Petroleum Business	1,082	1,034	(48)	-4.4%
Total	8,018	8,324	306	3.8%
Other Taxes				
Estate and Gift	965	891	(74)	-7.7%
Real Estate Transfer	1,138	1,204	66	5.8%
Pari-Mutuel	18	18	-	0.0%
Other	3	3	-	0.0%
Total	2,124	2,116	(8)	-0.4%
Payroll Tax	1,388	1,455	67	4.8%
Total Taxes	**77,684**	**80,507**	**2,823**	**3.6%**
Miscellaneous Receipts	24,159	24,475	316	1.3%
Total Receipts	**101,843**	**104,982**	**3,139**	**3.1%**
Federal Grants	51,133	52,254	1,121	2.2%
Total Receipts and Federal Grants	**152,976**	**157,236**	**4,260**	**2.8%**

Source: New York State Division of the Budget.

General Fund Receipts
(Millions of Dollars)

	Proposed FY 2017	Proposed FY 2018	Change	Percent Change
Personal Income Tax				
Withholding	38,675	40,038	1,363	3.5%
Estimated Payments	16,741	17,854	1,113	6.6%
Final Returns	2,720	2,891	171	6.3%
Other Payments	1,358	1,397	39	2.9%
Gross Collections	59,494	62,180	2,686	4.5%
STAR Special Revenue Fund	(3,228)	(2,916)	312	-9.7%
Refunds	(9,534)	(10,437)	(903)	9.5%
Revenue Bond Tax Fund	(12,490)	(12,936)	(446)	3.6%
Net Collections	34,242	35,891	1,649	4.8%
User Taxes and Fees				
Sales and Use	6,483	6,816	333	5.1%
Cigarette/Tobacco	348	345	(3)	-0.9%
Alcoholic Beverage	258	263	5	1.9%
Total	7,089	7,424	335	4.7%
Business Taxes				
Corporate Franchise	3,703	3,945	242	6.5%
Corporate Utilities	579	573	(6)	-1.0%
Insurance	1,321	1,407	86	6.5%
Bank	173	162	(11)	-6.4%
Total	5,776	6,087	311	5.4%
Other Taxes				
Estate and Gift	965	891	(74)	-7.7%
Pari-mutuel	18	18	-	0.0%
Other	3	3	-	0.0%
Total	986	912	(74)	-7.5%
Total Tax Collections	**48,093**	**50,314**	**2,221**	**4.6%**
Miscellaneous Receipts	2,642	2,522	(120)	-4.5%
Total Receipts	**50,735**	**52,836**	**2,101**	**4.1%**

Source: New York State Division of the Budget.

Executive's Tax and Revenue Action Proposals				
(Millions of Dollars)				
	FY 2017	FY 2018	FY 2019	FY 2020
Revenue Reductions				
Provide a Corporate and Personal Income Tax Small Business Tax Cut	$0	($298)	($298)	($298)
Establish Education Tax Credits	$0	$0	($150)	($150)
Establish Thruway Toll Tax Credits	$0	($113)	($113)	($114)
Extend the Hire-A-Vet Tax Credit	$0	$0	($37)	($37)
Authorize Additional Credits of $8m for the Low Income Housing Tax Credit	$0	($8)	($16)	($24)
Extend the Empire State Commercial Production Tax Credit	$0	$0	($7)	($7)
Extend the Credit for Companies who Provide Transportation to Individuals with Disabilities	$0	$0	($5)	($5)
Extend the Alternative Fuels Tax Exemption	($2)	($4)	($4)	($4)
Permanently Extend the Non-Custodial Earned Income Tax Credit	$0	$0	($4)	($4)
Establish Additional ABT Tasting Exemptions and Production Credits	($1)	($3)	($3)	($3)
Extend the Clean Heating Fuel Tax Credit	$0	$0	($1)	($1)
Enhance the Urban Youth Opportunity Program Tax Credit	$0	($30)	($30)	$0
Extend Excelsior Jobs Program	$0	$0	$0	$0
Total Revenue Reductions	**($3)**	**($456)**	**($668)**	**($647)**
Enforcement Actions				
Permanently Extend the Tax Shelter Reporting Requirements	$18	$18	$18	$18
Expand Jeopardy Assessments to the Cigarette and Tobacco Tax	$0	$0	$0	$0
Make Permanent and Update Certain Modernization Provisions of the Tax Law	$0	$0	$0	$0
Extend Tax Preparer E-File Failure Penalties	$0	$0	$0	$0
Total Enforcement Actions	**$18**	**$18**	**$18**	**$18**
Other Revenue Actions				
Simplify the Taxation of Remarketed Rooms	$0	$0	$0	$0
Amend State and NYC Corporate Tax Reform with Technical Amendments	$0	$0	$0	$0
Authorize Combative Sports	$1	$1	$1	$1
Amend Taxes on Aviation Fuel for Consistency with Federal Tax Regulations	$0	$0	$0	$0
Conform to New Federal Tax Filing Dates	$0	$0	$0	$0
Eliminate Charitable Giving as a Factor in Determining Domicile for Estate Tax	$0	$0	$0	$0
Extend Certain Tax Rates and Certain Simulcasting Provisions for One Year	$0	$0	$0	$0
Extend Video Lottery Gaming Vendor's Capital Awards Program for One Year	$0	$0	$0	$0
Extend Monticello Video Lottery Terminal Rates for One Year	($3)	$0	$0	$0
Amend the Upstate New York Gaming and Economic Development Act for Technical Changes	$0	$0	$0	$0
Additional Commission for Certain Video Lottery Terminal Facilities	$0	$0	$0	$0
Increase Purse Surcharge from 1.0% to 1.6% & Regulatory Fee from 0.5% to 0.6%	$2	$2	$2	$2
Adjust Timing of Reimbursement to Gaming Commission of Per Diem Cost for harness Racing Judge and Starter	$0	$0	$0	$0
Remove Restriction for a Single Lab Testing Provider- Equine Testing	$0	$0	$0	$0
Total Other Revenue Actions	**$0**	**$3**	**$3**	**$3**
Fee Increase				
Permanently Extend Waste Tire Fee	**$6**	**$24**	**$24**	**$24**
Total Fee Increase	**$6**	**$24**	**$24**	**$24**
Net Total Revenue Actions	**$21**	**($411)**	**($623)**	**($602)**

Cash Flow Changes				
Convert the NYC PIT STAR Credit into a NYS Credit-Revenue Reduction*	$0	($87)	($284)	($286)
Convert the NYC PIT STAR Credit into a NYS Credit-Spending Savings*	$87	$284	$286	$286
Convert STAR Benefit to a Tax Credit for new Homeowners-Revenue Reduction**	$0	($98)	($194)	($290)
Convert STAR Benefit to a Tax Credit for new Homeowners-Spending Savings**	$98	$194	$290	$385
* This increase in personal income tax refunds will be completely offset by a coresponding decrease in state spending reimbursement to New York City.				
** This increase in personal income tax refunds will be completely offset by a coresponding decrease in state spending for STAR reimbursement.				

RECEIPTS, TAXES AND FEES

The FY 2017 Executive Budget also contains a number of tax and revenue related changes, tax decreases and revenue enhancements. The following is a list of those changes:

Personal Income Tax

Education Tax Credits

The Executive proposes creating a credit for donations made to either a public school (not including charter schools) local education fund or school improvement organization; or a private educational scholarship organization. The credit will equal 75 percent of the donation up to a maximum credit of $1 million. The credit pool would be capped at $70 million annually, with $20 million available for donations to public schools and $50 million available for donations to private schools.

This proposal would also create the Family Choice Education Credit which will allow individuals to claim a refundable tax credit up to $500, for each dependent, of tuition paid to a public or non-public primary or secondary school.

In addition, teachers would be able to claim a refundable tax credit up to $200 for the purchase of instructional materials or supplies, with a credit pool cap of $10 million annually.

The Executive estimates this proposal will reduce revenues by $150 million annually beginning in FY 2019. {For a complete discussion see the “Education Tax Credits” Issues in Focus in this report}

Small Business Tax Rate Reduction

The Executive proposes to increase the existing small business/farm exemption from five percent to fifteen percent and to expand the exemption to include non-farm LLCs, partnerships, and S-Corp shareholders. The business entity must have a New York source gross income of less than $1.5 million and the taxpayers net business income must be less than $250,000.

This is expected to affect approximately 1,049,000 businesses (translating to 1,097,000 taxpayers).

The Executive estimates this proposal will reduce revenues by $276 million annually beginning in FY 2018. {For a complete discussion see the “Small Business Tax Reduction” Issues in Focus in this report}

Thruway Toll Tax Credit

The Executive proposes providing a tax credit to individuals and businesses that incur significant Thruway tolls for years 2016, 2017 and 2018.

Individuals that pay more than $50 in thruway tolls annually, through an E-ZPass account will be eligible to claim a tax credit for 50% of the tolls paid.

Farm businesses that pay any amount of thruway tolls through a business or commercial E-ZPass account will be eligible to claim a tax credit for 100% of the tolls incurred in connection with farm operations.

Non-farm businesses that pay between $100 and $10,000 in thruway tolls annually, through a business or commercial E-ZPass account, will be eligible to claim a tax credit for 50% of the tolls paid.

The Executive estimates this proposal will reduce revenues by $113 million in FY 2018 and FY 2019, and $114 million in FY 2020.

Convert STAR Benefit into a Tax Credit

The Executive proposes eliminating the existing STAR exemption program for new applicants and establishing a new refundable personal income tax (PIT) credit in its place with the same monetary benefits as the STAR program.

Current STAR recipients will be unaffected as long as they continue to own their current homes. However, they have the option to voluntarily convert to the new PIT credit.

The Executive estimates this proposal will increase personal income tax refunds by $98 million in FY 2018, $194 in FY 2019, and $290 million in FY 2020, but will be completely offset by a corresponding decrease in state spending for STAR reimbursement.

Convert NYC PIT STAR Credit into a NYS PIT Credit

This proposal would convert the existing NYC Personal Income Tax STAR credit that is available to NYC residents that have an adjusted gross income of $250,000 or less, to a NYS PIT credit.

The credit is $125 for married taxpayers and $62.50 for single taxpayers. The tax credit is also prorated for part-year residents.

The Executive estimates this proposal will increase personal income tax refunds by $87 million in FY 2018, $284 million in FY 2019, and $286 million in FY 2020, but will be completely offset by eliminating state reimbursement to the City.

Clean Heating Fuel Tax Credit Extension

Expiring December 31, 2016, the credit is equal to $0.01 per percent of biodiesel mixed into home heating oil, not to exceed $0.20 per gallon.

This proposal would extend the credit until January 1, 2020 and requires that beginning in 2017, to qualify each gallon of clean heating fuel must be at least 6 percent biodiesel.

The Executive estimates this proposal will reduce revenues by $1 million in FY 2019 and FY 2020.

Non-Custodial Parent EITC

The Executive proposal would make the non-custodial parent EITC permanent.

This category of the Earned Income Tax Credit (EITC) was enacted to ensure that non-custodial parents were meeting their financial responsibilities to their children. In order to qualify for this refundable credit, the non-custodial parent must: be over the age of 18, have a court order to make child support payments, and be current on those child support payments. In addition, the enhanced EITC is only authorized for noncustodial parents who meet the income threshold for a single taxpayer with no children, which is $14,820 or less.

When the credit was first enacted in 2006, it was authorized for six years. Since then the credit has been extended twice.

The Executive estimates this proposal will reduce revenues by $4 million annually.

Tax Shelter Reporting Requirements Permanent Extension

The Executive proposal would permanently extend the tax shelter disclosure requirements that were first enacted in 2005 and expired on July 1, 2015.

The Executive estimates this proposal will increase revenues by $18 million annually beginning in FY 2017.

Credit for Companies who Provide Transportation to Individuals with Disabilities Extension

This proposal would extend the credit for purchasing or upgrading a for-hire vehicle for use by disabled individuals through 2022.

Expiring on December 31, 2016, the credit is equal to the incremental cost to upgrade or purchase a taxicab or livery vehicle that is handicap accessible, up to $10,000 per vehicle.

The Executive estimates this proposal will reduce revenues by $5 million in FY 2019 and FY 2020.

Business Taxes

Small Business Tax Rate Reduction

The Executive proposes reducing the business income base tax rate for small businesses beginning with the 2017 tax year. The rates will decrease from six and one half percent to four percent for small businesses with incomes less than $290,000 and a blended rate between four percent and six and one half percent for small businesses with incomes between $290,000 and $390,000. This is expected to affect approximately 42,000 businesses.

The Executive estimates this proposal will reduce revenues by $22 million annually beginning in FY 2018. {For a complete discussion see the "Small Business Tax Reduction" Issues in Focus in this report}

Excelsior Jobs Program Extension

Extends the Excelsior Jobs Program for five years, until 2029. Under this proposal, ESDC will be able to commit 10-years of tax credits to businesses until 2020, with the length of the commitment gradually decreasing until the final year in 2029.

Under this proposal, after 2024 all of the remaining unallocated or unused tax credits may be allocated in 2025-2029.

Currently, half of any unallocated credits from tax years 2011-2024 are able to be allocated in subsequent years, until 2024, up to the statutory cap for any particular year.

Urban Youth Jobs Credit

The Executive proposal authorizes an additional $30 million of tax credits for tax incentives allocated in 2016 and 2017, for a total of $50 million in each year. Of the total tax credits, $40 million of the total tax credits must be used to hire qualified employees who reside in a qualified locality and $10 million of the total tax credits will be used to hire qualified employees that do not meet the residency requirement.

Currently, the Urban Youth Works Tax Credit Program authorizes $20 million of tax credits for 2016 and 2017 to hire unemployed individuals between the ages of 16 and 24, who are low-income or at-risk, and reside in any city with a population of 55,000 or more or towns with a population of 480,000 or more.

The Executive estimates this proposal will reduce revenues by $30 million in FY 2019 and FY 2020.

Hire-A-Vet Tax Credit Extension

This proposal would extend the Hire-A-Vet tax credit for two years, through 2018.

Expiring on December 31, 2016, the credit is provided to any business that hires a veteran returning home from military service on a full-time basis for at least one year. The credit is equal to 10 percent of wages paid, with a maximum of $5,000 per veteran - increasing to 15 percent of wages if the veteran is also disabled, with a maximum of $15,000 per disabled veteran.

The Executive estimates this proposal will reduce revenues by $37 million in FY 2019 and FY 2020.

Low-Income Housing Credit

The Executive Budget would authorize an additional $8 million in low-income housing credits in FY 2017 through FY 2021. The credit can be taken for ten years. This would allow the Commissioner of Housing and Community Renewal to allocate a total of $72 million in FY 2017, $80 million in FY 2018, $88 million in FY 2019, $96 million in FY 2020, and $104 million in FY 2021.

The Executive estimates this proposal will reduce revenues by $8 million in FY 2018, $16 million in FY 2019, and $24 million in FY 2020.

Commercial Production Credit Extension

The Executive proposes to extend the Empire State Commercial Production Tax Credit for two years. This extension would preserve the current credit structure and regional pools.

The Executive estimates this proposal will reduce revenues by $7 million annually.

Sales and Use Taxes

Alcoholic Beverage Tax Credit and Excise Tax Exemption

The Executive proposes to extend the current beer production tax credit to all alcoholic beverage producers (cider producers, wineries and distilleries); provided the producers meet all other eligibility requirement (e.g. specified statutory production limits).

The Executive also proposes to provide an excise tax exemption to licensed alcoholic beverage producers; applicable to alcoholic beverages used for tastings provided the producer does not charge for the products being tasted. Under current law, beer, cider and liquor producers are charged an excise tax on alcoholic beverages that are used for tastings even though they are prohibited from charging a fee. Only wine producers have the authority to charge a fee for tastings.

The Executive estimates the credit proposal will reduce revenues by $2 million beginning in FY 2018 and the alcohol beverage tax exemption will reduce revenue by $1 million annually beginning in FY 2017.

Extend the Alternative Fuels Tax Exemptions

The Executive proposes to extend the alternative fuels tax exemption from September 1, 2016 to September 1, 2021. The tax exemption is for E85, CNG, hydrogen and B20. Currently, E85, CNG and hydrogen are fully exempt from motor fuel, petroleum business, fuel use and sales taxes; B20 is partially exempt from these taxes as well.

These exemptions were first enacted in the FY 2007 budget with a 2011 sunset; they were extended for one year in 2011, two years in 2012 and two years in 2014.

The Executive estimates this proposal will reduce revenues by $2 million in FY 2017 and $4 million in the following three fiscal years.

Dedicate Taxes on Aviation Fuel to Airports

The Executive proposes to dedicate the petroleum business tax (PBT) assessed on aviation fuel to a dedicated account for the purpose of funding aviation related projects. The federal government is requiring that the state dedicate taxes on aviation fuel for spending on airports or risk losing federal aid for aviation and potentially transportation aid. This proposal creates a subaccount within the Dedicated Highway and Bridge Trust Fund called the "Aviation Purpose Account" which will hold all PBT assessed on aviation fuel beginning December 1, 2017. Monies from the account will be used for airports and aviation facilities for purchasing equipment, for maintenance, for construction and improvements.

Any state or local tax that was imposed on aviation fuel prior to 1987 (at the same rate, and in the same manner) are grandfathered and do not need to be dedicated.

The State sales tax qualifies for grandfathering, but most of the local sales taxes do not qualify. Therefore, the proposal exempts aviation fuel from all local sales tax in order to avoid a burdensome administrative process of identifying and dedicating these revenues.

The Executive estimates this proposal will have no fiscal impact to the state but there will be a $4 million annual reduction in revenue for localities.

Jeopardy Assessment for Cigarette and Tobacco Tax

The Executive proposes to expand the jeopardy assessments provision to tax collection of the excise tax on cigarette and tobacco products. A jeopardy assessment provision would authorize the tax commission to make an immediate assessment of taxes owed without following the procedures for an ordinary tax assessment. Current law authorizes the use of the jeopardy assessment provision for personal income tax collections and for the collection of excise tax on certain motor fuels.

The Executive estimates no fiscal impact to the State for the extension of the jeopardy assessment provision.

Room Remarketers

The Executive proposes to exempt the sales tax on the purchase of hotel room occupancies by room remarketers when those purchases are made from hotels for later resale. This proposal would also apply to the New York City occupancy tax.

Since 2010, room remarketers have been required to collect the State and local sales tax and New York City's hotel room occupancy tax on the hotel room occupancies they purchase and subsequently sell. Under current law, a room remarketer must pay the relevant tax on the purchase of the room occupancy from the hotel operator, when the room occupancy is later sold to an end consumer (and taxes are collected from the consumer), the room remarketer can obtain a refund for the tax they paid to the hotel. This proposal would streamline the process.

This proposal is revenue neutral.

Other Revenue Actions

Combative Sports (Mixed Martial Arts)

The Executive proposal would allow Combative Sports (Mixed Martial Arts) matches/bouts in New York State. The proposal creates a model by which combative sports participants, related industry personnel and owners would be licensed and regulated by the State. Specifically, the Executive's proposal would authorize combative sports programs in New York through a licensing process that would be regulated by the New York State Athletic Commission (NYSAC) in a similar manner to professional boxing, wrestling and sparring. Inclusive in the NYSAC's oversight would be the authority to impose conditions (includes fees and taxes) for the licensing, the issuance of permits, physical examinations of participants, and setting of standards for training facilities and event venues.

Notably, the Executive's proposal provides language that would statutorily mandate neurological examination by those seeking a professional combative license and upon the renewal of professional combative license. In addition, a licensed combative sports professional would be required to have additional neurological testing if a physician believes it is warranted. Prior to participating in a combative sports bout/match, a licensed combative sports professional must provide the attending physician with proper medical releases.

The Executive anticipates the state would generate one million in revenue in FY 2017. Provisions in the bill authorize licensing fees and taxes on ticket sales and broadcasting. (Note: New York State is the only state in the US that prohibits MMA matches.)

Estate Tax

The Executive proposes to clarify the residency status as it relates to the Estate Tax. Under this proposal, language that mirrors Section 605(c) of the Tax Law that governs personal income residency would be inserted into 951-a of the Tax Law that governs estate tax residency. Specifically, the language states that charitable contributions and charitable activities will not be used to determine domicile.

This proposal is revenue neutral.

Conform to New Federal Tax Filing Dates

Conforms NYS tax filing dates for corporations and partnerships to federal tax law, which was recently amended. The corporate tax return deadline will be moved from March 15th to April 15th and the partnership information statement deadline will be moved from April 15th to March 15th.

NYS & NYC Corporate Tax Reform

Makes several technical changes and clarifying amendments to the NYS corporate tax reform statute which was part of the FY 2014 enacted budget and amended in the FY 2015 enacted budget. Clarifies that stock in unitary foreign corporations, that is not included in the taxpayers combined report, is considered exempt income and therefore not included as a qualified financial instrument if the taxpayer elects to use the 8 percent apportionment of income to New York rule.

In addition, this proposal makes several technical changes and clarifying amendments to the NYC corporate tax reform statute which was part of the FY 2015 enacted budget and extends the NYC biotechnology tax credit until January 1, 2019.

Direct STAR Payments to Property Owners

The Executive Proposal would authorize the Commissioner of Taxation and Finance to directly remit payment to property owners that did not receive a STAR exemption due to an administrative error and as a result of this error paid an excessive amount of school taxes.

Tax Modernization

The Executive proposal makes permanent the tax modernization provisions enacted in the FY 2012 budget. These provisions include the electronic filing (e-file) mandate on tax preparers who prepare more than 10 returns in the prior year and the requirement that personal income taxpayers who use tax software to prepare their return must e-file their return. The proposal also extends the Department of Taxation and Finance's authorization to require sales tax vendors that have been delinquent in payments to set up a segregated bank account in which the taxpayer will be required to make weekly deposits of sales tax collections. These provisions are due to sunset December 31, 2016.

Additionally, the proposal imposes new penalties; to provide a penalty between $100 and $1,000 when a tax preparer knew, or reasonably should have known, that a position on any return was not proper and did not adequately disclose such position on the return and a penalty between $500 and $5,000 if a tax preparer was reckless or intentionally disregarded the law, rules or regulations. Provides penalties for tax preparers who are not required to register with the Department of Taxation and Finance, but are required to sign and provide a unique identification number on a return.

Racing and Gaming

Equine Testing

The Executive proposes to remove the restrictions requiring the Gaming Commission to use a State College, within the State, with an approved equine science program, for the drug testing of race horses. Currently, this restriction limits the equine drug testing to Morrisville College. Removing the restrictions would allow the Gaming Commission to search via the procurement process for the best price and most qualified equine testing lab.

This proposal has no immediate fiscal impact to the state. It is unknown if the procurement process would produce a more economical equine drug testing facility.

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.

The extension of this provision would have no fiscal impact in FY 2017 as the reduced rate is built into the FY 2016 base.

Judge and Starter Costs Payment Schedule

The Executive proposes to modify the payment schedule for horse track judges and starters. Current law requires the Gaming Commission to notify the track of the per diem rates for track judges and starters prior to the start of the month. The track must pay the fees upfront based on these rates. However, due to various scheduling changes the upfront payments often have to be adjusted and require additional administrative resources to reconcile over and under payments associated with the “pre-payment” process. The Executive’s proposal would authorize the Gaming Commission to notify the track of the actual per diem rate for judges and starters at the end of the month. The track would be required to submit payment to the Gaming Commission within thirty days of receipt of the notification. Basically, the track would be submitting payment based on actual days worked based on known fee amounts.

This proposal is revenue neutral.

Video Lottery Terminals Share Distribution

The Executive proposes to increase the Video Lottery Terminals (VLT) purse and regulatory shares: increasing the purse share from 1.0% to 1.6% and; increasing the regulatory fee from 0.5% to 0.6%.

The increase in the purse share would provide an additional $975,000 for winning payouts; the increase in regulatory share would result in $1.4 million to cover administrative costs associated with horse racing and equine testing.

Currently, the regulatory fees do not adequately cover the regulatory administrative costs. According to the Executive, this account has a negative balance of approximately $6 million. The increase in the VLT share would provide the needed revenue stream to reverse the negative balance.

There would be no fiscal impact to the state (education) as the offset would be a decrease in the owner's share.

VLT Distribution Rate

The Executive proposes to authorize the Finger Lakes VLT facility in Ontario County to use a blended rate of the VLT proceeds upon the opening of a nearby commercial casino (Lago). The proposal authorizes an increase in shares to be retained by Fingers Lakes to offset potential losses in gaming activity as a result of the commercial gaming.

This proposal would not affect the FY 2017 financial plan as Lago is not expected to be operational until late in calendar year 2016 and perhaps not until calendar year 2017.

VLT Rate Extenders/Capital Awards

The Executive also proposes to extend for one additional year the current net machine income distribution rate for Monticello Racino in Sullivan County.

The Executive proposes to extend the Video Lottery Gaming Vendor's capital awards program for one additional year. VLT facilities would have an additional year to receive approval for capital projects so they can utilize this funding stream. Currently, certain VLT facilities each receive up to $2.5 million annually in capital funds.

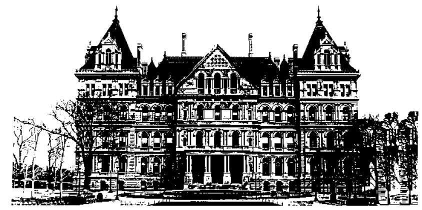
The extension of the Monticello rate will reduce revenue by $3 million in FY 2017.

Gaming Commission: Technical Changes

The Executive clarifies that Video Lottery Terminal (VLT) facility host community payments are to be funded from revenue attributable to a specific licensed gaming facility within that host county and host community.

The Executive clarifies the amount of the additional commission to be paid to a VLT facility residing in the same region as a licensed gaming facility would only be paid while such gaming facility is open and operational.

This proposal is revenue neutral.



SECTION TWO

SENATE ISSUES IN FOCUS

NYS PROPERTY TAX RELIEF

New York State Property Tax Burden

New York State's local governments are entering their fifth year under the historic enactment of the State's property tax cap. Counties, towns, villages, certain cities, special districts and school districts in the State of New York are all subject to the State's property tax cap relief legislation passed in 2011. The legislation was a response to growth in the local property tax burden across the State. According to the State Comptroller, growth in property taxes skyrocketed by over 73 percent for school districts between 2001 and 2011 and by 53 percent in county property taxes. Three NYS Counties (Nassau, Westchester, Rockland) placed in the top ten nationally for highest tax burden. New York State property taxes increased at an average rate of nearly **six percent per year –** more than twice the rate of inflation over the same period.[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.

New York Property Tax Cap Extended

The State's property tax cap was enacted in conjunction with a State commitment to enact meaningful mandate relief as well as a statutory commitment to annual increases in state aid to schools in an amount equal to the annual growth in personal income across the State. The property tax cap was extended in the 2015 session through 2020.[6]

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. **In the first four years of the cap it is estimated that property tax payers saved approximately $7.6 billion.**[7] As the following chart shows, the cap is estimated to save

[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.

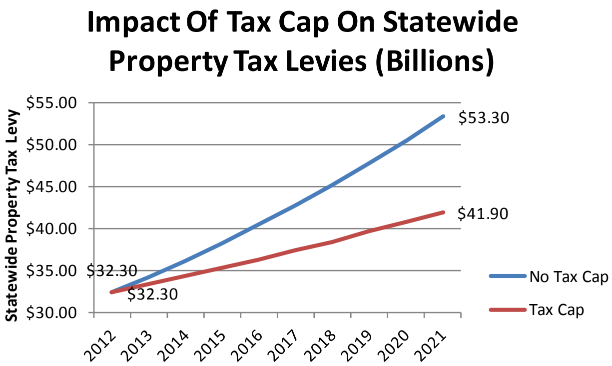
[4] Ibid.

[5] Ibid.

[6] S.6012 - Chapter 20 of the laws of 2015.

[7] Estimate based on a 30 year average levy increase statewide (6 percent). Empire Center Report May of 2015.

taxpayers over $11.4 billion in the first ten years of its implementation.



Comparatively speaking the property tax cap has had the greatest effect on school district levies. Schools statewide proposed an average tax levy increase of 1.6 percent for 2014-15. The average proposed spending increase for the 2015-16 school year was 1.9 percent. That compares with average increases of 2.6 percent in 2014-15, 2.9 percent in 2013-14, 1.5 percent in 2012-13, 0.8 percent in 2011-12, and 1.1 percent in 2010-11.
In the fourth year of the state's property tax cap, 658 districts proposed budgets with tax levies that were within their caps and required only a simple majority to pass. Of those districts, 99.7 percent saw their budgets pass. Eighteen districts had budgets with tax levies that exceeded the cap and required a 60 percent "supermajority" to pass. Of those districts, 61.1 percent saw their budgets pass, which is on par with the 62.5 percent passage rate for override attempts last year.

The average school budget passage rate since 1969 is 85 percent. More recently, the average passage rate for the last five years is 96 percent. Since the introduction of the tax cap in 2012, the average passage rate for school district budgets is 97 percent.

In total, the 2015 school budget vote results show that over 98.7 percent of all school budgets proposed passed in the State of New York. Of the 676 school budget votes only 9 were defeated in their first vote. Of that group 7 were passed on the second vote and only two districts were voted down a second time requiring the school districts to adopt an austerity budget[8].

Twenty-four districts (3 percent) had budgets with tax levies that exceeded the cap and required a 60 percent "supermajority" to pass. Of those districts, 65 percent saw their budgets pass. The practical effect of the property tax cap has been the altering of 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% 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% of the controlling board's vote.

Town Board Makeup and Tax Cap Override:

In New York State 15 towns have a 7 member board, which include the towns of: Brookhaven, Camillus, Cheektowaga, Clay, Colonie, DeWitt, Geddes, Hempstead, Ithaca, Manlius, North Hempstead, Oyster Bay, Poughkeepsie, Scarsdale, and Van Buren. For purposes of overriding the tax cap a local law would be required to be adopted by a vote of **5 of the 7 town board members**.

Only the town of Hector has a 6 member board. For purposes of overriding the tax cap a local law would be required to be adopted by a vote of **4 of the 6 town board members**.

The majority of the towns within the state (902) have a 5-member board. For purposes of

[8] NYS School Boards Association – School Budget Vote Adoption Trends 1969-2014.

overriding the tax cap a local law would be required to be adopted by a vote of **3 of the 5 town board members**.

A smaller number of towns have a 4 member board, which include the towns of: Catskill, Fort Covington, Montague and Rose. For purposes of overriding the tax cap a local law would be required to be adopted by a vote of **3 of the 4 town board members**.

Finally, 10 towns have a 3 member board, which include the towns of: Albion, Alden, Evans, Hamburg, Hopkinton, Independence, Lyons, Milo, Ridgeway and West Seneca. For purposes of overriding the tax cap a local law would be required to be adopted by a vote of **2 of the 3 town board members**.

Village Board Makeup and Tax Cap Override:

In terms of villages 2 have a 8 member board, which include the village of Garden City and Green Island. Additionally 28 villages have a 7 member board. For purposes of overriding the tax cap a local law would be required to be adopted by a vote of **5 of the 7/8 village board members**.

Only the villages of Corfu and Hewlett Neck have a 6 member board. For purposes of overriding the tax cap a local law would be required to be adopted by a vote of **4 of the 6 village board members**.

