New York State Senate Republican Minority

Finance Committee / Counsel Staff Analysis of the FY 2021

Executive Budget

JANUARY 2020

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January 28, 2020

Dear Senators,

Enclosed herewith is the "Staff Analysis of the FY 2021 Executive Budget." It is intended to assist the members of the Finance Committee and the Senate as a whole, in our deliberations. We hope that our readers find it useful.

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

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

Sincerely,

James L. Seward

JAMES L. SEWARD
Ranking Member, Finance

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Report of the Senate Finance Committee

STAFF ANALYSIS OF THE FY 2021 EXECUTIVE BUDGET

As Prepared by the Senate Minority Finance Committee / Counsel Staff

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SECTION ONE

HIGHLIGHTS OF
THE EXECUTIVE BUDGET

OVERVIEW

The New York State Senate Minority Conference provided a 2019 budget plan for the future of the State of New York that focused on affordability, opportunity and public safety. Components of that plan included the acceleration of the middle class tax cuts, making the property tax rebate checks permanent, reducing the cost of doing business in the State and working towards making our streets and schools safer. The FY 2020 Enacted Budget included none of those priorities.

The Enacted Budget for FY 2019-20 included tax increases, fee increases and criminal justice reforms such that many on both sides of the political spectrum are calling for substantive changes; including district attorneys, law enforcement, the State Attorney General as well as the Governor. **The Senate Minority Conference will continue to focus legislative efforts on affordability, opportunity and public safety with the Clear Vision 2020 plan.** This plan prioritizes the hardworking overburdened taxpayers of the State of New York in that it calls for lower income taxes, lower costs for small business to help them grow and create job opportunities, and significant property tax relief; while continuing to advance investments in education, the environment and health care.

FY 2020 MID YEAR REPORT

According to the Division of the Budget (DOB) FY 2020 Mid-Year Report, the FY 2020 Financial Plan was out of balance by $1.782 billion and State Operating Funds spending was projected to increase by 4.1 percent.

The Mid-Year Update assumed that FY 2020 disbursements would be reduced by the full value of an FY 2020 savings plan in the General Fund ($1.782 billion) and by $327 million in other funds to maintain the two percent spending cap.[1] DOB did not make the savings plan public until submission of the FY 2021 Executive Budget.

FY 2020 MY Budget Surplus / (Gap) Estimate *(Millions of Dollars)*	
FY 2020	($1,782)
FY 2021	($6,073)
FY 2022	($7,529)
FY 2023	($8,549)
Structural Deficit	**($23,933)**

According to DOB, structural imbalances within the Medicaid Global Cap and understatement of the financial plan impact of the minimum wage increase have caused significant budget gaps for FY 2020 and FY 2021. Even with successful implementation of an FY 2020 saving plan, DOB projected, at the time of the Mid-Year Report, out year budget gaps of $6.1 billion for FY 2021; $7.5 billion for FY 2022; and, $8.5 billion for FY 2023 resulting in a structural deficit of $22 billion.

The minimum wage increase to health care providers, increased enrollment and costs for managed long-term care, payments to financially distressed hospitals, and the phase out of enhanced federal funding are the cost drivers behind the Medicaid increase, according to DOB.

The entire cost of the Medicaid minimum wage increase falls outside of the Medicaid Global Cap and is thus not subject to the indexed spending

[1] New York State Financial Plan, FY 2020 Mid-Year Update, page 19, footnote five.

limit. The Mid Year report indicated that since the First Quarter Update, the minimum wage increased cost for FY 2020 is $322 million and $560 million for FY 2021 for total minimum wage implementation costs of $1.5 billion and $1.8 billion respectively. According to DOB, these costs are entirely absorbed in FY 2020 and partially absorbed in FY 2021.[2]

In addition to the $6.1 billion FY 2021 spending gap, the Mid-Year projected a $4 billion deficit for spending that falls within the Medicaid Global Cap for FY 2020. The Executive proposes to address the imbalance within the Global Cap through what is described as "payment restructuring" and other cost saving actions that will accompany the FY 2021 Executive Budget.[3]

Excluding the imbalance within the Medicaid Global Cap, the out year gaps were estimated at $4.1 billion for FY 2021, $4.7 billion for FY 2022 and $5.5 billion for FY 2023.

STATE OPERATING FUNDS SPENDING FY 2020 Mid-Year Report (Billions of Dollars)			
2019	2020	Change	Percent
$100.1	$104.3	$4.1	4.1%

RECEIPTS

The Mid-Year update did not change the estimates for tax receipts for FY 2020 in comparison to the FY 2020 Enacted Financial Plan. The only change in the receipts estimates were a reduction of $32 million to the business tax receipts estimates to account for the enactment of the GILTI exemption that was passed in the end of session budget clean-up bill. No changes were made to the receipts numbers in spite of cash flow estimates for the first six months of the fiscal year being nearly $570 million above plan. Personal Income taxes were running $550 million above enacted cash flow estimates, business taxes were running $270 million above enacted cash flow estimates offset by user and other taxes running over $100 million and over $140 million respectively below enacted estimates.

FY 2021 EXECUTIVE BUDGET

The FY 2021 Executive Budget proposes to eliminate a $6.1 billion deficit through the resurrection of the 2011 Medicaid Redesign Team (MRT II), reduced payments to localities and reductions in agency operations. The MRT II plan seeks to reduce Medicaid costs by $2.5 billion. If the MRT II does not identify $2.5 billion in savings, the Executive Budget includes language that would empower the Budget Director to implement cost savings measures solving for the difference between what the MRT II has identified and $2.5 billion.

While purporting to keep State Operating Funds (SOF) spending within the self-imposed two percent spending cap, which the Executive has employed since 2011, and has saved taxpayers in excess of $52B over those eight years, the Executive has restated FY 2019 SOF spending to include $1.7 billion that was initially rolled into FY 2020.

Hence, SOF spending in FY 2019 increases by 3.7 percent and SOF spending for FY 2020 stays within the two percent cap. Without this reclassification, FY 2020 SOF spending would be projected at 3.7 percent.

The property tax rebate checks initiated by the Senate Minority Conference which provided $1.3 billion in relief in the fall of 2019 are not extended under the Executive proposal.

[2] Mid-Year Update, page eight and page 26.

[3] Mid-Year, page 9

The existing Senate Minority Middle Class Tax cuts are still effective, and when fully phased in by 2025 will provide $4.2 billion in tax relief.

The Executive Budget revenue outlook continues to reflect the recent uncertainty and atypical receipts patterns the State has been experiencing, and the Executive has again adjusted revenue projections. In comparison to the FY 2020 Mid-Year Update, tax receipts were revised upward by $570 million.

The FY 2021 Executive Budget continues to propose language within the appropriation bills providing the Executive with broad powers to reduce certain local assistance payments by a uniform amount in the event that any revenue to the State including federal aid is reduced from projected levels.

In addition to this proposal, the Executive has advanced language allowing the Director of the Division of Budget to reduce funding for local assistance programs if revenues projected to support those specific local assistance programs are not realized throughout the fiscal year. In the event of a shortfall in tax receipts in excess of $500 million, the Director of the Budget would be authorized to uniformly reduce local assistance programs. The Legislature, once the plan is received, will have 90 days to respond with an alternate plan otherwise the Director of Budget's plan becomes law.

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

FINANCIAL PLAN

The FY 2021 Executive Budget Financial Plan projects a structural deficit through FY 2024 of $8.5 billion before actions to adhere to the two percent spending growth benchmark.[4]

All Funds FY 2021 spending is projected at $178 billion, an increase of $2.1 billion or 1.2 percent. All Funds disbursements are projected to exceed receipts in FY 2021. The Executive proposes to fund the difference from other available resources including extraordinary monetary settlements and General Obligation (GO) bond proceeds used to reimburse capital spending planned from other funding sources in the first instance.

The largest spending increase is State aid to education, which increases by $826 million or three percent. Medicaid spending actually decreases by approximately $1 billion in anticipation of $2.5 billion in MRT II savings.

FY 2021 ALL FUNDS SPENDING *(Billions of Dollars)*			
2020	2021	Change	Percent
$175.9	$178.0	$2.1	1.2%

FY 2021 State Operating Funds (SOF) spending is projected at $105.8 billion, an increase of $1.9 billion or 1.9 percent from FY 2020.

FY 2021 STATE OPERATING FUNDS SPENDING *(Billions of Dollars)*			
2020	2021	Change	Percent
$103.9	$105.8	$1.9	1.9%

The Executive restates FY 2019 State Operating Funds results to add back $1.7 billion in Medicaid deferrals that were rolled into FY 2020. This has the effect of increasing FY 2019 spending by $1.7 billion while decreasing FY 2020 spending by the same amount. Without this adjustment FY 2020 SOF spending would increase 3.7 percent.

[4] *FY 2021 Executive Budget Financial Plan, page 75.*

State Operating Funds Restatement FY 2021 Executive Budget *(Billions of Dollars)*				
	2019 Results	2020 Current	Change	Percent
FY 2020 Unadjusted	$100.137	$103.882	$3.745	3.74%
Adjustment for Medicaid Deferrals	$1.692	$0.00	NA	NA
DOB Restatement of Mid-Year Update	$101.829	$103.882	$2.053	2.02%

This results in State Operating Funds spending for FY 2019 increasing from 2.0 percent to 3.7 percent, which insures that FY 2020 State Operating Funds spending comes in at two percent. Hence, this transaction pushed a substantial breach in the two percent spending cap from FY 2020 back into FY 2019.

The Executive proposes to address the budget gap by **reducing eligibility within the STAR program for those homeowners who currently receive the exemption**, relying upon $2.1 billion in receipt reestimates, use of $200 million in reserves, $359 million in reductions to agency operations and $4.3 billion in local assistance cost saving measures which includes $2.5 billion in savings identified by the Medicaid Redesign Team II (MRT II).

BUDGET SURPLUS / (GAP)

The Executive Budget closes the projected $1.8 billion budget gap estimated in the Mid-Year Update for FY 2020. The Executive projects an FY 2021 General Fund cash deficit of $6.1 billion prior to revenue and gap closing actions. Out of control Medicaid spending constitutes $2.0 billion of the projected FY 2021 gap, the remaining $4.1 billion is the baseline budget gap.

Executive Budget Surplus / (Gap) Estimate *(Millions of Dollars)*	
FY 2021	$0
FY 2022	($1,939)
FY 2023	($3,313)
FY 2024	($3,266)
Structural Deficit	**($8,518)**

The Executive Budget estimates that the General Fund will remain in balance on a cash basis for FY 2021 and projects a four-year structural deficit $8.5 billion.

Executive Budget Gaps (Billions of Dollars)	
FY	Amount
2010	($13,678)
2011	($7,418)
2012	($10,001)
2013	($3,500)
2014	($1,352)
2015	($1,742)
2016	($1,814)
2017	($1,781)
2018	($3,533)
2019	($4,443)
2020	($5,300)
2021	($6,073)

FY 2021 Budget Gap Closing Plan (Millions of Dollars)	
Mid-Year Surplus / (Gap) Estimate	**($6,073)**
FY 2020 Savings Plan	**($890)**
Agency Operations	$359
Local Assistance	$4,283
Capital Projects Transfers	($418)
Debt Service Transfers	$119
Monetary Settlement Transfers	$200
All Other	($4)
Total Spending Changes	**$4,539**
Tax Receipt Reestimates	$2,078
Other Resource Changes	$546
Total Resource Changes	**$2,624**
Use / (Reserve) Monetary Settlements	($200)
Executive Budget Surplus / (Gap)	$0

RECEIPTS

The Executive Budget projects FY 2021 State Operating Funds receipts at $107.8 billion, an increase of $2.5 billion or 2.4 percent. FY 2021 All Funds receipts are projected to decrease from $178.3 billion to $176.4 billion, a decrease of $1.9 billion or 1.1 percent. The All Funds receipts decrease reflects a decrease in miscellaneous receipts and federal grants of $7.5 billion offset partially by $5.5 billion in additional taxes.

RECEIPTS (Billions of Dollars)				
	2020	**2021**	**Change**	**Percent**
All Funds	$178.25	$176.37	($1.88)	-1.06%
State Operating Funds	$102.79	$105.25	$2.46	2.40%

The FY 2021 Executive Budget includes tax reductions in FY 2021 of only $6 million growing to $206 million in reductions in FY 2024. The Executive imposes several new and increased taxes and fees totaling $105 million in FY 2021 growing to $267 million in FY 2024.

RESERVES

The Executive Budget projects an FY 2021 General Fund closing balance of $5.9 billion, a decrease of $623 million from the projected closing balance for FY 2020.

Included within the FY 2021 reserve total is $2.5 billion in statutory reserves, $21 million in a contingency reserve for claims made against the State, $500 million for debt reduction, $890 million for economic uncertainties and $2 billion in financial settlement proceeds.

Reserve Balances (Millions of Dollars)	FY 2020 Current	FY 2021 Proposed
Total General Fund Balance	**$6,257**	**$5,904**
Statutory Reserves		
Tax Stabilization Reserve Fund	$1,258	$1,258
Rainy Day Reserve Fund	$1,218	$1,218
Contingency Reserve Fund	$21	$21
Community Projects Fund	$0	$0
Reserved For		
Labor Agreements	$0	$0
Debt Management	$500	$500
Business Tax Refund	$0	$0
Economic Uncertainties	$890	$890
Subtotal Excluding Settlements	***$3,887***	***$3,887***
Extraordinary Monetary Settlements	***$2,640***	***$2,017***
Closing Balance	***$6,527***	***$5,904***

SPENDING AREA HIGHLIGHTS

HEALTH - MEDICAID

The Fiscal Year (FY) 2021 Executive Budget recommends All Funds cash disbursements of $73.1 billion, a net increase of $22.3 million. This small increase is reflective of the implementation of a $599 million FY 2020 Medicaid savings plan and a forthcoming $2.5 billion Medicaid gap-closing plan in FY 2021.

The FY 2021 Executive Budget projects Gross All Funds Medicaid spending (including the $7.6 billion local contribution) of $77.8 billion, a decrease of $1 billion, or 1.3 percent. This also includes Essential Plan funding. The Executive proposes to revert to a one-year appropriation structure for Medicaid from the previous FY 2020 two-year appropriation structure.

The MRT II will identify cost-containment measures in order provide $2.5 billion in gap-closing savings in FY 2021 and ensure Medicaid spending in future years adheres to the Global Cap indexed rate. The MRT II is required to issue a report back with a plan to deliver $2.5 billion in recurring savings. The Executive is directing the members of MRT II to develop a plan that doesn't rely on local governments as funding sources and has minimal impact on beneficiaries. Instead, MRT II must once again find solutions through industry efficiencies and/or by relying on new resources provided by the industry itself. The Executive Budget financial plan assumes $2.5 billion in savings in order to remain balanced. As of the date of publication of this report, a timeline has not been released outlining the MRT process. According to the Executive, it is possible the MRT proposals will be revealed as part of the Executives 30 day amendments.

Following the inclusion of the FY 2020 Savings Plan in the Mid-Year Update, the Executive Budget includes a plan that reduces Medicaid costs by $599 million in FY 2020. On a fully annualized basis, the actions associated with this plan are projected to provide $890 million in recurring ongoing financial plan savings in FY 2021 and the out-years.

SCHOOL AID

The FY 2021 Executive Budget provides $28.6 billion in school aid, an increase of $826 million or three percent. This includes an increase of $578.5 million or 2.1 percent on the run.

The proposal provides for an increase of $74.7 million for expense based and other categorical aids for the 2020-21 school year. Under the Executive Budget, Foundation Aid is increased by $503.8 million over the prior year. Additional funding of $200 million is provided in a fiscal stabilization fund with distribution of such funds to be negotiated by the Legislature.

Funding of $300 million within Foundation Aid is provided for community schools, an increase of $50 million.

The Executive Budget funds expense-based aids and other categorical initiatives at present law levels for an increase of $74.7 million. However, the Executive proposes freezing and consolidating 11 expense-based aids into the Foundation Aid formula. The Executive would also take steps to reduce the amount of building aid a district can take advantage of and limiting the growth in transportation aid to inflation or inflation plus enrollment growth.

The Executive Budget increases Foundation Aid by $504 million and distributes 79 percent of the increase in Foundation Aid to low wealth districts, including New York City. All school districts receive an increase in Foundation Aid under this proposal with 97 districts receiving a minimum one quarter of one percent (0.25 percent) year-over-year increase.

The Executive Budget includes $848.6 million in funding for Universal Pre-Kindergarten, with most of that intended for four-year old children.

The Executive also proposes reducing income eligibility for the basic STAR exemption from $250,000 to $200,000. The income eligibility ceiling for the basic STAR credit would remain $500,000.

HIGHER EDUCATION

The FY 2021 Executive Budget recommends All Funds spending of $18.3 billion for New York State public and private higher education programs. This represents an increase of $7.2 billion or 6.9 percent from FY 2020.

Cash spending at SUNY would increase $347 million, or 4.1 percent, from $8.5 billion to $8.9

billion. CUNY cash spending would decrease $70.5 million, or 4.2 percent, from $1.7 billion to $1.6 billion. The Higher Education Facilities Capital Matching Grants Program disbursements would increase by $3.9 million, and the Higher Education Services Corporation – which is responsible for providing tuition assistance and state scholarship programs – would decrease $83.5 million, or 8.7 percent.

The Executive Budget recommends flat base aid support for SUNY Senior State colleges. The SUNY system is expected to approve a $200 increase of in-state tuition for Academic Year (AY) 2020-21. This would represent the fourth and final year of previously authorized tuition increases. However, the Executive proposes authorizing another four-year round of $200 annual increases for AY 2022-2025.

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 $2,947 per FTE. A decrease in enrollment would reduce State assistance by $22.9 million.

The FY 2021 Executive Budget provides a $1.4 billion capital appropriation for SUNY. This represents a $725 million increase, or 55 percent. Senior colleges would receive flat funding of $550 million for critical maintenance and a new 2:1 matching program for strategic initiatives. This approach would match State dollars to outside investment for campus building construction. SUNY's teaching hospitals would receive $150 million in new capital authority.

Operating funds for CUNY Senior Colleges would increase by $201 million or 7.3 percent within the FY 2021 Executive Budget. The CUNY system is expected to approve a $200 increase for in-state tuition in academic year 2020-21. Similar to SUNY, this is the final of four years of authorized tuition increases, and a new round of tuition increases is proposes for AY 2022-2025.

CUNY's community colleges receive state aid via formula based enrollment of FTE students. The Executive Budget leaves the formula unchanged year-to-year at $2,947 per FTE. Reduced enrollment results in a decrease of $3.7 million.

The FY 2021 Executive Budget provides a $685 million capital appropriation for CUNY. This represents a $296 million increase, or 76 percent, from FY 2020. Senior college appropriation would remain unchanged at $284 million, and a $200 million State match is provided for strategic initiatives in the same manner as for SUNY.

The FY 2021 Executive Budget provides $885 million for the Tuition Assistance Program (TAP). The Excelsior Scholarship and the Enhanced Tuition Award, which were established in the FY 2018 Enacted Budget, would receive $147 million and $6.6 million, respectively. The Excelsior Scholarship covers tuition costs for eligible students at SUNY and CUNY schools while the Enhanced Tuition Award provides financial aid to eligible students at private colleges and universities.

The Higher Education Capital Matching Grant Program would not receive a new round of funding for private colleges and universities.

The FY 2021 Executive Budget provides $47 million in funding for arts and cultural grants administered by the New York State Council on the Arts. This represents a decrease of $100,000 in funding from FY 2020.

HUMAN SERVICES

The FY 2021 Executive Budget recommends an increase in All Funds cash disbursements of $143 million, or two percent, for all human services agencies, with total recommended spending of $8.9 billion.

- $250 million miscellaneous Aid to Localities appropriation to support the continued implementation of Raise the Age, for total appropriation authority of $450 million.
- $75 million in Federal appropriations related to the implementation of the Federal Family First Prevention Services Act (FFPSA).
- $40 million increase for the child welfare threshold under the TANF Flexible Fund for Family Services (FFFS).
- $25 million federal appropriation to assist with Statewide FFPSA compliance
- $50 million federal appropriation for temporary grants to entities with expired demonstration projects such as the NYC Title IV-E waiver.
- $13 million Code Blue appropriation
- $2.8 million increase in appropriation authority for the Homeless Housing and Assistance Program (HHAP)

The Executive Budget eliminates the existing 18.42 percent State share of reimbursement, to counties outside of New York City, for placements made by the Committee on Special Education (CSE). The Executive states that this will provide $25.9 million in savings in FY 2021.

The Executive Budget includes legislation to facilitate compliance with the Federal Family First Prevention Services Act (FFPSA) and help keep children safely with their families or in the least restrictive, most family like setting appropriate to their special needs when foster care is needed.

The Executive Budget doubles funding for the Homeless Housing and Assistance Program (HHAP) to $128 million.

The Executive Budget Increases funding for the Summer Youth Employment Program by $1 million, bringing the programs total to $45 million. The program employed approximately 19,000 youths in 2019.

MENTAL HYGIENE

The FY 2021 Executive Budget recommends All Funds cash disbursements of $5.6 billion, a decrease of $1.3 billion, or 18.7 percent within all mental hygiene agencies. Accounting for Department of Health (DOH) spending for Office for People with Developmental Disabilities (OPWDD) and Office of Mental Health (OMH) services, and the FY 2020 Medicaid savings plan, actual cash spending for Mental Hygiene is increasing by $308 million in FY 2021, for a total of $7.8 billion.

The FY 2021 Executive Budget recommends a $106.6 million State spending increase to support a four percent pay raise for direct care workers and a two percent pay raise for clinical workers. The amounts per state agency are:

- OASAS: $8.9 million increase, for a total of $9.6 million
- OMH - $21.1 million increase, for a total of $22.3 million
- OPWDD - $66.3 million, for a total increase of $74.7 million

The Executive Budget recommends an additional $1 million to invest in suicide prevention for veterans, law enforcement, correction officers and first responders. The exact allocation of this funding is to be determined, though the Executive proposes to work with organizations currently tasked with helping these populations in developing a plan to utilize the increased funding.

The FY 2021 Executive Budget recommends OPWDD All Funds cash spending of $4.2 billion, an increase of $201 million, or 8.7 percent – this includes $2 billion in DOH spending for OPWDD services under the Medicaid Global Cap.

The FY 2021 Executive Budget recommends OASAS All Funds cash spending of $662.2 million, an increase of $23.8 million, or 3.7 percent.

The Executive has stated that there is $247.5 million in OASAS to address the heroin and opioid crisis. However, exact details of this funding have not been made available. There are not any new spending initiatives to combat the opioid/heroin epidemic in the FY 2020 Executive Budget.

TRANSPORTATION

The FY 2021 Executive Budget proposes a total spending level of $10.5 billion for all transportation agencies, an increase of $955.5 million or 10 percent.

The Executive Budget provides $4.1 billion in overall cash operating assistance to the State's transit systems, an increase of $532.2 million or 15 percent. Under this proposal, the MTA would receive $3.4 billion, reflecting an increase of $467.4 million or 15.8 percent. Non-MTA transit systems would receive nearly $641.3 million, including $405.2 million for Downstate non-MTA transit systems and $236 million for Upstate transit systems, reflecting an 11.2 percent increase.

Under the Executive proposal, the Consolidated Highway Improvement Program (CHIPS) would receive $438.1 million, and the Municipal Streets and Highways Program ("Marchiselli") would receive $39.7 million. This maintains the funding for these programs at the FY 2020 base levels. The Executive Budget does not include the $65 million in Extreme Winter Recovery funds that was part of last year's Enacted Budget.

The FY 2021 Executive Budget recommends an All Funds cash spending level of $398.1 million, a $32.4 million or 8.9 percent increase. This increase is attributable to additional operating costs to accommodate the third year of the license renewal cycle and increased activity in DMV offices resulting from implementation of REAL ID, as well as a surge of formerly ineligible drivers applying for licenses as a result of the Driver's License Access and Privacy Act (aka Green Light NY) which was passed last year and allows for illegal immigrants to apply for drivers licenses.

The Executive Budget requests a DMV workforce of 2,815 FTE positions, which remains unchanged from FY 2020.

The Executive Budget provides partial funding for the first year of the MTA's recently approved $51.5 billion 2020-2024 Capital Plan.

The Executive Budget also provides funding for the first year of a proposed two year DOT Capital Plan worth a total of $11.9 billion.

PUBLIC PROTECTION

The FY 2021 Executive Budget recommends All Funds disbursements of $5.9 billion, a decrease of $159 million or 2.6 percent over FY 2020 for all public protection agencies. This primarily is attributable to retroactive payments to uniformed employees of the Department of Corrections and Community Supervision (DOCCS) and State Police (DSP).

The Executive recommends $3.39 billion in All Funds appropriations for the Department of Corrections and Community Supervision, a decrease of $233 million from FY 2020. This decrease is the result of reductions in State Operations ($161 million) and Capital ($72 million).

In conjunction with the Executive's proposal to close an undetermined number of facilities, DOCCS is anticipating to eliminate approximately 1,250 positions through attrition.

The FY 2021 Executive Budget recommends $309.9 million in All Funds appropriations for DCJS, an increase of $14.5 million from FY 2020 levels. This is primarily due to a new $25 million in Capital spending to support security projects at nonprofit organizations that are high-risk targets for hate crimes. This increase is offset by a decrease of $10.5 in General Fund Local Assistance spending.

The Executive provides $1.53 billion in All Funds appropriations for the Division of Homeland Security and Emergency Services, a decrease of $5 million from FY 2020. This is primarily attributable to the elimination of a completed capital appropriation.

The Executive Budget recommends $1.01 billion in All Funds appropriations for the Division of State Police (DSP), a decrease of $4.4 million from FY 2020. This decrease in attributable to a decrease of $6.4 million for retroactive collective bargaining payments to uniformed and bureau of criminal investigation employees. The decrease is offset by an increase of $1 million for the Hate Crime Task Force and $1 million for increased Capital appropriation authority.

The Executive Budget recommends $261 million in All Funds support for the Office of Indigent Legal Services, an increase of $50.4 million from FY 2020. This is wholly attributable to the statewide implementation of the Hurrell-Harring Settlement terms, which was part of the FY 2018 Enacted Budget. The proposal allows for an increase of two FTEs to handle increased workload associated with statewide implementation.

The Executive Budget recommends $306.1 million in All Funds support of the Division of Military and Naval Affairs, an increase of $148.5 million from FY 2020. This is primarily attributable to an increase of $150 million for capital improvements at State Armories.

ECONOMIC DEVELOPMENT AND JOB CREATION

The FY 2021 Executive Budget recommends All Funds appropriations of $185.2 million for State Operations and Aid to Localities economic development programs a decrease of $22.1 million, or 10.7 percent from the FY 2020 Enacted Budget.

General Fund appropriations are recommended at $164.7 million, which is a decrease of $24.1 million or 12.8 percent. This decrease is primarily driven by the elimination of Legislative additions.

The FY 2021 Executive Budget recommends a capital appropriation of $380.4 million. This is a decrease of $940 million or 71.2 percent from FY 2020.

The Executive proposes to consolidate Centers of Excellence into the Centers for Advanced Technology Program as part of the Executive Budget.

AGRICULTURE/ENVIRONMENT/ HOUSING

The FY 2021 Executive Budget recommends All Funds disbursements of $3 billion, an increase of $145 million from the FY 2020 Enacted Budget for the State's Environmental Conservation, Energy, Agriculture, and Housing agencies. Increases in funding are recommended for the Department of Environmental Conservation ($97.6 million); the Department of Public Service ($2.4 million); the Division of Housing and Community Renewal ($115 million); the New

York Power Authority ($500,000); and the Hudson River Park Trust ($10 million). Decreases are recommended for the Adirondack Park Agency ($14,000); Department of Agriculture and Markets ($6.8 million); the Energy Research and Development Authority ($4.7 million); Olympic Regional Development Authority ($40 million); and the Office of Parks, Recreation and Historic Preservation ($29.2 million).

The FY 2021 Executive Budget recommends All Funds appropriations of $4.7 billion for the Department of Environmental Conservation (DEC), an increase of $3 billion, or 171 percent from FY 2020. This increase largely reflects the proposed $3 billion Restore Mother Nature Bond Act which would fund habitat restoration, reduce flooding in hard-hit areas, connect streams and waterways to revitalize fish and water life habitats, right-sizing culverts and dams, restoring freshwater and tidal wetlands, reclaiming natural floodplains, increase shellfish population, upgrade fish hatcheries, conserving forest areas, and expand renewable energy.

The FY 2021 Executive Budget recommends All Funds appropriation of $6 million for the APA, an increase of $1.35 million or 28.8 percent, from the current year. This increase is primarily due to a $1,000,000 appropriation for the rebuilding of the APA headquarters located in Ray Brook. An increase of $175,000 in personal service growth is also included for salary increases along with another $175,000 for updates to the building management system. Staffing levels for the APA are projected to remain unchanged at 54 FTEs.

The FY 2021 Executive recommends All Funds appropriations of $190 million for the Department of Agriculture and Markets (NYSDAM). This represents a net increase of $275,000 or .02 percent, from the current fiscal year. A proposed increase in spending at the State Fair is offset by the elimination of legislative local assistance additions and capital appropriations for fairs and animal shelters.

The FY 2021 Executive Budget recommends All Funds appropriations of $18.2 million for the New York State Energy Research and Development Authority (NYSERDA). This represents an increase of $500,000, or 2.8 percent, from the current fiscal year. The increase is necessary to meet the State's obligations to a Federal cost sharing agreement with the US Department of Energy for the management and administration of the nuclear fuel reprocessing plant at West Valley.

The FY 2021 Executive Budget recommends All Funds appropriations of $100.5 million for the Department of Public Service (DPS), a net increase of $1.6 million, or 1.6 percent, from the current fiscal year. This is a result of an increase in personal service, contractual services and fringe benefits. Staffing levels for DPS are projected to remain at last year's level of 528 FTEs.

The FY 2021 Executive Budget recommends All Funds appropriations of $308.9 million for the Division of Housing and Community Renewal (DHCR), a net decrease of $213 million, or 41 percent form FY 2020 levels. The decrease is largely attributed to the elimination of one-time capital appropriations.

The FY 2021 Executive Budget recommends All Funds appropriations of $158.5 million for ORDA, an increase of $51.5 million, or 48 percent from the FY 2020 Enacted Budget. To note, the proposed FY 2021 cash disbursements for ORDA are $38.6 million, a $40 million reduction from FY 2020 Enacted.

The FY 2021 Executive Budget recommends All Funds appropriations of $129 million for the New York Power Authority (NYPA). This represents a net decrease of $43 million from the current fiscal year. This decrease reflects the reduction in the State's repayment of funds previously transferred by NYPA to the State under the Asset Transfer Program.

The FY 2021 Executive Budget recommends All Funds appropriations of $489 million for OPHRP, an increase of $7.1 million, or 1 percent from the FY 2020 Enacted Budget. This funding increase can be attributed to additional FTEs, and increased appropriations for the Golf Enterprise Fund and the Retail Store Enterprise Fund.

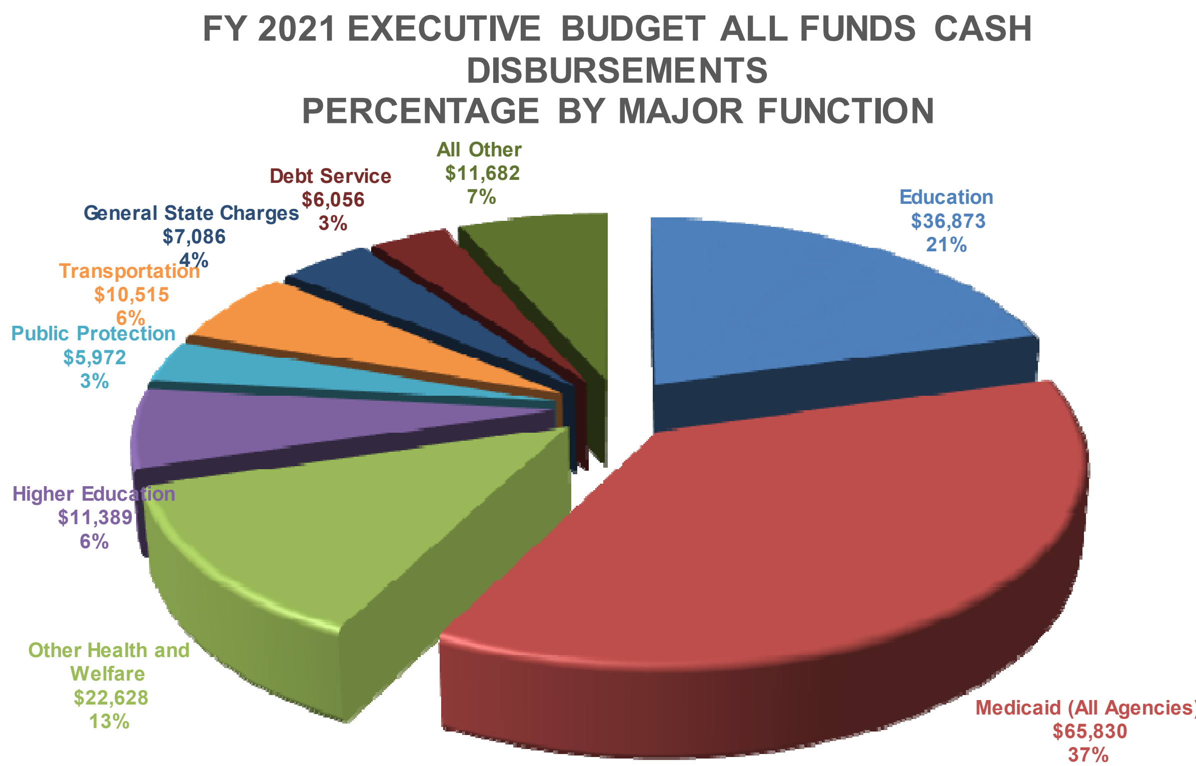
STATE OPERATIONS / WORKFORCE

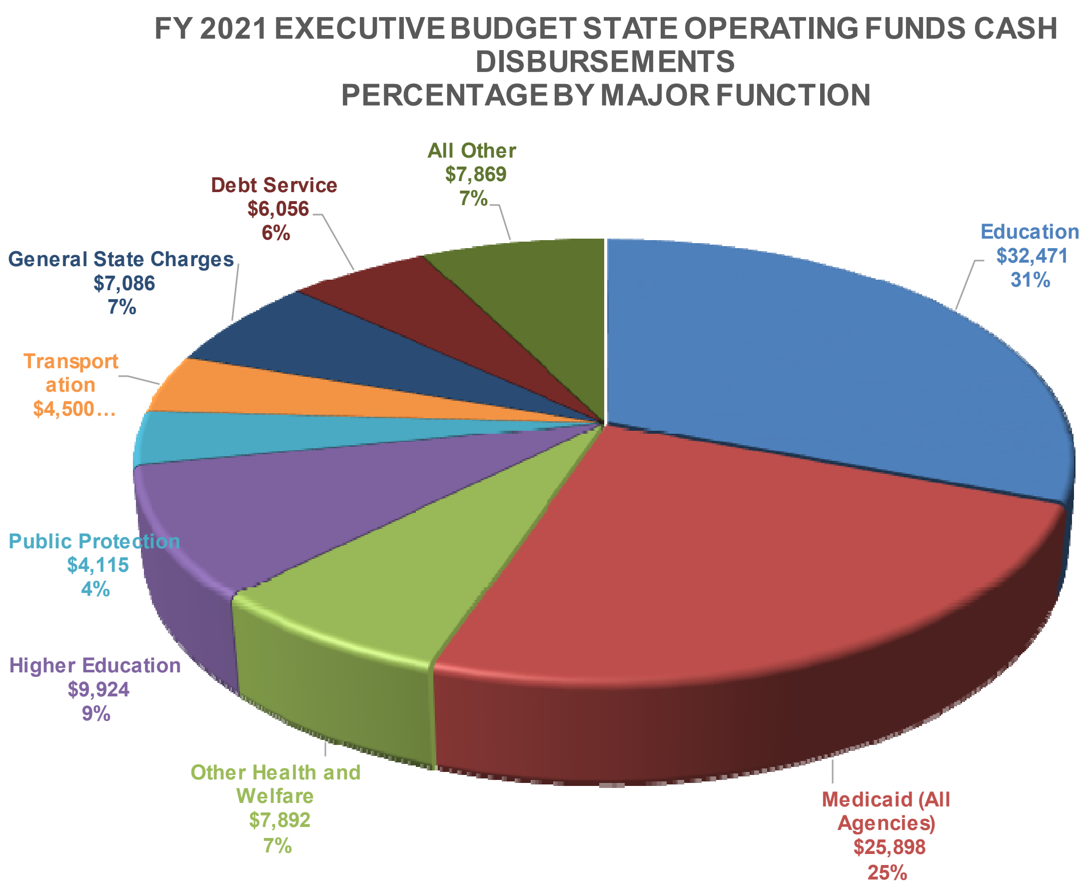
All Funds state operations spending increases by $291 million from $21.8 billion to $22.1 billion or 1.3 percent.

The FY 2020 Executive Budget proposes a net All Funds workforce decrease of 1,007 full time equivalent (FTE) positions from 185,171 to 184,164. This change is due to an increase of 10,619 new hires offset by 11,626 FTE employees leaving due to normal attrition. There are no layoffs anticipated.

Major workforce net changes proposed in FY 2021 include a 1,247 FTE decrease within the Department of Corrections and Community Supervision, a 47 FTE increase within the Department of Environmental conservation; a 22 FTE increase within the Department Health; and a 22 FTE increase within the Department of Parks, Recreation and Historic preservation.

Other work force changes proposed in FY 2021 include a 191 FTE increase in Alcoholic Beverage Control, a 69 FTE increase in The Office of the Medicaid Inspector General and a 40 FTE increase within the Department of Agriculture and Markets.


FY 2021 EXECUTIVE BUDGET ALL FUNDS CASH DISBURSEMENTS
PERCENTAGE BY MAJOR FUNCTION
All Other
$11,682
7%
Debt Service
$6,056
3%
General State Charges
$7,086
4%
Transportation
$10,515
6%
Public Protection
$5,972
3%
Higher Education
$11,389
6%
Other Health and Welfare
$22,628
13%
Medicaid (All Agencies)
$65,830
37%
Education
$36,873
21%


FY 2021 EXECUTIVE BUDGET STATE OPERATING FUNDS CASH DISBURSEMENTS
PERCENTAGE BY MAJOR FUNCTION
All Other
$7,869
7%
Debt Service
$6,056
6%
General State Charges
$7,086
7%
Transport ation
$4,500…
Public Protection
$4,115
4%
Higher Education
$9,924
9%
Other Health and Welfare
$7,892
7%
Medicaid (All Agencies)
$25,898
25%
Education
$32,471
31%

TAX AND REVENUE ACTIONS

FY 2021 Executive's Tax and Revenue Action Proposals				
(Millions of Dollars)				
	FY 2021	FY 2022	FY 2023	FY 2024
Tax and Fee Increases and New Taxes				
Cap Long Term Care Credit	$0	$28	$28	$28
Increase Tobacco Products Tax	$10	$23	$23	$23
Cannabis Regulation and Taxation	$20	$63	$85	$141
Impose Certificate of Need Fee	$70	$70	$70	$70
Center for Environmental Health Fees -	$5	$5	$5	$5
Filing realty subdivision sewer plans from $12.50 per lot to $50 per lot				
Filing realty subdivision sewer plans to satisfy requirements for both DOH and DEC from $25 per lot to $100 per lot				
Permit to operate children’s overnight, summer, and day camps- $200 to $800				
License registration fee for operation of a tanning facility from $30 to $120				
Inspection for tanning devices from $50 per device to $200 per device				
Initial fee for each asbestos safety program completion certificate from $20 to $50				
Refresher asbestos safety program completion certificate from $12 to $30				
Total Tax, Fee Increases and New Taxes	**$105**	**$189**	**$211**	**$267**
Revenue Raisers				
Eliminate Quick Draw Restrictions	$15	$30	$30	$30
Consolidated Licensing Permit for Colleges & Universities to Sell Alcohol	$0	$0	$0	$0
Total Revenue Raisers	**$15**	**$30**	**$30**	**$30**
Enforcement Actions				
Make Warrantless Wage Deduction Permanent	$40	$40	$40	$40
Total Enforcement Actions	**$40**	**$40**	**$40**	**$40**
Total Revenue Raising Actions	**$160**	**$259**	**$281**	**$337**
Revenue Reductions				
Small Small Business Reductions	$0	($39)	($56)	($42)
Enhance Empire State Child Tax Credit	$0	$0	($157)	($157)
Authorize Tax and Finance to Provide Unclaimed Tax Benefits	($2)	($2)	($2)	($2)
Allow Exceptions for Late Enhanced STAR Filers	($4)	$0	$0	$0
Extend Hire-a-Vet credit for 2 years	$0	$0	($5)	($5)
Eliminate Tax on Alcohol of less than 2% ABV	$0	$0	$0	$0
Total Revenue Reductions	**($6)**	**($41)**	**($220)**	**($206)**
Cash Flow Changes				
Lower Basic STAR Exemption Income Eligibility Requirement*	($74)	($68)	($62)	($57)
Net Total Revenue Actions	**$209**	**$288**	**$131**	**$201**

* This represents a shift from spending to an increase in personal income tax refunds.

ALL FUNDS
CASH FINANCIAL PLAN

All Funds Cash Financial Plan
FY 2019 through FY 2021
(millions of dollars)

	2019 Results*	2020 Current	Change	Percent	2021 Proposed	Change	Percent
Opening fund balance	**12,749**	**9,975**	**(2,774)**	**-21.76%**	**12,563**	**2,588**	**25.94%**
Receipts							
Taxes	75,578	82,390	6,812	9.01%	87,932	5,542	6.73%
Miscellaneous receipts	31,184	29,701	(1,483)	-4.76%	26,253	(3,448)	-11.61%
Federal grants	61,344	66,162	4,818	7.85%	62,187	(3,975)	-6.01%
Total receipts	**168,106**	**178,253**	**10,147**	**6.04%**	**176,372**	**(1,881)**	**-1.06%**
Disbursements							
Grants to local governments	127,432	131,441	4,009	3.15%	131,550	109	0.08%
Departmental Operations:							
Personal Service	14,324	14,925	601	4.20%	15,269	344	2.30%
Non-Personal Service	6,764	6,863	99	1.46%	6,810	(53)	-0.77%
General State charges	8,624	9,007	383	4.44%	9,363	356	3.95%
Debt service	6,699	5,166	(1,533)	-22.88%	6,012	846	16.38%
Capital projects	7,032	8,507	1,475	20.98%	9,025	518	6.09%
Total disbursements	**170,875**	**175,909**	**5,034**	**2.95%**	**178,029**	**2,120**	**1.21%**
Net other financing sources (uses)	(5)	244			685		
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	**-2774**	**2588**			**-972**		
Closing Fund Balance	**9,975**	**12,563**	**2,588**	**25.94%**	**11,591**	**(972)**	**-7.74%**

Notes
* FY 2019 results as reported by the State Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, for the fiscal year ended March 31, 2019.

All Funds is the most comprehensive measure of State spending in the context of cash basis financial operations, because it includes federal transfer payments (or grants).

All Funds disbursements exceeded receipts (including other financing sources) for FY 2019 the difference was funded from other available resources including Extraordinary Monetary Settlements and general obligation (GO) bond proceeds to reimburse planned first-instance capital spending.

STATE FUNDS CASH FINANCIAL PLAN

State Funds Cash Financial Plan
FY 2019 through FY 2021

(millions of dollars)

	2019 Results*	2020 Current	Change	Percent	2021 Proposed	Change	Percent
Opening Fund Balance	**13,039**	**11,729**	**(1,310)**	**-10.05%**	**11,029**	**(700)**	**-5.97%**
Receipts							
Taxes	75,578	82,390	6,812	9.01%	87,932	5,542	6.73%
Miscellaneous receipts	30,981	29,477	(1,504)	-4.85%	26,023	(3,454)	-11.72%
Federal grants	78	80	2	2.56%	79	(1)	-1.25%
Total Receipts	**106,637**	**111,947**	**5,310**	**4.98%**	**114,034**	**2,087**	**1.86%**
Disbursements							
Grants to local governments	70,693	74,539	3,846	5.44%	75,489	950	1.27%
Departmental Operations:							
Personal Service	13,687	14,289	602	4.40%	14,608	319	2.23%
Non-Personal Service	5,370	5,422	52	0.97%	5,422	-	0.00%
General State charges	8,204	8,681	477	5.81%	9,015	334	3.85%
Debt service	6,699	5,166	(1,533)	-22.88%	6,012	846	16.38%
Capital projects	5,806	7,412	1,606	27.66%	7,964	552	7.45%
Total Disbursements	**110,459**	**115,509**	**5,050**	**4.57%**	**118,510**	**3,001**	**2.60%**
Net other financing sources (uses)	2,512	2,862			3,140		
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	**-1310**	**-700**			**-1336**		
Closing Fund Balance	**11,729**	**11,029**	**(700)**	**-5.97%**	**9,693**	**(1,336)**	**-12.11%**

Notes

* FY 2019 results as reported by the State Comptoller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, for the fiscal year ended March 31, 2019.

State Funds includes all state spending except federal transfer payments. It is the most precise measure of state spending because it includes disbursements for state funded capital projects but excludes federal grants.

STATE OPERATING FUNDS CASH FINANCIAL PLAN

State Operating Funds Cash Financial Plan
FY 2019 through FY 2021

(millions of dollars)

	2019 Results*	2020 Current	Change	Percent	2021 Proposed	Change	Percent
Opening fund balance	**13,607**	**12,362**	**(1,245)**	**-9.15%**	**11,360**	**(1,002)**	**-8.11%**
Receipts							
Taxes	74,144	80,950	6,806	9.18%	86,502	5,552	6.86%
Miscellaneous receipts	23,485	21,760	(1,725)	-7.35%	18,672	(3,088)	-14.19%
Federal grants	73	75	2	2.74%	74	(1)	-1.33%
Total receipts	**97,702**	**102,785**	**5,083**	**5.20%**	**105,248**	**2,463**	**2.40%**
Disbursements							
Local Assistance Grants	66,177	70,324	4,147	6.27%	70,754	430	0.61%
Departmental Operations:							
Personal Service	13,687	14,289	602	4.40%	14,608	319	2.23%
Non-Personal Service	5,370	5,422	52	0.97%	5,422	-	0.00%
General State charges	8,204	8,681	477	5.81%	9,015	334	3.85%
Debt service	6,699	5,166	(1,533)	-22.88%	6,012	846	16.38%
Capital projects	0	0	-	n/a	0	0	n/a
Total disbursements	**100,137**	**103,882**	**3,745**	**3.74%**	**105,811**	**1,929**	**1.86%**
Net other financing sources (uses)	1,190	95			(507)		
Excess (Deficiency) of Receipts over Disbursements and Reserves	(1,245)	(1,002)			(1,070)		
Closing Fund Balance	**12,362**	**11,360**	**(1,002)**	**-8.11%**	**10,290**	**(1,070)**	**-9.42%**

Notes
* FY 2019 results as reported by the State Comptoller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, for the fiscal year ended March 31, 2019.

The Executive uses State Operating Funds (SOF) as the primary a measure of state spending because it offers a more comprehnsive measure of spending on operations than the General Fund. SOF includes debt service and spending from state special revenue funds. It does not include capital or federal spending.

The Executive is expected to propose and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to two percent. Absent budget actions to adhere to the two percent benchmark, FY 2021 State Operations Funds spending would increase by $7.4 billion or seven percent.

GENERAL FUND
CASH FINANCIAL PLAN

General Fund Cash Financial Plan
FY 2019 through FY 2021

(millions of dollars)

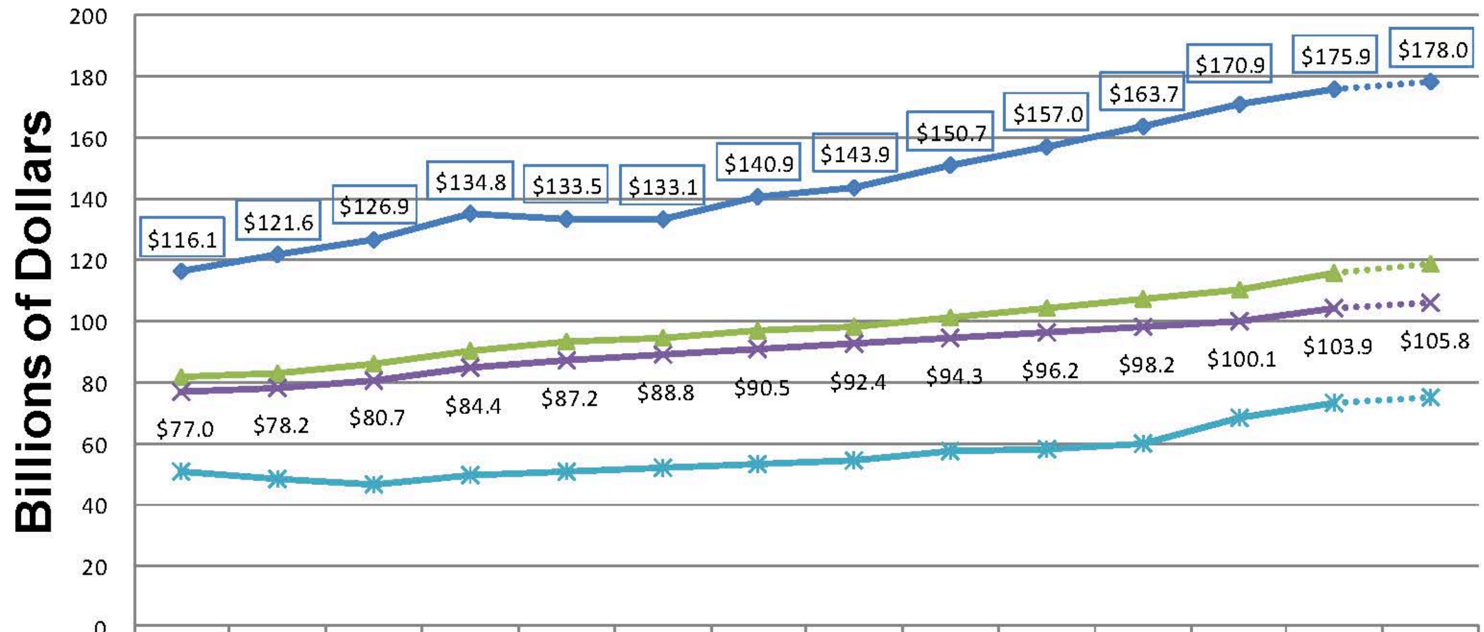
	2019 Results	2020 Current	Change	Percent	2021 Proposed	Change	Percent
Opening Fund Balance	**9,445**	**7,206**	**(2,239)**	**-23.71%**	**6,257**	**(949)**	**-13.2%**
Receipts							
Taxes	35,889	39,968	4,079	11.37%	43,322	3,354	8.4%
Miscellaneous receipts	3,586	2,979	(607)	-16.93%	2,106	(873)	-29.3%
Federal grants	-	-	-	n/a	-	0	n/a
Transfers From Other Funds	31,069	35,385	4,316	13.89%	35,870	485	1.4%
Total Receipts	**70,544**	**78,332**	**7,788**	**11.04%**	**81,298**	**2,966**	**3.79%**
Disbursements							
Local Assistance Grants	49,745	53,573	3,828	7.7%	54,775	1,202	2.2%
Departmental Operations:							
Personal Service	8,719	9,065	346	4.0%	9,559	494	5.4%
Non-Personal Service	2,622	2,673	51	1.9%	3,027	354	13.2%
General State charges	7,139	7,626	487	6.8%	7,910	284	3.7%
Transfers To Other Funds							
Debt service	786	517	(269)	-34.2%	570	53	10.3%
Capital projects	1,888	3,182	1,294	68.5%	3,535	353	11.1%
State Share Mental Hygiene Medicaid	(29)	0	29	-100.0%	0	0	n/a
SUNY Operations	1,020	1,185	165	16.2%	1,273	88	7.4%
Other	893	1,190	297	33.3%	1,272	82	6.9%
Total Disbursements	**72,783**	**79,011**	**6,228**	**8.56%**	**81,921**	**2,910**	**3.68%**
Excess (Deficiency) of Receipts over Disbursements and Reserves	**(2,239)**	**(679)**			**(623)**		
Closing Fund Balance	**7,206**	**6,527**	**(679)**	**-9.42%**	**5,634**	**(893)**	**-13.68%**

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.

Cash Disbursements By Function	All Funds		State Funds		State Operating Funds		General Fund	
FY 2021 Executive Budget	Thousands ($)	Percent	Thousands ($)	Percent	Thousands ($)	Percent	Thousands ($)	Percent
Local Assistance								
Economic Development / Government Oversight	1,247,275	0.95%	1,239,220	1.64%	187,805	0.27%	127,849	0.23%
Education, school aid	31,089,024	23.63%	28,323,086	37.52%	27,923,086	39.46%	24,290,086	44.34%
Education, STAR	1,999,516	1.52%	1,999,516	2.65%	-	0.00%	-	0.00%
Education, other	3,281,743	2.49%	2,399,436	3.18%	4,349,952	6.15%	2,337,305	4.27%
Health, other	9,093,537	6.91%	2,312,582	3.06%	1,707,060	2.41%	664,321	1.21%
Health, Medicaid (all components)	62,765,514	47.71%	23,245,723	30.79%	23,245,723	32.85%	17,424,375	31.81%
Higher Education	2,857,393	2.17%	2,857,393	3.79%	2,841,643	4.02%	2,841,643	5.19%
General Government	228,839	0.17%	170,632	0.23%	140,432	0.20%	14,468	0.03%
Local Government Assistance	729,734	0.55%	729,734	0.97%	729,734	1.03%	729,734	1.33%
Mental Hygiene (adjusted)	2,115,547	1.61%	1,979,032	2.62%	1,839,869	2.60%	1,833,515	3.35%
Parks and Environment	443,264	0.34%	286,994	0.38%	5,228	0.01%	1,578	0.00%
Public Protection	1,585,513	1.21%	468,713	0.62%	414,713	0.59%	140,009	0.26%
Social Welfare, other (adjusted)	4,408,026	3.35%	2,472,400	3.28%	1,494,021	2.11%	1,489,437	2.72%
Social Welfare, welfare asst	3,833,888	2.91%	1,207,312	1.60%	1,207,312	1.71%	1,207,312	2.20%
Transportation	5,606,615	4.26%	5,065,130	6.71%	4,075,112	5.76%	109,851	0.20%
All Other	265,469	0.20%	733,407	0.97%	593,149	0.84%	1,563,951	2.86%
Total Local Assistance	**131,550,897**	**100.00%**	**75,490,310**	**100.00%**	**70,754,839**	**100.00%**	**54,775,434**	**100.00%**
Percent of Total Spending		*73.89%*		*63.70%*		*66.87%*		*72.77%*
State Operations								
Personal Services	15,269,226	48.63%	14,607,883	50.37%	14,607,883	50.37%	9,559,297	46.64%
Non Personal Services	6,766,421	21.55%	5,378,077	18.54%	5,378,077	18.54%	3,027,254	14.77%
General State Charges	9,362,402	29.82%	9,014,532	31.08%	9,014,532	31.08%	7,909,662	38.59%
Total State Operations	**31,398,049**	**100.00%**	**29,000,492**	**100.00%**	**29,000,492**	**100.00%**	**20,496,213**	**100.00%**
Percent of Total Spending		*17.64%*		*24.47%*		**27.41%**		*27.23%*
Capital Projects	**9,024,715**	**100.00%**	**7,963,869**	**100.00%**	-	*100.00%*	**n/a**	**n/a**
Percent of Total Spending		*5.07%*		*6.72%*				
Debt Service	**6,056,119**	**100.00%**	**6,056,119**	**100.00%**	**6,056,119**	**100.00%**	**n/a**	**n/a**
Percent of Total Spending		*3.40%*		*5.11%*		*5.72%*		
Total FY 2020 Spending	**178,029,780**	**100%**	**118,510,790**	**100%**	**105,811,450**	**100%**	**75,271,647**	**100%**

Multi-Year Cash Disbursements Trend



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
All Funds	$116.1	$121.6	$126.9	$134.8	$133.5	$133.1	$140.9	$143.9	$150.7	$157.0	$163.7	$170.9	$175.9	$178.0
State Funds	$81.4	$83.1	$86.0	$90.1	$93.2	$94.5	$96.6	$98.1	$101.2	$104.0	$106.9	$110.5	$115.5	$118.5
State Operating Funds	$77.0	$78.2	$80.7	$84.4	$87.2	$88.8	$90.5	$92.4	$94.3	$96.2	$98.2	$100.1	$103.9	$105.8
General Fund	$50.6	$48.4	$46.4	$49.4	$50.6	$52.2	$52.9	$54.3	$57.6	$58.0	$59.9	$68.2	$72.9	$75.3

WORKFORCE IMPACT
ALL FUNDS – Major Agencies

FY 2019 Through FY 2021								
	FY 2019 Actuals (03/31/19)	Starting Estimate (03/31/20)	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Ending Estimate (03/31/21)
Major Agencies								
Children and Family Services, Office of	3,008	2,919	(541)	478	0	0	(63)	2,856
Corrections and Community Supervision, Department of	29,117	28,803	(2,027)	780	0	0	(1,247)	27,556
Education Department, State	2,606	2,692	(269)	269	0	0	0	2,692
Environmental Conservation, Department of	2,996	3,115	(234)	281	0	0	47	3,162
Financial Services, Department of	1,342	1,391	(145)	145	0	0	0	1,391
General Services, Office of	1,803	1,971	(145)	149	0	0	4	1,975
Health, Department of	4,715	5,615	(467)	505	0	(16)	22	5,637
Information Technology Services, Office of	3,566	3,451	(140)	140	0	0	0	3,451
Labor, Department of	2,838	2,987	(324)	324	0	0	0	2,987
Mental Health, Office of	13,856	13,757	(2,037)	1,932	0	0	(105)	13,652
Motor Vehicles, Department of	2,363	2,815	(571)	571	0	0	0	2,815
Parks, Recreation and Historic Preservation, Office of	2,010	2,041	(152)	174	0	0	22	2,063
People w ith Developmental Disabilities, Office for	19,037	18,590	(2,430)	2,430	0	0	0	18,590
State Police, Division of	5,784	5,741	(260)	260	0	0	0	5,741
Taxation and Finance, Department of	3,806	4,085	(86)	86	0	0	0	4,085
Temporary and Disability Assistance, Office of	1,995	1,987	(224)	224	0	0	0	1,987
Transportation, Department of	8,442	8,520	(383)	383	0	0	0	8,520
Workers' Compensation Board	1,044	1,109	(56)	56	0	0	0	1,109
Subtotal - Major Agencies	**110,328**	**111,589**	**(10,491)**	**9,187**	**0**	**(16)**	**(1,320)**	**110,269**
Minor Agencies	**7,639**	**8,373**	**(912)**	**1,209**	**0**	**16**	**313**	**8,686**
Subtotal - Subject to Direct Executive Control	**117,967**	**119,962**	**(11,403)**	**10,396**	**0**	**0**	**(1,007)**	**118,955**
University Systems								
City University of New York	13,806	13,730	0	0	0	0	0	13,730
State University Construction Fund	142	141	0	0	0	0	0	141
State University of New York	46,448	46,836	0	0	0	0	0	46,836
Subtotal - University Systems	**60,396**	**60,707**	**0**	**0**	**0**	**0**	**0**	**60,707**
Independently Elected Agencies								
Audit and Control, Department of	2,610	2,663	(134)	134	0	0	0	2,663
Law , Department of	1,826	1,839	(89)	89	0	0	0	1,839
Subtotal - Independently Elected Agencies	**4,436**	**4,502**	**(223)**	**223**	**0**	**0**	**0**	**4,502**
Grand Total	**182,799**	**185,171**	**(11,626)**	**10,619**	**0**	**0**	**(1,007)**	**184,164**

WORKFORCE IMPACT
ALL FUNDS – Minor Agencies

FY 2019 Through FY 2021								
	FY 2019 Actuals (03/31/19)	Starting Estimate (03/31/20)	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Ending Estimate (03/31/21)
Minor Agencies								
Addiction Services and Supports, Office of	728	737	(92)	92	0	0	0	737
Adirondack Park Agency	49	54	(1)	1	0	0	0	54
Aging, Office for the	89	95	(16)	16	0	0	0	95
Agriculture and Markets, Department of	461	512	(26)	66	0	0	40	552
Alcoholic Beverage Control, Division of	108	120	(18)	193	0	16	191	311
Arts, Council on the	28	30	(3)	3	0	0	0	30
Budget, Division of the	252	261	(55)	55	0	0	0	261
Civil Service, Department of	346	362	(66)	66	0	0	0	362
Correction, Commission of	30	32	(2)	2	0	0	0	32
Criminal Justice Services, Division of	413	435	(32)	32	0	0	0	435
Deferred Compensation Board	4	4	0	0	0	0	0	4
Economic Development, Department of	139	153	(35)	35	0	0	0	153
Elections, State Board of	74	85	(7)	7	0	0	0	85
Employee Relations, Office of	75	77	(6)	6	0	0	0	77
Executive Chamber	112	136	(42)	42	0	0	0	136
Financial Control Board, New York State	10	13	0	0	0	0	0	13
Gaming Commission, New York State	397	430	(19)	19	0	0	0	430
Higher Education Services Corporation, New York State	156	176	(19)	19	0	0	0	176
Homeland Security and Emergency Services, Division of	559	614	(35)	35	0	0	0	614
Housing and Community Renewal, Division of	584	776	(69)	69	0	0	0	776
Hudson River Valley Greenway Communities Council	0	1	0	0	0	0	0	1
Human Rights, Division of	159	164	(33)	33	0	0	0	164
Indigent Legal Services, Office of	31	36	(3)	5	0	0	2	38
Inspector General, Office of the	81	92	(5)	5	0	0	0	92
Interest on Lawyer Account	9	9	0	0	0	0	0	9
Judicial Conduct, Commission on	38	43	(2)	2	0	0	0	43
Justice Center for the Protection of People with Special Needs	425	429	(68)	67	0	0	(1)	428
Labor Management Committees	68	77	(10)	10	0	0	0	77
Lieutenant Governor, Office of the	5	7	(1)	1	0	0	0	7
Medicaid Inspector General, Office of the	405	426	(42)	111	0	0	69	495
Military and Naval Affairs, Division of	382	405	(44)	44	0	0	0	405
Prevention of Domestic Violence, Office for	23	28	(2)	2	0	0	0	28
Public Employment Relations Board	30	33	(2)	2	0	0	0	33
Public Ethics, Joint Commission on	51	52	(2)	2	0	0	0	52
Public Service Department	489	528	(42)	42	0	0	0	528
State, Department of	491	565	(80)	92	0	0	12	577
Statewide Financial System	134	142	(10)	10	0	0	0	142
Tax Appeals, Division of	22	27	(1)	1	0	0	0	27
Veterans' Services, Division of	87	98	(5)	5	0	0	0	98
Victim Services, Office of	88	102	(16)	16	0	0	0	102
Welfare Inspector General, Office of	7	7	(1)	1	0	0	0	7
Subtotal - Minor Agencies	**7,639**	**8,373**	**(912)**	**1,209**	**0**	**16**	**313**	**8,686**

FACT SHEET: **EDUCATION**

- FY 2021 Executive Budget provides $27.8 billion in school aid, an increase of $578 million or 2.1 percent above the 2019-20 school year

- Foundation Aid increases by $503.8 million or 2.49 percent
  - All school districts would receive an increase in Foundation Aid, with minimum increase of a one quarter of one percent (0.25%) year over year gain (97 districts)
    - Formula continues to use school district need and wealth as determining factors in its distribution
    - $300 million allocation within Foundation Aid dedicated to community schools, an increase of $50 million
  - Formulas for calculating expense-based aids and other categorical initiatives are unchanged for AY 2020-21, increasing $74.7 million
    - 11 different expense-based will be consolidated into Foundation Aid and growth would be frozen to 2020-21 levels. As a result of this shift, Foundation Aid would increase $1.8 billion. There is no net change to overall school aid from this action
    - Beginning AY 2021, certain building aid reforms to reduce state liability in reimbursing for school district construction
    - Beginning AY 2022, transportation aid growth would be limited to either inflation or inflation plus the growth in district enrollment
  - $200 million in unallocated Foundation Aid, to be negotiated by the Legislature

- Allows for reissuance of charter school operating charters that have been surrendered, revoked, or terminated in New York City

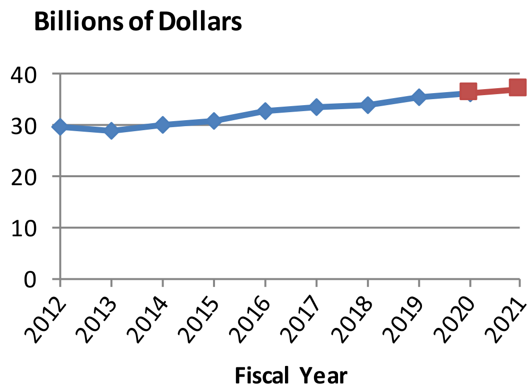
- Educational responses to incidents of hate crimes in NY
  - $1 million appropriation for SED to develop additional diversity/civic education
  - Curriculum shall emphasize teaching on history of diversity and role of religious freedom
  - Requires all NYC school children, including nonpublic school students, to participate in site visits to places that educate about the Holocaust, including but not limited museums

- Impacts on libraries:
  - $5 million decrease in general operating aid for local libraries (from $97 million to $92 million)
  - Eliminates $20 million for matching library capital funds

- Encourage STAR recipients to convert from the STAR Exemption to the STAR Credit by reducing income eligibility for the Exemption from $250,000 to $200,000. STAR Credit income eligibility remains $500,000

EDUCATION

All Funds Disbursements		
(Millions of Dollars)		
	Estimated FY 2020	Projected FY 2021
Cash	36,390	36,936
Annual Growth Rate	2.9%	1.5%
5 Year Average Growth (Actual)		3.4%



Education Department

The Executive Budget provides a State Operations All Funds appropriation for the State Education Department of $611.8 million, a decrease of $133,000. Within the Cultural Education and Office of Pre-K through Grade 12 Programs, language exists that would not allow any funds to be executed until the Legislature has acted upon the appropriations for SED within the Aid to Localities bill, and they have been certified by the Division of Budget as sufficient.

The proposed State Operations budget continues funding for the following:

- $8.4 million to create and print standardized assessment test forms. The Legislature, initially approved this funding in 2015 to ensure a reduction in standalone field testing and the release of a significant number of test questions to teachers
- Funding of $800,000 for the Office of Religious and Independent Schools
- Funding of $800,000 for the Office of Family and Community Engagement

2020-21 School Aid Proposal

The FY 2021 Executive Budget provides $27.8 billion in school aid, an increase of $579 million or 2.1 percent above the FY 2020 school year. Highlights of this proposal include an increase of $504 million in Foundation Aid, a $75 million increase in expense-based aids, and a $50 million increase in new and existing grant opportunities. Additional funding of $200 million is provided to be disbursed by the Legislature during budget negotiations.

Foundation Aid: The Executive proposal increases Foundation Aid by $503.8 million, or 2.49 percent. The Foundation Aid formula uses school district need, fiscal capacity, wealth and other measures as determining factors in its distribution. The Executive proposal distributes 79 percent of the increase in Foundation Aid to high need school districts (including New York City). All school districts receive an increase in Foundation Aid under this proposal with 97 districts receiving a minimum one quarter of one (0.25) percent year over year gain.

The Executive proposes to dramatically redefine Foundation Aid. The proposal would consolidate the following aids and redefine them as Foundation aid: BOCES, High Tax, Special Services, Charter Transitional, Hardware and Technology, Software, Library Materials, Textbook, Supplemental Public Excess Cost, and Academic Enhancement aids.

Schools would receive the same amount for these 11 aids as they would otherwise for FY 2020-21, but the amounts would be frozen going forward. Redefining these terms allows the Executive to amend total Foundation Aid, as follows:

- In the enacted FY 2020 budget, $18.4 billion was dedicated to Foundation Aid
- The Executive proposal transfers $1.9 billion in expense based aids into Foundation Aid
- The Executive budget would combine these numbers, arriving at funding of $20.4 billion in Foundation Aid for FY 2020.

The Executive claims total Foundation Aid of $20.8 billion for FY 2020-21, an increase of $503.8 over the newly defined base. Calculated separately, the traditional Foundation Aid number drives an additional $493.7 million and the 11 merged aids listed above would account for a $10.1 million increase.

Community Schools: The Executive Budget provides for a $300 million Community Schools setaside within Foundation Aid, which is an increase of $50 million above 2019-20 levels. Community schools are designed to provide students and their families access to support services in a school setting. These schools partner with the community to provide resources including social services, legal, medical, dental or any other service which would improve student academic achievement. Article VII language would require this setaside be used to support the transformation of schools into community hubs.

Expense-Based Aids: The Executive proposal maintains current law formulas for all other reimbursable aid categories for 2020-21. Expense-based aid is calculated based on claims submitted by school districts on expenses for transportation, special education, and building aid. The increase of $75 million is a reflection of the State's reimbursement obligation based on increased spending by school districts in these aid categories from the prior year.

Proposed changes to the aids beginning in 2021-22 are further discussed in the Article VII section for ELFA, Part A.

Fiscal Stabilization Fund: The Executive proposal provides $200 million for a fiscal stabilization fund with distribution of such funds to be negotiated by the Legislature. The Executive has called for 84 percent of this total be dedicated to high need school districts

The following aid formulas represent present law funding:

Building Aid: The Executive decreases building aid by $7.4 million for a total of $3.1 billion.

Transportation Aid: The Executive increases Transportation aid by $101 million for a total of $2.01 billion.

High Excess Cost Aid: The Executive decreases High Excess Cost aid by $47.2 million for a total of $612.6 million. The reduction in aid is a result of district claim activity as opposed to proposed statutory changes.

Private Excess Cost Aid: The Executive increases Private Excess Cost aid by $27.7 million for a total of $422.1 million.

Full Day Kindergarten Conversion Aid: The Executive budget provides an incentive for districts to convert to a full day kindergarten program. Districts would receive the existing incentive available under current law and would receive 50 percent of that amount in the second year of conversion. The Executive provides a increase of $60,000, to $2.82 million total.

High Tax Aid: The Executive maintains prior year funding at $223 million, and proposes to consolidate it into Foundation Aid.

BOCES Aid: The Executive increases BOCES aid by $11 million for a total of $1.02 billion, and proposes to consolidate it into Foundation Aid.

Academic Achievement Grant: The Executive maintains current funding of $1.2 million, and proposes to consolidate it into Foundation Aid.

Supplemental Educational Improvement Grant: The Executive maintains current funding at $17.5 million, and proposes to consolidate it into Foundation Aid.

Charter School Transitional Aid: The Executive decreases Charter School Transitional Aid by $673,000 for a total of $45.4 million, and proposes to consolidate it into Foundation Aid.

Academic Enhancement Aid: The Executive maintains funding at $28.3 million, and proposes to consolidate it into Foundation Aid.

Supplemental Public Excess Cost Aid: The Executive maintains funding at $4.3 million, and proposes to consolidate it into Foundation Aid.

Center for Autism and Related Disabilities at SUNY Albany

The Executive reduces funding for the Center by $500,000, from $1.2 million to $740,000 in local assistance.

Universal Pre-K for Three and Four year olds

The Executive proposal includes $849 million in funding for Universal Pre-Kindergarten in the 2020-21 school year, reflecting an increase of $2.5 million.

An appropriation of $15 million for prekindergarten to expand high-quality, half-day and full-day prekindergarten for three- and four-year-old children in high-need school districts is maintained at FY 2019-20 levels. Preference for these funds is given to the remaining high-need school districts currently without a prekindergarten program.

Charter Schools

The Executive maintains the existing formula for charter schools. It would provide a $10 million increase for supplemental tuition payments for a total of $161 million. Charter schools facilities aid is proposed to increase by $18.5 million, for a total of $50 million.

Special Education

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

Formula funding for State supported schools for the blind and deaf (also known as 4201 schools), is held flat at $103.9 million, although line items are eliminated for the Henry Viscardi School ($903,000), New York School for the Deaf ($903,000), and Mill Neck School for the Deaf ($500,000).

A $30 million capital appropriation for Schools for the Blind and Deaf is eliminated.

Nonpublic School Aid

The Executive Budget increases funding for mandated services for non-public schools by $5.8 million, or three percent, for a total of $198.9 million.

The Executive Budget maintains $15 million for non-public school safety grants, but eliminates $25 million for safety and security projects for at-risk facilities. increases STEM program funding from $30 million to $35 million, and eliminates $1 million for the nonpublic immunization program.

Other Major budget actions include:

NY State Food Purchasing Incentive

The Executive Budget continues $10 million to incentivize school districts to purchase food from New York farmers for school lunch programs.

Education of Homeless Children

An additional $525,000 is provided as additional reimbursement for school district costs associated with educating homeless children, for a total of $22.4 million.

Library Aid

The Executive Budget eliminates a $5 million legislative add in library funding, and provides $91.6 million.

