



2015 | **Opportunity Agenda**

2015-16 Executive Budget
Governor Andrew M. Cuomo

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DIRECTOR'S MESSAGE

The State of New York is in its best financial shape in decades. This is the direct result of the policies put in place and the fiscal discipline of the Governor's first four years. After years of dysfunction, the State's finances are firmly on solid ground. Importantly, this Budget reflects the next step in the Governor's plan to improve the economy and overall quality of life in New York.

New York's fiscal turnaround has been widely recognized. This past summer, all three major credit rating agencies, Standard and Poor's, Fitch, and Moody's, noted the State's outstanding financial performance by upgrading the State to its highest credit rating since 1972. The State now enjoys the second highest investment-grade credit rating possible from all three raters on its general obligation bonds. S&P rates the State's Personal Income Tax Bonds and Sales Tax Bonds at AAA, the highest rating possible.

For the fifth year in a row, the Executive Budget is balanced while limiting spending growth to no greater than two percent. We expect the current year to

end in surplus, and with Governor Cuomo's steadfast commitment to fiscal responsibility, future surpluses are expected to grow.

To restore economic opportunity statewide, this Budget provides real tax relief for middle- and low-income families struggling under the crushing weight of property taxes. Building on the success of the Governor's property tax cap and property tax freeze initiatives, significant relief is provided to homeowners with the greatest need by creating a Real Property Tax Credit for households that will provide \$1.7 billion in tax relief to cash-strapped New Yorkers.

With a new foundation of fiscal stability, this Budget makes major investments that will improve New York's economic climate. It directs the State's \$5.4 billion windfall from settlements with financial institutions to strategically-targeted investments and reserves. These funds will foster economic development, improve infrastructure in transportation and health care systems, and help prepare for future disasters.

Investments will directly address the challenges faced by Upstate regions, and awards for major infrastructure projects will be limited to those which

will have a catalytic impact on community revitalization. A competition for funding will replicate the successful Buffalo Billion initiative, a program that is jumpstarting the economy of the entire Western New York region.

Of vital importance to our future, the Budget makes sure that the State's significant investment in education results in the reforms that our children deserve. A year-to-year increase of \$1.1 billion is contingent on the implementation of improvements to the systems for teacher preparation, evaluation, certification and tenure, as well as providing the authority to truly improve failing schools and providing increased support and accountability to charter schools. In combination with increased resources, these reforms are the best way to reflect New York State's commitment to providing educational opportunity for all students.

The past four years have fundamentally changed New York's outlook. Confidence has replaced derision. We are at an all-time high for private sector jobs. Fiscal discipline has allowed for major investments in education and our economy. New York is once again the State of Opportunity.



1. Financial Plan Overview

Overview

Governor Cuomo has forged a bipartisan consensus with the Legislature to enact four on-time, fiscally responsible budgets. The passage of the 2014-15 Budget on March 31, 2014 marked the first time since 1978 that New York has enacted four consecutive on-time budgets. The Governor's budgets embrace the principle that State spending must grow more slowly than the overall economy to leave more money in the hands of the people and to discipline the government to use its resources prudently. This principle has been put into practice with the establishment of the 2 percent spending benchmark at the State level, and with the 2 percent property tax cap at the local level.

The effort to control State government spending is working. In the fifty years prior to Governor Cuomo

taking office, the annual State Budget grew faster than income 60 percent of the time (or three out of every five budgets), and spending over the entire period grew at an average rate of approximately 7 percent, compared to income growth of 6.2 percent. With the adoption of the 2 percent spending benchmark, the unsustainable trend has been reversed. Since 2011, State spending has grown more slowly than income each year – and will again with the Executive Budget for 2015-16.

Importantly, the fiscal actions of the past four years have reduced volatility from the budget-making process. Rather than including large spending increases in good economic times that cannot be sustained when the economy slows, the past four budgets have allowed for sustainable, affordable increases in spending.

The budgets of the last four years have instituted fundamental reforms that have reduced the cost of State and local government in New York. These reforms include:

- Limiting the annual growth in State Operating Funds to 2 percent or less;
- Eliminating unsustainable inflators for major programs;
- Negotiating landmark collective bargaining agreements that provide fair and affordable wages and benefits;

- Creating a new tier of fair and affordable pension benefits, which is expected to save the State and local governments \$80 billion over 30 years;
- Relieving localities of the growth in the Medicaid program, and all the costs of administering it;
- Controlling and targeting new borrowing to keep debt service affordable and within the State's debt limit; and
- Setting aside nearly \$800 million in reserves to reduce debt and meet unforeseen "rainy day" needs.

The policy of spending restraint – and the reforms that have accompanied it – have led to measurable improvements in the State's financial position.

- General Fund deficits totaling tens of billions of dollars have been eliminated and turned into operating surpluses. In the current year, the State is on track to record another surplus, estimated at \$525 million. The surplus, which excludes funds received in the current year from monetary settlements with financial institutions, will be used to make the maximum allowable deposit to rainy day reserves and to prepay high cost debt that is due in 2015-16.
- State debt measured as a percent of personal income stands at 4.9 percent – the most favorable debt to income ratio since the 1960s – and is expected to decline annually over the next decade, even as the State makes targeted capital investments for health care, transportation, and economic development.

- Total State debt has declined in each of the last two fiscal years, and will decline again in 2014-15. This is the first time in modern times that New York's debt has declined for three consecutive years. Debt outstanding at the end of 2014-15 is on track to be lower than when the Governor took office in 2011.
- The accumulated GAAP-basis deficit of \$3.5 billion inherited when the Governor took office has been reduced in just three years to less than \$600 million, and is on pace to be eliminated completely by the end of 2014-15.

In the summer of 2014, all three major credit rating agencies, Standard and Poor's, Fitch, and Moody's, recognized the State's outstanding financial performance by upgrading the State to its highest credit rating since 1972. The State now enjoys the second highest investment-grade credit rating possible from all three raters on its general obligation bonds (S&P rates the State's Personal Income Tax Bonds and Sales Tax Bonds at AAA, the highest rating possible).

2015-16 Executive Budget Highlights

- The Executive Budget continues the disciplined approach to fiscal matters that has defined the Governor's first four budgets. It proposes recurring savings through targeted reforms, as well as continuation of the spending controls and cost-containment put in place in prior years.

Agency operations are generally expected to remain at current levels across the Financial Plan period. The projections for receipts and disbursements continue to be based on conservative assumptions.

- The Budget again limits the annual growth in State Operating Funds spending to 2 percent or less, consistent with the spending benchmark adopted in 2011-12. In addition, the Governor is expected to propose, and the Legislature is expected to enact, balanced budgets in future years that continue to limit annual growth in State Operating Funds to no greater than 2 percent.
- The \$5.4 billion windfall from settlements with financial institutions is set aside for one-time investments and reserves. The budget proposes \$3 billion in loans and grants for special infrastructure projects, including transportation, health care, disaster preparedness, and other one-time investments, and \$1.5 billion for competitive upstate revitalization grants. In addition, \$850 million is reserved to address risks.
- The combination of effective budget management and adherence to the 2 percent spending benchmark in each of the next four fiscal years will produce surpluses in future years, based on current projections. The Executive Budget proposes a multi-year property tax and business tax reduction plan, which has been sized to absorb much of the

surplus that would otherwise occur using current projections. The following table summarizes the multi-year impact of the Executive Budget Financial Plan on General Fund operations.

GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS EXECUTIVE BUDGET GAP-CLOSING PLAN (millions of dollars)				
	FY 2016	FY 2017	FY 2018	FY 2019
MID-YEAR BUDGET SURPLUS/(GAP) ESTIMATE¹	(1,814)	(2,578)	(4,034)	(5,777)
Spending Changes	1,441	2,913	5,018	6,420
Agency Operations	92	13	79	257
Local Assistance	1,404	1,003	1,119	1,211
Capital Projects/Debt Management	121	385	329	335
Initiatives/Investments	(176)	(378)	(666)	(831)
Adherence to 2% Spending Benchmark ²	n/a	1,890	4,157	5,448
Resources	373	217	815	1,479
BUDGET SURPLUS/(GAP) BEFORE TAX ACTIONS	0	552	1,799	2,122
Tax Reduction Plan	0	(386)	(989)	(1,492)
EXECUTIVE BUDGET SURPLUS/(GAP)	0	166	810	630

¹ Before actions to adhere to the 2 percent benchmark.

² Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2015 estimate. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund.

- Consistent with the Governor's approach in balancing his first four budgets, all of which emphasized spending restraint, the Executive Budget Financial Plan reduces spending in 2015-16 by \$1.4 billion compared to prior projections.
- **Agency Operations.** Since the Governor took office in January 2011, State agency operating costs have been significantly reduced through ongoing State agency redesign and cost-control efforts. These efforts have included closures and consolidations of facilities to reduce excess capacity; strict controls on attrition and hiring; enterprise-wide consolidation of procurement, information technology, and workforce management functions; and a range of operational measures to improve efficiency. The 2015-16 Executive Budget overall holds spending for Executive agency operations constant over the Financial Plan period. In addition, the State's projected costs for health insurance and pensions have been lowered based on market conditions.
- **Local Assistance.** General Fund savings are expected from, among other things, consolidation of certain local aid programs, targeted reforms to STAR, and updated cost estimates for a range of State programs, and reflect the impact of cost-containment and spending controls enacted in prior years.