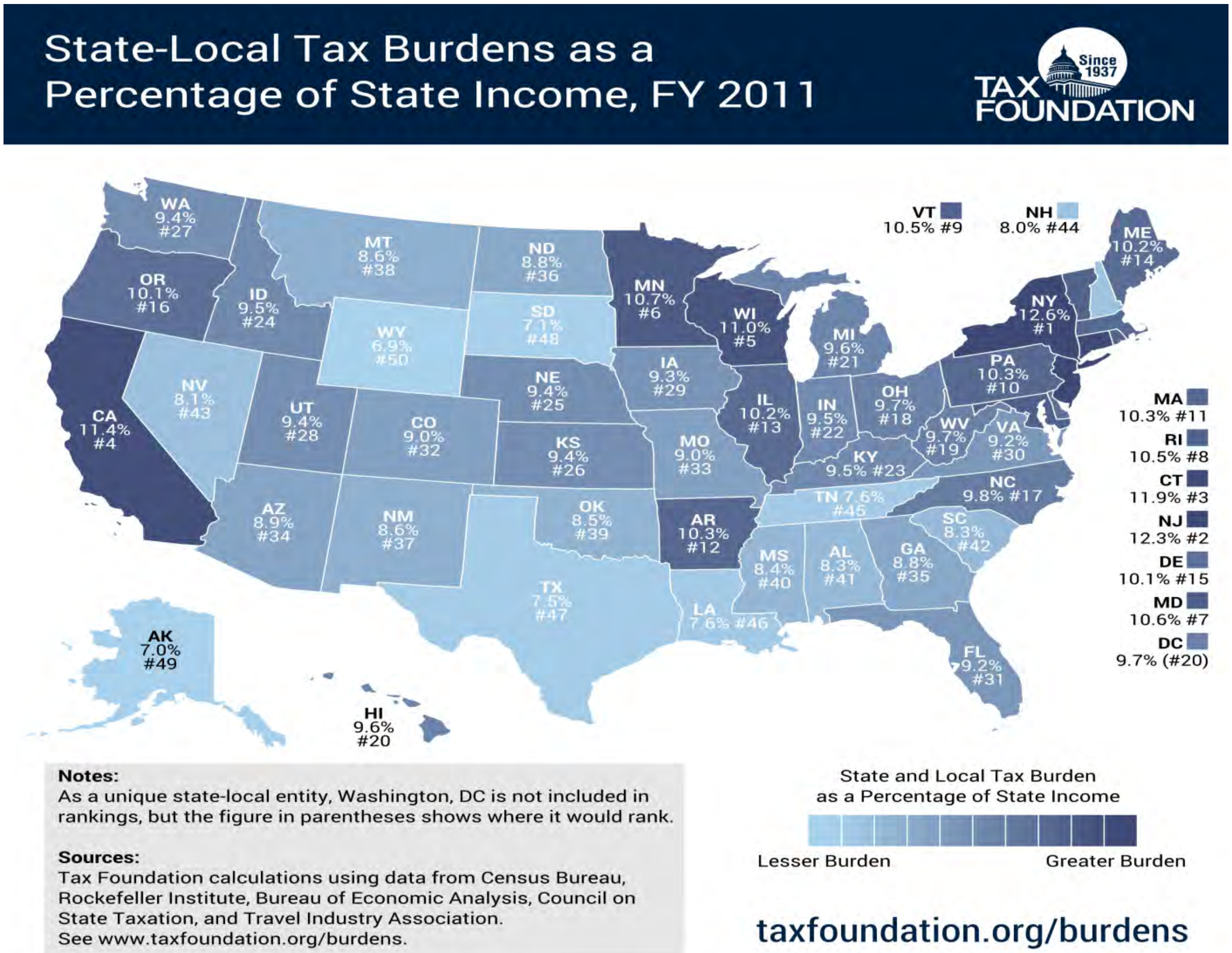
The majority of villages within the state (454) have a 5-member board. For purposes of overriding the tax cap a local law would be required to be adopted by a vote of **3 of the 5 village board members**.

A total of 11 villages have a 4 member board, which include the villages of: Almond, Bloomfield, Bloomingburg, Cambridge, Falconer, Fleischmanns, Fultonville, Lattingtown, Laurens, Marathon, and Oriskany Falls. For purposes of overriding the tax cap a local law would be required to be adopted by a vote of **3 of the 4 village board members**.

Finally, 48 villages have a 3 member board. For purposes of overriding the tax cap a local law would be required to be adopted by a vote of **2 of the 3 village board members**.

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 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[i]. 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 2010 they are 8th in the nation on the measure of state and local tax burden[ii].



Massachusetts business tax climate ranking, of which property taxes is a significant factor, was 25 in 2013, far below its geographic peer states of Rhode Island (46), Connecticut (42), New York (50) and New Jersey (49). In 1980, the combined Massachusetts state-local tax burden was 11 percent of resident income, well above the national average and only behind New York and Wisconsin. As of 2011, the total Massachusetts tax burden was 10.3 percent slightly above the national average of 9.8 percent. Massachusetts moved down on the state and local tax burden rank from 8th in FY 2010 to 11th in FY 2011. New York's state and local tax burden was 12.6 percent in 2011 a full 2.8 percentage points or 29 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.

<u>Beyond The Property Tax Cap: NYS' Multifaceted Approach to Relieve the Burden of High property Taxes: State Aid to Schools / Mandate Relief / and Direct Property Tax Relief</u>

<u>Education Funding:</u> The cap was only one part of the State's commitment to property tax payers, school districts and local municipalities. Over the same four year period in which the property tax cap was in effect the State has increased aid to school districts by over $3.7 billion or 19 percent. The rate of inflation over that same period was only 6 percent. The Executive has proposed a FY 2017 general support for public schools aid package of $991 million or 4.27 percent. 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.

<u>Mandate Relief:</u> Major local savings initiatives Enacted Since the Implementation of the Property Tax Cap:

- Took over the growth in the local share of Medicaid beginning in FY 2013, saving counties roughly $1.7 billion over 5 years ($187 million in FY 2015);
- Enacted a Stable Pension Contribution System for municipalities and school districts ($6.4 billion in savings over 5 years).
- Increased collaboration between the Office of the Medicaid Inspector General (OMIG) and local social service districts by requiring the OMIG to develop training materials for identifying fraud and abuse, to meet quarterly with representatives of local service districts, and to develop a work plan for such collaboration. Increases from 10 percent to 20 percent the local share of savings resulting from Medicaid recoveries under the county demonstration program.
- Reformed Workers Compensation to provide $45 million in annual savings to localities.
- Repealed the requirement for BOCES to perform special education space requirements every five years ($3.2 million in savings);
- Permitted school districts to take their annual census biannually ($1.7 million in annual savings);
- Exempted school districts with less than 1,500 students from the internal control audit requirement ($19.3 million in annual savings);
- Permitted school districts that were unable to open due to an extraordinary circumstance, natural disaster or emergency to obtain up to a 10-day waiver to the 180 school day requirement (ensures no loss in State aid);
- Limited school districts expenses by freezing the formula for Charter School basic tuition at school year 2010-11 levels instead of allowing the formula to be updated ($41.5 million in savings);
- Provided relief to over 500 school districts by enactment of a two-year moratorium on assumed amortization interest rates used to calculate Building Aid ($155 million in savings);
- Provided access to statutorily restricted reserve funds to maintain educational programming;
- Provided targeted relief to various school districts facing penalties and exorbitant chargebacks ($4 million in savings).
- Provided relief by enacting an amnesty provision (to reclaim previously denied and/or recovered State Aid) for school districts that failed to submit Transportation contracts and/or submitted contracts with errors and had State Aid denied ($10-12 million in savings);
- Provided relief by extending the provision for school districts to use excess Employee Benefit Accrued Liability Reserve (EBALR) funds to maintain educational programs (Up to $118 million in excess funds is available for districts to access);
- Provided relief by enacting an amnesty provision for school districts that have late filed or unfiled final cost reports for building projects SED approved prior to July 1, 2011 (Over $100 million in final cost report penalty avoidance (savings) and additional prior year aid (funding); and Provided relief to school districts (on teacher disciplinary procedures) by requiring the parties to select a hearing officer within 15 days and limiting the submission of evidence within 125 days of filing. Savings will result from reduced expenditures for substitute teachers and administrators as well as a reduction in legal fees.

Direct Property Tax Relief: In addition to the long standing STAR program, the State has enacted two direct property tax relief provisions intended to reduce the burden of property taxes. The FY 2014 Enacted Budget included the Property Tax Freeze Credit and the FY 2015 Enacted Budget included the Property Tax Rebate program.

Property Tax Freeze Credit: Under the plan, the State freezes real property taxes by allowing homeowners to receive a reimbursement check equal to the year-over-year increase in the homeowner's real property taxes. In order to qualify for the credit, the homeowner must meet the following criteria:

- Be STAR eligible – have total household income less than $500,000;
- Live outside New York City; and
- Reside in jurisdictions that abide by the 2 percent real property tax cap.

The credit is available to homeowners for taxable years 2014 – 2016 and would apply to real property taxes as follows:

- 2014 - only school property taxes,
- 2015 – school and municipal property taxes, and
- 2016 – only municipal property taxes.

Approximately 2.8 million homeowners will benefit from the credit, receiving an average benefit of $354. (total value of the credit: 2014 - $375 million, 2015 - $783 million, and 2016 - $342 million). Similar to the current Family Relief Tax credit, the property tax freeze credit is an advance refund of the credit to be paid in the fall and winter in the form of a check.

While the first year of the credit applied to homeowners in school districts and municipalities that stay within the tax cap, the second year of the credit will only apply to homeowners that reside in jurisdictions that abide by the property tax cap and those jurisdictions that take "meaningful" concrete steps toward finding permanent structural savings by sharing services with other jurisdictions or consolidating governments in their entirety.

Taxing jurisdictions have to certify with the Tax Department and the Office of the State Comptroller that they comply with the tax cap. They would also have to submit efficiency plans to the Department of State which result in tax levy savings of at least one percent in fiscal year 2016.

Property Tax Rebate Checks: In the 2015 session chapter 20 of the laws of 2015 created property tax rebate checks for STAR eligible homeowners that will begin to be paid in the Fall of 2016.

- The property tax rebate relief totals $3.1 billion over four years for STAR eligible homeowners who reside in property tax cap compliant school districts;
- Beginning in the 2016 State Fiscal Year, STAR eligible recipients whose income is less than $275,000 and reside in a property tax cap compliant school district will receive a property tax rebate in addition to the 2014-15 enacted local property freeze credit.
- Eligible homeowners receive one check that includes their property tax freeze credit and their property tax rebate amount in the Fall of 2016;
- <u>In 2016, upstate homeowners will receive in addition to the Freeze credit a flat $185 rebate benefit. The MTA region will receive a flat $130 rebate benefit.</u> When the rebate amount is added to the freeze credit the average statewide property tax relief check will be approximately $350 per eligible homeowner. The property tax Freeze and the property tax rebate will be added into one property tax relief check. The average check regionally breaks down in the following way:

Property Tax Freeze PLUS Property Tax Rebate Year 1 and Year 3		
Region	2016	2019
	Avg Check	
Statewide	$164	$532
Upstate	$185	$416
Nassau	$130	$726
Suffolk	$130	$658
Downstate Suburbs*	$130	$775

- In the second year, the property tax rebate relief will be provided on a percent basis with the utilization of income thresholds as follows:

STAR Property Tax Rebate Income		
Bracket	Minimum	Maximum
1	$0	$75,000
2	Above $75,000	$150,000
3	Above $150,000	$200,000
4	Above $200,000	$275,000

- Lower income brackets will receive a higher percent benefit which is based off of their STAR program benefit amount.
- Seniors who qualify for the enhanced STAR benefit will also receive the property tax rebate checks over the four years of the program.
- In addition, the previously enacted NYC circuit breaker credit is extended for four years ($85 million annually)

In the Fall of 2016, when combined with the Freeze credit eligible homeowners will receive the following benefit by region:

Property Tax Freeze PLUS the Property Tax Rebate	
Region	Fall 2016 AVG Check
Statewide	$347
Upstate	$302
Nassau	$423
Suffolk	$425
Downstate Suburbs*	$418

School Tax Relief Program (STAR): The Executive Budget proposes to restructure the current School Tax Relief Program (STAR) by phasing out direct payments to school districts on behalf of eligible homeowners and convert the property tax relief into a refundable property tax credit for new homeowners. In 2015 STAR payments to eligible recipients across the State amounted to $3.3 billion. The current STAR program provides property tax exemptions to seniors ($949 million) and non-seniors ($1.8 billion) as well as a personal income tax credit for NYC residents ($618 million). Since its enactment the original STAR program has provided almost $60 billion in property tax relief to eligible senior and non-senior homeowners. The original STAR program provides three types of property tax relief:

Basic STAR

- Available for owner-occupied, primary residences where the resident owners' and their spouses income is less than $500,000; and
- 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 $83,300; and
- Exempts the first $65,300 of the full value of a home from school taxes as of 2015-16 school tax bills (up from $64,200 in 2014-15).

NYC PIT

- Provides an income tax credit and rate reduction for NYC residents. The credit is limited to those individuals whose income is less than $250,000. The rate reduction component is available for all NYC tax filers.

STAR exemptions apply only to school district taxes. They don't 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).

School Tax Relief Program Funding History					
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	$1,770	$949	$618	$0	$3,337
2016-17*	$1,756	$943	$529	$414	$3,642
Total	**$29,431**	**$13,902**	**$11,067**	**$3,401**	**$57,801**

*proposed.

[i] NYS Commission on Property Tax Relief. Final Report 2008.

[ii] The Tax Foundation State and Local Tax burden 2010.

New York City Property Taxes

New York City Property Taxes Framework

The property tax is by far New York City's largest revenue source, and traditionally has provided between 42 percent and 45 percent of the City's tax revenues. Tax levies are determined through a class share system that is designed to hold down the tax burden on one-to-three-family housing in the City to help encourage homeowners to stay or move to New York City, and mitigate the tax burden on certain rental properties (generally one to ten units). However, this means that the burden of the New York City property tax falls very heavily on commercial properties, large scale rental housing, cooperatives and condominiums.

The general property tax levy is the one major revenue source that New York City can set by itself without New York State legislation. The two major components of how much revenue the property tax produces for the City are the tax rate, and value assessments based on actual data or market trends.

However, section 10 of Article VIII of the New York State Constitution does set a limit on the amount of property taxes that can be levied in any one year for use in paying municipal operation expenses to a percentage of the total assessment smoothed over a five year period. In New York City's case that limit is set at 2.5 percent.

To change property tax rates requires action by the City Council of New York. The weighted overall tax rate has held steady at 12.283 percent for the last seven years. It was increased by the Council from 11.423 percent in City Fiscal Year (CFY) 2009 mainly in response to the "Great Recession." The only time in the last 33 years that the overall rate was lowered was in 2007 for a two year period.

While the rate remains steady tax levies can, and usually due, rise automatically based on year by year increases in assessments. Assessment increases are the primary reason that property tax revenues have been increasing at over a 5 percent rate since the real estate market began to recover in 2009. Moreover, the tax rates for different types of properties change every year due to the class share system in New York City.

New York City Real Property Tax Assessment Classes

New York City evaluates its real property for purposes of tax assessed in four classes:

- Class 1: 1, 2 and 3 family homes as well as vacant land;

- Class 2: Rental properties with 4 to 10 units (2A/2B), Co-ops and condos with 2 to 10 units (2C) and larger rentals and co-ops and condos (more than ten units);

- Class 3: Utility properties; and

- Class 4: Commercial and office buildings.

The way each class is valued for assessment purposes varies by its primary use —for Class 1 it's "market value"; Class 2 and Class 4 are valued by net income; Class 3 is replacement cost (for the cables and easements) less depreciation for the power plants and equipment.

Caps and Shares

The City conducts an assessment each year there are statutory caps (not to be confused with the rest of the State cap on property taxes enacted in 2011) on how much the levy on individual properties can increase each year (Class 1 is 6 percent each year and no more than 20 percent in 5 years; Class 2 is 8 percent in one year and no more than 30 percent in 5 years, Class 3 and 4 have no cap; but there is a 5 year phase-in for Class 4 increases). In addition, a "ratio" of market to assessed value can increase each year; for Class 1 it is set at 6 percent of market value, and for all other classes it's 45 percent. Often, Class 1 and Class 2 increases have been held even further down via enactment of State legislation. This calculation is completed each year with a tentative roll set in January and a final roll set in May.

The four classes must each have a proportion to their true market value in the real estate market as a whole, and cannot increase over the caps (set forth above). This results in a smoothing of sorts that has resulted in the commercial classes (primarily classes 3 and 4) bearing a larger and larger share of the property tax burden. The Class Shares system always must divvy up 100 percent of the assessment between the 4 classes.

Current Class Shares

- Class 1: Set at 46.2 percent of total market value, but its tax levy is 15.1 percent of the total levy;
- Class 2: Set at 23.6 percent of market value, but these payers bear a 36.2 percent share of the tax levy;
- Class 3: Market value of 3.3 percent, but the class is assessed a 6.1 percent share of the tax levy; and
- Class 4: Market value of 26.9 percent of total real estate value but is assessed at 42.7 percent share of the levy.

The Current and Projected Growth of New York City's Property Taxes and Spending

For City Fiscal Year (CFY) 16, which ends on June 30, 2016, the latest estimates from the NYC Department of Finance (DoF) project the property tax raising $22.436 billion - $467 million greater than the projection in the Mayor's CFY 16 budget proposal, or 43 percent of the New York City's total tax revenues. This estimate would result in a 5.2 percent growth in property tax receipts over CFY 15's collection of $21.317 billion.

In CFY's 17, 18, and 19 the OMB estimates that property taxes will rise to $23.534 billion, $24.532 billion, and $25.583 billion respectively. These increase come to a three year annual growth rate of 4.5 percent.

The DoF and Office of Management and Budget (OMB) traditionally have been very conservative in property tax revenue estimates. Consequently, the Office of the State Comptroller is confident that revenue projections for the New York City property tax can be projected to come in at least $200 million annually over the City's estimates for CFY 16, 17, 18 and 19.

Given the Comptroller's revision, the growth in property tax revenues for CFY 15 over the previous year will come in at 6.2 percent or $1.319 billion. The projected average growth rate for the following three years will rise to an average of 5.2 percent annually resulting in estimated collection of nearly $26.4 billion in CFY 19, $4.0 billion more than the current CFY.

The just-released, tentative assessment rolls from DoF show that even the OSC's revision greatly underestimates the growth in New York City overall and taxable property values. DoF is now projecting that the full market value of property in the City increased 10.58 percent and the taxable assessed value increased 8.10 percent. When the property tax bills are issued later this year, revenues will come in at least another $100 million higher than the OSC estimates. The estimated growth from CFY 16 to CFY 17 will now rise by 6.32 percent with a four year average growth rate of 6.02 percent resulting in CFY 19 revenues, after present smoothing adjustments of 26.81 billion.

Is New York City Already Violating the New York State 2.5 Percent Constitutional Cap?

In July of 2015, ex-DoF commissioner Martha E. Stark issued a whitepaper in which she comprehensively argues that in CFY 2016, New York City will exceed the allowable amount of property taxes that can be collected for use of the City's operational expenses by over $640 million.

In her piece, *NYC Property Tax Levy Violates the Constitution,* Ms. Stark contends, that the rapid rise in property tax values that began in CFY 14 has resulted in taxable assessments utilized to determine tax levies that surpass the five year smoothing requirement in the State constitution. If her argument is correct, then an immediate reduction of property taxes of three percent for a total of $640 million would need to be repaid though a rebate to the City's ad valorem payers.

The City OMB has argued that they are not in violation of the cap because of the ability of the City to raise taxable assessments by the total amount of abatements given to certain programs such as 421-a, J-51 and a myriad of other tax abatement programs the City offers. Ms. Stark counters that the City has no statutory or other authority to exempt these abatements from the prescriptions of the Constitutionally mandated cap since the City has no intention of collecting those abatements. Recent statements from the OSC seem to confirm her view.

It appears to be an important question of whether the City should be voluntarily abiding by a hard 2.5 percent cap. Regardless, strong arguments can be made that it would be in New York City's best interest if it was included in the 2 percent cap that applies to the rest of the State.

New York City's Real Estate Taxes Drag on Its Economy

Business leaders throughout New York State have made it clear that property taxes are the single greatest government burden placed on their efforts to create jobs, invest, grow, and stay producing in New York State. Governor Cuomo has reached the same conclusion. He announced in his 2015 State of the State New York Opportunity agenda that the property tax is the biggest impediment to economic growth:

"It has been New York's chronic problem," the Governor said. "The No. 1 business tax is the property tax. The highest tax we collect in the state of New York is the property tax. "

This year the Governor repeated the message that property taxes are the foremost reason that businesses in New York have such a difficult time succeeding and creating and improving jobs. In his recent State of the State address Governor Cuomo stated that, "the property tax is the killer tax in this state and it has been for a long time. It's nothing new."

The property tax is also the "hidden drag" that makes New York's energy prices the second highest in the nation, and holds back capital investments in transportation, communications, power industries, and building modernization. (*Short Circuiting New York's Economy*. New York State Public Policy Institute, March 2010).

High property taxes are an especially onerous burden on small businesses. Unlike most taxes that rise and fall depending on how well a business does, the property tax generally does not drop when business conditions sour. Making property tax payments often becomes the immediate cause of why a business closes shop or downsizes.

The Governor and the Legislature in 2011 took the historic step of reigning in the growth of property taxes Statewide that had been exploding at a rate of over 6 percent a year by enacting the Statewide cap.

The State property tax cap limits ad valorem levies at the lower of 2 percent or the rise in the Consumer Price Index (CPI), whichever is lower. The cap is expected to save taxpayers outside of New York City a total of $11.4 billion.

Ironically, the first real property tax cap actually occurred in New York City. In 2003, in order to help the residents of the City recover from the devastating effects of the 9/11 attack, the State authorized an up to $400 rebate for qualifying homeowners. In return, New York City government agreed to cap the City's property taxes in 2004 at current levels. Collections in 2005 were virtually flat compared to the year before at roughly $11.5 billion. This cap aided the world's greatest city in its remarkable economic comeback from that darkest of days.

The Senate has been reviewing the decision to exempt New York City from the property tax cap guidelines since the cap has benefitted taxpayers everywhere else in the State. What is undoubtedly clear is 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 so necessary for a strong value added economy, would ease. In addition, New York City's, and by extension the entire State's, reliance on the financial and legal services businesses to provide the quality of life all New Yorkers deserve, could be broadened to other high value sectors thus providing greater stability and opportunities for growth to our economy.

In addition, the real estate industry in New York City has come to rely heavily on certain tax abatement programs, such as the just expired 421-a program to somewhat offset the high property taxes on commercial properties. Limiting the growth of these property taxes leads to the reasonable assumption that more housing stock of every type would be constructed or rehabilitated in the City without so much reliance on exemptions and abatements.

If New York City held itself to the property tax cap levels applying to the rest of the State beginning in 2014, the property tax levy imposed on the City would have been $432 million less in CFY 2015, and $2.418 billion less in the current year. The CPI derived tax cap level for municipalities with a fiscal year beginning July 1, like New York City, will not be released until later this month, but if the consensus gathered by the Financial Forecast Center is correct of an inflation level of 0.5 percent then the savings will grow to $3.506 in CFY 2017.

These tax savings would go a long way toward encouraging greater amounts of affordable and supportive housing to be constructed, and attracting and maintain global corporate headquarters.

It is important to recall that the property tax cap is applied against municipalities and school districts entire tax levy. Assessments on properties may rise, but under the cap, New York City's homeowners and businesses would actually see their tax rates would fall.

The Executive Budget's Impact on CUNY and Medicaid and its relation to the Property Tax Cap

The Executive Budget contains several measures that would require greater New York City contributions toward higher education, health care and mass transit. The justification for these formula changes are the general health of the New York City economy, but more importantly, that New York City is not subject to the property tax cap, and consequently, the City has amassed a large surplus based largely, in the Executive's view, on the $3.5 billion in extra property tax receipts over what would have resulted if New York City was held to the limitations of the property tax cap.

The Executive is proposing to "re-establish" funding parity for the City University of New York (CUNY) so that 30 percent of government support for CUNY's senior colleges would come from City Fund resources – tied, for SFY 17, to the State providing $240 million in funding increases for CUNY labor unions. The City would consequently have to provide $485 million in additional operational support to CUNY, and then each year thereafter 30 percent of 98 percent of whatever the enacted total for CUNY senior colleges' budget comes to in each future year.

The Executive is also proposing to reestablish New York City's local funding contribution toward the growth of spending under the Medical Assistance Program (Medicaid). This measure would require the City to provide $180 million in additional health spending in SFY 2017, $476 million in SFY 18, $605 million in SFY 19, and $735 million in SFY 20.

In total, the additional contribution of City funds toward these programs is estimated to be $800 million in SFY 17, $1.168 billion in FY 18, and approaching $1.40 billion in FY 19.

Serious consideration should be given to having New York City fall under the cap, and the gradual elimination of the commercial rent tax, which is approaching $700 million a year as an ad valorem tax that is a unique burden in the nation inhibiting growth and retention of many of the State's largest employers and economic engines.

Education Tax Credits

The Education Tax Credit offers a tax credit for donations made by a taxpayer to either a public school or a private educational scholarship organization. The credit is designed to increase charitable donations to private scholarship funds in order to help low-income and middle-class families pay tuition for pre-k through grade 12 education. The additional donations would stabilize school enrollment as well as ease the financial and tuition pressure on families. It will also encourage donations to public schools and the non-profit organizations that serve them. Donations could be used to provide after-school programs, tutoring or other education programming.

<u>Senate Legislation vs. Executive Proposal</u>

On January 11, 2016 as well as in several prior years, the Senate passed legislation to enact a version of this credit with overwhelming bipartisan support (S.1976-A Golden/Felder; 47-15).

The Senate legislation provides a credit of 90 percent of donations made to either a public school (including charter schools), local education fund or school improvement organization; or a private educational scholarship organization that provides tuition grants to not less than three qualified schools. **The Executive proposal provides a credit of 75 percent of donations made to a private or public school which does not include charter schools.**

The maximum credit a taxpayer may receive is $1 million. Eligible taxpayers include those that file under either Article 9-A (corporate franchise tax) or Article 22 (personal income tax). The credit is non-refundable but can be carried over for five years.

Under the Senate legislation eligible students who receive tuition grants must be a resident of the state, attend a qualified school and live in a household with a federal adjusted gross income (AGI) of not more than $500,000. However, if the household has three or more dependent children, the maximum federal AGI increases by $10,000 per child beginning with the third child. The maximum income cannot exceed $550,000. **The Executive's proposal has a maximum household federal AGI of not more than $250,000 with a maximum income not to exceed $300,000 with additional dependants.**

The Senate bill also encourages teacher-proposed projects by providing a $200 tax credit for teachers for out-of-pocket purchases of classroom supplies and materials. Home-school families are also eligible for a $200 tax credit for the purchase of approved instructional material. The Senate does not cap the amount that may be awarded under these credits. **The Executive proposal does not include the home-school supplies credits and imposes an annual cap of $10 million for the tax credit for teachers' instructional supplies credit.**

<u>Credit Pool</u>

For tax year 2017 the pool of available credits in the Senate bill will be $150 million; for 2018 $225 million and for 2019 and beyond $300 million. Of the total amount of tax credits available annually, 50% is allocated for donations to public education entities, local education funds, and school improvement organizations (public schools). The remaining 50% is allocated for donations to educational scholarship organizations (supporting private schools). **The Executive proposal has an annual pool of $70 million in**

credits with $20 million allocated to public schools and $50 million allocated to private schools.

Under the Senate bill, taxpayers must apply for the credits by sending an application to the Department of Taxation and Finance (DTF). Taxpayer's applications that are received by DTF between January 1 and January 31 of each year will be tallied and if the amount exceeds the cap, the credit will be distributed in two steps. In step one, each applicant will receive the lesser of their donation or the contribution cap divided by the total number of applications. If there is any remaining credits after step one, any applicant that in step one received a credit that was less than their requested donation, will in step two, be awarded a pro-rata share of the remaining credits. **The Executive proposal ends applications for phase I on January 15.**

Under the Senate bill, if the total amount of credit applications in phase one does not exceed the cap, from February 20 to October 31 credits will be available on a first come-first served basis. **In the Executive proposal, if the credit cap is not exceeded in phase one, the credits will be available on a first come-first serve basis from January 16 till November 1.** If a contribution authorization certificate is issued but the donation is not made, such credit amount and any unawarded credits will roll into the pool for the next year.

Other Donations

Both proposals allow public schools (Senate proposal includes charter schools) to receive and solicit donations and any amount received will be disregarded for the purposes of determining state aid.

Tuition Tax Credit

The Executive proposal provides for a refundable tax credit of up to $500, for each dependent, for qualified public or non-public primary and secondary education tuition expenses. Eligible taxpayers must have an adjusted gross income of $60k or less.

Education Tax Credit Senate vs. Executive		
	Senate	**Executive**
Credit Percentage of Contribution	90%	75%
Credit Limit per Taxpayer	$1 million	$1 million
Maximum Household Income of Recipients	$500,000 (Plus $10,000 for each child above 2 children in the household, not to exceed $550,000)	$250,000 (Plus $10,000 for each child above 2 children in the household, not to exceed $300,000)
Credit Cap 2017	$150 million	$70 million
Credit Cap 2018 and Beyond	$225 million	$70 million
Credit Cap 2019 and Beyond	$300 million	$70 million
Split Between Public School and Private Scholarship Organizations	50% Public - 50% Private	Public Schools: $20 million Private Schools: $50 million
Charter Schools Eligible	Yes	No
Additional Restrictions on Private Scholarships	None	50% of Scholarships must go to pupils who qualify for free or reduced lunches under the National School Lunch Act.
Legislation Contingent on the Enactment of other Legislation	No	No
Donation Deadline	All approved donations must be made by December 31st in the year of approval	Approved donations must be made by the date specified by DTF on the Contribution Authorization Certificate, but not later than November 30th
Home-School Supplies Credit	Yes	No
Teacher Supplies Credit	Yes	Yes ($10m cap)

Mayoral Control -- NYC

Mayoral Control

Mayoral control of the New York City School system was initially established in 2002, was renewed by the Executive and the Legislature in 2009, and again was extended by the Executive and the legislature for one year in 2015. Mayoral control is set to expire June 30, 2016.

Panel For Educational Policy

The NYC school system is governed by a city wide Panel for Educational Policy, which is made up of 13 members. The Mayor of the City of New York in essence controls the Panel through the member appointment statutory allocation. The panel is more commonly referred to as the "city board". Of those 13 members:

- Five members are appointed by their respective NYC borough president who must be the parents of children attending a public school and reside within the borough of the president who appointed them. These members are eligible to serve for up to 2 years after their child has graduated from the school system;
- Eight members are appointed by the Mayor; and
- The Chancellor of Education, who is appointed by the Mayor, also serves as an ex-officio, non-voting member of the panel.

The board selects their own chairperson from the thirteen members. Any vacancy must be filled by the appropriate appointing authority within 90 days. The City board is required to meet at least once a month and must meet at least once in each borough during the year. This board has the authority to:

- Approve standards, policies and regulations proposed by the chancellor,
- Act as the government or public employer of all people appointed to or assigned by the city board or community districts,
- Serve as the appeal board,
- Maintain jurisdiction over city-wide educational policy,
- Approve contracts, and
- Approve litigation settlements.

The Mayor has the authority to remove any member of the city board based on proof that the official committed misconduct in office, negligence in duties, or conduct which tends to discredit the office. All members serve at the pleasure of the appointed authority and are barred from employment by the City of New York in any capacity while serving.

Community School Districts

New York City has 32 community districts governed by education councils. Each council is made up of 11 voting members and 1 non-voting member. At least nine members of the council must be parents of children attending public schools within NYC, who are selected by the presidents and officers of the parent-teacher association. These members serve a term of two years with the option to extend to a second two year term. The one non-voting member is a high school senior who is appointed by the superintendent from among the elected student leadership.

These community district education councils are responsible for overseeing prekindergarten, nursery, kindergarten, elementary, intermediate, junior high schools, high schools and related community district programs within their respective community districts.

Mayoral Control Expiration

If no action is taken and mayoral control is not extended, Chapters 91 of 2002 and 123 of 2003 provide for the creation of a seven member board of education. Absent the extension of the current structure the prior governance structure would "pop up" and the former board structure would provide for board members that would be appointed as follows:

- Two at-large members appointed by the mayor, and
- Five members with one each appointed by their respective borough presidents.

The members would serve four year terms and elect a president from within the members of the board. This board would have significantly more power and authority to act than the current city board. Additionally, the community district education councils now in place would be replaced by community boards. These boards are composed of nine elected members who serve uncompensated for terms of three years.