Teachers of Tomorrow

The Executive maintains the prior year funding at $25 million. Up to $15 million, or 60 percent, will be allocated to New York City.

STEM Entrepreneur in Residence

The Executive Budget establishes a new $500,000 program for grants to districts in partnership with corporations to expose students to careers and role models in STEM fields. It would target high-need middle schools and provide hands-on projects and work site visits.

Smart Start Program

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

Empire State Excellence in Teaching Awards

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

Teacher Mentor Intern

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

Empire State After-School Grants

The Executive Budget provides $10 million to continue grants made in accordance with the Office of Children and Family Services. Programs must be located in the State's 16 Empire State Poverty Reduction Initiative (ESPRI) Communities, or located in a school district with high rates of student homelessness, or located in a school district in at-risk areas of Nassau or Suffolk County.

My Brother's Keeper

The Executive Budget provides $18 million for a fourth round of grant funding for My Brother's Keeper.

Math and Science High schools

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

Smart Scholars Early College High School Program

The Executive Budget decreases from $1.9 million to $950,000 competitive grant funding for early college high schools. This program promotes the pairing of higher education institutions with high schools to allow students to participate in dual high school and college level courses to increase graduation and college completion rates.

Early College High Schools

The Executive Budget maintains $9 million to expand the State's early college high school programs.

Advanced Placement Fees for Low-Income Students

The Executive Budget maintains funding of $5.8 million to subsidize the cost of advanced placement test fees for low-income students. The Executive also provides $1.5 million for advanced placement technical assistance.

QUALITYstarsNY Program

The Executive Budget maintains funding for QUALITYstarsNY of $5 million through FY 2021. The QUALITYstarsNY program is currently a voluntary program that monitors the quality of pre-kindergarten programs.

New York State Center for School Safety

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

Public Broadcasting Aid

The Executive Budget provides $14 million in state support for New York's nine public television stations and 17 public radio stations. This is a decrease of $250,000.

NYC Community Learning Schools

The Executive Budget eliminates $450,000 for NYC Community Learning Schools.

Continued Cost of Minimum Wage

The Executive Budget maintains an appropriation of $17.18 million to offset the increased costs of implementing changes to minimum wage. This appropriation has remained flat since FY 2018-19 despite increasing minimum wage costs.

Small Government Assistance to School Districts

The Executive maintains funding of $1.87 million.

Teacher Resource Centers

The Executive provides $4.3 million for funding Teacher Resource Centers obligations from the FY 2020 enacted budget. No new funding for Teacher Resource Centers is provided.

Capital Projects

The Executive would appropriate $62 million in Capital projects, a decrease of $79 million. Among the major changes are:

- Increases from $7.2 million to $25.4 million for the development of a new E-Licensing system
- Discontinues $2.5 million for new computer hardware for the Department

- Discontinues $45 million for safety grants to nonpublic schools, community centers, residential camps, and day care facilities at risk of hate crimes (including $20 million from the end-of-session capital chapter amendment)
- Discontinues $30 million for Schools for the Blind and Deaf
- Discontinues $20 million for libraries from the end-of-session chapter amendment

Education Aid AY 2020-21 (Millions of Dollars)				
Formula Aids	**2019-20**	**2020-21**	**Change**	**Percent Change**
Foundation Aid	$20,255.51	$20,759.31	$503.80	2.49%
Community Schools Aid	$250.00	$300.00	$50.00	20.00%
Special Education – High Cost	$659.81	$612.60	($47.21)	-7.16%
Special Education – Private	$394.79	$422.47	$27.68	7.01%
Reorganization Operating Aid	$6.25	$5.37	($0.88)	-14.08%
Transportation Aid	$1,992.64	$2,094.52	$101.88	5.11%
Universal Pre-K	$846.10	$848.61	$2.51	0.30%
Full Day Kindergarten	$4.34	$2.48	($1.86)	-42.86%
Building Aid	$3,056.07	$3,048.65	($7.42)	-0.24%
Formula Aid TOTAL	**$27,215.51**	**$27,794.01**	**$578.50**	**2.13%**
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	$8.13	$8.13	$0.00	0.00%
Employment Prep Education	$96.00	$96.00	$0.00	0.00%
Homeless Pupils	$31.23	$31.98	$0.75	2.40%
Incarcerated Youth	$12.00	$10.50	($1.50)	-12.50%
Bilingual Education	$18.50	$18.50	$0.00	0.00%
Education of OMH/OMR Pupils	$52.75	$52.75	$0.00	0.00%
Special Act School Districts	$2.70	$2.70	$0.00	0.00%
Chargebacks	($48.75)	($45.25)	$3.50	7.18%
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	$10.57	$5.00	($5.57)	-52.70%
Native American Education	$48.83	$48.83	$0.00	0.00%
School Bus Driver Safety	$0.40	$0.40	$0.00	0.00%
Subtotal	$289.19	$286.37	($2.82)	-0.98%
GSPS Total	**$27,504.70**	**$28,080.38**	**$654.83**	**2.58%**
Competitive Grants	$219.11	$269.11	$50.00	22.82%
Fiscal Stabilization Fund	$0.00	$200.00	$200.00	---
School Year Total	**$27,723.81**	**$28,549.49**	**$825.68**	**2.98%**

Education Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2020**	**Proposed FY 2021**	**Change Amount**	**Percent**
School Aid FY	30,384,255	31,089,024	704,769	2.32%
STAR	2,175,995	1,999,516	(176,479)	-8.11%
Programs for the Disabled	2,126,637	2,157,221	30,584	1.44%
All Other	1,593,655	1,581,152	(12,503)	-0.78%
School Aid-Other	109,518	109,518	0	0.00%
Totals:	**36,390,060**	**36,936,431**	**546,371**	**1.50%**

FACT SHEET:
HIGHER EDUCATION

- The Fiscal Year 2021 Executive Budget proposes All Funds spending authorization of 18.3 billion, an increase of $1.2 billion, or 6.9 percent, over the current year
  - Increase of $724 million to SUNY, for a total of $11.9 billion
  - Increase of $517 million to CUNY, for a total of $5.3 billion
  - Decrease of $64 million to HESC, for a total of $1.2 billion

- State Operations support for senior colleges at SUNY and CUNY held flat. Executive would provide for increased fringe benefit costs at senior colleges: additional $96 million at SUNY and $24 million at CUNY

- Decrease in community college funding at SUNY and CUNY
  - Community colleges are reimbursed based on full-time equivalent (FTE) student enrollment
  - Reimbursement rate held flat at $2,947 per FTE
  - Executive removes hold harmless provisions from FY 2020 Enacted Budget
  - CUNY community college funding decreases $3.7 million, and SUNY community college funding decreases $22.9 million due to lower enrollment numbers

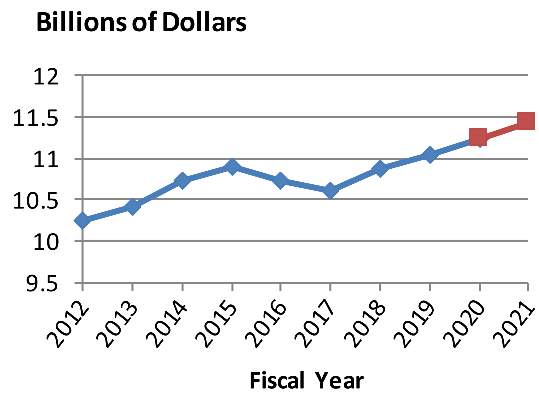
- Expands the Excelsior "Free Tuition" Award (for SUNY and CUNY schools) and Enhanced Tuition Award (for private colleges and universities)
  - Family income eligibility threshold rose to $125,000 in AY 2019-20
  - Executive proposes increasing the income ceiling to $135,000 in AY 2021, and to $150,000 in AY 2022
  - Estimated cost of Excelsior expansion totals $20 million in AY 2021, and $35 million when fully phased in

- Extends predictable tuition at SUNY and CUNY four-year institutions
  - University systems were previously granted four years of $200 annual tuition increases in Academic Years 2018-2021
  - Executive proposes another four-year extension of $200 annually, or $800 total in Academic years 2022-2025

- New SUNY and CUNY capital funding
  - Critical maintenance capital funding of $550 million for SUNY four-year institutions and $284 million for CUNY four-year institutions
  - Additional $150 million for SUNY's three teaching hospitals ($50 million each)
  - New 2:1 matching grant program for strategic initiatives, wherein State allows new construction of buildings, provided schools can secure outside funds that the State matches on a 2:1 basis – would provide $200 million each to SUNY and CUNY

HIGHER EDUCATION

All Funds Disbursements		
(Millions of Dollars)		
	Estimated FY 2020	Projected FY 2021
Cash	11,238	11,435
Annual Growth Rate	1.9%	1.8%
5 Year Average Growth (Actual)		0.6%



The FY 2021 Executive Budget recommends All Funds cash disbursements of $11.4 billion for New York State public and private higher education programs. This represents an increase of $197 million, or 1.75 percent, from FY 2020.

Cash spending at SUNY would increase $347 million, or 4.1 percent, from $8.5 billion to $8.9 billion. CUNY cash spending would decrease $70 million, or 4.2 percent, from $1.68 billion to $1.61 billion. Higher Education Facilities Capital Matching Grants Program disbursements would increase $3.9 million. The Higher Education Services Corporation, which is responsible for administering the State's financial aid programs including TAP and Excelsior, would decrease $83 million, or 8.7 percent.

State University of New York (SUNY)

The Executive recommends appropriations of $11.9 billion, an increase of $725 million, or 6.5 percent, from FY 2020. This in large part is the result of a $27 million decrease in Aid to Localities, a $245 million increase in State Operations, and a $507 million increase in Capital appropriations.

State-Operated Senior Colleges

The Executive Budget recommends flat State support for individual Senior State colleges. The FY 2018 Enacted Budget authorized SUNY to increase tuition by $200 annually for four years, although the Executive Budget does not provide any additional spending authority. Academic Year (AY) 2021 is anticipated to be a fourth year of $200 tuition increases, reaching $7,270 annually. The Executive would extend this authority another four years at $200 annually, as discussed in the ELFA Article VII Section.

The Executive covers increased fringe benefit costs. The FY 2021 fringe benefit costs total $1.9 billion, an increase of $96 million. Funding for opportunity programs was maintained at last year's enacted levels, which reflected legislative additions.

The three SUNY teaching hospitals at Brooklyn, Stony Brook, and Syracuse receive no operating subsidy in the Executive budget – prior to FY 2019 the hospitals received a combined $78 million annually. They are provided additional spending authority of $136 million, reflecting additional projected revenues by the institutions.

Community Colleges

Community colleges receive State aid via formula based on the enrollment of full-time equivalent (FTE) students. The FY 2020 enacted budget increased the reimbursement rate by $100, to $2,947/FTE. The Executive proposes to leave this unchanged. A projected large decrease in enrollment would reduce assistance by $22.9 million. This decrease continues a trend of declining enrollment driven primarily by demographic changes and stable economic growth as fewer individuals seek education at these institutions. Speculation exists that the Excelsior Scholarship drove some students who would typically seek a lower-cost education at community colleges to matriculate to the more expensive four-year universities.

The Executive eliminates a $1.1 million legislative addition for childcare centers, reducing funding to $1 million total, and the SUNY Orange BRIDGE appropriation of $100,000 is proposed to be eliminated.

Capital

The FY 2021 Executive Budget provides $1.4 billion in capital appropriation authority for SUNY. This represents an increase of $507 million, or 55 percent. Senior Colleges would receive $550 million in deferred maintenance project funding.

The Executive provides a new matching grant appropriation for SUNY four-year institutions. It would provide a 2:1 match for strategic initiative projects funded with outside dollars, and commits $200 million for this purpose.

SUNY Senior College Capital Funding (Thousands of Dollars)	
Albany	$9,720
Alfred Ceramics	$797
Alfred State	$2,131
Binghamton	$10,373
Brockport	$5,217
Brooklyn Health Center	$3,262
Buffalo College	$5,792
Buffalo University	$19,125
Canton	$1,781
Cobleskill	$1,877
Cornell	$8,829
Cortland	$4,550
Delhi	$1,793
Empire State	$455
Environmental Science and Forestry	$2,283
Farmingdale	$5,403
Fredonia	$3,326
Geneseo	$3,339
Maritime	$1,813
Morrisville	$2,199
New Paltz	$4,594
Old Westbury	$2,941
Oneonta	$3,878
Optometry	$899
Oswego	$5,413
Plattsburgh	$3,799
Potsdam	$3,549
Purchase	$5,252
State University Plaza	$1,354
Stony Brook (Including Health Center)	$23,948
Syracuse Health Center	$2,627
SUNY Polytechnic	$1,081
University-Wide/Unspecified	$396,600
Total SUNY Senior College Capital	**$550,000**

The Executive proposes an additional $150 million for the three teaching hospitals at Upstate (Syracuse), Downstate (Brooklyn), and Stony Brook. Each hospital would receive an additional $50 million. While these amounts are in line with recent enacted budgets for Upstate and Stony Brook, it represents the first new capital appropriation for Downstate since 2008. This funding reflects an authority to spend, though not necessarily State aid. SUNY bonds out capital projects on behalf of the hospitals, who then repay the bonds via revenues from services provided.

Although a $78 million subsidy to SUNY's teaching hospitals was discontinued in the FY 2019 enacted budget, a $79 million capital appropriation was provided to the hospitals for which the State would agree to cover the debt service that year. No such appropriation is provided in this year's Executive Budget, despite the continued lack of operating subsidy.

An appropriation of $46 million is provided for projects at community colleges. This represents an increase of $9 million, or 24 percent. These projects require a 1:1 dollar match from a local government sponsor – typically the county government the college resides within.

SUNY Community College Capital Funding (Thousands of Dollars)	
Adirondack	$2,478
Broome	$1,250
Cayuga	$390
Dutchess	$1,637
Erie	$3,775
Finger Lakes	$4,763
Hudson Valley	$2,000
Jamestown	$717
Jefferson	$2,000
Mohawk Valley	$1,540
Monroe	$2,618
Nassau	$9,070
North Country	$150
Orange County	$243
Suffolk	$3,685
Ulster	$4,836
Westchester	$4,889
TOTAL	**$46,038**

City University of New York (CUNY)

The Executive recommends appropriations of $5.3 billion, an increase of $517 million, or 10.8 percent, from FY 2020. This is the result of a $20 million increase in Aid to Localities, a $201 million increase in State Operations, and a $296 million increase in Capital appropriations.

Senior Colleges

Operating funds for senior colleges would increase $201 million, or 7.3 percent.

The Executive proposes a $24.3 million systemwide increase for fringe benefit costs. Tuition revenue reflects a projected $200 increase in tuition in AY 2021 to $6,930. Legislative additions for the CUNY Pipeline at the Graduate Center, Murphy Institute for Labor Studies, and Community Legal Service Network would be eliminated.

Community Colleges

Community colleges receive State aid via formula based on the enrollment of full-time equivalent (FTE) students. The FY 2020 budget increased the reimbursement rate by $100, to $2,947/FTE. The Executive would leave this unchanged. A decrease in enrollment results in a net funding reduction of $3.7 million

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

Capital

The FY 2021 Executive Budget provides a $685 million capital appropriation for CUNY. This represents a $296 million increase, or 76 percent, from FY 2020. Senior College appropriations would be left unchanged at $284 million.

Similar to SUNY, the State provides $200 million for strategic initiative projects that is to be utilized as a matching grant program. The State would match 2:1 outside dollars for these projects.

Community college appropriations total $64.3 million, a decrease of $4 million. Identical to

SUNY community colleges, capital projects must receive a 1:1 dollar match from the local sponsor (New York City). A list of approved projects was not available at the time of this publication.

CUNY Senior College Capital Funding (Thousands of Dollars)	
Baruch	$3,370
Brooklyn	$7,640
City	$6,700
Grad School & University Center	$890
Honors College	$90
Hunter	$6,330
John Jay	$1,360
Lehman	$3,800
Medgar Evers	$1,450
NYC College of Tech	$1,870
Queens	$6,140
Staten Island	$5,110
York	$2,110
University-Wide Improvement Needs	
ADA Compliance	*$6,140*
Bathroom Facilities	*$1,050*
CUNY TV Renovation	*$300*
Ed. Technology Initiative	*$6,640*
Energy Conservation	*$4,080*
Health and Safety	*$9,210*
Mechanical & Infrastructure	*$7,150*
Occupancy/Public Assembly	*$2,070*
Preservation of Facilities	*$12,400*
Science & Tech Equipment	*$5,030*
Science Lab Upgrades	*$2,070*
University-Wide Critical Maintenance	*$181,222*
TOTAL	**$284,222**

Higher Education Services Corporation (HESC)

The Executive Budget recommends All Funds appropriations of $1.1 billion to support HESC's operations. This is a net decrease of $65 million, or 5.3 percent, from FY 2019. The decrease is driven by a change in accounting for financial aid program recipients enrolled in SUNY institutions that was enacted in FY 2020. Potential re-estimations may have been made of several financial aid programs that were previously funded at levels greater than necessary.

The Excutive Budget provides $885 million for TAP, the primary source of financial aid assistance from the State. This represents a $12.3 million increase, or 1.4 percent.

The Excelsior Scholarship was enacted in FY 2018 to cover tuition costs for eligible SUNY and CUNY students. The Executive would increase funding to $146 million in its fourth year of implementation, reflecting a proposed increase of the income eligibility ceiling from $125,000 to $135,000. This change is discussed further in the ELFA Article VII section, Part E. The Enhanced Tuition Award, directed at private school students, is projected to increase from $5.5 million to $6.6 million. While this award was agreed to be funded at a higher number when enacted, it has experienced lower-than-expected participation rates. Changes encouraging greater participation were made in FY 2019, although the full impact of these changes are unknown. Additional discussion of these and other scholarship programs is included in the College Affordability Issues in Focus section, including proposed changes to income eligibility.

Higher Education Capital Matching Grant Program (HECap)

The Executive discontinues $30 million in HECap funding. The HECap program was established in FY 2006 and provided $150 million in capital for private and independent colleges and universities on a formulaic basis. In FY 2015 the Legislature established additional funds for competitive grants requiring a 3:1 match by recipients. While the Executive and Legislature also provided new $30 million appropriations in FY 2017, FY 2019, and FY 2020, the Executive does not provide a new appropriation for FY 2021.

Council on the Arts

The FY 2021 Executive Budget proposes $47 million in funding for arts and cultural grants administered by the New York State Council on the Arts. The Aid to Localities appropriation would decrease by $100,000, from $42.6 million to $42.5 million. This represents the elimination of two Legislative additions: $50,000 for NYC Museum, and $50,000 for Bronx Museum of the Arts. Funding of $220,000 is transferred to the Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation, colloquially known as the "Egg".

Overview of Major Changes in State Support for Higher Education (Thousands of Dollars)			
Program	**FY 2020**	**FY 2021**	**Change**
CUNY			
Community Legal Service Network	50	-	(50)
CUNY in the Heights	100	-	(100)
CUNY Pipeline at Graduate Center	250	-	(250)
CC Childcare	1,715	813	(902)
CUNY LEADS	1,500	-	(1,500)
Family Empowerment Pilot	2,000	-	(2,000)
ASAP Remedial Program	2,500	-	(2,500)
Community College Base Aid	228,868	225,215	(3,653)
Brooklyn College Small Biz Center	200,000	-	(200,000)
SUNY			
Fringe Benefits	1,762,127	1,858,409	96,282
Stony Brook Alganquian Language Proj	50	-	(50)
Orange County CC Bridge Program	100	-	(100)
American Chestnut Restoration Project	100	-	(100)
Benjamin Center at New Paltz	100	-	(100)
Center for Women In Government	200	100	(100)
Cornell Center in Buffalo	150	-	(150)
State Vet College at Cornell	500	250	(250)
Graduate Diversity Fellowships	6,639	6,039	(600)
Small Business Opportunity Centers	2,673	1,973	(700)
CC Childcare	2,099	1,001	(1,098)
Family Empowerment Pilot	3,000	-	(3,000)
Community College Base Aid	454,073	431,208	(22,865)
HESC			
Excelsior Scholarships	131,167	146,167	15,000
TAP	873,110	885,449	12,339
Enhanced Tuition Award Program	5,499	6,601	1,102
STEM & Misc. Scholarships	60,681	61,172	491

Higher Education Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2020**	**Proposed FY 2021**	**Change Amount**	**Percent**
SUNY	8,540,816	8,887,913	347,097	4.06%
CUNY	1,677,723	1,607,203	(70,520)	-4.20%
Higher Education Services Corp.	960,843	877,387	(83,456)	-8.69%
Higher Education Capital Grants Program	11,875	15,750	3,875	32.63%
Higher Education - Misc.	441	441	0	0.00%
Council on the Arts	46,053	46,049	(4)	-0.01%
Totals:	**11,237,751**	**11,434,743**	**196,992**	**1.75%**

FACT SHEET:
HEALTH

The Fiscal Year (FY) 2021 Executive Budget recommends All Funds cash disbursements of $73.1 billion, a net increase of $22.3 million. This small increase is reflective of the implementation of a $599 million FY 2020 Medicaid savings plan a forthcoming $2.5 billion Medicaid gap-closing plan in FY 2021.

Medicaid

- Extends the state Medicaid Global Cap with appropriation language limiting State-share Medicaid program spending to $23.6 billion

- Reconstitutes the Medicaid Redesign Team (MRT II) that was previously tasked with reforming the Medicaid program in 2011. The MRT II will identify cost-containment measures in order provide $2.5 billion in gap-closing savings in FY 2021 and ensure Medicaid spending in future years adheres to the Global Cap indexed rate.

- Administratively eliminates and reduces Medicaid funding for critical access hospitals, sole community hospitals, enhanced safety net hospitals, local governments, and targeted payments to health providers and plans as part of a $599 million savings plan for FY 2020

- Limits growth of Medicaid takeover savings that counties receive to 2 percent property tax levy cap including New York City and establishes a penalty if a localities Medicaid expenditures exceed 3 percent growth by requiring localities to be liable for one hundred percent of the excess amount of the non-federal share of those expenditures. With this proposal the state assumes $150 million of savings in FY 2021 and 2022 to offset the state share of Medicaid spending.

Health Care Reform Act (HCRA)

Extends HCRA for three years through FY 2023 in order to continue the authorization of receipts to fund HCRA financed healthcare services. However, funding for certain programs would be eliminated or not extend, including the Excess Medical Malpractice Pool and the Indigent Care Pool that are sunset.

Public Health

- The Executive Budget proposes Article VII initiatives to:
  - Establishes the Drug Accountability Board (DAB) and investigatory powers for drug pricing
  - Expands the Independent Dispute Resolution (IDR) process
  - Bans synthetic fentanyl analogs
  - Increases accountability for medical professionals
  - Establishes tobacco and vapor product controls
  - Regulates the registration and licensure of pharmacy benefit managers (PBMs)

Office of the Medicaid Inspector General (OMIG)

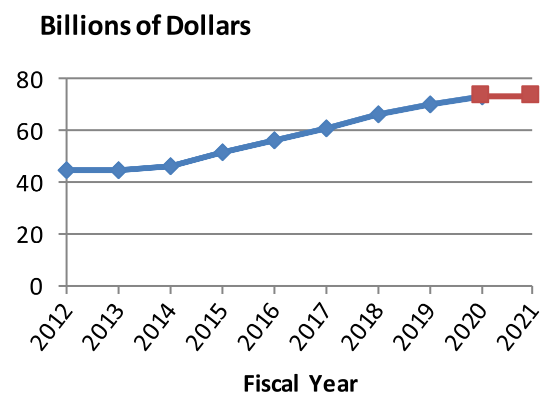
- Increases the OMIG workforce 69 from current year levels work to promote program integrity, including a new unit that would be tasked with monitoring Medicaid Managed Care payments

State Office for the Aging

- Continues $15 million in funding for Expanded In-Home Services for the Elderly Program (EISEP).
- Defers the statutory FY 2021 COLA increase, which would result in $3.6 million in State cost avoidance in 2021.

HEALTH - MEDICAID - AGING

All Funds Disbursements (Millions of Dollars)		
	Estimated FY 2020	Projected FY 2021
Cash	73,074	73,096
Annual Growth Rate	4.4%	0.0%
5 Year Average Growth (Actual)		8.6%



Department of Health (DOH)

The Fiscal Year (FY) 2021 Executive Budget recommends All Funds cash disbursements of $73.1 billion, a net increase of $22.3 million. This small increase is reflective of the implementation of a FY 2020 Medicaid savings plan that administratively reduced Medicaid spending by $599 million in FY 2020 and projected savings associated with a forthcoming $2.5 billion Medicaid gap-closing plan in FY 2021.

All Funds Cash Disbursements (Thousands of Dollars)			
	FY 2020	FY 2021	Change
Medicaid	$61,288,168	$61,448,085	$159,917
Medicaid Administration	$1,698,032	$1,490,840	($207,192)
Essential Plan	$4,179,255	$4,584,422	$405,167
Public Health	$5,608,660	$5,272,298	($336,362)
Total DOH	**$72,774,115**	**$72,795,645**	**$21,530**

The Executive includes language throughout DOH State Operations and Aid to Localities appropriations to:

- Provide that no funds may be available for certification or payment under the appropriation until the Legislature has finally acted upon the Aid to Localities budget and the Director of the Division of the Budget (DOB) has determined that those appropriations are sufficient.
- Provide the Director of DOB with authority to transfer appropriations between any State agency and public authority.
- Provide that funds may be increased or decreased by transfer or interchange with any other appropriation or with any other item or items within the amounts appropriated within DOH, the Mental Hygiene agencies, and the Human Services agency, the Public Protection agencies, the State University of New York, the Office for the Aging, the office of the Medicaid Inspector General, the Office of Information Technology Services, the Office of General Services.
- Provide that funds may be used by DOH for outside legal assistance on issues involving the federal government, the conduct of preadmission, screening and annual resident reviews required by the state's Medicaid program, computer matching with insurance carriers, to insure that Medicaid is the payer of last resort, activities related to the management of the pharmacy benefit available under the

Medicaid program and administrative expenses of other health insurance programs of DOH.

- Provide that if the Legislature does not act on the Medicaid Redesign Team MRT II recommendations to achieve $2.5 billion in savings uniform across the board reductions would be applied to Medicaid appropriations necessary to achieve $2.5 billion in savings, provided that such uniform reductions may be increased or decreased at the discretion of the Budget Director.
- Provide the Budget Director authority, after consultation with the Commissioner of Health, to make across-the-board reductions to DOH State Funds Medicaid spending by $248 million for FY 2021.

Medicaid

The FY 2021 Executive Budget projects All Funds Medicaid spending (including the $7.6 billion local contribution) of $77.8 billion, a decrease of $1 billion, or 1.3 percent. This also includes Essential Plan funding. The Executive proposes to revert to a one-year appropriation structure for Medicaid from the previous FY 2020 two-year appropriation structure.

PROPOSED ALL FUNDS MEDICAID SPENDING (Thousands of Dollars)				
	FY 2020	FY 2021	Change	Percent
Federal Funds with Essential Plan (EP)	$45,117,000	$44,437,000	($680,000)	-1.5%
DOH State Share	$22,048,000	$23,085,000	$1,037,000	4.7%
EP State Total	$80,000	$78,000	($2,000)	-2.5%
DOH Medicaid State Operations	$244,000	$237,000	($7,000)	-2.9%
Other State Agencies (OSA):				
Mental Hygiene	$4,015,000	$2,710,000	($1,305,000)	-32.5%
Foster Care	$61,000	$71,000	$10,000	16.4%
Education	$110,000	$110,000	$0	0.0%
Corrections	$2,000	$2,000	$0	0.0%
Total State Share with EP (All Agencies)	$26,316,000	$26,056,000	($260,000)	-1.0%
All Funds Medicaid with EP	$71,433,000	$70,493,000	($940,000)	-1.3%
Local Share	$7,328,000	$7,036,000	($292,000)	-4.0%
Gross All Funds-Includes Local Share	$78,761,000	$77,766,000	($995,000)	-1.3%

Global Spending Cap

The Executive anticipates spending under the Global Cap to total $20 billion in FY 2021, an increase of $573 million. The Global Cap is estimated to grow to $20.6 billion in FY 2022. Enacted in FY 2012, the Global Cap limits DOH Medicaid spending growth to the 10-year rolling average of the Medical component of the Consumer Price Index (CPI), which is currently estimated at three percent, in order to contain Medicaid program growth and spending increases. Also extended for one year with language inserted into the Medicaid appropriations as part of the Executive's proposal, is the authority for the Commissioner of Health to develop a Medicaid Savings Allocation Plan should state expenditures exceed the cap amount. Since these proposals are only included within appropriation language the proposals would only be effective for the life of the appropriation, which is one year.

The Executive proposes extending the state Medicaid Global Cap with appropriation language limiting State-share Medicaid program spending to $23.6 billion, which is the limit set by the Medicaid Global Cap Indexed Provisions including select spending that is exempted from this calculation and "outside the cap."

Medicaid Global Cap True Spending Growth (Millions of Dollars)	
FY 2019	**$20,818**
3 % Growth	$568
Local Takeover	$183
Minimum Wage	$750
Health Conversion	$46
FY 2020	**$22,364**
3 % Growth	$574
Local Takeover	$183
Minimum Wage	$314
Health Conversion	$172
FY 2021	**$23,607**

In statute, there are select exemptions to the Global Cap calculation, including funding for increases to the minimum wage as enacted in FY 2017. The Financial Plan continues to fund increases in the minimum wage for health care providers outside the Global Cap, totaling $1.8 billion in FY 2021.

A portion of mental hygiene spending is reported under the Medicaid Global Cap. The Global Cap is expected to fund a total of $2.2 billion of Mental Hygiene spending in FY 2021, an increase of $1.6 billion from FY 2020. The large increase is due to the FY 2020 Medicaid gap closing plan that lowered this offset by $1.4 billion from $2 billion as originally stated in the FY 2020 Enacted Budget to $611 million. The Executive Budget is able to achieve Financial Plan relief by this shift of $2.2 billion of non-DOH Medicaid expenses into the Global Cap to stay within the State Operating Funds Cap.

The FY 2021 Executive Budget projects DOH State Medicaid spending to be $23.1 billion, an increase of $1 billion or 4.7 percent over FY 2020, which exceeds the Global Cap by $3 billion. Of the total $1 billion growth in DOH Medicaid, $497 million is attributable to spending increases that are excluded in statute from the Global Cap calculation, which includes state takeover of local growth, minimum wage, and Medicaid Administration costs.

DOH State Medicaid Year to Year Change
State Funds
(Millions of Dollars)

	FY 2020	FY 2021	$ Growth	% Change
Department of Health Regular Medicaid- General Fund	$13,217	$12,224	($993)	**-7.5%**
Non-DOH Medicaid	$611	$2,195	$1,584	**259.2%**
State Takeover of Local Growth	$1,100	$1,283	$183	**16.6%**
Minimum Wage	$1,453	$1,767	$314	**21.6%**
Essential Plan*	$80	$78	($2)	**-2.5%**
Medicaid State Ops	$244	$237	($7)	**-2.9%**
MSA Payments- Offset	($315)	($371)	($56)	**17.8%**
Local Contribution- New Offset	$0	($150)	($150)	**0.0%**
Other State Funds/DOH Medicaid Local	$5,658	$5,822	$164	**2.9%**
DOH Medicaid Spending	**$22,048**	**$23,085**	**$1,037**	**4.7%**

*The Essential Plan is not a Medicaid program, however, state funded resources are managed under the Global Cap.

The FY 2021 Executive Budget recommends total state Medicaid spending, including Medicaid spending for the Mental Hygiene agencies, to be of $26.5 billion, a decrease of $50 million. The small decrease is driven by the FY 2020 savings plan, which lowered Medicaid spending by $599 million, and the anticipated savings of $2.5 billion associated with the forthcoming MRT II reforms, which will keep total state share support for Medicaid flat in FY 2021.

Medicaid Redesign Team (Phase II)

The MRT was originally comprised of DOH staff and Legislators, along with a wide range of stakeholders from the health care industry. It was charged with identifying cost savings and implementing reforms designed to increase the efficiency of Medicaid and stabilize cost growth within the program making reforms to the health care system in order to contain spending and improve health outcomes. The first phase of the MRT work groups are no longer active, however, the final MRT report issued in May 2012 served as blueprint over eight years of prospective changes to the Medicaid program.

The Executive Budget reconstitutes the Medicaid Redesign Team (MRT II) that was previously tasked with reforming the Medicaid program in 2011.

The MRT II will identify cost-containment measures in order provide $2.5 billion in gap-closing savings in FY 2021 and ensure Medicaid spending in future years adheres to the Global Cap indexed rate. <u>The MRT II is required to issue a report back with a plan to deliver $2.5 billion in recurring savings</u>. The Executive is directing the members of MRT II to develop a plan that doesn't rely on local governments as funding sources and has minimal impact on beneficiaries. Instead, MRT II must once again find solutions through industry efficiencies and/or by relying on new resources provided by the industry itself. The Executive Budget financial plan assumes $2.5 billion in savings in order to remain balanced. As of the date of publication of this report, a timeline has not been released outlining the MRT process. According to the Executive, it is possible the MRT proposals will be revealed as part of the Executives 30-day amendments.

The MRT II will be co-chaired by Michael Dowling, president and chief executive officer of Northwell Health, and labor leader Dennis Rivera. The Executive is still finalizing additional MRT II workgroup participants. The first MRT workgroup in 2011 included two member appointments from the Senate Majority and Minority.

Minimum Wage

The Executive Budget Financial Plan projects state costs for provider reimbursement associated with the increase to the minimum wage will grow from $1.5 billion in FY 2020 to $2.5 billion by FY 2024, an increase of $1 billion over five years.

As part of the FY 2020 Mid-year update, DOB revised minimum wage cost projections upward by $322 million in FY 2020 and $560 million in FY 2021 citing trends based on provider reimbursement cost reports of home care agencies.

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

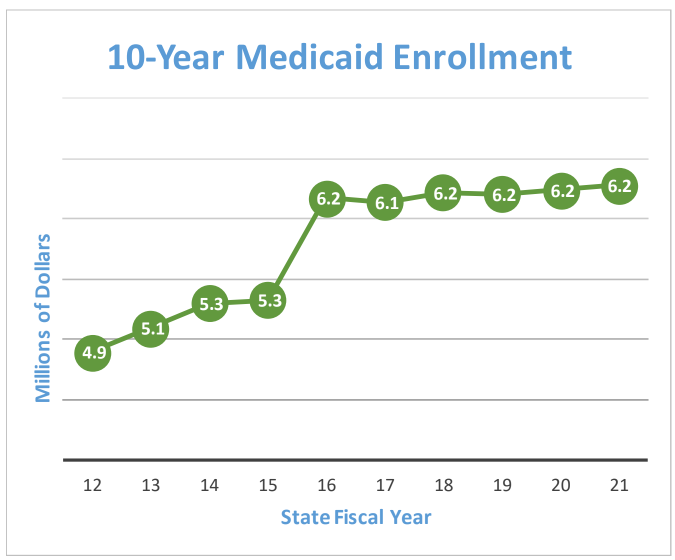
- FY 2017: $44 million
- FY 2018: $255 million
- FY 2019: $703 million
- FY 2020: $1.4 billion
- FY 2021: $1.8 billion
- FY 2022: $2.0 billion
- FY 2023: $2.3 billion
- FY 2024: $2.5 billion

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

Medicaid Minimum Wage Impacts State Funds (Millions of Dollars)			
	FY 2020	FY 2021	Increase
Home Care (MLTC)	$1,227.0	$1,519.7	$292.7
Transportation (MLTC)	$29.9	$37.0	$7.1
Home Care (MMC)	$76.0	$83.3	$7.3
Personal Care	$80.0	$81.8	$1.8
Home Health	$12.7	$13.0	$0.3
Nursing Homes	$9.9	$14.4	$4.5
Inpatient	$1.1	$2.0	$0.9
Outpatient (Clinic)	$5.7	$5.9	$0.2
Assited Living Programs	$2.3	$2.1	-$0.2
Hospice	$0.1	$0.1	$0.0
Transportation	$7.8	$8.1	$0.3
Total	**$1,452.5**	**$1,767.4**	**$314.9**

Medicaid Enrollment

The Executive estimates in FY 2021, that approximately 6.2 million individuals, more than one-third of New Yorkers, will be enrolled in the Medicaid program. This is a slight decrease of current FY 2020 enrollment estimates.



The Medicaid Imbalance

In May 2019, following the passage of the FY 2020 Enacted Budget, the FY 2020 Enacted Budget Financial Plan noted that to close out the FY 2019 Budget, $1.7 billion in planned Medicaid payments would be deferred into FY 2020 in order to stay within the Global Cap.

The Mid-Year update further elaborated that due to this payment shift, and ongoing cost overruns, State-share Medicaid spending subject to the Global Cap exceeded the indexed growth amount by $4.0 billion (including the FY 2019 payment lag of $1.7 billion) and exceeded the Global Cap by $3.1 billion in FY 2021. The Executive noted the following factors that contributed to the excessive spending:

- Consumer Directed Personal Assistance Program (CDPAP) enrollment growing by 88 percent between 2014 and 2019 and spending growing by 85 percent from $1.3 billion to $2.4 billion between 2017 and 2018;
- Managed Long Term Care (MLTC) program growth increased 301 percent between 2013 and 2019. Through March 2019, there were 10,000 more enrollees than originally projected in the FY 2019 Medicaid Global Cap forecast;
- Minimum wage for workers in the health care sector growing from $44 million in FY 2017 to a projected $1.8 billion in SFY 2021, the majority driven by home care agency labor costs;
- Support for distressed hospitals, as part of the Vital Access Provider Assurance Program (VAPAP) and Value Based Payment Quality Improvement Program (VBP-QIP) programs growing by 160 percent since 2016;
- Failure to implement previously budgeted savings actions associated with nursing home and CDPAP rate cuts;
- Failure to shift and rename the VBP-QIP program to the federal Essential Plan trust fund in an attempt to fully fund the program with federal funds.

FY 2020 Medicaid Savings Plan

The FY 2020 Mid-year Update to the State Financial Plan indicated that a Medicaid savings plan of $1.8 billion would be announced as part of the FY 2021 Executive Budget.

As part of this plan, at the end of December 2019, DOH announced that Medicaid reimbursement rates would be cut Across the Board (ATB) by one percent effective January 1, 2020 to achieve state savings of $62 million in the final quarter of FY 2020 and $248 million in FY 2021.

1 % Across the Board Cut to Medicaid Reimbursement (Millions of Dollars)			
Category of Service	**Proportional**	**FY 20**	**Full Annual**
Inpatient	10%	$7	$26
Outpatient/Emergency Room	1%	$1	$3
Clinic	2%	$2	$6
Nursing Homes	10%	$6	$24
Other Long-Term Care	3%	$2	$8
Non-Institutional	5%	$3	$12
Medicaid Managed Care	66%	$41	$164
Managed Care	37%	$23	$92
Long Term Managed Care	29%	$18	$72
All Other	2%	$2	$6
Total		**$62**	**$248**

The FY 2021 Executive Budget indicates that stronger revenue receipts and other savings close the remaining FY 2020 Medicaid gap of $1.2 billion and allow the State to reverse the FY 2020 payment deferral of $552 million that was originally planned to occur in FY 2021.

Following the inclusion of the FY 2020 Savings Plan in the Mid-Year Update, the Executive Budget includes a plan that reduces Medicaid costs by $599 million in FY 2020. On a fully annualized basis, the actions associated with this plan are projected to provide $890 million in recurring ongoing financial plan savings in FY 2021 and the out-years.

(Millions of Dollars)	
DOH Medicaid State Funds Financial Plan Mid Year Estimates	**$26,390**
FY 2020 Savings Plan	($599)
Medicaid Payment Deferral	($1,692)
General Fund- Higher than Projected Tax Receipts	($1,735)
FY20 Savings Plan (Subtotal)	**($4,026)**
DOH Medicaid w/ Essential Plan	**$22,364**

The $599 million FY 2020 Savings plan includes ten Medicaid payment reductions including the ATB cut announced in December 2019.

FY 2020 Medicaid Savings Plan	
(Millions of Dollars)	
Eliminate Enhanced Safety Net Supplemental Rate Increase for Critical Access Hospitals, Sole Community Hospitals, and Safety Net Hospitals	$126
Delay Local District Sharing of FMAP Reconciliation	$112
Discontinue DSRIP Equity Pool	$95
Elimination of MLTC Quality Pool	$69
1% Across the Board (ATB) Rate Reduction	$62
Eliminate Managed Care Quality Pool	$59
Discontinue VBP Stimulus Targeted Provider Increase	$43
Managed Care rate range reduction (bringing MC rates to lowest minimum threshold)	$24
MLTC Rate Range Reduction	$5
Reduction in Supportive Housing	$3
TOTAL	**$598***
*The Recurring value of these cuts in the financial plan is $890 in FY 2021	

The most notable new reductions are:

- Elimination of enhanced safety net hospital funding for Critical Access Hospitals, Sole Community Hospitals, and Safety Net Hospitals in New York City. The Executive asserts that it has been unable to get Federal Medical Assistance Percentages (FMAP) FMAP approval due to a Center for Medicare and Medicaid Services approval issue with the rate increase looking too much like a Disproportionate Share Hospital (DSH) payment and must be linked to quality improvements- **$126 million**
- Decrease in enhanced Federal funding associated with the Affordable Care Act that the State shares with local districts. The final 20 percent of planned FMAP shared savings will not be released to local governments- **$112 million**
- Elimination of the supplemental Delivery System Reform Incentive Payment (DSRIP) Equity Pool that provided additional funding to multiple Performance Provider Systems (PPS) throughout New York State. This pool was intended to address inequity in the DSRIP federal formula. There and three pools some for infrastructure improvement and to encourage the transition to Value Based Payment (VBP)- **$95 million**
- Elimination of Managed Long Term Care **($69 million)** and Managed Care **(59 million)** Quality Pools that provide enhanced funding for health plans that meet certain performance metrics.
- Elimination of a targeted provider rate increase dedicated to assist in the transition to a VBP structure that was included in the FY 2018 Enacted Budget and effective in FY 2019.- **$43 million**

Medicaid Savings Plan Extender

The Executive proposes legislation that would allow a reduction in spending during the fiscal year in the event that Medicaid dollars or federal operating funds are reduced by $850 million or more during FY 2021 or FY 2022. The Director of the Division of the Budget will submit a plan to the Legislature that reduces spending. The plan must equally and proportionally reduce appropriations and cash disbursements in the General Fund and State Special Revenue Funds. If the Legislature does not enact their own plan within 90 days, DOB's plan goes into effect. This has been included in the Enacted Budget in prior years.

The Executive proposes to continue the State's "superpower" authority to make spending reductions if the Global Cap is breached, through March 31, 2021 with language included throughout the Medicaid appropriations.

Medicaid Local District Contribution Reforms

Since the inception of the Medicaid program in 1966, State law required local governments to contribute to the state-share of Medicaid expenditures. Historically the percentage contribution counties paid was 25 percent.

In 2005 a cap on local Medicaid expenditures was instituted by fixing future local government contributions to an uncompounded trend factor. The trend factors set in statute are as follows: 3.5 percent in 2006; 3.25 percent in 2007; and 3 percent each year thereafter. The 2013 Enacted Budget went further by phasing in the State takeover of local Medicaid growth over a three year period. Local Medicaid Growth declined from three to two percent on January 1st, 2013; two to one percent on January 1st, 2014, and was capped at zero percent on January 1st, 2015. The local contribution is now fixed at $7.6 billion with New York City contributing $5.4 billion and the Rest of State contributing $2.2 billion.

The Executive Budget proposes legislation to contain the state share of its assumption of local Medicaid growth by limiting the growth of Medicaid takeover savings that counties receive. The proposal does this in two ways:

- First, by requiring that beginning in calendar year 2020, that each county certify with DOH and DOB that its levy does not exceed the two percent property tax cap. Or, in the case of NYC, if the property tax cap provision had applied to the city. Counties outside of NYC

Medicaid Local District Contributions (Frozen January 1, 2015)

County	Statutory Cap	Reduction from Statutory Cap due to ACA Savings	County Cap (net of ACA eFMAP Reduction)
Albany	$65,153,487	($5,452,571)	$60,791,430
Allegany	$10,236,935	($902,786)	$9,514,706
Broome	$39,624,111	($3,311,534)	$36,974,884
Cattaraugu	$17,371,071	($1,343,577)	$16,296,209
Cayuga	$14,734,435	($1,193,662)	$13,779,506
Chautauqu	$32,343,192	($2,640,776)	$30,230,571
Chemung	$20,748,386	($1,722,169)	$19,370,651
Chenango	$10,218,715	($860,634)	$9,530,208
Clinton	$17,937,879	($1,345,959)	$16,861,112
Columbia	$11,419,246	($945,327)	$10,662,985
Cortland	$10,355,510	($778,119)	$9,733,015
Delaware	$8,945,565	($766,977)	$8,331,984
Dutchess	$43,750,481	($4,003,362)	$40,547,791
Erie	$215,758,575	($20,264,887)	$199,546,666
Essex	$6,937,297	($431,710)	$6,591,930
Franklin	$10,323,790	($741,590)	$9,730,517
Fulton	$14,194,376	($907,451)	$13,468,415
Genesee	$9,880,283	($823,772)	$9,221,265
Greene	$10,062,792	($980,680)	$9,278,249
Hamilton	$663,757	($57,024)	$618,138
Herkimer	$13,978,850	($1,150,041)	$13,058,817
Jefferson	$20,563,032	($1,820,228)	$19,106,850
Lewis	$5,203,749	($457,955)	$4,837,384
Livingston	$9,539,179	($694,706)	$8,983,414
Madison	$11,475,963	($948,972)	$10,716,785
Monroe	$184,837,175	($15,390,428)	$172,524,833
Montgomer	$12,307,071	($876,832)	$11,605,606
Nassau	$240,813,962	($20,714,098)	$224,242,683
Niagara	$46,872,407	($4,343,436)	$43,397,658
Oneida	$57,338,984	($4,347,681)	$53,860,839
Onondaga	$105,614,117	($8,130,251)	$99,109,917
Ontario	$16,736,310	($1,243,650)	$15,741,390
Orange	$73,757,613	($6,228,289)	$68,774,982
Orleans	$8,542,627	($762,237)	$7,932,837
Oswego	$25,614,052	($2,670,278)	$23,477,829
Otsego	$10,811,129	($910,050)	$10,083,089
Putnam	$9,905,951	($804,046)	$9,262,715
Rensselaer	$34,834,303	($2,628,297)	$32,731,665
Rockland	$68,516,660	($3,863,276)	$65,426,039
St.	$24,548,788	($1,841,861)	$23,075,299
Saratoga	$25,396,222	($2,261,206)	$23,587,257
Schenecta	$34,978,252	($2,646,014)	$32,861,441
Schoharie	$5,903,803	($544,917)	$5,467,869
Schuyler	$3,865,285	($325,596)	$3,604,808
Seneca	$6,152,710	($431,731)	$5,807,325
Steuben	$20,077,343	($1,691,095)	$18,724,467
Suffolk	$256,134,440	($21,333,088)	$239,067,970
Sullivan	$20,897,591	($1,763,780)	$19,486,567
Tioga	$8,363,335	($723,325)	$7,784,676
Tompkins	$12,297,913	($1,106,301)	$11,412,872
Ulster	$37,366,146	($3,453,902)	$34,603,024
Warren	$12,591,527	($1,014,322)	$11,780,070
Washingto	$11,608,683	($1,006,942)	$10,803,130
Wayne	$14,534,805	($1,033,606)	$13,707,920
Westchest	$223,035,011	($18,953,232)	$207,872,426
Wyoming	$5,584,596	($496,077)	$5,187,734
Yates	$4,391,315	($402,464)	$4,069,344
ROS	$2,255,650,783	($188,488,777)	$2,104,859,762
NYC	$5,378,022,327	($486,511,223)	$4,988,813,349
Statewide	**$7,633,673,111**	**($675,000,000)**	**$7,093,673,111**

Local Government Savings State Takeover of Local Medicaid Costs (2005 CAP and Growth Takeover) FY 2020 to FY 2024					
County	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Albany	42,689,168	45,924,447	49,145,707	52,460,384	55,871,186
Allegany	6,772,552	7,282,837	7,790,910	8,313,717	8,851,686
Broome	45,031,526	47,571,195	50,099,859	52,701,854	55,379,307
Cattaraugus	15,132,371	16,107,474	17,078,352	18,077,385	19,105,391
Cayuga	15,561,190	16,470,059	17,374,989	18,306,163	19,264,340
Chautauqua	30,536,154	32,422,534	34,300,740	36,233,414	38,222,136
Chemung	16,488,992	17,606,113	18,718,393	19,862,930	21,040,658
Chenango	8,645,524	9,211,451	9,774,926	10,354,742	10,951,372
Clinton	13,123,058	14,054,886	14,982,677	15,937,373	16,919,755
Columbia	12,839,564	13,567,329	14,291,940	15,037,564	15,804,811
Cortland	8,805,834	9,380,674	9,953,023	10,541,971	11,147,998
Delaware	8,898,054	9,433,363	9,966,352	10,514,798	11,079,148
Dutchess	56,414,674	59,419,628	62,411,561	65,490,261	68,658,242
Erie	177,505,131	189,303,042	201,049,829	213,137,272	225,575,252
Essex	5,624,785	6,001,647	6,376,876	6,762,988	7,160,296
Franklin	8,587,732	9,155,077	9,719,964	10,301,233	10,899,359
Fulton	10,673,940	11,419,990	12,162,806	12,927,165	13,713,689
Genesee	9,025,263	9,592,429	10,157,138	10,738,223	11,336,160
Greene	9,557,304	10,145,907	10,731,959	11,335,007	11,955,543
Hamilton	687,021	727,545	767,892	809,410	852,132
Herkimer	12,250,594	13,037,477	13,820,950	14,627,145	15,456,719
Jefferson	18,285,842	19,451,308	20,611,724	21,805,792	23,034,488
Lewis	4,243,589	4,527,009	4,809,201	5,099,576	5,398,373
Livingston	9,545,038	10,117,564	10,687,610	11,274,187	11,877,774
Madison	10,611,590	11,274,217	11,933,972	12,612,860	13,311,436
Monroe	162,292,163	172,706,043	183,074,797	193,744,244	204,723,105
Montgomery	13,283,037	14,050,740	14,815,117	15,601,660	16,411,013
Nassau	236,493,602	250,812,829	265,070,006	279,740,641	294,836,725
Niagara	39,497,776	42,088,881	44,668,758	47,323,452	50,055,132
Oneida	50,086,271	53,309,028	56,517,821	59,819,668	63,217,269
Onondaga	100,968,739	107,166,225	113,336,855	119,686,433	126,220,149
Ontario	16,280,759	17,271,271	18,257,491	19,272,311	20,316,561
Orange	90,379,187	95,303,291	100,206,057	105,251,004	110,442,254
Orleans	8,078,898	8,577,544	9,074,029	9,584,912	10,110,610
Oswego	25,520,345	27,054,376	28,581,761	30,153,439	31,770,697
Otsego	8,536,571	9,117,002	9,694,918	10,289,593	10,901,514
Putnam	11,406,609	12,045,986	12,682,592	13,337,660	14,011,725
Rensselaer	24,542,662	26,323,971	28,097,561	29,922,585	31,800,535
Rockland	83,821,671	88,391,821	92,942,167	97,624,473	102,442,566
St. Lawrence	18,202,037	19,484,562	20,761,529	22,075,528	23,427,634
Saratoga	26,933,877	28,503,780	30,066,880	31,675,310	33,330,384
Schenectady	37,450,843	39,623,716	41,787,173	44,013,370	46,304,127
Schoharie	5,166,051	5,498,147	5,828,803	6,169,049	6,519,161
Schuyler	3,033,781	3,240,753	3,446,828	3,658,879	3,877,080
Seneca	5,619,596	5,972,765	6,324,404	6,686,240	7,058,570
Steuben	17,261,543	18,381,710	19,497,022	20,644,679	21,825,618
Suffolk	284,306,151	300,519,369	316,662,330	333,273,436	350,366,264
Sullivan	22,057,621	23,346,278	24,629,350	25,949,631	27,308,200
Tioga	6,304,446	6,744,480	7,182,606	7,633,439	8,097,345
Tompkins	11,104,669	11,806,747	12,505,782	13,225,089	13,965,256
Ulster	41,646,568	44,016,950	46,377,060	48,805,613	51,304,594
Warren	9,939,189	10,615,110	11,288,103	11,980,612	12,693,204
Washington	11,939,872	12,646,329	13,349,724	14,073,518	14,818,302
Wayne	18,840,889	19,842,160	20,839,092	21,864,935	22,920,527
Westchester	175,865,126	187,832,130	199,747,277	212,007,964	224,624,210
Wyoming	5,528,109	5,861,491	6,193,427	6,534,990	6,886,458
Yates	3,731,585	3,975,272	4,217,903	4,467,571	4,724,478
Rest of State	**2,133,656,735**	**2,265,335,960**	**2,396,444,576**	**2,531,355,341**	**2,670,178,519**
New York City	**1,981,151,384**	**2,201,926,595**	**2,421,745,114**	**2,647,938,370**	**2,880,691,230**
Statewide	**4,114,808,119**	**4,467,262,556**	**4,818,189,690**	**5,179,293,711**	**5,550,869,749**

- would be required to make this certification by April 20, 2020 and by January 15 beginning in 2021 and thereafter. NYC would be required to make the certification by July 15, 2021. If either a county or NYC fails to adhere to the two percent property tax levy cap, the districts savings would be capped at FY 2020 savings levels, and the difference in growth the following FY would be owed back to the state as an additional contribution.

- Second, in FY 2021, the Executive establishes a penalty if a local government does not certify expenditures associated with the first proposal and Medicaid expenditures exceed three percent growth annually over the prior fiscal year, Localities would be liable to pay for the entire growth above the three percent threshold.

The Executive asserts that the first proposal would take precedence over the second proposal. If the percent tax cap proposal does not apply, the second three percent growth threshold proposal would.

The Executive further proposes to require all counties, providers and other recipients of Medicaid funding to share with DOH or DOB all fiscal and statistical records or reports demonstrating their claim of Medicaid reimbursement and underlying records or documentation. Currently, 3.3 million of current Medicaid recipients have their eligibility determined by their local social services district and 2.9 million by the New York State of Health marketplace. The Executive contends that since MLTC enrollees are the largest component of Medicaid cost overruns, the additional information would provide more detail on what is contributing to larger than anticipated enrollment above previously stated projections.

The takeover of local Medicaid costs by the State is projected save local districts a total of $4.5 billion in FY 2021 including approximately $2.2 billion for NYC and $2.3 billion for the Rest of State. With this proposal the state assumes $150 million of savings in FY 2021 and 2022 to offset the state share of Medicaid spending.

The Executive proposes the continuation of utilizing Master Tobacco Settlement Agreement proceeds to fund a portion of the non-federal share of annual Medicaid growth, which the state pays on behalf of local governments. This funding would be deposited into the Medicaid Management Information System (MMIS) Escrow fund This offset has grown from $125 million in FY 2018 to $371 million in FY 2021

New York State of Health (NYSOH)

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

Along with establishing the parameters of the NYSOH, the Executive Order also stated that the Exchange would be funded entirely with federal funds through January 1, 2015, but then would become wholly self-funded. The Executive Order also explicitly clarified that no state or county taxpayer dollars would be used for such purpose. Contrary to Executive Order #42, tax payer dollars are being used to fund NYSOH.

The Executive Budget includes $289 million in State spending in FY 2021 a decrease of $3 million from current year levels. The total operating budget is projected to decrease by $1 million in FY 2021 to $519 million.

A total of 4.7 million people have enrolled in health insurance coverage, including Medicaid, the Essential Plan, and Child Health Plus through the NYSOH in 2019, an increase of more than 435,000 people, of seven percent, from 2018.

Basic Health Plan (Essential Plan)

Background
Pursuant to the Affordable Care Act (ACA), states were given the option to establish a basic health plan. In 2014, the Executive found the establishment of a Basic Health Plan to be in the financial interest of the state, and submitted a blue print to the Centers for Medicare and Medicaid Services (CMS) in December of 2014 requiring approval to phase in its implementation beginning in FY 2015.

The FY 2015 Enacted Budget authorized the establishment of the Basic Health Plan. Under the plan, citizens between 138 and 200 percent of the FPL, who would otherwise be eligible to purchase coverage through the NYSOH, would pay no premium or a small premium based on income level. Coverage is provided with no premium for certain aliens who legally reside in the U.S. (in New York) and whose income is below 138 percent of the FPL. **While the program is outside of Medicaid, it is financed within the Medicaid Global Cap.** The Basic Health Plan is known as the Essential Plan in New York.

The Basic Health Plan was implemented in two phases:

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

FY 2021 Essential Plan Budget

The Executive Budget includes $4.5 billion in federal support for the Essential Plan to cover premium and cost sharing expense for enrollees. Additionally, $78 million in state support is proposed to cover the costs of premiums and cost sharing for the portion of costs that is not federally reimbursed. Total All Funds spending is projected at $4.6 billion.

Total enrollment in the Basic Health Plan is projected to increase to 773,639 in FY 2021 from 775,117 in FY 2020.

The FY 2021 Executive Budget estimates a portion of the Ailessa population from the Essential Plan to CHP effective FY 2020.

Office of the Medicaid Inspector General (OMIG)

The FY 2021 Executive Budget provides All Funds cash disbursements of $48.1 million, an increase of $2 million or 4.3 percent for OMIG. The Executive proposes a workforce of 495 FTEs, and increase of 69 from current year levels.

According to the Executive, the additional 69 new FTE would work to promote program integrity, including a new unit that would be tasked with monitoring Medicaid Managed Care payments.

Public Health

The FY 2021 Executive Budget recommends Public Health spending, excluding Medicaid and the Essential Plan, at $5.27 billion, a decrease of $336.4 million, or six percent from current year levels. Decreased spending in FY 2021 is mainly attributable to increased federal offsetting funds and program eliminations and consolidations.

FY 2021 Health Proposals - Executive Budget Department of Health - State Investments / (Savings) (Millions of Dollars)			FY 2021	
	Effective Date	Legal Admin	State Operating Funds Total	Gap Closing Total
Department of Health -- Local Assistance Proposals				
Child Health Plus - Health Services Initiative	4/1/20	A	(73.364)	**(73.364)**
SOFA - Defer FY21 COLA Increase	4/1/20	L	(3.640)	**(3.640)**
Reduce and Consolidate Rural Health Access funding	4/1/20	L	(3.270)	**(3.270)**
Medical Indemnity Fund - Forego FY21 Payment	4/1/20	A	(52.000)	**(52.000)**
Discontinue Health Workforce Retraining Program	4/1/20	A	(9.160)	**(9.160)**
Discontinue ECRIP	4/1/20	L	(3.445)	**(3.445)**
Discontinue GME DANY Ambulatory Training Program	4/1/20	L	(1.800)	**(1.800)**
Discontinue Area Health Education Ctrs (AHEC) Program	4/1/20	L	(1.662)	**(1.662)**
Discontinue GME DANY Diversity in Medicine Program	4/1/20	L	(1.244)	**(1.244)**
Discontinue Adult Cystic Fibrosis Assistance Program	4/1/20	L	(0.375)	**(0.375)**
Discontinue Adelphi University Breast Cancer Support	4/1/20	A	(0.283)	**(0.283)**
Discontinue Workforce Studies (GF-ATL)	4/1/20	L	(0.148)	**(0.148)**
Discontinue Falls Prevention Program	4/1/20	A	(0.114)	**(0.114)**
Discontinue Gateway Institute (CUNY)	4/1/20	A	(0.083)	**(0.083)**
Discontinue Long Term Care Community Coalition	4/1/20	A	(0.026)	**(0.026)**
Discontinue Upstate Medical (SUNY)	4/1/20	A	(0.015)	**(0.015)**
EQUAL - Finance Half of Program Using Capital Grants	4/1/20	L	(3.266)	-
Reduce Roswell Park Subsidy	4/1/20	A	(13.340)	**(13.340)**
Total Local Assistance			**(167.235)**	**(163.969)**
Department of Health -- State Operations Proposals				
Certificate of Need Fee Increase	4/1/20	A	-	**(70.000)**
Modernization of Center of Environmental Health Fees	4/1/20	L	-	**(4.931)**
Discontinue Health Occupation Development & Workplace Demo	4/1/20	A	(1.280)	**(1.280)**
Discontinue Section 405.4 Hospital Audits	4/1/20	L	(0.850)	**(0.850)**
Total State Operations			**(2.130)**	**(77.061)**
Total Budget Actions			**(169.365)**	**(241.030)**

Aid to Localities

Early Intervention Program

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

EI Program service providers must first seek reimbursement for services by third party payers including health insurers and Medicaid. Services ultimately not covered by the child's health insurance or Medicaid are paid by the locality in which the child resides. The State reimburses localities for 49 percent of their payments to providers.

The FY 2021 Executive Budget proposes instituting a pay and pursue model to ensure that commercial insurance pay for additional early intervention claims. The Executive proposal is expected to achieve net savings of $400,000 when fully annualized.

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

Health Care Reform Act (HCRA)

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

The FY 2021 Executive Budget estimates HCRA revenues of $6.18 billion and disbursements of $6.18 billion, with a closing balance of zero. HCRA revenue will offset $4 billion Medicaid General Fund costs for FY 2021.

The Executive Budget extends related provisions of HCRA for three years through FY 2023 in order to continue the authorization of receipts to fund

HCRA financed healthcare services such as Medicaid, and the Elderly Pharmaceutical Insurance Coverage Program (EPIC),. However, funding for certain programs would be eliminated, including the Health Workforce Retraining Initiative, Empire Clinical Research Program, Ambulatory Care Training Program, and Area Health Education Center. Savings associated with the elimination of these programs will free up HCRA funding to offset the General Fund.

HCRA Program Reductions and Eliminations	
GME Empire Clinical Research Investigator Program- eliminated	($3.40)
GME Area Health Education Centers- eliminated	($1.70)
GME DANY Ambulatory Care Training	($1.80)
GME DANY Diversity in Medicine	($1.20)
Health Workforce Retraining Initiative	($9.20)
Hospital Resident Working Audits	($0.90)
Physician's Excess Medical Malpractice Program	($22.30)
Roswell Park Cancer Institute Subsidy	($13.30)
Medical Indemnity Fund	($52.00)
Health Occupation Development	($1.30)
Total	**($107.10)**

The Executive Budget does not extend the Indigent Care Pool. According to the Executive, programmatic changes regarding the future extension and distribution of funding will be considered as part of MRT II.

HCRA Program Account

The Executive proposes to reduce funding and consolidate various public health related programs currently funded under the HCRA Program Account to achieve state savings. The reductions include:

Roswell Park Cancer Institute

Reduces support for Roswell Park Cancer Institute by 13 percent to achieve $13.3 million in state savings

Excess Medical Malpractice

Rebases the funding available within the Excess Medical Malpractice program pool based on program utilization to date to achieve state savings of $22 million, and sunsets the program.

Medical Indemnity Fund

Defers the annual contribution to the MIF to provide financial plan relief. The current MIF fund balance would continue payments to participants of the participants to achieve state savings of $52 million

Rural Health Program Consolidation

Consolidates the Rural Health Care Access Development Program, and Rural Health Care Network Development into one program. Expenditures are reduced by 25 percent to achieve state savings of $3.3 million.

The Rural Health Care Access Development Program supports rural hospitals to help improve operational efficiencies, reduce duplication of services, and develop affiliations with community-based providers. The Rural Health Care Network Development Program supports rural health network agreements among health care providers that result in the merger or integration and coordination of health care services.

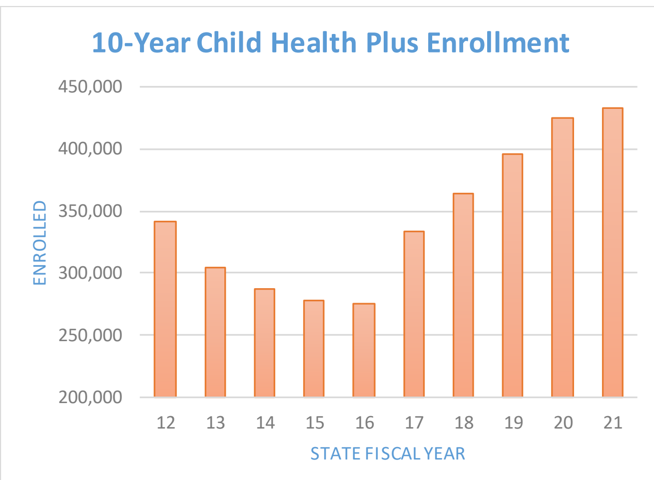
Child Health Plus (CHP)

The Executive estimates that CHP enrollment will continue to increase in FY 2021 after trending downward between FY 2012 and FY 2016. Enrollment is projected to increase by approximately 7,752 children in FY 2021, with a total enrollment of 432,215.

The Executive Budget allocates $634 million, a decrease of $103 million, in FY 2021 to support the CHP, which insures children of families with household incomes up to 400 percent of the Federal Poverty Level (FPL), if these children are not eligible for Medicaid. Federal matching participation is traditionally 65 percent for eligible children, but was raised to 88 percent as a result of the ACA, for 2015 through October 2019.

The Executive Budget recommends the utilization of the Health Service Initiative, which allows up to ten percent of spending in the CHP program to fund other programs that were previously supported 100 percent with funds that relate to improving the health of children. These programs would receive enhanced Federal Matching Assistance Percentage (eFMAP) under CHP. A total of $73 million in new Federal funding available to CHP would offset State costs in programs such as General Public Health Work program and others.

Effective FY 2020, CHP includes the transfer of a portion of the Aliessa population previously funded under the Essential Plan.



Title X Funding

The Executive proposes $14.2 million in state funding to continue support for the loss of Title X federal funding for certain reproductive service providers. Title X is a federal grant program dedicated solely to providing individuals with family planning and related preventive health service. In 2019, the federal U.S. Department of Health and Human Services issued a final rule banning Title X funded clinics from offering abortion services, counseling, or referrals. This state funding would supplant the lost funding for clinics who have withdrawn from the Title X program. The FY 2020 Enacted Budget included a dry appropriation for $16 million to make providers whole in the event reproductive service providers lost the Title X grants.

Redirect Enhanced Quality of Adult Living (EQUAL) Funding

The Executive Budget recommends redirecting half the funding from the Enhanced Quality of Adult Living (EQUAL) Funding to the Capital Budget, which would provide state General Fund savings of $3.27 million in FY 2021.

Funding would be redirected to facilities with at least 25 percent or 25 residents who are persons with serious mental illness or facilities with the highest population of residents who receive Supplemental Security Income.

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

State Operations

Increase to DOH Workforce

The FY 2021 Executive Budget recommends an increase of $5.2 million in personal service. The increase is primarily associated with an additional 22 FTEs. This increase in FTEs is primarily attributable to the Medicaid Administration takeover.

The Executive proposes a workforce of 5,615 Full Time Equivalents (FTEs), a net increase of 22 over current year levels. This increase is composed of 75 new FTEs associated with the phased-in takeover of the local administration of the Medicaid program; 20 for the purpose of testing and regulating industrial hemp and CBD products; and ten from the Family Planning program due to a shift from local assistance to state operations. These increases are offset by FTE reductions within the DOH main office due to attrition (-67) and movement of 16 FTEs to the Office of Cannabis Management for the medical cannabis program.

Certificate of Need (CON) Fee Increase

The Executive Budget recommends instituting a new fee of three percent to be collected for all new CON construction project applications. Applicants are currently assessed an application and a capital fee that is capped at .55 percent. The Executive assumes additional revenue of $70 million.

Center of Environmental Health Fee Increase

The Executive Budget recommends increasing fees that are administered by the Center for Environmental Health. These fees include:

- Joint Filing fee of realty subdivision sewer plans for DOH and DEC- twelve dollars and fifty cents to fifty per lot
- Filing of Realty subdivision plans- twenty-five dollars to one hundred dollars per lot.
- Permit for children's overnight, summer, and day caps- hundred dollars to eight hundred dollars.
- Registration and inspection of tanning devices- thirty dollars to one hundred twenty dollars.
- Asbestos Safety and training- fifty dollars to two hundred dollars per device
- Refresher Asbestos Safety Program Completion Certificate – twelve to thirty dollar

The Executive assumes additional revenue of $4.9 million associated with these fee increases.

Capital

The Executive Budget recommends the continuation of $3.8 billion in capital investments for providers to transition into sustainable more efficient and sustainable systems, retire debt, and support new capital projects.

Statewide Health Care Facilities Transformation Program (HCFTP)

The FY 2021 Executive Budget does not recommend a new phase for the HCFTP program, which provides health care facilities funding to support capital projects, debt retirement, working capital and other non-capital needs that facilitate transformative activities intended to improve access to healthcare services. A Request for Application (RFA) for the third round of HCFTP funding for $425 million, included in the FY 2019 Enacted Budget, has yet to be released.

Life Sciences Laboratory

The FY 2021 Executive Budget proposes $750 million for the Capital Region Life Science Lab (Wadsworth). This would continue to be a joint effort between DOH and the Empire State Development Corporation.

State Office for the Aging (SOFA)

The FY 2021 Executive Budget recommends $252.4 million in All Funds cash disbursements for SOFA, a decrease of $1.3 million or 0.5 percent from the FY 2020 levels.

The FY 2021 Executive Budget proposes a workforce of 95 FTEs, consistent with the current year level.

Deferment of FY 2021 Human Services Cost of Living Adjustment (COLA)

The FY 2021 Executive Budget recommends with language in the appropriations the deferment of the statutory FY 2021 COLA increase, which would result in $3.6 million in State savings in 2021.

The Executive proposes to continue $15 million in funding for Expanded In-Home Services for the Elderly Program (EISEP). EISEP increases community based supports for older adults, helping to maintain independence and providing cost savings from more intensive levels of care.

Health - Medicaid - Aging Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2020**	**Proposed FY 2021**	**Change Amount**	**Percent**
Office for the Aging	253,698	252,421	(1,277)	-0.50%
Medical Assistance	61,288,168	61,448,085	159,917	0.26%
Medicaid Administration	1,698,032	1,490,840	(207,192)	-12.20%
Essential Plan	4,179,255	4,584,422	405,167	9.69%
Public Health	5,608,660	5,272,298	(336,362)	-6.00%
Medicaid Inspector General	46,074	48,113	2,039	4.43%
Totals:	**73,073,887**	**73,096,179**	**22,292**	**0.03%**

FACT SHEET:
TRANSPORTATION

The FY 2021 Executive Budget proposes a total spending level of $10.5 billion for all transportation agencies, an increase of $955.5 million or 10 percent.

Department of Transportation

- The FY 2021 Executive Budget recommends an All Funds cash spending level of $9.7 billion, an increase of $1.2 billion, or 13.8 percent from FY 2020. This increase is largely attributable to a significant increase to the Mass Transportation Operating Assistance Fund Program and other special revenue fund growth.
  - The 2021 Executive Budget proposes a new two year capital plan for DOT, worth a total of $11.9 billion.

Transit Operating Aid

- The FY 2021 Executive Budget provides $4.1 billion in overall cash operating assistance to the State's transit systems, an increase of $532.2 million or 15 percent.
  - Under this proposal, the MTA would receive $3.4 billion, reflecting an increase of $467.4 million or 15.8 percent.
  - Downstate Non-MTA transit systems would receive $405.2 million, an increase of $55.2 million, or 15.8%.
  - Upstate transit systems would receive $236 million for Upstate transit systems, an increase of $9.6 million, or 4.2 percent.

Local Highway and Bridge Funding

- The Executive Budget maintains levels of funding for the Consolidated Highway Improvement Program (CHIPS) and the Municipal Streets and Highway Program ("Marchiselli") at FY 2020 levels of $438.1 million and $39.7 million, respectively.
  - The FY 2021 Executive Budget continues funding for the Local PAVE NY and BRIDGE NY programs, which each provide $100 million per year to municipalities for pavement and bridge projects.
  - The additional $65 million for Extreme Winter Recovery that has been added by the Legislation the last several years was not included in the FY 2021 Executive Budget.

Department of Motor Vehicles

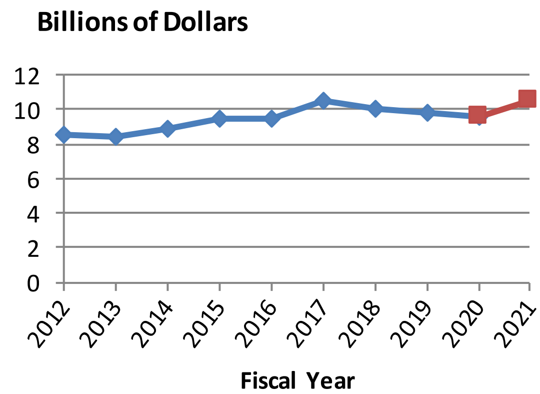
- The FY 2021 Executive Budget recommends an All Funds cash spending level of $398.1 million, a $32.4 million or 8.9 percent increase. This increase is attributable to additional operating costs to accommodate the third year of the license renewal cycle for REAL ID, as well as a surge of formerly ineligible drivers applying for licenses as a result of the Driver's License Access and Privacy Act (aka Green Light NY).