Medicaid and School Aid are the State's largest aid programs, comprising over 40

percent of the State Operating Funds budget. Medicaid will grow at the indexed rate of 3.6 percent, consistent with the Global cap. In addition, the State will invest \$1.4 billion in capital resources to continue the transformation of the State's health care delivery system.

School Aid is recommended to increase by \$1.1 billion (4.8 percent) on a school year basis. The increase, which is in excess of the 1.7 percent rate driven by the current education aid index, is tied to the implementation of education reforms, including improvements to the systems for teacher evaluation, tenure, certification and preparation, as well as providing new authority to improve failing schools and providing increased support and accountability to charter schools.

- **Capital Projects/Debt Management.** Savings are expected through continued use of competitive bond sales, refundings, and consolidation of debt issuances.
- **Initiatives/Investments.** The Executive Budget proposes new initiatives that have a budgetary impact. Among the most significant is juvenile justice reform which, over time, will increase the age of juvenile jurisdiction to 18, establish a continuum of diversion services, and treat youth in age-appropriate OCFS facilities rather than in adult facilities. In addition, the Budget

proposes a new student loan forgiveness program that will allow New York residents who graduate from college and continue to live in the State to pay little or nothing on their student loans for the first two years out of school if their income is not high enough to cover their student debt burden without significant financial hardship.

- The forecast for tax receipts has been revised upward in each year of the Financial Plan, reflecting strong tax collections to date. However, estimates remain conservative for 2015-16 and beyond, reflecting volatile economic conditions at home and globally. In addition, new resources in 2015-16 include the savings from prepaying certain 2015-16 expenses in 2014-15.
- The Executive Budget proposes a real property tax relief credit for homeowners and renters that meet income and tax burden thresholds. The relief program is expected to cost approximately \$1.66 billion when it is fully phased in. In addition, the Budget includes a new Education Tax Credit, an Urban Youth Jobs Program tax credit, and a tax reduction for small businesses.

Annual Spending Growth

The Executive Budget holds 2015-16 annual spending growth in State Operating Funds to 1.7 percent, below the 2 percent spending benchmark. All Funds spending, which includes spending from capital

funds and Federal funds, is expected to increase by 2.8 percent from the level estimated for 2014-15, excluding extraordinary aid.¹ The growth is driven in large part by increased capital investments.

¹ Extraordinary aid consists of aid related to (a) Federal health care reform, which includes the Affordable Care Act, the new Basic Health Plan and the Federal waiver to transform the State's health care system, all of which increases the flow of Federal Funds through the State's Financial Plan; (b) Federal aid that is expected to pass through the State's Financial Plan to local governments, public authorities, and not-for-profits over the next three years for recovery from Superstorm Sandy; and (c) capital spending from windfall monetary settlements with financial institutions.

TOTAL DISBURSEMENTS (millions of dollars)						
	FY 2014 Results	FY 2015 Current	Annual Change	% Change	FY 2016 Proposed	Annual Change %
STATE OPERATING FUNDS	90,631	92,407	1,776	2.0%	93,984	1,577 1.7%
General Fund (excluding transfers)	52,148	54,877	2,729	5.2%	57,356	2,479 4.5%
Other State Funds	32,046	31,654	(392)	-1.2%	31,055	(599) -1.9%
Debt Service Funds	6,437	5,876	(561)	-8.7%	5,573	(303) -5.2%
ALL GOVERNMENTAL FUNDS (EXCL. EXTRAORDINARY AID)	135,874	137,744	1,870	1.4%	141,630	3,886 2.8%
State Operating Funds	90,631	92,407	1,776	2.0%	93,984	1,577 1.7%
Capital Projects Funds	7,751	7,995	244	3.1%	9,375	1,380 17.3%
Federal Operating Funds	37,492	37,342	(150)	-0.4%	38,271	929 2.5%



2. Tax Reform, Revenue Actions, and STAR

Overview

The Executive Budget creates a new program to provide direct property tax relief to those New Yorkers who need it most, continues efforts to improve New York's business climate, and simplifies the tax code. The Budget strengthens the State's tax revenue enforcement efforts and closes unintended tax loopholes to improve the fairness of the tax system. Actions in the Budget will provide \$386 million in relief to taxpayers in 2016-17, with the value increasing to nearly \$1.8 billion when fully annualized.

The Executive Budget builds upon four years of tax relief accomplishments, including the enactment of a property tax cap, the property tax freeze credit, the lowest middle class income tax rate in 60 years,

elimination of the MTA payroll tax for more than 700,000 small businesses and the self-employed, creation of a new family tax relief credit, tax cuts for small businesses and manufacturers, reforms to unemployment insurance and workers compensation insurance, new START-UP NY tax free zones, and the most important overhaul of corporate taxes in seven decades.

This Budget continues the effective fiscal management of the previous four years and adherence to the 2 percent spending limit which will further improve the State's fiscal position and allow for scheduled surpluses to be used for responsible levels of tax relief.

Tax Credits

The Executive Budget presents five tax credit proposals that will provide \$386 million in direct tax relief by 2016-17, with the value increasing to nearly \$1.8 billion when fully annualized.

- **Provide Income Based Property Tax Relief Tied to the Property Tax Cap.** The property tax cap and the property tax freeze credit have been successful in constraining the growth of property taxes, but for many New Yorkers, property taxes

remain unaffordable. Building on these programs, the Executive Budget creates a new Real Property Tax Credit available to households with incomes below \$250,000 whose property taxes exceed 6 percent of their income. The credit is valued at up to 50 percent of the amount by which property taxes exceed the 6 percent burden threshold, depending on household income. When fully phased-in, more than 1.3 million State taxpayers will receive an average credit of \$950. Outside of New York City, only the taxes levied by a tax cap-compliant jurisdiction are included in the credit calculation.

The program also includes a renters' credit, based upon the assumption that a significant portion of annual gross rent is attributed to property taxes. The credit is available to taxpayers at incomes up to \$150,000 when the amount of rent attributed to property taxes exceeds 6 percent of their income.

All facets of the program will be phased in over four years, and only school taxes will apply in the first year. When phased-in, the program will provide \$1.7 billion in direct property tax relief. More than half of the full benefit will be phased-in by Tax Year 2016, and 81 percent will be phased-in by Tax Year 2017.

- **Establish the Education Tax Credit.** A new Education Tax Credit is created which reflects contributions to public education entities, school improvement organizations, local education funds, and educational scholarship organizations. The educational scholarship

organizations must provide benefits to pupils at three or more public or nonpublic schools. Corporation franchise and individual taxpayers will receive a nonrefundable credit equal to 75 percent of their authorized contributions, up to a maximum annual credit of \$1 million. The program will be capped at \$100 million in aggregate education tax credits annually. Half of the annual cap will be dedicated to public education entities, school improvement organizations, and local education funds. The other half will be allocated to educational scholarship organizations that provide support to low- and middle-income students to attend a public school outside of their district or a nonpublic school. The establishment of this credit is contingent on passage of the DREAM Act.

- **Create the Urban Youth Jobs Program.** This program builds and expands upon the success of the Youth Works Tax Credit Program, which provides a credit to employers who hire unemployed, at risk youth. The annual allocation is doubled to \$20 million for tax years 2015 through 2018 with a focus on jurisdictions with high youth unemployment.
- **Create the Employee Training Incentive Program (ETIP) Tax Credit.** The ETIP would help strategic businesses in New York State meet critical training needs by equipping them with the resources necessary to train employees to fill new jobs or to retrain existing employees to work with new, advanced technology where an employer must make a significant capital investment in order to remain competitive. ETIP

incentives will be available to offset employer training costs by providing up to \$5 million in tax credits out of existing Excelsior Jobs Program funding to support 50 percent of training costs. To be eligible to apply for the training tax incentive, an employer in a strategic industry must be creating at least 10 net new jobs or make a significant capital investment of at least \$1 million in new business processes or equipment that necessitate “upskilling.” Training programs must be approved by the State Department of Labor (DOL).

- **Extend the Excelsior Tax Credit Program to Entertainment Companies.** Eligibility for the Excelsior Jobs Program is expanded to include entertainment companies that create at least 100 net new jobs and makes a significant investment in New York.

Tax Cut and Reform Actions

The Executive Budget presents seven tax cut and reform proposals that, together, would produce \$44 million in additional tax revenue on an All Funds basis in 2016-17.

- **Reduce the Net Income Tax on Small Businesses.** Small businesses account for 43 percent of all private sector jobs in New York. The Budget reduces the net income tax rate from the current 6.5 percent to 2.5 percent over a three year period for small businesses that file

under Article 9-A. The rate will be reduced to 3.25 percent for tax year 2016, to 2.9 percent for tax year 2017 and to 2.5 percent for tax years beginning after 2017.

For the purpose of this tax cut, the definition of “small business” is a business with fewer than 100 employees, with net income below \$390,000. To avoid a “cliff” and stay consistent with how the dual rates are treated under current law, the lowest tax rates would be available to small businesses having below \$290,000 in net income, and the rate is phased up to the standard rate applicable to businesses with net income of \$390,000 or more.

This cut follows four years of tax relief accomplishments helping small businesses, including the enactment of a property tax cap, the lowest middle class income tax rate in 60 years, elimination of the MTA payroll tax for more than 700,000 small businesses and the self-employed, tax cuts for small businesses and manufacturers, reforms to unemployment insurance and workers compensation insurance, and major corporate tax reforms.