Other cities with Mayoral control include: Boston, Chicago, Cleveland, Hartford, New Haven, Providence, Washington D.C., Baltimore, and Philadelphia.

Mayoral Control Effectiveness

In looking at the most recent data in the NYC school system students who are White, Asian, English Proficient and wealthier are on average faring better academically on standardized assessments than those who are Black, Latino, Limited English proficient or economically disadvantaged.

Overall the district lags behind the State on both assessments although the percentages that fall into the proficiency levels are not considerably different. The following tables show the data for both the English language arts grades 3-8 assessments as well as the breakdown for each category on the grades 3-8 Math assessments.

Beyond the proficiency level of students taking the grades 3-8 assessments the graduation rates for NYC compared to the state are also lagging behind. In 2013, the Statewide graduation rate was 75, percent whereas, in NYC the rate was 61 percent. The rate for NYC improved in 2014 to 64 percent but was still behind the statewide rate of 76 percent. When comparing the same subgroups as the Math and ELA grades 3-8 assessments similar outcomes are found in graduation rates where White, Asian, English Proficient and wealthier students are on average graduating at a higher rate than those who are Black, Latino, Limited English proficient or economically disadvantaged.

NYC 2014 and 2015 ELA Assessments

Results by Student Group	2014 GRADES 3-8 Total Tested	2014 Percent Scoring at level(s) 1	2	3	4	3+4	2015 GRADES 3-8 Total tested	2015 Percent Scoring at level(s) 1	2	3	4	3+4
Statewide		34	37	22	9	31		34	35	22	9	31
All NYC students	410,258	35	37	20	8	28	442,909	33	37	21	9	30
Black or African American	106,078	43	38	14	4	18	123,018	40	39	17	4	21
Latino or Hispanic	166,853	43	39	15	4	18	178,522	41	39	16	4	21
Asian	67,474	18	33	31	18	49	69,139	17	31	32	20	52
Whites	64,807	17	33	31	18	49	65,813	17	32	32	20	52
Limited English Proficient	49,449	74	23	4	0	4	49,282	72	23	4	0	4
English Proficient	360,809	29	39	22	9	32	393,627	28	38	23	10	34
Non Economically Disadvantaged	71,266	16	31	33	21	54	117,554	21	33	29	18	47
Economically Disadvantaged	338,992	39	38	17	6	23	325,365	38	38	18	6	24

NYC 2014 and 2015 Math Assessments

Results by Student Group	2014 GRADES 3-8 Total Tested	2014 Percent Scoring at level(s) 1	2	3	4	3+4	2015 GRADES 3-8 Total tested	2015 Percent Scoring at level(s) 1	2	3	4	3+4
Statewide												
All NYC students	406,489	34	32	20	14	34	438,159	32	32	20	16	36
Black or African American	104,377	47	34	14	5	19	121,053	43	33	16	8	24
Latino or Hispanic	168,066	41	35	17	6	23	179,475	40	35	17	8	25
Asian	66,005	11	23	30	36	66	67,803	11	22	28	39	67
Whites	63,102	16	28	29	27	56	63,523	15	28	29	28	57
Limited English Proficient	56,557	59	27	10	4	14	56,636	58	27	10	5	15
English Proficient	349,932	30	33	22	16	38	381,523	29	32	22	17	39
Non Economically Disadvantaged	68,276	16	26	27	31	58	114,308	21	28	25	26	52
Economically Disadvantaged	338,213	37	33	19	11	29	323,851	37	33	19	12	31

Impact of Receivership and Failing Schools on Mayoral Control:

The 2015-16 Enacted budget included major reforms aimed specifically at turning around failing schools.

There are 62 individual schools in NYC under Mayoral control that may be subject to receivership. These are schools that have been federally designated as "priority" for at least three years for failing to meet minimum standards of student achievement and other factors. Within the 62 failing schools, there are seven designated persistently failing in NYC, because they have been in "priority" status more than 10 years.

School Receivership

Schools designated as a failing, or persistently failing school will need to create a department approved school intervention plan. The goals set forth in the plan take into consideration a variety of factors ranging from student attendance to school culture. Also a community engagement team will be created to foster parental input.

For these seven persistently failing schools the Chancellor of NYC, will first be given the powers of the receiver for one year. During this one year period, the school must make demonstrative progress on goals that are locally set, but approved by SED, within a turnaround plan. The Commissioner of Education will determine if goals are adequately met. If progress is not made, schools will go into receivership.

For all other failing schools the same rules apply, however the superintendent will be given the powers of the receiver for two years. During this two year period progress must be made or the school will be placed into receivership.

If a school is placed into receivership, the local school district will have 60 days to pick a receiver. The receiver can be an individual, another school district, or a non-profit entity. The receiver will be paid for by the State.

The receiver will have the authority to supersede all decisions of the board of education. They will also be able to modify the budget of individual school buildings. Additionally, all failing schools will become community schools. Community schools are designed to deliver social, medical and legal services to students and families in partnership with communities within the school setting. The receiver is also given broad discretionary powers including: adding pre-k, requiring professional development, ordering the conversion of the school into a charter school (subject to parental approval via vote), altering the curriculum, as well as other powers.

The receiver is also given the authority to abolish all teaching and administrator positions. The administrator positions will then be refilled at the discretion of the receiver. The teaching positions will be filled by a staffing committee (2 members appointed by the receiver, 2 appointed by the collective bargaining unit) provided, however, that at least 50 percent of teachers hired shall be the most qualified and most senior in their positions.

The receiver may also request that the collective bargaining unit negotiate a collective bargaining agreement for the duration of the receivership to address the following areas:

- Lengthening the school day;
- Lengthening the school year;
- Professional development for teachers and administrators;
- Changing class sizes;
- Changing programs, assignments, and teaching conditions in the school.

If the school day/year is increased, there shall also be a proportional increase in compensation for members of the bargaining unit. If negotiations do not reach a final settlement, all open issues will be decided by the commissioner. Collective bargaining is not required for persistently failing schools, however, the above changes may be submitted to the collective bargaining unit. Other failing schools are required to submit such changes to the collective bargaining unit for 30 days, after

which open issues will be resolved by a conciliator
and then the commissioner, if needed.

State Spending Cap – Controlling Spending

Fiscal responsibility is good for economic growth and job creation. By adhering to a self imposed State Operating Funds spending cap of two percent, Senate Republicans have partnered with the Executive to save taxpayers more than $23 billion over the last five years while maintaining a commitment to high priority areas such as education and health care.

The FY 2017 Executive Budget would increase State Operating Funds spending by $1.6 billion or 1.7 percent and adjusted All Funds spending would increase by $1.7 billion or 1.2 percent; while school aid would increase by 4.3 percent and health by 3.4 percent.[1]

To ensure the continuance of fiscal austerity, on January 12, 2015, the Senate passed the **Annual Spending Growth Cap Act** (S.5507) which would codify the current self imposed two percent spending cap. Based upon the most recent updated information from the Executive Budget, this would save approximately $10 billion over the next five years.

Increases Reserves. The bill would increase the maximum reserve capacity of the rainy day fund from five percent to ten percent of the aggregate amount projected to be disbursed from the General Fund during the immediate following State Fiscal Year.

Spending cap is linked to inflation. The annual spending cap would be defined as the average rate of inflation (consumer price index, all urban) of the three calendar years immediately preceding the state fiscal year for which the cap would apply. **The spending cap would apply only to State Operating Funds (which excludes capital and federal funds).**

The cap can be exceeded in the event of an emergency. The Executive would be prohibited from submitting, and the Legislature would be prohibited from acting upon, a budget that contains a spending increase that exceeds the spending cap unless an emergency exists.

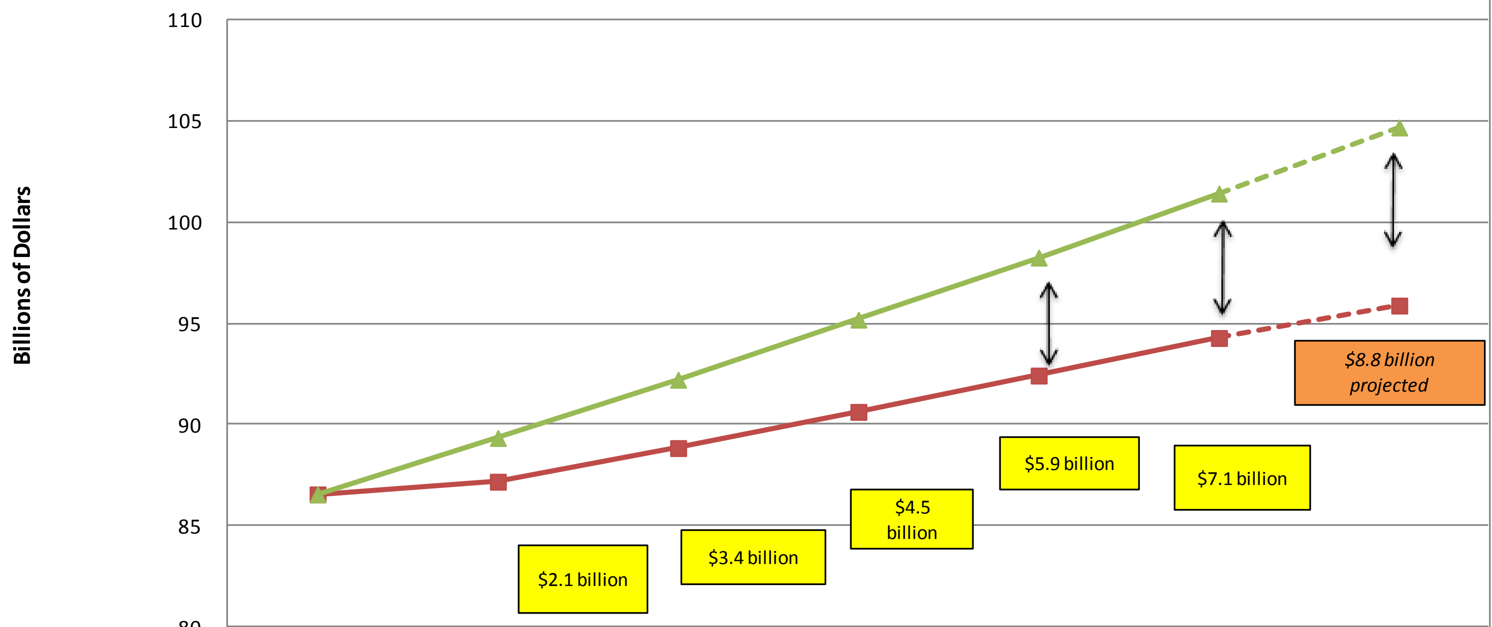
The Governor would have the power to declare a state of emergency by Executive Order and, based upon such declaration, authorize the Legislature, by a two-thirds super majority, to act upon a budget with spending that exceeds the cap. The Legislation defines an emergency as an extraordinary, unforeseen occurrence such as a terrorist attack, natural disaster, invasion or economic calamity.

Within five days of action by the Legislature on the Executive Budget, the State Comptroller would determine whether the Enacted Budget exceeds the spending cap. If the Budget exceeds the spending cap, as determined by the Comptroller, the Executive would be required to take action to reduce spending to a level that falls within the confines of the cap.

The bill passed by the Senate has no fiscal impact for FY 2017 because it would apply to the FY 2018 budget.

[1] *Adjusted All Funds spending excludes extraordinary items such as Federal disaster aid for Superstorm Sandy, Federal funds associated with the Affordable Care Act and capital spending from monetary settlements with financial institutions. The school aid spending increase is based upon the School Year not the State Fiscal Year and the health spending projection is based upon spending within the global Medicaid Cap.*

The Self Imposed Spending Cap Has Saved Approximately $23 Billion Through FY 2016



	10-11	11-12	12-13	13-14	14-15	15-16	16-17
spending w/ self imposed cap	86.554	87.181	88.843	90.631	92.426	94.283333	95.885
spending @ 3.2%	86.554	89.34177137	92.21933257	95.1895756	98.2554856	101.4201438	104.6867309

Gap Elimination Adjustment (GEA)

Background

For the past six fiscal years, nearly all public school districts in New York State have been negatively impacted by a bottom line reduction to their annual State Aid apportionment by a statutory formula known as the Gap Elimination Adjustment or GEA. Due to the downturn in the economy beginning with the housing crisis in 2008, Democrats enacted the GEA as a budget cutting tool as it struggled with its own structural deficit. While the GEA was first proposed by the Executive in FY 2011, it was introduced in another form just one year earlier and was known as the Deficit Reduction Assessment. Similar to the Deficit Reduction Assessment of 1990-91, and the years of the Transition Adjustment that followed public school districts throughout the 1990's, the GEA has represented a recurring bottom line cut to state aid for public education.

2010 Impact - GEA

Beginning with the FY 2010 Executive Budget, the Executive proposed a $1.097 billion Deficit Reduction Assessment (DRA). This reduction was proposed due to a loss in State revenues as the State was in the midst of a national recession. After the introduction of the FY 2010 Executive Budget Proposal, the Obama administration enacted the American Recovery and Reinvestment Act (ARRA) which provided federal funds to States to help with budget shortfalls. As a result, New York State was scheduled to receive $2.5 billion in ARRA funds over two years to support elementary and secondary education. In FY 2009 the State utilized $1.2 billion in ARRA funds to provide an increase of $403 million for General Support for Public Schools over the prior school year. However, midway through the school year, additional cuts were needed as the recession worsened and projected revenues were declining. Therefore, the State utilized an additional $700+ million in ARRA funds to provide general fund relief to school districts. In the end, the receipt and use of ARRA funds prevented any GEA reduction or Deficit Reduction Assessment on school districts in 2010.

2011 Impact - GEA

In FY 2011, the Executive proposed a GEA of $2.1 billion which was partially offset by $726 million remaining in ARRA funds resulting in a net proposed GEA of $1.4 billion. In that same year, the Obama Administration provided the State with $607 million in EDUJOBS funds which were intended to help save teaching positions. While the EDUJOBS program funds were distributed to school districts to offset cuts in State funding, the GEA still remained and was shown on the enacted computerized state aid runs at $1.4 billion. In other words, the GEA was not offset by the influx of the additional $607 million in EDUJOBS funds.

The infusion of Federal EDUJOBS program funds, which were special aid funds, were for the purpose of saving teaching positions and therefore not counted as GEA restorations. Reductions in teaching positions in the general fund due to the GEA were replaced by teaching positions filled with EDUJOBS program funds. In sum, while there was obviously a negative impact on school district revenue due to the $1.4 billion GEA cuts to state aid, a considerable amount of this negative impact was offset by the receipt of $607 million of EDUJOBS program funds.

2012 through 2016 Impact - GEA

Beginning with FY 2012 and up to FY 2016, the impact of the GEA has been much simpler to quantify since the federal government discontinued the distribution of ARRA funds and EDUJOBS funds to the States. From FY 2012 to FY 2015, the state has followed a pattern where the Executive has proposed the GEA and GEA restorations for all school districts in his Executive Budget with the Legislature enacting additional GEA restorations. In FY 2016, the Executive proposed the GEA remain flat and did not designate any GEA restorations.

While the Executive proposed an overall state aid increase of $1.06 billion in FY 2016, the Legislature was left to decide on how to allocate the amount and distribution of GEA restorations (as well as all other categories of state aid) since he did not provide school aid runs. As a result, for most of the school budget planning process, school districts were left to estimate revenues for 2015-16 school budgets until the Legislature enacted the state budget on March 31, 2015 at which time state aid runs were produced and distributed.

The Senate has made eliminating the GEA its top priority since its enactment. In fact, on just the second session day of the 2016 Legislative session, the entire Senate Majority Coalition passed S.6377 reducing the GEA to zero which would effectively end the GEA once and for all in FY 2017. The following table shows the status of the GEA since FY 2011(in millions):

School Year	Executive Proposed GEA	ARRA Funds	Additional Legislative Restorations	Enacted GEA
2010-11	($2,138.1)	$725.9	$0.0	($1,412.1)
2011-12	($2,785.8)	$0.0	$229.3	($2,556.5)
2012-13	($2,266.7)	$0.0	$110.4	($2,156.3)
2013-14	($1,834.7)	$0.0	$195.9	($1,638.8)
2014-15	($1,315.5)	$0.0	$278.8	($1,036.7)
2015-16	($1,036.7)	$0.0	$603.1	($433.6)
TOTAL	**($11,377.5)**	**$725.9**	**$1,417.5**	**($9,234.0)**

Cumulatively, public school districts in New York State have suffered a total of just over ($9.2) billion in GEA aid cuts in the past six years as a result of the GEA cuts enacted in FY 2011 when the Democrats controlled the Senate. Further, the GEA still remains and applies to all 674 school districts that are shown on the state aid computerized run.

Distribution of the GEA

One way to look at the progress the State has made in restoring the GEA over the past five years is to look at GEA restorations enacted according to districts' resource capacity and student need. Toward that end, the State Education Department's (SED) Need Resource Capacity Index (N/RC) identifying districts as either High Need, Average Need, or Low Need is useful. The following table shows the distribution of the GEA from FY 2012 through FY 2016 according to N/RC (in millions):

Need Resource Categories	2011-12 GEA		Remaining 2015-16 GEA		Total GEA Restored (%)
1-NYC	($891.44)	32.0%	($87.28)	20.1%	90.2%
2-BIG 4	($122.43)	4.4%	($5.76)	1.3%	95.3%
3-HN URB/SUB	($266.94)	9.6%	($5.25)	1.2%	98.1%
4-HN RURAL	($212.30)	7.6%	($1.96)	0.5%	99.0%
5-AVERAGE	($1,045.58)	37.5%	($233.51)	53.9%	77.6%
6-LOW NEED	($247.10)	8.9%	($99.83)	23.0%	58.9%
TOTAL	**($2,785.8)**	**100.0%**	**($433.6)**	**100.0%**	**84.4%**

What stands out in the table above is: **the percent of the GEA for all high needs districts combined (#'s one through four) represented almost 54 percent of the total statewide GEA in FY 2012. After five years of GEA restorations, the percent of the GEA for the same group represented only 23 percent of the total statewide GEA. Average need and low need districts combined currently represent over 77 percent of the remaining GEA whereas in FY 2012 the same group represented approximately 46 percent of the GEA.** Since the proposed GEA back in FY 2012, priority has clearly been given to restoring the GEA for high need districts first. As shown in the total column above, the GEA currently remains at ($433.6) million.

Executive Proposal

The Executive has proposed eliminating the GEA over the next two years. For FY 2017, he has proposed a GEA restoration of $189.4 million which still leaves ($244.2) million as a bottom line cut to state aid largely affecting average need and low need school districts. For FY 2018, the Executive has proposed reducing the GEA to zero.

As far as an allocation methodology goes with regard to GEA restorations, the Executive's proposal is fairly straightforward and consists of three calculations applied to all school districts:

- A restoration of $66 per pupil adjusted for extraordinary needs, student enrollment, and a state sharing ratio
- A minimum restoration of 30 percent of a district's SY 2016 GEA
- A maximum restoration or a cap of 100 percent of a district's SY 2016 GEA

While the Executive's Proposal falls far short of eliminating the GEA in FY 2017, it will likely be looked at as inequitable because some districts had their GEA eliminated and some did not. The following table shows amounts of the GEA remaining (in millions) and a count of the districts whose GEA's have been eliminated:

Need Resource Categories	2011-12 GEA		Remaining 2016-17 GEA		GEA Eliminated
1-NYC	(891.44)	32.0%	($23.10)	9.5%	0
2-BIG 4	(122.43)	4.4%	($2.78)	1.1%	3
3-HN URB/SUB	(266.94)	9.6%	($0.73)	0.3%	37
4-HN RURAL	(212.30)	7.6%	($0.96)	0.4%	141
5-AVERAGE	(1045.58)	37.5%	($148.43)	60.8%	19
6-LOW NEED	(247.10)	8.9%	($68.20)	27.9%	0
TOTAL	**(2785.80)**	**100.0%**	**($244.20)**	**100.0%**	**200**

The table above shows the remaining GEA included in the Executive Proposal. Brief analysis shows the following:

- The Executive has proposed eliminating the GEA for 181 high needs school districts and 19 average needs districts for a total of 200 or 30 percent of all 674 school districts statewide
- 181 or 89 percent of all high needs school districts statewide had their GEA eliminated
- Only 19 out of 336 or less than six percent of average need school districts had their GEA eliminated
- Out of 135 low needs school districts statewide, **none** had their GEA eliminated
- Of the (-$244.2) million remaining in GEA for FY 2017, (-$217) million or almost 90 percent is being cut from average needs and low needs districts
- From a regional perspective:
    - only ten out of 121 or eight percent of all school districts on Long Island had their GEA eliminated
    - only seven out of 71 or ten percent of all school districts in the Mid-Hudson region had their GEA eliminated
    - 183 out of 481 or 38 percent of all school districts in the rest of state had their GEA eliminated

CHARTER SCHOOLS

Charter Schools in New York State

The New York Charter Schools Act was adopted in 1998 authorizing a system of public schools that would operate independently of existing public schools. Charter schools were originally introduced to the New York State public school system as an alternative to the traditional public school environment. Currently 282 charter schools operate throughout New York State. The current charter school cap is 460.

FY 2016 Enacted Changes

In FY 2016 the Executive and the Legislature amended the following charter laws to support their continued success:

- Lifted the charter cap to allow NYC the ability to start 50 new charters;

- Provided charters with the flexibility to hire five additional math, science, computer science technology and career and technical education teachers as well as five additional teachers in other subjects with nontraditional credentials;

- Removed the regional cap to allow either the NYS Department of Education (NYSED) or SUNY Charter Schools Institute to authorize the 181 remaining charters under the statewide cap;

- Authorized an enrollment preference for students of charter employees or charter management organizations.

Basic Tuition Funding Formula

Basic charter school funding has historically been formulaically calculated on a per pupil dollar basis that is equal to the school districts approved operating expenses (AOE) per pupil. Approved operating expenses are the district's expenditures for the day-to-day operation of the school. AOE does not include expenses associated with rent, construction, renovations, utilities, maintenance, or security. The school district receives state and federal aid in the first instance and then passes those funds associated with the charter school student to the Charter school. The amount the school district transfers is based on the number of students attending each charter school from that district. Charter school basic tuition was frozen in the FY 2011 Enacted budget.

The Executive Budget proposes to unfreeze the formula for NYC Charter schools only. This proposed action would increase the amount of funding NYC must transfer for basic tuition by $12.4 million under current estimates. The Executive proposes to continue the freeze for the basic tuition formula for charter schools outside of NYC.

Supplemental Tuition

The FY 2015 Enacted budget provided additional state general fund supplemental basic tuition for charter schools based on a per pupil amount. Statewide charter schools received an additional $250 in funding per pupil in 2014-15, which amounted to $28.2 million statewide. In FY 2016 supplemental tuition statutorily increased by $100 to $350 per pupil which amounted to an increase of $42.4 million statewide. Under current law, the supplemental tuition will increase by an additional $150 to $500 per pupil an estimated $63 million in the 2016-17 school year.

Grants in Aid

The FY 2017 Executive Budget also proposes to include $27.4 million in per pupil funding for charter schools. This is a proposed increase of $2.4 million over FY 2016 which included an appropriation of $25 million in additional per pupil funding for charters. The per pupil amount will be based on the December 1, 2016 charter school enrollment numbers and distributed after April 1, 2017.

Facilities Funding

Historically charter schools were either co-located in public school space at no cost to the charter or the charter rented private space which the charter school itself was responsible for funding out of their operating budget.

The FY 2015 budget passed a series of new laws that allowed those 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. The facilities aid was restricted to NYC for new charter schools or charters expanding to new grade levels beginning in the 2014-15 school year. The charter facilities aid is calculated to be the lesser of the actual cost of renting private space or 20 percent of a charter schools basic tuition in the current year adjusted for enrollment. This provision is set to expire on October 1, 2016.

After October 1, 2016, the calculation for charter facilities aid for new and expanding charter schools will statutorily change. Facilities funding for new or expanding NYC charter schools that cannot find suitable co-location space or are denied co-location space within NYC public school buildings will receive facilities aid calculated based on the maximum cost allowance structure established by the Commissioner of Education.

The Executive proposal permanently extends current law. Under the Executive proposal, NYC charter facilities aid would be permanently calculated as the lesser of the cost of renting a private space or 20 percent of a charter schools basic tuition in the current year adjusted for enrollment.

Small Business Tax Reduction

The FY 2014 Enacted Budget included a Senate sponsored Personal Income Tax exemption for small businesses and small farms. The exemption is equal to five percent of net income phased in over a three year period (3.0 percent in 2014; 3.75 percent in 2015; 5.0 percent in 2016 and beyond.) To qualify, the business must be a sole proprietor or farm (regardless of how the business is structured, sole proprietor, LLC, etc.), have less than $250,000 in net business income and employ at least one employee.

Senate One House Budget Legislation

The FY 2016 Senate One-House Budget included a proposal to increase the existing small business exemption from 5 percent to 10 percent. The proposal also expanded the exemption to include LLCs and partnerships and increased the income threshold from $250,000 to $500,000.

In addition, the Senate proposal reduced the Corporate Franchise Tax business income base rate for small businesses with an income less than $500,000 over a three year period. Businesses with an income of $400,000 or less would have a tax rate of 2.5 percent. Businesses with incomes between $400,000 and $500,000 would have a blended rate between 6.5 percent and 2.5 percent.

Executive Budget Proposal

The FY 2017 Executive Budget proposes to expand and increase the Personal Income Tax exemption. The exemption would be increased from 5 percent to 15 percent and would include non-farm LLCs, partnerships, and S-Corp shareholders. The business entity must have a New York source gross income of less than $1.5 million and the taxpayers net business income must be less than $250,000.

In addition, the proposal would provide for a reduction to the Corporate Franchise Tax business income rate from 6.5 percent to 4 percent for small businesses with incomes less than $290,000 and a blended rate between 4 percent and 6.5 percent for small businesses with incomes between $290,000 and $390,000.

Small Business Tax Reduction Executive Budget Proposal

	# of Businesses Impacted	Current Exemption Annual Savings	Proposed Additional Annual Savings
C-Corp	42,000	n/a	$22 million
Sole Proprietors/ Farmers	730,000	$60 million	$120 million
S-Corp*	117,000	n/a	$156 million
Partnerships/ LLCs*	202,000	n/a	
Total	**1,091,000**	**$60 million**	**$298 million**

*A breakdown of the projected annual savings for S-Corps, Partnerships and LLCs, is unavailable.

State Infrastructure and Settlement Funds

Overview

The FY 2017 Executive Budget Presentation includes approximately $100 billion in infrastructure investments over the next five years, including existing, new and future projects. These infrastructure projects include anticipated funding, not just from the State, but from federal, private and other investments as well. Although there is additional capital in the FY 2017 Executive Budget, these projects represent the $100 billion that were highlighted in the Executive Budget Presentation. Funding from monetary settlements with banks has been incorporated into the Executive's infrastructure proposal, as well as, toward other proposed initiatives.

INFRASTRUCTURE

The Executive proposes an approximately $100 billion investment in infrastructure and other capital over multiple years. Although the sources of funding for this investment have not been made completely clear, it is estimated that this investment includes:

- $11.9 billion in existing state funds
- $13.0 billion in proposed state funds
- $2.1 billion in existing settlement funds
- $2.1 billion in proposed settlement funds
- $24.8 billion in federal funds
- $28.4 billion from public authorities
- $17.9 billion from private or other funds

The "Executive Proposed $100 Billion Multi-Year Infrastructure Initiative" is outlined in Table 4.

2015-2019 MTA Capital Program - $26.1 Billion

The Executive is recommending an $8.3 billion state commitment to the Metropolitan Transportation Authority's (MTA) proposed $26.1 billion 2015-2019 Capital Program. **While no new MTA capital funding is included in FY 2017 Executive Budget, the proposed budget includes legislation promising that the state will, if necessary, eventually provide an additional $7.3 billion contribution to the MTA's 2015-2019 Capital Program.** The other $1 billion in State funding was already included in the FY 2016 Enacted Budget.

Incorporated into the proposed MTA 2015-2019 Capital Program are new technology projects that will make it easier for customers to purchase tickets and access the system, receive Wi-Fi and cell phone service, and receive real-time transit arrival information. Metro-North Railroad and the Long Island Rail Road will also accelerate the installation of Positive Train Control, an advanced system for monitoring and controlling train speed and operation, which will improve rail travel safety.

Also incorporated into the program is a new approach to rapidly redesign and renew 30 of the MTA's 469 subway stations. The MTA will utilize design-build procurement to deliver station renovations more quickly and efficiently. Work on the majority of the 30 stations will be completed by 2018, with all stations to be finished by 2020, while saving more than 50 percent in average renovation time.

MTA Bridges & Tunnels - $2.9 Billion

The MTA 2015-2019 Capital Program includes an additional $2.9 billion portion for MTA Bridges and Tunnels on top of the $26.1 billion Capital Program Review Board (CPRB) portion for a total of $29 billion. Bridges and Tunnels use toll revenues to self-fund its capital needs, therefore its capital program does not require CPRB approval.

Road and Bridge Capital Plan - $22.1 Billion

The Executive recommends a $22.1 billion FY 2016-FY 2020 Department of Transportation (DOT) Capital Plan, which includes the Executive's proposal for the following:

- $1 billion BRIDGE NY program
- $1 billion PAVE NY program
- $500 million Infrastructure Hardening program
- $200 million Upstate Airport Competition

These programs would be funded from $1.8 billion in new State funding and $900 million in existing funds, for a total of $2.7 billion.

Approximately $2 billion of the $22.1 billion is for the Thruway Authority's core capital program and construction of the New NY Bridge (Tappan Zee Bridge), including approximately $1.3 billion in settlement funds from FY 2016 and $700 million in proposed settlement funding for FY 2017.

Thruway Core Program and Tappan Zee Bridge (Non-State Share) - $3.2 billion

The Executive's proposal incorporates non-state funding for the Thruway core capital program ($439 million) and the Tappan Zee Bridge ($2.8 billion), for a total of approximately $3.2 billion in capital funding for the Thruway.

Gateway Tunnel Project - $20 Billion

Amtrak's two rail tunnels under the Hudson River are over 100-years old and are a vital transportation link between New York and New Jersey. These tunnels were flooded with seawater during Superstorm Sandy and will eventually need to be taken out of service for extensive repairs. The Executive and the Governor of New Jersey have reached a cost-sharing agreement with the federal government on an estimated $20 billion project to build a new rail tunnel. Under the agreement for the Gateway Tunnel Project, the federal government would pay $10 billion, or half the estimated cost, and New York and New Jersey would each pay $5 billion or 25 percent. The Executive has designated in the infrastructure proposal that the tunnel would be funded through the Port Authority of New York and New Jersey.

Modernize JFK and La Guardia Airports - $8 Billion

The Executive intends to construct a new, unified terminal at La Guardia ($4 billion estimated cost), as well as overhaul JFK ($4 billion estimated cost) according to a new master plan under development. The FY 2017 Executive Budget does not include funding for these airport improvement projects. It is envisioned that private monies ($6.2 billion) will primarily finance these projects, with some Port Authority of New York and New Jersey funding ($1.8 billion) at La Guardia.

New Empire Station Complex to Replace Penn Station - $3 Billion

The Executive is proposing a $3 billion project to redevelop Pennsylvania (Penn) Station and the adjacent James A. Farley Post Office into a transportation hub called the Empire State Complex. The Empire State Development Corporation would manage the project with Amtrak and the MTA. Funding for the $3 billion project would include private developers

($2.7 billion), federal funds ($175 million), and the Port Authority ($150 million).

Floral Park – Hicksville Expansion - $1.5 Billion

The Executive is proposing to revisit a plan to add a third track on the Long Island Rail Road's Main Line between Floral Park and Hicksville. The 9.8-mile project would allow the LIRR to increase service, reduce congestion and train delays, and provide "reverse commutation" service during traditional business hours. The Executive's revised proposal reduces the number of needed property acquisitions from about 200 to 50 and keeps the new track within the railroad's existing right-of-way. This project is not part of the proposed 2015-2019 MTA Capital Program.