Metropolitan Transportation Authority

- The FY 2021 Executive Budget recommends All Funds spending of $385.9 million, a decrease of $258.6 million or 40.1 percent. This decrease reflects the transfer of certain MTA aid off budget.
  - The MTA recently approved a five year, $51.5 billion Capital Plan. The FY 2021 Budget provides partial funding for the first year of this plan.

TRANSPORTATION

All Funds Disbursements		
(Millions of Dollars)		
	Estimated FY 2020	Projected FY 2021
Cash	9,560	10,515
Annual Growth Rate	-3.0%	10.0%
5 Year Average Growth (Actual)		2.1%



The 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 2021 Executive Budget proposes a total spending level of $10.5 billion for all transportation agencies, an increase of $955.5 million or 10 percent. This section mainly discusses overall changes to the transportation budget. For a detailed discussion of the capital commitments and proposals, refer to the "Transportation Capital Programs" Issues in Focus section.

Department of Transportation (DOT)

DOT maintains and improves more than 44,500 highway lane miles and 7,900 bridges. In addition, the Department subsidizes locally operated transit systems and partially funds local government highway and bridge construction, as well as rail and airport programs. The Department's headquarters is located in Albany, and DOT currently operates 11 regional offices in Schenectady, Utica, Syracuse, Rochester, Buffalo, Hornell, Watertown, Poughkeepsie, Binghamton, Hauppauge and New York City.

The FY 2021 Executive Budget includes 8,520 Full-time equivalents (FTEs) for the Department, which is unchanged from FY 2020.

The FY 2021 Executive Budget recommends an All Funds cash spending level of $9.7 billion, an increase of $1.2 billion, or 13.8 percent from FY 2020. This increase is largely attributable to a significant increase to the Mass Transportation Operating Assistance Fund Program and other special revenue fund growth.

Article VII Provisions

The Executive proposes the following Article VII Legislation:

CHIPS Bidding Threshold Increase
(see Section Three\S.7508, Part A for details)

Extend Authorization of Revenues and Costs for the DHBTF
(see Section Three\S.7508, Part YY for details)

Transit Operating Aid

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

Transit Operating Assistance Cash Disbursements (Thousands of Dollars)			
	FY 2020 Enacted	FY 2021 Proposed	Difference
Downstate			
NYCTA	1,964,239	2,190,139	225,900
MTA Commuter Rail	713,139	804,671	91,532
Verrazano	13,800	13,800	-
MTA Regional Taxes	275,244	425,250	150,006
MTA Total	**2,966,422**	**3,433,860**	**467,438**
Rockland	3,754	4,366	612
Staten Island Ferry	36,625	42,597	5,972
Westchester	61,474	71,498	10,024
Nassau- NICE Bus	74,352	86,475	12,123
Suffolk	28,920	33,636	4,716
Suffolk- Shuttle	500	500	-
NYC DOT	97,876	113,834	15,958
MMCB LHTL	11,000	11,000	-
Remaining Systems	35,503	41,292	5,789
Non-MTA Total	**350,004**	**405,198**	**55,194**
Subtotal Downstate	**3,316,426**	**3,839,058**	**522,632**
Upstate			
CDTA	40,717	42,443	1,726
CENTRO	37,167	38,743	1,576
RGRTA	45,129	47,042	1,913
NFTA	58,623	61,109	2,486
Remaining Systems	44,818	46,717	1,899
Subtotal Upstate	**226,454**	**236,054**	**9,600**
Program Totals	**3,542,880**	**4,075,112**	**532,232**

The FY 2021 Executive Budget provides $4.1 billion in overall cash operating assistance to the State's transit systems, an increase of $532.2 million or 15 percent. Under this proposal, the MTA would receive $3.4 billion, reflecting an increase of $467.4 million or 15.8 percent. Non-MTA transit systems would receive nearly $641.3 million, including $405.2 million for Downstate non-MTA transit systems and $236 million for Upstate transit systems, reflecting an 11.2 percent increase.

Local Highway and Bridge Funding

The Executive Budget maintains levels of funding for the Consolidated Highway Improvement Program (CHIPS) and the Municipal Streets and Highway Program ("Marchiselli") at FY 2020 levels of $438.1 million and $39.7 million, respectively.

The Executive eliminates $65 million for Extreme Winter Recovery that has been added by the Legislature the last several years.

The FY 2021 Executive Budget continues funding for the Local PAVE NY and BRIDGE NY programs, which each provide $100 million per year to municipalities for pavement and bridge projects.

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 2021 Executive Budget recommends an All Funds cash spending level of $398.1 million, a $32.4 million or 8.9 percent increase. This increase is attributable to additional operating costs to accommodate the third year of the license renewal cycle and increased activity in DMV offices resulting from implementation of REAL

ID, as well as a surge of formerly ineligible drivers applying for licenses as a result of the Driver's License Access and Privacy Act (aka Green Light NY) which was passed last year and allows for illegal immigrants to apply for drivers licenses.

The Executive Budget requests a DMV workforce of 2,815 FTE positions, which remains unchanged from FY 2020.

Article VII Provisions

The Executive proposes the following Article VII Legislation:

Penalties for Oversized and Unauthorized Vehicles
(see Section Three\S.7508, Part B for details)

HELP Trucks- Rear Facing Blue Lights
(see Section Three\S.7508, Part C for details)

Metropolitan Transportation Authority

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

The FY 2021 Executive Budget recommends All Funds spending of $385.9 million, a decrease of $258.6 million or 40.1 percent. This decrease reflects the transfer of certain MTA aid off budget.

Additional transit aid to the MTA is appropriated under DOT and discussed in the Transit Operating Aid section. Details on the MTA capital program are included in the "Transportation Capital Programs" Issues in Focus section of this report.

Article VII Provisions

The Executive proposes the following Article VII Legislation:

MTA Bond Cap Increase
(see Section Three\S.7508, Part I for details)

MTA Procurement Reform
(see Section Three\S.7508, Part J for details)

MTA Tax Increment Financing
(see Section Three\S.7508, Part K for details)

Commuter Rail Right of Way Clearance
(see Section Three\S.7508, Part L for details)

Additional Toll Enforcement
(see Section Three\S.7508, Part M for details)

MTA Worker Assault Penalties
(see Section Three\S.7508, Part N for details)

MTA Worker Harassment Penalties
(see Section Three\S.7508, Part O for details)

Subway Sex Offender Ban
(see Section Three\S.7508, Part P for details)

Transportation
Proposed Disbursements - All Funds
(Thousands of Dollars)

Agency	Estimated FY 2020	Proposed FY 2021	Change Amount	Percent
Department of Transportation	8,549,520	9,731,289	1,181,769	13.82%
Department of Motor Vehicles	365,697	398,066	32,369	8.85%
Metropolitan Transportation Authority	644,487	385,856	(258,631)	-40.13%
Totals:	**9,559,704**	**10,515,211**	**955,507**	**10.00%**

FACT SHEET: ENVIRONMENT, AGRICULTURE AND HOUSING

Adirondack Park Agency
- Upgrades to the Agency Headquarters located in Ray Brook

Department of Agriculture & Markets
- Increases in Personal Service expenses and Capital Budget support for the State Fair is offset by the elimination of legislative adds in both Aid to Localities and Capital budgets
- An increase of 40 FTEs from FY 2020 in the program areas of the State Fair (21), Dairy Inspectors (8), Hemp/Plant Industry Support (7), and Lab Technicians (4)

New York State Energy Research and Development Authority
- Over $1 billion in revenue comes from off-budget programs funded through mandatory surcharges imposed upon ratepayers/utilities, which fund goals of the 2015 State Energy Plan and new renewable energy standards enacted in 2019

Department of Environmental Conservation
- Proposes $3 billion "Restore Mother Nature" Bond Act for statewide environmental restoration
- Environmental Protection Fund maintained at $300 M
- $9.4 million in grants to the Village of Lake George for upgrades to the wastewater treatment plant

Division of Housing and Community Renewal
- Shift the Rural Rental Assistance Program and the Neighborhood and Rural Preservation Programs from the General Fund to the Mortgage Insurance Fund
- Capital Budget decreases $192 million due to the elimination of appropriations for Public Housing preservation ($120 million) and Governor's Office of Storm Recovery ($72 million)

Olympic Regional Development Authority (ORDA)
- Proposes $135 million in new capital funding for ORDA's ski facilities and venues
- Proposes $2.5 million in New York Works capital funding sub-allocated from the Office of Parks, Recreation, and Historic Preservation to ORDA for various capital improvements at ORDA facilities

Office of Parks, Recreation and Historic Preservation
- Increase park land by 4,000 acres in the Mid-Hudson Valley for new trails, viewpoints, and ecological barriers with a total cost of $20.6 million from the EPF and the Hudson Highlands Conservation Act

Department of Public Service

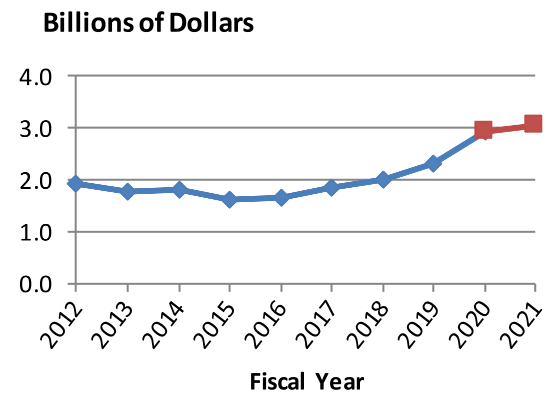
- Article VII language to make it much easier for the Department of Public Service to begin a civil action against an electric or gas corporation and reduces the Department's burden of proving its case by removing the word "reasonably" as a defense. It will also apply these actions to Cable Corporations, Telephone Corporations, and Water-works corporations
- Article VII language to adopt Net Neutrality
- Article VII language to create uniform municipal siting rules for small wireless facilities

New York Power Authority (NYPA)

- $44.4 million for the continued development of the Empire State Trail (Erie Canalway segment)
- Article VII language authorizes the New York Power Authority (NYPA) to create a subsidiary corporation for the purposes of forming a pure captive insurance company

ENVIRONMENTAL CONSERVATION, AGRICULTURE AND HOUSING

All Funds Disbursements (Millions of Dollars)	Estimated FY 2020	Projected FY 2021
Cash	2,910	3,055
Annual Growth Rate	25.7%	5.0%
5 Year Average Growth (Actual)		5.6%



The FY 2021 Executive Budget recommends All Funds disbursements of $3 billion, an increase of $145 million from the FY 2020 Enacted Budget for the State's Environmental Conservation, Energy, Agriculture, and Housing agencies. Increases in funding are recommended for the Department of Environmental Conservation ($97.6 million); the Department of Public Service ($2.4 million); the Division of Housing and Community Renewal ($115 million); the New York Power Authority ($500,000); and the Hudson River Park Trust ($10 million). Decreases are recommended for the Adirondack Park Agency ($14,000); Department of Agriculture and Markets ($6.8 million); the Energy Research and Development Authority ($4.7 million); Olympic Regional Development Authority ($40 million); and the Office of Parks, Recreation and Historic Preservation ($29.2 million).

Environmental Conservation (DEC)

The FY 2021 Executive Budget recommends All Funds appropriations of $4.7 billion for the Department of Environmental Conservation (DEC), an increase of $3 billion, or 171 percent from FY 2020. This increase largely reflects the proposed $3 billion Restore Mother Nature Bond Act which would fund habitat restoration, reduce flooding in hard-hit areas, connect streams and waterways to revitalize fish and water life habitats, right-sizing culverts and dams, restoring freshwater and tidal wetlands, reclaiming natural floodplains, increase shellfish population, upgrade fish hatcheries, conserving forest areas, and expand renewable energy.

The Act's passage is incumbent on public approval at the November 2020 general election.

The Executive proposes $55.2 million for the New York Works Statewide Capital Infrastructure Program that would be used to improve land access, renovate campgrounds, repair dams, and renovate DEC facilities.

The Executive proposes a $500 million appropriation to support clean water projects throughout the State. This is the second installment of the $2.5 billion, over five years, for drinking water infrastructure, wastewater infrastructure, and water quality protection.

Legislative Initiatives Eliminated

- Sustainable South Bronx - $210,000
- Community Growers Grant Program - $100,000
- Feasibility Study American Water - $75,000
- Pa'lante Harlem Inc. - $75,000
- WE ACT for Environmental Justice - $75,000
- Magnolia Tree Earth Center - $75,000
- Brooklyn Queens Land Trust - $45,000
- Bronx River Alliance - $40,000
- OSS Project, Inc. - $25,000
- Water Quality Monitoring in Setauket Harbor - $20,000
- Water Quality Monitoring in Manhasset Bay - $20,000
- North Brooklyn Neighbors - $10,000

Staffing levels for DEC are projected to increase to 3,162 FTEs positions, an increase of 47 FTE from the current fiscal year.

The proposed FTE increase is attributed to staff needs for the Resiliency and Economic Development Initiative (REDI). The Executive launched the REDI Commission in May 2019 to develop and implement plans to strengthen current infrastructure along the Lake Ontario and St. Lawrence River waterfronts. This initiative is in response to the severe flooding along the waterfronts, which affected local economies, homes, and summer tourism in the area.

In September 2019, the Governor signed S.6616, supplemental capital bill, which contained a $100 million appropriation for the Lake Ontario Resiliency and Economic Development.

This sum would be utilized for projects to harden Lake Ontario's shoreline following flooding over the past few years and economic development projects. Disbursements are expected to begin in 2020. The Executive proposes to add 20 FTEs to assist in REDI project implementation.

The Executive proposes an FTE increase of 27 for needs associated with the Climate Leadership and Community Protection Act.

Environmental Protection Fund (EPF)

The FY 2021 Executive Budget proposes to maintain the Environmental Protection Fund appropriation at $300 million. The Executive has requested those funds be distributed as follows:

- $19.6 million, for a decrease of $1 million, climate change programs
- $39 million, for an increase of $1.3 million, solid waste programs
- $89.2 million, for an increase of $1 million, parks and recreation programs
- $152.2 million, for a decrease of $1.31 million, open space programs

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

Restore Mother Nature Bond Act

The Executive proposes a $3 billion bond act that would fund the following statewide activities:

- Habitat restoration;
- Reduction of flooding in hard-hit areas;
- Revitalization of streams and waterways to restore fish and wildlife habitats;
- Right-sizing culverts and dams to increase the shellfish population;
- Preserve open space and natural floodplains; Conserve more forest areas and expand renewable energy;
- Reduce contaminants from storm water runoff and agricultural waste.

The voters of the State must approve bond acts on a ballot measure in order for the Act to be implemented.

Restore Critical Habitats and Reduce Flood Risk

The Executive proposes the establishment of a Conservation Corridors Program. According to the Executive, this program would restore habitats deemed critical for fish and wildlife in addition to the following:

- Restore up to 10,000 acres of freshwater wetlands (including 5,000 acres of urban wetlands);
- Establish riparian buffers for resilience;
- Reconnect or replant 10,000 miles of stream habitat;
- Upgrade aging dams;
- Provide funds to upgrade flood control infrastructure and protect critical facilities.

Make New York the Top State for Recreational Fishing

The Executive proposes to invest in fish hatcheries in the State by increasing the State's network of fishing access sites, launch boat sites, and public fishing rights. Additionally, the Executive has proposed the following investments:

- Triple the State's walleye fish production;
- Produce an additional 500,000 trout and salmon;
- Increase brown trout (develop hardier strain);
- Increase population of cisco, to 100,000, for native fish restoration.

Combatting Harmful Invasive Species

The Executive proposes a partnership between the State, Clarkson University, and the State University of New York College of Environmental Science and Forestry regarding the design and building of emergency response equipment to eliminate harmful algal blooms (HABs) in waterways throughout the State.

The Executive proposes an additional $9.4 million to the Village of Lake George to assist with upgrades to the Lake George Wastewater Treatment Plant. These upgrades would reduce nitrogen run-off and the formation of HABs within Lake George.

Doubling Artificial Reef Acreage

The Executive proposes to expand artificial reef sites in the State. Currently, the State has built 12 artificial reef sites, including two on the Long Island Sound, two in the Great South Bay, and eight in the Atlantic Ocean. These reef sites provide a new habitat for marine species.

The proposed expansion will include seven existing reefs off the Long Island Sound and the Atlantic Ocean and is expected to be completed by 2022.

Increase Shellfish Planting on Long Island by 200 Million

According to the Executive, during the 1970s, over half of the clams that were eaten in the United States were produced in Long Island's Great South Bay. Over the years, over-harvesting and decreased water quality has lowered both the quality and quantity of shellfish in the area, especially sea scallops, oysters, and clams.

The Executive proposes the planting of an additional 200 million shellfish in the Great South Bay.

Enact Projects Identified by the Lake Ontario Resiliency and Economic Development Commission to Strengthen Infrastructure along Lake Ontario Waterfronts

The Executive launched the REDI Commission in May 2019 to develop and implement plans to strengthen current infrastructure along Lake Ontario and the St. Lawrence River waterfronts. This was in response to severe flooding along the waterfronts, which affected local economies, homes, and summer tourism in the area.

The REDI Commission, composed of multiple agencies and 11 State agency commissioners, received $300 million from the legislature for homeowner assistance and business resiliency programs.

In October 2019, the Executive announced that 133 projects had been designated as acceptable grants for the community. The Executive proposes that in 2020, the State will begin the implementation of these projects.

Lake George Village – Wastewater Treatment Plant Funding Assistance

The Executive proposes an additional $9.4 million in grants to the Village of Lake George (Warren County) to assist with repairs and upgrades to its wastewater collection infrastructure (wastewater treatment plant) and to preserve the water quality in the lake.

In addition to the $9.4 million grant in proposed funding, a $3 million grant from the Water Infrastructure Improvement Act, and a $2.5 million grant from the Water Quality Improvement Act (DEC) would bring the total State investment to $14.9 million.

Recycling Program for Mattresses and Carpeting

The Executive proposes to expand the existing Extended Producer Responsibility (EPR) programs to include mattresses and carpeting. This program currently diverts difficult-to-manage waste form landfills (e-waste, mercury thermostats, and rechargeable batteries).

According to the Executive, EPR programs reduce costs and environmental impacts of products that are at the end of their lifespan. In addition, DEC will evaluate the need for additional EPR programs as needed.

Establish the Center of Glass Innovation to Expand Glass Reuse

The Executive proposes the creation of the Center of Glass Innovation at the New York State College of Ceramics at Alfred University. The Center would be a research resource for glass producers in the State and supply researchers with the tools to test new methods of melting and glass production and techniques to develop glass recycling.

Banning Expanded Polystyrene Single-Use Food Containers

The Executive proposes to prohibit the use of expanded polystyrene single-use food containers and the sale of expanded polystyrene packaging materials (packing peanuts) throughout the State.

According to the Executive, affected entities would include all food service establishments including restaurants, caterers, food truck, retail food stores, delis, and grocery stores. Exemptions to the prohibition would include prepackaged food that is sealed prior to the receipt at a restaurant or food service establishment and the packaging for uncooked /raw meat, fish, and eggs.

Article VII Provisions

Ban Single-Use and Loose-fill Polystyrene Products

(see Section Three S.7508; Part PP for details)

Authorize the $3 billion Environmental Bond Act of 2020 “Restore Mother Nature” to be submitted for Voter Approval in November of 2020

(see Section Three S.7508; Part QQ for details)

Implement the Environmental Bond Act of 2020 “Restore Mother Nature”

(see Section Three S.7508; Part RR for details)

Product Stewardship Program

(see Section Three S.7508; Part SS for details)

Improvements to the Freshwater Wetlands Regulatory Program
(see Section Three S.7508; Part TT for details)

Financial Security for the Pugging and Site Reclamation of Regulated Wells
(see Section Three S.7508; Part VV for details)

Amending the Environmental Conservation Law Relating to Ban Fracking
(see Section Three S.7508; Part WW for details)

Adirondack Park Agency (APA)

The FY 2021 Executive Budget recommends All Funds appropriation of $6 million for the APA, an increase of $1.35 million or 28.8 percent, from the current year. This increase is primarily due to a $1,000,000 appropriation for the rebuilding of the APA headquarters located in Ray Brook. An increase of $175,000 in personal service growth is also included for salary increases along with another $175,000 for updates to the building management system. Staffing levels for the APA are projected to remain unchanged at 54 FTEs

Protect High Traffic Public Lands for Future Generations

The Executive proposes to develop a high peaks strategic planning advisory group focused on the Catskills to preserve natural resources, balance public use needs, and make the trails more durable for hikers and ensure future use. This advisory group would be modeled on the current Adirondack High Peaks Strategic Planning Advisory Group.

According to the Executive, in recent years the three busiest trailheads in the Adirondack High Peak Wilderness saw a dramatic increase in registered hikers. Between 2007 and 2017, there was a 78 percent increase in registered hikers and a 60 percent increase in trail use in the Catskills.

The State plans to implement education programs for hikers and park attendees that would advise them on how to leave a minimum impact on trails and natural resources and help preserve tail paths for future generations.

Article VII Provision

Assisting Low-Income Communities with Financing Water Infrastructure Improvements
(see Section Three S.7508; Part KK for details)

Agriculture and Markets (NYSDAM)

The FY 2021 Executive Budget recommends All Funds appropriations of $190 million for the Department of Agriculture and Markets (NYSDAM). This represents a net increase of $297,000 or .02 percent, from the current fiscal year. A proposed increase in spending at the State Fair is offset by the elimination of legislative local assistance additions and capital appropriations for county fairs and animal shelters.

Staffing levels for NYSDAM are projected at 552 FTEs an increase of 40 FTEs over FY 2020. These additional employees would be assigned to the following areas:

- State Fair-21
- Dairy Inspectors-8
- Hemp/Plant Industry support-7
- Lab Technicians-4

The Executive recommends the elimination of $5.8 million in local assistance programs initiated by the Legislature. Please see the chart following this section for the full list of changes in the Agriculture and Markets Aid to Localities Budget.

The FY 2021 Executive Budget recommends spending an additional $15.4 million at the State Fair from FY 2020 support, of which, $5.4 million would be dedicated for additional staff and lengthening the Fair by five days while an additional $10 million would go for capital projects.

The Executive Budget proposes to increase funding for the Grow NY program by $1 million, for a total appropriation of $2 million, and removes the appropriation for Taste NY, which is moved to Economic Development.

Green Thumb

The FY 2021 Executive Budget recommends All Funds appropriations of $3.8 million for Green Thumb, an increase of $243,000, or 7 percent over the current fiscal year. This change is due to increases in personal service resulting from changes in the minimum wage.

Green Thumb is a work program for individuals, 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. The New York State Legislature has funded this non-profit organization annually since its creation in 1974.

The Greenway Heritage Conservancy of the Hudson River Valley

The FY 2021 Executive Budget recommends All Funds appropriations of $200,000 for the Greenway Heritage Conservancy of the Hudson River Valley (Conservancy). This is an increase of $34,000 or 20 percent over the current fiscal year. This increase is due to increase personal service costs.

The Conservancy is tasked with promoting the preservation of natural and cultural resources in the Hudson 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 2021 Executive Budget does not recommend a new appropriation for the Hudson River Valley Greenway Community Council, but includes a $19.5 million capital re-appropriation for efforts related to the completion of the Empire State Trail. The trail is a three-year initiative by the Executive to develop a multi-use trail network along the Hudson River Valley Greenway and Erie Canalway trails.

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

Hudson River Park Trust

The FY 2021 Executive Budget does not recommend a new appropriation for the Hudson River Park Trust (HRPT), but includes capital reappropriations of $71 million to complete the final phase of the park.

The HRPT is responsible for constructing and maintaining the 550-acre Hudson River Park in the City of New York. The park extends five miles along the Hudson River waterfront (Battery Park north to West 59th Street).

Division of Housing and Community Renewal (DHCR)

The FY 2021 Executive Budget recommends All Funds appropriations of $308.9 million for the Division of Housing and Community Renewal (DHCR), a net decrease of $213 million, or 41 percent from FY 2020 levels. The decrease is largely attributed to the elimination of one-time capital appropriations.

State Operations spending remains unchanged from FY 2020 at $116 million while, the Aid to Localities Budget is reduced by $21 million, to $90.5 million for FY 2021. This decrease is due to a savings of $27.2 million from moving the Rural Rental Assistance Program and Neighborhood\Rural Preservation Program from General Fund to the Mortgage Insurance Fund. This decrease is offset by an increase of $6.7 million for non-profit housing development fund companies.

The Executive proposes a Capital Budget of $102 million, a decrease of $192 million from FY 2020. This is due to the elimination of appropriations for the New York City Housing Authority ($100 million), Governor's Office of Storm Recovery ($72 million), and non-New York City Public Housing Preservation ($20 million).

Previous funds for Affordable and Homelessness Housing Plans continue to be reappropriated. The Executive anticipates staffing to remain unchanged from FY 2020 levels at 776 FTEs.

Olympic Regional Development Authority (ORDA)

The FY 2021 Executive Budget recommends All Funds appropriations of $158.5 for ORDA, an increase of $51.5 million, or 48 percent from the FY 2020 Enacted Budget. To note, the proposed FY 2021 cash disbursements for ORDA are $38.6 million, a $40 million reduction from FY 2020 Enacted.

This increase reflects $134.5 million in new capital funding to implement a strategic plan to modernize ORDA's ski facilities and venues, and to support the 2023 World University Games. New capital funding is also included for energy efficiency upgrades and renovation projects. The Executive expects these changes to allow ORDA to reduce operating costs at its venues.

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

New York State Energy Research and Development Authority

The FY 2021 Executive Budget recommends All Funds appropriations of $18.2 million for the New York State Energy Research and Development Authority (NYSERDA). This represents an increase of $500,000, or 2.8 percent, from the current fiscal year. The increase is necessary to meet the State's obligations to a Federal cost sharing agreement with the US Department of Energy for the management and administration of the nuclear fuel reprocessing plant at West Valley.

There is over $1 billion in NYSERDA revenue, which comes from off-budget programs funded through mandatory surcharges imposed upon ratepayers and utility companies. These funds are used by NYSERDA to implement the goals of the 2015 State Energy Plan, and the new renewable energy standards enacted in 2019.

Article VII Provisions

Annual Authorization for NYSERDA to Receive 18-A Assessment Funds

(see Section Three S.7508; Part HH for details)

Regional Greenhouse Gas Initiative and NYSERDA General Fund Transfers

In Article VII Sweeps and Transfers language, the FY 2021 Executive Budget proposes to transfer $23 million in off-budget assessed Regional Greenhouse Gas Initiative (RGGI) funds to the General Fund. This annual reauthorization language allows the State Comptroller to transfer

$913,000 from the unrestricted corporate funds of NYSERDA to the General Fund. These funds are used to offset New York's debt service requirements related to the Western NY Nuclear Service Center. (S.7505; Part VV; §18)

Department of Public Service

The FY 2021 Executive Budget recommends All Funds appropriations of $100.5 million for the Department of Public Service (DPS), a net increase of $1.6 million, or 1.6 percent, from the current fiscal year. This is a result of an increase in personal service, contractual services and fringe benefits. Staffing levels for DPS are projected to remain at last year's level of 528 FTEs.

Article VII Provisions

18-A Assessment Revenue to Fund Agencies Utility oversight Expenses and Cable TV Assessment Revenue for the Agencies to Fund Health Campaigns
(see Section Three - S.7508; Part Y for details)

Greatly Expand the Department of Public Service's Ability to Assess Sanctions against Regulated Entities
(see Section Three - S.7508; Part Z for details)

Requiring Net Neutrality for all Internet Service Providers and all Providers that Contract with the State
(see Section Three - S.7508; Part AA for details)

Siting Rules for Small Wireless Facilities Deployment
(see Section Three - S.7508; Part BB for details)

New York Power Authority

The FY 2021 Executive Budget recommends All Funds appropriations of $129 million for the New York Power Authority (NYPA). This represents a net decrease of $43 million from the current fiscal year. This decrease reflects the reduction in the State's repayment of funds previously transferred by NYPA to the State under the Asset Transfer Program.

The Executive Budget also includes reappropriations of $4.2 million for the Canal Corporation to fund the Canal System Development Fund and $44.4 million for NYPA's continued development of the Empire State Trail (Erie Canalway segment).

Article VII Provisions

Authorize NYPA to Create a Captive Insurance Company
(see Section Three – S.7508; Part CCC for details)

NYPA Sweep
In Article VII Sweeps and Transfers language, the FY 2020 Executive Budget proposes to transfer $20 million from NYPA to the General Fund to support energy related activities. (S.7505; Part VV; §17)

State of New York Mortgage Agency

The FY 2021 Executive Budget recommends All Funds appropriations of $216 million for the State of New York Mortgage Agency (SONYMA), a net increase of $7.4 million, or .5 percent, from current levels.

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

SONYMA receives no direct operating spending from the State. Statute requires that State to guarantee certain obligations of the Agency. The Executive Budget recommends appropriations satisfy this statutory requirement, although no cash disbursements are projected to be made from the appropriation.

Office of Parks, Recreation and Historic Preservation (OPRHP)

The FY 2021 Executive Budget recommends All Funds appropriations of $489 million for OPHRP, an increase of $7.1 million, or 1 percent from the FY 2020 Enacted Budget. This funding increase can be attributed to additional FTEs, and increased appropriations for the Golf Enterprise Fund and the Retail Store Enterprise Fund.

Staffing levels for OPRHP are projected at 2,063 FTEs an increase of 22 FTEs from FY 2020 levels. These increases are due to the hiring of traders generalists and scalers. The Executive stated that the additional hires were needed to assist with upgrades and maintenance to the park system.

The Executive notes that contingent upon the passage of the $3 billion Restore Mother Nature Bond Act by voters in November 2020, two new state parks will begin construction along the Hudson River. The Hudson Eagles State Recreation Area (water-based park connecting Upper Hudson boat launches) and a 508-acre park that will protect land and include a series of trails in the Hudson Valley.

Preserving 4,000 Acres of Land in the Mid-Hudson Valley

The Executive proposes to acquire land to expand seven different state parks in the Mid-Hudson Valley. A total of 4,000 acres of open space would be acquired for the use of new trails, viewpoints, and ecological corridors. According to the Executive, the land acquisitions will cost the State a total $20.6 million in state funding from the EPF and the Hudson Highlands Conservation Act.

The first phase would see $11.4 million of spending spent on six parks in 2020. These parks, along with the amount of acres that would be purchases are as follows:

- Hudson Highlands State Park Preserve (965 acres)
- Minnewaska State Park Preserve (633 acres)
- Schunnemunk State Park (158 acres)
- Fahnestock State Park (150 acres)
- Sterling Forest State Park (112 acres)
- Rockefeller State Park Preserve (one acre)

Legislative Initiatives Eliminated

- Prospect Park Alliance - $200,000
- Historic Huguenot Street - $50,000
- Morningside Heights Historic District Committee - $35,000
- Broadway Mall Association – $30,000
- New York City Department of Parks and Recreation - $15,000
- Narrows Botanical Garden - $10,000

Agriculture Local Assistance Programs				
Item	**Executive FY 2020**	**Enacted FY 2020**	**Executive FY 2021**	**Change**
Agriculture Local Assistance Lump-Sum	$28,408,000	$0	$0	$0
Ag. Child Development Program	$0	$9,275,000	$8,275,000	($1,000,000)
Cornell Diagnostic Lab	$0	$4,839,000	$4,425,000	($414,000)
Agriculture Economic Development	$0	$1,000,000	$2,000,000	$1,000,000
Pro-Dairy	$0	$1,201,000	$1,201,000	$0
Cornell Quality Milk Program	$0	$1,174,000	$1,174,000	$0
Wine & Grape Foundation	$0	$1,079,000	$1,073,000	($6,000)
Future Farmers of America (FFA)	$0	$842,000	$842,000	$0
Farm Viability Institute	$0	$1,900,000	$800,000	($1,100,000)
Farm to School Initiatives	$0	$0	$750,000	$750,000
Cornell Farm Net (Farm Family Assistance)	$0	$842,000	$664,000	($178,000)
Apple R&D Advisory Board	$0	$500,000	$500,000	$0
Cornell Johnes Disease	$0	$480,000	$480,000	$0
Apple Growers Association	$0	$750,000	$478,000	($272,000)
Local Fair Assistance	$0	$500,000	$420,000	($80,000)
Cornell Association of Ag Educators	$0	$416,000	$416,000	$0
Cornell Ag in the Classroom	$0	$380,000	$380,000	$0
Cornell Cattle Health Assurance	$0	$360,000	$360,000	$0
Cornell Hops and Barley - Born, Bred and Brewed	$0	$400,000	$300,000	($100,000)
Cornell Berry Research	$0	$260,000	$260,000	$0
Cornell Avian Disease	$0	$252,000	$252,000	$0
Dairy Excellence	$0	$220,000	$220,000	$0
Cornell Labor Specialist	$0	$200,000	$200,000	$0
Cornell University hard cider research	$0	$200,000	$200,000	$0
Concord Grape Research	$0	$300,000	$200,000	($100,000)
Dairy Profit Teams	$0	$150,000	$150,000	$0
Maple Producers	$0	$288,000	$150,000	($138,000)
Cornell Honeybee Program	$0	$150,000	$150,000	$0
EBT at Farmers' Markets	$0	$138,000	$138,000	$0
Tractor Rollover Prevention	$0	$250,000	$125,000	($125,000)
Christmas Tree Farmers	$0	$125,000	$125,000	$0
Cornell Vets to Farms	$0	$115,000	$115,000	$0
Cornell Maple Research	$0	$125,000	$75,000	($50,000)
Corn & Soybean Growers Association	$0	$75,000	$75,000	$0
New York State Brewers	$0	$75,000	$75,000	$0
New York State Distillers Guild	$0	$75,000	$75,000	$0
New York State Cider Association	$0	$75,000	$75,000	$0
Berry Growers Association	$0	$60,000	$60,000	$0
Cornell Rabies	$0	$350,000	$50,000	($300,000)
Cornell Onion Research	$0	$50,000	$50,000	$0
Cornell Vegetable Research	$0	$100,000	$50,000	($50,000)
Golden Nematode/Cornell	$0	$62,000	$0	($62,000)
TasteNY	$1,100,000	$1,100,000	$0	($1,100,000)
Farm-To-School	$0	$750,000	$0	($750,000)
Northern NY Ag Development - CCE Jefferson	$0	$300,000	$0	($300,000)
Turfgrass Association	$0	$150,000	$0	($150,000)
American Farmland Trust - Resource Center	$0	$200,000	$0	($200,000)
American Farmland Trust - Regional Navigator	$0	$200,000	$0	($200,000)
NYS Vet Diagnostic Lab for Heard and Bulk Milk Testing for Salmonella	$0	$200,000	$0	($200,000)
Teens for Food Justice	$0	$20,000	$0	($20,000)
Harvest New York	$0	$600,000	$0	($600,000)
Red Hook Farms initiative	$0	$40,000	$0	($40,000)
Met Council Kosher Food Network	$0	$50,000	$0	($50,000)
TOTAL	**$29,508,000**	**$33,243,000**	**$27,408,000**	**($5,835,000)**

FY 2021 Executive Environmental Protection Fund Proposal	FY 2020 Enacted	FY 2021 Executive	Change
SOLID WASTE			
Landfill Closure/Gas Management	**$ 700,000**	**$ 765,000**	**$ 65,000**
Essex County	*$ 300,000*		**$ (300,000)**
Hamilton County	*$ 150,000*		**$ (150,000)**
Municipal Recycling	**$ 14,000,000**	**$ 14,750,000**	**$ 750,000**
Food donation/recycling/organics projects	*$ 2,000,000*	*$ 2,000,000*	**$ -**
Secondary Marketing	**$ 200,000**	**$ 200,000**	**$ -**
Pesticide Database	**$ 1,800,000**	**$ 1,800,000**	**$ -**
Long Island Pesticide Prevention	*$ 200,000*	*$ 200,000*	**$ -**
Environmental Justice	**$ 7,000,000**	**$ 7,000,000**	**$ -**
Connect Kids	*$ 1,000,000*	*$ 1,000,000*	**$ -**
EJ community impact and job training grants	*$ 3,000,000*	*$ 3,000,000*	**$ -**
Non profit competitive grants	*$ 500,000*	*$ -*	**$ (500,000)**
Community groups and indian tribes	*$ 100,000*	*$ -*	**$ (100,000)**
SUNY ESF Center for Native Peoples and the Environment	*$ 350,000*	*$ -*	**$ (350,000)**
Community Garden Grant Program	*$ -*	*$ -*	**$ -**
Adirondack Diversity Initiative	*$ 250,000*	*$ 250,000*	
Natural Resource Damages	**$ 2,025,000**	**$ 2,025,000**	**$ -**
Pollution Prevention Institute	**$ 4,000,000**	**$ 4,000,000**	**$ -**
Interstate Chemicals Clearinghouse	*$ 100,000*	*$ 100,000*	**$ -**
Environmental Health	**$ 6,500,000**	**$ 6,500,000**	**$ -**
Clean SweepNY Program	*$ 500,000*	*$ 500,000*	**$ -**
Center for Clean Water at Stony Brook for 1,4 Dioxane	*$ 1,000,000*	*$ 1,000,000*	**$ -**
Children's Environmental Health Centers	*$ 2,000,000*	*$ 2,000,000*	**$ -**
Fresh Connect	*$ 625,000*	*$ 625,000*	**$ -**
Brownfield Opportunity Areas (BOA)	**$ 1,500,000**	**$ 2,000,000**	**$ 500,000**
Solid Waste Total	**$ 37,725,000**	**$ 39,040,000**	**$ 1,315,000**
PARKS & RECREATION			
Waterfront Revitalization	**$ 14,500,000**	**$ 14,500,000**	**$ -**
Inner City/Underserved	*$ 9,000,000*	*$ 9,000,000*	**$ -**
Climate Change Resiliency Planning/LWRP Updates	*$ 2,000,000*	*$ 2,000,000*	**$ -**
Niagara River Greenway	*$ 200,000*	*$ 200,000*	**$ -**
Municipal Parks	**$ 19,500,000**	**$ 19,500,000**	**$ -**
Innercity/Underserved	*$ 10,000,000*	*$ 10,000,000*	**$ -**
Tivoli	*$ 250,000*	*$ 250,000*	**$ -**
Hudson River Valley Trail Grants	*$ 500,000*	*$ 500,000*	**$ -**
Lake George Park Commission	*$ -*	*$ -*	**$ -**
SUNY ESF	*$ 120,000*	*$ 120,000*	**$ -**
Paul Smiths College	*$ 180,000*	*$ 180,000*	**$ -**
NYC East River Esplanade	*$ 1,000*	*$ -*	**$ (1,000)**
Catskill Center for Conservation and Development	*$ -*	*$ 150,000*	**$ 150,000**
Public Access & Stewardship	**$ 33,000,000**	**$ 36,000,000**	**$ 3,000,000**
Belleayre	*$ 1,000,000*	*$ 1,000,000*	**$ -**
Parks and Trails Friends Group Capacity Grants	*$ 1,000,000*	*$ 1,000,000*	**$ -**
Empire Forest Incentive Program	*$ -*	*$ -*	**$ -**
Old Fort Niagara State Park Improvements	*$ 150,000*	*$ -*	**$ (150,000)**
Hudson River Valley Trail Grants Program	*$ -*	*$ -*	**$ -**
Camp Santorini Historic Area	*$ -*	*$ 250,000*	**$ 250,000**
NYPAD	*$ -*	*$ 55,000*	**$ 55,000**
Essex County Shuttle Service	*$ -*	*$ 1,200,000*	**$ 1,200,000**
Hudson River Park (HRP)	**$ 3,200,000**	**$ 3,200,000**	**$ -**
Zoos, Botanical Gardens and Aquaria Program	**$ 16,000,000**	**$ 14,000,000**	**$ (2,000,000)**
Administration of Nav Law 79-b Programs	**$ 2,000,000**	**$ 2,000,000**	**$ -**
Parks & Recreation Total	**$ 88,200,000**	**$ 89,200,000**	**$ 1,000,000**

Environmental Protection Fund Continued.	FY 2020 Enacted	FY 2021 Executive	Change
OPEN SPACE			
Land Acquisition	**$ 33,087,000**	**$ 30,000,000**	**$ (3,087,000)**
Urban Forestry	*$ 1,000,000*	*$ 1,000,000*	**$ -**
Land Trust Alliance	*$ 2,500,000*	*$ 2,500,000*	**$ -**
Regions 1, 2 and 3	*$ 3,000,000*	*$ 3,000,000*	**$ -**
Community Forest Program	*$ -*	*$ 500,000*	**$ 500,000**
Lake George Park Commission	*$ 200,000*	*$ 200,000*	**$ -**
Conservation Easements for Land Trusts	*$ -*	*$ 3,000,000*	**$ 3,000,000**
Adirondack Forest, Long Lake, N. Hudson, Minerca, Indian Lake and Newcomb	*$ 1,000,000*	*$ -*	**$ (1,000,000)**
Conservation Easements for Land Trusts	*$ -*	*$ 3,000,000*	**$ 3,000,000**
Albany Pine Bush Commission	**$ 2,675,000**	**$ 2,675,000**	**$ -**
LI Pine Barrens Commission	**$ 2,000,000**	**$ 2,000,000**	**$ -**
Environmental Commissions	**$ 1,063,000**	**$ 1,085,000**	**$ 22,000**
Susquehanna River Basin Commission	*$ 259,000*	*$ 259,000*	**$ -**
Delaware River Basin Commission	*$ 359,500*	*$ 359,500*	**$ -**
Ohio River Valley Water Sanitation Commission	*$ 14,100*	*$ 14,100*	**$ -**
Interstate Environmental Commission	*$ 41,600*	*$ 41,600*	**$ -**
New England Interstate Water Poll. Control Comm.	*$ 38,000*	*$ 38,000*	**$ -**
SUNY ESF Center for Native Peoples and the Environment	*$ 350,000*	*$ 373,000*	**$ 23,000**
LI South Shore Estuary Reserve	**$ 900,000**	**$ 900,000**	**$ -**
Agricultural Non-Point Source Poll Cont	**$ 18,000,000**	**$ 18,000,000**	**$ -**
Cornell Integrated Pest Management	*$ 1,000,000*	*$ 1,000,000*	**$ -**
Cornell Cooperative Ext. Suffolk County	*$ 500,000*	*$ 500,000*	**$ -**
Cornell pesticide management education program	*$ 250,000*	*$ 250,000*	**$ -**
Non-Agricultural Non-Point Source Poll Cont.	**$ 7,000,000**	**$ 6,000,000**	**$ (1,000,000)**
Cornell Community Integrated Pest Management	*$ 550,000*	*$ 550,000*	**$ -**
Farmland Protection	**$ 18,000,000**	**$ 17,000,000**	**$ (1,000,000)**
ACUB	*$ 1,000,000*	*$ 1,000,000*	**$ -**
Cornell Land Classification and Master List of Soils	*$ 95,000*	*$ 95,000*	**$ -**
Biodiversity stewardship	**$ 1,350,000**	**$ 1,350,000**	**$ -**
Pollinator Protection	*$ 500,000*	*$ 500,000*	**$ -**
Cornell - adverse impacts of pesticides, bee husbandry	*$ 300,000*	*$ 300,000*	**$ -**
Cary Institute of Ecosystem Studies - Catskill enviro research	*$ 100,000*	*$ 100,000*	**$ -**
Hudson River Estuary Plan	**$ 6,500,000**	**$ 6,500,000**	**$ -**
Mohawk River	*$ 1,000,000*	*$ 1,000,000*	**$ -**
Finger Lk-Lk Ontario Watershed	**$ 2,300,000**	**$ 2,300,000**	**$ -**
Lake Erie Watershed Protection	**$ 250,000**	**$ 250,000**	**$ -**
Water Quality Improvement Prog	**$ 17,750,000**	**$ 19,000,000**	**$ 1,250,000**
Suffolk Co - 50% match to address nitrogen	*$ 4,500,000*	*$ 4,500,000*	**$ -**
Suffolk Co - sewer improvement projects	*$ 1,500,000*	*$ 1,500,000*	**$ -**
Nassau County Bay Park Outfall Pipe	*$ 5,000,000*	*$ 5,000,000*	**$ -**
Testing and monitoring wells in Nassau	*$ 400,000*	*$ -*	**$ (400,000)**
Long Island Regional Planning Council	*$ 250,000*	*$ 250,000*	**$ -**
Town of Hempstead Marine Lab	*$ 350,000*	*$ -*	**$ (350,000)**
Chautauqua Lake Association	*$ -*	*$ 150,000*	**$ 150,000**
Chautauqua Lake Partnership	*$ -*	*$ 95,000*	**$ 95,000**
Update source water assess plans and protect prog	*$ 5,000,000*	*$ 5,000,000*	**$ -**
Removal and disposal of firefighting foam with PFOS	*$ 100,000*	*$ -*	**$ (100,000)**
Oceans & Great Lakes Initiative	**$ 17,250,000**	**$ 19,750,000**	**$ 2,500,000**
Peconic Bay Estuary Program	*$ 200,000*	*$ 200,000*	**$ -**
Great Lakes Commission	*$ 60,000*	*$ 60,000*	**$ -**

Environmental Protection Fund Continued.	FY 2020 Enacted	FY 2021 Executive	Change
Invasive Species	**$ 13,300,000**	**$ 13,300,000**	**$ -**
Lake George	*$ 450,000*	*$ 450,000*	**$ -**
Cornell Plant Certification Program	*$ 120,000*	*$ 120,000*	**$ -**
Cornell Golden Nematode	*$ -*	*$ 62,000*	**$ 62,000**
Eradication	*$ 6,050,000*	*$ 6,050,000*	**$ -**
Cornell for Hemlock Wooly Adelgid	*$ 500,000*	*$ 500,000*	**$ -**
Southern Pine Beetle Eradication	*$ 500,000*	*$ 500,000*	**$ -**
Soil & Water Conservation Districts	**$ 10,500,000**	**$ 10,500,000**	**$ -**
Agricultural Waste Management	**$ 1,500,000**	**$ 1,500,000**	**$ -**
Cornell dairy acceleration program	*$ 700,000*	*$ 700,000*	**$ -**
Open Space Total	**$ 153,425,000**	**$ 152,110,000**	**$ (1,315,000)**
CLIMATE CHANGE MITIGATION & ADAPTATION			
Greenhouse Gas Management	**$ 1,500,000**	**$ 1,500,000**	**$ -**
Regenerate NY Grant	$ 500,000	$ 500,000	**$ -**
Cornell natural working lands agricultural inventory	$ 500,000	$ 500,000	**$ -**
State Vulnerability Assessments - NYS Climate Adaptation	**$ 2,000,000**	**$ 1,000,000**	**$ (1,000,000)**
Wood Products Development Council	$ 200,000	$ 200,000	**$ -**
State Climate Adaptation Projects	**$ -**	**$ -**	**$ -**
Local Govt CRRA	*$ -*	*$ -*	**$ -**
Smart Growth	**$ 2,000,000**	**$ 2,000,000**	**$ -**
Climate Resilient Farms Program	**$ 4,500,000**	**$ 4,500,000**	**$ -**
Cornell Soil Health	*$ 200,000*	*$ 200,000*	**$ -**
Dutchess County SWCD HV Carbon Farming Pilot	*$ -*	*$ 200,000*	**$ 200,000**
Study of incentives for carbon sequestering	*$ 400,000*	*$ -*	**$ (400,000)**
Climate Smart Communities Competition	**$ 10,650,000**	**$ 10,650,000**	**$ -**
Community Forests	*$ -*	*$ 500,000*	**$ 500,000**
Resiliency planting program	*$ 500,000*	*$ 500,000*	**$ -**
Climate Change Total	**$ 20,650,000**	**$ 19,650,000**	**$ (1,000,000)**
ENVIRONMENTAL PROTECTION FUND TOTAL	**$ 300,000,000**	**$ 300,000,000**	**$ -**

Environmental Conservation, Agriculture and Housing
Proposed Disbursements - All Funds
(Thousands of Dollars)

Agency	Estimated FY 2020	Proposed FY 2021	Change Amount	Percent
Adirondack Park Agency	5,078	5,064	(14)	-0.28%
Agriculture and Markets	101,319	94,453	(6,866)	-6.78%
Department of Environmental Conservation	1,298,528	1,396,214	97,686	7.52%
Energy Research Development Authority	20,450	15,720	(4,730)	-23.13%
Department of Public Service	82,249	84,706	2,457	2.99%
Housing and Community Renewal	910,837	1,025,944	115,107	12.64%
Olympic Regional Development Authority	78,676	38,676	(40,000)	-50.84%
Power Authority	36,000	36,500	500	1.39%
Parks, Recreation and Historic Preservation	372,287	343,048	(29,239)	-7.85%
Hudson River Park	5,000	15,000	10,000	200.00%
Totals:	**2,910,424**	**3,055,325**	**144,901**	**4.98%**

FACT SHEET:
PUBLIC PROTECTION

FY 2021 Criminal Justice Article VII Proposals

- Establish the District Attorney Discovery Compensation Fund to support assistance services and expenses related to digital evidence transmission technology.
- Prison Closures – Authorizes the Executive to close Department of Correction and Community Supervision facilities as necessary for the cost effective and efficient operation of the correctional system
  - Such action is expected to result in a decrease of approximately 1,200 FTEs through attrition
- Ban ghost guns, remove guns from domestic abusers and ban guns from individuals that commit serious misdemeanors in another state.
- Close the rape intoxication loophole and the e-STOP loophole.
- Enact the New York Hate Crime Anti-Terrorism Act.

Public Safety Initiatives

- $10 million in continued funding for State-wide Youth Anti-Gang programming
- $500,000 in continued funding for Long Island Youth Gang Prevention efforts
- $2 million in new District Attorney Discovery Compensation Fund

Capital Upgrades for the Division of Military and Naval Affairs

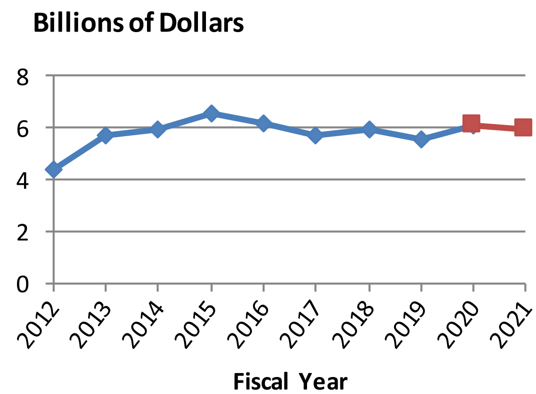
- $140 million for the State Armory in Jamaica, Queens, of which $100 million will come from the Federal Funds
- $10 million in appropriation authority for upgrades to the State Military Museum through the use of donated funds

Continued Expansion of Statewide Indigent Legal Services

- $50 million in new appropriation authority for implementation of county-created plans, bringing the total support to $150 million
- Requires approval from the Director of Budget before any funds could be dispersed
- $373,000 for two employees to continue expanding agency operations
- Continuation of $24 million in support for the original five Hurrell-Harring Lawsuit Counties (Onondaga, Ontario, Schuyler, Suffolk, and Washington)

PUBLIC PROTECTION

All Funds Disbursements (Millions of Dollars)	Estimated FY 2020	Projected FY 2021
Cash	6,103	5,944
Annual Growth Rate	9.8%	-2.6%
5 Year Average Growth (Actual)		-1.1%



The FY 2021 Executive Budget recommends All Funds cash disbursements of $5.9 billion, a decrease of $159 million or 2.6 percent over FY 2020 for all public protection agencies.

Department of Corrections and Community Supervision (DOCCS)

The FY 2021 Executive Budget recommends $3.39 billion in All Funds appropriations for the Department, a decrease of $233 million from FY 2020 levels. This decrease is primarily the result of a reduction of over $160 million in Personal Service cuts due to a one-time retro salary payment and an additional $72 million in Capital appropriations.

The Executive recommends a Capital Budget of $425 million, a decrease of $72 million from FY 2020 levels.

The Executive recommends State Operations appropriations of $2.93 billion, a decrease of $161 million from FY 2020 levels. These decreases are due to:

- $154 million for the supervision of inmates
- $5.71 million for program services
- $4.4 million for support services
- $1.77 million for health services

These decreases are offset by an increase of $5 million for enterprise fund for the supplies and material for the commissary account.

The Executive Budget recommends Aid to Localities spending of $29.5 million, a decrease of $180,000 from FY 2020 levels.

In conjunction with the Executive's proposal to close an undetermined number of facilities, DOCCS is anticipating to eliminate approximately 1,250 positions through attrition. Those loses include:

- 948 for supervision of inmates
- 156 for program services
- 100 for support services
- 43 for health services

Article VII Proposals

The FY 2021 Executive Budget proposes the following statutory amendments:

Prison Closures
(see Section Three/S.7505, Part F for more detail)

Authorize the Transfer of Adolescent Offenders from Department of Corrections and Community Supervision to the Office of Children and Family Services
(See Section Three/S.7505, Part G for more detail)

Division of Criminal Justice Services (DCJS)

The FY 2021 Executive Budget recommends $309.9 million in All Funds appropriations for DCJS, an increase of $14.5 million from FY 2020 levels. This is primarily due to a new $25 million in Capital spending to support security projects at nonprofit organizations that are high-risk targets for hate crimes. Over the past few years, the State Education Department Capital Budgets has contained a total of $70 million for this purpose, with authority for the Division of Homeland Security and Emergency Services to administer the grant program. This funding has not fully spent out.

Traditional Criminal Justice Aid to Localities Program Funding

The Executive proposes a decrease of $10.5 million in General Fund Local Assistance programs. This decrease is mostly attributable to the elimination Legislative additions from FY 2020. Further information related to the changes can be found in the figure titled *FY2021 Executive Proposed Changes to DCJS Aid to Localities.*

The Executive continues to provide $500,000 for MS-13 Gang Prevention efforts on Long Island that would be allocated pursuant to a plan submitted to and approved by the Director of Budget. The Executive also continues to provide a $10 million appropriation to curb at-risk youth gang violence prevention in conjunction with the Office of Children and Family Services to be allocated regionally.

The Executive proposes a new District Attorney Discovery Compensation Fund of $2 million for services and expenses related to digital evidence transmission technology needed due to the Discovery Law changes in the 2019-2020 state budget. See Article VII PPGG Part E for further detail.

Article VII Proposals

The FY 2021 Executive Budget recommends the following statutory amendments:

Close the rape intoxication loophole
(See Section Three/S.7505, Part C for more detail)

Establish the District Attorney Discovery Compensation Fund
(See Section Three/S.7505, Part E for more detail)

FY 2021 Executive Proposed Changes to DCJS Aid to Localities
(Thousands of Dollars)

Program	Funds					Total
	General Fund	Criminal Justice Improvement	Legal Services Assistance	Indigent Legal Services	DA Discovery	
Prosecutorial Services	(8,957)	-	8,957	-	-	-
Defense Services	-	-	(2,592)	2,592	-	-
Prisoners Legal Services	-	-	(2,200)	2,200	-	-
Rape Crisis Centers	-	2,788	-	-	-	2,788
Digital Evidence Transmission Technology	-	-	-	-	2,000	2,000
District Attorney Assoc.	100	-	-	-	-	100
SNUG	50	-	-	-	-	50
Legislative Items	(15,448)	-	-	-	-	(15,448)
Total	**($24,255)**	**$2,788**	**$4,165**	**$4,792**	**$2,000**	**($10,510)**

Remove guns from domestic abusers
(See Section Three/S.7505, Part M for more detail)

Disqualify individuals from owning a gun if they commit a serious misdemeanor offense outside of New York State
(See Section Three/S.7505, Part N for more detail)

Requires Crime Gun Data to Specified Centralized Databases
(See Section Three/S.7505, Part O for more detail)

Division of State Police

The FY 2021 Executive Budget recommends $1.01 billion in All Funds appropriations for the Division of State Police (DSP), a decrease of $4.4 million from FY 2020 levels.

The Executive proposes a Capital Budget of $128.5 million, an increase of $1 million for maintenance personal service costs from FY 2020.

The Executive proposes a $5.4 million decrease in State Operations from FY 2020 levels. This decrease is attributable to a decrease of $6.4 million for retroactive collective bargaining payments to uniformed and bureau of criminal investigation employees. This increase is offset by increases in funding of $1 million for the Hate Crime Task Force, for a total appropriation of $2 million.

Article VII Provisions

The FY 2021 Executive Budget recommends the following statutory amendments:

Waiving the State Police minimum age for appointment for individuals employed as Park Police Officers
(See Section Three/S.7505, Part J for more detail)

Improving Efficiency in the Investigation of Online Sexual Exploitation of Minors
(See Section Three/S.7505, Part L for more detail)

Division of Homeland Security and Emergency Services

The FY 2021 Executive Budget recommends $1.56 billion in All Funds support for the Division, a decrease of $5.6 million from the previous year. The Division is supported by $154.3 million in General Funds, $1.3 billion in Federal Funds, $127.2 million in Special Revenue Funds; and $28 million in State Capital.

The Executive recommends $1.45 billion in Aid to Localities appropriations for the Division. This is a decrease $600,000 due to the elimination of a legislative add supporting the Red Cross.

The Executive also proposes $75 million appropriation authority to support county public safety communications efforts under the Interoperable Communications Grant Program, same as FY 2020 levels.

The Executive recommends Capital spending of $28 million for FY 2021, a decrease of $5 million from the previous year, due to the completion of a capital improvement project at the State Preparedness Training Center in Oriskany, NY.

Capital programming includes $3.0 million to support preventative maintenance projects at DHSES training facilities and $25 million in appropriations to support current grants awarded through the Office of Interoperable Emergency Communications

The Division's State Operations Budget remains fixed for FY 2021 from FY 2020 at $81.6 million. The Executive further proposes maintaining workforce positions at the Division at 614 FTE's, the same as in FY 2020.

Division of Military and Naval Affairs

The FY 2021 Executive Budget recommends $306.1 million in All Funds support, an increase of $148.5 million from FY 2020. This increase is primarily related to additional support $150 million for capital projects.

The Division's State Operations Budget for FY 2021 was decreased by $1.5 million from FY 2020, for a proposed total of $79.9 million. This decrease is due to a reduction for special services, paid for out of special revenue funds, from the Federal Government. With no change in state support, the Executive proposes maintaining workforce positions at the Division, at 405 FTE's, the same as FY 2020.

The Executive also recommends $1 million in Aid to Localities appropriations for the Division, the same amount as FY 2020.

Capital programming will total $225.2 million for FY 2021, an increase of $150 million from FY 2020. Such increase is primarily due to a $140 million capital renovation ($40 million from state funds and $100 million from federal funds) for the State Armory in Jamaica, Queens. A new $10 million appropriation to support the New York Military Museum is also included

The Executive Budget will additionally re-appropriate $254 million for the completion of past capital projects which are still to be completed, $63.5 million of which are from federal capital projects funds.

Office of Indigent Legal Services

The Executive Budget recommends $261 million in All Funds support, an increase of $50.4 million from FY 2020. Of this increase, $50 million would be used for the statewide implementation of the Hurrell-Harring Settlement parameters.

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

The FY 2018 Enacted Budget contained Article VII language that created a statewide indigent legal defense plan to apply to all public defenders, legal aid society, assigned counsel programs and conflict defender offices. Statewide implementation, which will take counties from their current level of service to the Settlement terms, is an estimated $250 million cost when fully annualized in 2023. The Executive proposes increasing the appropriation authority evenly until fully annualized. According to the Division of Budget, no disbursements to counties have been made to date from this statewide implementation appropriation

The Executive Budget increases State Operations by $373,000 for two additional FTEs to handle increased workload associated with statewide implementation.

Office of Victim Services

The FY 2021 Executive Budget recommends $212 million in All Funds support, an increase of $40.2 million of FY 2020 levels. This is a result of an increase of $44 million in Federal Victims of Crime Act appropriations. Also proposed is moving $2.8 million in support of Rape Crisis Centers from the Office of Victim Services to the Division of Criminal Justice Services.

Office for the Prevention of Domestic Violence

The FY 2021 Executive Budget recommends $5.7 million in All Funds support, an increase of $50,000 from FY 2020. The Budget provides $3.9 million and $1.8 million for State Operations and Aid to Localities, respectively.

The Executive maintains language related to the Women's Rights Clinic at SUNY Buffalo Law School and Capital District Domestic Violence Law Clinic.

State Commission of Corrections

The FY 2021 Executive Budget recommends $2.9 million in All Funds support, unchanged from FY 2020 levels.

Interest on Lawyer Account

The FY 2021 Executive Budget recommends $47.1 million in All Funds support. The Budget provides $2 million and $45 million for State Operations and Aid to Localities, respectively.

Department of Law

The FY 2021 Executive Budget recommends All Funds spending of $259.2 million, an increase of $10.0 million, or 4.0 percent, from FY 2020 levels.

State operations spending would increase $9.6 million, or 4.5 percent. Personal service spending would increase $10.6 million, or 7.1 percent. The Executive Budget Financial Plan notes that the growth in spending, in part, reflects the costs of an additional 27th payroll period in FY 2021. This would be offset by a decrease in non-personal service spending of $1.0 million, or 1.6 percent. Fringe benefit spending would increase $2.9 million, or 8.8 percent.

Capital spending on the IT Initiative program would decrease $2.4 million, or 57.3 percent. Capital spending would be used to acquire and develop various equipment, software, and technology services.

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

Judicial Commissions

The FY 2021 Executive Budget recommends the same level of funding as FY 2020 for the Commission on Judicial Conduct ($6 million), the commission on Judicial Nomination ($30,000) and the Judicial Screening Committees ($38,000).

Judiciary

The FY 2021 Executive Budget recommends All Funds spending of $3.3 billion, an increase of $171.3 million, or 5.5 percent.

Spending for personal service and nonpersonal service/indirect costs for Court and Agency Operations would increase $103.7 million, or 4.8 percent. Spending for employee benefit costs would increase $43.8 million, or 5.4 percent. Aid to Localities spending would increase $17.6 million, or 10.9 percent. Capital projects spending would increase $6.2 million, or 31.8 percent, to $25.7 million. According to the Office of Court Administration, approximately $57 million of the $171.3 million increase in spending is due to costs related to a 27th payroll period in FY 2021.

The $103.7 million increase to Court and Agency Operations reflects a personal service increase of $94.0 million, or 5.5 percent, and a non-personal service/indirect costs increase of $9.7 million, or 2.3 percent.

Aid to Localities spending includes spending of approximately $117.5 million for the Court

Facilities Incentive Aid program and the Justice Court Assistance Program, an increase of $2.7 million, or 2.3 percent. Also included are Judiciary transfers of $15 million for grants for civil legal services to the Interest on Lawyer Account and $47 million for grants for indigent criminal defense services to the Office of Indigent Legal Services.

The $25.7 million of capital projects spending would be used for new and continued investments in technology and equipment associated with facility renovations, records management projects, and enhanced public safety around courthouses.

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

Agency	Estimated FY 2020	Proposed FY 2021	Change Amount	Percent
Department of Corrections and Community Supervision	3,251,368	3,069,847	-181,521	-5.58%
Division of Criminal Justice Services	238,926	250,587	11,661	4.88%
Division of State Police	892,444	922,139	29,695	3.33%
Office of Victim Services	107,745	131,062	23,317	21.64%
Commission of Correction	2,651	2,773	122	4.60%
Judicial Commissions	6,106	6,334	228	3.73%
Division of Military and Naval Affairs	194,003	167,090	-26,913	-13.87%
Division of Homeland Security and Emergency Services	1,314,786	1,224,398	-90,388	-6.87%
Office of Indigent Legal Services	91,528	166,463	74,935	81.87%
Office for the Prevention of Domestic Violence	3,133	3,257	124	3.96%
Totals:	**6,102,690**	**5,943,950**	**(158,740)**	**-2.60%**
Judiciary	3,129,700	3,300,993	171,293	5.47%
Department of Law	249,193	259,232	10,039	4.03%

FACT SHEET:
ECONOMIC DEVELOPMENT

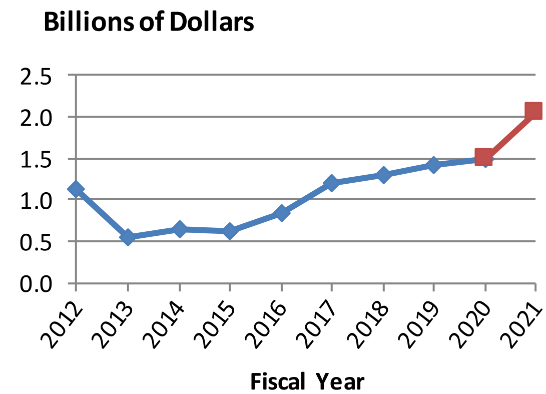
The FY 2021 Executive Budget recommends All Funds appropriations of $185.2 million for State Operations and Aid to Localities economic development programs a decrease of $22.1 million, or 10.7 percent from the FY 2020 Enacted Budget.

- General Fund appropriations are recommended at $164.7 million, which is a decrease of $24.1 million or 12.8 percent. This decrease is primarily driven by the elimination of Legislative additions.
- The Executive proposes eliminating the Centers of Excellence Program and allowing the current Centers of Excellence to apply for the Centers for Advanced Technology Program. According to the Executive, this would allow the State to capitalize on the Centers with the highest performance. It should be noted however, that nothing in this part establishes or defines what those performance metrics would be.
- The Aid to Localities Budget would continue funding for the following programs:
    - Executive Economic Development Initiatives, Including Advertisments- $42.5 million
    - Empire State Economic Development Fund $26.2 million
    - The Centers for Advanced Technology (CAT) $19.5 million
    - Manufacturing Extension Partnership- $13.5 million
    - NY Complete Count Commission (Census)- $10 million
    - Market NY- $7 million
    - High Technology Matching Grants $6 million
    - Innovative Hot Spots $5 million
    - Retention of Football in Western NY $4.6 million
    - Agritourism- $4 million
    - Local Tourism Matching Grants $3.8 million
    - Economically Distressed Urban and Community Development Program $3.4 million
    - The SUNY Albany & Rensselaer Polytechnic Institute Focus Centers $3 million
    - Innovation Hub Matching Grants- $1.5 million
    - Economically Distressed Area Development Grants- $1.5 million
    - Technology Development Matching Grants $1.4 million
    - Entrepreneurial Assistance Program $1.3 million
    - Industrial Technology Extension Service $921,000
    - Women-Owned Business Development Lending Program $635,000
    - Science & Technology Law Center Program $343,000

- The FY 2021 Executive Budget recommends a capital appropriation of $380.4 million. This is a decrease of $940 million or 71.2 percent from FY 2020.

ECONOMIC DEVELOPMENT

All Funds Disbursements		
(Millions of Dollars)		
	Estimated FY 2020	Projected FY 2021
Cash	1,480	2,045
Annual Growth Rate	3.5%	38.2%
5 Year Average Growth (Actual)		18.4%



The FY 2021 Executive Budget recommends an All Funds cash disbursement increase of $564.7 million or 38.2 percent over FY 2020 for all Economic Development agencies. General Fund cash disbursements are projected to decrease by $20.8 million or 14.5 percent below FY 2020.

The FY 2021 Executive Budget recommends All Funds appropriations of $185.2 million for State Operations and Aid to Localities economic development programs a decrease of $22.1 million, or 10.7 percent from the FY 2020 Enacted Budget.

General Fund appropriations are recommended at $164.7 million, which is a decrease of $24.1 million or 12.8 percent. This decrease is primarily driven by the elimination of Legislative additions.

Department of Economic Development (DED)

State Operations

The Executive Budget recommends an appropriation of $28.7 million in State Operations for the Department of Economic Development (DED). This is an increase of $2 million or 7.5 percent from FY 2020 levels. This increase is due to a new appropriation for the Empire State Entertainment Diversity Job Training Development Fund.

Aid to Localities (ATL)

The Executive Budget recommends a General Fund appropriation of $46.9 million in the Aid to Localities budget for DED. This is a decrease of $7.4 million or 13.6 percent from FY 2020 levels. This decrease is primarily due to the elimination of FY 2020 Legislative adds.

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

The FY 2021 Executive Budget recommends All Funds appropriations for the Empire State Development Corporation of $477.9 million, a decrease of $956.6 million or 66.7 percent from FY 2020. This decrease is primarily due to a $940 million reduction in Capital Funding from FY 2020 levels.

Aid to Localities

The FY 2021 Executive Budget recommends an Aid to Localities appropriation of $97.6 million, a reduction of $16.7 million or 14.6 percent from FY 2020 levels. This reduction is primarily due to the elimination of FY 2020 Legislative additions along with the Executive proposal to consolidate the Centers of Excellence and Centers of Advanced Technologies programs.

Capital Funding

The FY 2021 Executive Budget recommends a capital appropriation of $380.4 million. This is a decrease of $940 million or 71.2 percent from FY 2020. (Refer to the UDC Capital Funding Appropriation chart for details).

Article VII Proposals

The FY 2021 Executive Budget proposes the following statutory amendments:

Extend Authorization of the UDC to Administer the Empire State Economic Development Fund
(see Section Three\S.7508, Part EE for more detail)

Extend the General Loan Powers of the UDC
(see Section Three\S.7508, Part FF for more detail)

Amend Economic Transformation Program Eligibility
(see Section Three\S.7508, Part GG for more detail)

Consolidation of the Centers of Excellence into the Centers for Advanced Technology Program
(see Section Three\S.7508, Part BBB for more detail)

FY 2021 Executive Budget Urban Development Corporation Capital Funding Appropriation Changes (Thousands of Dollars)

Program	FY 2020 Enacted*	FY 2021 Proposed	Change
Clarkson-Trudeau Patnership	$5,000	$0	($5,000)
Retention of Football in Western NY	$2,331	$2,357	$26
Market NY	$8,000	$8,000	$0
NY Works	$220,000	$220,000	$0
REDC	$150,000	$150,000	$0
Capital Region Life Sciences Lab Phase II	$0	$0	$0
High Technology Innovation and Economic Development Infrastructure Program	$325,000		($325,000)
SUNY 2020	$55,000	$0	($55,000)
CUNY 2020	$55,000	$0	($55,000)
New York Works- Penn Station Upgrades	$500,000	$0	($500,000)
Total:	**$1,320,331**	**$380,357**	**($939,974)**

*Reflects Enacted Budget and supplemental capital bill.

FY 2021 Executive Budget Economic Development Local Assistance Appropriation Changes (Thousands of Dollars)				
	Program	**FY 2020 Enacted**	**FY 2021 Proposed**	**Change**
DED	Centers of Excellence	$9,596	$0	($9,596)
	Centers for Advanced Technology	$13,818	$19,500	$5,682
	Technology Development Matching Grants	$1,382	$1,382	$0
	Industrial Technology Extension Services	$921	$921	$0
	SUNY Poly and RPI Focus Center	$3,006	$3,006	$0
	High Technology Matching Grants Program	$6,000	$6,000	$0
	Innovation Hot Spots and Incubators	$5,000	$5,000	$0
	Local Tourism Matching Grants	$3,815	$3,815	$0
	Gateway Information Centers in Beekmantown and Binghamton	$392	$0	($392)
	Agritourism	$3,971	$3,971	$0
	Science and Technology Law Center	$343	$343	$0
	Manufacturing Extension Partnership	$13,470	$13,470	$0
	Additional Centers of Excellence	$2,704	$0	($2,704)
	Additional Tourism Matching Grants	$593	$0	($593)
	Additional Technology Development Matching Grants.	$609	$0	($609)
	Additional Centers for Advanced Technology	$591		($591)
	Town of East Hampton Tourism	$100	$0	($100)
	Innovation Hub Matching Grants	$0	$1,500	$1,500
	DED Subtotal	**$66,311**	**$58,908**	**($7,403)**

	FY 2021 Executive Budget Economic Development Local Assistance Appropriation Changes (cont.) (Thousands of Dollars)			
	Program	FY 2020 Enacted	FY 2021 Proposed	Change
UDC	Minority and Women Owen Business Development	$635	$635	$0
	Economically Distressed Area Development Grants	$1,495	$1,495	$0
	Entrepreneurial Assistance Program	$490	$490	$0
	Additional Entrepreneurial Assistance Program	$1,274	$1,274	$0
	Retention of Football in Western NY	$4,605	$4,605	$0
	Urban and Community Development Program	$3,404	$3,404	$0
	Empire State Economic Development Fund	$26,180	$26,180	$0
	Executive Economic Development Initiatives, Including Advertiseme	$44,500	$42,500	($2,000)
	Market NY	$7,000	$7,000	$0
	2020 Census	$20,000	$0	($20,000)
	Bronx Overall Economic Development Corp.	$550	$0	($550)
	National Cancer Institute Stony Brook	$670	$0	($670)
	CenterState CEO	$100	$0	($100)
	Brooklyn Alliance, Inc.	$500	$0	($500)
	Queens Chamber of Commerce	$500	$0	($500)
	Additional MWBE Lending	$365	$0	($365)
	Additional Federal Community Development	$150	$0	($150)
	Brookyln Chamber of Commerce	$300	$0	($300)
	Kingsbridge Riverdale Van Cortland Development	$140	$0	($140)
	Adirondack North Country Association	$100	$0	($100)
	Canisius College	$150	$0	($150)
	Buffalo Niagara Partnership	$150	$0	($150)
	Canisius College- NCAA Hockey Tournament	$100	$0	($100)
	Harlem Park Initiative	$100	$0	($100)
	Brooklyn Neighborhood Improvement Association	$100	$0	($100)
	New York Women's Chamber of Commerce, Inc.	$100	$0	($100)
	Bayside Business Association Inc.	$50	$0	($50)
	North Country Chamber of Commerce	$200	$0	($200)
	Queens Economic Development Council	$100	$0	($100)
	Invest Buffalo Niagara, Inc.	$50	$0	($50)
	Joint Bellerose Business District Development Corporation	$50	$0	($50)
	World Trade Center Buffalo Niagara	$50	$0	($50)
	Buffalo Niagara International Trade Gateway Organization	$50	$0	($50)
	Bronx Cooperative Development Initiative	$25	$0	($25)
	Women's Enterprise Development Center	$20	$0	($20)
	NY Complete Count Commission- Census	$0	$10,000	$10,000
	UDC Subtotal:	$114,253	$97,583	($16,670)
	Economic Development Aid to Localities Grand Total	$180,564	$156,491	($24,073)

Economic Development
Proposed Disbursements - All Funds
(Thousands of Dollars)

Agency	Estimated FY 2020	Proposed FY 2021	Change Amount	Percent
Department of Economic Development	86,153	88,345	2,192	2.54%
Empire State Development Corp	1,383,055	1,944,431	561,376	40.59%
Economic Development Capital - Other	6,400	6,400	0	0.00%
Strategic Investment Program	2,000	2,500	500	25.00%
Regional Economic Development Program	2,400	3,000	600	25.00%
Totals	**1,480,008**	**2,044,676**	**564,668**	**38.15%**

FACT SHEET:
MENTAL HYGIENE

- The FY 2021 Executive Budget recommends All Funds cash disbursements of $5.6 billion, a decrease of $1.3 billion, or 18.7 percent within all mental hygiene agencies. Accounting for Department of Health (DOH) spending for Office for People with Developmental Disabilities (OPWDD) and Office of Mental Health (OMH) services, and the FY 2020 Medicaid savings plan, actual cash spending for Mental Hygiene is increasing by $308 million in FY 2021, for a total of $7.8 billion.