- **Extend the Wine Tasting Sales and Use Tax Exemption to Other Alcoholic Beverages.** Currently, wine tastings are exempt from the sales tax. The Budget extends this exemption to include beer, cider and liquor. The beer, wine and spirits industry has created nearly 1,600 jobs since mid-2011.
- **Reform the Investment Tax Credit provided for Master Tapes.** Master tapes are an original version of a video tape of a film, television show

or commercial that can be used to produce other copies. Currently, the Investment Tax Credit applies to all costs associated with the production of master tapes regardless of where activities took place. The Budget would limit eligibility to costs associated with producing master tapes that were incurred in New York.

- **Reform the Industrial Development Authority (IDA) Program.** IDAs are intended to encourage economic development and job growth. However, IDAs provide State sales tax benefits without State oversight, and benefits are not currently returned when job targets are unmet. Under this proposal, the Empire State Development (ESD) Corporation will be authorized to approve any future IDA projects that contain State sales tax benefits based on job and/or investment targets. ESD will also consider whether benefits are being given that provide a competitive advantage over existing similar businesses. In order to receive assistance from an IDA, all newly participating businesses must be tax compliant, and will be subject to a clawback of State sales tax benefits if job/investment targets are not met.
- **Expand Sales Tax Collection Requirements for Marketplace Providers.** Online providers such as Amazon and eBay supply a marketplace for outside sellers to sell their products to consumers. Currently, such outside sellers are required to collect sales tax from New York residents if the seller is in New York. Many marketplace providers agree to collect the tax for the outside seller in this instance. Under this proposal, the marketplace provider would be

required to collect the tax when they facilitate the sale, whether the seller is located within, or outside, New York.

- **Exempt Solar Power Purchase Agreements from State and Local Sales Tax.** Electricity generated at the premises of, and sold to, a customer via solar equipment owned by the equipment vendor will be exempt from State sales and use tax (with local option).
- **Tax Law Article 9 Refunds and Section 184 Assessment.** The Budget requires telecommunications companies with wireless lines of business that are requesting a refund of prior-year Article 9 tax to provide customer refunds first. Article 9 gross receipts taxes are normally passed through to the customer, consistent with the State sales tax. Under State sales tax law, a company must first provide a customer refund of sales tax paid before receiving a refund from DTF. Additionally, the Budget requires that the Section 184 gross receipts tax, on telecommunications, be imposed on the wireless lines of business of telecommunications companies. This would preserve revenue currently in the Financial Plan.

Tax Simplification Actions

The Executive Budget takes a number of actions that will simplify the tax and associated codes and reduce burdens on New York businesses.

- **New York City Corporate Tax Reform.** The Budget updates New York City's corporate tax structure by implementing reforms similar to those the State undertook one year ago. The City's Banking Corporation Tax is merged into the General Corporation Tax to provide tax simplification and relief, and improve voluntary compliance.
- **Combine the DOS Biennial Information Statement and Tax Return Filings and Repeal \$9 DOS Fee.** LLCs and corporations that currently file biennial information statements with the Department of State (DOS) will instead provide the information as part of their tax return. Additionally, the \$9 fee that accompanies the current biennial statement will be repealed.
- **Allow Petroleum Business Tax Refunds for Farm Use of Highway Diesel Motor Fuel.** Farmers who purchase taxable highway diesel fuel will be able to request a refund for the portion used for farm use. This will relieve farmers of the need to maintain separate tanks for taxable and non-taxable diesel fuel.
- **Impose Local Sales Tax on Prepaid Wireless Based on Retail Location.** The local sales tax collection for prepaid wireless will be based on vendor location, not the customer's residential location. This would align the tax treatment of prepaid mobile service and prepaid calling service.

Enforcement Initiatives

The Executive Budget presents a set of 11 enforcement initiatives that will reduce the burden on honest citizens and recover outstanding State debts. These initiatives are expected to recover \$25 million in 2015-16 and \$39 million in 2016-17.

- **Lower the Outstanding Tax Debt Threshold Required to Suspend Delinquent Taxpayers' Driver's Licenses.** The 2013-14 Enacted Budget created a program to aid in the enforcement of past-due tax liabilities by suspending, with certain exceptions, the New York State driver's licenses of taxpayers who owed taxes in excess of \$10,000. This proposal will lower the threshold to \$5,000, which would encompass an additional 11,000 delinquent taxpayers.
- **Allow New York to Enter Reciprocal Tax Collection Agreements with Other States.** Tax authorities in cooperating states (currently Connecticut and California) will attempt to collect New York tax debt from former New York residents in exchange for reciprocal treatment by New York. This will allow New York to bypass the time-consuming and expensive process of seeking a warrant in the court of a cooperating state.
- **Close Certain Sales and Use Tax Avoidance Strategies.** Certain tax loopholes related to the sale for resale exemption, non-resident business

purchases and single-owner entity designation will be closed.

- **Authorize a Professional and Business License Tax Clearance.** In addition to the State's ongoing enforcement tools, the Executive Budget proposes a new program to create a professional and business license tax clearance process. To encourage taxpayers to pay their fair share, the State will be authorized to deny a professional or business license to an applicant who has over \$500 in outstanding tax liabilities.
- **Require New State Employees to be Compliant with State Tax Obligations.** State agencies and authorities will be precluded from hiring employees who are delinquent in their State tax obligations.
- **Require Practitioners to be Compliant with State Tax Obligations before Receiving Excess Medical Malpractice Coverage.** Doctors and dentists will be unable to procure State subsidized Excess Medical Malpractice Insurance if they are not compliant with their State tax obligations.
- **Require Grantees to be Compliant with State Tax Obligations before Receiving a State Grant from a State or Local Authority.** State authorities will be unable to provide a grant to a business which is not compliant with its State tax obligations.
- **Authorize Multi-Agency Data Sharing to Enhance Enforcement Initiatives.** The Department of Taxation and Finance (DTF), the Department of Labor, DOS, and State Insurance

Fund will share data to help these agencies target their audits. Strict confidentiality requirements will apply.

- **Extend Current STAR / Tax Delinquency Program and Convert It from Offset into a Tax Clearance Program.** Currently, if a taxpayer owes more than \$4,500 in tax debt, the taxpayer forfeits the STAR benefit, the value of which is used to offset taxpayer debt. This proposal will continue to eliminate the STAR benefit if debt exceeds \$4,500, but will not apply the value of the benefit towards the debt. The taxpayer can re-apply for STAR benefits once the tax debt is paid off.
- **Allow OCFS to Share Child Care Data with the Department of Taxation and Finance.** The Executive Budget authorizes OCFS to share child care data with DTF, which will allow legitimate credit claims to proceed without delays for additional documentation, and accelerate the auditing process for illegitimate claims.
- **Enhance Motor Fuel Tax Enforcement.** Wholesalers will be required to register and file monthly returns reporting gallons delivered and also to remit any additional prepaid sales tax due for fuel accepted in one prepayment zone but delivered into another. This will improve motor fuel tax compliance.

Tax Law Extenders

- **Make Permanent the Limitation on Charitable Contribution Deductions for High Income New York State and New York City Personal Income Taxpayers.** The current charitable contribution deduction limitation of 25 percent allowed under State Tax Law is scheduled to expire at the end of tax year 2015. The Budget permanently extends this limitation on charitable contribution deductions for New York State and New York City taxpayers with adjusted gross income over \$10 million. The limitation has had no noticeable impact on charitable giving.
- **Make Warrantless Wage Garnishment Permanent.** The Budget makes permanent the authorization for DTF to garnish wages of delinquent taxpayers without filing a warrant with the Department of State or County Clerks. The current program, set to expire on April 1, 2015, has been successful in eliminating the unfunded mandate on counties to receive warrants from DTF. The program has also proven to be taxpayer friendly, since warrants appear on an individual's credit report for seven years, even if the delinquency has been resolved.
- **Extend and Reform the Brownfield Cleanup Program.** The Budget includes legislation to extend the Brownfields Cleanup Program for ten years, contingent upon important reforms to protect taxpayers and promote brownfield redevelopment, particularly Upstate. Under the reformed program the remediation tax credits will cover only the actual cleanup costs. The redevelopment credits will be limited to sites

that are located in economically distressed areas, worth less than the cost to cleanup, or will result in the development of affordable housing.

- **Extend Certain Tax Rates and Certain Simulcasting Provisions for One Year.** The pari-mutuel tax rate and other racing-related provisions are extended for one year.

School Tax Relief (STAR) Program Actions

- **Convert the STAR Benefit into a Tax Credit for New Homeowners.** The Budget simplifies the STAR program by transforming the exemption into a refundable personal income tax credit, allowing school districts to collect revenue without having to wait for reimbursement from the State. This proposal will gradually phase-in for first-time homebuyers and homeowners who move and purchase a new home. Under current law, school districts collect reduced revenue as a result of the STAR exemptions, and the State compensates them for the cost of the exemption.
- **Cap Annual Growth in Basic and Enhanced Exemption Benefit.** This proposal maintains 2015-16 STAR exemption benefits at their 2014-15 levels. This reform is made possible by the significant reduction in property tax growth resulting from Governor Cuomo's property tax cap.
- **Eliminate the New York City PIT Rate Reduction Benefit for High Income Taxpayers.** New York City PIT STAR provides personal income tax relief to all New York City resident taxpayers – a benefit not directly related to

property taxes. Even residents with incomes above \$500,000 get a rate reduction benefit on the first \$500,000 of income. The latter is the only instance of a household with income above \$500,000 receiving a STAR benefit. Eliminating the NYC PIT rate reduction benefit for incomes exceeding \$500,000 makes NYC PIT STAR more consistent with the STAR exemption program outside of NYC.