Javits Center Expansion - $1 Billion

The Executive proposes to create a new design build project to be known as the "Transformational Economic Development Infrastructure and Revitalization Project Act". The provisions within the Executive's proposal would put in place the necessary authorizations for the Economic Development Corporation/Urban Development Corporation and the New York Convention Center Development Corporation to procure contractors to expand the size of the Jacob V. Javits Convention Center located in Manhattan.

Sewer/Water Infrastructure - $250 Million

The FY 2016 Enacted Budget provides $200 million for the Water Quality Infrastructure Improvement Act of 2015 which authorizes the Environmental Facilities Corporation (EFC) to provide grants to municipalities for the replacement and repair of existing wastewater infrastructure and drinking water infrastructure. The $200 million was allocated as follows: $50 million for FY 2015-16; $75 million for FY 2016-17; and $75 million for FY 2017-18.

The FY 2017 Executive Budget provides an additional $100 million for these purposes. Up to $50 million in funds will be available for both FY 2016-17 and FY 2017-18, for a total of $125 million each year.

Other Capital - $12.1 Billion

Other traditional capital programs that the Executive recommends (part of the $100 billion total) **to be continued** through new and existing capital funding include:

- $3.5 billion for a Housing Capital Plan
- $3.1 billion for the Upstate Revitalization Initiative
- $2.8 billion for New Economic Development projects
- $1.1 billion for the Regional Economic Development Councils
- $1.0 billion for Broadband
- $593 million for a Parks Capital Program
- $100 million for a Downtown NY Initiative

The following projects were discussed in the Executive's State of the State address, but are not included in the $100 billion.

Feasibility of New Tunnel Connection to Long Island - $5 Million

The Executive is proposing to fund a $5 million feasibility study for constructing a new automobile tunnel that would link Long Island to the Bronx, Westchester County, or Connecticut. The idea of building a tunnel under the Long Island Sound has been considered before and remains highly controversial. How and when this study would be funded has not been determined.

Deep Water Port Study at Old Shoreham Power Plant - $1 Million

The Executive is also proposing to spend $1 million to study the potential for developing a deep water port at the former Shoreham Power

Plant on Long Island. How and when this study would be funded has not been determined.

Promote Economic Development at Republic Airport

In 2015, Republic Airport was designated as a tax-free site through the START-UP NY initiative. For 2016, the Executive proposes marketing efforts by the state for five aviation or aviation-related commercial development activities and a sixth mixed-use development site, which would include a new Long Island Rail Road (LIRR) station. It is unclear if there is any funding associated with these marketing efforts.

Design and Construction Office

The Executive proposes, through legislation, the creation of the New York State Design and Construction Corporation (DCC), a subsidiary of the Dormitory Authority of New York (DASNY). The DCC would review and provide oversight on construction projects ($50 million or more) of any state agency, department, public authority or public benefit corporation. This agency would have the authority to step in if performance metrics are not met and manage the project itself. No funding is provided in the FY 2017 Executive Budget for this proposal.

SETTLEMENT

New York State has received approximately $8.3 billion in monetary settlements with banks and insurers. The FY 2015 and FY 2016 Enacted Budgets included $6 billion in capital ($4.5 billion) and non-capital ($1.5 billion) investments from settlement funds. The FY 2017 Executive Budget recommends allocating the $2.3 billion of remaining settlement funds. Table 1 lists the sources of these funds.

Table 1

Monetary Settlements			
	FY 2015	**FY 2016**	**Total**
BNP Paribas	2,243	1,348	3,591
Deutsche Bank	0	800	800
Credit Suisse AG	715	0	715
Commerzbank of Germany	610	82	692
Barclays	0	635	635
Credit Agricole	0	459	459
Bank of Tokyo Mitsubishi	315	0	315
Bank of America	300	0	300
Standard Chartered Bank	300	0	300
Bank Leumi	130	0	130
Ocwen Financial	100	0	100
Citigroup (State Share)	92	0	92
Goldman Sachs	0	50	50
MetLife Parties	50	0	50
American International Group	35	0	35
PricewaterhouseCoopers	25	0	25
AXA Equitable Life Insurance Company	20	0	20
Promontory	0	15	15
New Day	0	1	1
Other Settlements (TBD)	7	0	7
Total Sources	**4,942**	**3,390**	**8,332**

The proposed use of the remaining $2.3 billion in settlement funds includes $2 billion for capital projects and $340 million for a Thruway Toll Reduction Plan. Table 2 lists the use of these settlement funds and Table 3 lists the proposed use by project.

Table 2

Use of Monetary Settlements	
Approved Use of Settlements	**(6,032)**
Financial Plan Uses (FY 2015 - FY 2017)	(627)
FY 2016 Transfer to Support OASAS Chemical Dependence Program	(5)
FY 2016 Special Infrastructure	(3,050)
FY 2016 Upstate Revitalization	(1,500)
FY 2016 Over-payment of Federal Medicare/Medicaid Revenues	(850)
Proposed Use of Available Settlements	**(2,300)**
Transfer to Dedicated Infrastructure Investment Fund	(1,840)
Transfer to Environmental Protection Fund	(120)
New York State Thruway Toll Credit	(340)
Total	**(8,332)**

Thruway Stabilization Program - $2 Billion

The FY 2017 Executive Budget recommends $700 million for the Thruway Stabilization program to help fund the Thruway's core capital program and the continued construction of the New NY Bridge (Tappan Zee Bridge). According to the Executive, this funding will allow the Thruway to freeze tolls for all drivers until the year 2020. This funding would be disbursed over three years ($250 million for FY 2017; $250 million for FY 2018; and $200 million for FY 2019). This is in addition to the $1.3 billion included in the FY 2016 State Enacted Budget for the Thruway, for a total two-year proposed investment of $2 billion.

Thruway Toll Credit - $340 Million

The FY 2017 Executive Budget recommends $340 million in settlement funds for a toll tax credit, which would provide a fifty percent toll discount for frequent business and passenger vehicles and a full toll discount for agricultural vehicles. Additional details on how the credit will be distributed can be found in the Revenues section.

Affordable and Homeless Housing / Emergency Homeless Housing Response - $640 Million

The FY 2017 Executive Budget builds on the existing $1 billion HouseNY affordable housing program to propose an additional $2 billion to prevent and address homelessness across the State, including $640 million in settlement funds and $1.38 billion in bonding towards these activities. Of the $640 million, $590 million would be dedicated to affordable and homeless housing and $50 million would be for emergency homeless housing response. These funds are intended to provide support for housing construction, rehabilitation, community development activities, public housing modernization activities, and technical assistance for site evaluation, acquisition, planning, design, preparation, environmental studies and related fees.

This proposal is part of a five year, $20 billion plan to create 100,000 affordable housing units and 6,000 supportive housing units. Full financing details are not yet available.

DOT Capital Plan Contribution - $200 Million

The FY 2017 Executive Budget recommends allocating $200 million in settlement funds for DOT capital toward the $22.1 billion FY 2016-FY 2020 DOT Capital Plan.

Municipal Restructuring and Consolidation - $170 Million

The FY 2017 Executive Budget includes $20 million for municipal consolidation and restructuring. The money would be awarded to a county or other local government that pursues shared services and consolidation which result in a permanent reduction in the property tax burden. It is unclear as to whether these funds will be disbursed as one award or multiple awards. This funding builds upon the $150 million in settlement funding for municipal restructuring included in the FY 2016 Enacted Budget.

Environmental Protection Fund - $120 Million

The FY 2017 Executive Budget proposes to use $120 million in settlement funds to increase spending for the Environment Protection Fund (EPF) from $177 million to $300 million. Funds from other sources provide the balance of the increase.

Upstate Revitalization Initiative - $1.7 Billion

In FY 2016 the Legislature approved the use of $1.5 billion in settlement funds for the Upstate Revitalization Initiative Program (URI). Three Upstate regions (Central New York, Finger Lakes and Southern Tier) won a regional economic development competition, each will receive $500 million in funding to be paid out over the course of five years. The funding must be used to create and maintain high-paying permanent private sector jobs and to lure private sector investments to the region. Building on the anticipated success of URI, the Executive's FY 17 Budget proposes to allocate $200 million in URI funding to the four regions (Capital Region, Mid-Hudson, Mohawk Valley and North Country) that were not selected in 2015 URI competition. Funding for this "extended" URI program will include $30 million from the Empire State Development/Urban Development Corporation with an additional $170 million in funding from the Monetary Settlement Fund.

Other Economic Development - $85 Million

The FY 2017 Executive Budget recommends $85 million of settlement funds to support transformative economic development and infrastructure projects. How this funding will be distributed has not yet been determined.

Empire State Poverty Reduction Initiative - $25 Million

The Executive proposes using $25 million in settlement funds for the "Empire State Poverty Reduction Initiative." Five million dollars would be used to provide $500,000 planning and implementation grants to each of ten upstate cities that were selected based on the concentration of poverty within each municipality. The remaining $20 million would be used to fund a grant pool to match private sector and foundation funding to design and implement coordinated initiatives designed to increase economic mobility.

Security and Emergency Response - $150 Million

The Executive FY 2016 Budget included $150 million in the Special Infrastructure Account to prepare for, prevent, deter, or respond to acts of terrorism; natural or man-made disasters, including severe weather events; risks to public safety, health, and/or other emergencies. The Executive commits a total of $119 million in FY 2016, leaving a remaining balance of $31 million. The Executive proposes the following new spending from the remaining balance:

- $4 million for the Division of State Police to provide all on duty uniformed Troopers with rifles, body armor, and ballistic helmets, including any necessary training in response to a terrorist threat.

- $23 million for the permanent deployment of State Police and National Guard in New York City. The Executive proposal totals $40 million for the continuation of Counter-Terrorism. The remaining funding of $16 million will be provided by existing State Police resources and $1 million from existing Division of Military and Naval Affairs resources.

- $4 million for future disaster aid should it be needed.

Transformative Investment Program - $150 Million

The FY 2016 Enacted Budget included $150 million in settlement funds for transformation economic development projects. The FY 2017 Executive Budget proposes incorporating additional language into the budget reappropriation to include the following projects:

Ronkonkoma Hub Expansion - $50 Million

The area surrounding the Long Island Rail Road's station in Ronkonkoma, has been targeted for transit-oriented development projects. The Executive is recommending a $50 million investment in parking, sewer, and related infrastructure improvements at Ronkonkoma Hub.

Modernization of Long Island's MacArthur Airport

MacArthur Airport, the busiest commercial airport on Long Island, currently only offers domestic flight services. The Executive is recommending that the state provide $6 million for a $10 million project to convert an existing airport facility into a United States Customs Federal Inspection Station (FIS). A Customs FIS facility at MacArthur Airport would allow the airport to accommodate international passenger flights.

Other settlement fund projects from FY 2016 that have had no changes include:

- $500 million for Broadband
- $250 million for Penn Station Access
- $355 million for Health Care
- $15.5 million for Roswell Park Center Institute
- $19.5 million for Community Health Care Revolving Loans
- $10 million for Behavioral Health Care grants
- $115 million for Upstate Infrastructure and the State Fair
- $50 million for Southern Tier and Hudson Valley Farmland
- $850 million Federal Audit Disallowance
- $627 million Financial Plan/Budgetary Relief
- $5 million OASAS Services

Table 3

Use of Monetary Settlements - By Project (in millions $)

	FY 2016 Enacted Budget	FY 2017 Executive Budget	Two-Year Total
Thruway Stabilization Program	1,285.0	700.0	1,985.0
Affordable and Homeless Housing	0.0	590.0	590.0
Emergency Homeless Housing Response	0.0	50.0	50.0
DOT Capital Plan Contribution	0.0	200.0	200.0
Municipal Restructuring	150.0	20.0	170.0
Environmental Protection Fund	0.0	120.0	120.0
Upstate Revitalization Initiative	1,500.0	170.0	1,670.0
Other Economic Development Projects	0.0	85.0	85.0
Empire State Poverty Reduction Initiative	0.0	25.0	25.0
Security and Emergency Response	150.0	0.0	150.0
Long Island Transformative Projects	150.0	0.0	150.0
Broadband Initiative	500.0	0.0	500.0
MTA Capital Plan (Penn Station Access)	250.0	0.0	250.0
Health Care	355.0	0.0	355.0
Roswell Park Cancer Institute	15.5	0.0	15.5
Community Health Care Revolving Loans	19.5	0.0	19.5
Behavioral Health Care Grants	10.0	0.0	10.0
Upstate Infrastructure and State Fair	115.0	0.0	115.0
Southern Tier and Hudson Valley Farmland	50.0	0.0	50.0
Subtotal Capital	**4,550.0**	**1,960.0**	**6,510.0**
Federal Audit Disallowance	850.0	0.0	850.0
New York State Thruway Toll Credit	0.0	340.0	340.0
Financial Plan/Budgetary Relief	627.0	0.0	627.0
OASAS Services	5.0	0.0	5.0
Subtotal Non-Capital	**1,482.0**	**340.0**	**1,822.0**
Total	**6,032.0**	**2,300.0**	**8,332.0**

Table 4

Executive Proposed $100 Billion Multi-Year Infrastructure Initiative									
Funds Total	**100,233**	11,892	13, 011	2, 125	2, 103	29,131	24,768	28, 442	17,892
		State Funds							
Project	**Total**	**Existing Capital**	**Proposed Capital**	**Existing Settlement**	**Proposed Settlement**	**State Total**	**Federal Funds**	**Public Authorities**	**Private/ Other***
INFRASTRUCTURE									
MTA Capital Program (2015-2019)	**26,100**	750	7,336	-	250	8,336	6,375	8,897	2,492
MTA Bridges & Tunnels	**2,856**	-	-	-	-	-	-	2,856	-
DOT Capital Program (FY 2016-FY 2020) including Thruway Stabilization	**22,110**	10,617	1,090	1,285	900	13,892	8,218	-	-
Thruway Core Capital Program & Tappan Zee Bridge (Non-State Share)	**3,239**	-	-	-	-	-	-	3,239	-
Gateway Tunnel Project	**20,000**	-	-	-	-	-	10,000	10,000	-
Modernize JFK and LaGuardia Airports	**8,000**	-	-	-	-	-	-	1,800	6,200
New Empire Station Complex (Penn Station & Farley Post Office)	**3,000**	-	-	-	-	-	175	150	2,675
Floral Park - Hicksville Expansion	**1,500**	-	-	-	-	-	-	1,500	-
Javits Center Expansion	**1,000**	-	-	-	-	-	-	-	1,000
Sewer/Water (Clean Water Program)	**250**	150	100	-	-	250	0	-	-
OTHER CAPITAL									
Housing Plan Capital	**3,475**	-	2,835	-	640	3,475	-	-	-
Upstate Revitalization Initiative	**3,060**	-	-	340	170	510	-	-	2,550
New Economic Development	**2,825**	-	350	-	-	350	-	-	2,475
REDC Capital	**1,125**	375	750	-	-	1,125	-	-	-
Broadband	**1,000**	-	-	500	-	500	-	-	500
Parks Capital Program	**593**	-	450	-	143	593	-	-	-
Downtown NY Initiative	**100**	-	100	-	-	100	-	-	-
Funds Total	**100,233**	11,892	13, 011	2, 125	2, 103	29,131	24,768	28, 442	17,892

**New York City funds for the 2015-2019 MTA Capital Program have been included under Private/Other*

Transportation Capital Plans

Overview

The FY 2017 Executive Budget includes a $22.1 billion FY 2016-2020 Department of Transportation (DOT) Capital Plan, which also includes funding for the Thruway Authority. **The details of the plan, including a project list and commitments by spending category, have not been provided to the Legislature.** In addition, the Executive has referenced providing $7.3 billion in additional State funding for the proposed $26.1 billion 2015-2019 Metropolitan Transportation Authority (MTA) Capital Program through language proposed in the FY 2017 Executive Budget. How or when this commitment will be funded is not included in the Executive's FY 2017 Financial Plan. Whether these plans provide parity between MTA and DOT will need to be determined.

Department of Transportation – Road & Bridge Capital Plan

For FY 2016, the estimated five-year DOT capital commitments totaled $18.3 billion. For FY 2017, the Executive proposes expanding this program to a $22.1 billion FY 2016 – 2020 DOT Capital Plan, which includes $2 billion in Thruway Authority funding (approximately $1.3 billion for FY 2016 and $700 million for FY 2017) from settlement funds. Funding from this plan would be utilized for continued improvements to highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. The $2 billion in Thruway Authority funding would support the Thruway's core capital program and construction of the New NY Bridge (Tappan Zee Bridge).

The Executive's proposed FY 2016 – 2020 DOT Capital Plan includes $1.8 billion in additional DOT commitments, which has been combined with existing funds to support $2.5 billion in new state and local road and bridge programs, including:

- $1 billion BRIDGE NY program over five years, which expands on the five-year state and local bridge program approved in the FY 2016 Enacted Budget
- $1 billion PAVE NY program over five years
- $500 million Extreme Weather Infrastructure Hardening Program for roadways frequently impacted by flooding and other extreme weather events

OBLIGATIONS ($ billions)	FY 2016 Estimated	FY 2017 Proposed	FY 2018 Proposed	FY 2019 Proposed	FY 2020 Proposed	Five-Year Total
DOT Commitments as of FY 2016	3.69	3.84	3.62	3.58	3.60	18.33
Proposed DOT Commitments	0.07	0.48	0.51	0.36	0.37	1.80
DOT Total	3.76	4.31	4.14	3.95	3.97	20.13
Thruway - Special Infrastructure (Existing and New)	1.29	0.70	-	-	-	1.99
Proposed FY 2017 Capital Plan Obligations	**5.05**	**5.01**	**4.14**	**3.94**	**3.97**	**22.11**

Local Aid

Under the Executive's proposal for FY 2017, the Consolidated Highway Improvement Program (CHIPS) would receive $438.1 million, and the Municipal Streets and Highways Program ("Marchiselli") would receive $39.7 million, maintaining the FY 2015 and FY 2016 level. Both the FY 2015 and the FY 2016 Enacted Budgets included Extreme Winter Recovery funding that was distributed using the CHIPS formula, totaling $40 million and $50 million, respectively. This additional local assistance is eliminated in the FY 2017 Executive Budget.

Non-MTA Transit

The FY 2017 Executive Budget recommends continuing the FY 2016 one-time Legislative add of $15 million in upstate transit capital assistance, along with an additional $5 million, for a total of $20 million in recurring upstate transit capital funding, or $100 million over five-years. The traditional $5 million for non-MTA transit is maintained in the FY 2017 Executive Budget. This funding is distributed based on a formula among the non-MTA downstate and upstate transit systems. In the FY 2016 Enacted Budget, $17.4 million in downstate dedicated funds was transferred to capital funding for non-MTA downstate transit systems and now is provided as operating in this proposal.

Airports

The FY 2017 Executive Budget recommends an additional $200 million in State funding within the five-year capital plan for the Airport Economic Development and Revitalization Competition program, which would provide $40 million to five of the 74 eligible Upstate airports. According to the Executive's proposal, this program will prioritize funding for project proposals that create jobs, incorporate sustainable green building techniques, use renewable energy, demonstrate support from other airlines and the community, leverage private investments, and demonstrate cost effectiveness.

Metropolitan Transportation Authority

The MTA's updated $26.1 billion 2015-2019 Capital Program is the result of an October 2015 funding agreement involving the MTA, the Executive and the City of New York to resolve what had been a $14 billion funding gap in the authority's originally proposed $29 billion Capital Program Review Board (CPRB) five-year spending program. CPRB approval is required in order to advance the $26.1 billion plan. An additional $2.9 billion portion for MTA Bridges and Tunnels, which uses toll revenues to self-fund its capital needs, does not require CPRB approval. Upon the MTA's submission of the $26.1 billion proposed 2015-2019 Capital Program to the CPRB, the board will have 30 days to officially review the plan.

Proposed MTA 2015-2019 Capital Plan	
Funding Plan	Proposed Plan ($Millions)
Federal Formula, Flexible & Misc.	$6,275
MTA Bonds	$5,889
New York State - FY 2016 Enacted Budget	$1,000
New York State - Source Unknown	$7,336
Pay-as-you-go Capital (PAYGO)	$1,846
Asset Sales/Leases	$600
New York City Capital Funds	$2,492
Federal/ Core Capacity	$100
Other MTA Sources	$562
Subtotal – CPRB Funds Available	**$26,100**
Bridges & Tunnels Bonds & PAYGO	$2,856
Total 2015-2019 Funds Available	**$28,956**

In addition to an increased $2.4 billion commitment from the MTA, the scaled-back $26.1 billion 2015-2019 Capital Plan includes $7.3 billion in additional state funding and a $1.8 billion increased contribution from New York City. Under the current MTA proposal, the State would contribute a total of $8.3 billion, including the $1 billion in the FY 2016 Enacted Budget, and the City would provide $2.5 billion, $1.8 billion more than the $657 million the City was initially requested (and agreed) to provide.

The proposed $7.3 billion in MTA state capital assistance is referenced in the FY 2017 Executive Budget, but only in proposed budget legislation. There is no funding schedule for the additional $7.3 billion in state assistance. The proposed budget legislation (the MTA Capital Financing Act of 2016) would require the state to provide the funding when other MTA capital resources are unavailable. The Executive has not identified the eventual source of the $7.3 billion in additional MTA capital financing.

The FY 2016 State Enacted Budget provides a total of $1 billion for the MTA's 2015-2019 Capital Program, including a $750 million commitment, payable over five years, and $250 million from the financial settlement funds to support Penn Station Access. Penn Station Access, which would provide an alternate route and terminal in Manhattan for Metro-North, would be coordinated with the completion of East Side Access, a $10.3 billion project scheduled for completion in December 2022.

The MTA's updated 2015-2019 Capital Program includes a CPRB core program of $21.6 billion, including $15.8 billion for New York City Transit, $2.8 billion for the Long Island Rail Road and $2.3 billion for Metro-North Railroad. This funding includes the purchase of 1,000 new subway cars, 1,700 new buses, and over 300 new commuter rail cars.

Proposed MTA 2015-2019 Capital Plan Spending	
Plan	Proposed Plan ($Millions)
Core Capital Plan	
New York City Transit	$15,849
Long Island Rail Road	$2,835
Metro-North Railroad	$2,321
MTA Bus	$376
MTA Interagency	$264
Core Subtotal	**$21,664**
Network Expansion Projects	$4,456
CPRB Program Total	**$26,100**
Bridges & Tunnels	$2,856
Total 2015-2019 Capital Plan	**$28,956**

The MTA states that it will use alternative project delivery methods such as design-build and public-private partnerships, along with streamlined procurement processes in order to achieve the desired cost savings without significant altering the scope of the program.

The MTA's revised $26.1 billion 2015-2019 Capital Program proposal also includes $4.5 billion for system expansion projects, including funding to complete East Side Access and the proposed Penn Station Access project, about $1 billion less than in the original proposal. The reduction is reflected in a funding reduction for the next phase of the Second Avenue Subway.

MTA Network Expansion Proposed MTA 2015-2019 Capital Plan	
Category	Proposed Plan ($Millions)
East Side Access	$2,571
Second Avenue Subway, Phase 2	$535
Penn Station Access	$695
Regional Investments	$310
Other	$344
Total - MTA Network Expansion	**$4,455**

*Numbers may not total due to rounding

The MTA's current proposal includes about $500 million for the second phase of the Second Avenue Subway project, compared to $1.5 billion in the initial plan and defers construction from 2019 to 2020, which would be at the beginning of the next capital spending plan. To address concerns about delaying the project, the MTA has agreed to reexamine whether construction of the next phase of the Second Avenue Subway can be accelerated; if it can, the MTA said that it will request a CPRB amendment and funding authorizing such action.

Thruway Authority

The FY 2017 Executive Budget recommends a new $700 million appropriation from financial settlement funds in the Special Infrastructure Account, established last year, to support the replacement of the New NY Bridge (Tappan Zee Bridge) and the Thruway's core capital spending program. This new funding would build upon the approximately $1.3 billion included in the FY 2016 Enacted Budget, and would allow the Thruway to hold tolls at current levels for all drivers until at least 2020. An additional $340 million in settlement funds is proposed for a Thruway toll tax credit, which would provide a fifty percent toll discount for frequent business and passenger vehicles and a full toll discount for agricultural vehicles.

The authority's budget provides for a multi-year 2016-2020 capital plan of $3.9 billion, including $1.7 billion for Thruway projects, $2 billion for the new Tappan Zee Bridge, and $210 million for the Canal Corporation. The authority issued $1.6 billion in bonds for the new Tappan Zee Bridge in 2013. The authority's 2016 budget anticipates additional bonding for the new Tappan Zee Bridge during the 2016-2020 capital plan of $3.6 billion. This will bring total outstanding bonds for the new Tappan Zee Bridge to $5.2 billion by the end of 2019, an additional annual debt service cost of $128.7 million. Current system-wide baseline 2019 toll revenue is forecasted at $700.8 million. Hence, this additional bond cost represents eighteen percent of baseline toll revenues. The new Tappan Zee Bridge remains on budget at $3.9 billion and on schedule to open in 2018.

Legislation included in the FY 2017 Executive Budget would transfer the Thruway's operational and management responsibility for the Canal Corporation to the New York State Power Authority. The Thruway assumed responsibility for the Canal Corporation from the New York State Department of Transportation under legislation approved in 1992. There is an estimated annual savings of $53.8 million to the Thruway Authority for this transfer, based on the approved operating expenses for the Canal Corporation included in the Thruway Authority's 2016 Budget.

Heroin and Opioid Crisis

Background

The use of heroin and other opioids has increased to unprecedented levels in recent years, and the subsequent tragic consequences have been experienced by an ever-growing number of people. Heroin and other opioids do not discriminate by age, race, background or other factors; this scourge has reached into all walks of life.

Heroin
Heroin is an opioid drug that is synthesized from morphine, a naturally occurring substance extracted from the seedpod of the Asian opium poppy plant. Heroin can be injected, inhaled by snorting or sniffing, or smoked. In 2011, 4.2 million people had used heroin at least once. Heroin abuse is associated with serious health conditions, including fatal overdose, collapsed veins, infection of the heart lining and valves, and infectious diseases like hepatitis and HIV. Another result of use is dependence, where an estimated 23% of individuals who use heroin become dependent on it.[1]

Opioids
Opioids are medications that relieve pain. It is estimated that over 2 million people in the United States suffer from substance use disorders related to prescription opioid pain relievers. The consequences include overdose deaths, which have more than quadrupled in the past decade and a half. The causes are complex, but one major factor is the over-prescription of pain medications. In 2013, 207 million prescriptions were written for opioid pain medications.

Prescription opioid pain medications such as Oxycontin and Vicodin can have effects similar to heroin when taken in doses or in ways other than prescribed, and research suggests that abuse of these drugs may actually open the door to heroin abuse. Nearly half of young people who inject heroin surveyed in three recent studies reported abusing prescription opioids before starting to use heroin. Some individuals reported taking up heroin because it is cheaper and easier to obtain than prescription opioids.[2]

Deaths
Nationally, the statistics for deaths related to heroin and opioid abuse show massive increases in use. In 2013, 8,260 people died from heroin, which quadrupled from the year 2000.[3] The number of deaths from prescription opioid pain relievers has increased three-fold from 2000 to 2013 to over 16,000 people.[4]

Deaths from heroin overdose surged in New York State from 215 in 2008 to 478 in 2012. The percentage of heroin deaths doubled from 13 percent to 26 percent of the 1,848 drug overdose deaths statewide in 2012. Deaths from

[1] http://www.drugabuse.gov/publications/drugfacts/heroin

[2] http://www.drugabuse.gov/publications/drugfacts/prescription-over-counter-medications
[3] http://www.nytimes.com/2015/10/31/us/heroin-war-on-drugs-parents.html?_r=0
[4] http://www.drugabuse.gov/related-topics/trends-statistics/overdose-death-rates

heroin overdoses across the nation also escalated 175 percent between 2010 and 2014.[5]

Senate Joint Task Force on Heroin and Opioid Addiction

In March 2014, the New York State Senate Joint Task Force on Heroin and Opioid Addiction was created to examine the alarming rise in use of heroin and opioids that claimed lives and hurt families across New York State. Members 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. Eighteen forums were held throughout New York. Task force members traveled over 8,000 miles, spoke with more than 200 panelists, and listened to over 50 hours of testimony. As a result, the task force released a report summarizing their findings, which included a comprehensive package of bills recommended for action that targeted prevention, treatment, and enforcement issues. This legislation was passed by the Senate during the 2014 legislative session:

Preventing Opioid Abuse and Overdoses
- Preventing opioid overdoses in schools
- Increasing the effectiveness of overdose prevention
- Limiting prescriptions for acute pain
- Increasing public awareness
- Establishing school drug prevention programs
- Promoting pharmaceutical take-back events
- Ensuring prescribing practitioners stay abreast of best practices
- Providing for the use of opioid antagonists

[5] http://www.timesunion.com/local/article/State-shifts-heroin-epidemic-fight-6479573.php

Increasing the Availability and Efficacy of Addiction Treatment
- Creating a new model of detoxification and transitional services
- Establishing a relapse prevention demonstration program
- Enabling parents to require children to undergo treatment
- Establishing assisted outpatient treatment for substance use disorders
- Promoting the affordability of substance abuse services

Providing Additional Resources to Law Enforcement
- Studying the conversion of correctional facilities to treatment centers
- Establishing the crime of homicide by sale of an opioid controlled substance
- Restricting drug dealers from participating in the SHOCK incarnation program
- Improving safety at judicial diversion programs
- Reallocating funds from asset forfeitures
- Creating Drug-Free Zones around treatment facilities
- Expanding the crime of operating as a major trafficker
- Establishing the crime of transporting an opioid controlled substance
- Facilitating the conviction of drug dealers
- Preventing illegal drug sales by doctors and pharmacists
- Establishing criminal penalties for the theft of blank official New York State prescription forms
- Increasing the penalties for theft of controlled substances
- Prosecuting acts by street gangs

2014 Enacted Legislation on the Heroin and Opioid Epidemic

At the end of the 2014 legislative session, Governor Cuomo, the Senate, and the Assembly reached agreement on a legislative package addressing the heroin and opioid epidemic. Specifically, the legislation that was signed into law:

Improved Measures to Support Addiction Treatment

- Provides for the use of opioid antagonists.
- Enables individuals requiring treatment to have access to an expedited appeals process while ensuring continuity of care.
- Improves access to care by requiring insurers to use recognized, evidence-based and peer-reviewed clinical review criteria, approved by OASAS, when making decisions regarding the medical necessity of treatment.
- Ensures medical necessity decisions are made by medical professionals who specialize in behavioral health and substance use.
- Creates a new demonstration program aimed at designing a new model of care that would divert patients who do not need in-hospital detoxification, but still need treatment, to appropriate services and facilities.
- Creates a wraparound services demonstration program to provide services to adolescents and adults.
- Provides that young people alleged to be suffering from a substance use disorder which could make the youth a danger to himself or herself or others can be assessed by an OASAS certified provider as part of Person In Need of Supervision (PINS) diversion services.

New Penalties to Help Crack Down on Illegal Drug Distribution

- Creates a new crime in the penal code of fraud and deceit related to controlled substances to crack down on doctor shopping.
- Adds the criminal sale of a prescription for a controlled substance or of a controlled substance by a practitioner or pharmacist as a designated offense for purposes of obtaining eavesdropping warrants as well as adding the offense as a criminal act for the purposes of prosecuting enterprise corruption cases.
- Grants the Department of Health (DOH) Bureau of Narcotic Enforcement expanded access to criminal histories.
- Increases the penalties for the criminal sale of a controlled substance by a pharmacist or practitioner by making the crime a class C felony.

Improved Accessibility to Naloxone Anti-Overdose Kits to Help Save Lives

- Requires that every naloxone anti-overdose kit include informational cards with the essential information.