- Recommends a $106.6 million State spending increase to support a four percent pay raise for direct care workers. Includes an additional $29.1 million State spending increase to support the direct cost to not-for-profit providers of the scheduled minimum wage increase for direct care, direct support, and other workers.

- The Executive has stated that there is $247.5 million in OASAS to address the heroin and opioid crisis. However, exact details of this funding have not been made available. There are not any new spending initiatives to combat the opioid/heroin epidemic in the FY 2021 Executive Budget.

- The Executive proposes to not advance additional OMH inpatient bed reductions

  - There are no proposed closures of state-operated psychiatric centers in FY 2021.

- Additional $1 million to invest in suicide prevention for veterans, law enforcement, correction officers and first responders. The exact allocation of this funding is to be determined, though the Executive proposes to work with organizations currently tasked with helping these populations in developing a plan to utilize the increased funding.

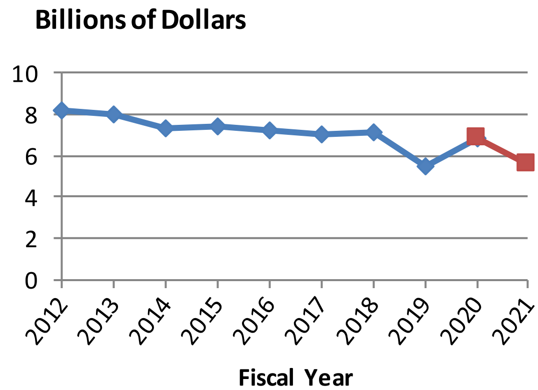
- The Executive proposes Mental Hygiene agency savings from the deferral of a planned Cost of Living Adjustment for Human Service Agencies.

- The Executive proposes the continuation of the transition to managed care for the developmentally disabled population receiving services under OPWDD

- The Executive proposal would establish within OMH a separate appointing authority of secure treatment and rehabilitation center for the care and treatment of dangerous sex offenders requiring confinement The Executive anticipates State savings of $2.2 million associated with this proposal by reducing growth in the OMH forensic system

MENTAL HYGIENE

All Funds Disbursements		
(Millions of Dollars)		
	Estimated FY 2020	Projected FY 2021
Cash	6,877	5,592
Annual Growth Rate	25.0%	-18.7%
5 Year Average Growth (Actual)		-5.1%



The FY 2021 Executive Budget recommends All Funds cash disbursements of $5.6 billion, a decrease of $1.3 billion, or 18.7 percent across all mental hygiene agencies. Accounting for Department of Health (DOH) spending for Office for People with Developmental Disabilities (OPWDD) and Office of Mental Health (OMH) services, and the FY 2020 Medicaid savings plan, actual cash spending for Mental Hygiene is **increasing** by $308 million in FY 2021, for a total of $7.8 billion, or 7.7 percent.

Department of Health Mental Hygiene Offset

The FY 2021 Executive Budget recommends DOH spending of $2.2 billion for OPWDD and OMH services. These funds are **not** reflected in the All Funds Disbursements table and chart in the beginning of this section, or the Proposed Disbursements at the end of this section. The Executive proposes increasing DOH offsets by $1.4 billion in FY 2021. Counting this adjustment, actual cash spending for Mental Hygiene is **increasing** by $177 million in FY 2020, or 2.4 percent, for a total of $742 million.

A portion of mental hygiene spending is reported under the Medicaid Global Cap. The Global Cap is expected to fund a total of $2.2 billion of Mental Hygiene spending in FY 2021, an increase of $1.6 billion from FY 2020. The large increase is due to the FY 2020 Medicaid gap closing plan that lowered this offset by $1.4 billion from $2 billion to $611 million in FY 2020. The Executive Budget is able to achieve Financial Plan relief by this shift of $2.2 billion of non-DOH Medicaid expenses into the Global Cap to stay within the State Operating Funds spending cap.

Mental Hygiene Workforce

The FY 2021 Executive Budget includes a total workforce in Mental Hygiene of 33,407, a decrease of 106 Full-Time Equivalents (FTEs). All FTE reductions are through attrition. No layoffs are anticipated in FY 2021.

Mental Hygiene FY 2021 Full-Time Equivalents (FTEs)			
Agency	FY 2020 Projected FTEs	Expected Change	FY 2021 Projected FTEs
OMH	13,757	(105)	13,652
OPWDD	18,572	-	18,572
OASAS	737	-	737
Justice Center	429	(1)	428
DDPC	18	-	18
Total	**33,513**	**(106)**	**33,407**

Department of Mental Hygiene

Proposed Executive Language

The Executive has included language in appropriations in the State Operations proposal allowing the transfer or interchange of funds, without limit, between any department, agency, or public authority. The Executive has also proposed language in the State Operations appropriations bill that states no funds shall be available for payment until the Legislature has acted upon an Aid to Localities bill, and the Budget Director has determined that these funds are sufficient for the fiscal year.

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

The Executive proposes to continue the deferral of the COLA for human services agencies for one year, as required by Chapter 57 of the Laws of 2006, and the OPWDD Medicaid Inflationary Trend Factor. The Executive has not provided projected cost avoidance for this deferment.

Minimum Wage

The FY 2021 Budget recommends a $29.1 million State spending increase to support the direct cost to not-for-profit providers of the scheduled minimum wage increase for direct care, direct support, and other workers. The amounts per state agency are:

- OASAS - $1.4 increase, for a total of $20 million
- OMH - $4 million increase, for a total of $22.5 million
- OPWDD - $23.7 million increase, for a total of $114.2 million

Direct Care and Clinical Worker Salary Enhancement

The FY 2021 Executive Budget recommends a $106.6 million State spending increase to support a four percent pay raise for direct care workers and clinical workers. The amounts per state agency are:

- OASAS: $8.9 million increase, for a total of $9.6 million
- OMH - $21.1 million increase, for a total of $22.3 million
- OPWDD - $66.3 million increase, for a total of $74.7 million

53rd Medicaid Cycle

The Executive Budget includes $40 million in funding for the 53rd Medicaid cycle for OMH and OPWDD. The amounts per state agency are:

- OMH - $4 million
- OPWDD - $36 million.

Office of Mental Health

The FY 2021 Executive Budget recommends Office of Mental Health All Funds cash spending of $2.9 billion, a decrease of $147.6 million, or 4.8 percent - this includes $220 million in DOH spending for OMH services under the Medicaid Global Cap.

State-Operated Psychiatric Centers

Starting in FY 2015, the Executive has commenced with an initiative to reduce state-operated inpatient psychiatric beds. Through October 2019, the Executive has reduced 575 adult beds and 131 children's beds.

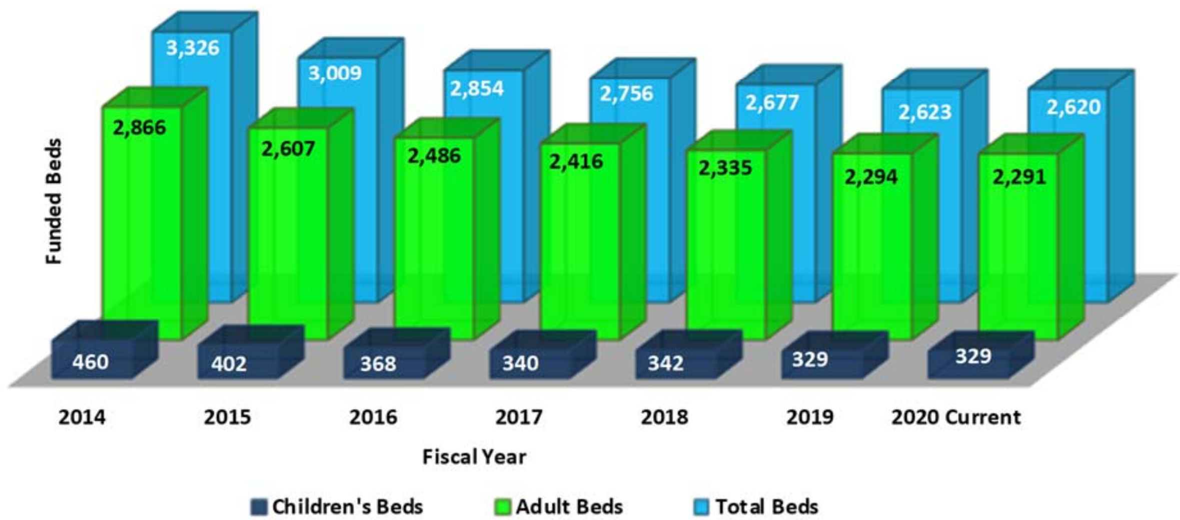
Inpatient Service Reductions

The Executive is *not* proposing new bed reduction goals to OMH Psychiatric Centers. Instead of proposing new bed reductions goals, the Executive proposes a continuation of prior year target goals. This year the State Operations appropriations bill does not include language allowing the closure of inpatient beds. Previously, the Executive included language: allowing reductions if there is a consecutive 90-day period of time that the inpatient beds remain vacant; requiring OMH to continue to invest resources to improve mental

Office of Mental Health
State Operated Bed Reductions April 2014 - October 2019

Program	Funded Beds FY 2014	Funded Beds April 1, 2019	Bed Reduction April 1, 2014-April 1, 2019	Bed Reductions April to October 2019	Funded Beds October 2019	Total Bed Reductions since 2014
Adult Facilities						
Bronx	181	156	(25)	0	156	(25)
Buffalo	183	155	(28)	0	155	(28)
Capital District	136	108	(28)	0	108	(28)
Creedmoor	344	322	(22)	0	322	(22)
Elmira	72	47	(25)	0	47	(25)
Greater Binghamton	90	71	(19)	(1)	70	(20)
Hutchings	119	117	(2)	0	117	(2)
Kingsboro	165	161	(4)	0	161	(4)
Manhattan	230	150	(80)	0	150	(80)
Pilgrim	385	273	(112)	0	273	(112)
Rochester	145	76	(69)	0	76	(69)
Rockland	430	362	(68)	0	362	(68)
South Beach	300	235	(65)	0	235	(65)
St. Lawrence	65	40	(25)	(2)	38	(27)
W. Heights	21	21	0	0	21	0
Adult Bed Reductions	**N/A**	**N/A**	**(572)**	**(3)**	**N/A**	**(575)**
Total Adult Beds	**2,866**	**2,294**	**N/A**	**N/A**	**2,291**	**N/A**
Children's Facilities						
Elmira	18	12	(6)	0	12	(6)
Greater Binghamton	16	13	(3)	0	13	(3)
Hutchings	30	23	(7)	0	23	(7)
Mohawk Valley	30	27	(3)	0	27	(3)
NY City Children's	172	97	(75)	0	97	(75)
Rockland	54	20	(34)	0	20	(34)
Sagamore	54	54	0	0	54	0
South Beach	12	10	(2)	0	10	(2)
St. Lawrence	28	27	(1)	0	27	(1)
Western New York	46	46	0	0	46	0
Children's Bed Reductions	**N/A**	**N/A**	**(131)**	**0**	**N/A**	**(131)**
Total Children's Beds	**460**	**329**	**N/A**	**N/A**	**329**	**N/A**
Total Bed Reductions	**N/A**	**N/A**	**(703)**	**(3)**	**N/A**	**(706)**
Total Adult and Children Beds	**3326**	**2623**	**(834)**	**N/A**	**2620**	**N/A**

OFFICE OF MENTAL HEALTH INPATIENT REDUCTIONS



health services for each bed reduced; and providing that the Legislature would be provided monthly status reports.

There are no planned closures of state-operated psychiatric centers for FY 2021.

The following tables show the history of bed reductions.

Reinvestments

The Executive Budget contains no new funding associated with bed reductions, or any planned FTE reductions associated with reductions. However, the Executive has stated that previously planned reductions taking place in the upcoming fiscal year will have reinvestment requirements associated with prior year goals.

Even though the Executive Budget contains no new planned reinvestment funding, the Executive has successfully shifted resources over the last several years from inpatient to community settings. As of October 2019, the State invested $97.5 million in annual funding into community services, serving 71,419 individuals. These are

Summary of OMH Community Reinvestments as of October 2019

Geographical Region/ Psychiatric Center	New Individuals Served	Annualized Reinvestment Amount
Greater Binghamton	11,872	$ 4,022,733
Elmira	3,270	$ 4,490,940
Hutchings	2,976	$ 4,842,156
Sagamore	2,187	$ 4,226,811
Pilgrim	10,501	$ 10,631,072
New York City	6,905	$ 16,962,798
Rochester	4,628	$ 6,454,353
St. Lawrence	8,107	$ 4,842,156
Rockland/ Capital District	11,160	$ 3,544,545
Western New York/Buffalo	1,266	$ 7,203,589
Statewide	**71,419**	**$ 72,083,000**
Suicide Prevention, Forensic and Risk Monitoring	N/A	$ 1,500,000
Sustained Engagement Team	783	$ 1,000,000
Residential Stipend Adjustment	N/A	$ 5,725,636
Peer Specialist Certification	278	N/A
Nursing Home Transition	192	$ 5,500,000
Unallocated FY 2020 Funding	Unknown	$ 11,676,432
Bed Reduction Reinvestment Total	**72,672**	**$ 97,485,068**
Article 28 and 31 Hospital Reinvestment*	18,908,666	$ 18,892,411
Grand Total	**97,693**	**$116,393,436**

*Pursuant to Chapter 53 of the Laws of 2014, State savings from psychiatric inpatient services at hospitals are reinvested into community services required reinvestments from state savings resulting from the reduction of inpatient psychiatric services at Article 28 or 31 hospitals (general or private), which since 2014 is $18.9 million. The combined total of these reinvestments is $116.4 million, with 97,963 individuals served. The Executive proposes to continue the formula of $110,000 reinvestment for each net reduction in inpatient beds.

Kingsboro Psychiatric Center Transformation

The FY 2021 Budget recommends an additional $2.5 million in transitional costs to transfer inpatient residents of Kingsboro psychiatric center to a transitional living campus recovery home. The plan would be a voluntary operated step-down transition to a community residence program and transform the campus into a "Recovery Hub Facility", to shorten stay lengths and provide community based support services. This new service delivery model will be supported by new revenue generated through a federal Institutions for Mental Disease (IMD) Medicaid waiver.

New Adult Home Beds and Services

The FY 2021 Budget recommends an additional $12.5 million to support five hundred new adult home beds and services to transition patients out into more supportive services. This funding would support 500 new beds.

Veterans and First Responder Suicide Prevention

The Executive Budget recommends an additional $1 million to invest in suicide prevention for veterans, law enforcement, correction officers and first responders. The exact allocation of this funding is to be determined, though the Executive proposes to work with organizations currently tasked with helping these populations in developing a plan to utilize the increased funding.

Jail Based Restoration to Competency

The FY 2021 Executive Budget recommends authorizing OMH to work with volunteering counties to establish jail based restoration to competency programs for individuals who are awaiting trial. The proposed language would also be applicable to state-operated correctional facilities. Adds "local jail mental health unit" to the definition of "appropriate institution" when it comes to units where a defendant may be held awaiting a court proceeding. This will be a voluntary program for counties outside of NYC. Currently, restorations may occur on an outpatient basis or at OMH Psychiatric Centers, OPWDD Developmental Centers, or hospitals with psychiatric units. The Executive estimates that this proposal would result in the reduction of one ward, or 25 beds, at state-operated forensic psychiatric centers, saving $1.7 million in OMH funding by reducing need capacity. The Executive estimates that a reduction of 40 FTEs associated with this proposal would happen naturally through attrition.

Counties, at their discretion, would be able to develop residential mental health units within their respective jails, fostering the restoration of individuals without accessing care at state-operated forensic psychiatric centers. Counties would reimburse the state less under this proposal, resulting in long-term savings to participating counties.

Mid-Hudson Forensic Center

The FY 2021 Budget recommends an additional $60 million appropriation in capital funding to support the replacement of the Mid-Hudson Psychiatric Center in Orange County. This is a forensic facility that provides services to inmates of prisons and local jails. The FY 2020 had included $100 million for this purpose.

Sex Offender Management and Treatment Act (SOMTA)

The Executive proposal would establish within OMH a separate appointing authority of secure treatment and rehabilitation center for the care and treatment of dangerous sex offenders requiring confinement

The Executive anticipates State savings of $2.2 million associated with this proposal by reducing growth in the OMH forensic system.
For additional information, refer to Section Three\S.7507, Part X.

Office for People with Developmental Disabilities

The FY 2021 Executive Budget recommends OPWDD All Funds cash spending of $4.2 billion, an increase of $201 million, or 8.7 percent – this includes $2 billion in DOH spending for OPWDD services under the Medicaid Global Cap.

New OPWDD Opportunities

The FY 2021 Executive Budget recommends $120 million in new State and federal funds to support expanded and new services through OPWDD's continuum of care. These services include certified and non-residential opportunities, day programs, employment, case management, and respite services. The Executive would expand services for

- Certified Housing Support Services
- Independent Living Services
- Day Programs and Employment
- Respite Services
- Choice in Service Options

Transition to Managed Care

The FY 2021 Executive Budget does not support additional funding for the transition to Managed Care. The Managed Care transition process was started with the development of Regional Care Coordination Organizations (CCOs) on July 1, 2018. The FY 2019 Medicaid Budget proposed $5 million to support the transition of care for the developmentally disabled to a managed care system, specifically provider readiness through the development of best practices and performance measurement and outcome tools. The Executive plans transitioning to a fully capitated rate structure within five years. Enrollment on a voluntary basis into care coordination models will begin in 2020. A further $5 million was provided within the OPWDD budget in FY 2020 to help providers transition and ready themselves for the pending implementation. Beginning in 2021, people eligible to enroll and who are receiving OPWDD services will begin to have to choose a Managed Care Organization to manage their supports.

According to the Executive, implementing a managed care model would ensure that the services provided to individuals with developmental disabilities are appropriate and effective and provide a way for the agency to measure how well a provider meets a person's needs rather than just measuring that a service was delivered.

Supportive Housing

The Executive Budget recommends and additional $15 million to support the expansion of supportive housing services for those intellectual and developmental disabilities.

Capital

The FY 2021 Executive Budget includes an additional $11 million appropriation to fund replacement vehicles for state owned facilities.

Miscellaneous

Also included in the Executive Budget is $75.9 million in new state funding to supplant the expiration of enhanced FMAP for Care Coordination Organizations,

Office for Addiction Services and Supports (OASAS)

The FY 2021 Executive Budget recommends OASAS All Funds cash spending of $662.2 million, an increase of $23.8 million, or 3.7 percent. The majority of this increase is from additional capital funding associated with community based center delays ($19.5 million), salary increases for direct care workers ($9 million), debt service retirements ($1.4 million), funding to support the phase in of the minimum wage increase ($1.4 million), PS, NPS, Re-estimates ($1 million), and funding for a 27th administrative payroll week ($1 million). These increase are offset by the elimination of legislative adds ($2 million), technical fund timing adjustments (2.5 million), savings associated with provider performance reviews ($4 million), and reductions associated with the administration of OASAS grants for local governments ($2.5 million).

Heroin and Opioid Crisis

The Executive has stated that there is $247.5 million in OASAS to address the heroin and opioid crisis. However, exact details of this funding have not been made available. There are not any new spending initiatives to combat the opioid/heroin epidemic in the FY 2021 Executive Budget. The Executive proposes to continue initiatives that funding was secured for in the FY 2019 Enacted Budget. The Executive proposes the funding secured by the Legislature in FY 2019 for the Independent Substance Use Disorder and Mental Health Ombudsman be made permanent ($1.5 million). In addition, the Executive proposes continued funding for jail based substance use disorder – while the Senate secured $3.75 million for this purpose in FY 2021. The Executive removes the additional $1 million dollars to fund medication associated with Medically Assisted Treatment services for the program secured by the Legislature in FY 2020. The Executive does not propose new targeted spending associated with heroin/opioid prevention and treatment programs.

Article VII

Establishes the Behavioral Health Parity Compliance Fund and Strengthens Efforts to Ensure Compliance with State and Federal Behavioral Health Parity Laws

(see Section Three\S.7507, Part Z for details)

Justice Center for the Protection of People with Special Needs

The FY 2021 Executive Budget recommends $45.2 million for the Justice Center, an increase of $1.4 million, or 3.3 percent, related to increased personnel costs. The increase is driven by personal service costs, and offset by the a new cost allocation plan pending approval by the Center for Medicaid and Medicare Services which would create Medicaid reimbursement for operations ($775,000), Statewide Central Registry checks ($64,000), and NPS re-estimates ($230,000).

Article VII

Justice Center Statewide Central Register Checks

(see Section Three\S.7507 Part AA for details)

Developmental Disabilities Planning Council

The Executive proposes $4.2 million in disbursements in FY 2021, which reflects no changes from the current fiscal year.

Mental Hygiene Proposed Disbursements - All Funds (Thousands of Dollars)				
Agency	**Estimated FY 2020**	**Proposed FY 2021**	**Change Amount**	**Percent**
Office of Mental Health	3,049,291	2,901,673	(147,618)	-4.84%
Office for People With Developmental Disabilities	3,141,111	1,979,235	(1,161,876)	-36.99%
Office of Alcoholism and Substance Abuse	638,356	662,150	23,794	3.73%
Developmental Disabilities Planning Council	4,200	4,200	0	0.00%
Justice Center for the Protection of People with Special Needs	43,721	45,160	1,439	3.29%
Totals:	**6,876,679**	**5,592,418**	**(1,284,261)**	**-18.68%**

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

FACT SHEET:
HUMAN SERVICES

Executive Budget recommends an increase in All Funds cash disbursements of $143 million, or two percent, for all human services agencies, with total recommended spending of $8.9 billion.

Office of Children and Family Services (OCFS)

- $250 million in additional appropriation authority to support implementation of Raise the Age.
- $25 million federal appropriation to assist with Statewide FFPSA compliance and a $50 million federal appropriation for temporary grants to entities with expired demonstration projects such as the NYC Title IV-E waiver.
- Authorizes Family First requirements for placement of a child in a Qualified Residential Treatment Program (QRTP).
- Eliminates the current 18.42 percent State share of reimbursement, to counties outside of New York City, for placements made by the Committee on Special Education (CSE).

Office of Temporary and Disability Assistance (OTDA)

- $13 million stand-alone Code Blue appropriation and a $2.8 million increase in appropriation authority for the Homeless Housing and Assistance Program (HHAP).
- 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, 2021.
- Lifts State ban on gestational surrogacy.

Department of Labor (DOL)

- Proposes that all employers provide sick leave to their employees. Employers with four or fewer employees would be required to provide five unpaid days of leave and larger employers, one hundred or more would be required to provide seven paid days of sick leave.
- Establishes the New York Digital Marketplace Worker Classification Task Force to provide recommendations for addressing the employment condition and classification of working in the modern on-demand economy.
- Requires prevailing wage to be paid on certain construction projects, to ensure that public dollars going to construction projects support the fair wages of the workers on those projects.

Division of Veterans' Affairs (DVA)

- Modifications to the New York State Veterans Cemetery Program.

Division of Human Rights (DHR)

- Equal Rights Amendment

Workers' Compensation Board (WCB)

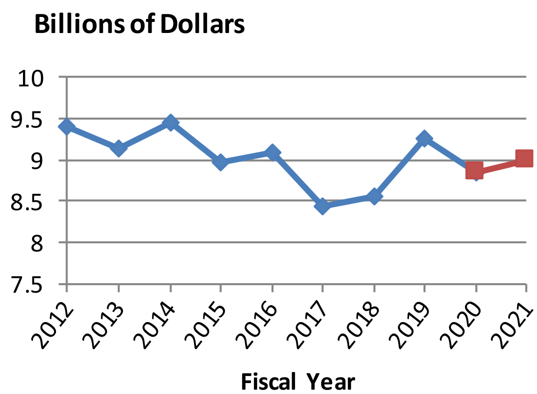
- Authorizes the New York State Insurance Fund (SIF) to make investments in small businesses.

- Permits SIF to cancel a workers' compensation policy based on the policyholder's failure to cooperate with a payroll audit

- Authorizes SIF to work with out of state insurance companies to write Workers' Compensation policies outside the state

HUMAN SERVICES

All Funds Disbursements		
(Millions of Dollars)		
	Estimated FY 2020	Projected FY 2021
Cash	8,834	8,978
Annual Growth Rate	-4.6%	1.6%
5 Year Average Growth (Actual)		-0.3%



The Fiscal Year (FY) 2021 Executive Budget recommends an increase in All Funds cash disbursements of $143 million, or two percent, for all human services agencies, with total recommended spending of $8.9 billion.

Office of Children and Family Services (OCFS)

The FY 2021 Executive Budget recommends All Funds Spending of $3.8 billion, an increase of less than $1 million from FY 2020. OCFS requests a workforce of 2,856 full time equivalents (FTE), which is a decrease of 63 FTEs from FY 2020.

State Operations

The Executive Budget recommends increasing OCFS State Operations appropriations by $13.6 million. The change can be attributed to the following increases:

- $11.1 million increase to the Child Care Services Federal Special Reserve Fund. This change reflects additional Federal funding.
- $3.8 million increase in Federal appropriation authority for the New York State Commission for the Blind.
- $1.2 million decrease related to the closure of the Youth Leadership Academy Limited Secure Facility located in Delaware county. This action will result in a 63 FTE reduction and will provide $1.2 million in savings in FY 2021.

Aid to Localities

The Executive Budget recommends OCFS Aid to Localities appropriation authority of $3.3 billion, a decrease of $13 million from FY 2020. The net decrease is attributed to change in the following programs:

- $25 million decrease within the Family and Children's Service Program (FCSP).
- $22 million decrease in General Fund support related to eliminating the State share of Committee on Special Education (CSE) costs.
- $3.59 million decrease related to the elimination of the Public Private Partnership Program. The Executive claims that the program does not provide meaningful funding

on a Statewide basis and is currently supporting a small number of programs.

- $4.25 million decrease for Union Professional Development and Quality Enhancement Activities through the Child Care Program

FY 2021 Legislative Additions Eliminated by the Executive Office of Children and Family Services			
Item	Amount	Item	Amount
Safe Harbour NY	$3,000,000	Asian American Legal Defense	$100,000
Settlement House Program	$2,450,000	Asian Americans for Equality	$100,000
Child Advocacy Centers	$2,000,000	Center for Family Representation	$100,000
Kinship CareGiver Program	$1,900,000	Cheektow aga Boys and Girls Club	$100,000
Youth Development Program Add	$1,500,000	Family Justice Center of Erie County	$100,000
Community Voices for Youth and Families of L.I.	$1,500,000	Fortune Society Freedom Commons	$100,000
2-1-1 New York	$1,250,000	Jew ish Board	$100,000
Fresh Air Fund	$1,000,000	Jew ish Child Care Association	$100,000
New York State Alliance Boys and Girls Club	$750,000	Martin Luther King Multi-Purpose Center	$100,000
Child Care Facilitated Enrollment: NYC	$500,000	NYPD Youth Explorers Program	$100,000
Child Care Facilitated Enrollment: Erie	$500,000	Tri Community Youth Agency	$100,000
Child Care Facilitated Enrollment: Onondaga	$500,000	YMCA of Greater NY - Bedford Stuyvesant YMCA	$100,000
Runaw ay and Homeless Youth Add	$500,000	Youth Theatre Interactions, Inc	$100,000
Legal Services of Hudson Valley	$400,000	Pathw ays 2 Apprenticeship	$100,000
New Alternatives for Children	$400,000	Urban Upbound	$100,000
New York State YMCA Foundaiton	$400,000	Chinese American Planning Council	$90,000
Post-placement Care of Juvenilies	$311,700	Edw in Gould Service for Children and Families	$90,000
Cohoes Community Center	$300,000	Gatew ay Youth Outreach	$90,000
Associatiom of New York State Youth Bureaus	$250,000	Greater Ridgew ood Youth Council	$90,000
Junior Achievement of NY	$250,000	La Liga, the Spanish Action League of Onondaga C	$90,000
Long Island Pre-Kindergarten Technical Assistance	$250,000	Make the Road New York	$90,000
Westchester County Youth Bureau	$225,000	Metropolitan New York Corrdination Council on Jew	$90,000
Catholic Family Center - Rochester	$220,500	Federation of Italian American Organizations	$80,000
Center for Popular Democracy	$200,000	Chinese American Planning Council Manhattan Comr	$75,000
Citizens Committee for NYC	$200,000	Chinese American Planning Council	$75,000
Citizens Committee for NYC	$200,000	Ossing Children's Center	$75,000
Hispanic Federation	$200,000	Campaign Against Hunger	$60,000
Urban Upbound	$200,000	Orange County Safe Homes Project, Inc	$60,000
Long Island Youth Federation	$180,000	Rockville Centre Hispanic Brotherhood	$60,000
Woodside on the Move	$180,000	Cooper Square Development Community Center	$50,000
Boys and Girls Club of Harlem	$175,000	East Flatbush Village	$50,000
American legion Boys State Prog (Morrisville Auxiliar	$150,000	Ecuadorian Civic Committee of New York	$50,000
American legion Girls State Prog	$150,000	Long Beach Christmas Angel	$50,000
Churchs United For Fair Housing	$150,000	Mind Builders Creative Arts Center	$50,000
New York State Coalition Against Domestic Violence	$150,000	YouthBuild Schenectady	$50,000
Oneida County Youth Bureau	$150,000	The NEW Pride Agenda Inc.	$50,000
Opportunities for a Better Tomorrow	$150,000	Hartley House Inc	$40,000
Common Point Queens	$135,000	One Stop Richmond Hill Community Center	$35,000
Center for Elder Law and Justice	$125,000	Gantry Parents Association	$30,000
Harlem Arts Alliance - Harlem Week	$125,000	St. Luke's Community Food Program	$25,000
United Jew ish Organizations of Williamsburg	$125,000	Weeksville Heritage Center	$25,000
West Indian American Day Carnival Association	$125,000	Pelham Together	$20,000
Kinship Navigator	$100,000	Korean Community Services of Metropolitan New Yo	$10,000
Arab American Family Resource Center	$100,000	St. Nicholas Chess 4 Kids, Inc.	$10,000
		Total	$23,627,200

(CCP). The Executive states that collective bargaining agreements allow the State to support these activities, contingent on available funding.
- $50,000 elimination of a Legislative addition for the Helen Keller Services for the Blind, which funded the New York State Commission for the Blind.
- Eliminates $26.7 million of Legislative Adds.

The Aid to Localities decreases are offset by the following increases.

- $75 million in Federal appropriations related to the implementation of the Federal Family First Prevention Services Act (FFPSA). $40 million increase for the child welfare threshold under the mandated Federal Temporary Assistance for Needy Families (TANF) Flexible Fund for Family Services (FFFS) that will produce $25 million in savings in FY 2021.
- $3.8 million increase of Federal appropriation authority for the Commission for the Blind.
- $5 million appropriation for services related to establishing a Survivor-Centered Pilot Program to provide flexible, survivor-centered services to individuals and families who have experienced domestic violence.

Capital

The FY 2021 Executive Budget recommends All Funds capital spending of $43.4 million. There is no change from FY 2020 levels.

Raise the Age

The FY 2020 Executive Budget included a $200 million miscellaneous Aid to Localities appropriation for New York City and county costs related to the implementation of Raise the Age. The FY 2021 Executive Budget recommends $250 million miscellaneous Aid to Localities appropriation to support the continued implementation of Raise the Age, for total appropriation authority of $450 million.

Increase TANF FFFS Child Welfare Threshold to Offset State Costs

The FY 2021 Executive Budget proposes to increase TANF-FFFS child welfare threshold by $40 million, from $342 million to $382 million. This would reduce General Fund costs which currently reimburse local districts through the open-ended child welfare program at 62 percent of eligible expenditures, net of Federal funding. The Executive claims this approach will provide $25 million in savings in FY 2021.

Eliminate the State Share for Committee on Special Education (CSE)

Currently the room and board costs for children with severe disabilities placed by CSEs are shared between local social services districts, school districts and by the State when placements are made by committees outside of New York City. The FY 2021 Executive Budget eliminates the existing 18.42 percent State share, placing the fiscal responsibility with the school district responsible for placement. The Executive states that this will provide $25.9 million in savings in FY 2021.

Federal Family First Prevention Services Act (FFPSA)

The Executive Budget includes legislation to facilitate compliance with the Federal Family First Prevention Services Act (FFPSA) and help keep children safely with their families or in the least restrictive, most family like setting appropriate to their special needs when foster care is needed. The FY 2021 Executive Budget includes a $25 million federal appropriation to assist with Statewide FFPSA compliance and a $50 million federal appropriation for temporary grants to entities with expired demonstration projects such as the NYC Title IV-E waiver.

Article VII Proposals

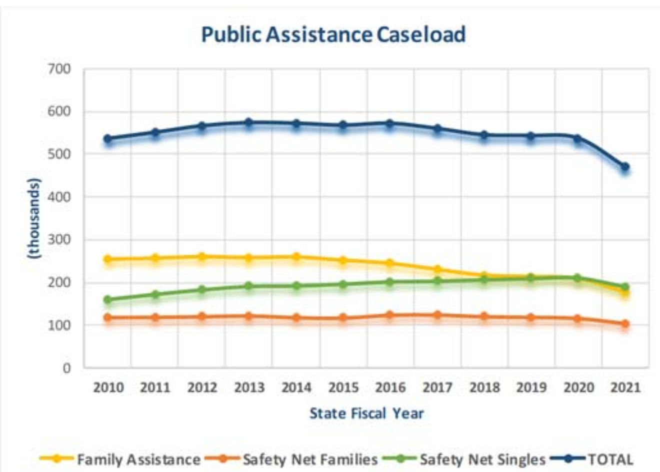
The Executive proposes the following Article VII legislation:

Authorizes Family First requirements for placement of a child in a Qualified Residential Treatment Program (QRTP)
(see Section Three\S.7506, Part M for more detail)

Eliminates the State share of reimbursement, to counties outside of New York City, for placements made by the Committee on Special Education (CSE)
(see Section Three\S.7506, Part N for more detail)

Office of Temporary and Disability Assistance (OTDA)

The FY 2021 Executive Budget recommends All Funds spending of $5.9 billion, an increase of $41 million or one percent from FY 2020. The FY 2020 Executive Budget recommends a workforce of 1,987 FTE's, unchanged from the FY 2020 level.



State Operations

The FY 2021 Executive Budget recommends All Funds appropriation authority of $446 million, a decrease of $8.5 million or two percent. This is net of a $10.5 million decrease for indirect costs for OTDA's Federal Disability Determinations Division (FDDD).

The decrease within OTDA State Operations is offset by a $2 million increase which is attributable to expansion within OTDA's State Federal Low Income Home Energy Assistance Program (HEAP). HEAP helps low-income households pay the cost of heating their homes.

Aid to Localities

The Executive Budget recommends All Funds appropriation authority of $5.3 billion. A decrease of $14.7 million.

This decrease is primarily driven by a $1.5 million reduction to the Disability Advocacy Program and the elimination of $32.3 million in Legislative adds.

To offset the decrease the Executive proposes a $13 million stand-alone Code Blue appropriation and a $2.8 million increase in appropriation authority for the Homeless Housing and Assistance Program (HHAP).

FY 2021 Legislative Additions Eliminated by the Executive Office of Temporary and Disability Assistance	
Item	Amount
Facilitated Enrollment Pilot Prog. (Brooklyn, Queens, Bronx & Monroe County)	$5,939,000
Advantage After School Program	$5,000,000
Empire State Poverty Reduction Initiative	$4,500,000
Technology Assisted Training Program	$4,000,000
Career Pathways Program	$2,850,000
Facilitated Enrollment Pilot Prog. (Capital Region-Onieda)	$2,549,000
Enhanced Services to Refugees Program	$2,000,000
Preventive Services	$1,570,000
Disability Advocacy Program	$1,500,000
Welfare to Careers Prog. (CUNY, NYC and Westchester)	$800,000
Wage Subsidy Program	$475,000
Non-custodial Parent (NCP) Employment Program	$200,000
SUNY Childcare	$193,000
Wheel for Work Program	$144,000
CUNY Childcare	$141,000
Rochester-Genesee Regional Transportation Authority	$82,000
Ibero-American Action League	$50,000
Mohawk Valley Latino Association	$50,000
Family Residence and Essentials Enterprises, Inc	$50,000
Centro Civico of Amsterdam	$50,000
Spanish Action League in Onondaga	$50,000
Hempstead Hispanic Civic Association	$50,000
Hispanic Federation	$50,000
Centro of Onieda	$25,000
Bethany House	$20,000
Subtotal	**$32,338,000**

Capital

The FY 2021 Executive Budget recommends increasing the OTDA Capital Appropriation by $128 million. The increased appropriation authority reflects the Executive's proposal to double funding for HHAP and expand the supply of permanent, transitional, and emergency housing for homeless persons.

Increase the New York City Share for Family Assistance to Needy Families Expenditures

The FY 2020 Executive Budget included the establishment of a 10 percent local share for New York City for the Family Assistance Program (FA). This was consistent with the existing 10 percent local share that the City paid for Emergency Assistance to Families (EAF). The FY 2021 Executive Budget proposes to increase the local share of New York City for FA and EAF to 15 percent. These programs provide assistance to eligible families earning less than 200 percent of the Federal Poverty Level.

Create more Homeless Housing

The FY 2021 Executive Budget doubles funding for the Homeless Housing and Assistance Program (HHAP) to $128 million. This is an increase of $64 million over FY 2020, and designates up to $5 million to expand permanent support housing for homeless veterans. The Executive states that this will create more housing for individuals and families who are homeless and unable to secure adequate housing without special assistance.

Increase Funding for the Summer Youth Employment Program

The FY 2021 Executive Budget increases funding for the Summer Youth Employment Program by $1 million, bringing the programs total to $45 million. Approximately 19,000 youths were employed through the 2019 program, consistent with the previous year.

Article VII Proposals

The Executive proposes the following Article VII legislation:

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, 2021
(see Section Three\S.7506, Part K for more detail)

Legalizes Gestational Surrogacy
(see Section Three\S.7506, Part L for more detail)

Division of Human Rights (DHR)

The FY 2021 Executive Budget recommends $18 million in All Funds support, unchanged from FY 2020 levels. Requested workforce of 164 FTE's remains unchanged from FY 2020.

Article VII Proposals

The Executive proposes the following Article VII legislation

Add Additional Protected Classes to Equal Protection Clause
(see Section Three\Concurrent Resolutions for more detail)

Department of Labor (DOL)

State Operations

The FY 2021 Executive Budget recommends All Funds Spending of $598 million, an increase of $3.2 million. Requested staffing levels remain unchanged at 2,897 FTE's.

Aid to Localities

The FY 2021 Executive Budget recommends All Funds Spending of $3.6 billion, reflecting a decrease of $13 million from FY 2020, solely due to the elimination of legislative adds.

Article VII Proposals

The Executive proposes the following Article VII legislation:

Guarantee Access to Sick Leave
(see Section Three\S.7506, Part J for more detail)

Establishes the New York Digital Market Place Worker Classification Task Force
(see Section Three\S.1508, Part GGG for more detail)

Requires Prevailing Wage to be Paid on Certain Private Construction Projects
(see Section Three\S.1508, Part FFF for more detail)

FY 2021 Legislative Adds Eliminated by the Executive Department of Labor (DOL)	
Item	**Amount**
AFL-CIO Cornell Domestic Violence	$150,000
AFL-CIO Cornell Leadership	$150,000
AFL-CIO Cornell Sexual Harassment Prevention	$150,000
AFL-CIO Cornell Training and Education Criminal Records	$50,000
BTPAP, Rochester	$200,000
BTPAP, Nassau County	$200,000
BTPAP, WNY	$200,000
Displaced Homemaker	$1,620,000
New York State Pipe Trades	$140,000
Manufacturers Association of Central New York	$750,000
NYCOSH	$350,000
NYCOSH (Long Island)	$200,000
Solar Energy Consortium	$500,000
Workforce Development Institute	$4,000,000
Workforce Development Institute, Manufacturing	$2,500,000
WNYCOSH	$200,000
Worker Institute, Cornell	$300,000
Newburgh LGBTQ	$100,000
LGBT Community Center	$100,000
Hope Program	$100,000
LaGuardia Community College	$100,000
Melting Pot Foundation	$120,000
BTPAP Newburgh	$200,000
Here to Here Program	$50,000
NorthEast Coalition of Occupation Safety	$85,000
Youth Build	$500,000
Total	**$13,015,000**

Division of Veterans' Services (DVS)

The FY 2021 Executive Budget recommends All Funds spending of $19.6 million, a decrease of $1.6 million from FY 2020. The Executive Budget recommends a workforce of 98 FTE employees, which is unchanged from FY 2020 levels.

State Operations

FY 2021 State Operations Appropriation Authority remains unchanged at $8.7 million.

Aid to Localities

The FY 2021 Executive Budget recommends decreasing the Division's Aid to Localities appropriations by $1.6 million. This decrease represents the elimination of legislative additions to support veterans.

FY 2020 Legislative Additions Eliminated by the Executive Department of Vetrans Services (DVS)	
Item	**Amount**
SAGE Veterans Project (A)	$50,000
Helmets-to-Hardhats	$200,000
NYS Defenders Association Veterans Defense Program (A)	$250,000
North Country Veterans Association	$100,000
Legal Services of the Hudson Valley Veterans and Military Families Advocacy Project	$200,000
Department of New York VFW of the U.S. Field Service Operations	$125,000
Clear Path for Veterans Program	$200,000
SAGE Veterans Project (S)	$50,000
NYS Defenders Association Veterans Defense Program (S)	$250,000
NYS Defenders Association Veterans Defense Program - Long Island Expansion	$220,000
Total Veterans	**$1,645,000**

Article VII Proposals

The Executive proposes the following Article VII legislation:

Modifies the New York State Veterans Cemetery Program to Remove Endowment Requirements and Expand the Authority of the Division of Veterans Services
(see Section Three\S.7506, Part O for more detail)

Office of the Welfare Inspector General

The FY 2021 Executive Budget recommends $1.3 million in All Funds support, unchanged from FY 2020 levels. Requested workforce of seven FTE's remains unchanged from FY 2020.

Workers' Compensation Board (WCB)

State Operations

The FY 2021 Executive Budget recommends an All Funds cash spending amount of $228.3

million, an increase of $26.5 million or 13.1 percent from FY 2020. The Board's workforce of 1,109 FTE's remains unchanged. Of this amount, $196.4 million is comprised of assessments on businesses, which are levied to fund the daily operations of the board. These assessments remain unchanged from FY 2020.

The $27.4 million increase is driven by capital reappropriation 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 disbursed $3.1 million in FY 2016, $3.7 million in FY 2017, $4.8 million in FY 2018 and is expected to disburse $5.3 million in FY 2020. The Executive includes no new Capital appropriations. The project is expected to be completed using only remaining reappropriation authority.

Article VII Proposals

The Executive proposes the following Article VII legislation:

Authorizes the New York State Insurance Fund (SIF) to make investments in small businesses
(see Section Three\S.1505, Part GG for more detail)

Permits SIF to can a workers' compensation policy based on the policyholder's failure to cooperate with a payroll audit
(see Section Three\S.1505, Part HH for more detail)

Authorizes SIF to work with out of the state insurance companies to write Workers' Compensation policies outside the state
(see Section Three\S.1505, Part II for more detail)

Miscellaneous

Office of National and Community Service

The FY 2021 Executive Budget recommends $30.77 million in appropriation authority, unchanged from FY 2020.

The Executive Budget recommends a workforce of 10 Full-time Employees, which is unchanged from FY 2020 levels.

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

Agency	Estimated FY 2020	Proposed FY 2021	Change Amount	Percent
Children and Family Services	2,834,654	2,921,248	86,594	3.05%
Temporary and Disability Assist.	5,150,838	5,190,644	39,806	0.77%
Welfare Inspector General	701	731	30	4.28%
Department of Labor	577,906	570,315	(7,591)	-1.31%
Workers' Compensation Board	201,786	228,305	26,519	13.14%
Division of Veterans' Affairs	17,673	16,333	(1,340)	-7.58%
Division of Human Rights	14,343	15,257	914	6.37%
National and Community Service	16,417	16,986	569	3.47%
Raise the Age	1	1	0	0.00%
Nonprofit Infrastructure Capital Program	20,000	18,000	(2,000)	-10.00%
Totals:	**8,834,319**	**8,977,820**	**143,501**	**1.62%**

FACT SHEET:
GENERAL GOVERNMENT AND LOCAL ASSISTANCE

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.

- New York State will not amortize pension costs for FY 2021. The Executive anticipates paying the full amount of the State's pension obligation in April 2020

Executive Program Reductions and Eliminations

- None

New Programs Proposed by the Executive

- Create the Office of Cannabis Management within the Division of Alcoholic Beverage Control to regulate legalized recreational marijuana

- Fifth round of $10 million in funding for the Downtown Revitalization Initiative identical to that included in the FY 2017, FY 2018, FY 2019, and FY 2020 Enacted Budgets ($100 million total)

  Local Assistance:

Executive Program Reductions and Eliminations

- Eliminates $9.3 million in Video Lottery Terminal Impact Aid which would impact 15 municipalities

Elections

New Programs Proposed by the Executive

- Requires automatic recount in all statewide elections in which margin of victory is 0.2% or less of all votes cast.
  - Requires automatic recount in all other elections in which margin of victory is 0.5% or less of all votes cast.
  - Recounts must be completed manually.
  - Current law does not require a recount in close elections, however, a candidate may petition a court for a recount.

GENERAL GOVERNMENT AND LOCAL GOVERNMENT ASSISTANCE

All Funds Disbursements (Millions of Dollars)	Estimated FY 2020	Projected FY 2021
Cash	10,058	10,441
Annual Growth Rate	7.0%	3.8%
5 Year Average Growth (Actual)		7.0%

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 2021 Executive Budget recommends All Funds Cash Disbursements of approximately $10.4 billion for General Government Agencies, General State Charges and Local Government Assistance. This represents a year-over-year increase of $383 million or 3.8 percent over FY 2020 levels. The majority of this increase can be attributed to General State Charges ($242 million), and the Department of Taxation and Finance ($52.1 million), offset by reductions in the Gaming Commission ($68.2 million).

The following General Government Agencies are projected to have flat or near flat All Funds cash disbursement growth in FY 2021:

- Data Analytics
- Deferred Compensation Board
- Executive Chamber
- Office of Lieutenant Governor
- Public Employment Relations Board
- Division of Tax Appeals

Division of Alcoholic Beverage Control

The FY 2021 Executive Budget recommends all funds cash disbursements of $30.6 million, an increase of $19.3 million or 171 percent. This entire increase is due to the creation of the Office of Cannabis Management, which will oversee the regulation of Adult Use Cannabis as proposed in the FY 2021 Executive Budget.

The workforce of 311 FTEs includes an increase of 191 FTEs from FY 2020, in anticipation of staffing for the Office of Cannabis Management.

Article VII Proposals

The Executive proposes the following Article VII language:

Allow Alcoholic Beverages in Movie Theatres
(See Section Three\S.7505 Part DD for details)

Allow Craft Beverage Brewers and Distillers to Sell Their Products on Their Premises Without Needing Legislative Approval for Each License
(see Section Three\S.7505 Part EE for details)

Establish Hours During Which Alcoholic Beverages May be Sold at Certain International Airports
(see Section Three\S.7508 Part FF for details)

Cannabis Regulation and Taxation Act
(see Section Three\S.7509 Part BB and further details in the Issues in Focus section on Recreation Marijuana)

Audit and Control

The FY 2021 Executive Budget recommends All Funds spending of $201 million for the State Comptroller, an increase of $5.8 million or three percent from FY 2020.

This increase consists of a $714,000 reduction in capital project funds offset by increases of $2.7 million in additional personal service costs associated with salary growth and $3.8 million in non-personal service spending.

The Executive requests $10.1 million in additional appropriation authority for information technology equipment and system upgrades.

The workforce of 2,663 FTE remains unchanged.

Division of the Budget

The FY 2021 Executive Budget recommends All Funds spending of $30.6 million, an increase of $470,000 or 1.6 percent over FY 2020.

This cash increase is primarily driven by an increase in personal service costs offset by the elimination of $537,000 for membership dues to the Council on State Government, National Conference of State Legislators, the National Conference of Insurance Legislators and a one-time legislative addition relating to New York State's sponsorship of a Council on State Government conference held in New York.

Agency appropriation authority decreased by $537,000 to 49.2 million.

The workforce of 261 FTE remains unchanged.

Department of Civil Service

The FY 2021 Executive Budget recommends an All Funds spending level of $14.8 million, a $1.5 million or 9.2 percent decrease from FY 2020.

The workforce of 362 FTE remains unchanged.

Office of Employee Relations

The FY 2021 Executive Budget recommends All Funds spending of $6.4 million, an increase of $98,000 or 1.5 percent over FY 2020.

The workforce of 77 FTE remains unchanged.

Department of Financial Services (DFS)

The FY 2021 Executive Budget recommends All Funds spending of $391 million, an increase of $20 million or 5.5 percent from FY 2020.

Appropriation authority increases by $1.3 million, from $437.8 million to $439.2 million. The increase is primarily driven by increased costs per recipient in the Healthy NY Program (there are approximately 18,000 enrollees).

The Executive also proposes to administratively establish the Statewide Office of Financial Inclusion and Empowerment. The purpose of the office is to provide low interest loans and services to underserved communities.

The workforce of 1391 FTE remains unchanged.

Article VII Proposals

The Executive proposes the following Article VII language:

License Debt Collecting Entities
(see Section Three\S.7508. Part LL for details)

Stop Abuse and Deceptive Practices from Student Loan Debt Relief Companies
(see Section Three\S.7508 Part MM for details)

Strengthen New York Consumer Protection Law
(see Section Three\S.7508 Part NN for details)

Fighting Elder Financial Fraud
(see Section Three\S.7508 Part OO for details)

Early Intervention Pay and Pursue
(see Section Three\S.7507 Part C for details)

Prescription Drug Pricing Board
(see Section Three\S.7507 Part G for details)

Health Related Consumer Protections
(see Section Three\S.7507 Part J for details)

Excess Medical Malpractice Extender
(see Section Three\S.7507 Part T for details)

Regulates Pharmacy Benefit Managers
(see Section Three\S.7507 Part U for details)

Behavioral Health Parity Compliance Fund
(see Section Three\S.7507 Part Z for details)

Gaming Commission

The FY 2021 Executive Budget recommends All Funds appropriations of $432.5 million, an increase of $24 million or six percent.

The Executive Budget recommends State Operations appropriations of $113.5 million, which is unchanged from FY 2020.

The Executive Budget recommends appropriations of $319 million for local assistance, an increase of $24 million. This is in anticipation that withheld slot machine revenue by the Seneca Nation will be repaid.

The Executive projects no FTE changes from FY 2020 levels of 430.

Commercial and Video Lottery Gaming

As of February 2018, all four Destination Resort Casinos have opened within the Capital, Central, and Hudson Valley regions of New York as established by the 2013 Gaming Economic Development Act. These casinos pay 80 percent of their tax to Education, with the remaining 20 percent going to host and non-host municipalities. The FY 2021 Executive Budget recommends Commercial Casinos local assistance appropriation authority of $62 million, consistent with FY 2020.

The FY 2021 Executive Budget anticipates the Video Lottery Gaming (VLG) program to generate $978 million for Education, $3 million increase from FY 2020, respectively.

Tribal State Compact

The State has exclusivity compacts with The Oneida, Seneca, and St. Regis Mohawk Tribe. These compacts require the three Nations to remit 25 percent of their slot machine proceeds to the State.

State Finance Law requires the State to share 25 percent of revenue received from Native American casinos with the local host government and an additional 10 percent of the State's share with the non-host counties within the exclusivity zone.

The FY 2021 Executive Budget recommends an appropriation of $257 million, a $24 million increase from FY 2020. This is due to the January 2019 arbitration decision that will require the Seneca Nation to repay, and continue to pay, slot machine revenue that they ceased paying in April 2017 due to their interpretation of the Tribal State Compact. The Seneca Nation has appealed this decision, and continue to withhold payments.

General State Charges (GSC)

The FY 2021 Executive Budget recommends All Funds spending of $9.4 billion, an increase of $356 million or 3.95 percent. This includes Other-Than-General-Fund (OTGF) disbursements, which are payment made from Special Revenue Funds for fringe benefits. Excluding OTGF spending, the Executive Budget recommends GSC spending of $7.1 billion, an increase of $242 million or 3.5 percent.

The main cost driver for the $242 million increase is an increase of $178.8 million or 4.5 percent in premiums for New York State Health Insurance Plan (NYSHIP). This reflects the Calendar Year (CY) 2020 rate renewal, which includes collectively negotiated health insurance reforms, savings from a new prescription drug contract made with CVS medical inflation and current enrollment levels.

Also, State Workers Compensation costs are increasing by $68.6 million, or 13 percent. Increases in the underlying growth of the average weekly wage benefit and increased medical costs are the primary drivers of this increase.

Article VII Proposals

The Executive proposes the following Article VII language:

Continuing to Protect and Strengthen Unions
(see Section Three\S.7505 Part W for details)

Pay Equity at State and Public Authorities
(see Section Three\S.7505 Part QQ for details)

Cease reimbursement for Income Related Monthly Adjustment Amounts (IRMAA)
(see Section Three\S.7505 Part S for details)

Cap Reimbursement for the Medicare Part B Standard Premium at Federal 2019 Levels and Subject Future Increases to Budget Negotiations
(see Section Three\S.7505 Part U for details)

Establish Market Interest Rates on Court Judgments
(see Section Three\S.7505 Part T for details)

Implement Sliding Scale Reimbursement of Health Care Costs for New York State Civilian Hires at Retirement Age Within the New York State Health Insurance Program
(see Section Three\S.7505 Part V for details)

The Office of General Services

The FY 2021 Executive Budget recommends All Funds spending of $397.5 million, an increase of $51.5 million, or 14.7 percent from FY 2020.

The recommended All Funds increase consists of a $75 million increase in Capital funds, offset by a decrease in State Operations of $23.5 million in non-personal service costs. The proposed increase in capital reflects additional funding for special events, parking services, asset preservation, and design and construction contracts.

The requested workforce of 1,975 reflects an increase of four FTE to meet the operational needs of the agency.

Inspector General

The FY 2021 Executive Budget recommends All Funds spending of $7.8 million, which is an increase of $339,000, or 4.5 percent.

The Agency's workforce of 92 FTEs remains unchanged.

Joint Commission on Public Ethics

The FY 2021 Executive Budget recommends All Funds spending of $5.8 million, which is an increase of $205,000, or 3.6 percent. Personal service spending would increase $186,000, or 4.0 percent. Non-personal service spending would increase approximately $19,000, or two percent.

Local Government Assistance

The FY 2021 Executive Budget recommends All Funds cash disbursements of $730 million, a reduction of $6 million or 0.82 percent from FY 2020. For FY 2021 the total Aid to Localities appropriation is $748.5 million, a reduction of $17.5 million or two percent from FY 2020.

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 (except the City of New York).

The FY 2020 Enacted Budget included a $656 million appropriation in AIM base level grants to local governments. This reform included a $59 million or eight percent decrease in base aid grants to towns and villages from the FY 2019 Enacted Budget.

Towns and villages were deemed non-reliant on AIM base funding by the Executive if the received base grant supported less than two percent of their FY 2019 All Funds Budget. This reduction permanently eliminated 1,326 towns and villages from the program. Cities were not affected.

The FY 2021 Enacted Budget includes a $656 million appropriation in AIM base level grants to local governments. This remains unchanged from the FY 2020 Enacted Budget.

According to the Executive's FY 2021 "AIM Run Distribution", towns and villages appear to be made whole and reflect similar funding levels received in the FY 2019 Enacted Budget before the reduction in base grants was instituted. This is because the source of the grant funding has changed.

Villages and towns that were eliminated from the AIM program in the FY 2020 Enacted Budget had their AIM base funding replaced by county sales tax revenues (taxes, penalties, and interest imposed by the county). The Office of the State Comptroller would transfer the necessary amount of funding to each eliminated village and town to cover the funding reduction.

The Executive has commented that internet sales tax revenue would be sufficient to cover the reduction in state aid.

The table below shows the current funding level of AIM base grants to cities, towns, and villages. Note, this is not representative of the amount derived from county sales tax revenues, only the State funding.

AIM DISTRIBUTION (Millions of Dollars)		
	FY 2020	FY 2021
Big Four Cities	$ 429	$ 429
Other Cities	$ 218	$ 218
Towns and Villages	$ 8	$ 8
Total	**$ 655**	**$ 655**

Legislative Initiatives Eliminated from FY 2021 Enacted Budget

- County of Onondaga - $2 million
- Village of Delhi - $200,000
- Village of New Paltz - $200,000
- City of Hudson – $100,000
- Village of Woodbury - $27,000
- Village of South Blooming Grove - $19,000

- Village of Sagaponack – $2,000
- County of Franklin - $200,000, grant eliminated for non-payment of property taxes from the Cayuga and Mohawk Indian nations.

Downtown Revitalization

The Executive Budget proposes a fifth round of funding totaling $100 million for downtown revitalization initiatives financed through the Department of State. The downtown revitalization program was first proposed in FY 2017 and continued in FY 2020. The purpose of these grants is to make payments to local governments and other municipal entities for downtown development projects for transformative housing, economic development, transportation and community projects designed to increase the property tax base.

Video Lottery Terminal (VLT) Host Aid Reduction

Currently, 16 municipalities receive $28.9 million in VLT Host Aid to be used for the alleviation of local costs associated with the gaming facility, to reduce real property taxes, or to increase support for public schools.

The FY 2021 Executive Budget eliminates aid for 15 of these municipalities for a $9.3 million impact on locals. The City of Yonkers, which is the only municipality eligible to use their aid for education, would be allowed to continue to receive their portion, which is approximately $19.6 million per year.

Article VII Provisions

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

Eliminate VLT Aid to Municipalities
(see Section Three\S.7505; Part KK for details)

VLT Aid to Municipalities				
Facility	Municipality	2019-2020	2020-2021	Change
Empire City	Yonkers	19,600,000	19,600,000	-
Saratoga Casino	Saratoga-City	2,325,592	0	(2,325,592)
	Saratoga-County	775,198	0	(775,198)
	Total	3,100,790	0	(3,100,790)
Finger Lakes	Farmington	1,777,573	0	(1,777,573)
	Ontario	591,174	0	(591,174)
	Total	2,368,747	0	(2,368,747)
Monticello	Monticello	291,205	0	(291,205)
	Thompson	634,506	0	(634,506)
	Sullivan	308,570	0	(308,570)
	Total	1,234,281	0	(1,234,281)
Hamburg	Hamburg	865,679	0	(865,679)
	Erie	288,560	0	(288,560)
	Total	1,154,239	0	(1,154,239)
Batavia Downs	Batavia-City	440,789	0	(440,789)
	Batavia-County	160,388	0	(160,388)
	Genesee	200,392	0	(200,392)
	Total	801,569	0	(801,569)
Vernon Downs	Vernon-Village	137,103	0	(137,103)
	Vernon-Town	231,788	0	(231,788)
	Oneida	256,796	0	(256,796)
	Total	625,687	0	(625,687)
	Total	$ 28,885,313	$19,600,000	(9,285,313)

Enhance Flexibility of Shared Services Initiative
(see Section Three\S.7505 Part OO for details)

Modify Voting Requirements for the Financial Restructuring Board of Local Governments
(see Section Three\S.7505 Part MM for details)

AIM Payments to Localities with Control Boards
(see Section Three\S.7505 Part NN for details)

Authorize Shared County Jails
(see Section Three\S.7505 Part OO for details)

State Board of Elections (BOE)

The FY 2021 Executive Budget recommends an All Funds appropriation of $46.4 million, which is an increase of $10.2 million, or 28.3 percent. State operations funding is unchanged.

The Executive Budget includes a $21.8 million appropriation for new Help America Vote Act federal grant funding to support improvements to the administration of elections, including enhanced technology and security improvements. A $16 million capital appropriation is also included to fund the build-out of online voter registration as required by the Voter Enfranchisement Modernization Act of 2019.

The FY 2021 Executive Budget eliminates the following appropriations which were included in last year's Enacted Budget:

- $14.7 million for technology costs related to the use of electronic poll books, as authorized in 2019 voter reform legislation
- $10 million to reimburse local boards of elections for the costs of implementing early voting
- $3 million for contractual services for services and expenses related to the regulation of elections program

Article VII Proposals

The Executive proposes the following Article VII language:

Manual Recounts
(see Section Three\S.7505 Part JJ for details)

Disclosure of Tax Returns for Elected Officials
(see Section Three\S.7505 Part TT for details)

Department of State

The FY 2021 Executive Budget recommends All Funds spending of $151.8 million, a decrease of $15.1 million or 9.1 percent from FY 2020.

State Operations appropriations increased by 2.1 million from $74.5 million to $76.7 million in order to support code enforcement activities.

Aid to Localities changed from $89.1 million to $76.3 million a decrease of $12.8 million due to the elimination of legislative initiatives.

Capital Projects remains unchanged at 102 million.
The Executive Budget recommends a workforce of 577 FTEs, an increase of 12 FTEs from FY 2020. This increase is to support increased code enforcement activities.

Statewide Financial System (SFS)

The FY 2021 Executive Budget recommends All Funds spending of $30.9 million, an increase of $665,000 or 1.5 percent from FY 2020.

From FY 2020 a workforce of 142 FTE remains unchanged.

Department of Tax and Finance

The FY 2021 Executive Budget recommends All Funds spending of $382.3 million, an increase of $52.2 million or 15.8 percent from FY 2020.

The Executive Budget recommendation includes $2.7 million for Local Assistance, which remains unchanged from FY 2020.

State Operations includes $357 million, a 16.6 percent increase. Of this amount, $19.3 million is personal service and relates to organic growth within the institution, and $31.6 million is non-personal service.

Appropriation authority remained unchanged from FY 2020.

From FY 2020 a workforce of 4,085 FTEs remains unchanged.

Article VII Proposals

The Executive purposes the following article VII language:

Makes Warrantless State Tax Debt Collection Methods Permanent
(see Section Three\S.7509 Part A for details)

Enhances Cigarette Tax Enforcement and Penalties
(see Section Three\S.7509 Part I for details)

Makes Technical Amendments Related to Alcoholic Beverage Taxes
(see Section Three\S.7509 Part J for details)

Information Technology Services

The FY 2021 Executive Budget recommends All Funds spending of $710.2 million, an 8.8 percent increase over FY 2020.

This cash increase is primarily driven by the new Federal Capital Fund appropriation that will facilitate Federal reimbursements for development costs related to the Integrated Eligibility System.

The workforce of 3,451 FTE remains unchanged from FY 2020.

General Government and Local Government Assistance
Proposed Disbursements - All Funds
(Thousands of Dollars)

Agency	Estimated FY 2020	Proposed FY 2021	Change Amount	Percent
Alcoholic Beverage Control	11,275	30,623	19,348	171.60%
Audit and Control	195,187	201,028	5,841	2.99%
Deferred Compensaton Board	891	896	5	0.56%
Division of the Budget	30,133	30,603	470	1.56%
Civil Service	16,351	14,848	(1,503)	-9.19%
State Board of Elections	19,927	31,363	11,436	57.39%
Office of Employee Relations	6,444	6,542	98	1.52%
Executive Chamber	13,578	14,032	454	3.34%
Financial Services	370,525	390,754	20,229	5.46%
Gaming Commission	278,886	210,614	(68,272)	-24.48%
Office for Technology	652,755	710,206	57,451	8.80%
Office of the Lt. Governor	614	634	20	3.26%
Office of General Services	345,949	397,455	51,506	14.89%
General State Charges	6,844,184	7,086,249	242,065	3.54%
Office of the Inspector General	7,487	7,826	339	4.53%
Commission on Public Integrity	5,630	5,835	205	3.64%
Local Government Assistance	723,782	729,734	5,952	0.82%
Public Empl. Relations Board	3,634	3,764	130	3.58%
Department of State	166,925	151,795	(15,130)	-9.06%
Statewide Financial System	30,506	30,949	443	1.45%
Taxation and Finance	330,142	382,309	52,167	15.80%
Division of Tax Appeals	3,040	3,150	110	3.62%
Totals:	**10,057,845**	**10,441,209**	**383,364**	**3.81%**

FY 2021 Executive Budget All Funds Receipts (Millions of Dollars)				
	Projected FY 2020	Proposed FY 2021	Change	Percent Change
Personal Income Tax	53,016	56,810	3,794	7.2%
User Taxes and Fees				
Sales and Use	16,032	16,719	687	4.3%
Cigarette and Tobacco	1,013	963	(50)	-4.9%
Vapor Excise Tax	10	14	4	40.0%
Motor Fuel Tax	523	524	1	0.2%
Alcoholic Beverage	265	269	4	1.5%
Opioid Excise Tax	50	100	50	100.0%
Medical Marihuana Excise Tax	6	6	-	0.0%
Adult Use Cannibis Tax	-	20	20	100.0%
Highway Use tax	141	143	2	1.4%
Auto Rental Tax	108	115	7	6.5%
Total	**18,148**	**18,873**	**725**	**4.0%**
Business Taxes				
Corporation Franchise	4,877	5,640	763	15.6%
Corporation and Utilities	686	657	(29)	-4.2%
Insurance	2,244	2,364	120	5.3%
Bank Tax	1	90	89	n/a
Petroleum Business	1,178	1,159	(19)	-1.6%
Total	**8,986**	**9,910**	**924**	**10.3%**
Other Taxes				
Estate and Gift	1,094	1,174	80	7.3%
Real Estate Transfer	1,127	1,144	17	1.5%
Employer Compensation Expense Program	1	3	2	
Pari-Mutuel	15	15	-	0.0%
Other	3	3	-	0.0%
Total	**2,240**	**2,339**	**99**	**4.4%**
Total Taxes	**82,390**	**87,932**	**5,542**	**6.7%**
Miscellaneous Receipts	29,701	26,253	(3,448)	-11.6%
Total Receipts	**112,091**	**114,185**	**2,094**	**1.9%**
Federal Grants	66,162	62,187	(3,975)	-6.0%
Total Receipts and Federal Grants	**178,253**	**176,372**	**(1,881)**	**-1.1%**
Source: New York State Division of the Budget.				

FY 2021 Executive Budget General Fund Receipts (Millions of Dollars)				
	Projected FY 2020	Proposed FY 2021	Change	Percent Change
Personal Income Tax				
Withholding	42,574	44,429	1,855	4.4%
Estimated Payments	16,982	17,869	887	5.2%
Final Returns	3,413	3,608	195	5.7%
Other Payments	1,508	1,646	138	9.2%
Gross Collections	**64,477**	**67,552**	**3,075**	**4.8%**
STAR Special Revenue Fund	(2,176)	(2,000)	176	-8.1%
Refunds	(10,312)	(9,468)	844	-8.2%
Revenue Bond Tax Fund	(26,507)	(28,405)	(1,898)	7.2%
City/State Offsets	(1,149)	(1,274)	(125)	10.9%
Net Collections	**24,333**	**26,405**	**2,072**	**8.5%**
User Taxes and Fees				
Sales and Use	7,505	7,828	323	4.3%
Cigarette/Tobacco	303	299	(4)	-1.3%
Alcoholic Beverage	265	269	4	1.5%
Opioid Excise Tax	50	100	50	100.0%
Total	**8,123**	**8,496**	**373**	**4.6%**
Business Taxes				
Corporate Franchise	3,906	4,578	672	17.2%
Corporate Utilities	502	483	(19)	-3.8%
Insurance	1,995	2,092	97	4.9%
Bank	(3)	75	78	-2600.0%
Total	**6,400**	**7,228**	**828**	**12.9%**
Other Taxes				
Estate and Gift	1,094	1,174	80	7.3%
Employer Compensation Expense Program	1	3	2	n/a
Pari-mutuel	15	15	-	0.0%
Other	3	3	-	0.0%
Total	**1,113**	**1,195**	**82**	**7.4%**
Total Tax Collections	**39,969**	**43,324**	**3,355**	**8.4%**
Miscellaneous Receipts	2,979	2,106	(873)	-29.3%
Total Receipts	**42,948**	**45,430**	**2,482**	**5.8%**
Source: New York State Division of the Budget.				

FY 2021 Executive Budget All Funds Receipts (Millions of Dollars)				
	Proposed FY 2021	Proposed FY 2022	Change	Percent Change
Personal Income Tax	56,810	59,492	2,682	4.7%
User Taxes and Fees				
Sales and Use	16,719	17,285	566	3.4%
Cigarette and Tobacco	963	931	(32)	-3.3%
Vapor Excise Tax	14	6	(8)	100.0%
Motor Fuel Tax	524	522	(2)	-0.4%
Alcoholic Beverage	269	272	3	1.1%
Opioid Excise Tax	100	100	-	0.0%
Medical Marihuana Excise Tax	6	6	-	0.0%
Adult Use Cannabis Tax	20	63	43	n/a
Highway Use tax	143	145	2	1.4%
Auto Rental Tax	115	118	3	2.6%
Total	**18,873**	**19,448**	**575**	**3.0%**
Business Taxes				
Corporation Franchise	5,640	5,547	(93)	-1.6%
Corporation and Utilities	657	673	16	2.4%
Insurance	2,364	2,433	69	2.9%
Bank Tax	90	-	(90)	-100.0%
Petroleum Business	1,159	1,106	(53)	-4.6%
Total	**9,910**	**9,759**	**(151)**	**-1.5%**
Other Taxes				
Estate and Gift	1,174	1,229	55	4.7%
Real Estate Transfer	1,144	1,179	35	3.1%
Employer Compensation Expense Program	3	6		
Pari-Mutuel	15	15	-	0.0%
Other	3	3	-	0.0%
Total	**2,339**	**2,432**	**90**	**4.0%**
Total Taxes	**87,932**	**91,131**	**3,196**	**3.6%**
Miscellaneous Receipts	26,253	25,695	(558)	-2.1%
Total Receipts	**114,185**	**116,826**	**2,641**	**2.3%**
Federal Grants	62,187	65,818	3,631	5.8%
Total Receipts and Federal Grants	**176,372**	**182,644**	**6,272**	**3.6%**
Source: New York State Division of the Budget.				