- **Recoup Savings Retrospectively from Unlawfully Claimed Exemptions Removed during Re-registration Process.** This proposal allows DTF to recapture undeserved STAR benefits for years prior to 2014-15.
- **Allow Unenrolled Registrants to Receive the STAR Exemption Benefit for Tax Year 2014.** Allow homeowners who registered for the STAR exemption program with the Department of Taxation and Finance, but failed to file timely exemption applications with their local assessors, to receive the STAR exemption benefit for tax year 2014.

Technical Corrections

- **Require Commercial Production Tax Credit Economic Impact Report.** Require Empire State Development to produce an annual report that includes information that can be used to assess the economic impact of the program. Information such as the amount of the tax credit, credit eligible man-hours and associated wages and the name of the taxpayer will be included in the annual report.

- **Amend the Corporate Tax Reform Statute for Technical Changes.** Various technical corrections would be made to Part A of Chapter 59 of the Laws of 2014.
- **Amend the Estate Tax Statute for Technical Changes.** Clarify that the 2014-15 Enacted Budget intended the recently adopted estate tax changes are to remain in effect permanently rather than erroneously be in effect only for tax year 2014.
- **Amend the Personal Income Tax, MTA Mobility Tax, and Credit for Disabled Workers Statutes for Technical Changes.** The Budget makes various technical corrections to Personal Income Tax and MTA Mobility Tax legislation, and the credit for employing disabled persons that was passed as part of the 2014-15 Enacted Budget.

Gaming Initiatives

- **Extend the Video Lottery Gaming (VLG) Vendor's Capital Awards Program for One Year.** This proposal provides VLG operators one additional year to earn qualifying capital awards, which encourage facility upgrades and improvements.
- **Expand Electronic Gaming Offerings at Video Lottery Gaming (VLG) Facilities.** Expands the definition of "video lottery gaming" to include games where an element of skill and player interaction may be incorporated into games that determine winners to a material degree upon the element of chance.

- **Extend NYRA Reorganization Board.** The Executive Budget extends the maximum term of the NYRA Reorganization Board of Directors from three years to four years.

Repeal Nuisance Fees

The Executive Budget proposes the repeal of 59 nuisance fees charged by seven different State agencies, saving New Yorkers over \$3 million annually beginning in 2015-16, while retaining the necessary functions that those fees supported.

- **Department of Agriculture and Markets.** Nine fees will be repealed, saving New Yorkers \$40,000 annually beginning in 2015-16.
 - **Commercial Feed License Fee.** This \$100 license fee is collected from manufacturers of commercial feed on an annual basis.
 - **Farm Product Dealer's License Fee.** This \$20 license fee is collected annually from farm product dealers.
 - **Food Salvage Fee.** This \$100 license fee is collected from Food Salvage Dealers every two years.
 - **Liming Brands License Fee.** This \$20 license fee is collected from suppliers of liming materials every two years.
 - **Refrigerated Warehouse Fee.** This \$200 license fee is collected from refrigerated warehouses every two years.

- **Rendering Plants Fee.** This license fee is collected from operators of disposal plants on an annual basis. The annual license fee for disposal plants is \$100, plus an inspection fee of \$10 for each vehicle. The annual license fee for transportation services is \$25, plus an inspection fee of \$10 for each vehicle.
- **Rendering Transportation Fee.** This license fee is collected from rendering (i.e. animal remains) transportation facilities on an annual basis. The fee amount is \$25 per service and \$10 per vehicle.
- **Seed Potato Inspection Fee.** This regulatory fee of \$34 is collected annually for the inspection of both seed potato plants and seed potato tubers for the NY Seed Improvement Project.
- **Soil and Plant Inoculants Fee.** This \$40 license fee is collected every two years for the purpose of selling product brands which contain microorganisms for inoculation purposes.
- **Department of Environmental Conservation.** Two fees will be repealed, saving New Yorkers \$6,000 annually beginning in 2015-16.
 - **Flood Control Permit Fee.** This is a \$25 regulatory fee that is levied upon application of a permit to determine if the proposed activity will impair the operation of flood control works or impede the maintenance thereof, including access for operation and maintenance.

- **Water Well Driller Registration Fee.** This is an application fee of \$10 per permit paid at the time of registration with DEC for water well drilling and/or well service companies.
- **Department of Labor.** A total of 30 fees will be repealed, saving New Yorkers \$243,000 annually beginning in 2015-16.
 - **Antique Boiler Inspection Fees (2).** These are \$25 fees charged to the owners of antique steam engines and other boilers which must be inspected both internally and externally on an annual basis.
 - **Boiler Certificate of Competency Fee.** This is a \$35 regulatory fee charged annually to Inspectors working for authorized insurance companies to obtain a certificate indicating their ability to inspect boilers on behalf of DOL.
 - **Boiler Shop Survey Fee.** This is a \$600 regulatory fee charged every three years to boiler manufacturers and repairers upon submission to DOL of the required plan detailing their quality control system.
 - **Building Plans Exam Fee.** This is a \$200 fee charged to property owners or contractors who submit plans to DOL for review and approval to build or alter a place of public assembly. The fee is based on the cost of the project with a maximum charge of \$200.

- **Commissary Operator Permit Fee.** This is a \$40 fee charged to commissary operators who apply for a one year permit to operate a commissary that serves migrant farm workers at the camp or processing plant where they are employed.
- **Day of Rest Easement Application Fee.** This is a \$40 fee charged to employers that apply for up to a one year exemption from the day of rest statute, which requires employees be given one 24 hour period off from work in each calendar week.
- **Defense Dispensation Fee.** This \$40 fee is charged to defense contractors and canneries that apply for a dispensation from certain provisions of the Labor Law.
- **Farm Grower Permit Fee.** This is a \$40 fee charged to agriculture growers who apply for a one year permit which allows the grower to employ more than five non-H2A migrant farm workers.
- **Farm Labor Contractor Permit Fee.** This is a \$200 fee charged to farm labor contractors that apply for a one year permit to transport and provide non-H2A migrant farm workers to a grower.
- **Industrial Homework Certificates Employer Application Fee.** This is a \$100 fee charged to manufacturers who apply for a one year permit that allows the manufacturer to distribute unfinished material, such as clothing or jewelry, to employees for completion at their homes.

- **Industrial Homework Certificates Homeworker Application Fee.** This is a \$25 fee charged to individuals who apply for a one year permit which enables the individual to accept and perform industrial work in their homes.
- **Laser Regulation Permit Fee.** This is a \$600 regulatory fee charged every three years to organizations that operate lasers, upon registration of mobile lasers and laser installations with DOL.
- **Miniature Boiler Inspection Fee.** This is a \$50 fee charged to the owners of miniature boilers which must be inspected annually.
- **Professional Employer Organization Exemption Fee.** This is a \$250 fee charged to professional employer organizations annually that are already licensed in another state. The organization must have no office and less than 25 employees in New York to qualify for this exemption.
- **Professional Employer Organization Initial Registration and Renewal Fees (2).** This is a \$1,000 initial registration fee charged to professional employer organizations to allow the leasing of employees to businesses in New York. An additional \$500 renewal fee is charged annually.
- **Scaffold Plan Examination Fee.** This is a \$1,000 regulatory fee charged to businesses for each required submission of detailed scaffold equipment plans that

will be used to perform work on buildings taller than 75 feet. DOL reviews the plans to ensure the safety of the equipment.

- **Ski Tows and Passenger Tramways Fees (2).** These \$50 (ski tow) and \$100 (ski lift) regulatory fees are charged to ski areas and other passenger tramway operators at the time of the annual DOL inspection.
- **Slot Machine Repair License Fees (2).** These fees are charged to approved apprenticeship training programs that possess slot machines for training purposes. These programs must seek a permit from DOL and pay a \$500 fee per machine and an additional \$100 fee per trainee every six months.
- **Workplace Safety and Loss Certification Application Fee.** This is a \$1,000 fee charged to individuals who apply and are certified to conduct workplace safety and loss prevention consultations. Fees are lower when multiple individuals apply.
- **Workplace Safety and Loss DOL Consultation Fee.** This is a \$350 fee charged to clients who receive a workplace safety and loss prevention consultation from DOL staff.
- **Workplace Safety and Loss Incentive Application and Renewal Fees (2).** This is a \$100 regulatory fee charged to individuals or businesses who apply for certification as a workplace safety and loss prevention management specialist

and work with employers to reduce workers compensation costs by implementing safety and health, return to work, and/or drug and alcohol prevention programs. The fee is assessed per program for a maximum of \$300 per individual applicant. A \$100 renewal application fee is charged per program every three years for a maximum of \$300.