Expanded Public Education Campaigns to Prevent Opioid and Heroin Use

- Creates a public awareness and educational campaign.
- Directs the State Education Commissioner to update the drug abuse curriculum every three years.[6]

The FY 2016 Enacted Budget and 2015 Legislative Session

The 2016 Enacted Budget built upon the previous year's efforts to help combat the heroin and opioid epidemic. An additional $8 million was included specifically for heroin, opioid and anti-drug efforts, as well as the continuation of $2.8 million in funding that was added in FY 2015. The Enacted Budget contained funding for statewide prevention, treatment, and recovery services, such as the continuation of the public awareness campaign. The Enacted Budget authorized staff and nurses at schools to administer Narcan in the event of a heroin or opioid overdose, and contained $140,000 to finance the cost of kits at schools. Individuals who attended Narcan training classes were able to receive free kits due to $450,000 in funding.

[6] https://www.governor.ny.gov/news/governor-cuomo-signs-legislation-combat-heroin-opioid-and-prescription-drug-abuse-epidemic

This funding was also used to expand outpatient services.

The Senate Task Joint Task Force on Heroin and Opioid Addiction held additional hearings state wide, and developed legislation to help decrease heroin deaths and place drug dealers behind bars for peddling dangerous opioids. **The Senate passed legislation that would:**

- Establish the crime of homicide by sale of an opioid controlled substance
- Expand the crime of operating as a major trafficker
- Facilitate the conviction of drug dealers
- Improve safety at judicial diversion programs
- Prevent the sale of synthetic opioids
- Expand treatment options for individuals in judicial diversion programs for opioid abuse or dependence
- Establish assisted outpatient treatment for substance use disorders
- Create a Prescription Pain Medication Awareness Program
- Create Drug-Free Zones upon the grounds of drug or alcohol treatment centers
- Make Kendra's Law permanent
- Criminalize the illegal transport of opiate controlled substances
- Allow the requirement of abuse-deterrent opioids
- Establish the option for a youth, suffering from a substance use disorder, to be adjudicated as a Person In Need of Supervision (PINS)
- Increase the effectiveness of abuse prevention

Unfortunately, of the many proposals passed, one bill, expanding treatment options for individuals in judicial diversion programs for opioid abuse or dependence, was signed into law.

<u>The 2017 Executive Budget</u>

The 2017 Executive Budget proposes $6 million in new funding to address the heroin and opiate epidemic while continuing funding to support prevention, treatment, and recovery programs. The new funding would allow OASAS to implement the following initiatives:

- Family support navigators
- On-call peers
- Adolescent clubhouses
- Recovery community and outreach centers
- Treatment availability tool
- Kitchen table toolkit and Talk2Prevent

The Executive Budget provides $3 million in new funding in FY 2017 to increase housing and community capacity. This includes 170 supportive housing opportunities for homeless families under New York/New York III. An additional 130 new beds would be developed in Suffolk, Albany, and Westchester counties, as well as the Southern Tier. The Executive proposes that these 300 beds would be used to combat heroin addiction.

OASAS would continue to redesign the residential treatment capacity to provide flexibility within the system, allowing providers to serve individuals in need of short-term and long-term treatment for individuals suffering from heroin and opioid dependence.

The Senate remains extremely concerned about the magnitude of the continuing epidemic of heroin and opioid abuse, and the effect it is having on families and communities across the State. The Senate will continue to explore ways to ameliorate the effects of this growing epidemic. However, common themes have emerged: a definite need for beds in treatment centers and improving access to these beds without using the criminal justice system; ensuring access to treatment by making connections with schools and families and law enforcement; and eliminating these drugs from the streets.

Affordable Housing

Affordable Housing in New York State

Housing is considered affordable when it consumes less than 30 percent of household income. According to reports by the State Comptroller, as of 2012, more than half of renters in New York State pay over 30 percent of their income towards housing costs, and 33.9 percent of homeowners were above the affordability threshold, a drastic increase from the 2000 Census.

Decreasing affordability has increased demand on available affordable housing stock. In New York City, the New York City Housing Authority's (NYCHA) public housing waiting list has over 270,201 families for 177,666 apartments. Additionally, more than 80,000 State residents (approximately 60,000 of those in New York City) are homeless on any given night, and many are in need of services to achieve housing stability.

The Comptroller report cites a combination of factors as contributing to the challenge in finding affordable housing, including comparatively slow economic growth over time, a rising real estate tax burden, and limited housing supply in many areas of the State.

Recent Actions to Address Affordable Housing

In FY 2014, the Executive initiated the HouseNY program to preserve and create affordable housing units statewide. The $1 billion (off-budget), five-year plan to preserve, repair, finance, and create an estimated 14,300 affordable housing units includes, among other initiatives, the acquisition and revitalization of 44 Mitchell Lama affordable housing projects, and the creation and preservation of 5,643 affordable housing units through various community development programs. The program is financed through a combination of bonding and Mortgage Insurance Fund (MIF) surplus money.

FY 2017 $20 Billion Housing & Homelessness Plan

The FY 2017 Executive Budget builds on the HouseNY affordable housing program by proposing a five year, $20 billion plan to create over 100,000 new affordable housing units.

The Executive's State of the State briefing book describes a two pronged approach for creating additional affordable housing.

Affordable Housing

First, the Executive proposes "House NY 2020", a $10 billion, five-year affordable housing program to create 100,000 affordable housing units. Within this plan are a number of initiatives to target different aspects of the affordable housing crisis:

- Build NY – would create new affordable housing units.
- Preserve NY – would extend the affordability of existing units.
- Welcome NY – would focus on the purchase and rehabilitation of foreclosed properties in economically distressed communities.

- Opportunity NY – would protect housing opportunities by addressing issues of housing discrimination.

Homelessness

Second, the Executive proposes a $10 bi llion, five-year homelessness action plan. This plan would provide $2.6 billion for 6,000 new supported beds, 1,000 emergency shelter beds and other homeless services. Additionally, the 6,000 supported beds is intended to be the start of a 15-year, 20,000 new supported bed commitment.

In addition to creating beds, the Executive proposes resources to specifically address the vulnerable populations experiencing homelessness, such as victims of domestic violence, seniors, veterans, runaway and homeless youth, formerly incarcerated individuals, individuals diagnosed with HIV/AIDS, and homeless individuals with co-presenting health conditions.

Financing

Full financing details for the Executive's plan are not yet available, however, the FY 2017 Executive Budget includes a total of $640 million in settlement funds and $1.38 billion in bonding dedicated towards these activities. The funds are broken down as follows:

- $590 million in capital from recent settlements for existing housing programs and new housing construction, rehabilitation, community development and public housing modernization, among other related uses.
- $1.38 billion in bonded capital for the above listed uses.
- $50 million in capital from recent settlements to provide housing and support services to vulnerable New Yorkers.

Criminal Justice Proposals – At Risk Populations

The Executive FY 2017 Criminal Justice "Right Priorities" package includes six programs for at-risk individuals.

Community Schools

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. The Executive proposes $100 million in new community school funding. The $100 million would be distributed by formula resulting in 17 school districts receiving $75 million to convert failing and persistently failing schools into community schools, and the remaining $25 million would be targeted to high need school districts to create community schools.

Urban Youth Jobs Program

Currently, the Urban Youth Works Tax Credit Program authorizes $20 million of tax credits for 2016 and 2017 to hire unemployed individuals between the ages of 16 and 24, who are low-income or at-risk, and reside in any city with a population of 55,000 or more (Albany, Buffalo, Mount Vernon, New Rochelle, New York City, Rochester, Schenectady, Syracuse, Utica, White Plains, and Yonkers) or towns with a population of 480,000 or more (Brookhaven and Hempstead).

The Executive includes language to authorize an additional $30 million in tax credits in addition to those allocated in 2016 and 2017, for a total of $50 million in each year. Of the total tax credits $40 million must be used to hire qualified employees and $10 million must be used to hire qualified employees that do not meet the residency requirement.

The Executive utilizes $5 million in existing resources to train at-risk youth to join the workforce.

Alternative to Incarceration and Transitional Services

The Executive proposal includes $1 million in new funding for Alternative to Incarceration (ATI) assessments to expand ATI programs throughout the State focusing on high-risk and high-need populations.

Transitional Support services during an inmate's first six months after release from prison to the community would be provided in the following areas:

- Transitional Housing: Provides housing assistance included in the Executive's $20 billion five-year Capital Housing Plan.

- Employment Opportunities: Existing funding of $5.8 million of which $3 million would be used for high-risk parolees in both New York City and Upstate areas and over $2 million for employment services for ATI programs. The Executive utilizes $170,000 in new Federal funding for vocational training.

- Medical and Mental Health Services through Medicaid Funding: Existing funding of $5 million of Department of Health funds to connect criminal justice system with Health Home as a source of support to access medical, behavioral health, and social services.

Prisoner Education

The Executive proposes $15 million for college education programs in State Prisons. Funding sources would include $7.5 million in private donations (not yet identified) and $7.5 million in criminal forfeiture funds obtained by the Manhattan District Attorney. Criminal forfeiture occurs when a defendant loses their rights to property used in the commission of a crime. This includes settlements with financial institutions for misconduct.

The funds would be directed through the Research Foundations at the State University of New York and City University of New York. University Research Foundations operate as corporations, and are not funded through the State Budget. Therefore, their budgets are not subject to Legislative approval.

The Research Foundations would administer an RFP process for colleges and other educational institutions to be reimbursed up to $5,000 per student. Only inmates who have a high school degree and who are within two to five years of completing their sentences would be eligible. Eligible programs would include Associate's degrees, Bachelor's degrees, and industry-recognized certificates.

Pardons, Access to Criminal Records and Fast Tracking of Cases

On December 21, 2015, the Executive announced plans to issue an estimated 10,000 conditional pardons to people convicted of non-violent crimes when they were minors. This action would seek to pardon those who were convicted of non-violent crimes as 16 or 17 year-olds and who have not committed another crime in at least the past ten years. Those receiving a conditional pardon would receive documentation stating such, but would still be required to check the box on applications stating that they have been convicted of a crime. Beginning with those convicted in 2004 then working backwards, efforts will be made to seek out individuals who are productive members of society until outreach has been made to all potential candidates.

The Executive has recently announced that the Office of Court Administration (OCA) has agreed to restrict access to criminal records for individuals pardoned under the foregoing program. Specifically, OCA will no longer sell the criminal history information of any individual pardoned under the program. Additionally, OCA has agreed to speed up the adjudication of criminal cases involving 16 and 17 year-olds who are detained in jail while awaiting trial.

Raise the Age of Juvenile Jurisdiction

Background

Commission on Youth, Public Safety and Justice

On April 9, 2014, Executive Order No. 131 was issued establishing the Commission on Youth, Public Safety and Justice ("the Commission"). The Commission was tasked with developing a plan to raise the age of juvenile jurisdiction and with making other specific recommendations on how New York's juvenile and criminal justice systems could improve outcomes for youth while promoting community safety. Currently, New York is one of only two states that process all 16 and 17 year-olds, no matter their offense, in the criminal justice system.

Through a series of meetings, public hearings and focus groups, the Commission heard from a range of stakeholders and representatives from the criminal and juvenile justice systems, including academic experts, attorneys who represent children, Family Court judges, District Attorneys, representatives from law enforcement and advocacy organizations, and members of the public. The Commission examined laws and policies in other states, including Connecticut and Illinois, that recently raised the age of juvenile jurisdiction, and examined a full body of scientific evidence regarding adolescent development and best practices in juvenile justice, rehabilitation and public safety.

In December 2014, the Commission issued its final report which included a series of 38 recommendations for reforming New York's juvenile justice system. These recommendations included:

- Raising the age of criminal responsibility from 16 to 18 years of age;
- Raising the lower age of criminal responsibility from seven to ten years old for homicide offenses, and to 12 years old for all other offenses;
- Expanding Family Court jurisdiction to include those who are 16 and 17 years-old;
- Creating new "Youth Parts" in Superior Court to handle cases against 16 and 17 year-old defendants involving serious offenses, including homicide and violent felonies;
- Expanding the probation, diversion and rehabilitative services that are available through Family Court;
- Discouraging the detention and incarceration of those under 18 years of age;
- Prohibiting the confinement of any minor in adult jails or prisons and allowing youth to remain in juvenile detention settings for longer periods of time, and the immediate removal of 16 and 17 year-olds from adult jails and prisons;
- Using determinate sentencing for youth who are sentenced as juvenile or youthful offenders, including 16 and 17 year-olds;
- Reforming Persons in Need of Supervisions (PINS) proceedings to prohibit the use of detention and foster placement, provide for additional time for probation adjustment proceedings and expand the network of community services, including newly created "Family Support Centers," available to youth and their families; and
- Expanding the network of community services available to youth and their families.

Fiscal Year 2016 Executive Proposal

The FY 2016 Executive Budget included Article VII legislation to raise the age of juvenile jurisdiction and substantially implement the Commission's recommendations for overall reform of the juvenile justice system.

In addition, the FY 2016 Executive Budget proposal provided funding for state and local expenses related to raising the age, including a $25 million Miscellaneous Aid to Localities appropriation for initial expenses related to planning and the immediate removal of youth from adult correctional facilities, $5.4 million to reimburse local social service districts for 100 percent of their capital expenditures related to moving juvenile inmates, and a new $110 million capital program within the Office of Children and Family Services for the rehabilitation and/or reuse of new and existing facilities.

The FY 2016 Executive proposal also amended existing state funding formulas to provide 100 percent state reimbursement to local social services districts for the provision of raise the age related services to youth, including risk assessment and intervention, preventive services, after care services, independent living services and foster care services.

Negotiations did not yield an agreement on raising the age of juvenile jurisdiction and the proposal was not included in the FY 2016 Adopted Budget. The above mentioned appropriations totaling $145 million were included, with language added subjecting any spending to a future Chapter related to raising the age of juvenile jurisdiction, however, no agreement was reached during the 2015 Legislative Session.

Recent Executive Action

Removal of Youth from Adult Prisons

Executive Order No. 150 was issued on December 22, 2015 establishing one or more correctional facilities within the Department of Corrections and Community Supervision (DOCCS) exclusively for youth, and directing DOCCS to remove minors from adult prisons and transfer them to this new facility. The medium security Hudson Correctional Facility in Columbia County was selected as the first such facility. It will house all medium and minimum security male, and all female, inmates beginning in August 2016. The Executive includes $1 million for 20 Full-Time Equivalent (FTE) positions in DOCCS's proposed budget which are related to Executive Order No. 150. Additionally, a new juvenile separation unit will be constructed by December 2016 at the neighboring Coxackie Correctional Facility to house maximum security male youth inmates.

These new facilities will be administered by DOCCS, with programs and services to be provided through training and consultation with the Office of Children and Family Services (OCFS) through a Memorandum of Understanding. Under Executive Order No. 150, the Commissioner of Mental Health is required to assign sufficient staff to such facilities to provide treatment to inmates with a major mental disorder, including residential crisis treatment, residential day treatment and medication monitoring by psychiatric nursing staff. The FY 2017 Executive Budget proposal includes $492,000 for nine new FTE positions in the Office of Mental Health for this new facility.

Fiscal Year 2017 Executive Proposal

The FY 2017 Executive Budget proposal once again includes Article VII legislation (S.6406 Part N) regarding raising the age and overall juvenile justice reform. The FY 2017 proposal is substantially similar to that from FY 2016, though some minor changes have been made to address concerns that were raised during past negotiations. These changes include requiring consent from the District Attorney to remove certain cases to Family Court and providing for expedited hearing of certain juvenile offender cases in Family Court.

Additionally, the FY 2016 proposal called for the immediate removal of 16 and 17 year-olds from adult jails and prisons. This provision, and the associated appropriations, are not included in the current proposal since this has been accomplished through Executive Order No. 150.

The major provisions of the Executive's current proposal are as follows:

Age of Responsibility

- The age of criminal responsibility would be increased from 16 to 17 years-old on January 1, 2018, and then to 18 years-old on January 1, 2019.
- The lower age of criminal responsibility would be increased from seven to 12 years-old on January 1, 2018 for all offenses except homicide, for which the age will increase from seven to ten years-old.
- Prohibits confinement of any minor in adult jails or prisons; requires all minors to be committed to the custody of OCFS.
- Allows youth to remain in OCFS custody up to age 21, or to age 23 in certain instances.
- Prohibits detention and placement for youth who are assessed as low-risk in first or second-time misdemeanor cases that do not involve harm to another person, and for probation violations that do not constitute a

crime where there is no imminent risk to public safety.

- Creates a presumption to grant Youthful Offender (YO) status to an eligible youth who has not previously been convicted and sentenced for a felony. YO status would not be granted if the District Attorney files a motion in opposition, upon s even days notice, and demonstrates to the court that the interests of justice requires otherwise.
- Expands current practices regarding parental notification and the use of Office of Court Administration approved rooms for the questioning of minors by police to also include 16 and 17 year-olds.

Newly Created Youth Parts

- Creates new "Youth Parts" within a Superior Court in each county that exercises criminal jurisdiction.
- The Youth Part would have exclusive jurisdiction over all cases involving 16 or 17 year-olds who are accused of committing specified serious offenses, including violent or sexually motivated felonies, class A felonies, homicide, felony vehicular assaults, terrorism and aggravated criminal contempt.
- Permits youth to be arraigned before the "most accessible magistrate," as designated by the appellate division of the supreme court, when the Youth Part is not in session.
- Judges in the Youth Part would receive specialized training in juvenile justice, adolescent development and effective treatment methods for reducing adolescent crime.
- Extends current provisions regarding the removal of Juvenile Offender cases to Family Court, upon consent of the District Attorney, to cases involving 16 and 17 year-olds in the Youth Part if it's determined that doing so would be in the interest of justice.
- Allows, upon consent of the District Attorney, removal to Family Court of the current Juvenile Offender crime of second degree robbery and for any violent felony that is not a Juvenile Offender crime for youth 15 years-old and younger.

Family Court Act

- Expands existing Family Court jurisdiction to cases involving 16 and 17 year-olds.
- Grants Family Court concurrent jurisdiction over cases that have been removed from the Youth Part.
- Permits youth to be arraigned before the "most accessible magistrate," as designated by the appellate division of the supreme court, when Family Court is not in session.
- Creates at least one "designated felony act part" in New York City Family Court to provide expedited hearings in juvenile delinquency proceedings involving allegations that a youth committed certain serious offenses that are not referred to the Youth Part; in other areas of the state, such cases shall have a hearing preference over other Family Court proceedings.
- Mandates diversion attempts for low-risk misdemeanor cases.
- Allows for additional time for probation adjustment in order to allow youth to access necessary services and allows for the issuance of orders of protection during probation adjustment of a case.
- Establishes "family engagement specialists" to facilitate probation adjustment by assisting youth and their families in accessing evidence-based diversion services.

Determinate/Reduced Sentencing

- Requires the use of determinate sentencing for youth sentenced as a Juvenile or Youthful Offender for most crimes.
- Permits indeterminate sentencing for specified serious offenses, and provides for minimum and maximum allowable terms of imprisonment, to be fixed by the judge.
- Makes juvenile offenders eligible to receive a six-month limited credit time allowance for

successful participation in one or more specified programs developed by OCFS.

- Requires a period of post-release supervision for juvenile offenders being released from OCFS custody.

Sealing of Criminal History Records

- Permits a defendant to apply to the court to have their conviction sealed for up to two eligible offenses, no more than one being a felony conviction, after at least ten years have elapsed since the conviction or conclusion of any sentence that was imposed.
- Convictions involving a sex offense, sexual performance by a child, homicide, a violent felony offense, class A felonies or any offense requiring registration as a sex offender are not eligible to be sealed.
- The judge reviewing an application must receive a fingerprint based criminal history record of the defendant from the Division of Criminal Justice Services, including any sealed or suppressed records, as well as any criminal history reports from the Federal Bureau of Investigation (FBI) regarding any crimes committed in other jurisdictions.
- No court hearing is required unless the District Attorney objects to the application.
- Once ordered sealed by a judge, all official records and papers relating to the case shall not be available to the public.
- Sealed records will still be available to the defendant, qualified law enforcement agencies, any state or local officer or agency responsible for issuing firearms licenses, any prospective employer of a police officer or peace officer, or the criminal justice information services division of the FBI when responding to queries to the National Instant Criminal Background Check system regarding attempts to purchase a firearm.

Persons in Need of Supervision (PINS) Proceedings

- Effective January 1, 2019, prohibits the use of detention in PINS proceedings and only authorizes foster care placements, if appropriate, for sexually exploited youth who are in need of specialized services.
- Establishes "Family Support Centers" to provide comprehensive services to youth at risk of a PINS adjudication and their families.
- Any funding made available for Family Support Centers would be distributed by OCFS to the highest need local social service districts.

Full State Reimbursement for Associated Costs

- Local governments would be eligible for 100 percent state reimbursement for the added cost of providing foster care, aftercare and independent living services, detention and Close to Home for 16 and 17 year-olds.
- Increased probation costs related to raising the age of juvenile jurisdiction would be eligible for 100 percent state reimbursement.
- Local government costs associated with the placement of 16 and 17 year-olds in OCFS facilities would be waived.
- Full implementation costs for this initiative are estimated at $375 million in FY 2022.

OCFS Capital Program

- A $110 million OCFS capital program is included to finance the cost of land acquisition, construction, reconstruction, rehabilitation and improvements for new and existing facilities that are needed as a result of raising the age of juvenile jurisdiction.
- Any new facilities developed by OCFS as a result of raising the age of juvenile jurisdiction must, to the extent practicable, consist of smaller, more home-like facilities located near the youths' homes.

Executive Proposal on Ethics and other Governmental Operations

S.6411 and A.9011:

The Executive submitted along with his appropriations bills an Article VII proposal, which is captioned Good Government and Ethics Reform. It contains eight parts, each impacting various existing statutes. Separately, the Governor submitted a proposed concurrent resolution to amend the Constitution to eliminate the contractual right to a pension if a public officer is convicted of a crime of public corruption (S.6410/A.9010).

The specific proposals are as follows:

- *Part A*- treats limited liability corporations as corporations for purposes of contribution limits, and identification of all direct and indirect owners;
- *Part B*- prohibits outside income in excess of $11,925 annually for each member;
- *Part C*- enacts a variety of limits on political contributions and increases reporting of such contributions, creates a system of taxpayer funded campaign finance, via a tax check-off and funded via abandoned property funds;
- *Part D*- eliminates the legislative section of the freedom of information law and subjects legislative records to agency record access provisions;
- *Part E*- enacts various amendments to the Public Officers Law increasing penalties, requiring specific dollar amounts be disclosed on the financial disclosure statement and amending JCOPE's jurisdiction to include individuals who aid another in the violation of the State ethics laws;
- *Part F*- requires all drivers to be registered voters unless he or she opted out, requires early voting;
- *Part G*- provides for a study of the feasibility of assigning a single payee identifying code for all contractors vendors and other payees; and
- *Part H*- requires political consultants to follow the provisions of the Lobbying Act that currently apply to lobbyists.

Legislative and Executive Compensation: A comparison to other states and Congress

The Executive proposal to cap outside income is, according to his policy briefing book, linked to the structure of compensation for members of Congress. In the State of the State address, the Governor decried the current system, which he stated was initially intended for "farmers." Today, a legislator can engage in outside employment, only to the extent that it is not a conflict with his or her state employment. That rule is the same for all state employees, including statewide elected officials.

The proposal would limit outside earned income to $11,925 for each member, and would establish a misdemeanor for failure to adhere to such limit. It further would disallow a member to vote on any legislation if they were in violation of this provision. It excludes certain income, including dividends or pension income and royalties or fees from intellectual property, but it does not allow for advance fees. See, Part B of S.6410.

The Public Officer's Law contains provisions in § 73 which provide that a state officer or employee may not accept compensation for himself *or another* to appear before a state agency, nor may he or she accept any compensation for himself or another in connection to any proposed or pending bill or resolution in either house. (Public Officer's Law §§ 73 7, 7-a. Public Officers Law § 73 (12) also prohibits her from orally communicating, whether for compensation or not, with a state agency, officer or employee with regard to the merits of any matter listed under Public Officers Law § 73 (7) (a).

Further, the Code of Ethics, found in § 74 creates additional guidelines and considerations for members to follow when engaged in outside activities.

The general rule in Public Officers Law § 74 (2)[1] is intended to guard against substantial conflicts of interest between a member's outside activities and his official duties. It is not intended to prohibit citizen-legislators from having outside interests that result in financial gain, but only to prohibit financial gains made at the expense of the public trust.

Constitutional Implications

The Constitution, Article III, § 7 provides that the qualifications for the offices of state senator and member of the assembly as follows: one must be a resident of the state for the preceding five years, a resident of the district for 12 months, and be a citizen of the United States. No member may simultaneously hold elected office and a "civil" appointment if the office was newly created or the salary or benefits were increased during the term of the legislator.

[1] "No officer or employee of a state agency, member of the legislature or legislative employee should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the public interest.".

While the legislative history surrounding such qualifications are ample, it is clear from reading these provisions that the Constitution does not contemplate any prohibition on outside employment. Legislative enactments to implement these provisions have focused on the nexus between financial gain for the *person* with the proper discharge of duties for the *elected official* with a clear consideration that there was nothing per se improper in earning income, only in subjugating the office to that personal gain.

The Experience in Other State Legislatures

National Conference of State Legislatures Analysis

The National Conference of State Legislatures (NCSL) utilizes a methodology to determine which legislatures are "more full-time" versus "part-time." The formula considers salary, the amount of time spent in furtherance of legislative duties, and the size of full-time professional staff of the body. By these metrics, NCSL lists New York, California and Pennsylvania as "Full-time." However, as a breakdown will show, none of these legislatures has any cap on outside income, nor a prohibition on any particular employment. Rather these legislatures employ similar (and in many cases less rigorous) rules than New York relative to prohibition on conflict of interest.

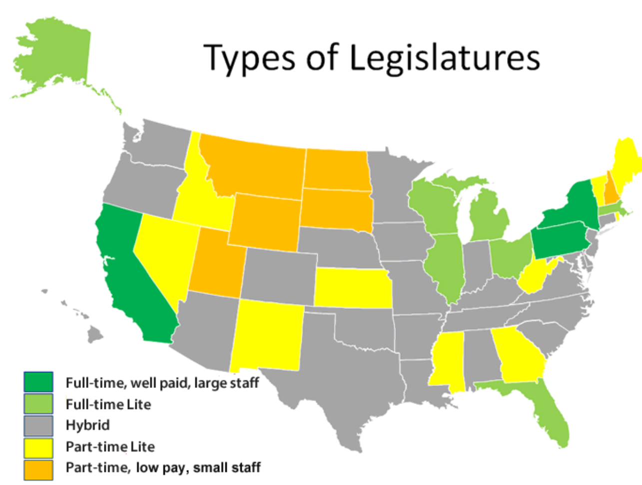


Table 1. Green, Gray and Gold Legislatures

Green	Green Lite	Gray		Gold Lite	Gold
California	Alaska	Alabama	Missouri	Georgia	Montana
New York	Florida	Arizona	Nebraska	Idaho	New Hampshire
Pennsylvania	Illinois	Arkansas	North Carolina	Kansas	North Dakota
	Massachusetts	Colorado	Oklahoma	Maine	South Dakota
	Michigan	Connecticut	Oregon	Mississippi	Utah
	Ohio	Delaware	South Carolina	Nevada	Wyoming
	Wisconsin	Hawaii	Tennessee	New Mexico	
		Indiana	Texas	Rhode Island	
		Iowa	Virginia	Vermont	
		Kentucky	Washington	West Virginia	
		Louisiana			
		Maryland			
		Minnesota			
		New Jersey			

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	82%	$81,079	1,340
Gray	70%	$43,429	479
Gold	54%	$19,197	169

Notes:

1. Estimated proportion of a full-time job spent on legislative work including time in session, constituent service, interim committee work, and election campaigns. *Source: 2002 NCSL survey of all state legislators.*
2. Estimated average annual compensation of legislators including salary, per diem, and any other unvouchered expense payments. *Source: NCSL 2014.*
3. Average number of staff--partisan and nonpartisan--working for the legislature. *Source: NCSL 2011.*

California

Unlike New York, which has never purported to be a full-time legislature, California in 1966 passed Proposition 1A, which made its Legislature "full-time." Prior to this enactment, the Legislature was limited to consideration of any policy matters in odd-numbered years and fiscal matters only in even numbered years. The Legislature could be called into special session by the Governor but was limited to consideration of matters contained in the gubernatorial proclamation.

In addition, the Legislature increased its salaries and staff to manage an increased workload and passed conflict of interest laws to prevent outside income from interfering with legislative duties. However, this was not a cap on income, nor a ban on outside employment.

The only prohibition currently contained in the California Constitution is a ban on any compensation from a lobbyist or lobbying firm (CA Const. Art. IV § 4 (a)). Further, there are prohibited activities similar to both Section 73 (7) and Section 74 of the Public Officer's Law.

Recent news stories note that four in ten California legislators have outside income, and despite the belief that the professionalization of the Legislature would decrease partisanship some scholars have disagreed and found that "The full-time professional lawmaker has become a full-time professional politician. Policy-making and enlightened legislation--the goals of prop. 1A and subsequent reforms--have become subordinate to simply staying in office." *See*, *Sherry Jeffe*, *A California Reform Doesn't Keep Its Promise*, LA Times 12/21/1986.

Pennsylvania

The Pennsylvania General Assembly likewise does not restrict outside income or employment of its 253 members. There are 50 Senators and 203 House members. They each earn a salary of $85,338.65 and a per diem of $159/day.

A report by the *Pittsburgh Post Gazette* found that at least 36 of the 50 Senators held outside employment and more than half of the 203 House representatives did as well. Due to limits on the nature of the financial disclosure in those states, it is unclear how much these members earn.[2]

[2] Smydo, Joe, Does the Pennsylvania Legislature have a conflict of interest problem? *Post-Gazette*, December 18, 2014 at http://www.post-gazette.com/news/politics-

Congress

Congress has had its outside income limited to 15% 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 2014, more than half 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 making a 15% cap on earned income $26,100.

CAMPAIGN FINANCE REFORMS

LLC Treatment

The Executive proposal in Part A captures limited liability company 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 limited liability company has been codified in New York Law since 1996. It is specifically, according to statute, an "unincorporated organization." LLC Law § 102 (m).

The Board of Elections is currently being sued for a failure to revisit a 1996 opinion (Op. 1996-01) which held a limited liability company to be a "person" since it was not a "corporation" under the definitions as enacted.[3]

At the time of that opinion the Federal Elections Commission (FEC) had ruled similarly, but has since altered its interpretation.

The Executive proposal would thus statutorily treat the contributions of a limited liability company as a corporation, rather than as an individual and limit such contributions to $5,000 in the aggregate per calendar year.

Additionally, for a limited liability company, the proposal would require a limited liability company disclose all direct and indirect individual owners in the company to the State Board and the specific proportion of their ownership.

Another provision in Part A would require a limited liability company prorate its contributions in all cases against its individual members. This provision would require that each contribution by a limited liability company would then be attributed to each individual member and count against such individual member's aggregate limits as well.

If such member is itself an LLC, it must be further counted against such the individual members of that LLC. This treatment is more akin to the treatment of a contribution from a partnership than a corporation.

Taxpayer Funded Campaign Financing

The FY 2017 Executive Budget proposes creating a statewide system to publicly finance general, primary, and special elections.

How much would it Cost?

While no estimate has yet been provided, the FY 2016 proposal included a nearly identical public financing proposal and for that plan, the Executive estimated it would cost the State approximately $166 million over a four year election cycle. As the Executive has acknowledged, the total cost to the State would

state/2014/12/18/Does-the-Pennsylvania-Legislature-have-a-conflict-of-interest-problem/stories/201412110028.

[3] Brennan Center v. New York State Board of Elections, Index no. 3579-15 (Albany Co. 2015). (Some members of the Senate are also participants in such litigation.)

be highly dependent on the number of candidates that participate in the program.

A Pilot program enacted for the statewide race for Comptroller in 2014 was not utilized, the incumbent declined to participate, having already raised nearly $2 million; and the challenger desired to participate but was unable to generate sufficient small donations to qualify for public matching funds.