FY 2021 Executive Budget General Fund Receipts
(Millions of Dollars)

	Proposed FY 2021	Proposed FY 2022	Change	Percent Change
Personal Income Tax				
Withholding	44,429	46,597	2,168	4.9%
Estimated Payments	17,869	19,098	1,229	6.9%
Final Returns	3,608	3,882	274	7.6%
Other Payments	1,646	1,717	71	4.3%
Gross Collections	**67,552**	**71,294**	**3,742**	**5.5%**
STAR Special Revenue Fund	(2,000)	(1,912)	88	-4.4%
Refunds	(9,468)	(10,403)	(935)	9.9%
Revenue Bond Tax Fund	(28,405)	(29,746)	(1,341)	4.7%
City/State Offsets	(1,274)	(1,399)	(125)	9.8%
Net Collections	**26,405**	**27,834**	**1,429**	**5.4%**
User Taxes and Fees				
Sales and Use	7,828	8,093	265	3.4%
Cigarette/Tobacco	299	301	2	0.7%
Alcoholic Beverage	269	272	3	1.1%
Opioid Excise Tax	100	100	-	0.0%
Total	**8,496**	**8,766**	**270**	**3.2%**
Business Taxes				
Corporate Franchise	4,578	4,460	(118)	-2.6%
Corporate Utilities	483	498	15	3.1%
Insurance	2,092	2,152	60	2.9%
Bank	75	-	(75)	-100.0%
Total	**7,228**	**7,110**	**(118)**	**-1.6%**
Other Taxes				
Estate and Gift	1,174	1,229	55	4.7%
Employer Compensation Expense Program	3	6	3	100.0%
Pari-mutuel	15	15	-	0.0%
Other	3	3	-	0.0%
Total	**1,195**	**1,253**	**58**	**4.9%**
Total Tax Collections	**43,324**	**44,963**	**1,639**	**3.8%**
Miscellaneous Receipts	2,106	1,957	(149)	-7.1%
Total Receipts	**45,430**	**46,920**	**1,490**	**3.3%**
Source: New York State Division of the Budget.				

RECEIPTS, TAXES AND FEES

The FY 2021 Executive Budget contains a number of tax and revenue related proposals, tax decreases and revenue enhancements. The Explanations of these proposals can be found in Section 3 of this book Revenue S.7509/A.9509. The Executive Budget contains tax increases, fee increases and new taxes that are estimated to bring in $105 million in FY 2021 growing to $267 million when fully implemented. Including enforcement actions and other revenue raising proposals, total revenue raising actions in the budget will raise $160 million in FY 2021 and $337 million when fully implemented.

FY 2021 Executive's Tax and Revenue Action Proposals				
(Millions of Dollars)				
	FY 2021	FY 2022	FY 2023	FY 2024
Tax and Fee Increases and New Taxes				
Cap Long Term Care Credit	$0	$28	$28	$28
Increase Tobacco Products Tax	$10	$23	$23	$23
Cannabis Regulation and Taxation	$20	$63	$85	$141
Impose Certificate of Need Fee	$70	$70	$70	$70
Center for Environmental Health Fees -	$5	$5	$5	$5
Filing realty subdivision sewer plans from $12.50 per lot to $50 per lot				
Filing realty subdivision sewer plans to satisfy requirements for both DOH and DEC from $25 per lot to $100 per lot				
Permit to operate children's overnight, summer, and day camps- $200 to $800				
License registration fee for operation of a tanning facility from $30 to $120				
Inspection for tanning devices from $50 per device to $200 per device				
Initial fee for each asbestos safety program completion certificate from $20 to $50				
Refresher asbestos safety program completion certificate from $12 to $30				
Total Tax, Fee Increases and New Taxes	**$105**	**$189**	**$211**	**$267**
Revenue Raisers				
Eliminate Quick Draw Restrictions	$15	$30	$30	$30
Consolidated Licensing Permit for Colleges & Universities to Sell Alcohol	$0	$0	$0	$0
Total Revenue Raisers	**$15**	**$30**	**$30**	**$30**
Enforcement Actions				
Make Warrantless Wage Deduction Permanent	$40	$40	$40	$40
Total Enforcement Actions	**$40**	**$40**	**$40**	**$40**
Total Revenue Raising Actions	**$160**	**$259**	**$281**	**$337**
Revenue Reductions				
Small Small Business Reductions	$0	($39)	($56)	($42)
Enhance Empire State Child Tax Credit	$0	$0	($157)	($157)
Authorize Tax and Finance to Provide Unclaimed Tax Benefits	($2)	($2)	($2)	($2)
Allow Exceptions for Late Enhanced STAR Filers	($4)	$0	$0	$0
Extend Hire-a-Vet credit for 2 years	$0	$0	($5)	($5)
Eliminate Tax on Alcohol of less than 2% ABV	$0	$0	$0	$0
Total Revenue Reductions	**($6)**	**($41)**	**($220)**	**($206)**
Cash Flow Changes				
Lower Basic STAR Exemption Income Eligibility Requirement*	($74)	($68)	($62)	($57)
Net Total Revenue Actions	**$209**	**$288**	**$131**	**$201**

* This represents a shift from spending to an increase in personal income tax refunds.

SECTION TWO

SENATE ISSUES IN FOCUS

Executive Criminal Justice Proposals

The FY 2021 Executive Budget contains extensive criminal justice proposals contained within Article VII language that have a wide range of fiscal implications. Advanced language such as penalty increases have no or nominal fiscal implications, while others, the establishment of a District Attorney Discovery Compensation Fund have larger fiscal implications.

District Attorney Discovery Compensation Fund

The Executive advances language to establish the District Attorney Discovery Compensation Fund in response to district attorney's offices across the state arguing the need for additional resources to comply with the discovery reforms passed in last year's budget. Under the proposal, the Office of the Manhattan DA would annually transfer $2 million of revenue from the deferred prosecution agreements to the fund to support assistance services and expenses related to digital evidence transmission technology. District Attorneys from across the state have stated the total need statewide is substantially more than $2 million[1].

- District Attorney Discovery Compensation Fund
- Prison Closures
- Firearm Legislation
- Close Rape Intoxication Loophole

Prison Closures

The Executive proposes language that would authorize the governor to close Department of Correction and Community Supervision facilities as he deems necessary for the cost effective and efficient operation of the correctional system.

The executive advances language that would shorten the notice requirement of a prison's closure from one year to 90 days.

Proposed Firearm Language

The executive advances numerous proposals impacting the possession of firearms.

Ban Ghost Guns

The executive advances language that would prohibit "ghost guns." This proposal would require individuals to obtain major components of a firearm, rifle or shotgun only through an in-store transaction at a licensed gun dealer.

Licensed dealers would be required to:

- Only sell the components to individuals that possess a valid ID;
- Keep a record of all transactions; and
- Initiate procedures to obtain a serial number issued by DCJS for all unfinished frames and receivers.

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[1] David Soares Says Justice Reforms need Money, Calls Cuomo Disingenuous. https://www.timesunion.com/news/article/Law-Beat-Soares-says-justice-reform-needs-money-14853542.php

Remove Guns from Domestic Abusers

The Executive advances language that authorizes law enforcement to remove guns from the scene of a domestic violence incident. If enacted an officer may take temporary custody of a gun in the interest of public safety if the gun is in plain site or is discovered pursuant to a lawful search.

An officer who takes custody of any weapon is also required to take custody of any license to carry, possess, repair or dispose of such weapon.

The owner of the weapon that has been confiscated has the right to have the gun returned between 48 and 120 hours after the incident. The owner does not have such a right when the gun was used in the commission of the crime.

Ban Guns from Individuals that commit serious misdemeanors in another state

The Executive advances language that prohibits individuals from obtaining a gun license in New York if they commit certain New York misdemeanors that are deemed "serious offenses" in other states.

Close the Rape Intoxication Loophole

The Executive advances language that clarifies that a victim's ability to consent is jeopardized whether they were voluntarily or involuntarily intoxicated – current law only covers involuntary intoxication. This proposal would make it easier for prosecutors to bring charges when a victim was intoxicated at the time of the assault.

Close the e-STOP loophole

The Executive advances language that would build on the Electronic Security and Targeting of Online Predators Act, which passed the legislature unanimously in 2008.

This proposal would require sex offenders to affirmatively disclose their screen names and other information for each social media account or dating/gaming app to DCJS on top of their email accounts (current law requires email accounts).

Additionally, the proposal creates the crime of Criminal Personification of a Sex Offender when a sex offender, being required to register or verify their information under this law, knowingly misrepresents their name, gender, date of birth, address or status as a sex offender to another person – Class E Felony.

New York Hate Crime Anti-Terrorism Act

The Executive advances language that creates the new crime of Domestic Act of Terrorism Motivated by Hate in the 1st and 2nd degrees.

Under this proposal an individual could be charged with these crimes if they intend to cause death or serious injury to five or more persons because of their race, color, national origin, ancestry, gender, gender identity or expression, religion, religious practice, age, disability, or sexual orientation of such person. If convicted it would be a class A-1 Felony and punishable by life in prison without the possibility of parole.

2019-2020 NYS Budget – Criminal Justice Changes

The 2019-2020 New York State Budget contained legislation that significantly altered the criminal justice system across the state. The changes overhauled the cash bail system and the discovery process in the state to favor the accused.

Bail Changes

The bail reform legislation passed by the legislature and signed by the executive would end cash bail for 90% of defendants and would put potentially dangerous defendants back on the streets pending trial.

Some of the more serious crimes that do not qualify for bail or pre-trial detention:

- Aggravated vehicular assault: An individual drives drunk (BAC over .18), crashes into another vehicle and injures the driver.
- Aggravated assault upon a kid less than 11 years old: A grown man punches and kicks a 7-year-old kid and the man has been convicted of the same crime within the past decade.
- Assault in the third degree: An individual that punches and kicks an elderly individual.
- Criminally negligent homicide.
- Aggravated vehicular homicide: Drunk driver hits and kills a construction worker along the side of the road.
- Manslaughter in the second degree: An individual helps another commit suicide.
- Drug dealer that sells 100 bags of fentanyl.

Under bail changes, tens of thousands of criminal defendants will now be issued an appearance ticket and allowed to go on their way. Other defendants, charged with more serious crimes, will be issued an electronic monitoring device and then released back into the public. This new system does little to incentivize defendants from appearing at future court dates.

Under the bail reform legislation passed in the 2019-2020 budget, when a judge is making a determination on bail, they are only allowed to take into account whether the defendant is a flight risk. Unlike in New Jersey, where the state recently passed comprehensive bail reform, judges will not be able to take into account whether a defendant is a threat to the safety and well-being of the community at large. This restriction eliminates a judge's ability to remand a defendant when that individual poses a danger to the community.

Prohibiting cash bail for 90% of defendants will dramatically increase the number of defendants subjected to pre-trial monitoring. The cost of pre-trial monitoring and pre-trial hearings will be substantial for counties around the state. Washington D.C. eliminated cash bail in the early 1990s and now the district's pretrial services program costs $65 million per year.

New Jersey's pretrial services cost the state $62 million on 33,741 cases last year and the nonprofit Vera Institute of Justice estimates pretrial services in this state will cost $75 million annually.[2]

Unlike in New Jersey, where the state increased court filing fees to help pay for the bail reforms, the 2019-2020 NYS Budget provided zero funding for the implementation of bail reform, leaving already cash strapped counties dealing with the aftermath.

The executive and the legislature argue critics' concerns are unfounded fearmongering and point to New Jersey as a test case for the reforms that have been instituted in this state. However, as stated above, there are glaring differences between New Jersey's bail reform and what was hastily passed in this state. Some key differences:

- New Jersey provides judges with a risk assessment tool that allows them to keep dangerous defendants off the streets;
- New Jersey funded critical services, such as pre-trial services;
- New Jersey spent more than 18 months carefully planning the reforms, New York took less than six months and did not get input from law enforcement.

[2] NY District Attorneys Protest Lack of Funding for Criminal Justice Reform, NY Post, https://nypost.com/2019/07/08/ny-district-attorneys-protest-lack-of-funding-for-criminal-justice-reform/

Discovery Changes

Legislation in the 2019-2020 State Budget overhauled the discovery process by requiring the prosecution to perform its initial discovery within 15-days after arraignment on an indictment and to disclose the information with the defendant. This would give the defendant access to the name and personal contact information of victims and witnesses, in some cases defendants would even be provided with a victim or witness' physical address. The quick discovery timeline could deter potential witnesses from coming forward.

On top of putting witnesses and victims at risk, the 15-day window to turn over discovery puts district attorneys in a severe time crunch. Prosecutors will have fifteen days to collect all of the material related to the case, including body cam footage, testimony, security footage etc. Additionally, full discovery must be completed for all cases, including traffic infractions and those cases that result in a guilty plea.

District attorneys' offices across the state will need additional personnel and technological advances in order to fully implement the discovery reforms.[3] Many district attorney's offices, especially in rural areas of the state, have antiquated computer equipment that will need to be updated. The costs of these reforms are north of $100 million for upstate counties alone. On top of additional monies for technological improvements, many counties will need funding to increase witness protection programs.

[3] Durkin, Emily. *District attorneys say new evidence law will be 'severely burdensome*,' Politico.com. September 9, 2019.

NEW YORK STATE PROPERTY TAX RELIEF

New York State Property Tax Burden

New York State's local governments are entering their ninth year since the historic enactment of the State's property tax cap. All counties, towns, villages, certain cities, special districts and school districts in the State of New York except NYC are subject to the property tax cap legislation passed in 2011. The legislation was a response to untenable growth in the local property tax burden across the State. According to the State Comptroller, growth in property taxes skyrocketed by over 73 percent for school districts between 2001 and 2011, and by 53 percent in counties. Three New York State counties (Nassau, Westchester, and 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 were in the top 24 percent of Median Property Taxes paid between 2006 and 2010.[2] Of that amount, over half of counties (39) 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: Westchester, Rockland, Putnam, Suffolk, Nassau and Orange.[5]

- Taxpayers have cumulatively saved over $40 billion in property taxes due to the enactment of the tax cap.
- STAR and the Property Tax Relief Credit is projected to save taxpayers over $xx billion in FY2021 separate from the property tax savings attributed the tax cap.
- New York State continues to have one of the highest tax burdens among all 50 states (amount per person).

New York State Property Tax Cap Extended

The State's property tax cap was enacted in conjunction with a State commitment to enact meaningful mandate relief as well as a statutory commitment to annual increases in State aid to schools in an amount equal to the annual growth in personal income across the State. The property tax cap was extended in the 2015 Legislative session through 2020.[6] It was then made permanent in the 2019 Legislative session.

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[1] Annual Report on Local Governments 2011, NYS Comptroller.

[2] Based upon a Tax Foundation report analyzing and ranking property tax data of 2,773 counties within the United States through the years 2006-2010. Comparative data available from the Tax Foundation is limited through 2010.

[3] Ibid.

[4] Ibid.

[5] Ibid.

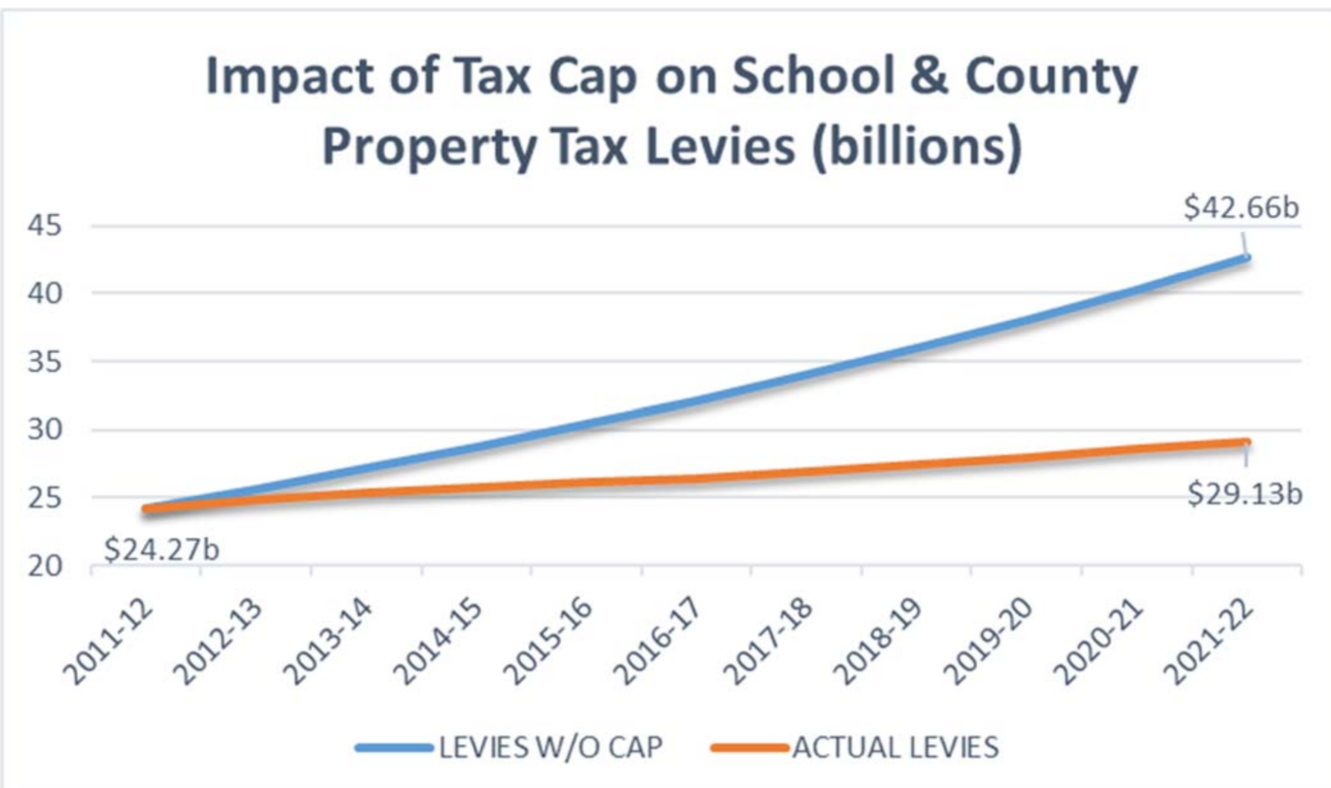
[6] S.6012 - Chapter 20 of the laws of 2015.

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 for 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 eight years of the tax cap it is estimated that property tax payers saved over $40 billion cumulatively in school and county property taxes. Further, as the chart below shows, the tax cap is projected to save taxpayers over $67 billion cumulatively over the first ten years of its implementation.**[7]

The property tax cap has had the greatest effect on school district tax levies. Independent school districts statewide proposed an average tax levy increase of 2.47 percent for 2019-20 and the average proposed spending increase was 2.59 percent (a combination of local and State spending). Recent school tax levy increases were 2.4 percent in 2018-19, 2.3 percent in 2017-18, 0.6 percent in 2016-17, 1.1 percent in 2015-16, 2.6 percent in 2014-15, 2.9 percent in 2013-14, and 1.5 percent in 2012-13.

School budget voting behavior has undergone a change as a result of enactment of the property tax cap. For example, from 1969 to the year prior to the enactment of the tax cap, the average school budget passage rate was 84 percent. However, since the introduction of the tax cap in 2012, the average passage rate for school district budgets is over 98 percent (including June re-votes).

In total, 2019 school budget voting results show that 98.2 percent of all proposed school budgets passed in the State of New York. Of the 675 school budget votes, 16 were defeated in their first vote. On the second vote, 10 succeeded and two districts adopted a contingency budget.[8]



[7] Estimate based on a 30 year average levy increase statewide (6 percent). Empire Center Report May of 2015.
[8] http://www.p12.nysed.gov/mgtserv/votingresults/

Upon examining the votes by whether or not the district stayed within the tax cap, the distinction is more marked. In FY 2020, 647 school districts proposed budgets with tax levies that were within their tax caps and required only a simple majority to pass. Of those districts, 644, or 99.5 percent saw their budgets pass. In total, 18 districts had budgets with tax levies that exceeded the cap and required a 60 percent “supermajority” to pass. Of those districts, 9, or 50 percent saw their budgets pass. In the prior year, there was an 80 percent passage rate for first-time override attempts. The practical effect of the property tax cap has been the altering of taxing and spending behavior and fiscal discipline in budgeting at the local level.

A local government has the option to override the “tax levy limit” by passing a local law with a 60 percent majority vote of the controlling board of the local government. Upon the passage of the local law, the local government may adopt a budget and its respective tax levy at an amount over the “tax levy limit”.

For fire districts and other districts which have their own taxing authority, they may override the “tax levy limit” upon the passage of a resolution approved by 60 percent of the controlling board’s vote.

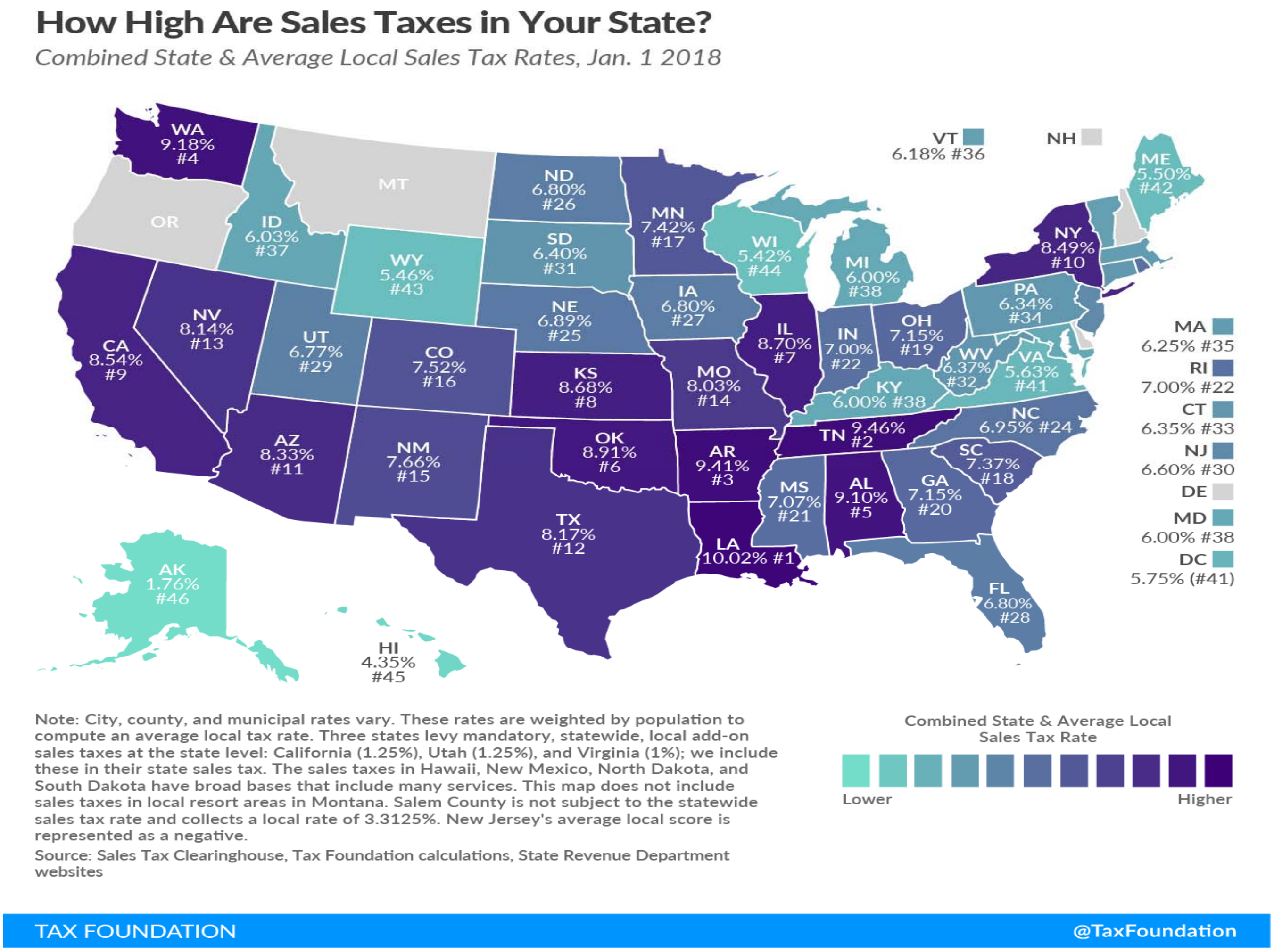
In New York State, most towns and villages have five members that comprise the controlling board. Therefore, three out of five, or 60 percent, of the board members would need to vote in the affirmative to override the tax cap. However, in some towns and villages in New York State, the percent majority vote required to override the tax cap is actually greater than 60 percent. For example, a town or village with only three board members would need two out of three, or 66.6, percent of their board members to vote in the affirmative to override the tax cap. Similarly, a town or a village with seven board members would need five out of seven or 71.4 percent of their board members to vote in the affirmative to override the tax cap.

The Full Impact of the Property Tax Cap Takes Time to be Realized

Massachusetts has the longest history with an enacted property tax cap. “Proposition 2½” both a levy cap and a rate cap, was a reaction to the fact that Massachusetts was among the highest taxed state in the nation. The cap has been successful in lowering the property tax burden in Massachusetts. In the first 20 years following the passage of “Proposition 2½”, the per capita residential property tax levy dropped 1.6 percent, after adjusting for inflation.[9] According to the Tax Foundation, since the enactment of “Proposition 2½”, Massachusetts dropped from 3rd nationally in 1980 to a low of 35th in 2018 on the measure of State and local tax burden.[10]

[9] NYS Commission on Property Tax Relief Final Report. 2008.

[10] *State and Local Tax Burden.* The Tax Foundation. January 1, 2018.



Massachusetts' business tax climate ranking, of which property taxes is a significant factor, is 36th for the upcoming year - more competitive than its geographic peer states of Rhode Island (39), Connecticut (47), New York (49) and New Jersey (50).[9]

In 1980, the combined Massachusetts state-local tax burden was 11 percent of residential income, well above the national average and only behind New York and Wisconsin. As of 2018, the total Massachusetts tax burden was 9.03 percent - slightly above the national average of 9.9 percent. Massachusetts moved down on the state and local tax burden rank from 11th in FY 2011 to 18th in FY 2019. New York's state and local tax burden was 12.7 percent in 2012, a full 2.8 percentage points or 28 percent higher than the national average, and is currently 12.97 percent.[10] This is a decrease from 13.04 percent the prior year.[11]

Over the same time period Massachusetts dropped in ranking in terms of state and local tax burden while New York maintained its number one position as the state with the highest state and local tax burden.

Beyond the Property Tax Cap: NYS' Multifaceted Approach to Relieve the Burden of High Property Taxes: State Aid to Schools/Mandate Relief/Direct Property Tax Relief

[9] *2020 State Business Tax Climate.* Tax Foundation. October 22, 2019

[10] *2019's Tax Burden by State.* Wallethub. April 9, 2019

[11] *2018's Tax Burden by State.* Wallethub. April 2, 2018

Education Funding: The cap was only one part of the State's commitment to property taxpayers and school districts. Over the same eight year period in which the property tax cap has been in effect the State has increased aid to school districts by $8 billion, or 41.2 percent. The rate of inflation over that same period was only 12 percent.

The Executive proposes a FY 2021 general support for public schools aid increase of $826 million, or 3.1 percent above FY 2020. The Senate has historically adopted an approach to provide substantial State aid increases to help contain local education tax increases – the largest component of local property tax levy growth.

In addition to a major infusion of additional State aid resources, the State committed to provide mandate relief to municipalities which translates into cost savings and budget relief for localities. Since January 1, 2011, the Senate has adopted a wide range of mandate relief proposals, of which over 63 have become law.

Mandate Relief: Major local savings initiatives enacted since the implementation of the Property Tax Cap include:

- State takeover of the growth in the local share of Medicaid beginning in FY 2013, saving counties approximately $24.13 billion through FY 2021.
- A Stable Pension Contribution System for municipalities and school districts ($6.4 billion in savings over five years)
- Increased collaboration between the Office of the Medicaid Inspector General (OMIG) and local social service districts by requiring the OMIG to develop training materials for identifying fraud and abuse, to meet quarterly with representatives of local service districts, and to develop a work plan for such collaboration. Increases from 10 percent to 20 percent the local share of savings resulting from Medicaid recoveries under the county demonstration program
- Reformed Workers Compensation to provide $45 million in annual savings to localities
- Repealed the requirement for BOCES to perform special education space requirements every five years ($3.2 million in savings)
- Permitted school districts to take their annual census biannually ($1.7 million in annual savings)
- Exempted school districts with less than 1,500 students from the internal control audit requirement ($19.3 million in annual savings)
- Permitted school districts that were unable to open due to an extraordinary circumstance, natural disaster or emergency to obtain up to a 10-day waiver to the 180 school day requirement (ensures no loss in State aid)
- A four-year moratorium on assumed amortization interest rates used to calculate Building Aid ($155 million in savings for over 500 school districts)
- Relief to various school districts facing penalties and exorbitant chargebacks ($4 million in savings)
- Permitting school districts to use excess Employee Benefit Accrued Liability Reserve (EBALR) funds to maintain educational programs for five consecutive years (Up to $191 million in excess funds is available for districts to access)
- An amnesty provision for school districts that have late filed or unfiled final cost reports for building projects SED approved prior to July 1, 2011 (Over $100 million in final cost report penalty avoidance (savings) and additional prior year aid (funding)
- Additional amnesty provisions for specific school districts since 2011.
- An elimination for five years of the requirement for all districts Statewide to perform annual visual inspections of all school buildings and submit documentation of the results thereon to SED
- Relief for school districts (on teacher disciplinary procedures) by requiring the parties to select a hearing officer within 15 days and limiting the submission of evidence

within 125 days of filing. Savings will result from reduced expenditures for substitute teachers and administrators as well as a reduction in legal fees

Direct Property Tax Relief: In addition to the long standing STAR program, the State has enacted two direct property tax relief provisions intended to reduce the burden of property taxes. The FY 2014 Enacted Budget included the Property Tax Freeze Credit and the FY 2015 Enacted Budget included the Property Tax Relief Credit program.

Property Tax Freeze Credit: For tax years 2014, 2015, and 2016, the State froze real property taxes by allowing homeowners to receive a reimbursement check equal to the year-over-year increase in the homeowner's real property taxes. Approximately 2.8 million homeowners benefitted from the credit, receiving an average of $536. The program provided over $1.5 billion in direct property tax relief over three years.

Property Tax Relief Credit: In the 2015 Legislative session, Chapter 20 of the Laws of 2015 created the Property Tax Relief Credit. The credit totals $3.1 billion over four years for STAR eligible homeowners who reside in property tax cap compliant school districts. The Executive would not extend this program for 2020.

Beginning in FY 2017, STAR eligible recipients who have income less than $275,000 and reside in a real property tax cap compliant school district received a property tax relief check. Upstate homeowners received a flat $185 property tax relief credit check and downstate homeowners received a flat $130 relief credit check. Those checks were issued as advance refunds for the 2016 income tax year and were paid to eligible recipients beginning in the fall of 2016.

After the first year, the property tax relief credit was designed to provide a credit equal to a percent of an eligible recipient's STAR savings with the utilization of income thresholds as follows:

STAR Property Tax Rebate Income Brackets

Bracket	Minimum	Maximum	Percent
1	$0	$75,000	28.0
2	Above $75,000	$150,000	20.5
3	Above $150,000	$200,000	13.0
4	Above $200,000	$275,000	5.5

Lower income brackets received a higher percent benefit based on their STAR program benefit or savings amount. Seniors who qualify for the enhanced STAR benefit also received the property tax relief credit checks over the four years of the program. Similarly, the credit for eligible seniors is also calculated as a percentage of a homeowner's STAR benefit but without regard to their income. In addition, the previously enacted NYC circuit breaker credit was extended for four years ($85 million annually)

In the fall of 2019, eligible homeowners received the following benefit by region:

Region	Fall 2019 AVG Check
Statewide	$532
Upstate	$416
Nassau	$726
Suffolk	$658
Downstate Suburbs	$775

School Tax Relief Program (STAR): The FY 2017 enacted budget restructured the current School Tax Relief Program (STAR) by phasing out direct payments to school districts on behalf of eligible homeowners by converting STAR exemptions into a refundable property tax credit for new homeowners. This conversion applied to people who purchased their primary residence after the 2015 STAR application deadline or did not apply for the STAR exemption by the 2015 STAR application deadline.

A number of additional changes were made in the enacted budget last year to reduce State spending on the STAR program as well as create administrative improvements. These changes are to incentivize homeowners to switch from the STAR exemption to the STAR credit. Changes to State spending do not reduce overall benefits to homeowners, but change the number of recipients who receive a tax credit rather than a rebate check, thus lowering the amount spent on the program (the State merely foregoes tax revenue rather than collecting taxes that are later distributed in the form of rebate checks).

The original STAR program provides three types of property tax relief:

Basic STAR
- Available for owner-occupied, primary residences where the resident owners' and their spouses income is less than $500,000
- Exempts the first $30,000 of the full value of a home from school taxes.

Enhanced STAR
- Provides an increased benefit for the primary residences of senior citizens (age 65 and older) whose income is less than $86,000
- Exempts the first $66,800 of the full value of a home from school taxes as of 2018-19 school tax bills (up from $65,500 in 2017-18)

NYC PIT
- Provides a personal income tax credit for NYC residents. The credit is limited to those individuals whose income is less than $250,000.

STAR exemptions only apply to school district taxes. They do not apply to property taxes for other purposes, such as county, town or city levies (except the Big Five School Districts - Buffalo, New York City, Rochester, Syracuse and Yonkers - where city property taxes fund the local school district).

In FY 2021, the STAR benefits across the State are estimated to exceed $3.4 billion. The program provides property tax exemptions to seniors ($990 million) and non-seniors ($1.2 billion). Additionally, the State has taken several steps to move STAR recipients from the exemption program to an income tax rebate program. This program will provide $147 million in credits to enhanced STAR recipients and $1.4 million for basic recipients, as was as $697 million for NYC residents. Since enactment, the STAR program has provided $73.9 billion in property tax relief to eligible senior and non-senior homeowners. The table below shows the savings provided to taxpayers over the history of the STAR program.

The Executive would make further changes to the STAR program to encourage additional transition from the exemption to the credit program by lowering the income threshold for the basic STAR exemption from $250,000 to $200,000. This change shifts $74 million from State spending to a tax expenditure in FY 2021. This limit was lowered last year as well, from $500,000 to $250,000.

The Executive budget would extend for the opportunity for senior citizens to demonstrate income-eligibility for the enhanced STAR exemption. A change to the program in 2018 mandated all enhanced STAR exemption recipients to enroll in the State Income Verification Program (IVP) in 2019. As some individuals missed this window, they will again be given the opportunity to enroll in IVP, and qualified enrollees can receive a check compensating for prior failure to enroll and subsequent loss of benefit. The Executive estimates this will result in a $4 million fiscal impact from increased benefits to new enrollees.

The Executive also proposes denying STAR benefits to delinquent taxpayers. If individuals fall a year behind on their property taxes, the local government may notify the State of the delinquency. If, after notification and a 30-day period the taxpayer remains in arrears, the State would disallow any STAR credit or exemption the taxpayer is receiving. Upon certification of payment of past-due taxes, the taxpayer would be allowed to re-enter the STAR tax credit program.

School Tax Relief Program Funding History (millions of dollars)					
SFY	Basic	Enhanced	NYC	Rebates	Total
1998-99	$0	$497	$85	$0	$582
1999-00	$418	$576	$200	$0	$1,194
2000-01	$875	$587	$415	$0	$1,877
2001-02	$1,393	$597	$520	$0	$2,510
2002-03	$1,512	$612	$540	$0	$2,664
2003-04	$1,636	$643	$540	$0	$2,819
2004-05	$1,751	$676	$632	$0	$3,059
2005-06	$1,838	$683	$692	$0	$3,213
2006-07	$1,865	$759	$696	$674	$3,994
2007-08	$1,855	$748	$955	$1,099	$4,657
2008-09	$1,781	$710	$733	$1,212	$4,436
2009-10	$1,780	$715	$917	$2	$3,414
2010-11	$1,875	$760	$599	$0	$3,234
2011-12	$1,856	$808	$570	$0	$3,234
2012-13	$1,857	$842	$588	$0	$3,287
2013-14	$1,879	$867	$611	$0	$3,357
2014-15	$1,734	$930	$627	$0	$3,291
2015-16	$1,774	$943	$618	$0	$3,335
2016-17	$1,764	$953	$615	$414	$3,746
2017-18	$1,776	$960	$342	$453	$3,531
2018-19	$1,717	$929	$626	$957	$4,229
2019-20	$1,716	$930	$680	$1,324	$4,650
2020-21	$1,747	$990	$697	$0	$3,434
Total	**$36,399**	**$17,715**	**$13,498**	**$6,135**	**$73,747**

NEW YORK CITY PROPERTY TAX GROWTH

New York City Property Taxes – Overview

The property tax remains New York City's largest revenue source. It has traditionally provided between 42 percent and 46 percent of the City's overall tax revenues, and currently contributes 45 percent. Property tax receipts in New York City have continued to grow at more than the inflation rate. For City Fiscal Year (CFY) 2019, the City's property tax will raise $29.6 billion, reflecting a one-year growth rate of 6.9 percent.

Tax levies in New York City are determined through a class share system designed to limit the tax burden on one to three family housing units in order to encourage homeowners to remain in or move to New York City, and to mitigate the tax burden on certain rental properties (generally one to ten units). However, this means that the burden of New York City's property tax falls very heavily on commercial properties, cooperatives, and condominiums.

The general property tax levy is the one major revenue source that New York City can set by itself without State approval. The two major components of how much revenue the property tax produces for the City are the tax rate and property assessments based on actual data or market trends.

A two-year period starting in 2007 was the only time during the last 35 years that the City's overall property tax rate declined. Action by the New York City Council ("Council"), the City's legislative body, is required to change property tax rates. For the last ten years, the weighted overall tax rate (per $100 of assessed value) has remained steady at 12.283 percent. In CFY 2009, the Council returned the rate to 12.283 percent from 11.483 percent largely in response to the Great Recession.

While the overall citywide property tax rate has remained unchanged, tax levies can, and usually do, rise automatically based on yearly increases in assessments. Assessment increases are the primary reason that property tax revenues in New York City have been increasing at over a five percent rate since the real estate market began to recover in 2009 after the financial crisis. In addition, the tax rates for different types of properties change every year due to the City's class share system.

New York City Real Property Tax Assessment Classes

New York City evaluates its real property for tax assessment purposes by utilizing four classes:

- Class 1: one, two, and three family homes as well as vacant land
- Class 2: all other residential property, including condos, co-ops, and rental properties
- Class 3: utility properties
- Class 4: commercial and office buildings

The method by which each class is valued for assessment purposes varies by its primary use: for Class 1 it is "market value"; Class 2 and Class 4 are valued by net income; and Class 3 is valued at replacement cost (for the cables and easements) less depreciation for power plants and equipment.

Caps and Shares

While property is assessed each year, there are statutory caps on how much the levy on individual properties may increase annually (not to be confused with the rest of the state cap on property taxes enacted in 2011). The Class 1 cap increase is six percent each year, with no more than 20 percent over five years. The Class 2 cap is eight percent in one year and no more than 30 percent over five years. Classes 3 and 4 have no cap, but there is a five-year phase-in for Class 4 increases. In addition, the ratio of market to assessed value can increase each year; for Class 1 it is set at six percent of market value, and for all other classes it is 45 percent. In addition, Class 1 and Class 2 increases have been further limited by enacted State legislation. This calculation is completed each year with a tentative tax roll released 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 cap limits (set forth above). This results in a smoothing of sorts that has resulted in the commercial classes (primarily classes three and four) bearing an ever increasing share of the property tax burden. The class shares system must always allocate 100 percent of the assessment among the four classes.

Current Class Shares

- Class 1: Set at 47.5 percent of total market value, but its tax levy is 14.7 percent of the total levy
- Class 2: Set at 24.8 percent of total market value, but these payers bear a 37.8 percent share of the tax levy
- Class 3: Represents 2.8 percent of the total market value, but the class is assessed a 6.2 percent share of the tax levy
- Class 4: Represents 25 percent of the total real estate market value, but is assessed at 41.3 percent share of the levy

It is worth pointing out that in CFY 2017 Citywide property market values for all classes surpassed $1 trillion for the first time, and currently stand at a record level of $1.3 trillion.

Current and Projected Growth of New York City's Property Taxes

For CFY 2019, which ended on June 30, 2019, the latest estimates from the NYC Department of Finance (DoF) forecasts the property tax will generate $29.6 billion or 46 percent of New York City's total tax revenues. This estimate would result in a 6.9 percent growth of property tax receipts over CFY 2018's collection of $27.7 billion.

Going forward, for CFY's 2020, 2021 and 2022, the Mayor's Office of Management and Budget (OMB) estimates that property taxes will generate $29.67 billion, $31.01 billion and $32.27 billion, respectively. These revenue increases would result in an average 3-year annual growth rate of three percent.

The DoF's recently released final assessment roles for CFY 2019 shows a continuation of the upward trend. According to DoF, the taxable assessed value of all properties in the City increased from $224 billion to $240 billion, an increase of $15 billion, or 6.8 percent. The full market value increased by 8.8 percent to $1.3 trillion.

New York City's Real Estate Taxes Hurt Its Economy

Business leaders throughout New York State have made it clear that property taxes are the single largest government burden placed on their efforts to create jobs, invest, grow, and continue producing in New York State. The Executive has acknowledged the burden of property taxes, both upstate and downstate.

The Executive's 2015 State of the State - New York Opportunity agenda noted that the property tax is an impediment to economic growth. "The No. 1 business tax is the property tax. The highest tax we collect in the State of New York is the property tax," according to the Executive. Similarly, in the 2016 State of the State address, the Executive remarked that the "property tax is a killer tax in this state and it has been for a long time. It's nothing new." Similarly, the Executive repeated this message in his 2017 State of the State, noting, "The property tax is the most burdensome tax to homeowners and business owners in every part of the state, inhibiting their ability to grow and contribute to our economy."

Still, the problem may be even more pressing today. Last year the Executive noted that while the local property tax has been an obstacle to growth, with the elimination of the federal income tax deduction for state and local taxes (SALT), it is an "economic cancer." However, in 2019 the Executive proposed a pied-a-terre tax on second homes worth over $5 million, which would further suppress economic activity in the housing market.

The enacted budget for FY 2020 included language that made permanent the two percent property tax cap.

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 weaken. Property tax payments often become the major reason why a business closes up shop or downsizes.

By enacting a statewide cap on property taxes in 2011, the Executive and the Legislature took an historic step in reigning-in property tax growth that had been exploding at a rate of over six percent a year. The City of New York was not included in the enacted tax cap legislation.

The State property tax cap limits ad valorem levies at the lesser of two percent or the rise in the Consumer Price Index (CPI). The Senate Republican Conference has calculated that the Property Tax Cap has saved taxpayer over $40 billion through FY 2019.

Ironically, the first real property tax cap actually occurred in New York City. In 2003, in order to help the residents of the City recover from the devastating effects of the 9/11 attack, the State authorized a rebate of up to $400 to qualifying homeowners. In return, New York City government agreed to cap the City's property taxes in 2004 at current levels. Collections in 2005 were virtually flat compared to the year before at roughly $11.5 billion. This cap almost certainly aided the world's greatest city in its economic recovery.

Given the 2018 federal changes that limit the deductibility of state and local taxes, this may be an opportune time to finally revisit the decision to exempt New York City from the property tax cap guidelines that have so benefitted taxpayers everywhere else in the State. It seems abundantly clear that if the City had been held to the same tax policy as the rest of New York, the tax burden, especially on businesses sectors such as manufacturing and high technology, which are essential for a strong value added economy, would be significantly less. In addition, New York City's, and by extension the entire State's, reliance on the financial and legal services industries to provide the quality of life all New Yorkers deserve, could be extended to other high value sectors, thereby providing greater stability and opportunities for economic growth.

In addition, the real estate industry in New York City has come to rely heavily on certain tax abatement programs, such as the renewed 421-a program (now called Affordable New York) to somewhat offset the high property taxes on commercial properties. Limiting the growth of rising property taxes leads to the reasonable assumption that more housing stock of every type would be constructed or rehabilitated in the City without as much reliance on exemptions and abatements.

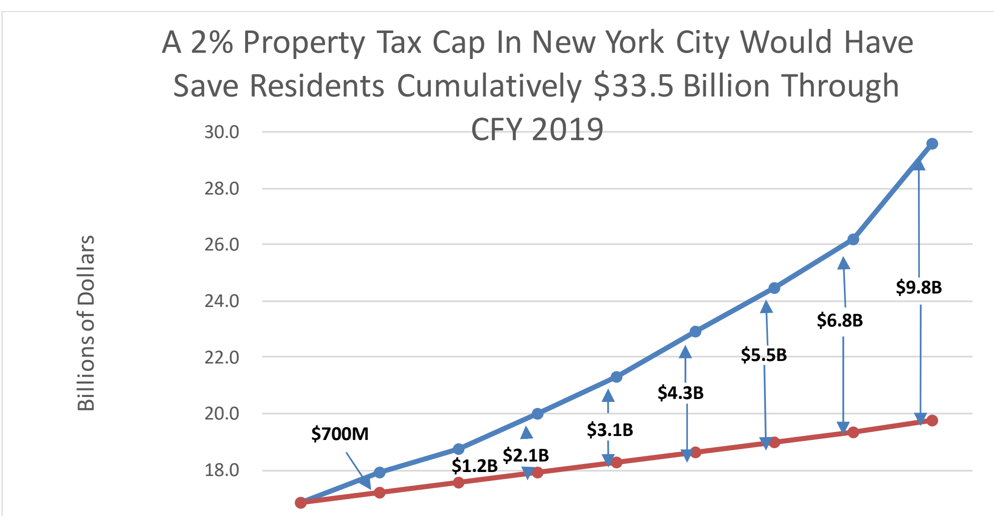
While the property tax is New York City's largest tax revenue, the City also collects a significant personal income tax. For CFY 2019, the City expects to collect $13.4 billion from its personal income tax, $2.2 million or nearly 19 percent more than in CFY 2018. This is a result of suppressed collections the prior year due to behavioral changes related to the 2018 federal tax changes. Income tax receipts are project to increase to $13.7 million in CFY 2020. For perspective, the City forecasts that it will collect a total of $64.4 billion in taxes in CFY 2020 (including $29.7 billion in property taxes), or 4.6 percent more than last year.

Between fiscal years 2011 and 2019, New York City property tax revenues increased by a total of $12.7 billion, or an average annual gain of 8.4 percent. However, to illustrate the benefits of placing a limit on property tax revenue growth, if the City had held itself to a two percent property tax cap beginning in 2012, the property tax levy imposed on the City would have been about $34 billion less through CFY 2019.

Such a significant level of tax savings might have encouraged the construction of greater amounts of affordable and supportive housing, as well as attracted new and increased business activity.

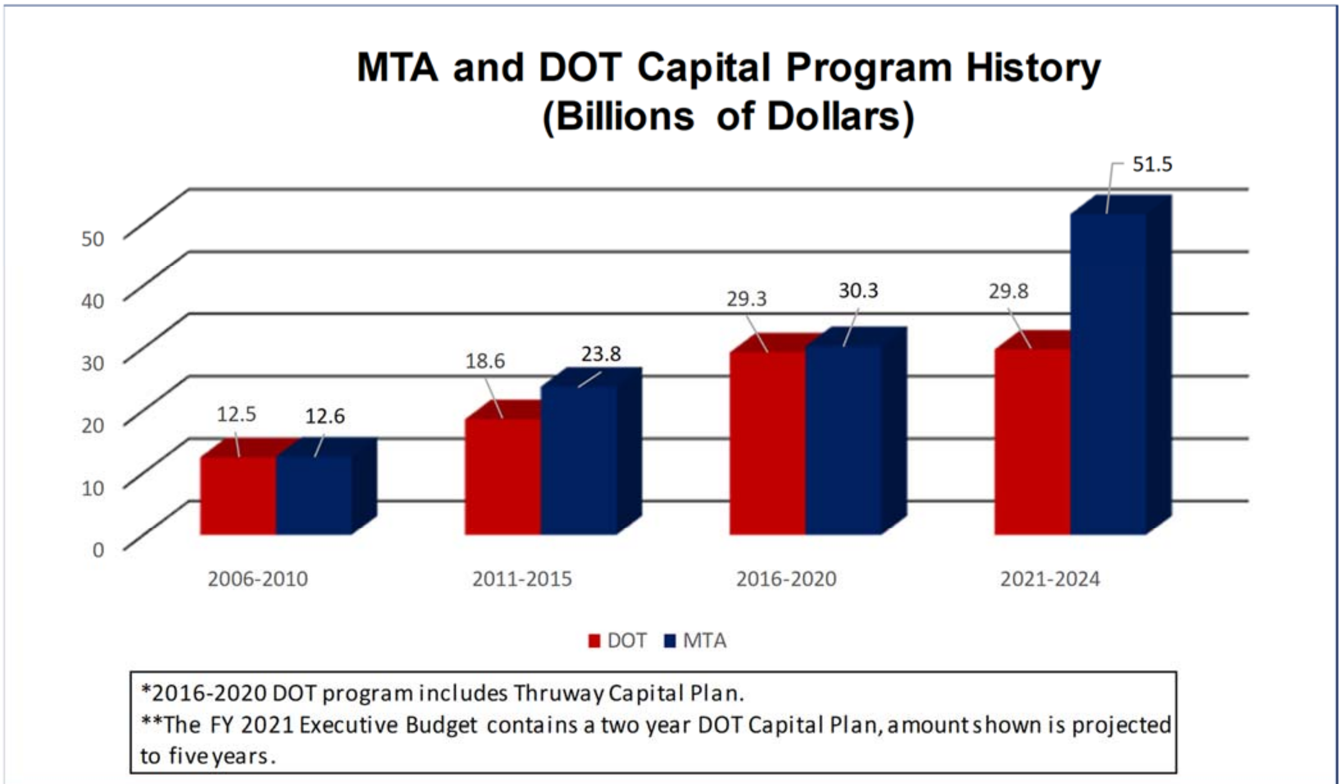
In May 2018, the Mayor of New York City and the Speaker of the City Council announced the establishment of a commission that will offer recommendations to reform the city's property tax system. The NYC Advisory Commission on Property Tax Reform is holding hearings as it examines such issues as the classification system, the methods of determining property market values and assessments and the method of determining tax rates. In developing recommendations, the advisory panel has been tasked with making the City's property tax system "simpler, clearer and fairer." While the report is expected soon, as of January 2020 it has not been released.

It is important to note that the State's property tax cap applies to the entire tax levy of municipalities and school districts. While assessments on properties may increase, homeowners and business in New York City could actually see their tax rates fall under the property tax cap. Since the latest federal tax law changes place New York at a competitive disadvantage against states with lower taxes, it remains an opportune time to reconsider whether New York City should be required to comply with the State's tax cap.



	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property Tax	16.9	17.9	18.8	20.0	21.3	22.9	24.4	26.2	29.6
Property Tax @ 2%	16.9	17.2	17.5	17.9	18.3	18.6	19.0	19.4	19.8
Annual Savings		0.7	1.2	2.1	3.1	4.3	5.5	6.8	9.8

TRANSPORTATION CAPITAL PROGRAMS



Coordinated and Balanced Statewide Transportation Plans

After more than a decade without coordinated transportation capital programs, and largely as a result of the leadership of the Senate Republican Majority, in FY 2017 New York adopted balanced multi-year transportation capital programs for the Department of Transportation (DOT) and the Metropolitan Transportation Authority (MTA).

Unfortunately, the FY 2021 Executive Budget does not continue capital plan parity between the MTA and the Department of Transportation.

At the end of 2019, the MTA approved a new five year capital plan, which commits roughly $51.5 billion, an increase of almost 70 percent from the 2016-2020 plan. This is funded through a number of means, including congestion pricing (ie "the commuter tax" and other new taxes and fees authorized in the FY 2020 Enacted Budget), as well as commitments by the State and New York City.

In the FY 2021 Executive Budget, the Executive proposes a new two year capital plan for DOT, worth a total of $11.9 billion. At this annual level of funding, a five year capital plan for DOT would be worth $29.8 billion, or 42 percent less than the MTA Capital Plan.

The new MTA Capital Plan and the FY 2021 Executive Budget make it clear that transportation parity will not restored in the foreseeable future.

Department of Transportation Proposed Capital Plan Obligations (Millions of Dollars)			
Obligations	FY 2021	FY 2022	Two-Year Total
Highway Program	3,611	3,611	7,222
Local Pave NY/Bridge NY	200	200	400
Administration	80	82	162
Engineering	931	808	1,739
Preventive Maintenance	365	370	735
Maintenance Facilities	32	32	64
Other Federal Programs	25	25	50
Rail Development	72	72	144
Aviation Systems	117	17	134
Non-MTA Transit	131	125	256
Capital Aid to Localities	478	478	956
Annual Total	**6,042**	**5,820**	
Total Non-MTA Transportation Capital Plan			**11,862**

Department of Transportation – Road & Bridge Capital Plan

In FY 2017, the Senate Republican Majority secured the largest five-year DOT commitment in state history ($21.1 billion for FY 2016-2020), as well as a $4 billion commitment for FY 2021, for a total six-year commitment of $25.1 billion for DOT. Through the end of the plan in FY 2020, the DOT capital plan grew to almost $27.3 billion.

The FY 2021 Executive Budget provides funding for the first year of a new two year $11.9 billion DOT Capital Program.

Local Aid

Under the Executive's FY 2021 proposal, the Consolidated Highway Improvement Program (CHIPS) would receive $438.1 million, and the Municipal Streets and Highways Program ("Marchiselli") would receive $39.7 million, maintaining base funding levels that are unchanged since FY 2014.

The FY 2021 Executive Budget does not continue the $65 million legislative add for Extreme Winter Recovery funding that has been included in the last several Enacted Budgets.

The FY 2021 Executive Budget continues the Local **PAVE NY** program, which provides $100 million per year) to municipalities for pavement projects. The distribution of Local PAVE NY allocations are based on the percentage of funding that municipalities receive through the CHIPS formula.

The FY 2021 Executive Budget also an additional year of the Local **BRIDGE NY** program, which provides $100 million per year to municipalities for bridge and culvert projects, as well as an additional $50 million from FY 2018, added by the legislature, for a total of $550 million. To date, the allocations of Local BRIDGE NY funding has been awarded via a solicitation process that included local input on the selection of projects as well as regional balance across the state.

Non-MTA Transit

The FY 2021 Executive Budget provides capital funding for Non-MTA Downstate and Upstate transit systems. This includes $20 million lined-out for the following **Upstate transit systems**:

- $3.6 million for the Capital District Transportation Authority (CDTA)
- $3.3 million for the Central New York Regional Transportation Authority (CENTRO)
- $4 million for the Rochester-Genesee Regional Transportation Authority (RGRTA)
- $5.2 million for the Niagara Frontier Transportation Authority (NFTA)
- $4 million for all other Upstate transit systems ("formula" systems)

These amounts match last year's allocations.

In addition, $26 million is provided to the NFTA for the rehabilitation of their existing light rail system.

Airports

The FY 2021 Executive Budget contains $100 million in new competitive funding for airports outside of New York City and not operated by the Port Authority.

In FY 2017, the Executive implemented a $190 million Upstate Airport Economic Development and Revitalization Competition. Airports that that were awarded funding under this competition include:

- Elmira Corning Regional Airport ($40 M)
- Greater Rochester International Airport ($39.8 M)
- Plattsburgh International Airport ($38 M)
- Syracuse Hancock International Airport ($35.8 M)
- Albany International Airport ($22.1 M)
- Ithaca Tompkins Regional Airport ($14.2 M)

In addition, the Executive references in his State of the State address, significant investments at John F. Kennedy International Airport (JFK) and LaGuardia Airport, both major projects for the Port Authority of New York and New Jersey.

Metropolitan Transportation Authority

Since 1982, the Metropolitan Transportation Authority (MTA) has approved a series of five year capital plans with the stated mission of "renewing, enhancing, and expanding the MTA network."

MTA Capital Plan by Agency (Millions of Dollars)	
Agency	**Cost**
New York City Subway	$37.3
Long Island Railroad	$5.7
Metro North Railroad	$4.7
New York City Buses	$3.5
Bridges and Tunnels	$3.3
Other	$0.3
Total	**$54.8**
Total Requiring CPRB Approval*	**$51.5**
*Bridges and Tunnels do not require Capital Plan Review Board Approval	

The 2020-2024 Capital Plan was officially released on September 11, 2019, and was approved by the MTA Board on September 25th. The level of secrecy surrounding this year's plan and the limited time for review and public comment drew significant ire from good government groups.

The total cost of the approved Capital Plan is $51.5 billion. This is an increase of approximately 70 percent from the 2015-2019 plan, making it by far the largest Capital Plan in MTA history. Of this $51.5 billion, over $40 billion is being directed at the New York City Transit.

Capital Plan spending by MTA component agency is as follows-

New York City Transit Priority Projects (Millions of Dollars)	
Project	**Cost**
Signal Modernization	$7,100
Second Ave. Subway Phase Two	$6,900
Subway Cars	$6,100
Station Accessibility	$5,200
Station Improvements	$4,100
Track Replacement	$2,600
Replacement Busses	$2,300
Electric Buses	$1,100
Bus Depots	$880
Additional Busses	$217
Improved Customer Experiences on Buses	$109
Total	**$36,606**

Long Island Railroad Priority Projects (Millions of Dollars)	
Project	**Cost**
Station Improvements	$910
Track Replacement	$1,000
Rolling Stock	$487
Signal and Communications	$364
Total	**$2,761**

Metro North Railroad Priority Projects (Millions of Dollars)	
Project	**Cost**
Grand Central Trainshed	$895
Station Upgrades	$621
Rolling Stock	$485
West of Hudson Improvements	$187
Harlem Line capacity Improvements	$184
Total	**$2,372**

MTA Bridges and Tunnels Priority Projects (Millions of Dollars)	
Project	**Cost**
Verrazzano Bridge	$1,127
RFK Bridge	$719
Throgs Neck Bridge	$241
Henry Hudson Bridge	$135
Hugh Carey and Queens Midtown Tunnels	$99
Total	**$2,321**

FOUNDATION AID

History of Foundation Aid

First enacted in the FY 2008 State Budget, Foundation Aid is the largest unrestricted source of State aid provided to 674 public school districts in New York State. It represents almost 70 percent of all formula based State aid provided annually. Prior to FY 2008, State aid was calculated and distributed to school districts in over 25 separate and complex categories of aid. Responding to public criticism and litigation, Foundation Aid consolidated all of these separate formulas and was made much more flexible and transparent by reducing the complexity and number of separate formulas.

Since its enactment, the Legislature has increased Foundation Aid from a base of $12.5 billion to almost $18.4 billion in FY 2020, for a 47.2 percent increase, far outpacing the rate of inflation over the same time period.

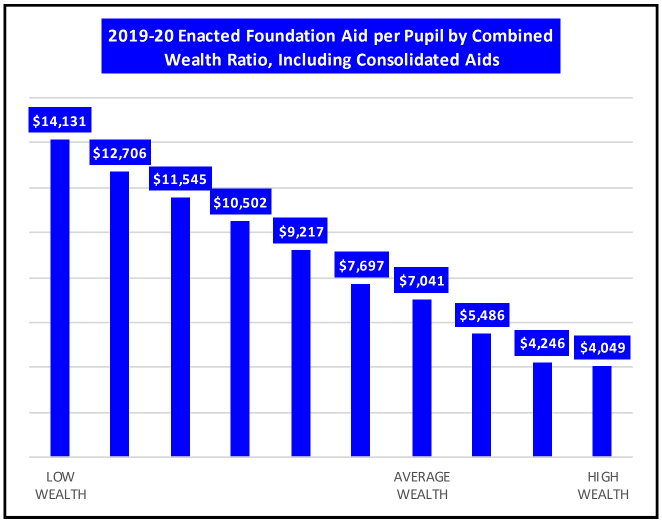
- The State has provided a Foundation Aid increase of over $6 billion or 47.2 percent since its enactment in 2007.
- In 2019-20, high need districts received $13.1 billion or 72 percent of total Foundation Aid.
- The Foundation Aid formula is progressive. Low wealth-high need districts receive a greater amount of Foundation Aid per pupil compared to high wealth-low need districts.

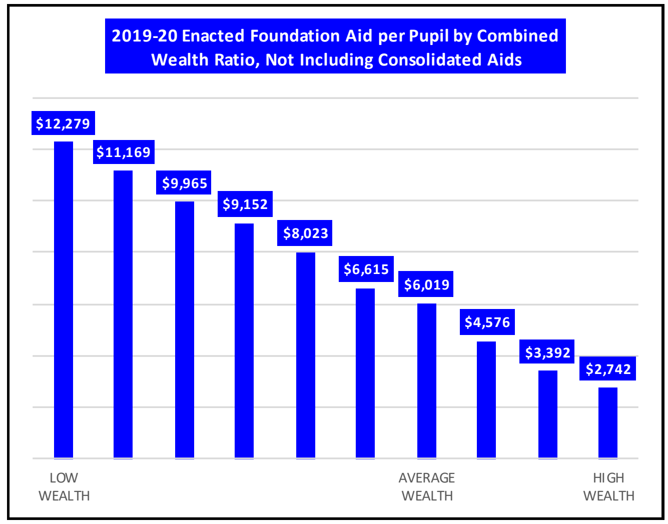
When Foundation Aid was first enacted, there was an expectation that school districts would receive full funding under the formula after a four year phase-in. The formula represented a desired amount of Foundation Aid for each public school district and is based on educational research and data analysis of what successful schools spend on providing educational programs and services to students, less a local contribution/share.

Due to fiscal constraints however, the Foundation Aid formula was phased in for the first two years, frozen for the next three years, and in FY 2013, the funding phase-in resumed but at a lower rate compared to the first two years. Statutory changes were enacted in FY 2012 that limited the growth in general support for public schools based on the personal income growth index (PIGI) of New York State as measured by the Bureau of Labor Statistics. With the annual index rapidly growing since FY 2013, combined with a State spending cap, multi-billion dollar per year increases in Foundation Aid are simply unattainable.

The Foundation Aid formula concept has largely been well-received by school districts and their stakeholders. Aside from the benefit of providing school districts with more flexibility and transparency, the formula sets a new floor each year. That is, no district has received less Foundation Aid than it received in the prior year. Even in the case of dramatic changes in data factors such as district wealth, enrollment, pupil needs, etc., no district has seen its Foundation aid reduced below prior year levels.

The Foundation Aid formula is progressive. The distribution of Foundation Aid per pupil has an inverse relationship to district wealth. Districts





that have the least amount of wealth generate the highest amount of Foundation Aid per pupil. School districts with the greatest amount of wealth generate the least amount of Foundation Aid per pupil.

The Enacted Foundation Aid chart below shows the average amount of Foundation Aid per pupil measured by wealth deciles (Combined Wealth Ratio or CWR) in the enacted FY 2020 Enacted State Budget. The chart on the right reflects the deciles under current law, and the chart on the right reflects deciles as proposed under the Executive's new definition of Foundation Aid (discussed below):

School districts included in the low wealth decile have low fiscal capacity and high need and as a result, they receive the greatest amount of Foundation Aid per pupil. Conversely, school districts included in the high wealth decile have greater fiscal capacity and low need and they receive the least amount of Foundation Aid per pupil.

2020-21 Executive Budget

The Executive reclassifies several components of the school aid formula as Foundation Aid in order to achieve a larger overall Foundation Aid number without a necessarily commensurate increase in spending. This objective is achieved by consolidating 11 existing aids worth $1.9 billion and adding their value to the Foundation Aid base.

Executive Proposal to Reclassify Foundation Aid (Billions of Dollars)			
Current Law		Proposed Law	
2019-20 Foundation Aid	18.4	2019-20 Foundation Aid	20.3
2019-20 Consolidated Aids	1.9	2019-20 Consolidated Aids	-
2019-20 Remaining Aids	7.5	2019-20 Remaining Aids	7.5
Total Aid	**27.8**	**Total Aid**	**27.8**

This proposal allows the Foundation Aid base to increase from $18.4 billion to $20.3 billion. The proposed consolidated aids are: BOCES, High Tax, Special Services, Charter Transitional, Hardware and Technology, Software, Library Materials, Textbook, Supplemental Public Excess Cost, and Academic Enhancement.

Districts would receive a Foundation Aid amount for FY 2021 that reflects the total of these 11 aids ($1.9 billion), plus the Foundation Aid base ($18.4 billion), plus the growth in the 11 consolidated aids ($10 million), plus additional general fund spending for the Foundation Formula ($444 million), plus a Community Schools increase ($50 million). Beginning in FY

2022 and thereafter, the consolidated aids would be frozen and merged into the Foundation Aid, representing a single line in the school aid runs.

This shift allows the Executive to significantly reduce the amount remaining to achieve the full Foundation Aid phase-in. School districts and groups have argued that schools are owed the amount driven by the original Foundation phase-in formula (as discussed in the History section above), which amounts to almost $4 billion in the upcoming school year.

- Executive Foundation Aid proposal provides an increase of $504 million
- High need school districts would receive $395 million ($190/pupil), or 79 percent of the total Foundation Aid increase
- The minimum Foundation Aid increase is 0.25 percent

The Executive Foundation proposal, as calculated under current law, would result in districts claiming the formula falls $3.4 billion short. However, the new definition results in the Executive proposal falling $2 billion short, effectively eliminating $1.4 billion of the cost of fully phasing in Foundation Aid.

The Executive has proposed a multi-tiered Foundation Aid formula that favors high needs districts. Four tiers provide aid to districts based on student need and local fiscal capacity while a third tier provides a 0.0025 percent minimum increase to all districts. Districts would receive the greater amount of these tiers which provide over $444 million as a base increase.

The Executive also proposes a Community Schools increase of $50 million ($300 million total) which is a set aside within the Foundation Aid formula for a total FY 2021 increase of $504 million in Foundation Aid. Language is also provided by the Executive which restricts the use of the Community Schools increase.

Consistent with prior years since its enactment, the formula also provides for a save-harmless so no district would receive less than they received in the prior year. For the most part, many of the data factors from prior year formulas are still used and are updated to reflect current measures in arriving at calculations.

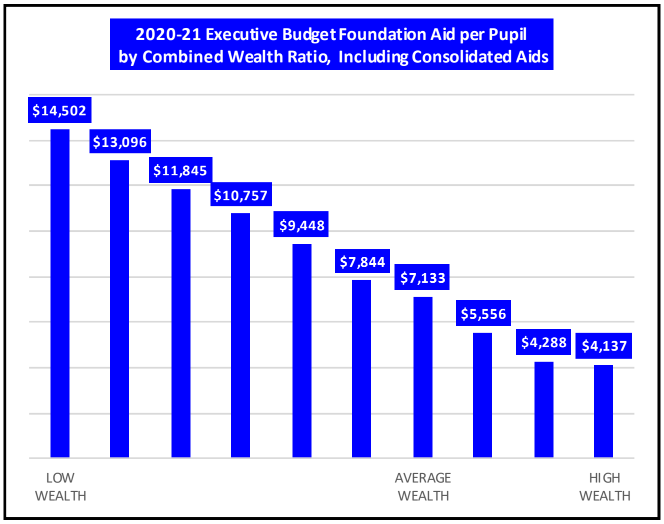
The Executive Budget provides $20.3 billion in Foundation Aid for an increase of $503.8 million, or 1.90 percent, for the 2020-21 school year. Further, **all** school districts show a Foundation increase on the State aid run with no district projected to receive less than a 0.25 percent increase. As it relates to the distribution of the Executive's proposed Foundation Aid increase, the following points are worth noting (numbers in parentheses reflect the Foundation Aid proposal as calculated under current law):

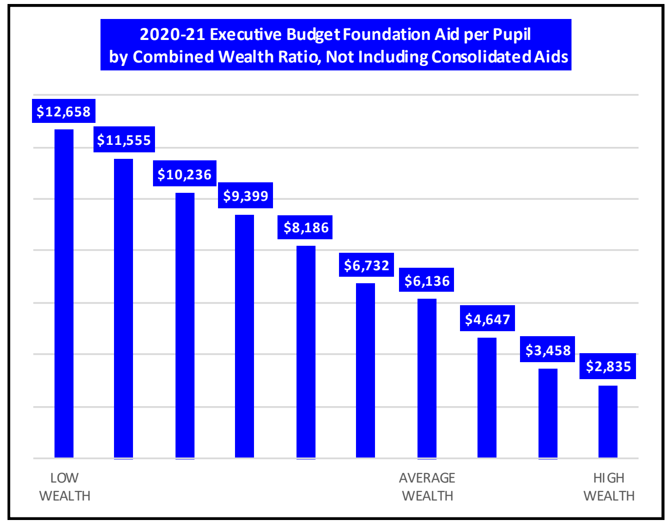
- When grouped according to Need Resource Capacity categories, $396 million, or 78.5 percent ($387 million, or 79 percent under current law) of the proposed Foundation Aid increase is provided to high need districts, $92.4 million, or 18.3 percent ($81 million, or 16.1 percent) is provided to average need districts, and $15.7 million, or 3.1 percent ($21.4 million, or 4.2 percent) is provided to low need districts.
- On a per pupil basis, the Executive has proposed a $258 Foundation Aid increase per pupil ($251 per pupil under current law) for high need districts, a $127 increase per pupil ($111 per pupil) for average need districts, and an $44 increase per pupil ($59 per pupil) for low need districts.
- When looking strictly at relative wealth as measured by a district's Combined Wealth Ratio, 95.8 percent (99.8 percent under current

law) of the proposed Foundation Aid increase is provided to below average wealth districts including New York City.

- It remains to be seen whether the proposed consolidated Foundation Aid approach drives a more progressive outcome.

The Executive Budget Foundation Aid chart below shows the average amount of Foundation Aid per pupil measured by wealth deciles (CWR) in the 2020-21 Executive Budget:





The New York Health Act (S.3577)

Legislative Proposal

The New York Health Act (NYHA) would replace the current health care financing system with a single-payer government entity that will finance medical care through a new tax structure on the backs of residents and businesses. This exists in a limited capacity in the United States today in the form of the Veteran's Administration, Medicaid and Medicare, which accounts for approximately 30 percent of the population and 37 percent of the national health expenditures. The federal government administers these entities, while the NYHA would only apply to New York State, making New York state taxpayers and businesses shoulder the cost. The RAND report estimates that the additional government spending under the NYHA would be $160 billion in 2022. Current State, local, and federal health care expenditures would be redirected to the NYHA through federal waivers if granted. A combined total of $39.9 billion of State and local payments would be redirected in 2022, and likewise $120.9 of federal health care payments would be redirected if federal waivers are granted. In FY 2021, New York's annual Personal Income Tax (PIT) is projected to be $53 billion, less than one third of the estimated additional tax revenue that would be required to fund the NYHA.

Single Payer vs. Universal Coverage

- Single payer healthcare is a healthcare system where a single entity, the government, provides health insurance coverage to every individual through a tax based funding mechanism
- Universal coverage is a healthcare system that provides health care and insurance protection to all residents of a particular state or country.

Eligibility and Benefits

The NYHA would provide universal coverage under a single state-sponsored health plan to every New York State resident, regardless of the individual's immigration status. Under the proposal, there would be no cost sharing in the form of out-of-pocket costs such as deductibles, copayments or coinsurance for covered services. This zero cost-sharing structure is unique to the New York proposal, and is not utilized in any current single-payer system. Covered benefits include all benefits currently covered by Medicaid, Medicare, Child Health Plus, and the NYS employees' health benefit plan, or mandated benefits in the insurance law for health plans. The 2019 version of the proposal included long-term care benefits as well, which is one of the largest factors contributing to the current Medicaid deficit.

Organizational Structure

The NYHA would establish three different entities of unaccountable bureaucrats to implement and manage the new program. First, the NYHA creates a fifty-seven (57) member New York Health Board of Trustees which has the power to amend regulations and establish executive committees to effectuate the program. The Board would consist of forty (40) Governor appointees and fourteen (14) legislative appointees. Second, the bill creates regional advisory councils in six (6) areas of the state to adopt a community health improvement plan to effectively deliver healthcare in the region. The advisory councils will consist of twenty-seven (27) individuals, each residing in the area of representation. Finally, the bill establishes the Temporary Commission on Implementation, which is charged with implementation and examining current laws and regulations and making recommendation son how to conform those provisions to the NYHA. Advocates of the NYHA claim that a single-payer system will reduce administrative waste while the program in fact creates additional layers of government bureaucracy.

Retraining of Affected Employees

If enacted, the NYHA would result in job loss for approximately 150,000 New York State residents due to the eradication of private health insurance companies under the program. This estimate is comparable to the job loss experienced by the state during the 2008 recession. The impact of implementation would be devastating to the New York economy.

The 2019 version of the NYHA implements within the Department of Labor a retraining and re-employment task force. The task force would establish a regional training and career services system. Additionally, affected employees would be entitled to up to two (2) years of retaining at any training provider approved by the Commissioner, up to two (2) years of unemployment benefits if enrolled in an approved program, is actively seeking employment and is not currently employed full-time. Those affected employees over sixty-three (63) years of age at the time of loss of employment will be eligible for unemployment benefits without meeting the requirements enumerated above. The provisions establishing the retraining and re-employment system were added to the bill after the RAND study analysis, and an estimated cost has yet to be determined.

Program Funding and Cost Estimate

Estimates of the total cost of health care under the existing structure in New York is $311 billion. This estimate includes premiums paid by employers and employees ($123 billion) and cost sharing, which includes deductibles and co-payments ($33.5 billion). According to RAND, the total cost of health care for New Yorkers who have employer sponsored health care, Medicare, Medicaid, or individual market coverage is estimated to be $311 billion in 2022 and is $278 billion when federal and state tax benefits are taken into consideration ($32.8 billion). This figure includes: premiums paid by employees and employers ($123 billion); cost sharing, which includes deductibles and co-payments ($33.5 billion); federal and state tax payments that support federal and state spending on health care ($154.6 billion). The combined tax revenues used to create the New York Health Act Trust Fund would replace current funding for:

- State share of Medicaid - $27 billion
- The local County Medicaid contribution - $7.6 billion
- State payments for public employee health coverage premiums - New York State Health Insurance Plan (NYSHIP) - $4.1 billion
- Other health care spending paid for by the State (ex. Essential Plan $84 million, Child Health Plus $416 million)
- New York currently receives a fifty percent 1:1 federal match for State share Medicaid spending. A total of $40 billion of Medicaid spending is projected to come from federal funds FY in 2020.