- **Workplace Safety and Loss Recertification Application Fee.** This is a \$300 regulatory recertification fee charged every three years to individuals certified to conduct workplace safety and loss prevention consultations. Fees are lower when multiple individuals apply.
- **Workplace Safety and Loss Specialist Certification and Recertification Fees (2).** This is an \$800 fee charged to individuals who receive certification as a workplace safety and loss prevention management specialist. A \$600 recertification fee is charged every three years with \$100 charged for each additional recertification. Fees are lower when multiple individuals apply.
- **Written Assurances Fee.** This is a \$100 fee charged to apparel industry manufacturers or contractors when they apply for a one year written assurance from DOL that a subcontractor has complied with certain requirements of the Labor Law.

- **Department of State.** Three fees will be repealed, saving New Yorkers \$2.6 million annually beginning in 2015-16.
 - **Apartment Information Vendor License Fee.** This is a \$400 annual fee charged for the licensure of apartment information vendors.
 - **Biennial Statement Filing Fee.** This is a \$9 filing fee collected at the time of filing biennial statement amendments.
 - **Cease and Desist List License Fee.** This \$10 regulatory fee is collected from persons who wish to be added to the Cease and Desist List which prohibits real estate licensees from contacting or soliciting them.
- **Department of Transportation.** One fee will be repealed, saving New Yorkers \$40,000 annually beginning in 2015-16.
 - **Intrastate Authority Application Fee.** This is a one-time \$50 fee paid by new trucking companies, movers, ambulette providers and charter bus operators when applying for certificates or permits.
- **Justice Center for the Protection of People with Special Needs.** Two fees will be repealed.
 - **Conference Fee.** This fee was intended to allow the Justice Center (and former CQCAPD) to recoup costs when hosting various conferences or events. The fees were never instituted by the agency, thus never generating any revenue.

- **Technology-Related Assistance for Individuals with Disabilities Enterprise Fee.** This fee was to be paid by various health care, education and advocacy organizations when agency staff made presentations at their facilities. The fees were not instituted by the agency and subsequently generated no revenue.
- **Workers' Compensation Board.** A total of 12 fees will be repealed, saving New Yorkers \$95,000 annually beginning in 2015-16.
 - **Chiropractic Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any chiropractic dispute or arbitration of a bill handled by the Board.
 - **Claimant's Representative License Fee.** This is a \$100 fee paid from individuals who are licensed with the WCB and represent claimants before the Board.
 - **Hospital Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any hospital dispute or arbitration of a bill handled by the Board.
 - **Medical Arbitration Request Fee.** This is a \$5 fee paid by a service provider for any medical dispute or arbitration of a bill handled by the Board.
 - **Medical Center Authorization License Fee.** This is a \$200 license fee for compensation medical bureaus operated by qualified physicians for the diagnosis and treatment of industrial injuries or illnesses.

- **Medical / X-Ray Bureau Authorization License Fee.** This is a \$200 license fee paid by compensation medical bureaus operated by qualified physicians for the diagnosis and treatment of industrial injuries or illnesses.
- **Podiatry Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any podiatry dispute or arbitration of a bill handled by the Board.
- **Psychology Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any psychology dispute or arbitration of a bill handled by the Board.
- **Publication Fee.** This is a \$5 regulatory fee for purchasing Board publications.
- **Self Insurer's Representative License Fee.** This is a \$100 license fee paid by a third party administrator and/or self-insured employer. These entities represent employers at Board hearings.
- **Subpoena Fee.** This is a \$15 regulatory fee for subpoenas to obtain Board documents.
- **X-Ray Laboratory Authorization License Fee.** This is a \$5 license fee paid for a separate laboratory to engage in X-ray diagnosis or treatment of an injured worker.

Assure that Revenues from Fees Cover Associated Functions

The Executive Budget includes proposals to eliminate the imbalance between fee revenues and cost

of functions associated with those fees. Funds were established to provide specific services for which the cost of providing the service is offset by fees imposed in statute. In certain cases, the existing fees are no longer sufficient to cover costs. Rather than shift the cost to taxpayers, these service fees are modestly increased.

- **Align DEC Fees with Service Levels.** Several DEC pollution control programs that were designed to be self-supporting are running in the red, even as DEC holds spending for these programs flat. This adjustment will better reflect the operational cost, and shift the burden from State taxpayers to the regulated community while obviating reductions to these important programs. Specifically, the Budget will increase certain fees related to air regulation and enforcement under Federal and State statutes, and oversight of hazardous waste, pesticides and water pollution discharge. The actions will raise approximately \$8 million annually to fund the programs.
- **Enhance Oil Spill Preparedness.** In response to the increased volume of crude oil being transported through New York State, the Executive Budget increases the fees for oil transported and transferred in the State to 13.75 cents per barrel, irrespective of whether the oil remains in the State or continues on to other states. These additional revenues will ensure solvency of the oil spill fund, provide the

necessary funding for staff and associated costs, and support compliance with Executive Order 125, which outlines steps the State is taking to improve oil spill response and prevention.

- **Impose Vehicle Safety Inspection Fee.** A new \$100 safety inspection fee will be charged to privately operated for-hire/for-profit passenger carriers for each inspection conducted by the Department of Transportation. Vehicles used for school transportation or public transit will be excluded. This fee will defray the costs of semi-annual inspections.

TAX REFORM REVENUE ACTIONS, and STAR
(millions of dollars)

	General Fund		All Funds	
	FY 2016	FY 2017	FY 2016	FY 2017
Tax Credits	-	(360)	-	(360)
-Provide Income Based Property Tax Relief Tied to the Property Tax Cap	-	(350)	-	(350)
-Establish the Education Tax Credit	-	-	-	-
-Create the Urban Youth Jobs Program Tax Credit	-	(10)	-	(10)
-Create the Employee Training Incentive Program (ETIP) Tax Credit	-	-	-	-
-Extend the Excelsior Tax Credit Program to Entertainment Companies	-	-	-	-
Tax Cut and Reform Actions	4	39	4	42
-Reduce the Net Income Tax on Small Businesses	-	(26)	-	(26)
-Extend the Wine Tasting Sales and Use Tax Exemption to Other Alcoholic Beverages	-	-	-	-
-Reform the Investment Tax Credit provided for Master Tapes	-	-	-	-
-Reform the Industrial Development Authority (IDA) Program	4	9	4	9
-Expand Sales Tax Collection Requirements for Marketplace Providers	-	56	-	59
-Exempt Solar Power Purchase Agreements from State and Local Sales Tax	-	-	-	-
-Tax Law Article 9 Refunds and Section 184 Assessment	-	-	-	-
Tax Simplification Actions	-	-	-	-
-New York City Corporate Tax Reform	-	-	-	-
-Combine the DOS Biennial Information Statement and Tax Return Filings and Repeal \$9	-	-	-	-
-Allow Petroleum Business Tax Refunds for Farm Use of Highway Diesel Motor Fuel	-	-	-	-
-Impose Local Sales Tax on Prepaid Wireless Based on Retail Location	-	-	-	-
Enforcement Initiatives	20	30	24	38
-Lower the Outstanding Tax Debt Threshold Required to Suspend Delinquent Taxpayers'	9	3	9	3
-Allow New York to Enter Reciprocal Tax Collection Agreements with Other States	1	3	1	3
-Close Certain Sales and Use Tax Avoidance Strategies	5	10	5	10
-Authorize a Professional and Business License Tax Clearance	-	3	-	3
-Require New State Employees to be Compliant with State Tax Obligations	1	2	1	2
-Require Practitioners to be Compliant with State Tax Obligations before Receiving	1	2	1	2
Excess Medical Malpractice Coverage				
-Require Grantees to be Compliant with State Tax Obligations before Receiving a State	1	2	1	2
Grant from a State or Local Authority				
-Authorize Multi Agency Data Sharing to Enhance Enforcement Initiatives	-	-	1	1
-Extend Current STAR / Tax Delinquency Program and Convert it from Offset into a Tax	-	1	-	-
-Allow OCFS to Share Child Care Data with the Department of Taxation and Finance	-	2	-	2
-Enhance Motor Fuel Tax Enforcement	1	2	5	10
Tax Law Extenders	15	85	15	85
-Make Permanent the Limitation on Charitable Contribution Deductions for High Income	-	70	-	70
New York State and New York City Personal Income Taxpayers				
-Make Warrantless Wage Garnishment Permanent	15	15	15	15
-Extend and Reform the Brownfield Cleanup Program	-	-	-	-
-Extend Certain Tax Rates and Certain Simulcasting Provisions for One Year	-	-	-	-
School Tax Relief (STAR) Program Actions	192	205	-	(97)
-Convert the STAR Benefit into a Tax Credit for New Homeowners - Credit Portion	-	(97)	-	(97)
-Convert the STAR Benefit into a Tax Credit for New Homeowners - Spending Savings	97	197	-	-
-Cap Annual Growth in Basic and Enhanced Exemption Benefit at Zero Percent	54	54	-	-
-Eliminate the New York City PIT Rate Reduction Benefit for High Income Taxpayers	41	51	-	-
-Recoup Savings Retrospectively from Unlawfully Claimed Exemptions Removed During Re-	1	-	-	-
-Allow Unenrolled Registrants to Receive the STAR Exemption Benefit for Tax Year 2014	(1)	-	-	-
Technical Corrections	-	7	-	7
-Require Commercial Production Tax Credit Economic Impact Report	-	-	-	-
-Amend the Corporate Tax Reform Statute for Technical Changes	-	7	-	7
-Amend the Estate Tax Statute for Technical Changes	-	-	-	-
-Amend the Personal Income Tax, MTA Mobility Tax, and Credit for Disabled Workers	-	-	-	-
Gaming Initiatives	-	-	20	40
-Extend the Video Lottery Gaming (VLG) Vendor's Capital Awards Program for One Year	-	-	-	-
-Expand Electronic Gaming Offerings at Video Lottery Gaming (VLG) Facilities	-	-	20	40
-Extend NYRA Reorganization on Board	-	-	-	-
Repeal Nuisance Fees	(0)	(0)	(3)	(3)
-Repeal 59 Nuisance Fees Charged by Various State Agencies	(0)	(0)	(3)	(3)
Assure that Revenues from Fees Cover Associated Functions	-	-	21	21
-Align DEC Fees with Service Levels	-	-	8	8
-Enhance Oil Spill Preparedness	-	-	9	9
-Impose Vehicle Safety Inspection Fee	-	-	4	4
TOTAL TAX REFORM REVENUE ACTIONS, and STAR	231	6	81	(227)