The proposed publicly financed campaign system would use a 6:1 matching system. Candidates participating in the program would be eligible to receive $6 in public funds for each $1 of matchable contributions, with a maximum of $175 of eligible private funds per contributor. Additional restrictions would apply where candidates run unopposed.

The following table outlines the maximum amount of public funds each candidate could receive under the proposal.

Maximum Public Funds that Could be Received by Each Eligible Candidate (in thousands of dollars)			
Candidates	Gen/Special Election	Primary	Total
Governor	10000	8000	18000
Lieutenant Governor	10000	4000	14000
Attorney General	4000	4000	8000
Comptroller	4000	4000	8000
Member of Senate	375	375	750
Member of Assembly	175	175	350
Constitutional Convention Delegates	175	175	350

How would it be Financed?

The vast majority of the publicly financed campaign program would be paid for by the State.

Funding sources for the proposal to publicly finance election campaigns would include the following:

- NYS Campaign Fund, 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
- General Fund, if NYS Campaign Fund lacks sufficient funds to pay claims (regardless of whether there is appropriation authority).
- Increases to Board of Elections annual budget, which is funded by the State
- Public funds received by participating candidates which could be used to pay for Board of Elections audits(audits required for every participating candidate).
  - 3 percent of public funds received by candidates would be reserved for this purpose.
- Contributions from eligible individuals

As noted above, the proposed legislation would require payments be made from the General Fund if there were insufficient funds to pay claims. Article VII, §7 of the State Constitution provides, in part, that "*no money shall ever be paid out of the state treasury or any of its funds … except in pursuance of an appropriation by law*". Accordingly, there is a strong possibility any requirement that payment be made without appropriation authority is unconstitutional. This requirement could result in a situation where funds are expended to publicly finance election campaigns and other program funding would have to be reduced.

Public funds disbursed to a candidate's campaign committee could ultimately be expended to pay for the cost of auditing that candidate's publicly financed campaign. In fact, each campaign would be required to reserve at least 3 percent of public funds received for the post-election audit.

Income Tax Check-off Box

Under the Executive proposal, beginning in 2016, the State would offer a Campaign Finance Fund Check-Off Box. Resident taxpayers who owe at least $40 in State taxes for that year could elect to contribute $40 to the New York State Campaign Finance Fund. Married couples who file jointly may each contribute $40 to the Fund.

Checking the box, however, does not impact the individual's tax liability. If a taxpayer is set to receive $100 as a tax refund and checks the campaign finance fund box for $40 from New York State, he or she would still receive $100. This tax refund would not be reduced to $60. This box directs New York State to allocate $40 of the individual's liability to the Campaign Finance Fund Special Revenue Account (SRO). If this box were not checked, these funds would go to the General Fund.

Disclosure of Intermediaries

The Executive's proposal in Part C further contemplates the disclosure of intermediaries. In the realm of disclosure of campaign contributions often certain individuals act as "bundlers" for campaign committees and physically will deliver a contribution from a friend, family member or client.

In the interest of further highlighting the various individuals who may be able to exercise outsize influence over an elected official, this provision seeks to cause anyone to be disclosed who delivers a donation whose name is not on the check, or is not the immediate family of such donor. If it is an event in a person's home at which donations are solicited and delivered and more than $500 in aggregate donations is received at such event the individual "intermediary" must be disclosed.

Limit on Housekeeping to $25,000

Currently there is no limit on funds that can be received by a housekeeping committee, which is limited to activities which do not benefit a specific candidate. These activities include maintaining a party headquarters and staff and fund other lawful activities.

More frequent disclosure of donations or loans in excess of $1,000

All such donations or loans must be reported within 60 days by the treasurer.

DISCLOSURE REFORMS FOR PUBLIC OFFICER'S LAW FILINGS

The Executive has proposed two categories of reforms that relate to disclosure forms filed with the Joint Commission on Public Ethics (JCOPE).

These reforms are largely related to capturing more individuals to file, such as political consultations, who currently may or may not engage in activities which fall under the definition of "lobbying." (Part H).

The Governor's proposal would capture activity currently deemed "issue advocacy" under the Legislative Law definition of "lobbying." The proposal seeks to place any person who receives compensation, in any amount, for any state or local official in securing any current or future public office in the state under the same requirements and obligations as a lobbyist.

The proposed legislation would capture public relations, fundraising, media services, or campaign management. It would exclude legal advice.

There is an advisory opinion pending at JCOPE to accomplish a similar goal. That opinion attempts to redefine lobbying to include activities which encompass consulting and grassroots advocacy. That advisory opinion has drawn concern from public relations firms that engage in grassroots, or other paid media campaigns which relate to public policy issues. The concern is both that the paid advocacy is not lobbying, and further that it impacts free speech and the confidentiality associated with the press and its sources.

Additionally the Executive proposes to:

- Create a penalty of $10,000 for the knowing and intentional violations of those provisions of section 74 of the Public Officers Law (Code of Ethics) for which there is not currently a penalty.
- Require individuals obligated to file the Financial Disclosure Statement pursuant to section 73-a of the Public Officers Law to disclose various amounts or values to the nearest dollar. Under current law, individuals disclose a category that corresponds with a dollar amount range.

New York has the most comprehensive ranges of any state that currently discloses income in ranges. In many states, a filer simply acknowledges that there is income in excess of a threshold, without disclosing how much at all.

- Provide that any person who knowingly and willfully fails to respond or cooperate with JCOPE's review of a Financial Disclosure Statement may be subject to a civil penalty of up to $40,000. A lobbyist or client who intentionally fails to file reports with JCOPE or cooperate with an investigation is subject to a penalty of only $10,000.

JCOPE has conducted numerous audits and functions largely without disclosure of its activities; the improper disclosure of information related to an investigation or complaint is a misdemeanor. However, it is not clear that there is a failure to cooperate occurring currently that would warrant such a penalty.

- Provides that individuals that knowingly and willfully fail to file the annual Financial Disclosure Statement or knowingly and willfully with intent to deceive make a false statement on the Financial Disclosure Statement shall be subject to a class A misdemeanor. Under current law a violation can only be punishable as a class A misdemeanor if JCOPE or the Legislative Ethics Commission refers the violation to a prosecutor.

There are further amendments to JCOPE's powers to include persons who are not currently subject to JCOPE's jurisdiction.

In other words, if a constituent were to request that a lawmaker engage in behavior that is unethical, it would allow JCOPE to now assess a civil penalty against that constituent, whether or not the lawmaker engages in that unethical activity.

- Subjects JCOPE records created after the effective date of the bill to the Freedom of Information Act, except that JCOPE may deny access to records or portions thereof related to requests for advice from individuals subject to JCOPE's jurisdiction.

This provision seems to conflict with the requirement that the records of JCOPE be confidential. While there is some need for additional clarity as to what activities can be disclosed —e.g, can JCOPE confirm that a complaint has been closed? Can JCOPE confirm the receipt of a publicly disclosed complaint? – a blanket provision which makes most records available is unnecessary and may chill the inquiries from some who would otherwise want to communicate with the Commission.

- Increases the penalty for any lobbyist that accepts a contingent retainer from a class A misdemeanor to a class E felony and imposes a civil penalty of not more than $10,000 or the value of the contingent fee.

- Requires electronic submission of lobbying reports and registrations starting in 2017.
- Currently, there is no requirement of electronic submission. The legislature as part of the SFY 2015-2016 Enacted Budget expanded the filing requirement for lobbyists who are lobbying any municipality in excess of 5,000 persons to file with JCOPE.

This was a dramatic expansion of the Commission's authority and purview, it is yet to be fully implemented and therefore there is still a need to see if JCOPE can accommodate the increased workload.

Further, financial disclosures of county public officials and other municipal officials are all maintained at the county level. Those records are not filed with, nor maintained or audited by JCOPE. For the public to have access to such information it typically must FOIL the records from the relevant county-level agency.

The transparency achieved by mandating state filing of lobbying disclosures does not fully extend to the underlying county-level disclosures.

Freedom of Information Law

The Executive proposal subjects the legislature to freedom of information law as if it were a subsidiary executive agency and not a coordinate branch of government.

The legislature is subject to FOIL currently under the Public Officer's Law in Section 88. This provision provides that specific records are available for public inspection and copying. Separately, the Legislative Law has long held categories of documents are available publicly.

In addition to being a legislative body subject to the Open Meetings Law (unlike meetings of agency personnel) the Legislature proactively makes available on its website comprehensive information related to expenditures, legislation under consideration, agendas and other information.

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 other categories of documents which are protected for similar reasons to agency records, confidentiality, privacy, security, etc.

The Legislature has enacted reforms already relative to transparency, which are not currently being implemented. For instance, in Ch. 399 L. 2011 the Legislature created a "Doing Business Database" this Database was envisioned to provide the public with information of persons and firms doing business with state agencies.

Each agency was required to disclose areas of meetings, who the meeting was with, the firm name, and the client of the firm, if separate. It had to disclose the names of the agency personnel meeting with the individuals on rate-making, regulatory matters or grants or awards of state money, including procurements.

This database, although established in 2011, to date has gathered minimal records (13,047). *See,* http://www.projectsunlight.ny.gov

The legislature, in proactively publishing its expenditure data is unique. Unlike the Executive branch, you can see in detail how a member office is spending money. In the Senate this information is posted biannually, and payroll data is posted biweekly.

Early Voting and Opt-Out Registration

- Establishes a system of opt-out voter registration for qualified persons applying for a motor vehicle driver's license or identification card issued by the DMV.

Since the late 1980s New York has had a Motor Voter program which authorizes a customer to have the Department of Motor Vehicles forward information such as change of address to the relevant Board of Elections.

The customer must simply check a box to do so.

The practical effect of having an individual potentially have their registration cancelled in their home state (if a new licensee in New York) or having their voter registration address changed to a temporary address can cause headaches for voters that are unintended. These consequences include a purge of the voter record, having to vote an affidavit ballot, or seek a court order on Election Day in order to vote.

Currently an individual is protected by case law and permitted to vote at an address that is not the address reflected on their driver's license. An individual is entitled to vote at a residence, or domicile, which may be an address at which the voter does not currently reside.

Since 2012, the DMV has authorized Motor Voter transactions via the Internet.

- Requires early voting at polling sites for a period of 12 days prior to special, primary, and general elections.

New York has a system of absentee voting which is established in the Constitution, Article II, § 2,. This provision limits the voters eligible for an absentee ballot to those who may be absent from the county, or who due to illness or physical disability may not be able to vote at the polls on Election Day.

Poll inspectors, additionally, 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 makes it impractical to have them appear at their polling place.

Vendor ID Study

The Executive proposes to study whether or not a unique identification number can be assigned to each vendor or payee of the State. 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.

The procurement process currently makes up for the allocation of tens of billions of dollars each year. The active seeking of a contract by a lobbyist must be disclosed to JCOPE. However, the public has to trace back to those who may influence the award of the contract, look at donations, and determine what donors may be affiliated with which particular companies, and then also know and understand what contracts that may include at what agencies.

Minimum Wage - $15.00

The Executive proposes to increase the minimum wage incrementally from $9.00 to $15.00 per hour, with full implementation effective December 31, 2018 for New York City and July 1, 2021 for the rest of the State. At full implementation, New York would have the highest statewide minimum wage in the nation.

Effective Date	New York City	Rest of State
7/1/2016	$10.50	$9.75
12/31/2016	$12.00	$10.75
12/31/2017	$13.50	$11.75
12/31/2018	$15.00	$12.75
12/31/2019	$15.00	$13.75
12/31/2020	$15.00	$14.50
7/1/2021	$15.00	$15.00

State Workforce

The Executive Budget Five Year Financial Plan provides for an increase in the minimum wage for the State workforce including the Judiciary, Legislature and employees of the State University of New York (SUNY). According to the Executive, the cost in FY 2017 will be approximately $2 million which will increase to approximately $21 million on a full annual basis at full implementation.

Not-For-Profit Workforce

The Financial Plan does not contemplate the additional cost of employees that work for local governments and not-for-profits that rely on funding from the State. Excluding the Direct Care Workers, the cost to finance an increase in the minimum wage to $15 could be as much as $5 billion over five years or $1 billion annually through 2021 for these employers.

Human Services Workers. Based on unofficial estimates, there are 17,500 employees working under human services contracts and the cost to increase the minimum wage from $9.00 to $15.00 per hour is projected at $1.5 billion at full implementation.

Health Care Workers. According to the Hospital Association of New York State (HANYS) and other industry groups, the cost of the minimum wage at the full implementation of $15 per hour, would be approximately $3 billion on a statewide basis. This would include home care and personal care workers ($1.7 billion), nursing homes ($600 million) and hospitals ($570 million).

Direct Care Workers. There are approximately 110,000 direct support staff who provide services to people with developmental disabilities. There are approximately the same number of fast food workers. These are not State employees; they mostly work for not-for-profit agencies that are funded through the Medicaid program. The Executive Budget does not pay for the cost of the minimum wage increase for these staff.

The Cash Wage

The cash or “tip wage” wage would not be increased and remains at $7.50 per hour. This is the wage paid to certain service and hospitality industry employees for whom tipping represents a significant part of their income. For these employees, employers are given a credit for tips earned up to the minimum wage. If tipped compensation does not equal the minimum wage, the employer must pay the difference. Tipped employees will not earn below the minimum wage.

Tax Implications

Workers. The Federal and State tax systems are based on a worker's gross wages and the more a worker earns, the more they pay in income tax and payroll taxes (Social Security Tax and Medicare Tax). In addition to taxes, various income tax credits eligibility and value are determined based on how much a worker earns, including the Earned Income Tax Credit (EITC).

An increase in the minimum wage from $9.00 per hour to $15.00 would increase a worker's federal and state tax liability as well as diminish the benefit of the federal and state EITC.

For a single parent minimum wage earner with one child approximately 43% ($5,416 of $12,480) of their increased wages from $9 to $15 per hour will be lost to taxes.

- 79% ($4,268) will be transferred out of New York to the Federal government.
- 21% ($1,148) will go to New York State

For a family of four with two minimum wage earners approximately 39% ($9,851 of $24,960) of their increased wages from $9 to $15 per hour will be lost to taxes.

- 78% ($7,689) will be transferred out of New York to the Federal government.
- 22% ($2,162) will go to New York State

If the minimum wage worker lives in New York City, the percentage of their loss to taxes would be even higher (48% for single parent and 43% for a family of four with two minimum wage earners).

The Executive Budget does not contain any new proposals to reform the EITC in New York.

Businesses. The Department of Labor has estimated that the increase to $15.00 per hour would increase labor costs $15.7 billion for all employers on a statewide basis.

Businesses would annually incur a total cost of $2,325 for each dollar increase to the minimum wage per full-time employee. Of this total, $2,080 is attributable to increased wages and $245 is attributable to increased payroll related taxes. Every dollar increase in the minimum wage amounts to a cost of $1.12 for businesses.

Businesses would incur $12,480 in increased wages per full-time minimum wage earning employee with an increase from $9.00 to $15.00. In addition to increased wages, business would incur $1,470 in additional annual taxes (payroll taxes and workers comp), for a total cost of $13,950 per full-time minimum wage earning employee.

Effect on a Family of Increasing Minimum Wage from $9 to $15		
	Family of Four with Two Minimum Wage Earners	**Single Parent Minimum Wage Earner with One Child**
Gross Income Increase	***$24,960***	***$12,480***
New York Personal Income Tax Increase	$1,419	$549
Federal Personal Income Tax Increase	$3,303	$1,315
Federal Payroll Taxes Increase	$1,910	$955
Diminished New York Earned Income Tax Credit	-$743	-$599
Diminished Federal Earned Income Tax Credit	-$2,477	-$1,998
Net Additional Take Home Cash	**$15,108**	**$7,064**
Percentage Loss to Taxes	**-39%**	**-43%**
New York City Personal Income Tax Increase	$872	$394
Diminished New York City Earned Income Tax Credit	-$124	-$100
New York City STAR & Household Credits	$0	-$30
Net Additional Take Home Cash (NYC Residents)	**$14,112**	**$6,540**
Percentage Loss to Taxes	**-43%**	**-48%**

Paid Family Leave

The Executive proposes to create a Paid Family Leave benefit that would provide paid time off for employees to care for an infant, a newly-adopted child or a seriously ill family member.

Benefit Description: Employees would be eligible for up to 12 weeks of Paid Family Leave (PFL) on an annual basis. As advanced, the benefit would be a percentage of the average weekly wage as calculated by the New York State Department of Labor (currently $1,266.44), phased in over four years as follows:

- 35 percent effective January 1, 2018;
- 40 percent effective January 1, 2019;
- 45 percent effective January 1, 2020; and,
- 50 percent effective January 1, 2021.

The minimum benefit would be $100 or the actual wage if less.

The program would include job protection against retaliatory action by placing PFL under the purview of §121 of the Workers' Compensation Law which provides protections from discrimination in Workers' Compensation matters. Jurisdiction over retaliation issues is given to the Chair of the Workers' Compensation Board pursuant to §241 of the Workers' Compensation Law.

Eligibility. All private sector employees would be covered by the program. State and local government employers would be exempt but have the option of electing to participate on the basis of collective bargaining or other agreements.

To qualify for a PFL benefit, the employee must be employed with an eligible employer for four or more consecutive weeks. This is consistent with eligibility criteria for disability insurance in New York State.

Financing. The PFL benefit would be financed through a payroll deduction assessed against employees. The coverage would be provided by insurance carriers, the State Insurance Fund or self-insured employers. To limit premium volatility, the Superintendent of Financial Services would determine whether coverage provided by the carriers would be experience or community rated.

Other States. Only California, New Jersey and Rhode Island currently have PFL programs.[1]

California. To qualify an employee must have worked for an employer for at least 12 months and have 1,250 hours of service during that time. The benefit provides up to six weeks of paid leave equal to approximately 55 percent of the employees weekly wage with a minimum of $50 and a maximum of $1,067. The program is mandatory funded through employee payroll taxes and administered through the state's disability program.

The leave can be used to care for a child, spouse, parent, domestic partner, or step-parent.

New Jersey. To qualify employees must have worked for an employer for at least 12 months and have at least 1,000 hours of service during that time. All employers with 50 or more employees are **required** to participate. The benefit consists

[1] *National Conference of State Legislatures. "Summary of Paid family Leave Laws", January 2015.*

of approximately 60 percent of wages up to six weeks with a maximum of $524 per week.

The leave can be used to care for a child, spouse, parent, in-laws or domestic partner.

Rhode Island. Rhode Island has an opt-in program for all private and public sector employers. The system is two tiered. The first tier provides four weeks of paid leave for the birth, adoption, or fostering of a new child, or to care for a family member with a serious illness. The second tier provides up to 30 weeks of paid leave for a worker's own disability. The benefit is based on earnings and can range from $72 to $752 per week. The program is funded by employee payroll taxes and administered through the state's temporary disability program.

The leave can be used to care for a child, spouse, parent, domestic partner, or grandparent.

Current Federal Law. The Federal Family Medical Leave Act (**FMLA**) entitles an eligible employee of covered employers to take **unpaid, job protected leave** for specified family and medical reasons.

The FMLA only applies to private sector employers with 50 or more employees and all public employers. To be eligible, an employee must have worked for the employer for at least 12 months and have at least 1,250 hours of service during the 12 month period immediately preceding the leave.

Eligible employees may take up to 12 work weeks in a one year period for:

- The birth or adoption of a child;
- To care for a spouse;
- To care for a child or parent with a serious health condition;
- For their own serious condition that makes the employee unable to perform essential work functions; or,
- For any qualifying contingency that arises from a spouse, child or parent on active military duty.[2]

According to the Executive, the FMLA covers approximately 60 percent of all workers. Based on most recent estimates from the United States Department of Labor, there are approximately 150 million people actively employed in the U.S. workforce. That would equate to 90 million being eligible for existing Federal FMLA. In New York State, approximately 5.6 million employees are eligible out of a total workforce (including the public sector but excluding farm workers) of 9.2 million.

Previously, the Senate One House Budget has included a provision for Paid Family Leave that structured as follows:

- No cost to employees in the first year. Subsequent to year one, it would be funded through an employee payroll deduction;
- Up to six weeks of benefits;
- The amount of the benefit would be phased in over three years and equate to 50 percent of the employees average weekly salary capped at 50 percent of the statewide average weekly wage;
- Employees would be able to use the leave to care for a child, spouse, parent, domestic partner, or step-parent;
- Private employers with 25 or more employees would be required to participate;
- Public employers would provide PFL subject to collective bargaining agreements; and,
- **Employers would not have to finance the cost of PFL.**

[2] *US Department of Labor, Fact Sheet #28, The Family Medical Leave Act.*

WORKFORCE UPDATE

The number of State employees remains relatively unchanged. The FY 2017 Executive Budget proposes a net All Funds workforce increase of 227 full time equivalent (FTE) positions from 180,252 to 180,505. This change is due to an increase of 2,000 new hires offset by 1,773 FTEs leaving due to attrition. **There are no layoffs or newly announced facility closures anticipated.**

Major Workforce Changes

Department of Corrections and Community Supervision (DCCS). DCCS projects a workforce increase of 220 FTEs, which are new hires to effectuate the programming needs of 16 and 17-year old youth in the criminal justice system.

Department of Health (DOH). DOH projects a net workforce increase of 243 FTEs, based on 79 vacancies through attrition offset by 322 new hires. The additional staff will be used to manage the take-over of administration from the counties.

Office for People with Developmental Disabilities (OPWDD). OPWDD projects a net workforce reduction of 255 FTEs, based upon 245 vacancies through attrition and ten vacancies through mergers. The main cause for the reduction is the continued deinstitutionalization of OPWDD consumers and the continuing trend to provide care in community based settings, as a result of the Olmstead decision.

Office of Mental Hygiene (OMH). OMH projects a net workforce reduction of 122 FTE based upon 350 vacancies through attrition offset by 228 new hires. The reduction is due to the elimination of unneeded institutional beds.

Office of General Services (OGS). OGS projects a net workforce increase of 115 FTEs, which are new hires to staff the centralized human resources and financial services functions of the Business Services Center.

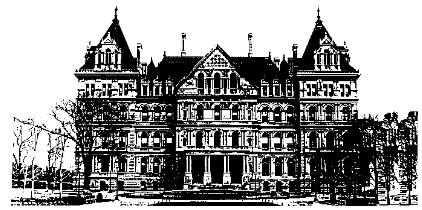
Collective Bargaining

The New York State Police Investigators Association (NYSPIA) and the City University of New York (CUNY) currently do not have a contract but negotiations are ongoing.

The contract for the Public Employees Federation (PEF) and the Agency Police Services Unit (APSU) expired at the end of 2015. Both are currently negotiating a new contract.

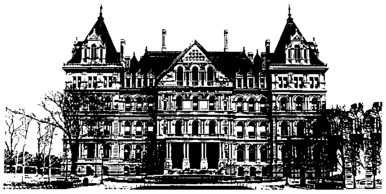
The Civil Service Employees Association (CSEA), the United University of Professions (UUP), the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), Council 82, the Graduate Students Employees Union, and UUP Lifeguards all have contracts that will expire at the end of FY 2016.

The New York State Police Benevolent Association (NYSPBA) has a contract through the end of FY 2018.



SECTION THREE

SUMMARY OF ARTICLE VII
LEGISLATION AND APPENDICES

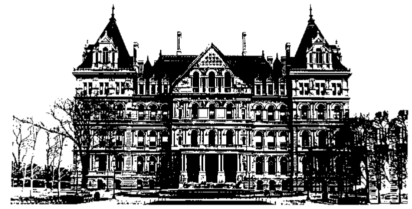


SCHEDULE FOR LEGISLATIVE REVIEW
OF THE FY 2017 EXECUTIVE BUDGET PROPOSAL

DATE	LOCATION	TIME	TOPIC
January 20	Hearing Room B	9:30 AM	Transportation
January 25	Hearing Room B	9:30 AM	Health/Medicaid
January 26	Hearing Room B	10:00 AM	Local / General Government
January 27	Hearing Room B	9:30 AM	Education
January 28	Hearing Room B	9:30 AM	Environmental Conservation
February 1	Hearing Room B	10:00 AM	Housing
February 2	Hearing Room B	9:30 AM	Taxes
	Hearing Room B	1:00 PM	Economic Development
February 3	Hearing Room B	9:30 AM	Mental Hygiene
	Hearing Room B	1:00 PM	Workforce Development
February 4	Hearing Room B	9:30 AM	Public Protection
February 8	Hearing Room B	10:00 AM	Higher Education
February 9	Hearing Room B	9:30 AM	Human Services

Schedule as of January 18, 2016

APPENDIX



SUMMARY OF THE IMPLEMENTING BUDGET BILLS

This appendix contains a summary of the implementing legislation submitted with, and required to enact the FY 2017 Executive Budget. The Governor's presentation consists of twelve total bills, five appropriation and seven 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 2017 EXECUTIVE BUDGET BILLS

Appropriation Bills

S.6400/A.9000 State Operations
S.6401/A.9001 Legislative & Judiciary
S.6402/A.9002 State Debt Service
S.6403/A.9003 Aid to Localities
S.6404/A.9004 Capital Projects

Article VII Bills

S.6405/A.9005 Public Protection & General Government
S.6406/A.9006 Education, Labor & Family Assistance
S.6407/A.9007 Health & Mental Hygiene
S.6408/A.9008 Transportation, Economic Development & Environmental Conservation
S.6409/A.9009 Revenue

Freestanding Article VII Bills

S.6410/A.9010 Pension Forfeiture
S.6411/A.9011 Good Government and Ethics Reform

FY 2017 NEW YORK STATE EXECUTIVE BUDGET
PUBLIC PROTECTION AND GENERAL GOVERNMENT
ARTICLE VII LEGISLATION
[S.6405 /A.9005]

PART A – Enacts the Criminal Justice Reform Act of 2016.

Deadly Force by a Police or Peace Officer

- Allows the Governor to appoint an Independent Special Counsel to review any case involving credible allegations of the use of deadly force by a police or peace officer, where such deadly physical force resulted in the death of an unarmed person and where the district attorney declines to initiate a grand jury proceeding, declines to present certain charges, or does not present evidence to the grand jury, or where the grand jury declines to return an indictment.

- Allows the Independent Special Counsel to access and review the grand jury proceedings and all evidentiary materials in the possession, custody and control of the district attorney.

- Requires the Independent Special Counsel to refer the matter for consideration of appointment of a Special District Attorney if he or she determines either that there were substantial errors or that there exists newly discovered evidence, either of such magnitude that there exists a reasonable probability that an indictment would have resulted but for these errors or absence of such evidence.

- Authorizes the Governor to appoint a Special District Attorney to investigate such cases and, where appropriate, prosecute the case.

- Allows a grand jury to create a grand jury report in a case involving the use of deadly force by a police or peace officer. Such grand jury report shall include, but not be limited to: charges presented, legal instructions, and summary of evidence presented, but with all names and identifying information redacted.

- Allows the district attorney to issue a letter of explanation in an investigation of an incident involving the use of deadly force by a police or peace officer, where such deadly physical force resulted in the death of an unarmed person, concerning the use of deadly force against an unarmed person, where the grand jury declines to return an indictment and in lieu of a grand jury report, or when the district attorney elects not to present such matter to a grand jury. Such letter of explanation shall be issued to the public with a copy to the governor, the commissioner, chief or commanding officer of the department or agency employing the police or peace officer involved. In the letter, the district attorney may explain the facts of the case and may also make recommendations.

Change of Venue

- Creates an expedited appeals process to the Court of Appeals for either party where the Appellate Division denied a motion for a change of venue.

Statewide Use of Force Policy

- Requires the Municipal Police Training Council to review and update its Model Law Enforcement Use of Force Policy, and requires the most current version of such policy be filed with the Division of Criminal Justice Services (DCJS).

- Requires the chief of every law enforcement entity in the state to implement a Use of Force Policy which is consistent with the Model Law Enforcement Use of Force Policy, although such policy may impose further restrictions than the Model Law.

Reporting by Law Enforcement Agencies

- Requires that the chief of every local police department, sheriff and the superintendent of state police annually report to DCJS the total number of arrests made, or appearance tickets or summons issued, for offenses that do not require the taking of fingerprints. DCJS shall determine the form and manner of the report and information necessary to include and shall contain the age, sex, race and ethnicity of the person arrested or to whom an appearance ticket was issued.

- Requires that the chief of every local police department, sheriff and the superintendent of state police report to DCJS any death which occurs during law enforcement custody or an attempt to establish custody including, but not limited to, deaths caused by any use of force.

Search Warrant Application

- Requires that all search warrant applications include a statement whether the application for the warrant has been previously submitted to another judge and, if so, the name of the judge or judges, the result of such application and when such application was made.

<u>PART B</u> – Continue provisions relating to the disposition of certain monies recovered by county district attorneys.

- Extends for one year the ability of New York City District Attorneys to retain a portion of settlement recoveries made prior to the filing of an accusatory instrument against a defendant. These recoveries, which can be quite substantial, provide District Attorneys with additional resources to pursue investigations or distribute money to other law enforcement entities for related purposes. The program is set to expire on March 31, 2016.

<u>PART C</u> – Suspends a statutorily proscribed transfer to the Emergency Services Revolving Loan Fund from cell surcharge revenues.

- Suspends an annual transfer of $1.5 million from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund for State Fiscal Year (FY) 2017 and FY 2018, as there is a fund balance of $12.7 million, sufficient for any new loans this year. This transfer has been suspended annually since FY 2012.

- Monies accrued into the Public Safety Communications Account consist of revenues derived from a public safety communications surcharge on cell phone customers who reside in New York. The surcharge is imposed at the rate of $1.20 per month on each device. Before excepting this transfer, $1.5 million annually was transferred into the Emergency Services Revolving Loan Fund, which exists to assist local governments, fire districts and not-for-profit fire/ambulance corporations in financing emergency response equipment, such as firefighting equipment, fire engines and ambulances, and construction costs related to house the equipment.

<u>PART D</u> – Eliminates the function of the State Division of Homeland Security and Emergency Services to collect, analyze and share information relating to terrorist threats and terrorist activities.

- Eliminates the statutorily required counter terrorism function of the State Division of Homeland Security and Emergency Services to collect, analyze and share information relating to terrorist threats and terrorist activities throughout the state, which has been in existence since September 2001.

- Requires the Division of Homeland Security and Emergency Services to cease work on all such counter terrorism information collection, analysis and information sharing.

- Reprograms and transforms the Division of Homeland Security and Emergency Services into an agency focused on emergency and natural disaster preparedness.

- Requires the Division of Homeland Security and Emergency Services to transfer all records containing information collected or analyzed relating to terrorism to the Division of State Police.

<u>PART E</u> – Continues the recruitment incentive and retention program for active members of the New York Army National Guard, New York Air National Guard and New York Naval Militia.

- Extends the Recruitment Incentive and Retention Program for Active Members of the New York Army National Guard, New York Air National Guard and New York Naval Militia, until September 1, 2021.

- Continues to provide undergraduate college scholarships for active National Guard and Naval Militia members, which is presently scheduled to sunset on September 1, 2016.

PART F – Making the Procurement Stewardship Act and the Procurement Lobbying Law permanent.

- Makes permanent the Procurement Stewardship Act, first enacted in 1995, and the Procurement Lobbying Law, which places restrictions on communications in the procurement process between bidding vendors or potential bidders and contracting agencies.

PART G – Enacts Workers' Compensation Reform.

- Expands those designated under the Workers' Compensation Law (WCL) to render medical care; changes the formula for determining the average weekly salary; changes the appeals process; and imposes penalties for frivolous delays in the process. Eliminates the mandatory deposits made to the aggregate trust fund (ATF), and creates a guaranty fund for ensuring solvency of ATF's as they run off.

- Reduces the number of Workers' Compensation Board (the Board) members from 13 to seven and imposes a seven year term of appointment.

- Sweeps assessment reserves remitted to the Chairman of the Workers' Compensation Board (the Chair) by the Director of Budget as follows: $60 million for infrastructure and system upgrades; $50 million for education and training, and for implementation of the Paid Family Leave Act; $375 million over the next four years to the State Insurance Fund (SIF) for the annual partial payment of the State's obligation under Section 88-c of the WCL. Any remaining money from this sweep can be left with the Board or taken into the General Fund at the direction of the Director of the Budget.