- The federal share of the Essential Plan is financed by a trust fund totaling $4 billion. These funds reduce premiums and cost sharing that would otherwise be borne by the State and plan enrollees.
- $4.1 billion of Medicaid spending is currently financed by the Health Care Reform Act receipts, including surcharges and assessments on hospital revenues, a "covered lives" assessment paid by insurance carriers, and a portion of cigarette tax revenues. A further $900 million of Medicaid spending is offset by provider assessment revenue on nursing homes, hospitals, and home care providers.

Long Term Care

In February 2019, the New York Health Act was amended to include long term care insurance and home care as part of the covered benefits. Currently, State Medicaid costs for long term institutional nursing home care is projected to be $3 billion in FY 2020. Community based long term care, such as home care, offered by Medicaid Managed Long Term Care (MLTC) plans, is projected to be $7.8 billion. Medicaid long term care costs therefore constitute approximately half of all State share Medicaid expenditures. According to the RAND report, adding coverage of long-term care benefits to NYHA would increase program costs by approximately $18 billion to $22 billion each year between 2022 and 2031and that expenditures would increase by 39 to 42 percent.

RECREATIONAL MARIJUANA

Cannabis

The Executive Budget contains a proposal to allow the sale of adult use cannabis (recreational marijuana), which will be licensed, regulated and taxed by the state. Any person at least 21 years of age may purchase up to one ounce of cannabis or 5 grams of cannabis concentrate per day. A new Office of Cannabis Management (OCM) within the Division of Alcohol Beverage Control will be charged with oversite of the industry. The proposal also moves the codification of the medical cannabis statute from the Health Law to the new chapter 7-A "Cannabis Law". The proposed Cannabis Law also contains the regulation of commercial hemp growers. In addition, the proposal creates a new Article 20-C of the Tax Law to impose a new excise tax on adult use cannabis and the revenue will be deposited into a new "New York State Cannabis Revenue Fund".

- Any person at least 21 years of age may purchase up to one ounce of cannabis or 5 grams of cannabis concentrate per day
- The Office of Cannabis Management (OCM) is proposed within the Division of Alcohol and Beverage Control (ABC) responsible for licensing and regulating medical, adult use and hemp cannabis
- The Division of Criminal Justice Services and the Office of Court Administration would begin to seal criminal records of individuals who committed crimes that would now be legal under the proposed language

The Office of Cannabis Management

The Office of Cannabis Management (OCM) is proposed within the Division of Alcohol and Beverage Control (ABC). The OCM will be responsible for licensing and regulating medical, adult use and hemp cannabis in the state. There will be established a State Cannabis Control Board which will approve the office's social and economic equity plan, approve the number and type of license available and any new type of license, approve price quotas or price controls set by the executive director and promulgate rules and regulations. The Governor shall choose the Chairperson and the other four voting members of the board each of the five having one vote. Board membership are paid $260 per day when performing duties of the board. There is a new appropriation of $34.3 million for the OCM which is nearly three times the appropriation of ABC ($13.3 million). The estimate of the number of new FTE's that will be hired for the OCM is 191. The Office is expected to be completely funded in the future from proceeds of the excise tax on adult use cannabis. Until revenue starts to flow into the Cannabis Revenue Fund, the money to fund the office will have to be transferred from other sources.

New York State Medical Cannabis Program

The Executive proposes to repeal current sections of Public Health law relating to the medical use of marijuana/cannabis under the Department of Health, and transfer, expand, and clarify those sections to the newly proposed Office of Cannabis Management (OCM). The Executive Budget proposes to expand the list of conditions one may qualify for the Medical Cannabis program, as well as expand the list of practitioners who may qualify under the program. Practitioners must continue to consult the prescription monitoring drug program registry prior to issuing a certification. The Executive proposes to remove the thirty-day supply limit and authorizes the executive director to establish quantity restrictions in regulation. Additionally, the proposal removes prohibitions that if enacted would allow the medical cannabis to be smoked. The number of allowed registered organizations that may manufacture medical marijuana would be increased from a maximum of five to a minimum of ten, with no more than four dispensing sites owned and operated by such registered organization.

Furthermore, the Executive proposes a new Cannabis Research License to permit research activities. Research purpose applications must be submitted to the Office. The Office would have the ability to assess applications using certain criteria, such as appropriate personnel, expertise, facilities, funding, etc. Research licensees would be able to contract with higher education institutions to perform research in conjunction with the university. All research projects would be required to be approved by the Office.

The Executive proposes to provide the OCM the authority to permit some or all of the registered organization previously registered with the Department of Health the ability to cultivate, process, distribute, and sell adult use cannabis and cannabis products. The Executive Budget proposes to allow the Office to hold a competitive bidding process to allow organizations to cultivate, process, distribute, and sell adult use cannabis, and to collect the fees generated from such auction to administer incubators and low or zero-interest loans to qualified social equity applicants. The Executive further proposes that individuals in the medical cannabis program, or their caretakers, older than 21 may apply to grow, possess, or transport no more than four cannabis plants. Current law does not allow patients to grow, possess, or transport cannabis plants. Office would also be responsible for developing and implementing a comprehensive public health campaign regarding adult-use cannabis.

The Executive Budget also removes marihuana references in the Public Health Law as they relate to definitions, and references to marihuana in the schedule of controlled substances. The Executive proposes amending enforcement provisions under the public health law to account for the growing of cannabis by licensed individuals. The definition of smoking is amended to include cannabis for the purposes of the regulation of smoking in public areas.

Hemp

The Executive Budget proposal would require the OCM to license and regulate cannabinoid hemp processors and retailers. There will be separate licenses established for a "cannabinoid hemp processor license" which will be for processors that use the hemp plants for production of food products, other hemp based products used directly on the body (oils, lotions, etc.) and extracting cannabinoids from the plant and a "Cannabinoid hemp retailer license" for sellers. The proposed language does not delineate a specific fee structure but rather leaves the establishment of the fees up the Director of the OCM. The growth and cultivation of all hemp products will continue to be regulated by the Department of Agriculture and Markets.

Adult Use Cannabis

The proposed language establishes the licensure, regulation, sale, taxation and use of "adult use cannabis" (a.k.a. recreational marijuana). Any person at least 21 years of age may purchase up to one ounce of cannabis or 5 grams of cannabis concentrate per day. However, cannabis cannot be smoked or vaped in a public place and no more than one ounce can be possessed at any one time. Violators would be subject to a fine and or imprisonment.

Separate licenses will be necessary to grow, process, distribute, create a cooperative, dispense or sell cannabis under the Executive proposal. A cannabis retailer may not own or operate any other part of the distribution chain (no vertical integration is allowed). However, the owner of a medical cannabis business may apply for a separate adult use cannabis license and, as long as they sell both medical and adult use cannabis, they may be vertically integrated and own or operate the entire supply chain. The proposed language does not delineate a specific fee structure but rather leaves the establishment of the fees up the Director of the OCM which can be a set dollar amount or based on the gross annual receipts of the applicant. The OCM has discretion to issue licenses for one or two years.

Counties and Cities of more than 100,000 can pass a local law or resolution to prohibit the cultivation, processing, distribution and/or sale of adult use cannabis within their jurisdiction. However, they may not further prohibit the use of cannabis within their jurisdiction.

Excise Tax

The proposal would impose an excise tax on the cultivation, and sale of cannabis. The tax rates are as follows:

- Cultivation of cannabis - $1 per dry weight gram for the flowers, $0.25 per dry weight gram for trim and $0.14 per gram for wet cannabis (any part of the plant that has not been dried or processed and weighed within two hours of harvest)
- Transfer from a wholesaler to a retailer as a percent of the invoice price:
    - 20 percent for the State
    - Two percent for the county where the retail dispensary is located.
- The excise tax for medical cannabis would remain at the current seven percent of gross receipts.

The cultivation tax and the 20 percent excise tax would be deposited into a new Cannabis Revenue Fund established by 99-hh of the state finance law.

Every retailer of cannabis must register with Taxation and Finance and pay a $600 registration fee and must re-register every two years at a cost of $600 for the re-registration.

Sales of cannabis would be exempt from state and local sales tax. The local sales tax rate in the vast majority of counties is four percent or more. The two percent excise tax that would go to counties that host cannabis retailers is, in most cases, half of what the county would collect if sales of cannabis were taxable under local sales tax.

The penalty for possessing untaxed cannabis (illicit cannabis) is $400-$800 per ounce, $10-$20 per milligram of tetrahydrocannabinol (THC) contained in such illicit cannabis infused product, $100-$200 per gram of illicit cannabis concentrate, $250-$500 per immature cannabis plant and $1,000-$2,000 per mature cannabis plant for a first violation and double those amounts for a second and subsequent violations.

Cannabis Revenue Fund

Under this proposal, the New York State Cannabis Revenue Fund would be established and all taxes from the cultivation and sale of cannabis in the state, with the exception of the two percent excise tax for the benefit of retailer host counties, would be deposited into the fund. Monies in the fund would be expended for the following purposes: administration of the regulated cannabis program, data gathering, monitoring and reporting, the Governor's Traffic Safety Committee, implementation and administration of the initiatives and programs of the social and economic equity plan of the office of cannabis management, substance abuse, harm reduction and mental health treatment and prevention, public health education and intervention, research on cannabis uses and applications, program evaluation and improvements, and any other identified purpose recommended the Executive Director of OCM and approved by the Director of the Budget.

The Executive estimates this proposal would increase All Funds revenues by $20 million in FY 2021 growing to $141 million in FY 2024.

Criminal Justice Provisions

The proposed language would provide protections for the use of cannabis, except in situations such as the possible loss of federal support, if the property or workplace is registered smoke free or if the individual is under 21 years old.

The proposed language makes several technical changes to the Penal Law by renaming ‘marihuana’ to ‘cannabis’. The number of penalties for unlawful possession of cannabis would decrease from six to four, with the lowest two penalties being violations. The number of penalties for the criminal sale of cannabis remains the same; however, the qualifying weights are increased. Individuals currently serving a sentence for a conviction who would not have been guilty of an offense or would have been guilty of a lesser offense under this bill may petition the court for a resentencing or dismissal. If the bill were to become law, the Division of Criminal Justice Services and the Office of Court Administration would begin to seal criminal records of individuals who committed crimes that would now be legal under the proposed language.

WHEN THE UNEMPLOYMENT RATE DOESN'T TELL THE WHOLE STORY

Often times a low unemployment rate is mentioned as a proxy for how well the economy is doing. But is it really an indicator of a robust economy or is there another part to this story?

What is the Unemployment Rate?

The unemployment rate is the percentage of the labor force that is unemployed at any given time. The labor force is comprised of the total number of workers who are currently employed and those who are actually seeking a paying job but at the current time are unemployed. Workers who are able to work but are not actively seeking work are not counted as being in the labor force. There are many reasons why someone is not seeking work: age, illness, home responsibilities, school or they have become discouraged due to the lack of jobs.

- A low unemployment rate is not the entire story when it comes to the economy and is not necessarily good news.
- Every region in Upstate New York has experienced a reduction in their labor force over the last decade.

When a Low Unemployment Rate is Not Good News

A low unemployment rate can mean good or bad news. Alone, the unemployment rate cannot tell the entire story of the health of an economy. As previously mentioned, the unemployment rate is the percentage of the labor force that does not have a job.

A low unemployment rate is good if it means that more workers are working in a labor force that has stayed the same size or is growing. That means more workers are employed in a growing economy. More jobs is good. However, if the unemployment rate has dropped because the labor force has shrunk, that's not such good news for the economy. That means that previous job seekers have either aged out the labor force, moved away or have been discouraged because they can't find a job and have decided to stop trying.

The New York State Experience

In every major metro area of the state the unemployment rate has dropped between December 2010 and November 2019[1], but the reasons for that drop vary by region. Every region in Upstate New York has experienced a reduction in their labor force for that same time period. Only the New York City and Nassau-Suffolk metro

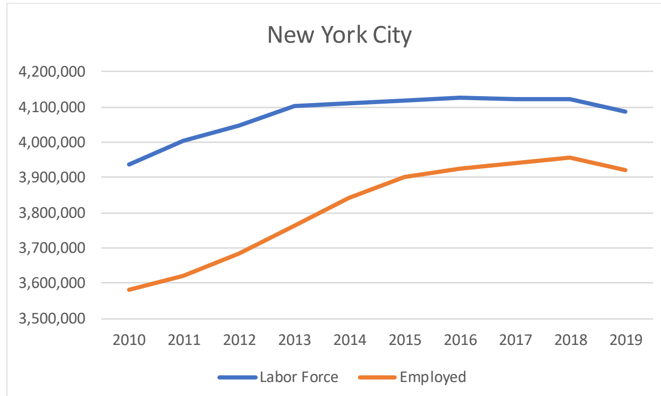
[1] Labor.ny.gov/home/ Labor Force and Unemployment Data Seasonally smoothed

Labor Force and Unemployment Rates in NYS Change From 2010 to 2019	2010	2019	Amount	Percent
Albany-Schenectady-Troy				
Labor Force	453,000	447,900	(5,100)	-1.1%
Employed	420,000	431,600	11,600	2.8%
Unemployment Rate	7.3%	3.6%		
Binghamton				
Labor Force	122,500	106,300	(16,200)	-13.2%
Employed	112,100	101,400	(10,700)	-9.5%
Unemployment Rate	8.5%	4.6%		
Buffalo-Niagara Falls				
Labor Force	570,700	542,500	(28,200)	-4.9%
Employed	522,800	518,800	(4,000)	-0.8%
Unemployment Rate	5.2%	4.4%		
Dutchess-Putnam				
Labor Force	199,800	195,000	(4,800)	-2.4%
Employed	184,800	188,000	3,200	1.7%
Unemployment Rate	7.5%	3.6%		
Elmira				
Labor Force	41,200	34,900	(6,300)	-15.3%
Employed	37,900	33,400	(4,500)	-11.9%
Unemployment Rate	8.0%	4.3%		
Glens Falls				
Labor Force	63,900	59,300	(4,600)	-7.2%
Employed	58,300	56,800	(1,500)	-2.6%
Unemployment Rate	8.7%	4.3%		
Ithaca				
Labor Force	54,500	51,400	(3,100)	-5.7%
Employed	51,100	49,600	(1,500)	-2.9%
Unemployment Rate	6.1%	3.5%		
Kingston				
Labor Force	92,400	89,100	(3,300)	-3.6%
Employed	85,200	85,800	600	0.7%
Unemployment Rate	7.9%	3.6%		
Nassau-Suffolk				
Labor Force	1,463,400	1,484,300	20,900	1.4%
Employed	1,355,100	1,431,600	76,500	5.6%
Unemployment Rate	7.4%	3.6%		
Rochester				
Labor Force	541,800	522,700	(19,100)	-3.5%
Employed	498,700	501,300	2,600	0.5%
Unemployment Rate	8.0%	4.1%		
Syracuse				
Labor Force	328,300	308,900	(19,400)	-5.9%
Employed	300,400	295,900	(4,500)	-1.5%
Unemployment Rate	8.5%	4.2%		
Utica-Rome				
Labor Force	142,200	128,500	(13,700)	-9.6%
Employed	130,800	122,900	(7,900)	-6.0%
Unemployment Rate	8.5%	4.2%		
Watertown-Fort Drum				
Labor Force	49,900	44,400	(5,500)	-11.0%
Employed	45,100	41,900	(3,200)	-7.1%
Unemployment Rate	9.7%	5.6%		
New York City				
Labor Force	3,936,582	4,086,268	149,686	3.8%
Employed	3,580,124	3,921,141	341,017	9.5%
Unemployment Rate	9.1%	4.0%		

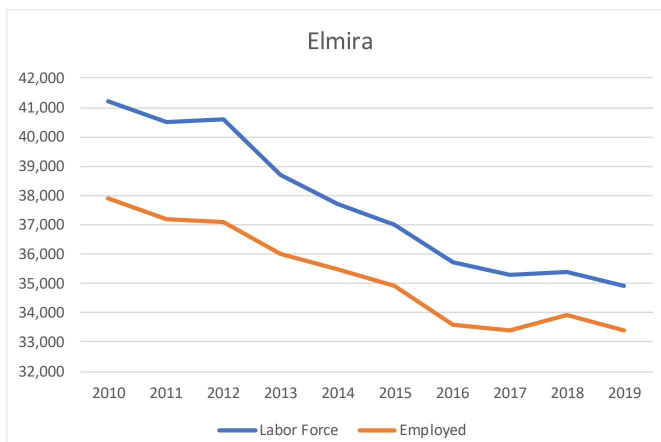
Source: NYS DOL, Seasonally Adjusted, Dec 2010, Nov 2011

regions have seen growth in their labor force and their employment numbers.

New York City's unemployment rate has dropped from 9.1% to 4.0% between December 2010 and November 2019. Their labor force has grown by 149,686 workers and their number of employed has grown by more than twice that amount.

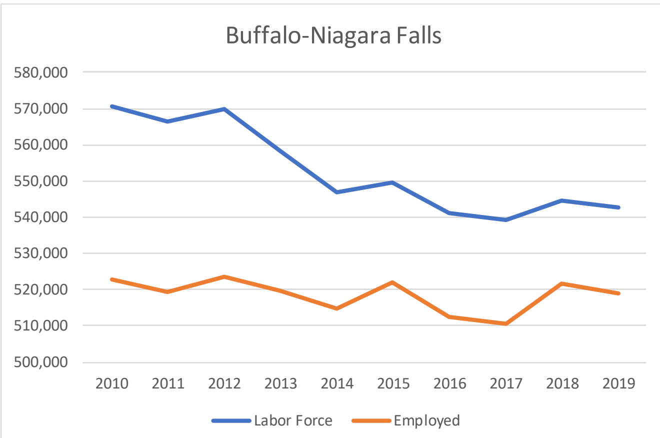


Elmira has not fared as well over the last decade. Elmira has seen double digit drops in both its labor force and the number of people who have a job. Elmira has lost 4,500 jobs over the last decade and 6,300 workers in their labor force. Nearly 2,000 people have either aged out of labor force, lost interest in looking for a job or moved away from the area. But yet their unemployment rate has dropped from 8.0% to 4.3%. Is this good news?

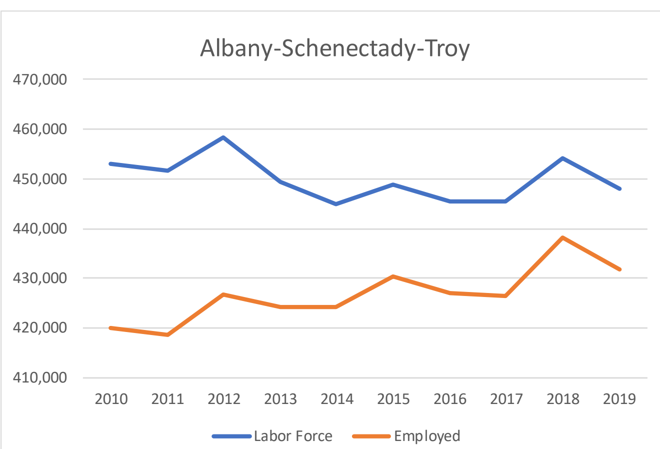


Binghamton has a similar experience to Elmira, where their unemployment rate has dropped from 8.5% to 4.6% over the last decade. However, they also lost 10,700 jobs and over 16,000 people in their labor force.

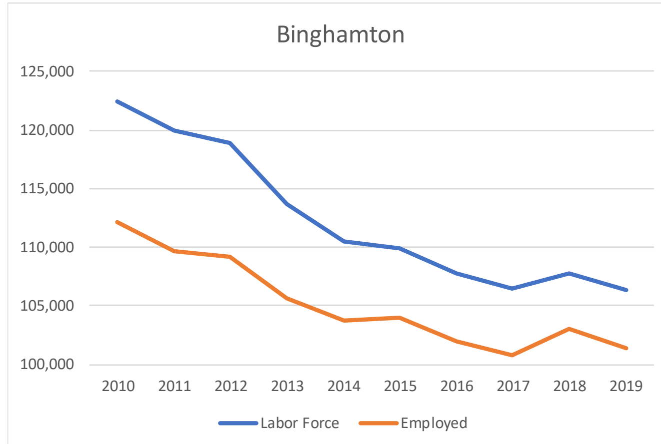
Even a billion dollars from the state could not stop the Buffalo-Niagara Falls region from losing nearly 30,000 people from their workforce. But even when they lost 4,000 jobs their unemployment rate went down by 0.8%.



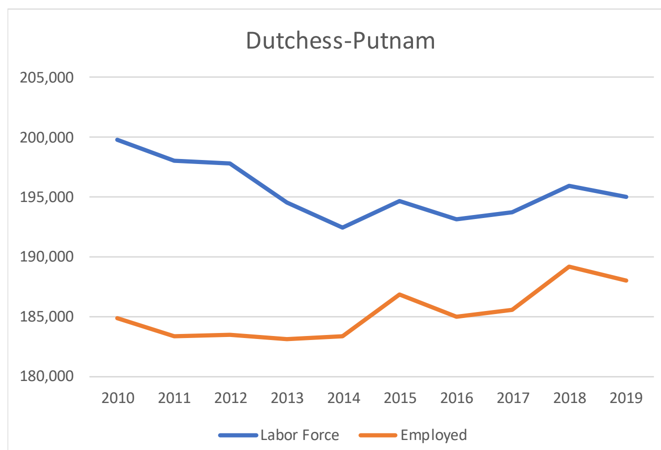
Albany-Schenectady-Troy, the Hudson Valley and Rochester are the only regions in Upstate New York to show a growth in jobs in the last decade. However, those regions also suffer from the same loss in labor force as the rest of the upstate regions.



It is clear that the burden that State policies have put on upstate businesses has had a deleterious effect on job growth, labor force growth and population growth. A global city like New York



City and its neighbor Long Island have natural advantages and a diverse and robust employment base that can overcome many of the additional costs that are foist upon them. However, upstate regions that do not have this advantage and as a result are suffering because of these costs.



The next round of bad news for our upstate businesses and the labor force is likely to come from the latest round of bad policies like the increased minimum wage, the Farm Worker's Fair Labor bill and other environmental actions. But according to those in power under one-party rule, Upstate New York shouldn't worry, the unemployment rate will probably still stay historically low.

AGRICULTURE IN NEW YORK TODAY

Overview

Over the past year, there have been significant changes to New York's agriculture landscape due to changes in federal trade policy and new state laws. Trade wars launched over the past couple of years at the federal level have created near and long term uncertainty in agricultural markets which impacts earnings and the ability to fully reach global market potential.

- Farm Gross Income up 23 % from 2007 to 2017
- Farm Labor Costs up 39% from 2007 to 2017
- Farm Laborers now required to earn Overtime and Day of Rest
- Hemp now fully legal and regulated

On the State level, both the Farm Workers Fair Labor Practice Act and the Hemp Legalization Act were passed in 2019 to very different reactions from the agriculture community. The farmworkers' legislation is widely seen as a cost increase for farms, while the Hemp Legalization Act is seen as an opportunity for farms to get into an emerging industry.

Comptroller Report

In August 2019, the State Comptroller released a report profiling agriculture in New York, pulling data compiled by the United States Department of Agriculture. According to the report, New York farms generated $5.7 billion in gross income in 2017, which is up more than 23 percent from a decade earlier. Of the more than 33,400 farms, which encompasses over 20 percent of New York's total land. While 96 percent of the 33,400 farms are family-owned.[1] Over the past decade, the number of farms and total farm acreage has declined by eight percent and four percent, respectively. However, net farm income rose by 21 percent over the same decade[2].

The largest production costs for farmers on average are feed and labor. Over the past decade, these two expenses have increased 26 percent and 39 percent, respectively, with total production costs increasing 23.5 percent[3]. Numerous New York agricultural commodities are ranked in the top ten nationwide in terms of sales. These include milk from cows (third), fruits/tree nuts/berries (seventh), Christmas trees/woody crops (eighth) horses/ponies/mules/donkeys (ninth), and nursery/greenhouse/floriculture/sod (tenth)[4].

[1] *A Profile of Agriculture in New York State*. Office of the New York State Comptroller, 2019, p. 1

[2] *A Profile of Agriculture in New York State*. Office of the New York State Comptroller, 2019, p. 2

[3] https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_1_State_Level/New_York/st36_1_0001_0001.pdf

[4] *A Profile of Agriculture in New York State*. Office of the New York State Comptroller, 2019, p. 5

Farmworkers Bill

In July 2019, the Farm Laborers Fair Labor Practices Act was signed into law in New York City, taking effect January 1, 2020. The act grants collective bargaining rights, overtime pay, a day of rest each week, workers' compensation, paid family leave, and unemployment benefits to farm laborers.

Overtime Pay and Day of Rest

Under the law, farmworkers will not be required to work more than sixty hours in any calendar week. However, if the employee chooses to work beyond 60 hours, the overtime worked is compensated at one and one-half times their regular pay. Farmworkers are required to have at least 24 consecutive hours of rest each week, which can be provided due to weather or crop conditions. The worker can volunteer to work his day of rest, however, they would be compensated at their overtime rate.

Wage Board

A Wage Board will be established to provide recommendations regarding overtime work for farmworkers. The board would be comprised of three members: one each from the Farm Bureau, AFL-CIO, and a private citizen appointed by the Labor Commissioner to be designated as chairperson. The labor board would be established by March 1, 2020, and conduct at least three public meetings throughout the state before delivering a report to lawmakers by December 31, 2020. Overtime rates established by the commission would not exceed 60 hours. The commission could lower the rate by recommending lower rates to be applied successively.

Collective Bargaining

In May 2019, a New York appeals court ruled farmworkers in the state have the right to collectively bargain. The bill addressed this ruling by making relevant changes in law to allow organization. However, the legislation prevents farmworkers from striking.

Hemp Legislation

The 2018 federal Farm Bill greatly expanded hemp policy in the United States by removing hemp from Schedule 1 controlled substances and making it an agricultural commodity. Hemp, defined in the law as a cannabis plant with less than 0.3 percent THC, became extremely regulated to the point of scarcity under the Marihuana Tax Act of 1937 and formally illegal since the 1970s when all cannabis was banned.

Research Pilot Program

The 2014 federal Farm Bill allowed states and higher education institutions the ability to grow or cultivate industrial hemp for research purposes. New York launched the Industrial Hemp Agricultural Research Pilot Program to be administered by the Department of Agriculture and Markets. As of January 2020, there are over 613 authorized research partners taking part in the growing and/or processing of industrial hemp.

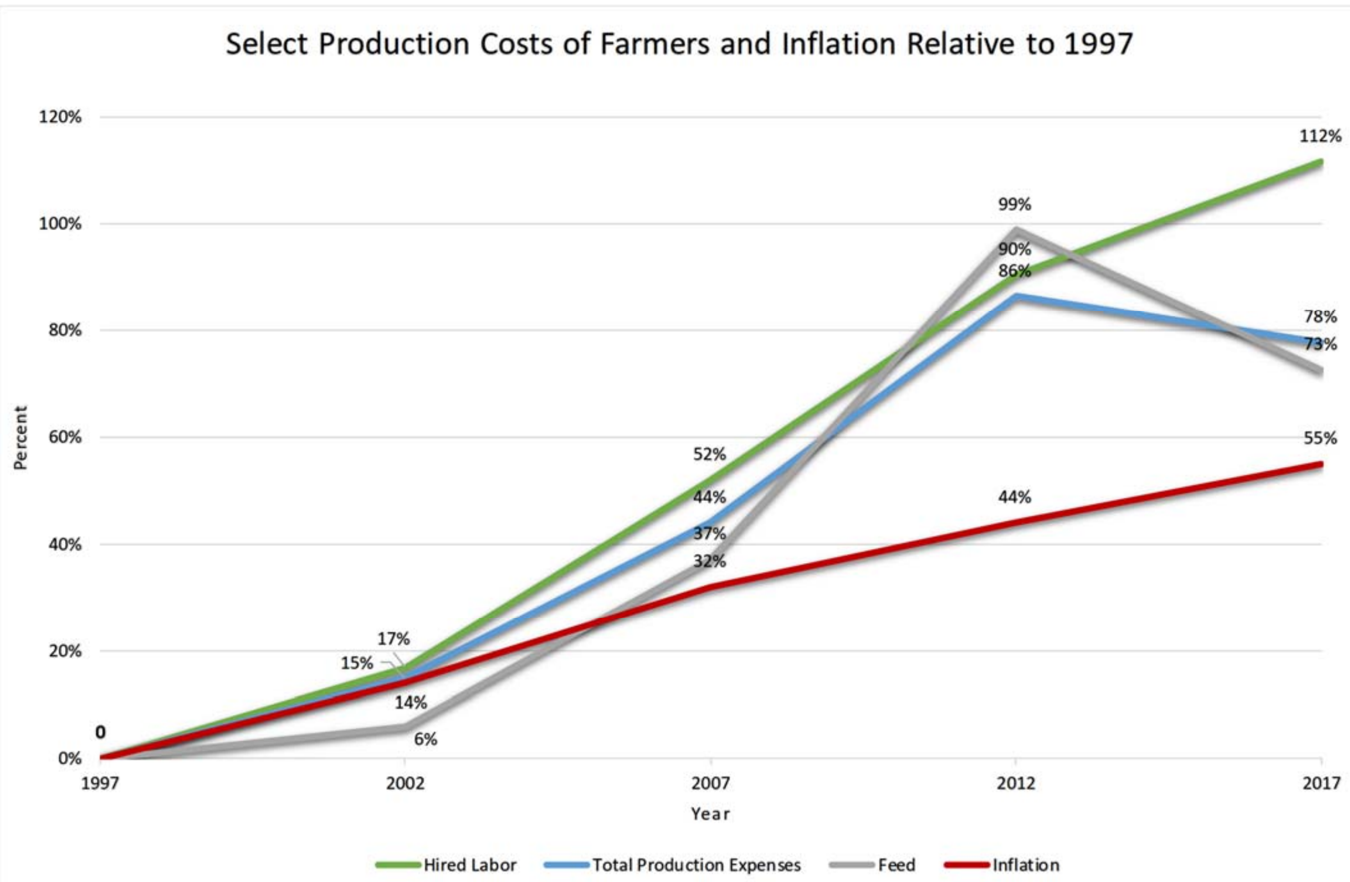
2019 State Legislation

In June 2019, the New York State Legislature passed legislation (A.7680-A/S.6184-A) that creates a state regulatory framework for the production and sale of hemp and hemp extract in response to the 2018 Federal Farm Bill fully removing hemp from being a Schedule 1 substance. The legislation, and subsequent Chapter Amendment, grants the Department of Agriculture and Markets and Department of Health, supervision over hemp growers and hemp extract, respectively.

While sales of hemp for commercial and industrial uses are expected to increase significantly, hemp extract, primarily cannabidiol (CBD), will be even larger. One thing that might hinder the growth of hemp is the regulatory grey area that CBD occupies. Despite a vast market of readily available CBD infused food, drinks, and supplements, the Food and Drug Administration (FDA) has only approved one CBD product, a prescription drug to treat rare forms of epilepsy. Since they have not provided any further guidance on CBD as additives in food or beverages, New York is maintaining that such products are illegal. The State will allow the manufacture and sale of CBD as a dietary supplement, however.

2017 New York Farm Production Expenses (Cost in Thousands)		
Item	**Cost**	**Percent**
Feed	874,202	20%
Labor	864,691	20%
Maintenance	424,446	10%
Fuel/Utilities	365,354	8%
Other Expenses	355,399	8%
Fertilizer & Chemicals	354,274	8%
Livestock & Expenses	245,073	6%
Seeds	240,622	6%
Property Taxes	236,418	5%
Rent & Services	217,884	5%
Interest	146,993	3%
Total	**$ 4,325,356**	**100%**

Source: USDA



Source: US Department of Agriculture, US Bureau of Labor Statistics

STATE SPENDING CAP

Fiscal Responsibility

Fiscal responsibility is good for economic growth and job creation. By adhering to a self-imposed State Operating Funds spending cap of two percent from Fiscal Year (FY) 2011 through FY 2019, the Senate had successfully partnered with the Executive to save taxpayers more than $52 billion while maintaining a commitment to high priority areas such as education and health care. Continued adherence to the two percent spending cap would have saved taxpayers an additional 12.9 billion in FY 2020 to bring total savings for taxpayers to approximately $65 billion. Unfortunately, this did not happen.

FY 2021 Budget Gap

- Self-Imposed Spending Cap Gets Rickety
- $6.1 Billion Budget Gap
- Comical Cost Shifting

The current $6.1 billion General Fund budget gap is the result of overspending and fiscal gimmickry. The overspending occurred in Medicaid. The gimmickry is about cost shifting between reporting periods.

The FY 2021 Executive Budget, projects FY 2020 State Operating Funds spending to increase by $3.7 billion or 3.7 percent. However, at the time of passage, FY 2020 State Operating Funds spending was projected to increase by the usual two percent in adherence to the self-imposed spending cap. Of little note at the time, there was a three day deferral of $1.7 billion in Medicaid payments (mostly to managed care providers), from FY 2019 into FY 2020. The cash went out, the providers were paid, and life went on.

However, by Mid-Year, Medicaid spending was spinning out of control. The cost of implementing increases to the minimum wage (which is accounted for outside of the Medicaid Global Cap) was higher than expected. There was also a $4 billion deficit within the Cap driven by cost overruns in long-term managed care due to higher than projected participation and declining federal reimbursement related to the Affordable Care Act. In addition, the FY 2020 Budget had $1.7 billion in prior year Medicaid costs.

To address the structural imbalance within the Global Cap, the Division of the Budget (DOB), reported having a $2.2 billion payment-restructuring plan for FY 2021 and a $1.8 billion FY 2020 savings plan that included another payment deferral of $552 million from FY 2020 into FY 2021. All of this and more would be revealed as part of the Executive Budget. Then, in late December, DOB implemented a one percent across-the-board rate reduction to providers.

In January, the Executive Budget is released and this is the plan:

- The timing of the $1.7 billion payment deferral is restated to 2019, State Operating Funds spending is now 3.7 percent.
- The accompanying Five Year Financial Plan states that stronger tax receipts and other savings close the remaining FY 2020 Medicaid

gap and the additional $552 million deferral to FY 2021 is no longer needed.

- FY 2020 State Operating Funds spending is projected to close out at two percent.

In summation, to maintain the integrity of the Medicaid Global Cap while obfuscating aggressive increases in Medicaid spending, $1.7 billion was shifted into FY 2020. When those same fiscal pressures resurfaced, the $1.7 billion in spending was shifted back to FY 2019. The Comptroller's final spending numbers for FY 2019 did not change, the cash disbursements in DOB's financial plan tables did not change. Nothing changed but the narrative.

All of this is by definition fiscal gimmickry and is precisely why the State needs a statutory spending cap as well as increased transparency and robust reserves on hand.

S.365 is a more stringent annual spending cap that would limit spending to the average rate of inflation of the three calendar years immediately preceding the state fiscal year for which the cap would apply (as reported by the consumer price index for all urban consumers, published by the United States Department of Labor, Bureau of Labor Statistics). The spending cap would apply only to State Operating Funds (which excludes state capital and all federal funds).

Within five days of action by the Legislature on the Executive Budget, the State Comptroller would determine whether the Enacted Budget exceeds the spending cap. If the Budget exceeds the spending cap, as determined by the Comptroller, the Executive would be required to take action to reduce spending to a level that falls within the confines of the cap.

State Operating Funds Restatement
FY 2021 Executive Budget
(Billions of Dollars)

	2019 Results	2020 Current	Change	Percent
FY 2020 Unadjusted	$100.137	$103.882	$3.745	3.74%
Adjustment for Medicaid Deferrals	$1.692	$0.00	NA	NA
DOB Restatement of Mid-Year Update	$101.829	$103.882	$2.053	2.02%

Spending-Cap Bill

The Senate Republican Conference has historically advocated for a statutory spending cap that will decrease gimmickry, increase transparency and strengthen reserves. The Senate Republican Conference passed the Annual Spending Growth Cap Act (S.365) in January 2018. This bill would codify a spending cap linked to inflation and provide for all of the above. The Senate Democratic Majority has not acted on S.365 or any other State spending cap legislation.

The cap could be exceeded in the event of an emergency. The Executive would be prohibited from submitting, and the Legislature would be prohibited from acting upon, a budget that contains a spending increase that exceeds the spending cap unless an emergency exists.

The Governor has the power to declare a state of emergency by Executive Order and, based upon such declaration, the Legislature would be authorized, by a two-thirds super majority, to act upon a budget with spending that exceeds the cap.

The Legislation defines an emergency as an extraordinary, unforeseen occurrence such as a terrorist attack, natural disaster, invasion or economic calamity.

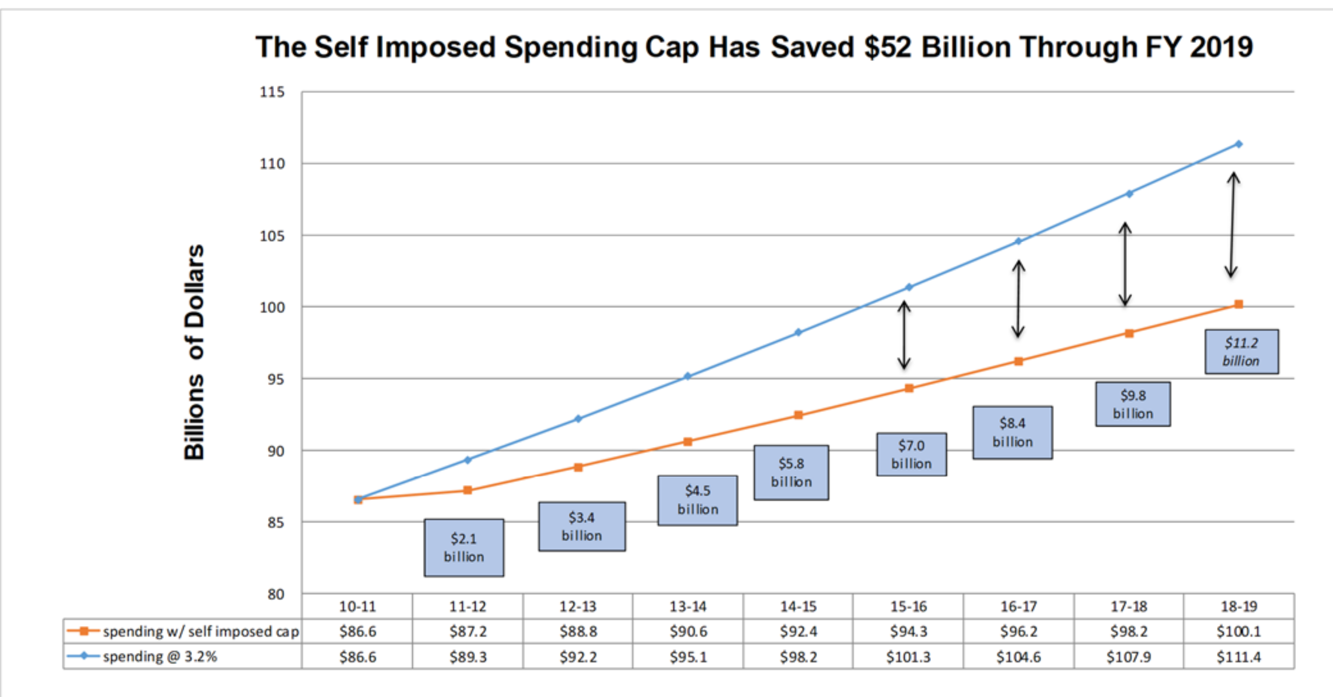
Increase Reserves

The bill would also increase the maximum reserve capacity of the rainy day fund from five percent to ten percent of the aggregate amount projected to be disbursed from the General Fund during the immediate following FY.

Statutory Reserves include $2.5 billion of which $1.3 billion is deposited in the Tax Stabilization Reserve and $1.2 billion is deposited in the Rainy Day Reserve.

Funds can be withdrawn from the Tax Stabilization Reserve pursuant to the State Finance Law §92 (4) in the event of a shortfall in receipts or can be loaned to the General Fund during any FY pursuant to §92 (5).

Funds can be withdrawn from the Rainy Day Reserve in the event of an economic downturn or a catastrophic event as defined in the State Finance Law §92-cc (3) (a). An economic downturn is determined by the Commissioner of Labor as provided in subdivision 3 (a) (i) and a catastrophic event is defined as the need to repel invasion, insurrection, defense of the state in a time of war, or to respond to an emergency resulting from a disaster to include but not limited to an act of terrorism.



MIDDLE CLASS TAX CUT / CHILD AND DEPENDENT CARE CREDIT

Middle Class Income Tax Cut

In FY 2012, a middle class income tax cut was enacted which reduced the tax rates for middle class taxpayers from 6.85 percent to 6.65 percent and 6.45 percent. However, this tax cut was temporary and only applied to tax years 2012 through tax year 2014. The FY 2014 Enacted Budget extended these reduced tax rates through the 2017 tax year.

In anticipation of this temporary middle class tax cut expiring, the FY 2017 Enacted Budget included a Senate Republican initiated $4.2 billion middle class income tax cut which will reduce middle class tax rates by 20 percent when fully phased in. Over 4.4 million taxpayers will see a reduction in the first year, and when fully phased in, six million taxpayers will receive a personal income tax rate reduction.

Without this tax reduction, the 6.65 percent and 6.45 percent tax rates would have expired at the end of 2017 and would have reverted to the higher rate of 6.85 percent. Taxpayers would have seen their taxes increase on average by $155, for a total of $700 million, annually.

The first incremental reduction has occurred for tax year 2018 building on the 2011 Middle Class income tax cut, reducing the middle class income tax rate from 6.45 percent to 6.33 percent.

The rates will continue to phase down over the next seven years until 2025 when the middle class tax rates will be reduced to 5.5 percent, a 20 percent reduction from 6.85 percent.

- For middle class taxpayers, savings will be approximately $1.9 Billion in FY 2021.
- When fully phased in, total savings will be $4.2 billion annually.
- This is one of the largest income tax cuts in New York history.
- In 2019, middle class tax rates are the lowest in 70 years.

In 2019, New York achieved the lowest middle class tax rate since 1948 (lowest in over 70 years) and one of the largest income tax reductions in State history.

The Executive has maintained the State's commitment to cut middle class taxes in the FY 2021 Executive Budget, which is important considering that the State is currently facing budget deficit.

Who is Impacted

The Personal Income Tax brackets that will have their rate reduced by 20 percent (from 6.85 percent to 5.5 percent) are as follows:

- Single filers with taxable income between $21,400 and $80,650
- Heads of Households with taxable income between $32,200 and $107,650
- Married joint filers with taxable income between $43,000 and $161,550

The Personal Income Tax brackets that will have their rate reduced by 12 1/2 percent (from 6.85 percent to 6.0 percent) are as follows:

- Single filers with taxable income between $80,650 and $215,400
- Heads of Households with taxable income between $107,650 and $269,300
- Married joint filers with taxable income between $161,550 and $323,200

Taxpayer Savings

This rate reduction, when fully effective, will save middle-class taxpayers $4.2 billion annually. A total of $6.6 billion will be saved cumulatively over the first four years.

Middle Class Tax Savings By Fiscal Year (million of dollars)				
FY 2018	FY 2019	FY 2020	FY 2021	Full Implementation (FY 2026)
$236	$1,071	$1,504	$1,874	$4,200

By 2025, when the tax cut is fully phased in, it will provide an average taxpayer savings of $700 per year.

Child and Dependent Credit

The FY 2018 Enacted Budget increased the Child and Dependent Care Tax Credit for certain taxpayers.

Under the Enacted Budget, roughly 200,000 families benefited as a result of the credit being expanded to taxpayers with incomes between $50,000 and $150,000. At the behest of the Senate Republicans, the cap on child care expenses increased from $6,000 to $9,000 (depending on the number of children). These expanded benefits impact families with up to five children.

These changes will annually provide $47 million of additional tax relief for families that qualify.

Middle Class Tax Rate Reduction

Married Filing Jointly

Tax Brackets*	Tax Rates in effect for 2012-2017	Tax Rates that were set to take effect in 2018	New Tax Rates Beginning in 2018							
			2018	2019	2020	2021	2022	2023	2024	2025 and beyond
$27,900 to $43,000	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$43,000 to $161,550	6.45%	6.85%	**6.33%**	**6.21%**	**6.09%**	**5.97%**	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$161,550 to $323,200	6.65%	6.85%	**6.57%**	**6.49%**	**6.41%**	**6.33%**	**6.25%**	**6.17%**	**6.09%**	**6.00%**

Single

Tax Brackets*	Tax Rates in effect for 2012-2017	Tax Rates that were set to take effect in 2018	New Tax Rates Beginning in 2018							
			2018	2019	2020	2021	2022	2023	2024	2025 and beyond
$13,900 to $21,400	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$21,400 to $80,650	6.45%	6.85%	**6.33%**	**6.21%**	**6.09%**	**5.97%**	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$80,650 to $215,400	6.65%	6.85%	**6.57%**	**6.49%**	**6.41%**	**6.33%**	**6.25%**	**6.17%**	**6.09%**	**6.00%**

Head of Household

Tax Brackets*	Tax Rates in effect for 2012-2017	Tax Rates that were set to take effect in 2018	New Tax Rates Beginning in 2018							
			2018	2019	2020	2021	2022	2023	2024	2025 and beyond
$19,500 to $30,000	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$32,200 to $107,650	6.45%	6.85%	**6.33%**	**6.21%**	**6.09%**	**5.97%**	**5.85%**	**5.73%**	**5.61%**	**5.50%**
$107,650 to $269,300	6.65%	6.85%	**6.57%**	**6.49%**	**6.41%**	**6.33%**	**6.25%**	**6.17%**	**6.09%**	**6.00%**

*The tax brackets are indexed to the rate of inflation for tax years 2013-2017.
Bold indicates the reduced tax rates

COLLEGE AFFORDABILITY

New Scholarships

The FY 2018 Enacted Budget included three new scholarships, appropriating an additional $142 million in financial aid to college students. These were the Excelsior Scholarship, Enhanced Tuition Award, and Part-Time Scholarship. The FY 2020 Enacted Budget included an additional new program, The Senator Jose Peralta DREAM Act, which grants undocumented immigrants access to all New York financial aid programs.

The DREAM Act

The DREAM Act provides financial aid eligibility to individuals who are granted U or T non-immigrant status pursuant to the Victims of Trafficking and Violence Protection Act of 2000, people granted temporary protection status pursuant to the Federal Immigration Act of 1990, and individuals of class of refugees paroled by the Attorney General of the United States under his or her parole authority pertaining to the admission of aliens to the United States. Additional eligibility requirements include that a student have attended a registered New York State high school and applied for attendance to an undergraduate program at a New York State institution of higher education within five years of receiving their diploma; or attended an approved general equivalency program and received a general equivalency degree (GED) and applied to a New York State undergraduate program within five years of receiving such degree. 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. The program's cost is estimated to be $27 million.

Excelsior Scholarship

The Excelsior Scholarship covers tuition costs for eligible students at SUNY and CUNY. To be eligible students must meet the following criteria:

- Have an adjusted gross income (AGI) of $100,000 in Academic Year (AY) 2017-18 (increases to $110,000 in AY 2018-19, and $125,000 in AY 2019-20 and beyond)
- Complete 30 credits per year
- Be a student in good standing and on track to graduate on-time
- Graduate from a New York High School

A total of 30,000 students received an Excelsior Scholarship in academic year 2020-21, with a cost of $131.2 million. The Executive Budget seeks to expand the income eligibility threshold for this program over the next two years, making families whose AGI is $135,000 or less in AY

> **Three Programs Created in FY 2018 Budget Entering Four Year of Implementation**
>
> - Excelsior Scholarship, projected to increase from $118 million to $166 million over the next two years
> - Enhanced Tuition Award, projected to increase from $5.2 million to $6.6 million
> - Part-Time Scholarship for community college students, held flat at $3.1 million

2021 and $150,000 or less in AY 2022 eligible to receive an award. The estimated cost of the program when fully phased in is $166 million and an additional 230,000 students are expected to be eligible to receive an award under this program.

Students receiving the award are also required to live and work in New York for the same number of years that they receive the award, otherwise it will convert into a loan. As a "last dollar" program, the award is only applied after all other financial aid is calculated. If a student receives other aid such as a Federal Pell Grant award or academic award, their Excelsior Scholarship is reduced by a corresponding amount. It may only be applied to tuition, and does not cover institutional fees, books, housing, or other costs associated with attendance.

Participants receive a $5,500 award from the State, with SUNY and CUNY required to waive any outstanding tuition balance. The State then reimburses SUNY and CUNY for lost tuition revenue at the AY 2017 tuition rate. The systems must cover the difference between the actual tuition rate and the AY 2017 tuition rate of $6,470. For example, SUNY tuition in AY 2018 was $6,670, in AY 2019 was $6,870, and has increased to $7,070 in AY 2020. Tuition is projected to increase to $7,270 in AY 2021. However, in each year the State will reimburse the systems $970, or the difference between $5,500 and the AY 2017 tuition rate of $6,470, regardless of any tuition increases.

This rate will reset every four years, with the State making payments equal to the rate of tuition again in AY 2022.

Enhanced Tuition Scholarship

The Enhanced Tuition Award (ETA) was included in the FY 2018 Enacted Budget for students attending not-for-profit, private institutions. Students must meet the same income and academic eligibility standards as with the Excelsior Scholarship to participate. Eligible students receive $3,000 from the State, with their institution providing a matching award, generating a total benefit to the student of $6,000. Additionally, a student cannot have their tuition raised during their participation in the program. Schools have the option of participating in the program, as well as limiting the number of their students that participate to manage scholarship dollars. In the first year, 29 of 96 eligible institutions opted into the program.

Approximately 5,000 students participated in the ETA program in AY 2020, with a total State cost of $6.4 million. This is less than the $19 million appropriated for the program. Participation increased to 16,000 students receiving $23 million in AY 2019. The program is currently serving 4,100 students at a cost of $5.5 million and the Executive Budget appropriates an additional $1.1 million this year bringing the total appropriation to $6.6 million.

Part-Time Scholarship

Also included in the FY 2018 Enacted Budget was a Senate initiative to assist part-time students at community colleges who were ineligible for the Excelsior Scholarship. These part-time students could receive up to $1,500 per semester for up to two years provided they maintain a G.P.A. of 2.0 and complete at least six and no more than 11 credits per semester. An appropriation of $3.1 million was made in FY 2018 to support creation of the program and that appropriation continued in 2019 and 2020 and is included in the Executive Budget for FY 2021.

Differences in Implementation

Regulations for the Excelsior and ETA scholarships were approved by the Higher Education Services Corporation (HESC) Board in May of 2017. While the Excelsior Program application opened on June 7, students were not able to apply for ETA until July 7. The difference, combined with administrative hurdles in determining which students on each campus would be eligible, led to Excelsior students being informed of their eligibility much earlier than ETA recipients.

The enacting language of both programs contained a provision for a lottery to determine award recipients if there were more applicants than could be covered within appropriated amounts. Although the regulations regarding the ETA scholarship provided for such a lottery, there was no parallel lottery placed on Excelsior. While students could be denied the ETA scholarship if an insufficient amount is appropriated, this is not the case for Excelsior recipients.

The Part-Time Scholarship was not implemented a year after the program was included in the budget, although students may now apply for the funds. It is also subject to lottery provisions if more students apply than funds allow for.

Additional Financial Aid Programs

Tuition Assistance Program (TAP)

In addition to the programs enacted in FY 2018, HESC operates several other financial aid programs. The largest is TAP. Recipients must be full-time students at either public or private institutions with a maximum income of $80,000 net taxable income (NTI) for dependent students, and $35,000 for independent students.

TAP awards range from $500 to $5,165 based on income level. State law requires SUNY and CUNY to provide the difference between $5,165 and the cost of tuition for any student eligible for the maximum TAP award, allowing the student to attend-tuition free. Institutions are not reimbursed for this benefit. The cost to SUNY and CUNY will continue to grow if the Executive Budget pertaining to tuition is enacted as proposed. The Executive Budget includes authority for the Boards of Trustees at each system to raise tuition up to $200 a year beginning in academic year 2022 and continuing through 2026.

TAP operates as an entitlement program, guaranteeing a benefit to any student who qualifies.

Other Existing Programs

The STEM (Science, Technology, Engineering, and Science) scholarship, which covers tuition for students in a recognized STEM program, was established in AY 2015. Students must attend a SUNY or CUNY school, graduate within the top ten percent of their high school class, and agree to live and work in New York in a STEM field for five years after graduation.

The Get on Your Feet Loan Forgiveness Program was established in FY 2016. The program covers federal student loan payments for graduates of New York institutions for two years. Participants must earn less than $50,000 annually and participate in the Pay As You Earn Federal repayment program.

A number of scholarships are also available recognizing service and sacrifice. These include:

- Veterans Tuition Awards
- Regents Awards for Children of Deceased and Disabled Veterans
- Memorial Scholarship for Families of Deceased Firefighters, Volunteer Firefighters, Police Officers, Peace Officers, and Emergency Medical Service Workers
- NYS World Trade Center Memorial Scholarship
- American Airlines Flight 587 Memorial Scholarship
- Flight 3407 Memorial Scholarship

The State also operates a number of financial aid programs to encourage participation in specific occupations. Loan forgiveness programs for physicians, nursing faculty, social workers, district attorneys, young farmers and child welfare workers are all available for individuals who graduate from New York Higher Education institutions and agree to work in a specific field/area for a specified number of years.

CONGESTION PRICING

Congestion Pricing

The Enacted Budget for FY 2020 directed the MTA to design and construct the infrastructure for a congestion pricing (aka the "commuter tax") system in New York City. Under the Enacted congestion pricing proposal, motorists and trucks will be charged to enter Manhattan below and inclusive of 60th Street, exempting the West Side Highway and FDR Drive, beginning in 2021. This makes New York the first state in the nation to enact a congestion pricing program.

A proposed fee schedule has not yet been released, and will not be made public until the middle of November at the earliest. The congestion pricing plan is designed to generate sufficient revenues to support $15 billion of capital investment in the MTA's 2020-2024 Capital Program and include funds to support the infrastructure necessary to implement the program.

Prior to Enactment, the Executive had maintained that a congestion pricing program was needed in Manhattan to address the problem of increased traffic and gridlock as well as provide a new recurring revenue source to support needed capital investments for New York City's subway system. The Executive had argued that the subway system, operated by the Metropolitan Transportation Authority (MTA), is in crisis and needs substantial additional investment to modernize its antiquated signal system and make other infrastructure upgrades necessary to improve overall performance.

As a prelude to congestion pricing, the Enacted Budget for fiscal year 2019 authorized a new surcharge on for-hire vehicles trips made south of 96th Street in Manhattan to ease vehicular traffic and establish a new funding stream for the MTA.

One major difference between the FY 2019 Enacted Budget plan and the FY 2020 Enacted Budget plan was that the 2019 plan included a negotiated and transparent fee schedule, whereas the fee schedule of the FY 2020 plan will be determined behind closed doors and not released to the public until November of 2020 at the earliest.

The new surcharge authorized in FY 2019 is $2.75 for mobile phone application based for-hire vehicles, $2.50 for yellow and green taxis, and $0.75 for pooled trips. The revenues will go into an MTA "lock box," and will provide long-term funding for the Subway Action Plan, outer borough transit improvements, and a NYC general transportation account. While the surcharges were supposed to take effect at the start of 2019, a legal challenge by the taxi industry delayed implementation.

Although the originators of an earlier plan called Move NY generated political and business support for congestion pricing in recent years, until a sudden surge of subway related problems began in 2017, the Executive remained skeptical about the viability of congestion pricing. The need to address the increase in subway service problems, such as extensive and frequent delays, and fund additional modernization improvements may have persuaded the Executive to become an advocate of congestion pricing. Even Mayor Bill de Blasio, who previously opposed congestion pricing, now seems more amenable to the idea.

Congestion pricing involves using electronic or cashless tolling technology to charge vehicles that enter designated zones. It is in place in several international cities such as London, Stockholm and Singapore, where it can cost more than $15 to drive into the central business district of the city during peak periods. It has not yet been adopted anywhere else in the United States. The adopted congestion pricing plan in New York City will be coordinated with the MTA's existing E-Z Pass and cashless tolling programs. The installation of cashless tolling at the MTA's bridge and tunnel crossings was completed in September 2017.

During the first half of 2017, New York City's subway system began to experience a series of major service-related problems that often resulted in widespread and lengthy delays. According to the MTA, problems such as frequent signal system outages, revealed the need for significant corrective action and additional investment, both short-term and on a long-term basis. In late June 2017, the Executive signed an executive order declaring a state of emergency in the subway system. The order, which remains in effect, is intended to streamline procurement provisions.

After a comprehensive review undertaken by then newly returned (and now former) MTA chairman Joseph J. Lhota, the MTA released a Subway Action Plan designed to stabilize and improve the system by addressing the key factors of the major incidents of delay. The Subway Action Plan cost $836 million for 2017 and 2018, and the program will be ongoing. The Enacted Budget for FY 2019 included language evenly splitting the cost of the Subway Action Plan between the State and New York City, a funding requirement strongly opposed by the City.

In August 2017, the Executive announced that it was time to revisit the idea of congestion pricing in order to provide a new revenue source to support increased MTA capital investments and address the New York City's worsening traffic problems. The Executive created an advisory panel, called Fix NYC, to develop new congestion pricing proposals. In January 2018, Fix NYC released its final report endorsing implementing congestion pricing using a multi-phased approach.

In a follow up to the Fix NYC panel, the Enacted Budget for FY 2019 established the Metropolitan Transportation Sustainability Advisory Workgroup to make recommendations to improve public transportation in the New York metropolitan region while confronting the need to both address excess traffic congestion and identify new sources of sustainable revenue for the MTA.

History

It has been over a decade since a major congestion pricing effort led by former Mayor Michael R. Bloomberg failed to gain approval in Albany. While Mayor Bill de Blasio has expressed support for a new revenue source to finance increased investment in transit, he has endorsed using a so-called "millionaires' tax" on City residents as a better way to support additional transit improvements.

In April 2007, as part of an environmental sustainability initiative called PlaNYC 2030: A Greener, Greater New York, Mayor Bloomberg proposed a traffic congestion pricing fee for vehicles travelling into or within Manhattan's central business district. The initial plan included an $8 charge for cars and a $21 charge for trucks that travelled south of 86th Street in Manhattan or within the congestion zone. The charge would have applied from 6:00 a.m. to 6:00 p.m. on weekdays and no vehicle would be charged more than once per day. Taxi and livery trips that began, ended, or passed through the zone would have been subject to a $1 surcharge. It was estimated that the fees would generate $380 million annually.

Mayor Bloomberg's proposal was not approved in Albany. Instead, legislation was passed that created the New York City Traffic Congestion Mitigation Commission to study several options, solicit public input for reducing traffic in Manhattan, and make recommendations to that end. In 2008, the commission presented a congestion pricing proposal that was a modified version of Mayor Bloomberg's plan. Differences included reducing the congestion pricing zone to south of 60th Street, reduced fees for certain low emission vehicles, and no intra-zonal charge. Despite the support of Governor David A. Paterson the commission's plan failed to gain approval in Albany, as the Legislature failed to vote on the measure.

While the subway crisis of 2017 seemingly created the latest opportunity to reconsider congestion pricing, the Move NY campaign worked steadily over the past few years to address and refine the most criticized elements of the earlier plan proposed by Mayor Bloomberg, possibly paving the way for the approval of a congestion program. The Move NY campaign was led by Sam Schwartz, a former city traffic commissioner also known as "Gridlock Sam," and Alex Matthiessen. Mr. Schwartz also served as a member of the Fix NYC panel and Metropolitan Transportation Sustainability Workgroup, both of which recommended congestion pricing.

Move NY

A major criticism of the Bloomberg plan was that Manhattan would receive the benefits of congestion pricing while the outer boroughs would bear the costs. The Move NY plan would have added tolls to the East River bridges, the proposal included a "toll swap" that would have reduced bridge tolls in the outer boroughs, creating a benefit in areas that had strongly resisted congestion pricing. In addition, under the Move NY proposal a portion of the revenue raised from congestion pricing would have been reserved for roads and bridges to benefit drivers instead of all of the revenue going to mass transit.

Move NY developed a congestion pricing plan that included Mr. Schwartz's toll swap and revenue for roads and bridges. To address the surge in Uber and other ride-hail-application services, they also proposed adding per-mile and per-minute surcharges to fares for cabs and other for-hire vehicles in Manhattan south of 96th Street, which was intended to improve traffic flow in heavily congested business areas.

Move NY estimated that its plan would generate about $1.5 billion annually for mass transit as well as local road improvements.

Fix NYC

The Fix NYC advisory panel, which was tasked by the Executive in 2017 with developing proposals to reduce traffic and raise revenue to modernize the subway system, released its report in January 2018. The panel recommended that the MTA make improvements to the subway system before implementing a congestion zone pricing plan in Manhattan. Under the proposal, using electronic tolling, driving into the busiest part of Manhattan, south of 60th Street, could cost $11.52, matching the current E-ZPass rate. The charge would be applied daily. Motorists who have already been charged a bridge or tunnel toll to get into the city would not have to pay again.

Under the plan, trucks would pay $25.34, and taxis and for-hire vehicles would see surcharges of $2 to $5 per trip. The zone for taxis and for-hire services might be extended to 96th Street. The panel recognized that over the past few years, ride-hailing companies such as Uber and Lyft have experienced a large increase in business, contributing to the increased traffic congestion in Manhattan.

The congestion pricing program would be in effect on weekdays between 6 a.m. and 8 p.m., with the possibility of longer extended hours, including weekends.

The recommendations by the Fix NYC panel built upon Move NY's efforts, although the panel did not recommend putting tolls on the City's free East River bridges nor did it recommend lowering existing bridge tolls in the outer boroughs. The panel estimated the congestion pricing program would be implemented over a two-year period, and that the program would generate between $1 billion and $1.5 billion annually, with the monies going to the MTA to fund subway improvements.

The program would be implemented in three phases over two years. Phase one would include the continuation of transit improvements in the outer boroughs and suburbs, and increased enforcement by the New York Police Department of existing traffic laws. Phase two includes the implementation of a surcharge on taxi and for-hire vehicle trips once transportation service companies have fully installed the necessary GPS technologies. Phase three would include the activation of a zone pricing program, first for trucks, and then for all vehicles, entering Manhattan's central business district below 60th Street.

Upon the report's release, Mayor Bill de Blasio said that the proposal was a step in the right direction. However, the Mayor continued to advocate for a millionaires' tax as a better way to fund subway improvements and aid low-income commuters.

The surcharges on for-hire vehicle ($2.75), and yellow taxi ($2.50) trips, and pooled rides ($0.75 each) included last year's Enacted Budget are in line with Phase two recommendations in the Fix NYC report.

Metropolitan Transportation Sustainability Advisory Workgroup

The Metropolitan Transportation Sustainability Workgroup was established as part of last year's Enacted Budget and met regularly throughout the fall of 2018 to discuss how best to address the MTA's growing operating and capital needs, as well as consider new, sustainable revenue sources. The workgroup looked to build upon the work of the Fix NYC panel as it revisited the feasibility of implementing congestion pricing in New York City.

The 10-member workgroup chaired by Kathryn S. Wylde, president and CEO of the Partnership for New York City, included appointees of the Executive, Senate Majority Leader, Assembly Speaker, the New York City Mayor, and the New York State and New York City Departments of Transportation. A majority of the workgroup members agreed that the creation of a congestion pricing zone in Central Business District of Manhattan was the preferred alternative as a new sustainable funding source for the MTA. Other cities, such as London and Stockholm, have successfully implemented congestion pricing to reduce traffic and raise funding for transit.

The 2019 "Commuter Tax"

The Enacted Budget for FY 2020 included a congestion pricing zone be established in Manhattan south of 60th Street and not including the West Side Highway and FDR Drive. The program was designed to generate enough revenues (approximately $1 billion, net) to support $15 billion of additional MTA capital improvements.

The MTA feels this revenue is needed to continue to move forward with plans to modernize the subway system, including installing new signal technology, as well as secure a new revenue source to help fund its new five-year, multi-billion dollar capital spending program.

Any discussion of congestion pricing should have included some recognition that a new congestion pricing "tax" would have adverse financial impacts on hardworking middle class families and small businesses. Unfortunately, the plan Enacted in FY 2020 contained no carve out for middle class commuters, farmers, or small businesses that have to drive into Manhattan.

MINIMUM WAGE $15 PER HOUR (update)

Minimum Wage Update

Scheduled increases, ranging from 11 percent for small employers in NYC to seven percent upstate, took effect on December 31, 2019. The Executive has also issued an order that strips the "cash-wage" tipped worker status of an estimated 70,000 workers.

Background

The FY 2017 Enacted Budget included legislation (Chapter 54 of 2016, Part K) to incrementally increase the statutory minimum wage beginning on December 31, 2016. Historically, there has been one single minimum wage applied statewide, however, there are now separate minimum wages for: large employers in New York City (11 or more employees); small employers in new York City; Nassau, Suffolk, and Westchester Counties; and the rest of the state.

- Statutory Minimum Wage
  - For large NYC employers: $15.00
  - For small NYC employers (10 or less): $15.00
  - Long Island & Westchester: $14.00
  - Rest of State: $12.50

As a result of Senate advocacy in 2016, the law contains a provision to protect businesses from increased labor costs in the event of an economic downturn. Beginning in 2019, and annually thereafter until the minimum wage reaches $15 per hour in all areas of the state, the Division of the budget (DOB), is required to conduct its analysis of the state of the economy in each region of the state and catalogue the effect of the applicable minimum wage increase to determine if a temporary suspension or delay in any scheduled increase is warranted. On December 4, 2019 DOB released its report and concluded that the minimum wage increases have been absorbed with negligible, if any, impacts on labor demand across all of New York State's labor market regions.

The Division of the Budget's Impact Report

In assessing the economic outlook, the DOB impact report relies solely on the findings from a recent study conducted by the Federal Reserve Bank of New York.[1] The NY Fed study concluded, in part, that average weekly earnings grew in New York without a loss in employment in the leisure and hospitality industries. These industries were chosen because they represent two low-wage sectors that operate in the contiguous border counties of New York and Pennsylvania where two different minimum wage rates exist. The Fed study implicitly assumes that the counties as a group must be comparable because they are next to one another. However, EJ McMahon at the Empire Center for Public Policy has cast serious doubt regarding the accuracy of the NY Fed study.

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[1]https://libertystreeteconomics.newyorkfed.org/2019/09/minimum-wage-impacts-along-the-new-york-pennsylvania-border.html

Specifically, McMahon reveals two basic flaws[2]: 1) near the end of the period covered by the analysis, the job numbers on the New York side were inflated by major job-creating casino developments in two of these counties, Sullivan and Tioga, and; 2) inflating the job count on the New York side was the inclusion of Orange County, a New York City exurb that is far more developed and economically prosperous than the largely rural and thinly populated counties on the Pennsylvania side. Accordingly, if you exclude Orange, Sullivan and Tioga counties from the comparison, 2013-2018 job growth in the two sectors studied by the Fed turns out to have been lower on the New York side than on the Pennsylvania side. As noted by McMahon, while these flaws do not necessarily prove a negative effect from the minimum wage increase—it substantially undermines the claim that the minimum wage had *no* impact on jobs.

Moreover, the Fed economists themselves admit a cautionary note at the end of their report that the "longer-term effects, if any, remain to be seen." They go on to add that "[i]t is certainly conceivable that minimum wage differentials may affect decisions on firm location, business investment, lease renewal, and the like over a longer time horizon."

January 2020 Executive Order On Tipped Wage Workers

The cash wage, or "tipped wage," is paid to certain industry employees for whom tipping represents a significant part of their income. Employers are given a credit for tips earned by these employees up to the minimum wage. If tipped compensation is less than the minimum wage, the employer must pay the difference. Additionally, employers are not entitled to the tip credit on days when tipped workers spend more than two hours, or 20 percent of a shift doing non-tipped work.

On December 17, 2017, the Executive announced an examination into eliminating the minimum wage tip credit to "strengthen economic justice in New York State." Specifically, the Executive directed the Department of Labor to utilize its authority under the Minimum Wage Act to convene a Wage Board to hold public hearings in order to solicit input from businesses, workers and others to evaluate the elimination of tip credits. Two years later, at the start of 2020, the Executive issued an order that a vast array of tipped workers including hairdressers, nail salon employees, valet parking attendants, tow-truck drivers and tour guides—but not restaurant workers, many of whom expressed the desire not to be included in the change—will no longer receive below-minimum wages by the end of 2020. Estimates suggest that all told, over 70,000 New York State employees will be covered by the order. Justifying the order, the Executive released the Department of Labor's (DOL), report that concluded the current system is so confusing that it can lead to employers intentionally stealing wages or inadvertently pay workers below the minimum wage.

The elimination of tipped credits would have a significant impact on workers and employers. This is evidenced by the fact that despite during the hearings to study eliminating the tipped wage for restaurant staff, the DOL faced fierce pushback from both restaurant owners *and* servers. Some servers feared their overall earnings would drop if a restaurant owner's costs rose and they were scheduled to work fewer shifts.

Health/Medicaid Impact

The Executive Budget will pay out $1.5 billion in Medicaid costs as a result of the increase in minimum wage this year alone. This is up considerably from the $44 million in 2016 and four times what the Executive projected in 2016.

[2] https://www.empirecenter.org/publications/a-flawed-fed-wage-analysis/

The Executive is now projecting that by FY 2024 provider reimbursement will grow to $2.5 billion, an increase of $1 billion over five years. As part of the FY 2020 Mid-year Update to the financial plan, DOB revised minimum wage cost projections upward by $322 million in FY 2020 and $560 million in FY 2021 citing trends based on provider reimbursement cost reports of home care agencies. As it has in previous years, the rising minimum wage impact on Medicaid reimbursement presents serious threats to those working in nursing homes and direct-care workers.

WORKFORCE UPDATE

The FY 2021 Executive Budget proposes a net Funds workforce decrease of 1,291 full time equivalent (FTE) positions. This change is primarily due to a substantial decrease in workforce in the Department of Corrections and Community Supervision as a result of the closure of several facilities.

Major Changes

Department of Corrections and Community Supervision (DOCCS)

The Executive FY 2021 Budget is projecting a 1,247 FTE decline due entirely to the closure of facilities. This is the second straight year the Executive is seeking authority to close correctional facilities. The FY 2020 Enacted Budget authorized the Executive to close three prisons, at which two were closed: Lincoln Correctional Facility, a minimum-security prison in NYC, and Livingston Correctional Facility, a medium-security prison in western New York. The Executive FY 2021 Executive Budget seeks broader authority to close facilities as the executive "determines to be necessary for the cost-effective and efficient operation of the correctional system." The New York State Correctional Officers and police benevolent Association (NYSCOPBA), has criticized these past closures and the authority to close new ones. Michael Powers the NYSCOPBA president acknowledged that while inmate population has declined by 39% over a 20-year period, prison violence is at record levels.

- No Layoffs
- Net workforce reduction 1,291
- Largest Workforce decrease - 1,247 FTE within DOCCS.
- 191 new hires to support the new Office of Cannabis Management

It has not yet been disclosed which of the remaining 54 correctional facilities are facing possible closure, or how staff and prison population will be transferred. All told, the state has closed 24 prisons and juvenile facilities in the last eight years.

The Office of the Medicaid Inspector General (OMIG)

The Executive Budget proposes an increase of 34 FTEs, which reflects 56 new hires offset by 22 vacancies generated through attrition. The new hires are intended to support new program integrity initiatives. These initiatives are designed to prevent and detect fraudulent, abusive, and wasteful practices within the Medicaid program.

Division of Alcoholic Beverage Control

The Executive Budget proposes an increase of 191 FTEs through FY 2021. This would include 16 FTEs from the Department of Health in order to support the new Office of Cannabis Management.

Department of Environmental Conservation

The Executive Budget projects an increase in 47 FTEs, that reflects 215 new hires offset by 168 vacancies due to attrition. These new staff are intended to implement the Executive's Climate Leadership & Community Protection Act and the Resiliency and Economic Development Initiative.

Department of Motor vehicles

There is no increase in FTEs at the Department of Motor Vehicles (DMV), as the 571 new hires are offset by 571 vacancies due to attrition. However, the amount of new hires is greater than a typical year. The Executive has stated the amount new hires reflects a number typical for a registration renewal year, but also and the Executive expects an influx in customers statewide as a result of the Green Light Law.

Collective Bargaining

The Civil Service Employees Association (CSEA) and DC-37 (Local 1359 Rent Regulation Service Employees) have five-year agreements that include annual salary increases of two percent for FYs 2017 through 2021.