ENUMERATED LIST OF FEES FOR REPEAL
(thousands of dollars)

	General Fund		All Funds	
	FY 2016	FY 2017	FY 2016	FY 2017
Department of Agriculture and Markets	(21)	(23)	(40)	(42)
- Commercial Feed License Fee	(5)	(5)	(5)	(5)
- Farm Product Dealer's License Fee	-	-	(9)	(9)
- Food Salvage Fee	(3)	-	(3)	-
- Liming Brands License Fee	(1)	(7)	(1)	(7)
- Refrigerated Warehouse Fee	(8)	(1)	(8)	(1)
- Rendering Plants Fee	(2)	(2)	(2)	(2)
- Rendering Transportation Fee	(2)	(2)	(2)	(2)
- Seed Potato Inspection Fee	-	-	(10)	(10)
- Soil and Plant Inoculants Fee	-	(6)	-	(6)
Department of Environmental Conservation	(6)	(6)	(6)	(6)
- Flood Control Permit Fee	(1)	(1)	(1)	(1)
- Water Well Driller Registration Fee	(5)	(5)	(5)	(5)
Department of Labor	(101)	(101)	(243)	(243)
- Antique Boiler Inspection Fees (2)	-	-	(2)	(2)
- Boiler Certificate of Competency Fee	-	-	(10)	(10)
- Boiler Shop Survey Fee	-	-	(7)	(7)
- Building Plans Exam Fee	-	-	(1)	(1)
- Commissary Operator Permit Fee	-	-	-	-
- Day of Rest Easement Application Fee	-	-	(4)	(4)
- Defense Dispensation Fee	-	-	-	-
- Farm Grower Permit Fee	-	-	(9)	(9)
- Farm Labor Contractor Permit Fee	-	-	(14)	(14)
- Industrial Homework Certificates Employer Application Fee	-	-	-	-
- Industrial Homework Certificates Homeworkeer Application Fee	-	-	-	(1)
- Laser Regulation Permit Fee	(25)	(25)	(25)	(25)
- Miniature Boiler Inspection Fee	-	-	-	-
- Professional Employer Organization Exemption Fee	(11)	(11)	(11)	(11)
- Professional Employer Organization Initial Registration and Renewal Fees (2)	(65)	(65)	(65)	(65)
- Scaffold Plan Examination Fee	-	-	(28)	(28)
- Ski Tows and Passenger Tramways Fees (2)	-	-	(19)	(19)
- Slot Machine Repair License Fees (2)	-	-	-	-
- Workplace Safety and Loss Certification Application Fee	-	-	(18)	(18)
- Workplace Safety and Loss DOL Consultation Fee	-	-	-	-
- Workplace Safety and Loss Incentive Application and Renewal Fees (2)	-	-	-	-
- Workplace Safety and Loss Recertification Application Fee	-	-	(2)	(2)
- Workplace Safety and Loss Specialist Certification and Recertification Fees (2)	-	-	(8)	(8)
- Written Assurances Fee	-	-	-	-
Department of State	-	-	(2,579)	(2,579)
- Apartment Information Vendor License Fee	-	-	(9)	(9)
- Biennial Statement Filing Fee	-	-	(2,570)	(2,570)
- Cease and Desist List License Fee	-	-	-	-
Department of Transportation	-	-	(40)	(40)
- Intrastate Authority Application Fee	-	-	(40)	(40)
Justice Center for the Protection of People with Special Needs	-	-	-	-
- Conference Fee	-	-	-	-
- Technology-Related Assistance for Individuals with Disabilities Enterprise Fee	-	-	-	-
Workers' Compensation Board	(20)	(20)	(95)	(95)
- Chiropractic Arbitration Request Fee	-	-	(4)	(4)
- Claimant's Representative License Fee	(8)	(8)	(8)	(8)
- Hospital Arbitration Request Fee	-	-	(1)	(1)
- Medical Arbitration Request Fee	-	-	(43)	(43)
- Medical Center Authorization License Fee	-	-	-	-
- Medical / X-Ray Bureau Authorization License Fee	-	-	(10)	(10)
- Podiatry Arbitration Request Fee	-	-	-	-
- Psychology Arbitration Request Fee	-	-	(1)	(1)
- Publication Fee	-	-	(1)	(1)
- Self Insurer's Representative License Fee	(12)	(12)	(12)	(12)
- Subpoena Fee	-	-	(13)	(13)
- X-Ray Laboratory Authorization License Fee	-	-	(2)	(2)
TOTAL FEES FOR REPEAL	(148)	(150)	(3,003)	(3,005)

3. Investing in New York

The State currently expects to receive approximately \$5.4 billion in 2014-15 from financial settlements with banks and insurers. The Executive Budget provides a plan for the investment of these funds that builds for the future, revitalizes our economies and helps New York prepare for future challenges.

The funds from these financial settlements are one-time resources; therefore, they can only be responsibly used to fund one-time expenditures. The Budget proposes \$3 billion in loans and grants for special infrastructure projects, including those related to transportation, health care, disaster preparedness, and other one-time investments. A total of \$1.5 billion will be made available for competitive upstate

revitalization grants. In addition, \$850 million is reserved to address financial risks.

Upstate Revitalization Program

The Executive Budget funds a new \$1.5 billion Upstate New York Economic Revitalization Competition to help continue to restore economic opportunity to regions across Upstate New York. The Upstate Revitalization Fund (URF) is modeled on the proven framework and best practices established by the Buffalo Billion initiative. The URF will target investment within a set of economically-distressed upstate metropolitan areas and their surrounding regions, focusing on both catalytic infrastructure projects as well as quality of life initiatives to make upstate New York a better place to live, work, and visit.

Seven regions are eligible to compete for one of three \$500 million upstate revitalization funds: Mid-Hudson, Capital Region, Mohawk Valley, Central New York, North Country, Southern Tier and Finger Lakes. Because the challenges faced by Upstate regions and solutions for revitalizing them vary, the Upstate New York Revitalization Competition will provide an

opportunity for a range of projects to be eligible for funding.

Special Infrastructure Account

The Executive Budget includes \$3.05 billion to create a new special infrastructure account that will guide investment across a wide range of projects throughout New York State, from large-scale complex projects to smaller strategically critical investments that leverage additional resources or fill gaps in project funding. Funds may also be used to provide low-interest loans with a focus on leveraging private capital and investment. In addition, the Executive Budget proposes to expand the authorization of design-build contracting to optimize the quality, cost and efficiency of suitable infrastructure investments across all State agencies and public authorities. This proposal will permit, but not in all instances mandate, Project Labor Agreements (PLA) to be used on design-build projects. PLAs are comprehensive labor agreements that establish the collective bargaining and labor parameters for a project. Funding is also provided to address structural challenges facing health care providers, encourage local

government efficiency and support disaster preparedness and response.

The Executive Budget includes specific allocations for the following programs:

- **Thruway Stabilization Program (\$1.285 billion).** A new \$1.285 billion Thruway Stabilization program that will help offset the impacts on toll-payers of major Thruway investments. These investments include the \$3.9 billion New NY Bridge project replacing the Tappan Zee Bridge between Rockland and Westchester, and meeting transportation needs on the rest of the Thruway's core system across the State.
- **Broadband Initiative (\$500 million).** A \$500 million New NY Broadband Fund is established to significantly expand the availability and capacity of broadband across the State. This comprehensive program will build on the success of the Connect NY Broadband Program and expand the creation of ultra-high-speed network and promote broadband adoption through a multi-pronged approach. Key elements of the program include: public/private sector partnerships; the ability to recoup State investment; unprecedented broadband speeds of up to 100Mbps; regional ground-up planning; leveraging existing State-owned assets; and streamlining the State regulatory process to speed up implementation and reduce deployment costs.

- **Hospitals (\$400 million).** \$400 million is reserved to support debt restructuring and other capital projects for hospitals in rural communities to facilitate health care transformation. Hospitals in Upstate are critical healthcare providers and some of the largest regional employers. However, financial challenges exist for smaller, community based and geographically isolated hospitals that could prevent their participation in critical State reform efforts.
- **Penn Station Access (\$250 million).** \$250 million in funding will advance MTA's Penn Station Access project, which will open a new Metro-North link directly into Penn Station, to provide critical system resiliency, improve regional mobility and construct four new Metro-North stations in the Bronx.
- **Statewide Infrastructure Improvements (\$115 million).** \$115 million for strategic capital investments in infrastructure, including State Fair, transit, rail, port and aviation facilities that promote economic development.
- **Transit-Oriented Development (\$150 million).** Up to \$150 million will encourage mixed-use development at key public transit facilities through the investment in vertical parking facilities such as the Ronkonkoma and Nassau Hub locations on Long Island, and the Lighthouse Landing in Tarrytown, Westchester County. These investments will ensure that real estate currently utilized primarily for parking

can be re-developed for mixed use – spurring investment in retail and residential developments and helping strengthen those local communities and their economies.