- Allows the Chair to impose assessments on employers to cover the debt service on bonds issued by the Dormitory Authority pursuant to the Public Authorities Law.

- Establishes a payor compliance system which creates objective standards for the insurance carrier or employer to follow and, if standards are met, allows the Board to waive penalties in certain circumstances; allows for waiver agreements to assume liability claims to be entered into by the Board and an insurance carrier, self-insured employer and the SIF.

- Creates a new pool for individual self-insured employers to help reduce the high collateral costs associated with being a self-insured employer.

- Establishes a Group Self-Insured Trust for municipal corporations with taxing authority.

- Creates a list of employers that are high risk and required to fulfill a workplace safety and loss prevention program. Insurers will consult the list and will impose a surcharge on the employer until the employer completes a workplace safety and loss prevention program.

- Allows benefits to be paid on Volunteer Claims of the World Trade Center Rescue, Recovery and Clean-up Operations in the first instance. Subsequently, benefits shall be paid from the uninsured employers' fund, unless medical expenses have been denied by the World Trade Center Health Organization.

- Extends the time frame for employees not subject to collective bargaining or a collective bargaining agreement dated on or after April 1, 2016 to seek medical treatment outside of the preferred provider organization (PPO) to 120 days after the first visit to the PPO.

PART H – Establishes Paid Family Leave.

- Allows employees to receive paid family leave in certain circumstances, including:
  - Providing care, including physical or psychological care, for a family member (child, spouse, domestic partner, parent, grandchild, grandparent or sibling) made necessary by a serious health condition;
  - Bonding with the employee's child during the first 12 months after birth, or the first 12 months after the placement of the child for adoption or foster care with employee;
  - Any leave taken arising out of a family member's call, or impending call, to military active duty.

- Requires private employers with four or more employees in employment for four or more consecutive weeks to be covered by this legislation. State and local public employers would be able to opt-in via collective bargaining or other agreements.

- Allows employees to receive up to 12 paid weeks of leave during a calendar year.

- Allows a weekly benefit for family care leave, phased-in as follows:
  - Beginning January 1, 2018, the benefit shall be 35 percent of the employee's average weekly wage, up to 35 percent of the statewide average weekly wage;
  - Beginning January 1, 2019, the benefit shall be 40 percent of the employee's average weekly wage, up to 40 percent of the statewide average weekly wage;
  - Beginning January 1, 2020, the benefit shall be 45 percent of the employee's average weekly wage, up to 45 percent of the statewide average weekly wage;

  - Beginning January 1 of each succeeding year, the benefit shall be 50 percent of the employee's average weekly wage, up to 50 percent of the statewide average weekly wage.

- Provides a minimum weekly benefit of $100 or the employee's actual wages, whichever is less.

<u>PART I</u> – Establish the New York State Design and Construction Corporation.

- Establishes the New York State Design and Construction Corporation (NYSDCC) as a subsidiary of the Dormitory Authority of the State of New York (DASNY) to provide additional project management expertise and oversight on public works projects in excess of $50 million in value that are undertaken by state agencies, departments, public authorities and public benefit corporations after January 1, 2016. Authorizes NYSDCC to review, make recommendations and require corrective action be taken on such public works projects.

<u>PART J</u> – Implements differential healthcare premium reimbursements for new State retirees based on years of service.

- Provides for differential reimbursement for health insurance coverage for State employees retiring on or after October 1, 2016 with fewer than 30 years of creditable service. Would not apply to members of the uniformed services or those State employees who have retired with disability pensions.

- For State employees who retire from a position equal to:
  - Grade ten or higher, with at least ten but less than 20 years of service, the State shall pay 50 percent of the cost of premium. Such contribution shall increase by two percent of the cost of premium charges for each year of service in excess of ten years, to a maximum of 68 percent of the cost of premium;
  - Grade ten or higher, with 20 or more years of service, the State shall pay 74 percent of the cost of premium. Such contribution shall increase by one percent of the cost of premium charges for each year of service in excess of 20 years, to a maximum of 84 percent of the cost of premium;
  - Grade nine or lower, with at least ten but less than 20 years of service, the State shall pay 54 percent of the cost of premium. Such contribution shall increase by two percent of the cost of premium charges for each year of service in excess of ten years, to a maximum of 72 percent of the cost of premium;
  - Grade nine or lower, with 20 or more years service, the State shall pay 78 percent of the cost of premium. Such contribution shall increase by one percent of the cost of premium charges for each year of service in excess of 20 years, to a maximum of 88 percent of the cost of premium.

<u>PART K</u> – Caps standard Medicare Part B premiums and eliminates Income-Related Monthly Adjustment Amount (IRMAA) reimbursement for higher income retirees.

- Caps the Medicare Part B reimbursement for State retirees at $104.90 per month for the standard premium.

- Eliminates IRMAA reimbursement for premiums effective January 1, 2016, which will increase healthcare premiums for higher income retirees.

<u>PART L</u> – Extend binding arbitration for three years, until July 1, 2019.

- Extends the provisions of binding arbitration whereby municipalities and certain unions, generally those representing the emergency services, may resolve a contractual impasse without jeopardizing public safety by using a binding arbitration process.

<u>PART M</u> – Amends the Dedicated Infrastructure Investment Fund (DIIF).

- Permanently extends the authority of the Comptroller to transfer funds from the DIIF to the General Fund, and from the General Fund to the DIIF, in an amount determined by the Director of the Budget, to the extent funds are available. This authority is set to expire on March 31, 2016.

- Continues the ability to transfer monies from the DIIF to the General fund only in the event of an economic downturn and/or to fulfill disallowances and/or settlements related to over-payments of federal Medicare and Medicaid revenues in excess of $100 million from anticipated levels. Currently, DIIF finances projects, works, activities or purposes necessary to support Statewide investments as appropriated by the Legislature.

<u>PART N</u> – Authorization for transfers, temporary loans and amendments to miscellaneous capital/debt provisions, including bond caps

- Provides statutory authority for administration of accounts and funds within the FY 2017 budget.

FY 2017 NEW YORK STATE EXECUTIVE BUDGET
EDUCATION, LABOR AND FAMILY ASSISTANCE
ARTICLE VII LEGISLATION
S.6406/A.9006

PART A - Amends the Education Law and makes other changes necessary to authorize school aid and implement education-related programs in the budget.

- **Contract for Excellence**: Requires school districts currently in the Contract for Excellence program to remain in the program, unless all of the schools within the district are reported as "In Good Standing."

- **State Aid Adjustments**: Freezes school aid claims and payments at the database level used to compute aid for the Executive Budget.

- **Gap Elimination Adjustment**: Provides for a restoration of $189 million of a total of $434 million remaining.

- **Foundation Aid**: Provides for an increase of $266 million.

- **Community Schools Aid**: Provides for $100 million in total funding, with $75 million provided to school districts with at least one failing or persistently failing school and $25 million for other high needs school districts.

- **Charter Schools**: Makes permanent access to facilities funding for schools located in New York City and unfreezes tuition rates in New York City.

- **Special Education Reform**: Extends the special education class size waiver program for the Big Five school districts for the School Year (SY) 2016. Also allows schools districts, BOCES and approved private schools to submit an application for a waiver from any requirement imposed on special education services. The waiver will be granted if the school provides an innovative special education program, consistent with federal requirements, which will enhance student achievement and/or opportunities for placement in classes and programs.

- **Pre-Kindergarten**: Mandates participation in QUALITYstarsNY at the discretion of the licensing agency for current programs in cases of extraordinary need, in order to receive funding. Creates the Empire State Pre-Kindergarten Grant Board to develop and award grants for all existing pre-kindergarten programs.

- **School Safety Improvements**: Extends provision allowing for an additional ten percent in building aid for school districts making certain safety improvements for one year.

- **Flexibility to Amend Transportation Contracts to Comply With Changes in Law**: Extends for three years.

- **Teachers of Tomorrow**: Extends the program for SY 2017.

- **Consortium for Workforce Education**: Extended through SY 2017, reduces rate of reimbursement and allowable hours and provides an $11.5 million set aside that will cease after the completion of payments in SY 2017.

- **Teen Health Education Fund**: Amends administration of fund and distribution of monies.

- **Conditional Appointment of Employees**: Extends until July 1, 2017 the ability for BOCES to conditionally hire employees.

- **Bus Driver Safety**: Continued at a funding level of $400,000 for training purposes.

- **Public Libraries**: Extends support for public libraries for one year.

PART B - Amends the Education Law to implement school safety reforms.

- **Safety Plans**: Streamlines the development of comprehensive district-wide school safety plans and building-level emergency response plans; ensures confidentiality of such plans; requires school staff to undergo training; and requires superintendents, or their designees, to act as chief emergency officers.

- **Fire Drills**: Provides for a reduction in mandated fire drills from 12 to eight, but mandates four "lock down" drills in their place.

- **Reduction of School Aid for Failing to Meet for 180 Days**: Authorizes Commissioner of Education to forego reduction in state aid if the required minimum number of school days were not met due to threats to student safety.

PART C – Re-establish funding parity for the City University of New York (CUNY).

- Requires that, beginning July, 1 2016, the City of New York assume a 30 percent share of CUNY senior college net operating and debt service expenses to align the City's financial responsibility with the proportional share of the number of Trustees the City appoints, as opposed to the State.

<u>PART D</u> – Renew the NYSUNY 2020 and NYCUNY 2020 Programs.

- Extends the State University of New York (SUNY) and the City University of New York (CUNY) 2020 programs for an additional five years. The programs authorize the SUNY and CUNY Boards of Trustees to raise tuition up to $300 annually, provided they are able to demonstrate considerable efforts to reduce spending and that any increase is tied to an appropriate inflationary index. Additional revenue generated by any tuition increase would support investments in faculty, improve instruction and provide tuition credits for Tuition Assistance Program (TAP) recipients.

<u>PART E</u> – Establish the SUNY Stony Brook Affiliation Escrow Fund.

- Establishes the State University of New York (SUNY) at Stony Brook affiliation escrow fund to support the integration and affiliation agreement between Stony Brook Hospital and Southampton Hospital.

<u>PART F</u> - Enact 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 admission 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 admission 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 Tuition Assistance Program (TAP) awards under the same criteria for undergraduate awards except that the student must apply to a 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 of the armed forces and their spouses or dependents;
    - 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 regents

scholarships and any other named scholarship program, such as the New York State Memorial Scholarship or 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 G – Extends and makes conforming changes to various scholarship and loan forgiveness programs.

- Extends the New York State Social Worker Loan Forgiveness Program, the Regents Physician Loan Forgiveness Program, the Senator Patricia K. McGee Nursing Faculty Scholarship Program and the New York State Nursing Faculty Loan Forgiveness Incentive Program for an additional five years.

- Amends the Senator Patricia K. McGee Nursing Faculty Scholarship Program and the New York State Math and Science Teaching Incentive Program to conform with provisions relating to the forgiveness of repayment obligations recently adopted for the New York State Science, Technology, Engineering and Mathematics Incentive Program.

PART H – Allows 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 I - Amends the Education Law in relation to mayoral control in the City of New York.

- Extends mayoral control of New York City schools for three years to June 30, 2019.

<u>PART J</u> – Expands the composition of the State Apprenticeship Training Council (SATC).

- Requires representatives of the general public on the SATC be representatives of public colleges, community colleges or boards of cooperative education services that have experience providing related instruction for apprenticeship programs.

- Requires that the number of representatives of the general public be equal to the number of representatives from employer and employee organizations.

<u>PART K</u> – Increase in the Minimum Wage.

- This legislation would increase the Statewide hourly minimum wage from its current $9.00 to:
  - $9.75 on July 1, 2016;
  - $10.75 on December 31, 2016;
  - $11.75 on December 31, 2017;
  - $12.75 on December 31, 2018;
  - $13.75 on December 31, 2019;
  - $14.50 on December 31, 2020; and
  - $15.00 on July 1, 2021.

- For employees working in a city with a population of one million or more (New York City), the hourly minimum wage shall increase from its current $9.00 to:
  - $10.50 on July 1, 2016;
  - $12.00 on December 31, 2016;
  - $13.50 on December 31, 2017; and
  - $15.00 on December 31, 2018.

<u>PART L</u> – Enhances the Urban Youth Jobs Tax Credit.

- Authorizes the expansion of Urban Youth Jobs Tax Credit for 2016 and 2017 from $20 million currently to $50 million of tax credits per year.
- For each year, $40 million is authorized for qualified employees (qualifications include the size of the employee's city or town of residence), and $10 million can be allocated anywhere in the State, regardless of the size of the city or town of residence.

PART M - Makes statutory changes to comply with the Federal Preventing Sex Trafficking and Strengthening Families Act.

- Conforms State law to the Federal Preventing Sex Trafficking and Strengthening Families Act, to avoid a potential reduction in federal funding under Title IV-E of the Social Security Act (SSA).

- Requires that a foster child who is 14 years of age or older be consulted during the development of their permanency plan and, at the option of the child, with up to two additional individuals chosen by the child. Authorizes a local Commissioner of Social Services having custody of the child to reject an individual selected by the child if he/she has good cause to believe that the individual would not act in the best interests of the child.

- Authorizes payments for non-recurring costs to successor guardians under the Kinship guardianship assistance program.

- Establishes qualified immunity from liability for caregivers of foster children in relation to the application of the reasonable and prudent parent standard, and defines "reasonable and prudent parent standard."
- Eliminates disclosure of the results of criminal background checks to non-governmental agencies.

- Authorizes the Office of Children and Family Services (OCFS) to evaluate the results of criminal background checks for prospective foster and adoptive parents, and to notify voluntary agencies whether the application may be approved, must be denied, or held pending further information.

PART N - Raises the age of juvenile jurisdiction.

- Raises the age of juvenile jurisdiction in a criminal action from age 16 to age 18 by January 1, 2019 and the age of juvenile jurisdiction in a family court proceeding from age 7 to age 10.

- Specifies criminal offenses that would remain in criminal court in a newly designed "youth part" of the superior court in each county. Certain specified offenses would be heard in the youth part, among them: all vehicle and traffic offenses, crimes classified as violent felony offenses, homicides, sex offenses and all class A felonies. The youth part may share concurrent jurisdiction with family court. A case may be removed to family court, with consent of the District Attorney (DA), pursuant to current removal procedures applicable to those under age 16 facing criminal charges as a juvenile offender. All other felonies and misdemeanors, as well as the violations of harassment in the second degree and disorderly conduct, committed by a 16 or 17 year old, would be heard as family court proceedings.

- Provides for a juvenile in the youth part, who is not in custody, to receive a prompt probation assessment. Upon successful completion of programs and services mandated by the probation department and consent of the DA, a dismissal of charges may be granted.

- Extends existing procedures for questioning of individuals under age 16 to those under age 18, including notification of parents, discussion of rights and use of Office of Court Administration approved rooms.

- Proposes the expanded eligibility of a “youthful offender” adjudication (which results in a sealed record) from up to age 19 to up to age 21 and provides a presumption in the law for an offender to receive youthful offender status if he or she meets certain criteria.

- Reduces sentences for juvenile offenders.

- Prohibits any person under age 18 from being confined in a county jail by 2019. Any placement of such individual would be determined by the Office of Children and Family Services (OCFS).

- Allows the Department of Corrections and Community Supervision (DOCCS) to transfer convicted youth to an OCFS facility.

- Allows for sealing of certain criminal records after 10 years. The sealing would not apply to violent felony offenses, homicide offenses, or sex offenses.

- Allows the probation department to submit an application to the court for a temporary order of protection as part of the adjustment of the case in family court.

- Prohibits family court detention and placement for youth who are charged with a technical probation violation or a misdemeanor that did not result in physical injury to another person and who do not pose an imminent risk to public safety. Mandates diversion attempts for low-risk (per risk assessment) misdemeanor cases.

- Authorizes detention by the family court in cases of violating probation or conditional discharge only if the child poses a specific imminent threat to public safety or the probation is related to a felony and the use of graduated sanctions has been exhausted without success.

- Prohibits the use of detention in person in need of supervision (PINS) proceedings.

- Allows for additional time for probation adjustment in cases where documented barriers to adjustment exist or changes need to be made to the child’s service plan.

- Establishes Family Support Centers to provide services to children with the goal of preventing a PINS adjudication and to help prevent the out of home placement of such youth. Funding shall be provided to the extent available and shall be distributed to the highest need social service districts.

- Requires OCFS to establish one or more facilities with enhanced security features and specially trained staff for those youths sentenced for committing offenses on or after their sixteenth birthday who need enhanced security based on placement classification protocol. Establishes a council to oversee the operation of the facility which is empowered to perform all acts necessary to carry out its duties, such as making unannounced visits and inspections of the facility at any time. Facilities shall, if possible, be home-like and based on "close to home" principles.

- Authorizes state reimbursement of 100 percent for increased probation costs as a result of the change in the age of juvenile jurisdiction.

- Waives reimbursement from Local Social Service Districts for placement with OCFS for 16 and 17 year-old youth placed as a result of the change in the age of juvenile jurisdiction.

PART O – Authorizes the pass-through of any federal Cost of Living Adjustment in relation to Supplemental Security Income (SSI) which becomes effective on or after January 1, 2017.

- 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 cost of living adjustment (COLA).

- Sets forth the actual dollar amounts for the 2016 PNA and the standard of need for eligibility and payment of additional State payments. 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 2017.

PART P – Mortgage Insurance Fund (MIF) Utilization.

- Provides for the dispersal of up to $150 million in excess Mortgage Insurance Fund (MIF) reserves, which are projected to be accessible without negatively impacting the Fund's credit rating, to be utilized for specified housing initiatives, including:
  - Up to $22.3 million for reimbursing costs associated with the Rural Rental Assistance Program;
  - Up to $42 million for facilitating the refinancing and capital repair of Mitchell-Lama properties;
  - Up to $8.4 million for the reimbursement of neighborhood preservation program contracts;
  - Up to $3.5 million for the reimbursement of rural preservation program contracts;

- Up to $35.2 million for the reimbursement of rural and urban community reinvestment fund program contracts;
- Up to $10 million to carry out the provisions of the low income housing trust fund program;
- Up to $12.8 million for reimbursing costs associated with homes for working families program contracts; and
- Up to $15.7 million for the New York Homeless Housing and Assistance Corporation to support the state supportive housing program, the solutions to end homelessness program or the operational support for AIDS housing program, or grantees under those programs.

FY 2017 NEW YORK STATE EXECUTIVE BUDGET
HEALTH & MENTAL HYGIENE
ARTICLE VII LEGISLATION
S.6407/A.9007

PART A – Modifies New York City's local funding contribution under the Medical Assistance program.

- Modifies New York City's local funding contribution by prospectively re-instituting its contribution toward financing its growth in Medicaid expenses. Increases the local share contribution by $180 million in FY 2017 (3.6 percent growth) and by $476 million in FY 2018 (5.8 percent growth).

PART B – Makes statutory changes necessary to continue implementation of Medicaid Redesign Team recommendations.

- Removes Medicaid transportation reimbursement from the Managed Long Term Care capitated rates, except in the All-inclusive Care for the Elderly Program. Requires management of trips to be performed by a professional transportation management contractor procured by the State.

- Restricts enrollees of Managed Long Term Care (MLTC) Plans to enrollees who require nursing home level of care. Allows current members who would otherwise become ineligible, to remain in the MLTC program.

- Eliminates spousal impoverishment by requiring spousal support for the costs of community based long-term care; changes the threshold of spousal budgeting for community spouse resources to match federal law.

- Authorizes the Commissioner of Health to set a ceiling price for prescription drugs, as determined by the State's actuary, and requires manufacturers to provide rebates to the State when the price exceeds the ceiling price.

- Reduces reimbursement rates for certain specialty drugs to align with rates achieved by managed care plans.

- Authorizes the Commissioner to require prior authorization for drugs meeting the Clinical Drug Review Program (CDRP) criteria prior to receiving a recommendation from the Drug Utilization Review (DUR) Board.

- Eliminates the prescriber's right to final determination, except for antipsychotic and antidepressant drugs, when the justification for use is not clinically supported.

- Authorizes the Commissioner to apply the Federally established Consumer Price Index (CPI) penalty for generic drugs.

- Allows the Commissioner to negotiate directly with pharmaceutical manufacturers for supplemental rebates outside the Preferred Drug Program on fee-for-service utilization for antiretrovirals and hepatitis C agents.

- Requires managed care organizations to implement prior authorization of opioid analgesic refills exceeding four prescriptions in thirty days, consistent with existing fee for service policy.

- Establishes tiered penalties for the submission of late and/or inaccurate encounter data for managed care organizations to ensure the collection of pharmacy rebates and timely rate setting.

- Stipulates that Medicaid reimbursement for Medicare Part C claims be limited to the amount that would have been reimbursed by Medicaid if the individual had been enrolled in only Medicaid. Ensures that the aggregate payment to the provider is no more than what would have been paid by Medicaid.

- Extends the Medicaid Global Cap through State Fiscal Year 2018.

<u>PART C</u> – Extends the Physicians Excess Medical Malpractice Program and amends its distribution methodology.

- Changes how funds are allocated from the Excess pool by authorizing the Superintendent of the Department of Financial Services to grant priority for purchasing excess medical liability policies, in descending order, by risk class and geographic territory, as a new basis for distribution of funds under the program.

- Extends the program for one year through June 30, 2017.

<u>PART D</u> – Extends the authorization to make Disproportionate Share Payments, to operate certain Special Needs Plans, to continue the current reimbursement methodology of general hospitals regarding behavioral rates, to operate the Patient Centered Medical Home Program, and to authorize temporary operators of adult homes.

- Permanently extends the Department of Health's authority to make Disproportionate Share/Intergovernmental Transfer (DSH/IGT) payments to certain public hospitals outside of New York City.

- Permanently continues the authorization of Special Needs Plans that serve those with mental illness or Human Immunodeficiency Virus.

- Permanently extends transfer of funds from the Office of Alcoholism and Substance Abuse Services to the Department of Health for State share funding to increase payments under the Medicaid program for reimbursing certain hospital-based, and free-standing chemical dependence outpatient and opioid treatment clinics.

- Permanently extends the Patient Centered Medical Home program.

- Permanently extends provisions related to authorizing the appointment of a temporary operator to an adult care facility, hospital or diagnostic and treatment center in certain circumstances.

<u>PART E</u> – Reforms the Early Intervention (EI) program by altering the eligibility process, insurance coverage and the reimbursement process; clarifies certain parental rights.

- Makes changes to the EI program by updating and expanding definitions in an effort to streamline 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 DOH-approved standardized instrument; requires the evaluator to fully document and explain the results of the screening to the parents.

- Establishes a voluntary process to assess the family's ability to meet the developmental needs of the child.

- Provides for an evaluation of each child, including the use of standardized instruments; if the standardized instrument is not used, the evaluator must document, in writing, reasons for not utilizing the standardized instrument.

- 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.

- Requires EI providers to submit all claims within 90 days; if not submitted within 90 days, the claim will be ineligible for local and/or state reimbursement; requires EI providers to enroll in a health clearinghouse for third party claims and remittance processing.

- Amends the Prompt Pay law to include EI providers in the definition of "health care providers;" requires insurers to notify EI providers within 15 business days of receiving a claim if the claim is covered, and insurers must request any additional necessary information for determining claim liability within this same timeframe.

- Mandates payments to EI providers by insurers must be the higher of a DOH-established rate or the negotiated rate; payments must be made to the billing provider, not the provider who rendered the services or the covered person (the usual process for out-of-network reimbursement), regardless of whether or not the provider participates in the network.

- Stipulates that a written order, referral, recommendation for services to determine EI eligibility, or individualized family services plan sufficiently satisfies the insurance policy's preauthorization and/or medical necessity requirements for EI services.

- Provides that EI claims cannot be denied based on location of services provided, provider's lack of network participation or habilitative nature of the services.

<u>PART F</u> – Modifies the Health Care Facility Transformation program.

- Modifies the Health Care Facility Transformation program enacted in 2015 - without impacting $700 million in funding earmarked for Brooklyn health care transformation - by repurposing $300 million previously earmarked to assist in the consolidation of multiple licensed health care facilities in Oneida County, as follows:
  - Up to $200 million is repurposed to support health facility transformation projects statewide;
  - Up to $100 million may be utilized to fund a Nano project in Utica; and
  - Up to $5 million may be used to purchase mobile mammography vehicles.

<u>PART G</u> – Makes statutory changes necessary to allow retail business operations to operate limited services clinics.

- Authorizes the establishment of limited services clinics, regulated as diagnostic and treatment centers, in retail settings.

- Requires the Public Health and Health Planning Council (PHHPC) to promulgate regulations to address any matter it deems pertinent to the establishment and ownership of limited service clinics.

- Requires the Department of Health (DOH) to promulgate regulations for operational standards of limited services clinics, including:
  - Scope of services;
  - Accreditation;
  - Hours of service; and
  - A minimum age requirement of 24 months to receive services at such clinics.

- Requires DOH to consider an operator's commitment to medically underserved areas when approving additional limited service clinic locations.

<u>PART H</u> – Authorize the Office of Mental Health (OMH) to continue to recover Medicaid exempt income from providers of community residences.

- Extends, for three years, authorization for the Commissioner of OMH to recover 50 percent of Medicaid overpayments paid to providers of community services.

<u>PART I</u> – Extends authorization for the Comprehensive Psychiatric Emergency Program (CPEP).

- Extends, for four years, the authority of the Commissioner of OMH to administer operating certificates for a CPEP.

<u>PART J</u> – Extends for Five Years the Exemption from Licensure for Individuals Working in Certain State Agencies and Affiliated Programs or Services.

- Extends the licensure exemption to allow unlicensed individuals to practice Mental Health Counseling, Marriage and Family Therapy, Creative Arts Therapy, Psychoanalysis, Psychology and Social Work in programs and services that are regulated, operated, funded or approved by the Office of Mental Health (OMH), the Office for People with Developmental Disabilities (OPWDD), the Office for Alcoholism and Substance Abuse (OASAS), the Department of Health (DOH), the State Office for the Aging (SOFA), the Office of Children and Family Services (OCFS), the Office of Temporary and Disability Assistance (OTDA) and/or local governmental units of social service districts.

<u>PART K</u> – Authorizes the Office of Mental Health (OMH) to work with volunteering counties to establish 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 (DOCCS) to establish Restoration to Competency programs within jail-based residential settings.

<u>PART L</u> – Provides authority for the Office of Mental Health (OMH) and the Office for People with Developmental Disabilities (OPWDD) to appoint temporary operators for the continued operation of programs and the provision of services for persons with serious mental illness and/or developmental disabilities.

- Authorizes the Commissioners of OMH and OPWDD to appoint temporary operators for mental health programs and OPWDD certified services in the event a program or service provider is experiencing a serious financial hardship, is unable to ensure the proper operation of the program or service, or is operating under conditions that jeopardize access to necessary services within the community.

<u>PART M</u> – Permits State Operated Facilities to share clinical records with managed care organizations and certain other entities.

- Authorizes facilities operated or licensed by the Office of Mental Health (OMH), the Office for People with Developmental Disabilities (OPWDD) or the Office of Alcoholism and Substance Abuse Services (OASAS) to share clinical records with managed care organizations, behavioral health organizations, health homes, and other entities authorized by these offices or the Department of Health (DOH) to provide, arrange, or coordinate health care services for Medicaid recipients for whom such entities are responsible.

<u>PART N</u> – Authorizes an Office of Alcoholism and Substance Abuse Services (OASAS) licensed treatment facility to also operate a traditional physical health care clinic, while remaining eligible for Dormitory Authority of the State of New York (DASNY) financing.

- Amends the definition of mental hygiene facility within the Facilities Development Corporation (FDC) Act to include any treatment facility that operates an alcoholism or substance abuse treatment program, and also operates an associated health care facility, allowing these integrated facilities to be eligible for DASNY financing.

FY 2017 NEW YORK STATE EXECUTIVE BUDGET
TRANSPORTATION, ECONOMIC DEVELOPMENT & ENVIRONMENTAL CONSERVATION
ARTICLE VII LEGISLATION
[S.6408/A.9008]

PART A – Commits the State of New York and the City of New York to fund $10.8 billion of the MTA's 2015-2019 Capital Program.

- Enacts the "Metropolitan Transportation Authority (MTA) Capital Financing Act of 2016" which commits the State to fund $8.3 billion in capital costs related to projects contained in the MTA's 2015-2019 Capital Program. The $8.3 billion would be paid over a multi-year period and will consist of $1 billion from the 2015-2016 state budget, along with additional funds sufficient for the MTA to pay $7.3 billion of capital costs in future years. The additional $7.3 billion would be provided through direct payment from the State or by authorizing the MTA to finance it.

- Commits the State to only provide funding after MTA resources for the Capital Program have been exhausted and according to the following schedule: $1.5 billion in the first year; $2.6 billion in the second year; $1.8 billion in the third year; and $1.4 billion in the fourth year.

- Commits the City of New York to provide $657 million and additional funds sufficient for MTA to pay $1.8 billion in capital costs. The City would not be required to provide the funds until the MTA exhausted its own funding.

- Authorizes an increase in the amount of bonds, notes, and other obligations issued by the MTA, the Triborough Bridge and Tunnel Authority and the NYC Transit Authority from $37.2 billion to $55.5 billion through 2019.

PART B – Enacts MTA procurement reforms to generate savings for their 2015-2019 Capital Plan.

- Increases the sealed bidding threshold on purchase contracts from $15,000 to $100,000, and on contracts for public works from $25,000 to $100,000. For personal services contracts, the threshold is raised from $20,000 to $100,000.

- Removes the competitive bidding requirement for contracts under $400,000 with small businesses, service disabled veteran owned businesses, minority or women-owned businesses, or for the purchase of recycled or remanufactured goods or technologies.

- Removes the requirement that advertisements for bids be published in at least one newspaper of general circulation in the area served by the MTA.

- Allows for the use of reverse auctions through electronic bidding whereby the sellers compete to provide the lowest price.

- Allows for the disposal of personal property by public auction.

- Requires contracts entered into by the MTA to be submitted to the Comptroller within 60 days.

- Adds bridge, tunnel and bus facilities to the list of projects that may use an owner-controlled insurance program.

PART C – Enacts project delivery reforms to generate savings throughout the MTA's 2015-2019 Capital Plan period.

- Authorizes the MTA to enter into joint agreements or public private partnerships (P3) upon approval by a majority of the MTA Board.

- Limits municipalities' jurisdiction over MTA facilities, including activities or facilities whose purpose is generating revenue.

- Includes the use or acquisition of land adjacent to MTA facilities in the current State Environmental Quality Review Act (SEQRA) exemption.

- Requires public utilities to bear the cost of removal, protection or replacement of utility relocation work for transportation projects.

- Prevents state or local taxation of MTA advertising generated revenue.

- Allows the MTA to use eminent domain to acquire property, to levy taxes or establish fees, to accept funds or property, to issue bonds for financing, to take an equity or ownership interest, to negotiate the transfer of land for future projects, and to accept solicited and unsolicited bids necessary for P3 projects.

- Authorizes the MTA to work with municipalities to establish mass transportation capital project districts with the authority to capture the value of MTA improvements through tax increment financing or a special assessment on real property.

<u>PART D</u> – Consolidates four existing Department of Motor Vehicles' Special Revenue Funds with the Dedicated Highway and Bridge Trust Fund (DHBTF).

- Consolidates the Accident Prevention Course Internet and Other Technology Pilot Program Fund, Motorcycle Safety Fund, Compulsory Insurance Fund and Seized Assets Fund into the Dedicated Highway and Bridge Trust Fund. The programs would be funded by the DHBTF beginning in FY 2017.

<u>PART E</u> – Brings New York State into compliance with federal regulations regarding covered farm vehicles as well as requiring a P endorsement to operate certain vehicles.

- Aligns New York State law with federal requirements regarding covered farm vehicles and vehicles designed to carry passengers with a gross vehicle weight of more than 26,000 pounds.

<u>PART F</u> – Extends the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund.