United University Professions (UUP) ratified a collective bargaining agreement that covers academic years 2017 through 2022. The agreement provides for a two percent general salary increase. The cost of the agreement (approximately $253 million in FY 2020) has been included in the Financial Plan and is primarily funded by SUNY.

The Police Benevolent Association of the New York State Troopers (NYSTPBA) ratified a five-year agreement for FY 2019 through FY 2023. The agreement provides for a two percent annual general salary increases. The state continues to negotiate new agreements with the Public Employees Federation (PEF), the Council 82 Security Supervisors Unit.

Workforce Impact Summary
All Funds
FY 2019 Through FY 2021

	FY 2019 Actuals (03/31/19)	Starting Estimate (03/31/20)	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Ending Estimate (03/31/21)
Major Agencies								
Children and Family Services, Office of	3,008	2,919	(541)	478	0	0	(63)	2,856
Corrections and Community Supervision, Department of	29,117	28,803	(2,027)	780	0	0	(1,247)	27,556
Education Department, State	2,606	2,692	(269)	269	0	0	0	2,692
Environmental Conservation, Department of	2,996	3,115	(234)	281	0	0	47	3,162
Financial Services, Department of	1,342	1,391	(145)	145	0	0	0	1,391
General Services, Office of	1,803	1,971	(145)	149	0	0	4	1,975
Health, Department of	4,715	5,615	(467)	505	0	(16)	22	5,637
Information Technology Services, Office of	3,566	3,451	(140)	140	0	0	0	3,451
Labor, Department of	2,838	2,987	(324)	324	0	0	0	2,987
Mental Health, Office of	13,856	13,757	(2,037)	1,932	0	0	(105)	13,652
Motor Vehicles, Department of	2,363	2,815	(571)	571	0	0	0	2,815
Parks, Recreation and Historic Preservation, Office of	2,010	2,041	(152)	174	0	0	22	2,063
People with Developmental Disabilities, Office for	19,037	18,590	(2,430)	2,430	0	0	0	18,590
State Police, Division of	5,784	5,741	(260)	260	0	0	0	5,741
Taxation and Finance, Department of	3,806	4,085	(86)	86	0	0	0	4,085
Temporary and Disability Assistance, Office of	1,995	1,987	(224)	224	0	0	0	1,987
Transportation, Department of	8,442	8,520	(383)	383	0	0	0	8,520
Workers' Compensation Board	1,044	1,109	(56)	56	0	0	0	1,109
Subtotal - Major Agencies	**110,328**	**111,589**	**(10,491)**	**9,187**	**0**	**(16)**	**(1,320)**	**110,269**
Minor Agencies	**7,639**	**8,373**	**(912)**	**1,209**	**0**	**16**	**313**	**8,686**
Subtotal - Subject to Direct Executive Control	**117,967**	**119,962**	**(11,403)**	**10,396**	**0**	**0**	**(1,007)**	**118,955**
University Systems								
City University of New York	13,806	13,730	0	0	0	0	0	13,730
State University Construction Fund	142	141	0	0	0	0	0	141
State University of New York	46,448	46,836	0	0	0	0	0	46,836
Subtotal - University Systems	**60,396**	**60,707**	**0**	**0**	**0**	**0**	**0**	**60,707**
Independently Elected Agencies								
Audit and Control, Department of	2,610	2,663	(134)	134	0	0	0	2,663
Law, Department of	1,826	1,839	(89)	89	0	0	0	1,839
Subtotal - Independently Elected Agencies	**4,436**	**4,502**	**(223)**	**223**	**0**	**0**	**0**	**4,502**
Grand Total	**182,799**	**185,171**	**(11,626)**	**10,619**	**0**	**0**	**(1,007)**	**184,164**

Workforce Impact Summary
All Funds
FY 2019 Through FY 2021

	FY 2019 Actuals (03/31/19)	Starting Estimate (03/31/20)	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Ending Estimate (03/31/21)
Minor Agencies								
Addiction Services and Supports, Office of	728	737	(92)	92	0	0	0	737
Adirondack Park Agency	49	54	(1)	1	0	0	0	54
Aging, Office for the	89	95	(16)	16	0	0	0	95
Agriculture and Markets, Department of	461	512	(26)	66	0	0	40	552
Alcoholic Beverage Control, Division of	108	120	(18)	193	0	16	191	311
Arts, Council on the	28	30	(3)	3	0	0	0	30
Budget, Division of the	252	261	(55)	55	0	0	0	261
Civil Service, Department of	346	362	(66)	66	0	0	0	362
Correction, Commission of	30	32	(2)	2	0	0	0	32
Criminal Justice Services, Division of	413	435	(32)	32	0	0	0	435
Deferred Compensation Board	4	4	0	0	0	0	0	4
Economic Development, Department of	139	153	(35)	35	0	0	0	153
Elections, State Board of	74	85	(7)	7	0	0	0	85
Employee Relations, Office of	75	77	(6)	6	0	0	0	77
Executive Chamber	112	136	(42)	42	0	0	0	136
Financial Control Board, New York State	10	13	0	0	0	0	0	13
Gaming Commission, New York State	397	430	(19)	19	0	0	0	430
Higher Education Services Corporation, New York State	156	176	(19)	19	0	0	0	176
Homeland Security and Emergency Services, Division of	559	614	(35)	35	0	0	0	614
Housing and Community Renewal, Division of	584	776	(69)	69	0	0	0	776
Hudson River Valley Greenway Communities Council	0	1	0	0	0	0	0	1
Human Rights, Division of	159	164	(33)	33	0	0	0	164
Indigent Legal Services, Office of	31	36	(3)	5	0	0	2	38
Inspector General, Office of the	81	92	(5)	5	0	0	0	92
Interest on Lawyer Account	9	9	0	0	0	0	0	9
Judicial Conduct, Commission on	38	43	(2)	2	0	0	0	43
Justice Center for the Protection of People with Special Needs	425	429	(68)	67	0	0	(1)	428
Labor Management Committees	68	77	(10)	10	0	0	0	77
Lieutenant Governor, Office of the	5	7	(1)	1	0	0	0	7
Medicaid Inspector General, Office of the	405	426	(42)	111	0	0	69	495
Military and Naval Affairs, Division of	382	405	(44)	44	0	0	0	405
Prevention of Domestic Violence, Office for	23	28	(2)	2	0	0	0	28
Public Employment Relations Board	30	33	(2)	2	0	0	0	33
Public Ethics, Joint Commission on	51	52	(2)	2	0	0	0	52
Public Service Department	489	528	(42)	42	0	0	0	528
State, Department of	491	565	(80)	92	0	0	12	577
Statewide Financial System	134	142	(10)	10	0	0	0	142
Tax Appeals, Division of	22	27	(1)	1	0	0	0	27
Veterans' Services, Division of	87	98	(5)	5	0	0	0	98
Victim Services, Office of	88	102	(16)	16	0	0	0	102
Welfare Inspector General, Office of	7	7	(1)	1	0	0	0	7
Subtotal - Minor Agencies	**7,639**	**8,373**	**(912)**	**1,209**	**0**	**16**	**313**	**8,686**

LOCAL GOVERNMENT IMPACT

FY 2021 Executive Budget Impact on Local Governments

The FY 2021 Executive Budget includes a number of proposals that would significantly impact local governments.

- **Mandates Local Medicaid Cost Containment**
- **No Reduction in AIM Base Payments**
- **$9.3 million loss to municipalities that host VLT**

Education

Beginning in FY 2021, the Executive proposes that all schoolchildren living in the City of New York (NYC) would be required, as part of their instruction on the Holocaust, to visit a Holocaust museum or other facility that educates students on the Holocaust. All public and charter schools would be included. At this time, there is no planned additional State aid to reimburse the city for the cost and no available cost estimates for this proposal have been provided. **This would be an unfunded mandate.**

Eliminate the State Share for Committee on Special Education (CSE)

Room and board costs for children with severe disabilities placed by CSEs are shared between the local social services districts, school districts, and by the State for placements outside the NYC.

The Executive Budget proposes to eliminate the State share of costs to provide board to children with severe disabilities. This would shift the costs, totaling 18.42 percent, onto the local service districts and school districts.

This proposal is estimated to cost localities $25.9 million in FY 2021. **This would be an unfunded mandate.**

Video Lottery Terminal (VLT) Host Aid Reduction

Currently, 16 municipalities receive $28.9 million in VLT Host Aid to be used for the alleviation of local costs associated with the gaming facility, to reduce real property taxes, or to increase support for public schools. The FY 2021 Executive

VLT Aid to Municipalities				
Facility	**Municipality**	**2019-2020**	**2020-2021**	**Change**
Empire City	Yonkers	19,600,000	19,600,000	-
Saratoga Casino	Saratoga-City	2,325,592	0	(2,325,592)
	Saratoga-County	775,198	0	(775,198)
	Total	3,100,790	0	(3,100,790)
Finger Lakes	Farmington	1,777,573	0	(1,777,573)
	Ontario	591,174	0	(591,174)
	Total	2,368,747	0	(2,368,747)
Monticello	Monticello	291,205	0	(291,205)
	Thompson	634,506	0	(634,506)
	Sullivan	308,570	0	(308,570)
	Total	1,234,281	0	(1,234,281)
Hamburg	Hamburg	865,679	0	(865,679)
	Erie	288,560	0	(288,560)
	Total	1,154,239	0	(1,154,239)
Batavia Downs	Batavia-City	440,789	0	(440,789)
	Batavia-County	160,388	0	(160,388)
	Genesee	200,392	0	(200,392)
	Total	801,569	0	(801,569)
Vernon Downs	Vernon-Village	137,103	0	(137,103)
	Vernon-Town	231,788	0	(231,788)
	Oneida	256,796	0	(256,796)
	Total	625,687	0	(625,687)
	Total	**$ 28,885,313**	**$19,600,000**	**(9,285,313)**

Budget eliminates aid for 15 of these municipalities for a $9.3 million negative impact on locals. The City of Yonkers, which is the only municipality eligible to use their aid for education, would continue to receive their portion, which is approximately $19.6 million per year.

Medicaid Local District Contribution

Since the inception of the Medicaid program in 1966, State law required local governments to contribute to the state-share of Medicaid expenditures. Historically, counties paid a contribution rate of 25 percent.

In 2005, a cap on local Medicaid expenditures was instituted by fixing future local government contributions to an uncompounded trend factor. The trend factors set in statute are as follows: 3.5 percent in 2006; 3.25 percent in 2007; and 3 percent each year thereafter. The 2013 Enacted Budget went further by phasing in the State takeover of local Medicaid growth over a three-year period. Local Medicaid Growth declined from three to two percent on January 1, 2013; two to one percent on January 1, 2014, and was capped at zero percent on January 1, 2015. The local contribution is now fixed at $7.6 billion with city contributing $5.4 billion with the rest of State contributing $2.2 billion.

The Executive Budget proposes legislation to contain the state share of its assumption of local Medicaid growth by limiting the growth of Medicaid takeover savings that counties receive. This proposal does this in two ways:

First, counties would be required, beginning in calendar year 2020, to certify with the Department of Health (DOH) and the Division on the Budget (DOB) that they did not exceed the two percent property tax cap. The city would be required to adhere as if the property tax cap provision had applied to them. Counties outside of the city would be required to make this certification by

Medicaid Local District Contributions (Frozen January 1, 2015)

County	Statutory Cap	Reduction from Statutory Cap due to ACA Savings	County Cap (net of ACA eFMAP Reduction)
Albany	$65,153,487	($5,452,571)	$60,791,430
Allegany	$10,236,935	($902,786)	$9,514,706
Broome	$39,624,111	($3,311,534)	$36,974,884
Cattaraugu	$17,371,071	($1,343,577)	$16,296,209
Cayuga	$14,734,435	($1,193,662)	$13,779,506
Chautaugu	$32,343,192	($2,640,776)	$30,230,571
Chemung	$20,748,386	($1,722,169)	$19,370,651
Chenango	$10,218,715	($860,634)	$9,530,208
Clinton	$17,937,879	($1,345,959)	$16,861,112
Columbia	$11,419,246	($945,327)	$10,662,985
Cortland	$10,355,510	($778,119)	$9,733,015
Delaware	$8,945,565	($766,977)	$8,331,984
Dutchess	$43,750,481	($4,003,362)	$40,547,791
Erie	$215,758,575	($20,264,887)	$199,546,666
Essex	$6,937,297	($431,710)	$6,591,930
Franklin	$10,323,790	($741,590)	$9,730,517
Fulton	$14,194,376	($907,451)	$13,468,415
Genesee	$9,880,283	($823,772)	$9,221,265
Greene	$10,062,792	($980,680)	$9,278,249
Hamilton	$663,757	($57,024)	$618,138
Herkimer	$13,978,850	($1,150,041)	$13,058,817
Jefferson	$20,563,032	($1,820,228)	$19,106,850
Lewis	$5,203,749	($457,955)	$4,837,384
Livingston	$9,539,179	($694,706)	$8,983,414
Madison	$11,475,963	($948,972)	$10,716,785
Monroe	$184,837,175	($15,390,428)	$172,524,833
Montgomer	$12,307,071	($876,832)	$11,605,606
Nassau	$240,813,962	($20,714,098)	$224,242,683
Niagara	$46,872,407	($4,343,436)	$43,397,658
Oneida	$57,338,984	($4,347,681)	$53,860,839
Onondaga	$105,614,117	($8,130,251)	$99,109,917
Ontario	$16,736,310	($1,243,650)	$15,741,390
Orange	$73,757,613	($6,228,289)	$68,774,982
Orleans	$8,542,627	($762,237)	$7,932,837
Oswego	$25,614,052	($2,670,278)	$23,477,829
Otsego	$10,811,129	($910,050)	$10,083,089
Putnam	$9,905,951	($804,046)	$9,262,715
Rensselaer	$34,834,303	($2,628,297)	$32,731,665
Rockland	$68,516,660	($3,863,276)	$65,426,039
St.	$24,548,788	($1,841,861)	$23,075,299
Saratoga	$25,396,222	($2,261,206)	$23,587,257
Schenecta	$34,978,252	($2,646,014)	$32,861,441
Schoharie	$5,903,803	($544,917)	$5,467,869
Schuyler	$3,865,285	($325,596)	$3,604,808
Seneca	$6,152,710	($431,731)	$5,807,325
Steuben	$20,077,343	($1,691,095)	$18,724,467
Suffolk	$256,134,440	($21,333,088)	$239,067,970
Sullivan	$20,897,591	($1,763,780)	$19,486,567
Tioga	$8,363,335	($723,325)	$7,784,676
Tompkins	$12,297,913	($1,106,301)	$11,412,872
Ulster	$37,366,146	($3,453,902)	$34,603,024
Warren	$12,591,527	($1,014,322)	$11,780,070
Washingto	$11,608,683	($1,006,942)	$10,803,130
Wayne	$14,534,805	($1,033,606)	$13,707,920
Westchest	$223,035,011	($18,953,232)	$207,872,426
Wyoming	$5,584,596	($496,077)	$5,187,734
Yates	$4,391,315	($402,464)	$4,069,344
ROS	$2,255,650,783	($188,488,777)	$2,104,859,762
NYC	$5,378,022,327	($486,511,223)	$4,988,813,349
Statewide	**$7,633,673,111**	**($675,000,000)**	**$7,093,673,111**

Local Government Savings
State Takeover of Local Medicaid Costs (2005CAP and Growth Takeover)
FY 2020 to FY 2024

County	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Albany	42,689,168	45,924,447	49,145,707	52,460,384	55,871,186
Allegany	6,772,552	7,282,837	7,790,910	8,313,717	8,851,686
Broome	45,031,526	47,571,195	50,099,859	52,701,854	55,379,307
Cattaraugus	15,132,371	16,107,474	17,078,352	18,077,385	19,105,391
Cayuga	15,561,190	16,470,059	17,374,989	18,306,163	19,264,340
Chautauqua	30,536,154	32,422,534	34,300,740	36,233,414	38,222,136
Chemung	16,488,992	17,606,113	18,718,393	19,862,930	21,040,658
Chenango	8,645,524	9,211,451	9,774,926	10,354,742	10,951,372
Clinton	13,123,058	14,054,886	14,982,677	15,937,373	16,919,755
Columbia	12,839,564	13,567,329	14,291,940	15,037,564	15,804,811
Cortland	8,805,834	9,380,674	9,953,023	10,541,971	11,147,998
Delaware	8,898,054	9,433,363	9,966,352	10,514,798	11,079,148
Dutchess	56,414,674	59,419,628	62,411,561	65,490,261	68,658,242
Erie	177,505,131	189,303,042	201,049,829	213,137,272	225,575,252
Essex	5,624,785	6,001,647	6,376,876	6,762,988	7,160,296
Franklin	8,587,732	9,155,077	9,719,964	10,301,233	10,899,359
Fulton	10,673,940	11,419,990	12,162,806	12,927,165	13,713,689
Genesee	9,025,263	9,592,429	10,157,138	10,738,223	11,336,160
Greene	9,557,304	10,145,907	10,731,959	11,335,007	11,955,543
Hamilton	687,021	727,545	767,892	809,410	852,132
Herkimer	12,250,594	13,037,477	13,820,950	14,627,145	15,456,719
Jefferson	18,285,842	19,451,308	20,611,724	21,805,792	23,034,488
Lewis	4,243,589	4,527,009	4,809,201	5,099,576	5,398,373
Livingston	9,545,038	10,117,564	10,687,610	11,274,187	11,877,774
Madison	10,611,590	11,274,217	11,933,972	12,612,860	13,311,436
Monroe	162,292,163	172,706,043	183,074,797	193,744,244	204,723,105
Montgomery	13,283,037	14,050,740	14,815,117	15,601,660	16,411,013
Nassau	236,493,602	250,812,829	265,070,006	279,740,641	294,836,725
Niagara	39,497,776	42,088,881	44,668,758	47,323,452	50,055,132
Oneida	50,086,271	53,309,028	56,517,821	59,819,668	63,217,269
Onondaga	100,968,739	107,166,225	113,336,855	119,686,433	126,220,149
Ontario	16,280,759	17,271,271	18,257,491	19,272,311	20,316,561
Orange	90,379,187	95,303,291	100,206,057	105,251,004	110,442,254
Orleans	8,078,898	8,577,544	9,074,029	9,584,912	10,110,610
Oswego	25,520,345	27,054,376	28,581,761	30,153,439	31,770,697
Otsego	8,536,571	9,117,002	9,694,918	10,289,593	10,901,514
Putnam	11,406,609	12,045,986	12,682,592	13,337,660	14,011,725
Rensselaer	24,542,662	26,323,971	28,097,561	29,922,585	31,800,535
Rockland	83,821,671	88,391,821	92,942,167	97,624,473	102,442,566
St. Lawrence	18,202,037	19,484,562	20,761,529	22,075,528	23,427,634
Saratoga	26,933,877	28,503,780	30,066,880	31,675,310	33,330,384
Schenectady	37,450,843	39,623,716	41,787,173	44,013,370	46,304,127
Schoharie	5,166,051	5,498,147	5,828,803	6,169,049	6,519,161
Schuyler	3,033,781	3,240,753	3,446,828	3,658,879	3,877,080
Seneca	5,619,596	5,972,765	6,324,404	6,686,240	7,058,570
Steuben	17,261,543	18,381,710	19,497,022	20,644,679	21,825,618
Suffolk	284,306,151	300,519,369	316,662,330	333,273,436	350,366,264
Sullivan	22,057,621	23,346,278	24,629,350	25,949,631	27,308,200
Tioga	6,304,446	6,744,480	7,182,606	7,633,439	8,097,345
Tompkins	11,104,669	11,806,747	12,505,782	13,225,089	13,965,256
Ulster	41,646,568	44,016,950	46,377,060	48,805,613	51,304,594
Warren	9,939,189	10,615,110	11,288,103	11,980,612	12,693,204
Washington	11,939,872	12,646,329	13,349,724	14,073,518	14,818,302
Wayne	18,840,889	19,842,160	20,839,092	21,864,935	22,920,527
Westchester	175,865,126	187,832,130	199,747,277	212,007,964	224,624,210
Wyoming	5,528,109	5,861,491	6,193,427	6,534,990	6,886,458
Yates	3,731,585	3,975,272	4,217,903	4,467,571	4,724,478
Rest of State	**2,133,656,735**	**2,265,335,960**	**2,396,444,576**	**2,531,355,341**	**2,670,178,519**
New York City	**1,981,151,384**	**2,201,926,595**	**2,421,745,114**	**2,647,938,370**	**2,880,691,230**
Statewide	**4,114,808,119**	**4,467,262,556**	**4,818,189,690**	**5,179,293,711**	**5,550,869,749**

April 20, 2020 and by January 15, 2021 thereafter. The city would be required to make the certification by July 15, 2021. If either the county or city fails to adhere to the two percent property tax levy cap, the districts savings would be capped at FY 2020 savings levels, and the difference in growth the following FY would be owed back to the state as an additional contribution.

Second, in FY 2021, the Executive would establish a penalty if the expenditures exceed three percent annually over the prior fiscal year, Localities would be liable to pay for the entire growth above the three percent threshold.

The Executive further proposes to require that all counties, providers, and other recipients of Medicaid funding to share all fiscal and statistical records or reports demonstrating their claim of Medicaid reimbursement and underlying records or documentation with DOH or DOB. Currently, 3.3 million of current Medicaid recipients have their eligibility determined by their local social services district and 2.9 million by the New York State of Health Marketplace. The Executive contends that since Managed Long Term Care enrollees are the largest component of Medicaid cost overruns, the additional information would provide more detail on what is contributing to larger than anticipated enrollment above previously stated projections.

The takeover of local Medicaid costs by the State is projected save local districts a total of $4.5 billion in FY 2021, including approximately $2.2 billion for the city and $2.3 billion for the Rest of State. With this proposal, the state assumes $150 million of savings in FY 2021 and 2022 to offset the state share of Medicaid spending.

Medicaid Savings Plan

The $599 million Medicaid Savings Plan includes 10 Medicaid payment reductions including the across the board cut, which was announced in December 2019.

The most notable new reductions that will impact local governments is the decrease in the Federal funding associated with the Affordable Care Act which the State shares with local districts, which is estimated to impact local governments by $112 million. The final 20 percent of planned shared Federal Medical Assistance Percentages (FMAP) savings will not be released to local governments.

General State Charges

The Executive proposes language that would provide a variable market-based interest rate on court judgements and accrued claims, similar to that, which is used by the Federal court system.

The existing rate was established during the 1980s when inflation was high in order to protect consumers from paying high rates of interest. The current rate is statutorily fixed at nine percent rate pursuant to section 5004 of the Civil Practice Law and Rules and section 16 of the State Finance Law. At present, interest rates, both long and short term, have been very low compared to the 1980s. For instance, one-year Treasury bonds have been one percent since 2008.

If enacted, costs to local governments and businesses' costs would be reduced, as the interest paid on claims would be lowered substantially.

The Executive estimates that the State would save $6 million annually on the amount of interest paid on court judgements and accrued claims. This would be in addition to any savings realized by local governments.

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SECTION THREE

SUMMARY OF ARTICLE VII LEGISLATION
AND APPENDICES

SCHEDULE FOR LEGISLATIVE REVIEW OF THE FY 2021 EXECUTIVE BUDGET PROPOSAL

DATE	LOCATION	TIME	TOPIC
January 27	Hearing Room B	11:00 AM	Environmental Conservation
January 28	Hearing Room B	9:30 AM	Transportation
January 29	Hearing Room B	9:30 AM	Health/Medicaid
January 30	Hearing Room B	9:30 AM	Human Services
February 3	Hearing Room B	11:00 AM	Mental Hygiene
February 4	Hearing Room B	9:30 AM	Higher Education
February 5	Hearing Room B	9:30 AM	Workforce Development
		1:00 PM	Housing
February 10	Hearing Room B	11:00 AM	Local Government Officials/ General Government
February 11	Hearing Room B	9:30 AM	Elementary and Secondary Education
February 12	Hearing Room B	9:30 AM	Public Protection
February 13	Hearing Room B	9:30 AM	Economic Development
	Hearing Room B	1:00 PM	Taxes

APPENDIX

SUMMARY OF THE IMPLEMENTING BUDGET BILLS

This appendix contains a summary of the implementing legislation submitted with, and required to enact the FY 2021 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 Counsel analyst.

FY 2021 EXECUTIVE BUDGET BILLS

Appropriation Bills

S.7500/A.9500 State Operations
S.7501/A.9501 Legislative & Judiciary
S.7502/A.9502 State Debt Service
S.7503/A.9503 Aid to Localities
S.7504/A.9504 Capital Projects

Article VII Bills

S.7505/A.9505 Public Protection & General Government
S.7506/A.9506 Education, Labor & Family Assistance
S.7507/A.9507 Health & Mental Hygiene
S.7508/A.9508 Transportation, Economic Development & Environmental Conservation
S.7509/A.9509 Revenue

Freestanding Article VII Bills

Equal Rights Amendment Concurrent Resolution

Court Restructuring Concurrent Resolution

PUBLIC PROTECTION AND GENERAL GOVERNMENT
ARTICLE VII LEGISLATION
S.7505 /A.9505

PART A – Extend various criminal justice and public safety programs that would otherwise sunset

- Extends for two years various criminal justice and public safety programs that were set to expire this year.
- Programs extended include, but are not limited to:
  - Psychological testing of correctional officer candidates.
  - Expanding geographic area of employment for certain police officers.
  - Inmate work release programs.
  - Parole and probation fees.
  - Mandatory surcharge and crime victim assistance fees.

PART B – Close the Electronic Security and Targeting of Online Predators Act (e-STOP) loophole

- Builds on the Electronic Security and Targeting of Online Predators Act (e-STOP), which passed the legislature unanimously in 2008.
  - Under current law, e-STOP requires sex offenders to affirmatively disclose their current email accounts, screen names and any other internet identifier with the Division of Criminal Justice Services (DCJS)
- Requires sex offenders to affirmatively disclose their names and other information for each social media account or dating/gaming app to the Division of Criminal Justice Services (DCJS) on top of what is already required for them to disclose.
- Online companies will develop policies for how best to handle the sex offenders.
- Creates the crime of Criminal Personification of a Sex Offender: when a sex offender, being required to register or verify their information under this law, knowingly misrepresents their name, gender, date of birth, address or status as a sex offender to another person. This new crime is a Class E Felony.

PART C – Close the rape intoxication loophole

- Establishes a victim's ability to consent is jeopardized whether they were voluntarily or involuntarily intoxicated – current law covers involuntary intoxication.
- Current law (Section 130.05 Penal Law) states a person cannot consent if they are mentally or physically incapacitated
  - Mental incapacitation occurs when a person is rendered temporarily incapable of appraising or controlling his conduct owing to the influence of a narcotic or intoxicating substance administered to him without his consent
  - Courts have held a person is physically incapacitated when they are so intoxicated that they are unconscious, in and out of consciousness or vomiting but are not physically or mentally

incapacitated when they are seriously intoxicated but able to communicate and understand what is going on.

- This proposal would make it easier for prosecutors to bring charges when a victim was intoxicated.

PART D – Add the Division of Criminal Justice Services (DCJS) to the list of agencies not required to receive a waiver for certain professional licenses

- Integrates clinicians and case workers into the SNUG (guns spelled backwards) outreach team.
- Under current law, DCJS does not have the ability to hire licensed professionals.

PART E – Establish the District Attorney Discovery Compensation Fund

- Establishes the District Attorney Discovery Compensation Fund in response to district attorney's offices across the state that need additional resources to comply with the discovery law changes passed in last year's budget.
- The Office of the Manhattan District Attorney would annually transfer $2 million of revenue from the deferred prosecution agreements to the fund to support assistance services and expenses related to digital evidence transmission technology.
- Requires New York City District Attorneys to provide additional reporting information related to the settlement funds, including an itemization of funds received in the previous 10 years.

PART F – Prison Closures

- Authorizes the executive to close Department of Correctional and Community Services' correctional facilities, as he or she deems necessary for the cost effective and efficient operation of the correctional system.
- Shortens the executive's notice requirement of a prison's closure from one year to 90 days.

PART G – Authorize the Transfer of Adolescent Offenders from Department of Corrections and Community Supervision to the Office of Children and Family Services

- The Department of Corrections and Community Supervision (DOCCS) and the Office of Children and Family Services (OCFS) shall establish a transition plan and protocol to be used in transferring custody of all adolescent offenders (16 and 17 year olds) from the custody of DOCCS to custody of the OCFS.
    - The term "adolescent offender" was established as part of the Raise the Age legislation.
- The executive states this will free up 750 beds allowing for a prison closure resulting in FY 21 savings.
- All transfers must occur before July 1, 2020.

PART H – Preferred services status by the Correctional Industries Program in the Department of Corrections and Community Supervision

- Includes "services" as a preferred source offering by Corcraft. Corcraft is a correctional industries program.
  - Current law only includes commodities produced by the program.
- Preferred source status means a provider is exempt from the competitive procurement provisions.
- The executive argues adding language to the statute to allow Corcraft to perform services will allow Corcraft to expand its employment opportunities for inmates and eliminate additional bureaucratic steps involved in the procurement process for both customers and the Department of Corrections and Community Supervision and streamline the overall process.

PART I – Suspends a Subsidy to a Revolving Loan Fund from Cell Surcharge Revenue

- Extends the suspension of the annual transfer of $1.5 million from the Public Safety Communications Account, funded through a surcharge levied on cellular phone service, to the Emergency Services Revolving Loan Fund (Fund) for an additional two fiscal years.
  - The Fund presently has a balance of approximately $19.9 million.

PART J – Waive the State Police maximum age for appointment for individuals employed as Park Police Officers

- Allows the Superintendent of the Division of State Police to waive the maximum age for appointment by individuals employed by the Office of Parks, Recreation and Historic Preservation as a police officer.
- Current law: Maximum age of appointment is 29 years old but the superintendent may extend the requirement to 35 years old.
- Increases the maximum number of years spent on military duty that an applicant can subtract from their age if they have passed their 29th birthday from six to seven years.

PART K – Preventing the Manufacture and Dissemination of Ghost Guns

- Requires individuals to obtain major components of a firearm, rifle or shotgun only through an in-store transaction at a licensed gun dealer.
- Licensed dealers would have to :
  - Only sell the components to individuals that possess valid ID;
  - Keep a record of all transactions; and
  - Initiate procedures to obtain a serial number issued by Division of Criminal Justice Services for all unfinished frames and receivers.
- Non-licensed dealers that violate this law will be charged with a class D felony. Licensed dealers will be charged with either a violation or a class B misdemeanor depending on which provisions they violate.
  - Not asking for ID or keeping a record – violation and fine of up to $1,000.

- Not obtaining a serial number on unfished frame or receiver – Class B misdemeanor.

PART L – Improving Efficiency in the Investigation of Online Sexual Exploitation of Minors

- Authorizes the Superintendent of State Police to issue subpoenas duces tecum in the court of a criminal investigation when there is reasonable cause to believe that an internet service account or online identifier has been used in the commission of certain crimes against children.
  - Applies to prostitution, obscenity and sex performance by a child crimes.
- The subpoena may include information related to the subscriber or customer of an internet service account or online identifier, including: name, internet username, billing and service address, e-mail address, internet protocol address, phone number, method of access to internet, phone records, account status, length of service and means and source of payment for such service.
- The following info shall not be subject to disclosure:
  - The contents of stored or in-transit electronic communications;
  - Account membership related to internet groups, newsgroups, mailing lists or specific areas of interest;
  - Account passwords; and
  - Account content, including e-mail in any form, address books, contacts, financial records, web history, internet proxy content and files or digital documents stored with the account or pursuant to use of the content.

PART M – Remove Guns from Domestic Abusers

- Authorizes law enforcement to remove guns from the scene of a domestic violence incident.
- The officer may take temporary custody of the gun in the interest of public safety if the gun is in plain site or is discovered pursuant to a lawful search.
- An officer who takes custody of any weapon is also required to take custody of any license to carry, possess, repair or dispose of such weapon.
  - The officer shall deliver such weapon to the appropriate law enforcement officer and shall provide the owner of the firearm with a receipt that describes where the weapons/license can be recovered.
- The owner of the weapon that has been confiscated has the right to have the gun returned between 48 and 120 hours after the incident.
  - The owner does not have such a right when the gun was used in the commission of the crime.

PART N – Disqualify Individuals from Gun Ownership if They Commit a Serious Misdemeanor Offense in another State

- Prohibits individuals from obtaining a gun license in New York if they commit certain New York misdemeanors that are deemed "serious offenses" in another state.
- Under current law, an individual is prohibited from obtaining a gun license (Section 400.00 Penal Law) if they have been convicted anywhere of a felony or a serious misdemeanor (Domestic violence offense, forcible touching, unlicensed possession of a firearm, etc.).

- Under federal law, persons convicted of a felony or certain violent misdemeanors are prohibited from obtaining a gun license.

PART O – Requires Crime Gun Data to Specified Centralized Databases

- Requires all state and local law enforcement to collect and submit all gun related evidence to specified centralized databases.
- Law enforcement agencies shall report any gun used in the commission of a crime, unlawfully possessed or obtained from a crime scene to the criminal gun clearinghouse within 24 hours of taking possession of the gun. The clearinghouse shall promptly submit a request to the national tracing center of the bureau of alcohol, tobacco and firearms and explosives to trace the guns movement.
  - The law enforcement agency that seizes the gun must arrange the gun to be test-fired as soon as practicable and the results must be submitted to the national integrated ballistic information network to determine whether the gun is associated or related to a crime, criminal event or any individual related to a crime or criminal event.
  - The law enforcement agency that recovers ammunition cartridge cases must arrange for the ballistics information to be submitted to the national integrated ballistic information network.
- Current law requires state police to collect information on guns seized, forfeited, found or otherwise coming into possession of state or local law enforcement due to their commission of a crime.

PART P– Share flags from Mental Health Professionals with Other States

- Allows for the sharing of information to law enforcement entities in other states for determining the eligibility to purchase, possess or carry a firearm in New York State.
- The law enforcement entity would have to obtain and provide a confidentiality waiver to the Division of Criminal Justice Services, where legally necessary.

PART Q – Establish a Domestic Violence Misdemeanor

- Creates the crime of Domestic Violence (Class-A misdemeanor) – commits one of the following crimes against a current or former spouse, parent, or guardian of the victim, a person with whom the victim shares a child in common, a person who is cohabiting with or has cohabited with the victim as a spouse, parent, or guardian, or a person similarly situated to a spouse, parent or guardian of the victim:
  - Serious offense as defined in Section 265.00 of the Penal Law;
  - 3rd degree assault;
  - Criminal obstruction of breathing or blood circulation;
  - Forcible touching;
  - 2nd or 3rd degree sexual abuse; or
  - Unlawful imprisonment in the 2nd degree.
- This crime is defined as a serious offense so it would ensure an individual convicted of the crime is prohibited from owning or possessing a firearm.

PART R – Pass the New York Hate Crime Anti-Terrorism Act

- Domestic Act of Terrorism Motivated by Hate in the 2nd Degree – Intending to cause death or serious injury to five or more persons because of their race, color, national origin, ancestry, gender, gender identity or expression, religion, religious practice, age, disability, or sexual orientation of such person.
  - Class A-1 Felony.
- Domestic Act of Terrorism Motivated by Hate in the 1st Degree – Same as 2nd degree except:
  - Causes the death of at least one person; and
  - Causes or attempts to cause the death of 4 or more additional other persons; and
  - The defendant was 18 years old at the time of the commission of the crime.
    - Class A-1 Felony
- Adds a number of terrorism crimes into the Hate Crime Statute (Section 485.05) of the Penal Law.
- Establishes the Domestic Terrorism Task Force to examine, evaluate and determine how to prevent mass shootings by domestic terrorists
  - Task force will consist of nine members – the Commissioner of the Division of Criminal Justice Services, the Superintendent of Police, and the executive shall have three appointments and the legislature shall have four appointments (Senate Minority Leader – one appointment).
  - The task force must issue a report to the executive and legislature

PART S – Ceases reimbursement of the Medicare Income Related Monthly Adjustment Amounts (IRMAA) to high income State retirees

- Eliminates IRMAA reimbursement effective January 1, 2020.

PART T - Provides a Market-Based Interest Rate on Court Judgments and Accrued Claims

- Changes the post-judgment legal rate of interest for civil actions and accrued claims. The current legal rate of nine per centum per annum would be changed to a market rate, that is equal to the weekly average one-year constant maturity treasury yield, during the calendar week preceding the date of the entry of judgment.
- This proposal would have the effect of reducing or increasing the current legal rate of interest, depending on whether such market rate is higher or lower than the current fixed rate of nine percent.

PART U – Freezes State reimbursement of the Standard Medicare Part B premium paid to eligible New York State Health Insurance Program retirees

- Freezes the current reimbursement at $144.60 monthly, a rate established by the federal government.

PART V – Implements differential health care premium contributions within the NYS Health Insurance Program (NYSHIP) for new civilian hires at retirement based on years of service

- Implements a sliding scale reimbursement of health care costs at retirement. Subsidies begin at 10 years of service and gradually increase until 30 years of service.
- Only applies to new civilian hires. Does not apply to individuals who retire with an ordinary, accidental, or performance of duty disability pension.

PART W – Provides additional provisions to protect and strengthen Unions

- Requires public employers to provide notification and access to Unions related to new employee orientation.

PART X – Authorizes the Director of the Office of Information Technology Services to Issue Comprehensive Technology Services Contracts.

- Authorizes the director of the Office of Technology Services (ITS) to issue procurements for comprehensive technology service contracts, so as to allow the same firm to both design and implement needed technology systems.
- Presently, the State Finance Law prohibits contracts for both design and implementation to be performed by the same entity, in the same contract, without a contradictory statutory authorization.
- Pursuant to this part, ITS, in order to issue such design/implementation contracts, would be required to advertise the requests for proposal, with a detailed description of the contract's parameters, and must further require that the state shall retain all title and interest in all custom built work.

PART Y – Expands the Definition of Technology under State Finance Law and State Technology Law

- Expands the definition of the term "technology" in the State Finance and State Technology Law, so as to broaden the scope and catchment of the Office of Technology Services' (ITS) regulation and procurement.
- Pursuant to this new, very broad, definition, the term "technology" would no longer just include hardware, software, networks and its systems, but also all ancillary data transmission processes, as well as technology services and consulting, and would further include goods which are either new or used.

PART Z – Authorizes the State Financial System Project to Issue Procurements and Contracts

- Authorizes the State Financial System Project (SFSP) to issue procurement and contracts.
    - The SFSP is an entity created in the budget in 2010, for the development, implementation and maintenance of a single, statewide financial management system, for use by the office of the state comptroller and all state agencies. Presently treated under law for administrative purposes as a single department, this proposal would now provide SFSP with procurement and contracting authority, instead of mandating that it be required to rely on the agencies it serves to perform such procurement task.

PART AA – Permanently allows the Commissioner of General Services to enter into 15-year leases on behalf of State agencies.

- Removes sunset of Public Buildings Law, to enter real property leases for a term not exceeding 15 years to meet the space requirement for State Departments, agencies and offices.
- Requires the authority to enter into PILOT agreements permanent when the State acquires a building or other facility by lease-purchase.

PART BB – Requires Sexual Harassment Disclosure from State Contractors

- Requires competitive bidders on state contracts to include with any bid a report with various information related to workplace sexual harassment in the preceding year, including the following:
  - Number of adverse judgments or administrative rulings arising from allegations of sexual harassment;
  - Number of settlements entered into that relate to any alleged act of sexual harassment occurring in the workplace of the bidder; and
  - Number of settlements entered into related to an alleged act of sexual harassment committed by a corporate executive.
- Directs state agencies to provide the reports received from bidders to the Division of Human Rights and Office of State Comptroller (OSC), and further directs OSC to prepare an annual report summarizing such data.

PART CC – Create a new type of license for New York States Higher Education Institutions to allow for retail and manufacturing privileges for training.

- Allows Higher Education Institutions of New York State to apply for a liquor license with an annual fee of $10,000.
- Creates a new article 3-a which would allow the manufacturing of all types of alcohol as well as the sale of those products for customers to enjoy on or off campus.
- Allows Higher Education Institutions to establish full-service restaurants for customers to enjoy and students to learn from the hands-on experience.
- Food items, such as sandwiches, soups and other such foods will also be available to customers.

PART DD – Authorizes Holders of an On-Premises Retail License to Meet the Food Service Requirements to Serve Alcoholic Beverages in Movie Theatres

- Allows movie theatres to sell alcoholic beverages for motion pictures rated PG-13, R or NC-17.
  - Allows holder of a retail on-premises license to sell directly to an individual holding a ticket, with proof of age, with only one alcoholic beverage per transaction.
  - Allows food typically found in movie theatres to be deemed in compliance with food requirements under the Alcohol Beverage Control Law. Such food includes but is not limited to popcorn, candy and light snacks.

PART EE – Authorizes Craft Beverage Brewers and Distillers to Sell Their Products on Their Premises Without Needing Legislative Approval for Each License

- Allows a manufacturer or wholesaler who does not directly or indirectly exercise control over a retail business, to hold either directly or indirectly an interest in a licensed retail premises provided that the:
  - Manufacturer or wholesaler does not, directly or indirectly, exercise control over or participate in the management of the retailer's business or business decisions;
  - Interest does not result in retailer purchasing alcoholic beverages from manufacturer or wholesaler to exclusion of others;
  - Products and services of manufacturer or wholesaler are offered to all retailers in the local market on the same terms;
  - Retailer purchases alcoholic beverages from a wholesaler licensed under the Alcohol Beverage Control Law without an interest in the retailer
- Allows a retailer to hold, directly or indirectly, an interest in a manufacturer or wholesaler with similar restrictions as those provided above.

PART FF – Establish the hours during which alcoholic beverages may be sold in certain international airport property

- Adds provisions to current law that prohibits alcoholic beverages from being sold between the hours of four am and eight am which are as follows:
  - For premises located within an international airport owned or operated by the Port Authority of New York and New Jersey alcoholic beverages cannot be sold between the hours of three am and six am.
    - Further provides that the newly established time period cannot be subject to change by a Board of Supervisors or County Legislative Body.

PART GG – Expands the Investment Authority of the State Insurance Fund

- Expands the investment authority of the State Insurance Fund (SIF) to mirror the investment authority of other insurance entities, in accordance with Article 14 of the Insurance Law.
  - The SIF is one of New York's largest underwriters of Workers Compensation Insurance, Disability Insurance and Family Leave Insurance, and is a source of guaranteed coverage for New York businesses and not for profit entities. As a guaranteed provider of such coverage, its returns on investments are critical, in order to assure its solvency, and that its products remain affordable to its insureds.
- Present law seriously restricts the investment authority of this state sponsored institution. Providing the SIF with the parity of the proven investment opportunities currently enjoyed by other commercial insurers, seeks to:
  - Permit the SIF to improve the diversity and stability of its investments;
  - Enhance the SIF's investment returns in line with that of other commercial carriers;
  - Allow the SIF to capture and adjust to long term financial market trends; and
  - Reduce or slow the escalation of premium costs for policyholders by means of improved investment returns.

PART HH – Enhances the State Insurance Fund's Ability to Enforce Compliance with Payroll Audits

- Strengthens the powers of the Workers Compensation Law to require improved compliance with payroll audits of the State Insurance Fund (SIF).
  - Under current law, the SIF may only cancel a workers compensation insurance policy if the insured fails to make payment to such policy.
- Expands the ability of the SIF to also cancel such a policy if the policyholder:
  - Fails to keep at least two appointments with a SIF payroll auditor; or
  - Fails to provide the SIF with relevant, requested business records during the course of such audit.
- Requires the SIF to provide any policyholder who would be cancelled for audit non compliance, with 45 days advanced notice, prior to such cancellation, in order to correct its non compliance, and thus avoid losing coverage.

PART II – Authorizes the State Insurance Fund to Facilitate Coverage for New York Businesses Operating Outside of New York

- Authorizes the State Insurance Fund (SIF), to enter into agreements with other insurers, licensed to write workers' compensation insurance outside of New York State, for the issuance of a policy to an SIF policyholder, in order to cover such policyholder's obligation for workers' compensation benefits in such other state.
- Allows New York companies, performing work outside of New York State, to work through the SIF, to attain workers compensation coverage, for employees working in such other state.

PART JJ – Manual Recounts

- Requires automatic recount in all statewide elections in which margin of victory is 0.2% or less of all votes cast.
- Requires automatic recount in all other elections in which margin of victory is 0.5% or less of all votes cast.
- Recounts must be completed manually.
- Current law does not require a recount in close elections, however, a candidate may petition a court for a recount.

PARK KK – Eliminate VLT Aid to All Municipalities Outside of Yonkers

- Eliminates the aid that 15 municipalities ($9.3 million) receive due to hosting a Video Lottery Gaming facility.
- Aid has been provided for over 10 years and can be used to:
  - Alleviate local costs associated with the facility
  - Reduce real property taxes
  - Increase support for public schools
- Yonkers is the only municipality authorized to provide aid to public schools, and would maintain their aid of $19.6 million.

PART LL – Enhances Flexibility of Local Governments for State Reimbursement and Plan Development under the County Wide Shared Services Plan

- Extends eligibility for State Matching Funds, on shared services projects developed under a County-Wide Shared Services Plan, to projects which were advanced under an approved County-Wide Shared Services Plan, but which were not, or could not be, implemented until a year after such an eligible plan. State Matching Funds under the County-Wide Shared Services Imitative, are drawn from a $200 million dollar accompanying state grant, which has been re-appropriated for such purpose this year.
- Allows County Wide Shared Services Plans to select either a January 1 to December 31 implantation date, or a July 1 to June 30 implementation date. Such July 1 date alternative is proposed in the expectation that it will encourage more school districts to participate in County Wide Shared Services Plans (since such school districts operate under the July 1 to June 30 fiscal year).

PART MM – Redesigns the Voting Structure of the Financial Restructuring Board for Local Governments

- Amends the voting procedures of the Financial Restructuring Board for Local Governments.
- The Financial Restructuring Board for Local Governments is a ten-member panel designed to examine local government fiscal challenges and offer assistance to eligible municipalities. The Board is chaired by the Budget Director, and includes the Comptroller, the Attorney General, the Secretary of State, and six other members appointed by the Governor. Of these six appointees, one is recommended by the Temporary President of the Senate, and one is recommended by the Speaker of the Assembly. At least one of the Governor's appointees is required to have significant municipal financial and restructuring experience.
- The Board is empowered to offer grants and/or loans of up to $5 million through the Local Government Performance and Efficiency Program, for undertaking certain recommendations of the Board. If the municipality agrees to undertake such recommendations, it is thereby contractually bound to fulfill those terms in order to receive the aid.
- Present law requires that the Board may only act upon a majority vote of all its total members. This part would amend this requirement, to authorize the Board to take action upon a majority vote of all the members present at a meeting of the Board. The Executive asserts that always being required to have the full membership of the Board at every meeting can result in Board inactivity or paralysis.

PART NN – Provides for AIM Payments to Localities with Control Boards

- Requires Local Financial Control Boards, such as those in Nassau and Erie Counties, to be mandated to remit AIM payments made to such Control Boards back to the State, so that such payments may be then provided directly to the cities, towns and villages within such counties.
- The 2019-20 State Budget seriously reduced the scope of the Aid and Incentives to Municipalities (AIM) program, and changed the mechanism under which cities, towns and villages receive such funding. Pursuant to such change, the State Comptroller now distributes such AIM payments to all

of New York's cities (with the exception of New York City) and 137 select towns and villages across the state.

- Because of the statutory structure of the Local Financial Control Boards in place in Nassau and Erie Counties, such AIM payments must be first deposited with these Control Boards, from the AIM payments made by the Comptroller, even though such funds were never envisioned to be directed to such Control Boards.
- This proposal seeks to correct this issue, by statutorily requiring that such Local Financial Control Boards must remit back such AIM payments to the State Comptroller, so that he may then directly provide the same to the cities, towns and villages of Nassau and Erie Counties.

PART OO – Authorizes Counties to Pursue Agreements to Jointly Operate and Maintain a County Jail

- Authorizes counties to pursue and execute agreements to jointly operate and maintain a County Jail facility.
    - Presently, Section 217 of the County Law, requires that each county must maintain a county jail.
        - Modifies this requirement, to expressly provide that counties can satisfy this legal requirement of maintaining a county jail, by means of jointly operating and maintaining such a jail facility, pursuant to a shared services agreement.

PART PP – Strengthen Protections for Domestic Violence Victims Seeking a Divorce

- Requires courts to specifically consider the effects of acts of domestic violence on the future financial circumstances of each party when determining equitable distribution of property in a divorce proceeding.

PART QQ – Ensure Pay Equity at State and Local Public Authorities

- Requires public authorities to ensure "a fair, non-biased compensation structure for all employees in which status within one or more protected classes is not considered either directly or indirectly in the determining of proper compensation or title."
    - Protected class includes but is not limited to age, race, creed, color, national origin, sexual orientation, gender identity or expression, military status, sex, disability, predisposing genetic characteristics, familial status, marital status, or domestic violence victim status.
- Ensures no employee with status in one or more protected classes is paid a wage at a rate less than the rate at which an employee without status in the same establishment is paid for similar or substantially similar work and is provided regular increases in pay in proper proportion to increases of output and quality of work demonstrated in service.
- The exceptions to differential pay are as follows:
    - A bona fide seniority or merit system
    - A bona fide system that measures quantity or quality of production
    - A bona fide system based on geographical differentials

- Any other facto not based on protective class status, that is job related and consistent with a business necessity.
  - Limits these exceptions in situations where an employer uses a particular employment practice that causes a disparate impact on the basis of protected status and refuses to utilize an alternative practice that would serve the same purpose but not produce the differential and in collective bargaining agreements.

PART RR – Authorizes Civil Orders of Protection in Family Court

- Authorizes Family Court to issue Orders of Protection for the purposes of attempting to stop the violence, end the family disruption, and obtain protection.

Part SS - Restricts Contributions from Foreign-Influenced Corporations or Entities.

- Establishes a new Section 14-116-a of the Election Law, to provide that no corporation, limited liability company, joint-stock association or other corporate entity doing business in this state, that is foreign-influenced, nor any foreign national, shall directly or indirectly pay or use or offer, consent or agree to pay or use any money or property for or in aid of any political party, committee or organization, or for, or in aid of, any corporation, limited liability company, joint-stock, other association, or other corporate entity organized or maintained for political purposes, or for, or in aid of, any candidate for political office or for nomination for such office, or for any political purpose whatsoever, or for the reimbursement or indemnification of any person for moneys or property so used.
- Defines "foreign-influenced" to mean any entity for which at least one of the following conditions is met:
  - A single foreign national holds, owns, controls, or otherwise has direct or indirect beneficial ownership of five percent or more of the total equity, outstanding voting shares, membership units, or other applicable ownership interest in the entity making the contribution, expenditure or payment;
  - Two or more foreign nationals, in aggregate, hold, own, control, or otherwise have direct or indirect beneficial ownership of ten percent or more of the total equity outstanding voting shares, membership units, or other applicable ownership interest of the entity;
  - One or more foreign nationals, in aggregate, hold more than ten percent of the board of director seats in the entity's governing board; or
  - A foreign national participates directly or indirectly in the entity's decision-making process with respect to the entity's political activities in the United States, including the entity's political activities with respect to a covered election.
- Defines a “foreign-national” as a foreign principal, who is either a government of a foreign country and a foreign political party, a person outside of the United States, unless it is established that such person is an individual and a citizen of and domiciled within the United States, or that such person is not an individual and is organized under or created by the laws of the United States or of any State or other place subject to the jurisdiction of the United States and has its principal place of business within the United States, or a partnership, association, corporation, organization, or other combination of persons organized under the laws of or having its principal place of business in a

foreign country, except that the term "foreign national" shall not include any individual who is a citizen of the United States.

- A violation of this part would be punishable by a Class-A misdemeanor and up to a year in jail as well as by a civil fine of up to $10,000.
- Due to the fact that this part incorporates federal law by reference, in its definitions, it raises state constitutionality issues for violating the prohibition of incorporation of non-New York law by reference, as precluded within Article III.
- Additionally, under the landmark Supreme Court case of Citizen Union v. FEC, decided in 2010, this part is further constitutionally circumspect as the prohibition of contributions to political campaigns have been held to be a first amendment right that cannot be abridged except in exceptional circumstances. As the Supreme Court has also held in Arizona v. United States, in 2012, that immigration and foreign policy are exclusive purviews of the federal government, and not the a state purview, the denial of such foreign entities their ordinarily enforceable free speech rights by a state government, is further also constitutionally circumspect.

PART TT – Nothing to Hide Act – Disclosure of Tax Returns

- Require any statewide elected official, member of the legislature, appointed state commissioner, or elected local official in New York State who receives annual compensation beyond $100,000 to file an annual copy of their tax return with the Joint Commission on Public Ethics (JCOPE).
- JCOPE shall keep and make the returns available to the public for five years
- If a public officer refuses to comply, they shall be removed from office.

PART UU – Disclosure Requirements for Charitable Nonprofit Entities

- Changes reporting requirements relating to donations by tax exempt not-for-profit charitable organizations to other not-for-profit corporations that are permitted to engage in political communications and activities
- Reports are required of in-kind donations of $10,000 (presently $2,500) or more to any not-for-profit that is permitted to engage in political communications and activities. New language would require the report to include a detailed description of the reported in-kind donation, the charitable purpose advanced by the donation, and any restrictions on use of the donation by the recipient.
- Organizations reporting these in-kind donations must also disclose donations of $5,000 (presently $2,500) or more received by the organization, together with the donor's name, address and the amount of the donation.
- Not-for-profit corporations that are permitted to engage in political communications and activities, and which receive a restricted donation in support of communications for political purposes must report the name of the donor, the amount of the donation and a description of the restriction.
- In addition to the current requirement of reporting to the Attorney General, new language would require these reports to also be sent to the Commissioner of Tax and Finance who is directed to post the reports on the department website.

Part VV - Authorization for Transfers, Temporary Loans, and Amendments to Miscellaneous Capital/Debt Provisions, Including Bond Caps

- New sweeping authority to authorize temporary loans and deposits for certain funds and accounts, authorize transfers and deposits of funds to and across various accounts, extend various provisions concerning certain capital projects and certifications, and modify various debt and bond provisions to adjust state cash flow.
- Seeks to reimburse projected Capital Projects Fund spending with the proceeds of bonds sold by public authorities, to ensure the continued borrowing necessary for certain State-supported debt issuances.
- Adjusts various bond caps to reflect capital spending financed by the issuance of debt.

EDUCATION, LABOR AND FAMILY ASSISTANCE ARTICLE VII LEGISLATION S.7506 /A.9506

PART A – School Aid

- Repeals textbook, library materials, software, and hardware and technology aid.
- Repeals BOCES aid (to be consolidated into Foundation Aid).
- Defines Foundation Aid to include the consolidation of BOCES, High Tax, Special Services, Charter Transitional, Hardware and Technology, Software, Library Materials, Textbook, Supplemental Public Excess Cost, and Academic Enhancement aids.
  - Amount of aid shall be prospectively frozen to the 2020-21 base school year.
- Changes to Building Aid:
  - Limits aid for incidental costs, including athletics facilities exceeding necessary requirements of physical education programs.
  - Reduces State Sharing Ratio for districts that are not High Need.
  - Eliminates look-back allowing districts to use most beneficial aid ratio.
  - Goes into effect in the 2020-21 school year.
- Changes to Transportation Aid:
  - Establishes new index that transportation aid increases are weighted against.
  - Limits future increases to inflation or inflation plus enrollment growth.
  - Eliminates an existing aid ratio that districts may utilize.
  - Goes into effect in the 2021-22 school year.
- One-year universal Pre-kindergarten extender.
- Allows districts to pursue a waiver from special education mandates.
  - Parents and guardians must be notified of any proposed waiver and changes.
  - Must be used to implement innovative special education programs that:
    - Are consistent with federal requirements; and
    - Enhance student achievement or opportunities for placement in regular classrooms.
- Allows for the reissuance of surrendered, revoked, or terminated charter school charters in New York City.
- Requires development of Statewide diversity curriculum.
  - Would be part of a larger civic education already required.
  - Shall emphasize teachings on history of diversity and role of religious freedom.
- Requires all NYC school children, including nonpublic school students, to participate in site visits to places that educate about the Holocaust, including but not limited museums.
- Moves up commercial gaming funding payments:
  - 70 percent currently paid in March, and 30 percent in June.
  - Would make 100 percent paid in March (same school year, but moving up the State fiscal year).
- Annual language regarding the NYC Consortium for Worker Education.
  - Reduces contact hours to represent increased wages with no increase in funding.
  - Withholds aid to NYC to pay for costs.
  - Extends one year.

PART B - Syracuse Comprehensive Education and Workforce Training Center

- Authorizes the Syracuse City School District Board of Education to establish the Syracuse Comprehensive Education and Workforce Training Center (the Center) for students in grades nine through twelve.
- The Syracuse City School District shall be responsible for the operation, supervision and maintenance of the Center as well as the administration of the Center regarding curriculum, grading, discipline and staffing.
- Students attending the Center shall continue to be enrolled in their school district of residence and the Syracuse City School District shall be responsible for the issuance of a high school diploma.
- The Center shall focus on science, technology, engineering, arts and math (STEAM) and shall provide instruction for students and workforce training for citizens residing within the Onondaga, Cortland and Madison County Boards of Cooperative Educational Services (BOCES) region and in central New York.
- The Center shall partner with institutions of higher education to provide early college high school and apprenticeship training programs; and shall partner with the State University of New York (SUNY) Empire State College to provide career connection opportunities and programs including workforce preparation and training, industry certifications including advanced technical certifications, high school equivalency programs and Education Opportunity Center (EOC) programs.
- The Center may also collaborate with businesses, non-profit organizations, state and local governments and other organizations focused on closing skills gaps and increasing employment opportunities.
- For state aid purposes, students shall be counted in the students' school of residence and such school shall provide transportation to and aid payments to the Center. Transportation aid shall be provided for up to 30 miles regardless of the distance traveled.
- The Syracuse City School District shall be authorized to transfer ownership of the Center building to Onondaga County, which would then renovate the facility and lease it back to the District.
- The State would pay twice as much in building aid as the law currently requires provided the project's cost does not exceed the maximum cost allowance for Building Aid, and such aid would begin to be provided in the 2021-22 school year, which is when the building is expected to open.

PART C - Rochester City School District Monitor

- Requires the Commissioner of Education and the Mayor of the City of Rochester to jointly appoint a monitor to oversee the finances and the academic programs of the Rochester City School District (school district).
- The monitor would be an ex-officio, non-voting member of the district's Board, would have the authority to attend meetings and access any necessary documents or records.
- Within 60 days of his or her appointment, the monitor would be required to hold three public hearings on the State Education Departments (SEDs) existing oversight authority, the district's fiscal performance and its academic performance.

- Requires the school board, the district's superintendent, and the monitor to develop five-year academic and financial improvement plans by November 1, 2020 to cover the 2020-21 through 2024-25 school years.
- The proposal also sets forth requirements for public hearings, procedures to be followed in the event of disagreements and time-lines and authorization for the Commissioner of Education to provide a resolution to such disagreements.
- Concerning disagreements involving the financial plan, the Mayor and the Commissioner must jointly resolve disputes.
- Requires the school board to submit the district's proposed annual budget to the monitor by March 1st.
- If it is determined that there is inconsistency with the budget and the academic or financial plans, and the Commissioner and Mayor agree, they may jointly require the district to amend the budget accordingly.

PART D - Extend a Predictable Funding Plan for SUNY and CUNY

- Authorizes the Boards of Trustees of State University of New York (SUNY) and the City University of New York (CUNY) to raise undergraduate tuition up to $200 per year for the duration of four years beginning in the 2021-22 academic year through the 2024-25 academic year.
- Extends the maintenance of effort (MOE) provisions enacted in 2011 as part of the SUNY 2020 initiative to ensure that as tuition increases, general fund support shall be provided at no less than the previous year's levels.
- Authorizes the SUNY College of Environmental Science and Forestry to increase the non-resident rate of undergraduate tuition by ten percent annually for the duration of four years beginning with the 2020-2021 academic year.

PART E - Expand Free College Tuition to More Middle Class Families

- Increases the adjusted gross income eligibility threshold for the Excelsior Scholarship Program from the current income level of $125,000 to $135,000 in academic year 2021 and to $150,000 in academic year 2022.

PART F – Expand the Enhanced Tuition Awards Program

- Increases the adjusted gross income eligibility threshold for the Enhanced Tuition Awards Program from the current income level of $125,000 to $135,000 in academic year 2021 and to $150,000 in academic year 2022.

PART G – Allow Public Accounting Firms to have Minority Ownership by individuals who are not Certified Public Accountants (CPA)

- Authorizes public accounting firms to incorporate in New York State with minority ownership by individuals who are not CPAs provided that the words, "Certified Public Accountant" or the abbreviation, "CPA" do not appear in the firm's name.

PART H – Sweeps the Reserves of the Mortgage Insurance Fund to Provide State Funding for Community Development Projects

- Sweeps $81.8 million that is projected to be available in excess Mortgage Insurance Fund reserves to provide state funding for the following purposes:
  - Neighborhood and Rural Preservation Programs ($18.2 million), to support community based housing corporations to provide housing related services for low and moderate income populations;
  - Rural Rental Assistance Programs ($21.0 million), to support rental subsidies for low income, elderly and family tenants residing in federally-funded, multi-family, projects in rural areas of New York State; and
  - Homeless Housing Programs ($42.6 million), including the Solutions to End Homelessness Program, the New York State Supportive Housing Program, and the Operational Support for AIDS Housing Program.
- The Mortgage Insurance Fund (MIF) is a fund of the State of New York Mortgage Agency (SONYMA) that was created in 1978 to insure mortgage loans for projects that would not otherwise be able to obtain mortgage insurance. Its purpose is to encourage commercial and public investment of mortgage capital and to increase the supply of affordable housing in New York State.
- The SONYMA enabling statute (Title 17 of the Public Authorities Law) requires that excess revenues from the Mortgage Insurance Fund, after expenses and required reserves, must be returned to the State following approval by the SONYMA board.
- The MIF has been used previously to support new housing development, and last year a similar sweep of the fund of $12.83 million was done for the purpose of Neighborhood and Rural Preservation Programs, which are community based housing programs established to provide various housing related services to low and moderate income populations.

PART I – Streamline Billing for the Administration of Rent Regulation

- Authorizes the Director of Budget to permit the Division of Housing and Community Renewal (DHCR) to not accept payments from the City of New York for costs incurred by the agency for administering rent regulation, and instead reduce aid that the State provides the City at an equal amount of such costs
  - New York State will provide aid to the City at an amount less the cost of rent regulation administration instead of the City paying the State, just to receive aid in return

PART J – Guarantee Access to Sick Leave

- Requires every employer to provide its employees with sick leave as follows:
  - For employers with four or fewer employees in any calendar year all employees will receive at least five days of unpaid sick leave.
  - For employers with between five to ninety-nine employees in any calendar year all employees will receive at least five days of paid sick leave.

- For employers with one hundred or more employees, all employees will be provided with seven days of paid sick leave.
- The Commissioner of the Department of Labor (DoL), is granted the authority to promulgate regulations which may include but are not limited to standards for the accrual, use, payment, and employee eligibility of paid sick leave.
- Employees can accrue sick leave at a rate of not less than one hour per every thirty hours worked, beginning at the commencement of employment, or the effective date of this section, whichever is later.

PART K – 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, 2021

- 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), and state law must be amended accordingly to ensure accurate payments are made.
- Sets forth the actual dollar amounts for the 2020 PNA and the standard of need for eligibility and payment of additional State payments. It also authorizes those amounts to be automatically increased, by the percentage of any federal SSI COLA, which becomes effective within the first six months of the calendar year 2021.

PART L – Legalizing Gestational Surrogacy

- Lift's the State's ban on gestational surrogacy. Currently, paid surrogacy is punishable by a fine and unpaid surrogacy agreements are not legally binding and unenforceable.
- Creates a Surrogate's Bill of Rights to ensure:
  - Surrogates have the right to make their own health care decisions, including whether to terminate or continue a pregnancy; and
  - Surrogates have access to comprehensive health insurance and independent legal counsel of their choosing, all paid for by the intended parents.
- Establishes statutory criteria to govern surrogacy agreements.
- Creates legal protections for parents of children conceived by reproductive technologies such as artificial insemination and egg donation.
- Directs the Department of Health to promulgate regulations to regulate surrogacy programs in New York.

PART M – Authorizes Family First requirements for placement of a child in a Qualified Residential Treatment Program (QRTP)

- Establishes an assessment and review process when a Local Social Service District or the Office of Children and Family Services places a child in a qualified residential treatment program (QRTP).

PART N – Eliminates the State share of reimbursement, to counties outside of New York City, for placements made by the Committee on Special Education (CSE)

- Eliminates the current 18.42 percent State share of reimbursement, to counties outside of New York City, for placements made by the Committee on Special Education (CSE)

PART O – Modifies the New York State Veterans Cemetery Program to Remove Endowment Requirements and Expand the Authority of the Division of Veterans Services

- Amends section 365 of the Executive Law, which established the procedures to create and maintain State Veterans Cemeteries in New York, to:
  - Eliminate endowment requirements;
  - Modify the role of the management board of a state veterans cemetery; and
  - Expand the administrative role and power of the director of the state division of veterans services, with respect to the creation, siting, maintenance and operation of a state veterans cemetery.
- The State Veterans Cemetery Program (Section 365 of the Executive Law) was created in 2013 in order to provide New York Veterans with the option to be interred in a state veterans cemetery as opposed to a federal veterans cemetery.
- Pursuant to federal law, the United States government will pay for the construction of a state veterans cemetery, as well as for grave opening at such facility, but will not provide funding for its perpetual maintenance. As the federal government will not provide such funding, but requires states to guarantee that such maintenance, at high standards takes place, section 365 included a perpetual maintenance endowment threshold for creating such a state veterans cemetery, which has been funded by a tax check off box. As such tax check off box has underperformed, the threshold endowment necessary to build even the first state veterans cemetery has not been met.
- The elimination of the perpetual maintenance endowment proposed by this part would make the state the guarantor of the cost of such maintenance pursuant to federal law. No accompanying appropriation to pay for such maintenance however, was included in the budget.

HEALTH AND MENTAL HYGIENE
ARTICLE VII LEGISLATION
S.7507 /A.9507

PART A – Extends the Health Care Reform Act (HCRA) for three-years

- Extends HCRA allocation and distribution authority, which is set to expire on March 31, 2020, for another three- years through March 31, 2023.
- Extends for three- years the authorization for collection of the Covered Lives Assessment through December 31, 2023.
- Repeals the Health Workforce Retraining Initiative Program (HWRI), established under HCRA, which made grants to eligible organizations to support the training and retraining of health care employees.

PART B – Repeals Hospital Resident Compliance Audits

- Repeals provisions requiring the Department of Health (DOH) to conduct annual audits of hospital resident working hours and conditions.
- DOH will instead administratively require hospitals to annually certify through attestation their compliance with working hour and condition requirements.

PART C– Pay and Pursue Model for Early Intervention (EI) Services

- Requires health plans to pay an early intervention service claim to an in-network provider where the insurer's obligation to pay is reasonably clear, even though there may be a disagreement about whether the service is medically necessary.
- Following payment of an EI claim, the insurer may initiate a non-expedited external appeal or pursue a determination from an independent third party review agent, agreed upon by the insurer and provider, whose determination would be binding on both parties, to determine whether the service was medically necessary.
- If it is determined that the service was not medically necessary, the insurer may recoup, offset or require a refund of any overpayment resulting from the determination, the amount of which will be charged to the state or appropriate municipality.
- The state fiscal agent must process the recoupment, offset or refund within 90 days of the determination.
- Permits plans to require preauthorization for EI services, and a claim for services for which an insurer denied a preauthorization request will not be subject to the pay and pursue requirements.

PART D – Redirects Enhanced Quality of Adult Living (EQUAL) Funding

- Directs funding to facilities with at least 25 percent or 25 residents who are individuals with serious mental illness. Funding provided for mental hygiene training of staff and independent skills training for residents who desire to transition from a facility to the community.

- Directs funding to facilities with the highest population of residents who receive Supplemental Security Income. Funding provided to improve the quality of life for residents by financing capital improvement projects.

PART E– Miscellaneous Public Health Initiatives

- Repeals the Health Occupation Development and Workplace Demonstration Program with the elimination of the Health Workforce Retraining Initiative (HWRI) under HCRA and corresponding appropriations.
- Repeals the Cystic Fibrosis Health Care Program which provides financial assistance to adults 21 years of age or older who have cystic fibrosis.
- Transfers responsibility for the Autism Awareness and Research Fund from DOH to OPWDD.
- Transfers responsibility for the Comprehensive Care Centers for Eating Disorders from DOH to OMH, and repeals provisions in the public health law and reinstates them in the mental hygiene law.

PART F– Extends Various Provisions of the Public Health and Social Services Law

- Extends for three years through June 1, 2023 the "small provider" exception from the electronic prescription requirements – "small providers" certify to DOH that they prescribe 25 of less annual prescriptions.
- Extends for three years through March 31, 2023 the method for reimbursement to pharmacies for prescription drugs under Medicaid.
- Extends for three years through March 31, 2023 the nursing home upper payment limit and intergovernmental transfers or public residential health care facilities.
- Extends for three years through March 31, 2023 the Comprehensive Health Services Program
- Extends for three years through March 31, 2023 the use of funds of the Office of Professional Medical Misconduct for the use for the Physician Profile Website.
- Extends for three years through March 31, 2023 the statewide health information network (SHIN-NY) and statewide planning and research cooperative (SPARCS).
- Extends for three years through March 31, 2023 methods of reimbursement to participating provider pharmacies and prescription drug coverage.
- Extends through December 31, 2024 the certificates of authority to Accountable Care Organizations (ACOs).
- Extends for two years through March 31, 2022 the CPI penalties for generic drugs.
- Extends for five years through March 31, 2025 the Health Care Refinancing Shared Savings Program.
- Extends for four years through April 1, 2024 the regulatory waiver authority, as necessary to allow the scaling and replication of promising DSRIP practices, and the waiver may not be used for regulations regarding patient safety.
- Extends for three years through February 1, 2023 the Home Care Medicare Maximization Program.
- Extends for three years through February 1, 2023 the Nursing Home Medicare Maximization Program.

- Extends for one year through July 1, 2021 provisions related to utilization threshold exemptions.
- Extends for three years through March 31, 2023 the authorization for the state to negotiate with a pharmaceutical manufacturer for supplemental rebates and provides that supplemental rebate agreements with manufacturers do not extend beyond March 31, 2026.

PART G– Prescription Drug Pricing and Accountability Board

- Prescription Drug Pricing
  - Authorizes the Superintendent of the Department of Financial Services (DFS) to investigate any instance where a prescription drug that is sold or offered for sale has increased in price by more than 100 percent within a twelve-month period, where the Superintendent believes it to be in the public interest
  - DFS is authorized under the proposal to initiate any special or independent investigations, and is granted authority to subpoena witnesses and compel attendance under oath, and require the production of any books or papers deemed relevant to the inquiry; failure to comply with the DFS investigation would be a misdemeanor and subject to civil penalties not to exceed $1,000 per day that the failure continues
  - If found guilty after an investigation, the Superintendent may levy a civil penalty not to exceed the greater of $5,000 for each offense; two-times the aggregate damages attributable to the offense; or two-times the aggregate economic gain attributable to the offense
- Drug Accountability Board (DAB)
  - Establishes within DFS a Drug Accountability Board to aid in investigations related to drug price increases to determine and report on:
    - The drug's impact on premium costs for commercial insurance and the drug's affordability and value to the public;
    - Whether increases in the price of the drug over time were significant and unjustified;
    - Whether the drug may be priced disproportionately to its therapeutic benefits; and
    - Any other questions the Superintendent may certify to the board in aid of the investigation
  - Documentation considered by the Board as part of their review would be considered confidential and exempt from disclosure; however, the Superintendent has the sole authority to determine that the release of the Board's report, or any part thereof, would not harm an ongoing investigation and is in the public interest
  - The DAB membership would consist of: (i) individuals licensed and actively engaged in the practice of medicine and pharmacy; (ii) individuals with expertise in drug utilization review (DUR) who are health care professionals licensed under the education law and are Pharmacologists; (iii) consumer representatives; (iv) health care economists; (v) actuaries; and (vi) experts from the Department of Health

PART H– Expansion of Assistance for Licensed Pharmacists

- Amends the scope of practice of a registered pharmacy technician to clarify that those technicians employed by a facility licensed under Article 28 of the Public Health Law or employed by a pharmacy owned and operated facility may assist a licensed pharmacist in the compounding, preparation, labeling or dispensing of drugs under the direct personal supervision of such licensed pharmacist.

- Clarifies that the number of registered pharmacy technicians authorized to assist a licensed pharmacist is four and that only six unlicensed persons may assist at any one time.