- **Resiliency, Mitigation, Security, and Emergency Response (\$150 million).** \$150 million in settlement funds will support preparedness and response efforts. These funds will also support efforts to prevent, prepare for, and respond to other public safety and health emergencies. Within the last four years, New York State sustained damage from Hurricane Irene, Tropical Storm Lee, and Superstorm Sandy – three powerful storms that crippled entire regions. These funds acknowledge that future extreme weather events and natural disasters are likely. These funds will also be available to ensure that New York has the resources needed to continue its aggressive counter-terrorism efforts.
- **Southern Tier and Hudson Valley Agricultural Enhancement Program (\$50 million).** \$50 million from the Special Infrastructure Account will assist farmers and other related businesses in the Southern Tier (\$30 million) and Hudson Valley (\$20 million) with maintaining and growing their businesses. Funding would be used for strategic farming initiatives, including preservation of farmland, to ensure that farms in the Southern Tier and Hudson Valley remain intact and vibrant for generations to come.

- **Municipal Restructuring (\$150 million).** \$150 million from the Special Infrastructure Account will fund and enhance programs that encourage local government efficiencies. These programs help lower the cost of government and reduce the burden placed on property taxpayers. Specific programs that are funded include:
 - *Transformational Grants.* Funding will be awarded for one-time costs related to transformational projects that reduce the long-term cost of local government and school district services. This includes financing the implementation of high quality proposals identified in the Government Efficiency Plans.
 - *Citizens Reorganization Empowerment Grants.* These grants provide funding of up to \$100,000 for local governments to cover costs associated with planning and implementing local government reorganization activities, such as consolidations and dissolutions. Expedited assistance is given to local governments that have received a citizen petition for consolidation or dissolution.
 - *Citizen Empowerment Tax Credits.* For cities, towns, or villages that consolidate or dissolve, these tax credits provide an annual aid bonus equal to 15 percent of the newly combined local government's tax levy. At least 70 percent of such amount must be used for direct relief to property taxpayers.

- *Local Government Efficiency Grants.* These competitive grants provide funding to help cover costs associated with local government efficiency projects, such as planning for and/or implementation of a functional consolidation, shared or cooperative services, and regionalized delivery of services. The maximum implementation grant award is \$200,000 per municipality/\$1 million per grant consortium, and the maximum planning grant award is \$12,500 per municipality/\$100,000 per grant consortium.



4. Restoring Public Trust

The Executive Budget supports structural changes to reform campaign finance laws, including the public financing of campaigns.

Overview

New York's reformation of ethics enforcement began in 2011 with passage of the Public Integrity Reform Act (PIRA). PIRA created the Joint Commission on Public Ethics (JCOPE), which provides a single investigative body with jurisdiction over both the Governor and the Legislature, and increased penalties for certain campaign finance violations.

In 2012, the Legislature passed a Constitutional amendment to reform the process, which occurs every ten years, by which State Legislative and Congressional

District lines are drawn. Approved by voters in November 2014, this amendment expressly prohibits partisan gerrymandering and creates a new commission to draw the district lines that will require approval by appointees of both the majority and the minority party leaders.

In 2014, Governor Cuomo passed the Public Trust Act to address ethics issues within New York's government and elections process. The Public Trust Act created a new class of public corruption crimes and enhanced New York prosecutors' ability to crack down on public corruption across the state. The Governor also created an independent division of Election Law enforcement within the State Board of Elections. This new, fully independent division, ensures vigorous enforcement of our election laws.

A pilot program which was designed to provide public campaign financing of state comptroller elections was enacted as part of the 2014-15 Budget. The 2015-16 Executive Budget will expand public financing of campaigns to all State offices beginning in 2018. This proposal aims to restore public confidence in the democratic election process and ensure that State

elected officials are accountable to all voters regardless of their position or wealth.

Campaign Finance Reform and Public Financing of Elections

The Executive Budget includes comprehensive campaign finance reform and publicly financed elections reform to amplify the impact of smaller campaign donations and help enable a diverse pool of candidates.

- **Implement a Public Financing System.** The Executive Budget puts in place a public financing system modeled on New York City's, where contributions up to \$175 are matched \$6 to \$1. Strict limits will be in place to protect taxpayers. Currently, New York ranks last in the nation for percentage of population that contributes to a political campaign, meaning political candidates rely far more upon large donors than do candidates in other states.
- **Establish Limits on Campaign Contributions.** The Executive Budget regulates the bundling of campaign contributions for the first time and reduces the annual limit on aggregate contributions from a contributor to a party or constituted committee. Specifically, contributions to party "housekeeping accounts" will be limited to \$25,000 per year, party committee transfers to candidates will be limited to only small donations (less than \$500 per

contributor), corporate contributions will be limited to \$1,000 per year, and the LLC loophole will be closed so that LLCs will be treated as corporations rather than individual contributors. Candidates who receive the benefits of public matching financing will have to adhere to lower limits. Currently, large contributions to, as well as transfers from, political party committee accounts are unlimited.

- **Authorize Contributions for Campaign Finance Reform.** The Executive Budget contains provisions that will allow resident taxpayers to make a donation to a new Campaign Finance Fund through a check off box on their State income tax return.
- **Enhance Restrictions on the Personal Use of Campaign Funds.** The Executive Budget limits the use of contributions to expenses that are directly related to elections or public duties. Expenditures for the exclusive personal benefit of the candidate or office-holder will be prohibited and a long list of expressly prohibited expenditures will be memorialized in statute.



5. Economic Development

The Executive Budget makes transformative investments in the revitalization of Upstate regions, job-creating programs and the expansion of high-speed broadband access across the State. This bold agenda will leverage the success of Governor Cuomo's regionally-focused economic development strategy to identify catalytic infrastructure projects, promote innovation and transform every sector of the economy.

Overview

In the last four years, Governor Cuomo has completely redesigned the State's economic development strategy through his Regional Economic Development Councils (REDC) and fast-tracked economic revitalization by replacing New York State's traditional top-down development strategy with an

innovative approach that enables regional stakeholders to develop long-term plans based on regional priorities and unique assets. The REDCs have awarded over \$2.9 billion for job creation and community development projects that will create or retain over 150,000 jobs.

As part of this regional economic strategy, the State's unprecedented \$1 billion investment in the Buffalo area economy is helping to create thousands of jobs and spur new investment and economic activity.

START-UP NY, the groundbreaking initiative established in 2013 to transform SUNY and private college and university campuses and communities across the State into tax-free zones, is attracting new businesses and encouraging existing businesses to expand. To date, a total of 55 businesses have been approved for START-UP NY participation and are projected to create over 2,100 net new jobs and over \$98 million in investment.

The State has continued progress towards realizing the economic benefits of resort gaming destinations, as the Gaming Facilities Location Board has selected sites that will create thousands of local jobs and drive economic development in surrounding communities. Such destinations will support small

businesses and create new tax revenue to support local governments and school districts.

The 2015-16 Executive Budget builds upon this framework of success and launches the Upstate Revitalization Fund (URF) to inject \$1.5 billion of State resources to drive revitalization in major Upstate regions. The New NY Broadband Fund will complement this effort by making an historic \$500 million investment in universal broadband deployment to significantly expand the availability and capacity of high-speed broadband access through the State. High-speed broadband access, and its ability to electronically connect the State, is as important to the State's economy as was the Erie Canal's ability to physically connect the State when it opened in 1825. The State will also establish the Global NY Development Fund to help small- and medium-sized businesses develop global export and expansion opportunities and make targeted capital investments in projects with an Upstate focus.

Proposed 2015-16 Budget Actions

- **Create an Upstate Revitalization Competition.** The Budget includes a new \$1.5 billion Upstate Revitalization Fund (URF) to help continue to restore economic opportunity to regions across

Upstate New York. This program is modeled on the proven framework and best practices established by the Buffalo Billion initiative, and the existing expertise and structure of the Regional Economic Development Councils. The URF will target investment within a set of economically-distressed upstate metropolitan areas and their surrounding regions, focusing on both catalytic infrastructure projects as well as quality of life initiatives to make upstate New York a better place to live, work, and visit. This investment utilizes one-time resources from financial settlements reached with several banks and insurance companies.

Funds will be awarded through a competition with priority given to projects exhibiting region-wide impact, focusing on strengthening critical infrastructure, revitalizing communities, bolstering workforce development, growing tourism, and improving quality of life. Seven regions are eligible to compete for one of three \$500 million upstate revitalization funds: Mid-Hudson, Capital Region, Mohawk Valley, Central New York, North Country, Southern Tier and Finger Lakes.