- Extends the New York State Urban Development Corporation's (UDC) authority to administer the Empire State Economic Development Fund (EDF) for one year. UDC's authority is set to expire July 1, 2016, and this part would extend such authority to July 1, 2017. The EDF is used to provide financial assistance to businesses in the State.

<u>PART G</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. The UDC has had such power since 1994, and this authorization has been renewed annually thereafter.

<u>PART H</u> – Establishes the Transformational Economic Development Infrastructure and Revitalization Projects Act.

- Establishes the Transformational Economic Development Infrastructure and Revitalization Projects Act (the Act) to establish design-build authority within the Empire State Development Corporation (ESDC) and the New York Convention Center Development Corporation (NYSCCDC), and their subsidiaries, for the following projects:
  - Jacob K. Javits Convention Center;
  - Empire State Station Complex;
  - James A. Farley Building Replacement; and
  - Pennsylvania Station New York.

- Requires a project labor agreement for an authorized entity to utilize design-build.

- Sets forth a two step process for an authorized entity to enter into a design-build contract:
    - Generate a list of entities capable of performing a design-build contract; and
    - Select a proposal that provides the best value to the authorizing entity, after issuing a request for proposals.

<u>PART I</u> – Authorizes and directs the Comptroller to receive for deposit to the credit of the General Fund a payment of up to $913,000 from the New York State Energy Research and Development Authority.

- Authorizes the Comptroller to receive up to $913,000 from unrestricted corporate funds of the New York State Energy Research and Development Authority (NYSERDA) to be deposited in the General Fund. This transfer would help offset New York State's debt service requirements related to the Western New York Nuclear Service Center (also known as West Valley).

<u>PART J</u>– Authorizes the New York State Energy Research and Development Authority to finance a portion of its research, development and demonstration, policy and planning, and Fuel NY programs, and to finance the Department of Environmental Conservation's climate change program, from an assessment on gas and electric corporations not to exceed $19.7 million in total.

- Authorizes the New York State Energy Research and Development Authority (NYSERDA) to finance a portion of its research, development and demonstration, policy and planning, and Fuel NY programs, and to finance the Department of Environmental Conservation's (DEC) climate change program from an assessment on gas and electric corporations collected pursuant to section 18-a of the Public Service Law, not to exceed $19.7 million.

- Permits funds from the same assessment to be used to cover maintenance costs associated with the Fuel NY Program, namely contractor costs for the strategic fuel storage reserves and the back-up generator pool.

<u>PART K</u>– Authorizes the Department of Health to finance certain activities with revenues generated from an assessment on cable television companies.

- Authorizes the transfer of monies from the assessments collected by the Department of Public Service (DPS) from cable television companies to the Department of Health (DOH) to fund their public service education programs.

<u>PART L</u> – Authorizes the Public Service Commission to implement efficiencies to reduce the administrative burden associated with the Commission's review of municipal and investor owned utility rate requests.

- Authorizes the Public Service Commission (PSC) to implement efficiency and workload reduction measures to reduce the administrative burden associated with the Commission's review of municipal and investor-owned utility rate requests.

- Exempts the State's 40 municipally owned gas and electric utilities from the mandatory evidentiary hearing that is currently required for all municipal rate cases. The Department of Public Service (DPS) would still be required to conduct a staff investigation of the proposed rate increase, through which they would still be required to receive and review written comments and testimony, and the PSC would still be required to provide a formal order approving the rate increase. Furthermore, the PSC retains the authority to call for an evidentiary hearing if it believes it would be in the public's best interest to do so.

- Extends the length of time for the PSC to approve utility sought rate increases, from 11 months to 15 months.

<u>PART M</u> - Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents.

- Extends for one year the ability of the Department of State, Division of Corporations, to charge additional fees for expedited and special handling of documents.

<u>PART N</u> – Places responsibility for mailing a copy of service of process with plaintiffs rather than the Department of State (DOS).

- Amends the procedure for commencement of a lawsuit by serving various business entities with process (papers) through the Secretary of State. The responsibility to make service by certified mail, return receipt requested, would be transferred from the Department of State to the plaintiff, who would mail such papers to the defendant business entity.

- The new procedure of direct service by the plaintiff, followed by filing of the summons and complaint and the affidavit of service at the Department of State, would apply to businesses formed under the following laws:
    - Business Corporation Law
    - Cooperative Corporations Law
    - General Associations Law
    - Limited Liability Company Law
    - Not for Profit Corporation Law
    - Partnership Law

- Private Housing Finance Law

- Adds new provisions to the Real Property Law requiring the Board of Managers of each condominium to file a statement designating the Secretary of State as the agent of the Board of Managers of the condominium, for the purpose of receiving service of process in lawsuits and other proceedings. Provides for service of process on such condominium boards under the same new procedure which is made applicable to the other types of businesses referenced above.

<u>PART O</u> - Create a statutory model by which combative sports would be licensed and regulated by the State.

- Establishes a legal framework, within the jurisdiction of the New York State Athletic Commission (NYSAC), to regulate combative sports (including mixed martial arts (MMA)) and to impose conditions for the licensing, permitting, physical examinations for participants and standards for event and training facilities related to such events in New York State. Additionally, certain statutory provisions are included to ensure that additional revenue is derived from license fees and gross receipts taxes on the sale of tickets for admission and broadcast rights to such contests.

<u>PART P</u> – Extend the authorization of the Dormitory Authority of the State of New York to form subsidiaries.

- Extends for two years the authorization of the Dormitory of the State of New York (DASNY) to create subsidiaries to take title to the property of borrowers regulated under Public Health Law Article 28, who have defaulted on loan agreements or mortgages with DASNY.

<u>PART Q</u> – Authorizes and directs the transfer of the Canal Corporation to the New York Power Authority.

- Authorizes and directs the transfer of authority over the Canal Corporation from the New York State Thruway Authority (NYSTA) to the New York Power Authority (NYPA).

- Requires that NYSTA reimburse the State for expenses relating to the enforcement activity of the New York State Police on the Thruway, and makes the NYSTA a public authority eligible to receive an annual State governmental cost recovery assessment to help pay for these costs.

- The transfer would become effective January 1, 2017, however, NYPA will be required to reimburse NYSTA for any and all operating and capital costs expended by NYSTA related to the operation of the canal system for the period of April 1, 2016 to January 1, 2017.

PART R - Enacts the Private Activity Bond Allocation Act of 2016.

- Permanently extends certain provisions associated with tax-exempt financing to eligible private issuers.

- Currently, the private activity bond cap, established pursuant to the Federal Tax Reform Act of 1986, allows for New York to provide tax exempt financing for certain types of private projects at a level capped formulaically equaling approximately $1.9 billion in 2016. The amounts authorized to be bonded are allocated pursuant to state statute between the state and local IDAs and LDCs. Authority associated with these provisions has been extended in differing intervals since the mid 1980s, most recently pursuant to Chapter 49 of 2014. The law is set to expire on July 1, 2016.

- In addition to the above extension, the Executive proposes requiring any new private activity bonds issued by local IDAs and LDCs to be subject to approval from the Public Authorities Control Board.

PART S – Transfers authority for agricultural and dairy product marketing orders from Department of Agriculture and Markets (DAM) to the Empire State Development Corporation (ESDC).

- Transfers authority for the administration of dairy product and agricultural market orders from DAM to ESDC. Transfer would enable ESDC to provide marketing and branding support to the State's existing marketing orders: Dairy Promotion, Western NY Milk, Apple, Apple Research, Cabbage Research, Sour Cherry and Onion Research. As branding and marketing is an area of ESDC expertise, the State Financial Plan estimates a savings of $12.3 million from the transfer.

PART T – Eliminate sunset of the waste tire management and recycling fee.

- Eliminates the December 31, 2016 sunset of the waste tire management and recycling fee. Instituted in 2003, the program charges a $2.50 fee per tire sold to be used for the abatement of waste tire stockpiles. The program was originally slated to complete work in 2010, but was extended for three years in 2010, and again in 2014. In addition, the uses of the program funds were expanded in 2010.

PART U – Create a new climate change mitigation and adaptation account and make changes to the Local Waterfront Revitalization Program in support of a $300 million Environmental Protection Fund (EPF).

- Creates a new climate change account within the EPF to support programs that reduce greenhouse gases, facilitate climate change adaptation and strengthen resiliency. Also makes changes to the local waterfront revitalization program to allow State assistance payments and technical assistance of up to 90 percent of total costs for municipalities under certain financial hardships or to mitigate future physical climate risks.

PART V – Reduce the authorized reimbursement rate paid to governmental entities that voluntarily enforce provisions of the navigation law.

- Reduces, from 50 percent to 25 percent, the authorized reimbursement rate paid to governmental entities that voluntarily enforce the navigation law.

FY 2017 NEW YORK STATE EXECUTIVE BUDGET
REVENUE
ARTICLE VII LEGISLATION
S.6409/A.9009

PART A – Convert STAR exemption benefit into a tax credit for new homeowners.

- Eliminates the existing STAR exemption program for new applicants and establishes a new refundable personal income tax (PIT) credit in its place.
- Permits current recipients of STAR exemptions to keep those exemptions as long as they continue to own their current homes but, once their homes are transferred to new owners, the new owners would only be eligible for the PIT credit program.
- Provides current STAR recipients the option of renouncing their STAR exemption if they wish to receive the PIT credit instead.
- PIT credit amounts would remain consistent with amounts provided as an exemption.

PART B – Cap annual growth in Basic and Enhanced STAR exemption benefit at zero percent.

- Permanently caps the actual dollar amount of basic and enhanced benefits to property owners under the STAR program, beginning with the 2016-17 school year, at the 2015-16 levels.

PART C – Make Income Verification Procedure (IVP) mandatory.

- Requires enrollment in income verification in order for individuals to be eligible for Enhanced STAR benefits, beginning with final assessment rolls for 2017.

PART D – Allows late filing of Enhanced STAR and Senior Citizens exemption renewal applications based on hardship or good cause shown.

- Authorizes the Commissioner of Taxation and Finance to extend the filing deadline and grant exemptions for Enhanced STAR where “good cause” for missing the deadline is shown and the individual is otherwise entitled to the exemption.
- Authorizes municipalities that have adopted an exemption for senior citizens to adopt a local law allowing assessors to extend the filing deadline and grant exemptions for senior citizens where “good cause” for missing the deadline is shown and the individual is otherwise entitled to the exemption.

PART E – Converts NYC PIT STAR Credit into NYS PIT Credit

- Converts the existing New York City Personal Income Tax (PIT) STAR credit that is available to New York City residents that have an adjusted gross income of $250,000 or less, to a State PIT credit.

- Continues the credit at $125 for married taxpayers and $62.50 for single taxpayers; prorated for part-year residents.

- Currently, the State reimburses the City for the cost of this tax credit.

PART F – Authorizes the Commissioner of Taxation and Finance to make direct payments of STAR tax savings to property owners in appropriate cases

- Authorizes the Commissioner of Taxation and Finance to directly remit payment to property owners that did not receive a STAR exemption due to an administrative error who, as a result of this error, paid an excessive amount of school taxes.

PART G – Make permanent and update certain modernization provisions of the Tax Law.

- Makes permanent the Tax Modernization provisions enacted in the FY 2012 budget. These provisions include the electronic filing (e-file) mandate on tax preparers who prepare more than 10 returns in the prior year and the requirement that personal income taxpayers who use tax software to prepare their return must e-file their return. The bill also extends the Department of Taxation and Finance's authorization to require sales tax vendors that have been delinquent in payments to set up a segregated bank account in which the taxpayer will be required to make weekly deposits of sales tax collections. These provisions are due to sunset December 31, 2016.

- Amends penalties to provide a penalty between $100 and $1000 when a tax preparer knew, or reasonably should have known, that a position on any return was not proper and did not adequately disclose such position on the return, and a penalty between $500 and $5000 if a tax preparer was reckless or intentionally disregarded the law, rules or regulations. Provides penalties for tax preparers who are not required to register with the Department of Taxation and Finance, but are required to sign and provide a unique identification number on a return.

PART H – Authorize additional credits of $8 million for Low-Income Housing Credit for each of the next five fiscal years.

- Authorizes an additional $8 million in State Low Income Housing Tax Credits (SLIHC) annually for the next five State Fiscal Years.

- Increases the aggregate dollar amount of credit the Commissioner of the Division of Housing and Community Renewal (DHCR) may allocate to $72 million in FY 2017, $80 million in FY 2018, $88 million in FY 2019, $96 million in FY 2020 and $104 million in FY 2021.

PART I – Extend Hire-A-Vet tax credit for two years.

- Extends the Hire-A-Vet tax credit for two years, through 2018. The credit is provided to any business that hires a veteran returning home from military service full-time for at least one year. That credit is equal to 10 percent of wages paid, with a maximum of $5,000 per veteran - increasing to 15 percent of wages if the veteran is also disabled, with a maximum of $15,000 per disabled veteran. The credit is set to expire at the end of 2016.

PART J - Extend the empire state commercial production tax credit for two years.

- Extends the Empire State Commercial Production Credit for two years, through 2019.

- Expiring in 2017, the credit is equal to 5% of the amount of qualified production costs over $500,000 for commercials filmed in the Metropolitan Commuter Transportation District (MCTD), and equal to 5% for costs over $100,000 for commercials filmed outside of the MCTD. Qualified production companies are also eligible for a tax credit equal to 20% of qualified production costs that exceed their year-to-year growth in qualified productions costs, up to $300,000 in credits.

PART K – Extend the credit for companies who provide transportation to individuals with disabilities for six years.

- Extends, from December 31, 2016 to December 31, 2022, the credit for companies who upgrade their vehicles to provide transportation to individuals with disabilities. The credit is equal to the incremental cost to upgrade or purchase a taxicab or livery vehicle that is handicap accessible, up to $10,000 per vehicle.

PART L – Permanently extend the non-custodial Earned Income Tax Credit (EITC).

- Makes permanent the Non-Custodial Parent EITC that is set to expire on December 31, 2016. This category of the earned income tax credit allows a taxpayer, who is the parent of a minor child with whom the taxpayer does not live and for whom the taxpayer is paying child support, to claim a partial credit against personal income taxes.

PART M – Permanently extend tax shelter reporting requirements.

- Permanently extends the tax shelter disclosure requirements that were first enacted in 2005 and expired on July 1, 2015.

PART N – Extend Clean Heating Fuel Credit for three years.

- Extends the Clean Heating Fuel Tax Credit from January 1, 2017 until January 1, 2020 provided that, beginning in 2017, to qualify each gallon of clean heating fuel must be at least 6 percent biodiesel. The credit is equal to $0.01 per percent of biodiesel mixed into home heating oil, not to exceed $0.20 per gallon.

PART O – Extend the Excelsior Jobs Program for five years.

- Extends the Excelsior Jobs Program for five years through 2029. Any unallocated tax credits from 2011-2024 would be available to be allocated from 2025 through 2029, provided that no credits will be allowed on or after January 1, 2030.

PART P – Makes technical amendments to the State and New York City corporate tax reform statutes.

- Makes several technical changes and clarifying amendments to the State corporate tax reforms first adopted in the FY 2014 enacted budget and amended in the FY 2015 enacted budget. For example, the part would clarify that stock that generates other exempt income and is not mark to market shall not constitute a qualified financial instrument and the taxpayer will be able to exempt such income.

- Makes several technical changes and clarifying amendments to the New York City corporate tax reforms adopted in the FY 2015 enacted budget. Extends the New York City biotechnology tax credit from January 1, 2016 to January 1, 2019.

PART Q – Conform to new federal tax filing dates.

- Conforms State tax filing dates for corporations and partnerships to federal tax law, which was recently amended. Under current law, corporate tax returns are due on March 15. This deadline would be changed to April 15, but the first installment of a corporation's estimated taxes would still be due March 15. Currently, partnerships are required to file information returns by April 15. This bill would change the deadline to March 15.

<u>PART R</u> – Provide a corporate and personal income tax small business tax cut.

- Reduces the corporate income tax rate for small businesses from six and one half percent to four percent for small businesses with incomes less than $290,000 and creates a blended rate between four percent and six and one half percent for small businesses with incomes between $290,000 and $390,000.

- Increases the Personal Income Tax small business exemption currently available to sole proprietors and farm businesses from five percent to fifteen percent and expands the enhanced fifteen percent exemption to non-farm LLCs, partnerships, and S-corporation shareholders. For non-farm LLCs, partnerships and S-corporation shareholders to qualify, the business entity must have a New York source gross income of less than $1.5 million and the taxpayer's net business income must be less than $250,000.

<u>PART S</u> – Establish education tax credits.

- Creates the Education Scholarship and Program Tax Credit for individuals and corporate franchise taxpayers that make qualified contributions to:

    - Public schools or school districts, not including charter schools;
    - Local Education Funds or School Improvement Organizations, which are defined as not-for-profit organizations that provide support or educational programs to public schools; or
    - Educational Scholarship Organizations (ESOs).

- ESOs are defined as not-for-profit organizations that (1) use at least 90 percent of their qualified contributions for scholarships to eligible pupils; (2) provide more than 50 percent of their scholarships to students whose family income does not exceed 150 percent of the income qualifications required for reduced price school lunches under the National School Lunch Act; and (3) provide scholarships to not fewer than three public or non-public schools.

- Defines eligible pupils as children that reside in a household with a federal adjusted gross income of $250,000 or less provided, however, for households with three or more dependent children, such income level shall be increased by $10,000 per child in excess of two, not to exceed $300,000.

- Allows taxpayers to claim a maximum credit amount of 75 percent of the taxpayer's qualified contributions, capped at $1 million. Any amount of qualified contributions that exceed tax liability for any given tax year may be carried forward for 5 years.

- Requires taxpayers to add any amount claimed as a charitable donation at the federal level back to the taxpayer's New York taxable income.

- Caps the Education Scholarship and Program Tax Credit at $70 million annually and provides that $20 million is available for qualified contributions made to public schools, School Improvement Organizations and Local Education Funds, and that $50 million is available to ESOs.

- Taxpayers must apply for the credits by sending an application to the Department of Taxation and Finance (DTF). Taxpayer applications that are received by DTF between January 1 and January 15 of each year will be tallied and, if the amount exceeds the cap, the credit will be distributed in two steps. In step one, each applicant will receive the lesser of their donation or the contribution cap divided by the total number of applications. If there are any remaining credits after step one, any applicant that in step one received a credit that was less than their donation will, in step two, be awarded a pro-rata share of the remaining credits. If the total amount of credit applications in phase one does not exceed the cap, from January 16 to November 1, credits will be available on a first come-first served basis. If a contribution authorization certificate is issued but the donation is not made, such credit amount will roll into the pool for the next year.

- Creates the Family Choice Education Credit that will allow individuals to claim a refundable tax credit up to $500, for each dependent, of tuition paid to a public or non-public primary or secondary school. To be eligible, the taxpayer must have a New York Adjusted Gross Income (NYAGI) which is not more than $60,000 per year.

- Creates the Instructional Materials and Supplies Credit which will allow teachers to claim a refundable tax credit up to $200 for the purchase of instructional materials or supplies. The credit will be awarded on a first come-first serves basis, and the total amount of credits that may be awarded in each year is capped at $10 million.

PART T – Establish Thruway toll tax credits.

- Creates the New York State Thruway Toll Tax Credit that will provide individual and business taxpayers a credit for thruway tolls paid.

- Non-farm businesses that pay between $100 and $10,000 in thruway tolls annually, through a business or commercial E-ZPass account, will be eligible to claim a tax credit for 50% of the tolls paid.

- Farm businesses that pay any amount of thruway tolls through a business or commercial E-ZPass account will be eligible to claim a tax credit for 100% of the tolls incurred in connection with farm operations, provided that the farm vehicle has a gross vehicle weight rating of not more than 26,000 pounds and the vehicle is owned by the farm business.

- Individuals that pay more than $50 in thruway tolls annually, through an E-ZPass account, will be eligible to claim a tax credit for 50% of the tolls paid.

- This tax credit is non-refundable and is available for tax years 2016, 2017 and 2018.

PART U – Extend the alternative fuels tax exemption for five years.

- Extends, from September 1, 2016 to September 1, 2021, the tax exemptions for E85, CNG, hydrogen and B20 alternative fuels, which were originally enacted in FY 2007. Currently, E85, CNG and hydrogen are fully exempt from motor fuel, petroleum business, fuel use and sales tax; B20 is partially exempt as well.

PART V – Establish additional alcohol beverage tasting exemptions and production credits.

- Extends the current beer production tax credit to cideries, wineries and distilleries, and renames the credit the "alcoholic beverage production credit." Under current law, the beer production credit provides refundable corporate franchise and personal income tax credits for beer produced within the State by registered distributors that produce 60 million or fewer gallons of beer in a taxable year. This part would extend this credit to cideries that produce 60 million or fewer gallons of cider, wineries that produce 20 million or fewer gallons of wine, and distilleries that produce 840,000 or fewer gallons of liquor. For the first 500,000 gallons of beer, cider, wine or liquor so produced, the amount of the credit would be 14 cents per gallon. For each gallon produced in the taxable year in excess of 500,000 gallons, the credit would be four and one-half cents per gallon.

- Exempts beer, cider, liquor or wine being sampled at a tasting from the alcoholic beverage tax in Article 18 of the Tax Law and the use tax.

PART W – Expand jeopardy assessments to the cigarette and tobacco tax.

- Authorizes the Commissioner of Taxation and Finance to issue jeopardy assessments for the collection of the cigarette and tobacco excise tax. Jeopardy assessments permit the Commissioner to assess the cigarette and tobacco excise tax prior to either the filing of a return or prior to the deadline to file a return when the Commissioner determines that collection would be jeopardized by the delay.

PART X – Simplify the taxation of remarketed rooms.

- Exempts purchase of hotel room occupancies by room remarketers from the sales tax and New York City's hotel room occupancy tax when those purchases are made from hotels for later resale. Since 2010, room remarketers have been required to collect the State and local sales tax and New York City's hotel room occupancy tax on the hotel room occupancies they sell. Under current law, however, a room remarketer must pay the relevant tax on the purchase of the room occupancy from the hotel operator and, if those room occupancies are later sold to an end consumer, the room remarketer can obtain a refund for the tax they paid on the purchase from the hotel operators. This proposal streamlines the process to exempt the purchase of the hotel room occupancies from hotel operators by room remarketers when rooms will be later resold.

<u>PART Y</u> – Eliminate charitable giving as a factor in determining domicile for the estate tax.

- Provides that the making of a charitable contribution or the volunteering, giving or donation of uncompensated time, or a combination thereof, shall not be used in any manner to determine where an individual is domiciled at the time of his or her death for estate tax purposes.

<u>PART Z</u> – Amend State and local tax law for consistency with Federal tax regulations on aviation fuel.

- Dedicates revenues received from the petroleum business tax (PBT) assessed on aviation fuel to a dedicated account for the purpose of funding aviation related projects. The Federal government is requiring the State to dedicate aviation taxes or risk losing federal aid for aviation, and potentially transportation aid. The proposal creates a sub account within the Dedicated Highway and Bridge Trust Fund called the "Aviation Purpose Account," which will hold all PBTs assessed on aviation fuel beginning December 1, 2017. Monies from the account will be used for airports and aviation facilities to purchase equipment, maintenance, construction and improvements.

- State and local sales and use taxes that were imposed on aviation fuel prior to 1987 (at the same rate and in the same manner) are grandfathered in and do not need to be dedicated. The State sales tax qualifies for grandfathering, but most of the local sales taxes do not qualify. Therefore, the proposal exempts aviation fuel from all local sales tax.

<u>PART AA</u> – Remove restriction for Morrisville College to be a single lab testing provider and modify requirements for horsemen to contribute to equine steroid testing.

- Allows the Gaming Commission to procure a qualified equine testing lab through a competitive process, and strengthens support of equine steroid testing from thoroughbred horsemen.

<u>PART BB</u> – Increase VLT purse enhancements from 1 percent to 1.6 percent, and increase regulatory fee from 0.5 percent to 0.6 percent to finance escalating lab testing costs and other expenses associated with equine health and racing integrity.

- Increases the Video Lottery Terminal (VLT) purse enhancements from 1 percent to 1.6 percent, and the racing regulatory fee on thoroughbred, harness, off-track pari-mutuel betting and simulcast racing from 0.5 percent to 0.6 percent.

<u>PART CC</u> – Adjust timing of reimbursement to the Gaming Commission of per diem costs for harness racing judges and starters.

- Requires the Gaming Commission to notify harness tracks of the per diem costs for racing judges and starters within sixty days and payment to the Gaming Commission with thirty days of such notification.

<u>PART DD</u> – Provide for an additional commission for certain Video Lottery Terminal facilities.

- Allows video lottery gaming facilities located in Ontario County to pay the blended tax rate paid by a licensed gaming facility located in Seneca or Wayne Counties.

<u>PART EE</u> – Extend Monticello Video Lottery Terminal rates for one year

- Extends for one year the 41 percent vendor fee paid to a vendor track located in Sullivan County and within sixty miles from any gaming facility in a contiguous state.

<u>PART FF</u> – Extend certain tax rates and certain simulcasting provisions for one year

- Extends for one year various provisions of the Racing, Pari-Mutuel Wagering and Breeding Law that allow for reduced tax rates on simulcasted races.

<u>PART GG</u> – Extend the Video Lottery Gaming (VLG) vendor's capital awards program for one year

- Extends by one year the deadline to receive approval and the deadline to complete capital projects to be reimbursed through the VLG vendor's capital award.

PART HH – Make technical changes to the Upstate New York Gaming and Economic Development Act.

- Clarifies that host community payments are to be funded from revenue attributable to a specific licensed gaming facility in that host county and host community.

- Clarifies the amount of the additional commission to be paid to a Video Lottery Terminal (VLT) facility in the same region as a licensed gaming facility. The additional commission would only be paid while such gaming facility is open and operational.

FY 2017 NEW YORK STATE EXECUTIVE BUDGET
PENSION FORFEITURE
ARTICLE VII LEGISLATION
S.6410/A.9010

Pension forfeiture for public officials convicted of crimes related to public office.

- Amends the State Constitution, subject to voter approval, to require that public officials who are members of a public pension or retirement system and who are convicted of a crime related to public office be subject to pension forfeiture.

- Eliminates a requirement that the Legislature enact a statute to implement such a provision, which was contained in the Resolution which passed the Senate in 2015.

FY 2017 NEW YORK STATE EXECUTIVE BUDGET
GOOD GOVERNMENT AND ETHICS REFORM
ARTICLE VII LEGISLATION
S.6411/A.9011

PART A – Close the "LLC loophole" by defining LLCs as corporations for the purpose of political donations.

- Amends the definition of corporations to include LLCs and reduces their contribution limit to an aggregate of $5,000 in each calendar year. Requires LLCs making political contributions to disclose membership interests.

- Requires contributions to campaigns or political committees by an LLC be attributed to its members in proportion to the member's ownership interest.

PART B – Sets limits on outside income for members of the Legislature.

- Limits the amount of outside income a member of the Legislature can earn to 15 percent of the member base compensation, which is currently set at $79,500 per annum. "Outside earned income" is defined as "wages, salaries, fees and other forms of compensation for services actually rendered."

- Excludes salary, benefits and allowances paid by the state, income attributable to military service, royalties from the sale of a book, artistic performance or other intellectual property, and pension or other investment benefits from prior employment.

- Requires a member to abide by this limitation to receive his or her salary and to vote on legislation.

- Provides that a violation of this provision shall be subject to a civil penalty imposed by the Joint Commission on Public Ethics (JCOPE) in an amount not to exceed $50,000. A willful violation of this provision is a class A misdemeanor.

PART C – Implements Campaign Finance Reform and Public Financing of Campaigns.

- Requires that statements filed by political committees include information about intermediaries or "bundlers."

- Applies a $25,000 contribution limit to a party or constituted committee's "housekeeping account."

- Requires campaigns to disclose, within sixty days of receipt, any contributions or loans in excess of $1,000.

- Creates a new system for public financing of campaigns and establishes contribution limits for participating and nonparticipating candidates.

- Establishes the "New York State Campaign Finance Fund" and allows it to be funded by certain transfers from the Abandoned Property Fund and taxpayer donations.

PART D – Enacts comprehensive Freedom of Information Law (FOIL) reform.

- Subjects the Legislature to provisions of the 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.

- Provides for greater access to the public of labor agreements entered into by public employers, provides for attorneys fees for baseless denials of FOIL requests, requires commercial entities to renew requests for trademark protection, and establishes a process to handle suits by commercial entities to block disclosure.

- Places the Legislature explicitly within provisions associated with Article 78 civil challenges.

- Excludes reports of the Division of Homeland Security associated with critical infrastructure from requests pursuant to FOIL, repeals a provision of the Environmental Conservation Law that applies to confidentiality of applications to the Department of Environmental Conservation, and repeals a provision of the County Law that establishes the explicit confidentiality of records associated with E911 calls that are maintained through local E911 systems.

PART E – Enacts Public Officers law reform.

- Makes various amendments to the Public Officers Law including:
    - Requires that all knowing and intentional violations of the Code of Ethics be subject to a civil penalty up to $10,000. Under current law, only knowing and intentional violations of certain provisions are subject to a civil penalty up to $10,000.
    - Requires individuals obligated to file the Financial Disclosure Statement to disclose various amounts or values to the nearest dollar. Under current law, individuals disclose a category that corresponds with a dollar amount range.

- Provides that any person who knowingly and willfully fails to respond or cooperate with JCOPE's review of a Financial Disclosure Statement may be subject to a civil penalty of up to $40,000.
- Provides that individuals who knowingly and willfully fail to file the annual Financial Disclosure Statement, or who knowingly and willfully with intent to deceive make a false statement on the Financial Disclosure Statement, shall be subject to a class A misdemeanor. Under current law, a violation can only be punishable as a class A misdemeanor if JCOPE or the Legislative Ethics Commission (LEC) refers the violation to a prosecutor.

- Makes various amendments to JCOPE including:
  - Expands JCOPE's civil penalty jurisdiction to include an individual who solicits, requests, commands, importunes or intentionally aids another to violate the State's ethics laws.
  - Imposes a civil penalty not to exceed $10,000 for lobbyists or clients that fail to fully cooperate with JCOPE investigations.
  - Subjects JCOPE records created after the effective date of the bill to the Freedom of Information Act, except that JCOPE may deny access to records or portions thereof related to requests for advice from individuals subject to JCOPE's jurisdiction.
  - Increases the penalty for any lobbyist that accepts a contingent retainer from a class A misdemeanor to a class E felony and imposes a civil penalty of not more than $10,000 or the value of the contingent fee.
  - Requires electronic submission of lobbying reports and registrations starting in 2017.

- Subjects documents of the LEC to the Freedom of Information Act. Current law encourages individuals subject to LEC's jurisdiction to seek advice on various ethics issues because most of LEC's documents, including specific advisory opinions, are confidential.

PART F – Enhancing Voter Opportunities.

- Establishes a system of opt-out voter registration for qualified persons applying for a motor vehicle driver's license or identification card issued by the DMV.

- Requires early voting at polling sites for a period of 12 days prior to special, primary and general elections.

PART G – Improves transparency and oversight related to vendors and for-profit businesses.

- Requires the State Comptroller, Attorney General, Chief Information Officer of the Office of Technology Services and Commissioner of the Office of General Services to study the feasibility of assigning a single identifying code to contractors, vendors and other payees to track such entities and expenditures and submit the findings of the study to the Governor, Temporary President of the Senate and Speaker of the Assembly on or before January 1, 2017.

PART H – Enacts Lobbying Reform.

- Requires political consultants, defined as individuals paid to provide advice, services or assistance to individuals to secure future state or local public office, to follow the provisions of the Lobbying Act that currently apply to lobbyists.
    - Currently, the Lobbying Act requires lobbyists to register with JCOPE, complete ethics training and disclose activities and finances, and imposes civil and criminal penalties and fines for violations of the requirements of the Lobbying Act. This part extends those same requirements and penalties to political consultants.
- Requires treasurers of political committees to furnish statements of all persons and organizations that provide consulting services, and the fair market value and actual amount paid for such services.