PART I – Pharmacy Adult Immunization Expansion and Collaborative Drug Therapy Management

- Expands the authorization for pharmacists to immunize patients 18 years or older, from the current list of acceptable vaccinations to all vaccines recommended by the Advisory Committee on Immunizations Practices of the Centers for Disease Control and Prevention (CDC) and makes such authorization permanent.
- Authorizes physician assistants, nurse practitioners and facilities to enter into a written agreement or protocol to participate in collaborative drug therapy management (CDTM) with a pharmacist.
- Authorizes pharmacists to prescribe medications in order to adjust or manage a drug regimen for a patient specific or non-patient specific protocol.
- Removes restrictions on what authority may be included within the written agreement or protocol.
- Expands the definition of facility to include a residential health care facility, any facility as defined in Section 2801 of the Public Health Law or any other entity that provides direct patient care under the auspices of a medical director.
- Defines "practice" as a place or situation in which physicians, physician assistants, and nurse practitioners, either alone or in group practices, provide diagnostic and treatment care for patients.
- Requires pharmacists to obtain a certification from the State Education Department (SED) certifying that the pharmacist must have completed a postgraduate residency, have provided clinical services or have a practice agreement with a physician.
- Makes all provisions relating to CDTM permanent.

PART J– Health Related Consumer Protections

- Expands current law, which prohibits denials of medically necessary inpatient services following an emergency admission based solely on the hospital's failure to notify a plan of the services, to include all types of administrative denials, regardless of type of admission, to include all inpatient admissions, observation stays and emergency department services.
  - Exceptions include: (a) denials based on a reasonable belief of fraud, intentional misconduct, or abusive billing; (b) when required by a state or federal program (e.g. Medicaid); (c) coverage that is provided by the state or a municipality to employees, retirees or members; (d) is for a duplicate claim or for non-covered benefits or a non-covered person; or (e) for services for which preauthorization was denied prior to the delivery of services.
  - Maintains provisions that permit contractual agreements regarding penalties between plans and hospitals for failing to comply with a plan's administrative requirements.
- Establishes a Health Care Administrative Simplification Workgroup to evaluate mechanisms to reduce health care administrative costs and complexities through standardization, simplification and technology and report its findings within one year.

- Workgroup will consist of insurers, hospitals, physicians and consumers and examine claims submission and payment, claims attachments, preauthorization, provider credentialing and insurance eligibility verification.

- Requires insurers to submit health care claims reports with respect to comprehensive health insurance coverage on a quarterly and annual basis, due within 45 days after the end of the respective quarter or year and made available on the DFS website.
  - Reports shall include the number and dollar value of health care claims and categorize such claims as follows: health care claims received, paid, pended and denied and reported in the aggregate, as well as by category of health care provider.
  - Authorizes the Superintendent of DFS and Commissioner of Health to require additional reporting requirements to assess the effectiveness of the payment policies.
- Requires pre-authorization determinations for inpatient rehabilitation services provided by a hospital or skilled nursing facility to be conducted and completed within one business day.
  - Reduces the timeframe for an appeal determination from 45 days to 30 days, and where a utilization review agent overturns an adverse determination on appeal requires plans to comply with the prompt pay law.
- Requires insurers to consider physicians who are newly-licensed, physicians who recently relocated to New York, and physicians who receive a new tax ID number based on a corporate change who are employed by a general hospital, diagnostic and treatment center, or OMH-licensed facility whose other employed physicians participate in the Plan's network to be considered "provisionally credentialed."
  - Physicians considered "provisionally credentialed" would be considered participants in the insurer's network upon submission of a completed credentialing application and upon notification to the insurer in writing that the health care professional has been granted hospital privileges; prohibits provisionally credentialed physicians from acting as a member's primary care physician.
  - Insurers would not be required to pay a hospital, diagnostic and treatment facility or Office of Mental Health facility for services provided by such physicians until the physician is fully credentialed, but would be required to pay for all services provided from the date the physician became provisionally credentialed physician.
  - Insurers would not be liable for any payment of services that exceeds any out-of-network benefits should the physician's application be denied.
- Amends the independent dispute resolution (IDR) for emergency services provisions to allow members of a health plan to assign benefits for emergency services, including inpatient services following an emergency room visit, to a physician or hospital then payment shall be made by the insurer to the hospital directly for the out-of-network services provided.
  - Prohibits physicians and hospitals from balance billing patients who assigned benefits, other than the collection of a copayment, coinsurance or deductible.
  - Repeals provision enacted in 2019 that exempted safety net hospitals from the IDR process for emergency services.
- Shortens the timeframe in which a hospital can bring a civil action to collect medical debt from six years to three years.

PART K– Physician Profile Enhancements

- Adds to the physician's profile created by the Department of Health the following information: hours of operation of the physician's primary practice; availability of assistive technology at the physician's primary practice; whether the physician is accepting new patients; the physician's website and social media accounts; the names of any licensed physicians with whom the physician shares a group practice and workforce research and planning information
- Allows physicians to designate an employee or contractor to be responsible for the physician profile reporting and establishes minimum requirements of the designees role

PART L– Enhancing Physician Integrity and Accountability

- Eliminates the lifetime validity of a medical license for physicians, physician assistants, specialist assistants and medical residents by authorizing a license may be stricken by the Board of Regents on the order of the state board for professional misconduct in the Department of Health (DOH) or may be stricken if the licensee fails to register with the State Education Department (SED) for two consecutive registration periods.
- Requires medical licensees to consent to being fingerprinted and submit to a criminal history background check prior to becoming licensed.
- Revises the definition of "professional medical misconduct" to include complaints that are resolved by stipulation or agreement before an adjudicatory proceeding, to add willfully harassing, abusing or intimidating a patients care giver or surrogate as well as the patient, and to add failing to notify DOH within 24 hours of having been charged with a crime in any jurisdiction or of any event meeting the definition of professional misconduct.
- Allows for immediate publication of charges upon investigative requites and the immediate convening of an investigative committee, eliminating the current 90 day threshold.
- Removes the restriction that the Commissioner of DOH may only disclose information in situations that pose a public health threat and authorizes the disclosure of OPMC investigations in which the public has been demanding more information.
- Authorizes Administrative Warnings and Consultations to be made public and removes confidentiality.
- Authorizes the Commissioner of DOH to take action when a licensee does not respond to DOH's request for records in a timely manner and authorizes the Commissioner to take summery action against a licensee who engages in conduct that is a risk to the health of people.

PART M– Banning Fentanyl Analogs

- Conforms the public health law to the federal law by adding 24 additional Synthetic Fentanyl Analogs and other structurally related substances to the Schedule I list of Controlled Substances
- Adds two Synthetic Fentanyl Analogs to the Schedule II list of Controlled Substances.
- Authorizes the Commissioner of Health to classify as a Schedule I Controlled Substance any substance listed in Schedule I of the federal schedules of controlled substances in 21 USC §812 or 21 CFR §1308.11.

PART N– Antimicrobial Resistance Prevention

- Requires every general hospital and nursing home to establish and implement an antibiotic stewardship program that meets federal Medicare and Medicaid conditions of participation for antimicrobial stewardship programs in health care facilities.
- Requires the program to incorporate a process to measure the impact of the program, including an annual review of antimicrobial utilization data and develop a response plan for high or increasing utilization.
- Requires general hospitals and nursing homes to establish training on antimicrobial resistance and infection prevention control for all licensed direct care providers.

PART O– Expand the Sexual Assault Forensic Examiner (SAFE) Program

- Requires all hospitals with emergency departments to establish a SAFE program and requires hospitals without emergency departments to establish protocols to transport victims of sexual assault to a hospital with a SAFE program.
- Requires the SAFE program to ensure that the victim, absent exigent circumstances, is met by a sexual assault forensic examiner within 60 minutes of arriving at the hospital and, with consent, is promptly examined.
    - Examination under the SAFE program includes all protocols regarding documentation and evidence collection.
- Requires the sexual assault forensic examiner to be a nurse practitioner, physician assistant, registered nurse or physician trained and certified in forensic examination of sexual offense victims and the preservation of forensic evidence; requires an examiner be available on a 24 hour a day basis ever day of the year and requires an obstetrician/gynecologist or other appropriate medical doctor to be readily available during examination.
- Requires following examination the victim is permitted a shower, provided a change of clothing and receive follow-up information, counseling, medical treatment and referrals.
- Requires all emergency department personnel receive annual training regarding standards of care for assessment and treatment of victims of sexual assault.

PART P– Modernization of Center for Environmental Health Fees

- Increases the filing fee of realty subdivision sewer plans from $12.50 per lot to $50 per lot.
- Increases the joint filing fee for realty subdivision sewer plans to satisfy requirements for both DOH and DEC from $25 per lot to $100 per lot.
- Increases the permit fee to operate a children’s overnight, summer day or traveling summer day camp from $200 to $800.
- Increases the license registration fee for operation of a tanning facility from $30 to $120.
- Increases the inspection fee for tanning devices from $50 per device to $200 per device.
- Increases the initial fee for each asbestos safety program completion certificate from $20 to $50 and increases the refresher asbestos safety program completion certificate from $12 to $30.

PART Q– Implement Various Tobacco Control Policies

- Bans the sale of all flavored nicotine vapor products, including menthol.
- Prohibits the sale of any tobacco or vapor product in pharmacies or retail establishments that contain pharmacies.
- Authorizes the Department of Health (DOH) to regulate or prohibit the sale of carrier oils, which are ingredients intended to control consistency of vapor products.
- Clarifies that the Clean Indoor Air Act's prohibition on smoking tobacco and vapor products in the workplace includes outdoor covered areas.
- Includes in the provisions regarding unlawful shipment of cigarettes, the prohibition of shipment of any vapor product to any entity other than a registered vapor dealer.
- Prohibits the use or acceptance of coupons, rebates, vouchers or any other price reduction instrument for the purchase of vapor products.
- Prohibits the display of any tobacco or vapor product in retail stores where individuals under the age of 21 are permitted.
    - Tobacco menus cannot be visible and must be kept in storage with a cover sheet to restrict visibility of the tobacco menu.
- Restricts advertising of vapor products other than in publications that the manufacturer, retailer or distributor can demonstrate is an adult publication.
    - Limits audio and video advertising on websites or social media platforms and restricts content of advertisement.
    - Prohibits advertisements that suggest vapor products is a smoking cessation product unless approved for such purpose by the Federal Drug Administration .
    - Violation would be subject to a $5,000 penalty for initial offense, and $10,000 for subsequent violations.
- Requires manufacturers of vapor products to disclose to DOH, and post on their pubic website, product ingredients including any "chemical of concern" identified by DOH.
    - Requires disclosure of investigations and research performed by the manufacturer concerning the products' effects on human health.
- Increases initial penalties from $300 to $1,000 not to exceed $2,000; subsequent violations increase from $500 to $1,500 but not to exceed $3,000; increases timeframe for a suspension of a retail dealer's registration from six months to one year; increase the surcharge for every violation from $50 to $250.

PART R– Medicaid Local District Spending Reforms

- Limits the growth of Medicaid takeover savings that counties receive to two percent annually if the county fails to adhere to the two percent property tax cap.
    - New York City is not subject to the two percent property tax cap, however this proposal requires the city to adhere to the tax cap as if it applied to the city.
- Limits the growth in Local Medicaid expenditures to three percent annually, and any growth beyond that would require districts to remit to the state the non-federal shares of those expenditures.

- Requires all social services districts, providers and recipients of Medicaid funds to share with the Department of Health or the Division of the Budget all fiscal and statistical records and reports demonstrating the districts right to receive payment

PART S– Certificate of Need Surcharge

- Imposes a surcharge of three percent of the total capital value of the project on Certificate of Need (CON) construction project applications submitted by hospitals, nursing homes and diagnostic and treatment centers.
  - This is in addition to the application fee of $2,000 for hospitals and $1,250 for safety net diagnostic and treatment centers.
- Repeals language allowing fees and charges for a CON application to be included in the allowable capital costs and prohibits any reimbursement.

PART T– Extends Physicians Excess Medical Malpractice

- Extends for one year through June 30, 2021 the Excess Medical Malpractice Program.
  - The HCRA funding for this program sunsets on June 30, 2020.

PART U– Authorize the Regulation of Pharmacy Benefit Managers

- License and regulates pharmacy benefit managers (PBMs) by the Department of Financial Services (DFS) and applies to PBMs providing pharmacy benefit management services on behalf of a health plan.
- Requires PBMs to pay a $1,000 registration fee by June 1, 2020 and subjects all registrants to examination by DFS as often as they deem necessary.
- Requires PBMs to be licensed by DFS beginning January 1, 2022 and the license would be valid for three years.
  - Authorizes DFS to fingerprint applicants and submit fingerprints to the Division of Criminal Justice Services for a criminal background check.
- Establishes a code of conduct on PBMs which includes prohibitions on conflicts of interest, deceptive practices, anti-competitive practices, certain pricing models such as spread pricing, unfair claims practices, codification of standards and practices in creation of pharmacy networks and contracting with networks, and best practices for protection of consumers.
- Establishes duties on PBMs which include:
  - Prohibits contracts between PBMs and health plans from limiting health plan access to financial or utilization information;
  - Disclosure by a PBM in writing to a contracted health plan any activity, policy, practice, contract or arrangement that presents a direct or indirect conflict of interest with the PBMs duties to the health plan;
  - Assisting health plans answer any inquiry made by the Superintendent of DFS; and
  - Prohibits PBMs from violating any provision of the public health law applicable to PBMs
  - Disclosures to health plans are required to be kept confidential only if designated proprietary or trade secret by the PBM

- Establishes annual reporting requirements to DFS by the PBM which include:
  - Any pricing discounts, clawbacks, rebates of any kind, inflationary payments, credits, fees, grants, chargebacks, reimbursements, incentives, inducements, refunds or other benefits received by the PBM;
  - The terms and conditions of any contract or arrangement, including financial reimbursements or incentives, inducements or refunds, including dispensing fees to pharmacies;
  - Reported information must be affirmed as true under penalties of perjury and failure to timely submit any of the reports could result in a civil penalty up to $500 per day; and
  - All documents, materials, or other information disclosed by a PBM which is in the control of DFS would be deemed confidential, and would not be disclosed either pursuant to FOIL or subpoena, and would not be discoverable or admissible as evidence in a private civil action.
- Limits employment, appointment or participation of any individual whose license or registration has been revoked by DFS, another state or territory of the United States.
- Rather than revoke or suspend licensure or registration, DFS may also require a PBM to pay $1,000 per violation and $2,500 for each subsequent violation or the aggregate gross receipts attributable to all offenses.
- Authorizes DFS to assess PBMs for the operating expenses of the department that are attributable to regulating the PBMs.

PART V– Streamline the Pre-Admission Process for Residential Treatment Facilities (RTFs)

- Streamlines the current admission process for psychiatric RTFs for children and youth to achieve a more efficient review.
  - Repeals the use of the Pre-Admission Certification Committee (PACC) and requires the Commissioner of Mental Health to consult the executive director of the council on children and families to establish an advisory board which shall replace PACC as the initial step for placement into an RTF.
  - Requires the Commissioner of Mental Health, Commissioner of Social Services and the Commissioner of the Office of Children and Family Services to adopt standards for admission of individuals to RTFs.
  - Authorizes the Commissioner of Mental Health to review applications for involuntary admission or transfer of patients.

PART W– Establish jail based restoration programs for county jails

- Adds “local jail mental health unit” to the definition of “appropriate institution” when it comes to units where a defendant may be held awaiting a court proceeding.
- Voluntary program for counties outside of NYC.
- The executive claims this proposal is expected to generate $1.7 million in savings.

PART X– Create a New Program for the Sex Offender Management and Treatment Act (SOMTA) Population

- Establishes within the Office of Mental Health a separate appointing authority of secure treatment and rehabilitation center for the care and treatment of dangerous sex offenders requiring confinement.
  - A "dangerous sex offender requiring confinement" is defined as a person who is a detained sex offender suffering from a mental abnormality involving such a strong predisposition to commit sex offenses, and such an inability to control behavior, that the person is likely to be a danger to others and to commit sex offenses if not confined to a secure treatment facility.
- Transfers mental health employees who are substantially engaged in the care and treatment of such sex offenders to the secure treatment and rehabilitation center; employees will remain in their current geographic location and civil service title and status.

PART Y– Extend Comprehensive Psychiatric Emergency Programs (CPEP) and Make Other Technical Amendments to Improve Operational Efficiency

- Extends for three years, through July 1, 2024, the authority of the Commissioner of the Office of Mental Health to designate facilities to operate CPEP which is set to expire on July 1, 2020.
- Lengthens the timeframe in which an individual could be retained for immediate observation, care and treatment in CPEP from 72 hours to 96 hours; applies to persons found to be a danger to themselves or others.
- Provides for triage and referral services to be provided by a psychiatric nurse practitioner or a physician of the program as soon as the person is received into CPEP.
  - Requires following triage the person shall be treated and discharged, or referred for further crisis intervention services.
  - Where a person is not discharged within six hours following triage and referral services, the person can be examined by a staff physician.
- Authorizes hospitals which operate CPEPs to operate CPEPs at satellite facilities, upon approval by the Commissioner.

PART Z– Establishes the Behavioral Health Parity Compliance Fund and Strengthens Efforts to Ensure Compliance with State and Federal Behavioral Health Parity Laws

- Authorizes the Superintendent of the Department of Financial Services and the Commissioner of the Department of Health, in consultation with the Commissioner of Addiction Services and Supports and the Commissioner of Mental Health to promulgate regulations prior to October 1, 2020 to establish mental health and substance disorder parity compliance program requirements which include policies and procedures for compliance, impermissible practices, requirements for training and education programs, public notification and remediation requirements and methods for designating an insurance employee responsible for ensuring parity compliance.
- Establishes the Behavioral Health Parity Compliance Fund which funds shall only be used for initiatives supporting parity implementation and enforcement on behalf of consumers, including the behavioral health ombudsman program.

- Violation penalties collected prior to October 1, 2020 will be deposited into the general fund and penalties collected after October 1, 2020 will be deposited into a newly established Behavioral Health Parity Compliance Fund.
- Establishes these provisions in both the insurance law and the public health law to allow enforcement by both entities.

PART AA– Justice Center Statewide Central Register Checks

- Provides the Justice Center the discretion to check the Statewide Central Register of Child Abuse and Maltreatment (SCR) to determine whether the subject of a report has been or currently is the subject of an indicated child abuse or maltreatment report on file with SCR.
  - Currently, the Justice Center is required to check the SCR during every investigation.

PART BB– Office of People with Developmental Disabilities Authority to Issue Operating Certificates

- Authorizes the Office of People with Developmental Disabilities (OPWDD) to issue operating certificates and provide oversight to providers of certain state plan Medicaid services that provide support services to individuals with developmental disabilities.
- Removes health homes from the definition of "provider" which would no longer require health homes to be subject to the Department of Health's criminal history record check process, removes language permitting providers to claim reimbursement for the cost of the criminal history record check process and removes health homes from provisions requiring providers to directly observe an devaluate temporary staff during the criminal history record check process.

TRANSPORTATION, ECONOMIC DEVELOPMENT, AND ENVIRONMENTAL CONSERVATION ARTICLE VII LEGISLATION S.7508 /A.9508

PART A – CHIPS Bidding Threshold Increase

- Increases the CHIPS bidding threshold from $250,000 to $750,000. This would allow municipalities the ability to undertake projects costing below this threshold on their own.

PART B – Penalties for Oversized and Unauthorized Vehicles

- Clarifies the weight threshold for a traffic violation of unauthorized commercial vehicles as being between 10,000 and 26,000 pounds.
- The penalties violating this threshold are as follows:
  - A first offense is punishable by a fine of not more than $1,000 or imprisonment of not more than fifteen days or by both fine and imprisonment.
  - A second violation within eighteen months results in a fine of not more $1,500 or by imprisonment for not more than forty-five days or both.
  - A third violation within eighteen months would result in a fine of more than $2,000 or by imprisonment of not more than ninety days or both.
- The fines for a traffic violation for vehicles above 26,000 pounds are increased as follows:
  - The fines for the first offense is increased from $350 to $5,000.
  - For a second violation, the fine is increased from $700 to $7,500.
  - For a third violation the fine is increased from $1,000 to $10,000.
  - Lastly, in addition to these increases in fines this section also allows for the suspension of the vehicle for a period not to exceed one year.
- Where the violation relates to the height of the vehicle, including a violation related to operation of a vehicle that exceeds the limitations of a city, this section establishes the following fines and imprisonment terms:
  - First offense: A fine of not more than $5,500 or by imprisonment for not more than thirty days or by both;
  - Second or subsequent offense: A fine of $7,000 or imprisonment up to sixty days or both.

PART C – HELP Trucks Rear Facing Blue Lights

- Defines a “Safety Service Patrol Vehicle” as: “A vehicle designated by the Commissioner of Transportation to provide highway incident management and motorist assistance by, among other things, clearing highways of disabled or damaged vehicles.” Safety Patrol Vehicles are then added to the list of vehicles the Commissioner is authorized to fit with rear facing blue lights.
- Further limits the placement of “one or more blue lights or combination blue and amber” to be rear facing only.
- Adds Safety Patrol Vehicles to the list of vehicles that every operator on the road must exercise “due care to avoid colliding with.”

PART D – Slow Down and Look Out for Highway Workers and Pedestrians Act of 2020

- Subpart A
  - Adds highway workers to the list of professions that current penal law punishes with enhanced penalties (Assault in the Second Degree), if a person tries to interfere with the lawful execution of their public duties.
  - Establishes the crime of "Menacing a Highway Worker," defined as someone intentionally attempting to place a highway worker in reasonable fear of death or imminent harm, as a Class E felony (penalty ranges from no jail with probation or imprisonment up to four years). Highway worker is defined as "[a]ny person employed by or on behalf of the state, county, city, town, or village, a public authority, a local authority, or a public utility company, or the agent or contractor of any such entity, who has been assigned to perform work on a highway."
  - Adds the violation of "Intrusion into an active work zone." Active work zone is defined as any section of the road "on which construction, maintenance, or utility work is being conducted." Violations of this intrusion constitute a class B misdemeanor punishable of not less than $200 and no more than $500 or by imprisonment up to three months or both.
  - Establishes the "Work Zone safety and Outreach" committee meant to design and implement a public outreach program to educate the public on highway zone safety.
- Subpart B
  - Exempts operators who move their vehicles to a location off the roadway after an accident from any violation of the law.
  - Authorizes "a police officer, or any person acting at the discretion of the Commissioner" to have the power to remove "cargo and debris" that obstructs or interferes with the use of the highway.
  - Exempts such an officer or person acting on the authority from the Commissioner from any liability of damage to vehicles or debris they move off of the road unless the removal was carried out in a "reckless or grossly negligent manner."
- Subpart C
  - Increases the fines for striking a pedestrian or bicyclist and causing physical injury while failing to exercise due care from $500 to $1,000. The fines for causing "serious" physical injury is increased from $750 to $1,500.

PART E – Tandem Truck Access Routes Thruway Cash Tolling (AET/ORT)

- Expands tandem truck access to off the highway in certain narrow and specifically designated areas of the state where cashless tolling is being setup.

PART F – Thruway Fiber Leases

- Allows the Thruway Authority to dispose of property for the use of its fiber optic system through agreements that do not require a public auction nor explanatory statements.

PART G – Thruway and Bridge Authority Merger

- Abolishes the New York State Bridge Authority and merges it with the Thruway Authority. As a condition of the merger, the Bridge Authority is required to have first paid in full all prior "covenants, agreements and obligations to the holders of bonds, notes or other obligations issued or incurred under any bond resolution." The Thruway Authority would then assume responsibility of all former Bridge Authority "acts, orders, determinations, etc., including the Cross-Hudson Bridge system, which is placed under the authority of the Bridge Authority (before it abolishes it). This proposal consolidates operation of the state's toll bridges north of New York City under the Thruway Authority.
- Adds an additional member to the Thruway Authority board that must reside from one of the following counties: Orange, Rockland, Westchester, Putnam, Dutchess, Ulster, Greene or Columbia."

PART H – Airport Safety

- Offers "an alternative to the penalties" provided in § 1220-b of the Vehicle and Traffic Law (VTL) regarding unlawful solicitation of ground transportation services at an airport which are as follows:
  - 1st violation: Fine of $300 and upon notice the Commissioner is authorized to suspend the driver's license for thirty days.
  - 2nd violation: Fine of $5,000 and suspension for ninety days.
  - 3rd and subsequent violations: Fine of $10,000 and suspension for one hundred and eighty days.
  - If the violator is the owner of the vehicle the Commissioner is authorized to suspend registration of the vehicle for the same amount of days that a driver's license can be suspended for each violation.
  - An individual who knowingly solicits or attempts to solicit another for the unlicensed provision of any business that violates this section, the first offense is a fine of three thousand dollars, $5,000 for a second, and $10,000 for any third or subsequent violation.
  - The Commissioner is then given the authority to deny any registration or renewal of an operators vehicle if they are found in violation. Moreover, upon a second violation the Commissioner is authorized, pursuant to a special pleading under a clear and convincing standard, the forfeiture of any motor vehicle used in the second violation. If the charge is dismissed the vehicle is not subject to this forfeiture.
  - If the operator fails to appear this section also authorizes a default judgment

PART I – Metropolitan Transportation Authority (MTA) Bond Cap Increase

- Increases MTA bond caps to reflect capital spending in the 2020-2024 MTA Capital Plan, and extends MTA bonding authority through 2024.

PART J – Metropolitan Transportation Authority (MTA) Procurement Reform

- Makes a number of existing procurement provisions.
- Makes a number of changes to MTA procurement, including:

- Exempts design build contracts solicited through a competitive RFP from procurement rules.
- If the MTA receives no bids or only one bid to allow them to negotiate with any firm capable of providing the service.
- If the MTA decides to change specifications or terms after the initial bids have been received, they can do so without additional public advertisements.
- Allows the MTA to award contracts worth less than $5 million for emerging technologies on a reduced timeline.

PART K – Metropolitan Transportation Authority (MTA) Tax Increment Financing

- Extends the authority for municipalities within the metropolitan commuter transportation district to share property tax revenue on real estate value that results from MTA capital projects from April 1, 2021 to December 31, 2024.

PART L – Metropolitan Transportation Authority (MTA) Right of Way Clearance

- Authorizes the Long Island Rail Road and Metro-North Railroad to enter private property without the need for licenses, permits, permissions, approval, or order from a court for the purpose of removing or trimming vegetation.
- Except in cases of "imminent threat of harm", the property owner must be notified.

PART M – Toll Enforcement

- Makes toll evasion a theft of services crime.
- Prohibits drivers from obscuring their license plates for the purpose of toll evasion.

PART N – Metropolitan Transportation Authority (MTA) Worker Assault

- Makes it a felony to attack and physically injure a MTA worker.
- Current law provides protections to some transit workers, this proposal would expand the list of workers that are protected.

PART O – Metropolitan Transportation Authority (MTA) Worker Harassment

- Adds MTA workers to the list of individuals protected under Section 240.30 of the Penal Law - Aggravated Harassment of a Transit Worker in the 2nd Degree.
  - A violation would be a Class A misdemeanor

PART P –Subway Sex Offender Ban

- Authorizes courts to issue temporary order of protections against individuals with pending criminal actions involving unlawful sexual conduct in MTA facilities. Prohibits the individual from using the transit services until the conclusion of the case. If the individual is convicted, the court can use an order of protection for up to three years.

- Creates the crime of transit trespass when an individual violates the order of protection
  - Class A misdemeanor
- The MTA may issue a prohibition order if an individual has been convicted of three or more sexual offenses against MTA workers or other passengers or if the individual is a level three sex offender.
  - An individual subject to a prohibition order may not use or enter the MTA's subways, trains, buses or other conveyances or facilities for three years.

PART Q – Place Responsibility for Mailing a Copy of Service of Process on Plaintiffs Rather Than the Department of State (DOS)

- Amends the procedure for service of process through the Secretary of State by requiring plaintiffs to directly mail a copy to defendants. This is a role the Department of State has maintained since the 1840s to allow plaintiffs to serve corporations with certainty, and to allow corporations, through their registering agency, to receive proper notice of legal action against them. Despite the fact that corporations are one of the largest sources of tax revenue, this proposal would remove this protection based upon the argument that it would remove an administrative burden to the State.

PART R - Extends for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents

- Extends for one year the ability of the Department of State to charge additional fees for expedited and special handling of documents. Current authority expires March 31, 2020. This authority has been extended continually since 2003.

PART S – Pink Tax

- Prohibits any person or entity from selling substantially similar goods or services to different genders for different prices.
- Requires certain service providers to post price lists for standard services and to post notice that gender based price discrimination is prohibited.
- Businesses that violate the law would be subject to civil penalties not to exceed $25,000.

PART T – Robocalls

- Requires telephone providers to offer call-blocking services to their customers free of charge.
- Failure to comply with this law will subject providers to penalties of up to $100,000.
- Imposes new restrictions upon the use of automatic dialing systems.
- Prior to acting as a telemarketer, an individual would be required to receive a certificate of registration from the Department of State.

PART U – Adds the "E-Pluribus Unum" Motto to the State Flag

- Adds the motto "E Pluribus Unum" to the State Seal, beneath the current state motto "Excelsior". The change enacted by this part would apply to anywhere the State Seal is displayed, including on the New York State Flag.
- "Excelsior", the present state motto, was adopted by New York's first state legislature in 1778. A Latin phrase, meaning "ever upward", it had iconic and deep meaning for the founders of our state and nation. As New York led the revolution with combat operations in 1777, including the historic defeat of British forces at Saratoga, it contemporaneously adopted one of the nation's first constitutions, held its first elections for state offices, and adopted its state motto ("Excelsior"), all in the midst of war and combat occurring within the state. In so doing, it proved to all of America, and the world, that it was an aspirational leader, with soaring hopes, dreams and accomplishments. When New York City became the nation's first capital twelve years later in 1789, our new federal government, led by then President George Washington, saw him declare that New York was a state upon which America could build an empire. Such statement became the basis for the state's slogan "the Empire State".
- "E Pluribus Unum", the motto of the United States, and which appears on the Great Seal of the United States, was first adopted by the Continental Congress in 1776. A Latin phrase, meaning "out of many, one", its symbolism does not suggest, however, as the Executive asserts, anything to do with people (or the diversity of people supporting common goals). Instead, such phrase, was adopted by the founders, to demonstrate the coming together of the individual states into one national government and cause. Such is why the eagle on the Great Seal of the United States, upon which the E Pluribus Unum Motto is emblazoned, is seen holding thirteen arrows in one hand and an olive branch with 13 leaves in the other, thereby symbolizing the unity of the 13 original states, joining together, into one national government. Accordingly, adding this federal motto to the New York State Great Seal offers the effect of mischaracterizing important symbolism, and actually depreciating its real meaning.

PART V – Removing Unnecessary Barriers to Obtaining Occupational Licensing

- Current law requires individuals applying for occupational licenses to be citizens or green card holders. This proposal repeals that requirement for the following licenses:
  - Notary public
  - Real estate brokers and salesmen
  - Private investigators, Bail enforcement agents and watch, guard and patrol agencies.

PART W – Home Inspector Examination

- Authorizes the Secretary of state to offer an alternative examination from the National Home Inspector Examination current law only allows.

PART X – Nuisance Fee Elimination

- Eliminates eliminate the biennial fee associated with Department of State (DOS) filings and expands LLC filing requirements.
- Repeals Business Corporation Law §408 (8) which authorizes the Commissioner of Taxation and Finance and the Secretary of State to enter into an agreement allow corporations to provide the information filed on a tax report to the Department of Taxation and Finance in lieu of the biennial statement required by DOS. The Department of Taxation and Finance would then transmit the relevant information to DOS. This provision would revert to requiring corporations have to file both. It is unclear whether DOS and Department of Taxation and Finance have entered an agreement to streamline the filing requirements.
- Amends provisions of law to provide that when a document is rejected by DOS and the cause is cured within 30 days, the date of filing shall be deemed the date that the document was originally submitted.
- Disallows filing fees and repeal other fees.
- Repeals Section 409 of the Business Corporation Law related to the penalty for failure to file.
- Amends Section 96 of the Executive Law which governs DOS in regard to fees and refunds to change a requirement from "shall" provide information regarding it's filings to "may" provide such content via a website maintained by DOS.
- Expands disclosure requirements on Limited Liability Corporation (LLC) filings to require managers appointed or elected and the names the ten largest shareholders.
- Repeals the Commissioner of Taxation to apportion income under certain circumstances.

PART Y – 18-A Assessment Revenue to Fund Agencies Utility oversight Expenses and Cable TV Assessment Revenue for the Agencies to Fund Health Campaigns

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

PART Z – Greatly Expand the Department of Public Service's Ability to Assess Sanctions against Regulated Entities

- Makes it much easier for the Department of Public Service to begin a civil action against an electric or gas corporation and reduces the Department's burden of proving its case by removing the word "reasonably" as a defense. It will also apply these actions to Cable Corporations, Telephone Corporations, and Water-works corporations.
- By removing the word "reasonably" it assumes that every regulated corporation is aware of every violation of the provisions of the Public Service Law. This will make it much easier for the Department to find corporation not in compliance.
- Allows the Commissioner (i.e. the Executive), not the Commission to commence proceedings against corporations.

PART AA - Requiring Net Neutrality for all Internet Service Providers and all Providers that Contract with the State

- Requires that all Internet Service Providers (ISPs) comply with new Net Neutrality provisions.
- The new provisions requires that an ISP must get annually certified with the PSC beginning July 1, 2021 that the ISP is in compliance with the Net Neutrality rules.
- The new rules outlaw ISPs from:
  - Blocking lawful content, applications, services or non-harmful devices
  - Throttling, altering, restricting, interfering with or favoring or disadvantaging any content, application, traffic or service
  - Engaging in deceptive marketing practices
- Any violation of these new rules will result in a fine of up to $500 per violation, per day
- State agencies are prohibited from entering into contracts with any ISP that does not comply with the new Net Neutrality rules.

PART BB – Siting Rules for Small Wireless Facilities Deployment

- Establishes uniform rules for siting small wireless facilities (SWF), such as the facilities used in a 5G network by creating a new Article 13-E in the General Municipal Law
- A municipality may charge a one-time application fee
- The uniform rules require that the municipality cannot discriminate against or favor any one carrier, and may not deny the placement of any wireless facility within a right of way as long as it technically feasible. Such placement is not subject to zoning review or approval. Historic districts carry special rules for neutral design or concealment
- A municipality may not charge for a right of way if the municipality already charges another user for that right
- The placement of such facilities must adhere to certain requirements regarding traffic and pedestrian safety
- No municipality may institute any type of moratorium on processing applications or permitting these facilities
- Rates and fees that a municipality may charge a wireless provider will be governed by section 304 of the new Article 13-E:
  - Application fee is not to exceed the actual reasonable costs incurred by the municipality but not to exceed $500 for the first five SWFs on the same application and $100 for each additional SWF, $1,000 for the installation, modification, or replacement of a utility pole together with colocation of a SWF
  - Right of Way fee shall not exceed the greater of direct costs or $20 per year per SWF
  - Collocation fee on a municipalities pole shall not exceed the greater of direct costs or $250 per pole per year
- Grants the Commissioner of Transportation the authorization to enter into statewide agreements with wireless carriers for locating SWFs on the state's rights of way.

PART CC - Extends the authorization of the Dormitory Authority of the State of New York DASNY) to form subsidiaries

- Extends the authorization of DASNY to form subsidiaries until July 1, 2024
- Current authority expires July 1, 2020

PART DD – Makes the Infrastructure Investment Act (IIA) permanent

- Includes state agencies and other entities that engage in vertical construction projects
- The definition of "authorized entity" under the IIA would be expanded to include the following:
  - Office of General Services (OGS)
  - Dormitory Authority of the State of New York (DASNY)
  - Urban Development Corporation (UDC)
  - SUNY Construction Fund
  - New York State Olympic Regional Development Authority
  - Battery Park City Authority
- Authorizes the entities listed above to use the design build project delivery method on vertical structures while including a prohibition on transferring job duties normally performed by public employees to the contracting entity.
- Sunsets the IIA on July 1, 2023 but accompanying memo indicates that the Act would be made permanent.

PART EE – Extends the authorization of the Urban Development Corporation (UDC) to administer the Empire State Economic Development Fund

- Extends the authorization of UDC to administer the Empire State Economic Development Fund until July 1, 2024.
- Current authority expires July 1, 2020.

PART FF – Extends the general loan powers of UDC

- Extends the general loan powers of UDC until July 1, 2024.
- Current authority expires July 1, 2020.

PART GG – Amend Economic Transformation Program Eligibility

- Amends eligibility for the Economic Transformation Program for communities affected by prison closures.
- Under current law, to qualify for funds, a prison in a community must have closed by March 31, 2012. This proposal removes the cut-off date.

PART HH – Annual Authorization for NYSERDA to Receive 18-A Assessment Funds

- The FY 2021 Executive Budget includes the annual authorization for NYSERDA to finance a portion of its research, development and demonstration, policy and planning programs, and Fuel NY program from assessments on gas and electric corporations pursuant to section 18-a of the Public Service Law.
- Authorizes collection of an amount not to exceed $22.7 million in assessments (an increase of $3 million over the previous year), and includes sub-allocations of:
  - $4 million (an increase of $3 million over the previous year) to the General Fund for expenses of DEC for the climate change program
  - $150,000 to the General Fund for expenses of NYSDAM for the Fuel NY program; and
  - $825,000 for the University of Rochester laboratory for laser energetics.

PART II – Expand the Definition of "Immediate Family Member" in Farm Labor Statute

- Amends the definition of "immediate family member" in the labor law relating to farm workers to apply to family related to the third degree of consanguinity or affinity.
- Under current law, immediate family members are exempted from certain labor provisions such as:
  - A day of rest, overtime, and collective bargaining.
- Attempts to address the ambiguity that the Farm Laborers Fair Labor Practices Act of 2019 left many extended family members that are often directly involved in the management, or have equity stakes, in their family farm.

PART JJ – Amend General Municipal Law to Apply Federal Procurement Procedures and Discretionary Limits to Child Nutrition Programs as a Way to Increase the Purchase of Locally Produced Foods in New York Schools

- Eliminates the current procurement limit that boards of education and BOCES are to purchase food from New York producers and apply federal procurement procedures.
  - Current law requires permission from State Education Department, and a formal bid process, for districts that seek to purchase over $50,000 in goods.
  - Federal procurement does not require quotes for purchases $10,000 or less (known as Federal micro-purchases) and purchases up to $250,000 (Federal simplified acquisition threshold) will require a certain number of quotes instead of a bid process.

PART KK – Assist Low-Income Communities with Financing Water Infrastructure Improvements

- Authorizes the Environmental Facilities Corporation (EFC) to offer local governments' 40-year financing through the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund for projects that qualify for zero-percent interest rates due to demonstrated financial hardships.
- The maximum maturity of these municipal bonds would not exceed 40 years.

PART LL – Expands the Authority of the Department of Financial Services to License Debt Collection Entities

- Provides the Department of Financial Services (DFS), with statutory authority to license debt collectors, operating in New York State. DFS could thereby fine such collectors, or suspend or revoke their license, should they not comply with DFS regulations.
- Presently, debt collectors are regulated under federal law, in accordance with the Fair Debt Collection Practices Act, by the United States Consumer Financial Protection Bureau. Additionally, in 2014, DFS, by their own accord, also issued regulation one, to do by regulation, what is now being proposed by Executive, through the addition of a new Article VII to the Banking Law, under this proposal.
- This statutory expansion of DFS authority, sought by this proposal, can be seen as presenting a serious issue of potential state/federal regulatory conflict, since this activity is already regulated by a prominent federal agency, with all the powers of the federal government.
- This proposal may also have the effect of substantially increasing the cost of collecting debt, thereby limiting credit availability, and raising interest rates for those who really need access to credit services.

PART MM – Expands the Authority of the Department of Financial Services to Regulate Student Loan Debt Relief Companies

- Authorizes the Department of Financial Services (DFS) to regulate Student Loan Consultants (SLCs). SLCs, are entities that reportedly assert they can help borrowers seek financial relief from their student loans.
- According to the Executive, however, none of these SLCs are actually based in New York State, nor can they presently, legally offer any actual financial services, since student loans, due to their non-dischargability in bankruptcy, are basically without ability to be compromised in settlement. (and although refinancing programs can occur, these SLCs, sought to be regulated by DFS, allegedly do not offer such refinancing services).
- It is unclear on how DFS can effectively regulate out of state entities, that are merely electronically advertising in, and/or telephoning into New York.

PART NN – Protecting New York Consumers from Unfair and Abusive Practices by Strengthening New York's Consumer Protection Law

- Gives the Department of Financial Services (DFS) the authority to proceed directly against unlicensed entities using the same administrative hearing procedures DFS uses for licensed entities.
- Expands the definition of a financial product or service to include small businesses; the sale or provision to a consumer or small business of any security, investment advice or money management device; any warranty sold to a consumer or small business or any guarantee or suretyship provided to a consumer; any merchant cash advance provided to a consumer or small business or any contract involving the above.
- Removes from the definition of financial products or services the exception for financial products or services regulated under the exclusive jurisdiction of a federal agency or authority, regulated for

the purpose of consumer or investor protection by any other state agency, or state department or state public authority.

- Sets the regulatory framework regarding restitution and the penalties associated with unlicensed actors and increases the financial penalty for unscrupulous acts from $5,000 per offense to the greater of $5,000 for each offense or a multiple of two times the aggregate damages or two times the aggregate economic gain attributable to the offense.

PART OO – Fighting Elder Financial Fraud

- Authorizes banks to deploy a transaction hold on the account of a vulnerable adult when there is reasonable basis to suspect financial exploitation.
- During a transaction hold, the account holder would have access to funds to meet housing, living and emergency expenses.
- Allows the Department of Financial Services to develop a financial exploitation certification program for banks to bolster training and education in financial exploitation.

Part PP – Ban Single-Use and Loose-fill Polystyrene Products

- Beginning on January 1, 2022, no store or covered food service provider would be allowed to sell, offer for sale, use, or distribute disposable food containers or beverage containers that contain expanded polystyrene foam or polystyrene loose fill packaging (packing peanuts).
- Exemptions would include:
  - Prepackaged food filled or sealed prior to receipt at a covered food service provider;
  - Raw meat or raw fish sold for the purpose of cooking or preparing off-premise; and
  - Covered food service providers that demonstrate an undue financial hardship, as determined by the Department of Environmental Conservation (DEC).
- DEC would be authorized to undertake a review of additional product packaging to regulate, limit for sale, use, or distribution based on the environmental impact of such products.
- Penalties:
  - Any person who violates the ban would be liable for a civil penalty of up to $250 for the first violation, up to $500 for the second violation, up to $1,000 for the third violation, and up to $2,000 for the fourth and subsequent violation.
  - Fines collected, would be sent to the Environmental Protection Fund.

Part QQ – Authorize the $3 billion Environmental Bond Act of 2020 "Restore Mother Nature" to be submitted for voter approval in November 2020

- Authorizes the issuance of $3 billion of general obligation bonds to statewide environmental restoration projects though the Environmental Bond Act of 2020.
- Authorizes the State to incur $3 billion of debt on the form of tax-exempt general obligation bonds sold by the Office of the State Comptroller to finance capital projects to restore habitats, protect open space, and expand the use of renewable energy, among others.
- This act would be required to be on the November 2020 ballot and approved by voters of the State.

Part RR - Implementation of the Environmental Bond Act of 2020 "Restore Mother Nature"

- Authorizes the allocation of funding for approved projects to finance statewide environmental improvements that would restore habitats and reduce flood risk, enhance shoreline protection, forest preservation, development of fish hatcheries, development and improvement of park, campground, nature center, and other state recreational facilities etc.
- Establishes a new fund in the state finance law, the Restore Mother Nature Bond Fund, which would hold bond proceeds and direct the Comptroller to issue bonds based on projects expected lifespan.
- This bill is subject to passage upon voter approval in the November 2020 general election.

Part SS - Product Stewardship Program

- Creates a product stewardship program for the recycling of carpets and mattresses.
- Authorizes the development of a framework to create future stewardship programs.
- Requries that any producer that manufactures a product covered by the program that is sold, offered for sale, or distributed in the state under the manufactures name, must be represented by a steward organization.
- The program would provide for the collection, transportation, reuse, recycling, or correct management for the disposal of covered products.

Part TT – Improvements to the Freshwater Wetlands Regulatory Program

- Amends New York's Freshwater Wetlands Act to allow for the proper updates to outdated maps and support efforts to conserve and restore natural resources (at-risk species and the wetlands they inhabit).

Part UU – Requires changes necessary to complete the Bay Park Conveyance Project

- Authorizes the establishment of temporary and permanent easements in order construct a sewer main beneath certain parklands in Nassau County necessary to complete the Bay Park Conveyance Project.

Part VV – Financial Security for the Plugging and Site Reclamation of Regulated Wells

- Classifies and reclassifies wells or affected lands as abandoned or orphaned for enforcement purposes. This authority would provide the state to classify a well or affected land as having been "abandoned" or "orphaned".
- This authority is needed for enforcement purposes because when operators in this state abandon wells without proper plugging and site reclamation, the existing amounts of financial security are insufficient to properly plug these holes.

Part WW - Ban Fracking

- Establishes a permanent ban on fracking statewide by restricting the Department of Environmental Conservation from accepting permits that authorize an applicant to drill, deepen, plug back, or convert wells that use high volume hydraulic fracturing to capture natural gas.

PART XX – E-Bikes

- Mirrors legislation (S5294-A, Ramos) that creates three classes of e-bikes, which are:
  - Class 1: pedal-assist bikes capped at twenty miles per hour.
  - Class 2: throttle-controlled bikes capped at twenty miles per hour.
  - Class 3: Throttle-controlled bikes capped at twenty-five miles per hour, which are only permissible in NYC, and all Class 3 riders must wear a helmet.
- In a break with last year's legislation, this proposal limits the maximum speed for e-scooters at fifteen miles per hour.
- Riders will be required to be at least sixteen years old and any rider under eighteen years old will be required to wear a helmet. Additional safety features include requirements for reflective materials, front and rear lights, as well as bells or other audible signal devices. Riders cannot operate on sidewalks and are required to use bike lanes where they exist, and only on roads with posted speed limits of thirty miles per hour or less.
- Allows the governing body of any county, city, town or village to enact additional regulations on, including a total ban if they so choose.

PART YY – Extend Authorization of Revenues and Costs for the DHBTF

- Repeals the sunset and therefore makes permanent the Dedicated Highway and bridge Trust Fund.

PART ZZ – Extends the New York State Point and Insurance Reduction Program for Two Additional Years

- Extends the New York State Point and Insurance Reduction Program (PIRP) for two additional years, until April 1, 2022.
- In 2005, the legislature first enacted the New York State Point and Insurance Reduction Program, by amending the insurance law and the vehicle and traffic law, to establish an educational course program for defensive driving and accident prevention.
- This comprehensive PIRP course, operated under the oversight of the Department of Motor Vehicles and the Department of Financial Services, provides knowledge and techniques for safe and lawful driving, and is offered by private companies and organizations, using strict standards for the type of information presented. Successful completion of such a course offers graduates the ability to remove up to four points from their driving record, or a ten percent reduction on their annual automobile insurance premium.
- This highly successful program has been routinely extended every two years since its inception.

Part AAA - E-Scooters

- Authorizes counties, cities, towns or villages to authorize and regulate shared electric scooter systems.
- Requires that these scooters must have a maximum speed limit of 15 miles per hour, be operated by an individual sixteen years or older, with every operator under the age of eighteen required to wear a helmet.
- No operator may carry any other passenger or any package, bundle or article that prevents keeping one hand on the handlebar.
- Limits operation of such scooters to roadways with a posted speed limit of 30 miles per hour or less, use is prohibited on all sidewalks, and all operators must obey all vehicle and traffic laws applicable to the operation of a motor vehicle.

Part BBB - Consolidation of the Centers of Excellence into the Centers for Advanced Technology Program

- Repeals Article 19 of Economic Development Law, which authorizes Centers of Excellence.
- Allows the existing Centers of Excellence to apply to become Centers for Advanced Technology.
- According to the Executive, this would allow the State to capitalize on the Centers with the highest performance. It should be noted however, that nothing in this proposal establishes or defines what those performance metrics would be.

Part CCC - Authorize NYPA to Create a Captive Insurance Company

- Authorizes the New York Power Authority (NYPA) to create a subsidiary corporation for the purposes of forming a pure captive insurance company.
- The captive insurance company will self-insure assets of NYPA to insure assets:
  - That are not currently insured;
  - Are cost prohibitive to insure;
  - Are not insurable on the traditional market;
  - That may be eligible for Federal reimbursement if damaged in a terrorist attack (TRIP program).
- Amends the tax law so that the NYPA captive is exempt from all taxes and fees.

Part DDD – Transfer of Pier 76 to Hudson River Park

- Amends the Hudson River Park Act of 1998 to require the City of New York, by December 31, 2020, to vacate Pier 76, which currently serves as a Tow Pound for NYPD.
- Transfers control of the Pier to the Hudson River Park Trust.
- Sets up limitations and requirements on the redevelopment as it relates to open space uses, as well as park and commercial.

PART EEE – Make Permanent the New York Buy American Act

- Makes the Buy American Act of 2017 (S6639A, Robach), permanent. The Buy American Act provides that all contracts over one million dollars in value and made and awarded by any department or agency of the state for the construction, reconstruction, alteration, repair, maintenance or improvement of any roads or bridges shall contain a provision that the iron, steel and concrete used or supplied in the performance of the contract or any subcontract thereto and permanently incorporated into such road or bridge, shall be produced or made in whole or substantial part in the United States, its territories or possessions. It also enacts provisions relating to a working group between NYS and Canada.

PART FFF – Require Prevailing Wage to be paid on Certain Private Construction Projects

- Requires prevailing wage requirements on all "covered projects" where public funds are covering at least 30 percent of overall construction costs and such costs exceed $5 million.
  - The term public funds is defined as virtually every conceivable government grant, subsidy, tax credit, tax abatement, etc., that exists.
  - The only tax "break" that receives a carve out exception to this rule is for projects receiving the formerly known 421a (now called Affordable New York), and developments initiated by homeowners where the owner owns no more than four dwelling units and for work performed under contract with a not-for-profit.
- Identifies exceptions to affordable housing projects as follows:
  - Where at least 30 percent of the apartments are set aside for residents making 80 percent or less of the area median income for the last fifteen years;
  - Where no less than 35 percent of the residential units involves supporting housing for vulnerable populations; and
  - "Any other affordable or subsidized housing as determined by the Public Subsidy Board.
- Other project exceptions include work performed on a "manufactured home park," work performed under a pre-hire collective bargaining agreement, work performed on projects funded by the Urban Development Corporation Act or the Downtown Revitalization Initiative, work performed relating to the installation of renewable energy systems with a capacity equal to five megawatts alternating current, work performed on supermarket retail space built or renovated with tax incentives provided by the Food retail Expansion to Support Health (FRESH) program, work performed for interior fit-outs and improvements under 10,000 square feet through small business incubation programs operated by the NYC Economic development Corporation, and finally work performed on projects receiving Brownfield tax benefits.
- Newly created Public Subsidy Board:
  - Eleven members, all appointed by the Executive.
  - Tasks include determining the impact of the prevailing wage requirements set forth in this proposal, and, if necessary, recommend adjustments as to what projects should qualify at what thresholds.
  - The Board is also empowered to issue binding determinations to any public entity, private or not-for-profit owner or developer related to an existing or potential covered project.

PART GGG – Establish the New York Digital Marketplace Worker Classification Task Force

- Adds new language regarding the "Classification of Digital Marketplace Workers" and duties of the task force to address the conditions of employment and classification of workers connected to customers via the internet.
- The Task force includes eleven members including business and labor representatives as well as an appointee by the Senate and Assembly, with the Executive appointing the remaining seven members. On or before May 1, 2020 the task force must submit to the Executive its findings.
- Authorizes the Commissioner of the Department of Labor the broad authority to make classifications determining whether a "digital worker" worker is an independent contractor or an employee if the legislature does not pass a bill to address the issue between May 1st and the end of Session on June 2nd.

REVENUE
ARTICLE VII LEGISLATION
S.7509 /A.9509

PART A – Makes Warrantless State Tax Debt Collection Methods Permanent

- This part would permanently extend the authority of the Commissioner of Taxation and Finance to:
  - Use the financial institution data match system for collection of fixed and final tax debts
  - Serve income executions(wage garnishments) on individual tax debtors and, if necessary, on the employers of such debtors, without filing a warrant.

PART B – Extend the Hire a Vet Tax Credit for Two Years

- The Executive proposes extending the Hire a Vet Tax Credit until 2022. The current credit, which was last extended in 2018, is set to expire in 2020.
- The Executive estimates this proposal would decrease State revenue by $5 million per year in FY 2023 and FY 2024.

PART C – Oil and Gas Producers' Unit Production Value Fee

- The Executive proposes to renew for three years, the fees paid by oil and gas producers for administrative costs associated with setting the units of production values for oil and gas property by the Department of Taxation and Finance. The annual fees, which have been unchanged since their enactment in 1992, are based on annual production.
- The units of production values are used by assessors to determine a uniform statewide assessed value on property for property that is used for oil or gas production.
- These fees were last extended in 2017.
- The Executive estimates revenue of approximately $40,000.

PART D – Reduced Tax Rate on Small Business

- This proposal would reduce the rate that corporate franchise tax payers with business income up to $390,000 from 6.1 percent to 4.0 percent beginning January 1, 2021. However, any taxpayer with business income over $390,000 will continue to pay a tax rate of 6.1 percent.
- This proposal also makes the Investment Tax Credit under the corporate franchise tax (CFT) and personal income tax (PIT) refundable for eligible farmers.
- Increases the small business/farmer business income exemption from 5 percent to 15 percent for tax years beginning in 2021, but fails to increase the very narrow base. This tax reduction will only pertain to sole proprietors and farms that employ at least one employee with net business or farm income less than $250,000.
- Removes the penalty for underpaying estimated tax for S-corporations.
- These changes are estimated to save taxpayers $39 million in FY 2022 and $42 million when fully effective.
- S.943 (O'Mara) offers real relief to small businesses, by greatly expanding the number of businesses eligible for the PIT exemption, increasing the PIT exemption to 20 percent for farmers, increasing

the income threshold for Corporate small businesses to $400,000 graduating to $500,000 and lowering the CFT to 2.5 percent. These reductions would save small businesses and farmers $464 million when fully annualized.

PART E – Cap Long Term Care Credits

- This proposal would place an annual cap of $1,500 on the amount of Long Term Care Credits.
- Restricts the credit to only those taxpayers with Adjusted Gross Income of less than $250,000.
- This would increase taxes by $28 million annually beginning in FY 2022.

PART F – Authorize Tax and Finance to Provide Unclaimed Tax Benefits

- This proposal would allow the Commission of Taxation and Finance to change a tax filer's return from an itemized deduction to the standard deduction if the change would reduce the filer's tax liability.
- The Commissioner would also be allowed to give an Earned Income Tax Credit (EITC) to a filer if the filer would qualify for the EITC but did not claim it.
- This part would make the identical changes to New York City's tax code.
- This part is estimated to reduce receipts by $2 million annually.

PART G – Enhance the Empire State Child Tax Credit

- This part would allow an Empire State Child Tax Credit for a child under four years old for tax filers that have an Adjusted Gross Income of $50,000 or less. Currently the tax credit only applies to children that are at least four years old but less than 17 years old.
- This is estimated to save taxpayers $157 million annually beginning in FY 2023.

PART H – Change the Tobacco Products Tax

- The Executive would amend the definition of "wholesale price" from the established price of the tobacco product to the invoice price when the manufacturer or other person sells the product to a distributor.
- This proposal would repeal the statutory presumption that in the absence of an established price of such tobacco products, the wholesale price is the invoice price.
- Additionally, this proposal would include the Federal excise tax in the tax base.
- The Executive estimates that this would increase All Funds receipts by $10 million in FY 2021 and $23 million annually thereafter.

PART I – Enhances Cigarette Tax Enforcement and Penalties

- Enhances cigarette tax enforcement and licensing penalties against retail dealers who sell unstamped or unlawfully stamped cigarettes, as well as certain persons affiliated with those retailers.

- Requires Division of State Lottery and State Liquor Authority, after an opportunity for a hearing, to suspend or revoke the lottery sales agent and liquor licenses of persons whose retail dealer registrations have been revoked, for the duration of the retail dealer revocation.
- Authorizes Department of Taxation and Finance to suspend or revoke a retail dealer's sales tax certificate of authority when its registration to sell cigarettes has been suspended or revoked. The certificate of authority will affect all selling locations associated with the owner of the certificate while the registration only affects a single location.

PART J – Makes Technical Amendments Related to Alcoholic Beverage Taxes

- Eliminates the current Alcohol Beverage Tax of one cent per liter tax on liquor containing less than two percent alcohol by volume.
- Creates uniformity in the application of the inter-distributor exemption in Tax Law §424(1)(g) by extending it to include every entity registered as a distributor with the Tax Department.
- Updates and conforms thresholds for the exemption from the annual reporting requirements of Tax Law §1136(d)(1)(C) for small producers, to the State Liquor Authorities' annual production caps for farm producer licenses.

PART K – Updates Criminal Tax Fraud Statutes

- Amends tax fraud statutes to eliminate intent requirement and clarify that tax fraud statutes apply when an individual commits any tax fraud act that deprives or defrauds the State or its political subdivisions of tax liabilities.
- Amends the tax fraud aggregation provisions to allow a single count of tax fraud to be filed against a person for the total amount deprived or defrauded, over multiple years, when the fraudulent acts of such person is shown to have been pursuant to a common plan or scheme.
- Adds new provisions to hold tax preparers criminally accountable when they file, or cause to be filed, ten or more tax returns that they know to be materially false with intent to evade or reduce taxes owed or to cause unlawful refunds.

PART L – Extend Excelsior Credits for 15 Years and Adds Green Projects to Eligibility

- This proposal would extend the availability of the Excelsior Credits for 15 years and add $200 million to the pool of credits beginning in 2025.
- Gives the Commissioner the discretion to reduce the jobs credit to less than 6.85 percent of wages (apparently ESDC has already been doing this in practice even though the law clearly states that the credit calculation is "the product of gross wages paid and 6.85 percent.")
- Adds a new class of credits by adding "Green Project", which is deemed by the Comissioner to make products or develop technologies that are aimed to reduce greenhouse gas emissions and support clean energy. Green projects would get enhanced credits:
  - Wage credit would be up to 7.5 percent of wages; non-green projects are up to 6.85 percent
  - Investment tax credit would five percent; non-green projects is two percent
  - Research and Development credit would be eight percent; non-green projects is six percent

PART M – Film Tax Credit Changes

- This proposal would reduce the credit rate from 30 percent of eligible costs to 25 percent of eligible costs and extends the $420 million credit pool for one additional year to 2025
- Makes a clarification as to which tax year the credit can first be claimed so that it is the "..first taxable year beginning immediately after the allocation year…"
- A single episode of a television series would no longer be eligible for the credit.
- Removes variety shows (e.g. Saturday Night Live) from the definition of eligible film for any show that has not been conditionally eligible for the credit prior to April, 1 2020.
- Establishes a minimum budget for a film to be qualified for the credits:
  - For NYC, Westchester, Rockland and Long Island - $1 million
  - For all other counties - $250,000
- Also reduces the credit rate for the Post Production Tax Credit from 30 percent to 25 percent for costs occurred in the MTA region and from 35 percent to 30 percent elsewhere in the state.

PART N – Provides Local Option for Placing Converted Condos into Homestead Class

- Homestead Class properties are taxed at a lower rate than non-Homestead Class properties
  - Only applies to residential properties
  - Size is limited to one-, two-, and three-family residential units, owner-occupied mobile homes, farm homes, and condominiums originally built for the purpose of being a condominium
  - Condominiums converted from another form (e.g., rental apartments) are not eligible because they are assessed on rental value, rather than sales value
  - Use of Homestead Class properties is a local option, and occurs in conjunction with a property reevaluation
- The Executive proposal would allow municipalities with Homestead Class properties to extend the same benefits to converted condominium units
  - A locality may opt into assessing them at sales value and providing Homestead Class protections to these units
  - Proposal would not apply to New York City or Nassau County, as those entities are not eligible for the Homestead Exemption section of Real Property Tax Law

PART O – Deny STAR Benefit to Delinquent Property Taxpayers

- Executive proposes prohibiting delinquent property taxpayers from receiving STAR property tax benefits
  - Only applies to past-due tax payments on primary residential properties on which a taxpayer claims a STAR credit or exemption
  - Property taxes must be unpaid for at least one full year
  - The local government is responsible for notifying the Department of Tax and Finance (DTF) of taxpayer delinquency
  - The Department of Taxation and Finance (DTF) would first issue a notice, which a taxpayer has 30 days to respond and pay past-due taxes
  - If after 30 days the back taxes remain unpaid, DTF will discontinue STAR benefits

- Property owners may re-enter the STAR program when they pay prior tax obligations, but only as STAR tax credit recipients - not STAR exemption recipients

PART P – Allow for Appointment of Acting County Directors of Real Property Tax Services

- County Directors of Real Property Tax Services provide services related to the development, administration, and enforcement of real property taxes
  - Directors are appointed by the County Legislature, Executive, or Manager and serve a six-year term
  - Current law does not specify a remedy for situations in which the office becomes vacant, potentially resulting in extended vacancies
  - The Executive has noted that three counties have come to the State seeking remedy from this situation the past year
- The Executive proposes allowing appointment of an acting director in the event the existing director is unable to fulfill their duties or the office becomes vacant
  - Counties would appoint an acting director in the same manner they appoint a regular director
  - If an acting director serves in the position for more than six months, they must meet the same training and qualification standards as an individual appointed to be a full-time director

PART Q – Modernize and Merge Real Property Tax Form and Filing Processes

- The Executive proposes consolidating two forms currently required when real property is sold and a real estate transfer tax is paid
  - The forms are largely similar, but one is subject to secrecy provisions of Tax Law and contains social security and employer information (Form TP-584), and the other is fully subject to public disclosure (Form RP-5217)
  - Department of Taxation and Finance (DTF) would consolidate forms while maintaining secrecy provision for the confidential information portion
- Forms could be e-filed online, and DTF would establish a system for collecting fees associated with the forms and remitting the fees to county clerks
  - County clerks currently collect fees when individuals file these forms
    - $1 fee associated with filing TP-584
    - $9 fee associated with filing RP-5217
  - DTF would collect $10 and subsequently transfer collections to the county on a monthly basis
- The Executive does not have expected timeline for the development of this system, which could take several years before implementation

PART R – Abolish State Board of Real Property Tax Services

- The Executive proposes to abolish the State Board of Real Property Tax Services
  - Was established in 2010 when the State Office of Real Property Tax Services was consolidated under the Department of Taxation and Finance (DTF)
  - Comprised of a five person board, appointed by the Governor
    - Board members serve for eight-year terms without pay, but are reimbursed for expenses

    - Board has had two vacancies for several years, complicating the ability to reach quorums
    - Only conducted two meetings in 2019, with multiple meetings canceled due to lack of agenda items
  - Board has three duties:
    - Determine final special franchise values and assessments, railroad ceilings and State equalization rates where a complaint is filed;
    - Hear and determine reviews relating to determinations made by county equalization agencies; and
    - Hear and determine appeals from property owners who are dissatisfied with the Tax Department's final determination of eligibility for a STAR exemption
  - The Executive would move responsibilities of the State Board to DTF, beginning October of 2020
  - The Executive states that the appeals process could be theoretically expedited with this action, as DTF can convene hearings faster and more efficiently than it takes to convene the Board

PART S – Remove References to the STAR Offset Program

- STAR Offset Program was enacted in 2012
  - Homeowners with past-due State tax liabilities lost their STAR exemption
  - Amount of lost STAR benefit was applied against tax liabilities owed to the State
  - Program lapsed in the 2015-16, and is no longer active
- The Executive proposes removing references to the defunct program – multiple references still exist in both Tax Law and Real Property Tax Law

PART T – Makes Amendments to Telecommunications and Railroad Ceiling Programs

- While local assessors determine the value of property for railroads, the State sets a ceiling to cap the maximum amount an assessor may establish
- There are two dates these values are determined
  - Local governments determine property values December 31
  - The Department of Tax and Finance then sets the ceiling on July 1 (after the valuation is made)
- The Executive proposes consolidating dates, so that both decisions are made on December 31
- The Executive would also clarify that equalization rates used for telecommunications ceilings are the prior year's determined rate – includes special franchise, utility line, rail line, and utility properties

PART U – Make Exceptions for Late Enhanced STAR Filers

- Seniors receiving Enhanced STAR Exemption benefits were previously required to verify income eligibility through either their local assessor or enrolling in the Department of Tax and Finance's Income Verification Program (IVP)
- The FY 2018-19 Enacted Budget required all recipients to enroll in IVP, effective 2019, or have their benefits reduced to the Basic STAR Exemption

- To accommodate individuals who may have unknowingly failed to enroll, the Executive proposes reopening the opportunity to enroll in IVP
- The State would remit a payment to late filers equal to the benefit they did not receive due to a failure to enroll in IVP
- The Executive estimates a fiscal impact of $4 million from additional payments

PART V – Build a New Equine Drug Testing Lab

- Provides the New York Racing Association (NYRA) the discretion, at its expense, to construct and equip an equine drug testing and research laboratory located within the State.
- Require NYRA to consult with the Gaming Commission regarding the scope and capability of the lab, who they would then enter into a long-term lease with.
- Provide NYRA the ability to use the revenue they receive from Video Lottery Gaming that is earmarked for capital improvements at racetracks, to also be used for the construction and equipping of a new equine testing lab.

PART W – Mid-Atlantic Drug Compact

- Authorizes entry into the Interstate Compact on Anti-Doping and Drug Testing Standards.
- Goal is to enable member states to act jointly to create more uniform, effective and efficient rules relating to drugs and medications for racehorses.
- Would allow the delegates to establish a breed specific equine drug and medication rules.

PART X – Amend Sports Wagering Lounge Restrictions

- Provide those casinos that are eligible to operate a sports book to accept sports wagers outside of the "lounge" and instead anywhere within the casino, pending Gaming Commission approval.
- Current law requires sports books to be operated in a sports wagering lounge, the legislation would require them to be "primarily" operated there, in turn allowing for bets to be placed elsewhere.

PART Y – Eliminate Quick Draw Minimum Size Restrictions

- Eliminates the provision restricting the Quick Draw to only be sold at locations 2,500 square feet or more.
- Under current law, facilities that may offer Quick Draw must meet one of the following criteria:
  - Hold an On-Premise Alcohol Consumption License
  - Premise has square footage greater than 2,500 square feet but no On-Premise Consumption Alcohol License
  - Bowling Alleys with video drawing display
  - Pari-Mutuel Wagering locations with video drawing display
- Such provision is expected to double the number of eligible locations.

PART Z – Extend certain tax rates and certain simulcasting provisions for one year

- Extends following provisions:
  - In home simulcasting.
  - Current percentage of total pools allocated to purses that a track located in Westchester
  - County receives from a franchised corporation.
  - Simulcasting of out of state thoroughbred races on any day the Saratoga thoroughbred track is operating.
  - Simulcasting of races conducted at out of state harness tracks.
  - Distribution of revenue and governing provisions from out of state simulcasting during the Saratoga meet.
  - Binding arbitration of disagreements.
  - Current distribution of revenue from on-track wagering on NYRA races.

PART AA – Reduce Income Ceiling for the STAR Exemption Program

- The Executive proposes reducing the income ceiling for the STAR Exemption Program from $250,000 to $200,000
- The FY 2020 budget similarly lowered the ceiling from $500,000 to $250,000
- Impacted property owners may switch to the STAR Tax Credit Program
- Change is expected to impact 80,000 of the 1.9 million beneficiaries in the STAR Exemption Program
- Estimated to shift $74 million in State spending to a tax credit, thus reducing accounting of total State Operations disbursments by $74 million.

PART BB – Recreational Marijuana

- Creates an Office of Cannabis Management (OCM) within the Division of Alcohol and Beverage Control (ABC). The OCM will be responsible for licensing and regulating medical, adult use and hemp cannabis in the state.
- The Medical Marijuana program is moved from DOH to the Office of Cannabis Management, but maintains standards that a certified patient must have a serious condition.
- Amends the definition of "certified medical use" to remove the prohibition against smoking medical cannabis.
- Amends the definition of "practitioner" to remove the requirement that a licensed physician may only prescribe medical cannabis, to allow anyone authorized to prescribe controlled substances within the state to certify patients for medical cannabis use. Requires the practitioner to have training or experience in treatment of serious conditions and complete a minimum of a two hour course.
- Dispensing limits would be established by the executive director in regulation and requires verification with the prescription monitoring program registry prior to certification of a patient.
- Any person at least 21 years of age may purchase up to one ounce of cannabis or 5 grams of cannabis concentrate per day. However, cannabis cannot be smoked or vaped in a public place and no more than one ounce can be possessed at any one time.

- Require the OCM to license and regulate cannabinoid hemp processors and retailers; the growth and cultivation of all hemp products will continue to be regulated by the Department of Agriculture and Markets.
- The tax rates for Adult Use Marijuana are as follows:
  - Cultivation of cannabis - $1 per dry weight gram for the flowers, $0.25 per dry weight gram for trim and $0.14 per gram for wet cannabis (any part of the plant that has not been dried or processed and weighed within two hours of harvest)
  - Transfer from a wholesaler to a retailer as a percent of the invoice price:
    - 20 percent for the State
    - Two percent for the county where the retail dispensary is located.
- The excise tax for medical cannabis would remain at the current seven percent of gross receipts.
- The cultivation tax and the 20 percent excise tax would be deposited into a new Cannabis Revenue Fund established by 99-hh of the state finance law.
- Every retailer of cannabis must register with Taxation and Finance and pay a $600 registration fee and must re-register every two years at a cost of $600 for the re-registration.
- Sales of cannabis would be exempt from state and local sales tax. The local sales tax rate in the vast majority of counties is four percent or more. The two percent excise tax that would go to counties that host cannabis retailers is, in most cases, half of what the county would collect if sales of cannabis were taxable under local sales tax.
- The penalty for possessing untaxed cannabis (illicit cannabis) is $400-$800 per ounce, $10-$20 per milligram of tetrahydrocannabinol (THC) contained in such illicit cannabis infused product, $100-$200 per gram of illicit cannabis concentrate, $250-$500 per immature cannabis plant and $1,000-$2,000 per mature cannabis plant for a first violation and double those amounts for a second and subsequent violations.
- Under this proposal, the New York State Cannabis Revenue Fund would be established and all taxes from the cultivation and sale of cannabis in the state, with the exception of the two percent excise tax for the benefit of retailer host counties, would be deposited into the fund. Monies in the fund would be expended for the following purposes: administration of the regulated cannabis program, data gathering, monitoring and reporting, the Governor's Traffic Safety Committee, implementation and administration of the initiatives and programs of the social and economic equity plan of the office of cannabis management, substance abuse, harm reduction and mental health treatment and prevention, public health education and intervention, research on cannabis uses and applications, program evaluation and improvements, and any other identified purpose recommended the Executive Director of OCM and approved by the Director of the Budget.
- The Executive estimates this proposal would increase All Funds revenues by $20 million in FY 2021 growing to $141 million in FY 2024.
- Lowers the criminal penalties for illegally possessing and selling cannabis.
  - Prohibits the possession of cannabis by an individual under the age of 21.
  - Prohibits burning cannabis in a public place
- Authorizes a drug recognition expert or advance roadside impairment detection enforcement certified officer to conduct field testing on an individual suspected of being impaired while driving due to cannabis consumption.
  - A violation would be a class E felony.

For more details see Section 2 - *Recreational Marijuana*

CONCURRENT RESOLUTIONS

EQUAL RIGHTS AMENDMENT

Add Additional Protected Classes to Equal Protection Clause

- The proposed constitutional amendment would amend the State's Equal Rights Amendment to add the following protected classes to the existing protected classes:
  - Sex
  - Ethnicity
  - National Origin
  - Age
  - Disability
  - Sexual Orientation
  - Gender Identity or Expression
- The Equal Protection Clause (Article I §11 of the New York Constitution) currently provides that:
  - "No person shall be denied the equal protection of the laws of this state or any subdivision thereof. No person shall, because of race, color, creed or religion, be subjected to any discrimination in his or her civil rights by any other person or by any firm, corporation, or institution, or by the state or any agency or subdivision of the state."

COURT RESTRUCTURING

Consolidation and Restructuring of Unified Court System.

- The proposed constitutional amendment to consolidate and restructure the Unified Court System was proposed by the Chief Judge and is being advanced by the Executive.
- The proposal would make significant changes to Article VI of the New York Constitution which governs the Judiciary. These would include changes to:
  - Consolidate and restructure the State's major trial courts into the State Supreme Court;
  - Consolidate trial courts of lesser jurisdiction (not including the Justice Courts) into a new Statewide Municipal Court; and
  - Allow the Legislature to adjust the number of Judicial Departments every ten years.
- The proposal would give the Chief Administrator discretion to determine the divisions of the consolidated Supreme Court, and provides, by default, if the Chief Administrator does not provide otherwise, that there would be the following six divisions of the consolidated Supreme Court:
  - Family Division
  - Probate Division
  - Criminal Division
  - State Claims Division
  - Commercial Division
  - General Division

- The Chief Administrator would also have discretion to assign Supreme Court Justices to any division. Such discretion would be limited by a restriction that "to the extent practicable, Justices assigned to any such divisions shall be experienced in the business coming before them".