- **Establish the New NY Broadband Fund.** The Budget establishes a \$500 million New NY Broadband Fund to significantly expand the availability and capacity of broadband across the State. This comprehensive program will build on the success of the Connect NY Broadband Program and expand the creation of ultra-high-speed network and promote broadband

adoption through a multi-pronged approach. Key elements of the program include: public/private sector partnerships, the ability to recoup State investment, broadband speeds of up to 100Mbps, regional ground-up planning, leveraging existing State-owned assets and streamlining the State regulatory process to speed up implementation and reduce deployment costs. A private sector match of at least 1:1 for broadband providers seeking to access funding is expected to increase the size of the program to over \$1 billion. This investment utilizes one-time resources from financial settlements reached with several banks and insurance companies.

- **Create the Global NY Development Fund.** The Budget supports a \$35 million Global NY Development Fund to encourage more New York-based companies to export their products to established and emerging markets around the globe. The Global NY Development Fund will provide grants and loans to help New York State based small- and medium-sized businesses with financing to enable them to explore new exporting or global expansion opportunities to grow and compete.
- **Support Regional Economic Development Councils.** In 2011, Governor Cuomo established ten Regional Economic Development Councils (REDCs) to develop long-term regional strategic economic development plans. Since then, the REDCs have awarded over \$2.9 billion in State funding through a competitive process to spur job creation based on regional priorities. This

new strategy has resulted in 150,000 new or retained jobs in New York.

The 2015-16 Executive Budget includes core capital and tax-credit funding that will be combined with a wide range of existing agency programs for a fifth round of REDC awards. The Budget will continue to make resources available from other State agencies to support community revitalization and business growth consistent with the existing Regional Council plans through the Consolidated Funding Application process. The core funding includes:

- \$150 million to fund high value regional priority projects; and
 - \$70 million in State tax credits – set aside from the Excelsior Jobs tax credit program to fund regional priority projects.
- **Invest in Strategic Initiatives.** The Budget authorizes new funding for the following key economic development projects:
 - **New York Power Electronics Manufacturing Consortium.** As part of the State's \$135 million multi-year commitment, a \$33.5 million initial State investment will be provided to support the New York Power Electronics Manufacturing Consortium to develop and commercialize the use of wide bandgap power electronic devices.

- **Cornell University College of Veterinary Medicine.** An additional \$19 million State multi-year investment is provided to expand and upgrade infrastructure and teaching facilities at the Cornell University College of Veterinary Medicine to accommodate larger class sizes.
- **School of Pharmacy at Binghamton University.** The 2014-15 Enacted Budget provided \$10 million to begin the design and construction of a new School of Pharmacy at Binghamton University. The Executive Budget includes \$50 million to complete construction of the new School. This initiative will help Binghamton continue to build its stature as a premier research university, expand enrollment, create jobs, increase economic activity in the Southern Tier and help meet health care workforce needs.
- **Economic Development Initiatives.** The \$45 million New York Works Economic Development Fund Program will provide capital grants to support projects that facilitate an employer's ability to create new, or retain existing, jobs, or fund infrastructure investments necessary to attract new businesses or to expand existing businesses.

- **Provide for North Country Investments.** The Budget authorizes funding for the following priority projects in the North Country:
 - **Clarkson - Trudeau Partnership.** An additional \$5 million to support the partnership between the State, Clarkson University and the Trudeau Institute to form a world-class biotech enterprise and further establish the North Country Region as a premier center of biotechnology research and development.
 - **Olympic Regional Development Authority (ORDA) Capital Improvements.** \$10 million in new capital funding for ORDA, including \$7.5 million for critical maintenance and energy efficiency upgrades to the Olympic and ski facilities, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative.
- **Launch Another Round of NYSUNY 2020 and NYCUNY 2020.** To build upon the success of the Challenge Grants, the Budget includes \$110 million to launch another round of NYSUNY 2020 and NYCUNY 2020. Priority will be given to plans that use technology to improve academic success and job opportunities for students, leverage public-private partnerships through the START-

UP NY program, and better connect students to the workforce.

- **Support New York Open for Business.** Supported by \$50 million in New York Power Authority resources, the Open for Business initiative will continue to provide an enhanced marketing effort to demonstrate the benefits of investing and doing business in New York.
- **Promote Tourism.** The State's economic development agencies will implement a \$45 million tourism campaign in 2015-16 to attract visitors from around the world. The program includes a third round of \$5 million in competitive funding through the Market NY initiative to support tourism marketing plans that best demonstrate regional collaboration among counties to promote regional attractions.
- **Expand Venture Capital Funding.** The New York State Innovation Venture Capital Fund will be expanded from \$50 million to \$100 million. These funds will accelerate technology commercialization in New York State by making equity investments in high-growth technology companies that leverage the State's industrial and cluster strengths.

Other Budget Actions

- **Fund the Innovation Hot Spots and Incubators Program.** The Executive Budget authorizes \$5 million in new funding, the fully annualized level, to continue to foster innovation

by offering start-up companies valuable business support services to help commercialize academic research and promote further collaboration between business and academia.

- **Continue Commitment to Critical Economic Development Investments.** The Budget includes nearly \$46 million to support ongoing economic development initiatives including the New York State Economic Development Fund, the Minority- and Women-Owned Business Development and Lending Program, the Urban and Community Development Program, the Entrepreneurial Assistance Program, tourism marketing initiatives, and international trade efforts.
- **Support High Technology Grants.** The Executive Budget authorizes over \$34 million to support ongoing university-based matching grants and other high technology and research and development programs administered by the Department of Economic Development's Division of Science, Technology and Innovation.
- **Support Community Revitalization.** The Budget also earmarks JPMorgan Chase mortgage settlement proceeds for community development and revitalization by providing \$50 million for the Restore New York Communities Initiative and \$15 million to support Community Development Financial Institutions.

- **Establish the Office of Faith-Based Community Services.** The State will establish a new Office of Faith-Based Community Services to assist and maximize community and faith-based organizations in providing education, health, workforce training, food programs and social services to communities. The Office will also work with ESD to help and encourage development of faith-based businesses.
- **Support the Office For New Americans.** Additional State-support of \$3 million will replace reduced Federal support and provide a net increase of \$1 million over last year's levels. These resources will be allocated to the Department of State's Office for New Americans that provides services to assist the State's immigrant communities.



6. Education

The Executive Budget reflects the Governor's commitment to improving student outcomes by providing a \$1.1 billion increase in aid (4.8 percent) and conditioning it on the implementation of vital education reforms, including improvements to the systems for teacher evaluation, tenure, certification and preparation as well as providing new authority to improve failing schools and providing increased support and accountability to charter schools.

Overview

Total spending on public education in New York exceeds \$60 billion. Not only is education the largest area of State spending, it is also the largest component of local property taxes.

New York's schools have maintained the highest per-pupil spending levels in the nation – even during difficult financial times. However, the State lags behind in graduation rates and college or career readiness. Only 76 percent of students graduate from high school in four years and only 38 percent of students are college or career ready. These facts, taken together, highlight that substantial progress requires more than money. To achieve real improvement in student outcomes, funding must be coupled with the implementation of reforms with proven track records.

The 2015-16 Executive Budget continues this work by proposing improvements to the systems for teacher evaluation, tenure, certification and preparation. In addition, the Budget provides new authority to truly improve failing schools and provides increased support and accountability to charter schools. The Budget supports new initiatives designed to strengthen the education system, such as better preparation of teachers, removal of financial barriers that keep talented individuals from teaching, rewarding highly effective teachers, and creation of a pre-kindergarten program designed to reach vulnerable 3-year-old children.

These initiatives, along with programs already underway, such as Statewide Universal Full-Day Pre-Kindergarten, will continue to transform public education across the State – reaching students earlier, providing more enrichment opportunities, and ensuring that the State’s students have access to highly effective teachers and schools.

Support for Public Education

Several initiatives implemented over the past three years have improved the State’s ability to expand educational opportunities for young students and ensure all students have the greatest opportunity for college and career readiness. These major initiatives include:

- **Statewide Universal Full-Day Pre-Kindergarten.** The State currently spends over \$750 million on public pre-K programs for four year olds, serving over 116,000 students statewide. The 2014-15 Enacted Budget committed \$1.5 billion over five years to support the phase-in of the first-ever State-funded full-day pre-kindergarten program. In addition, in December, New York received a \$25 million grant award (\$100 million over four years) from the United States Department of Education to

expand access to full-day pre-kindergarten in high-need school districts.

- **Smart Schools Bond Act.** In November 2014, the Smart Schools Bond Act Referendum proposed by Governor Cuomo was approved by voters. The Smart Schools Bond Act provides \$2 billion in funding to schools to reimagine our classrooms and provide New York students with the technological resources, skills and safe learning environments necessary to succeed in the evolving 21st century economy. Bond proceeds will fund enhanced education technology in schools, including infrastructure improvements to bring high-speed broadband to schools and their surrounding communities and the purchase of classroom technology for use by students. Additionally, the Smart Schools Bond Act will enable long-term investments in full day pre-kindergarten through the construction of new pre-kindergarten classroom space, the replacement of classroom trailers with permanent classroom space and high-tech school safety programs.
- **Reforming Common Core Implementation.** The 2014-15 Enacted Budget put into law a series of recommendations to improve the implementation of the Common Core in New York State to protect students during the transition. The new law eliminates standardized “bubble tests” in kindergarten through third grade, and limits the amount of class time allowed for standardized testing and standardized test preparation for third through

eighth graders. Critically, this legislation also ensures that results from new tests over the next five years will not appear on students’ official transcripts or permanent records.

Summary of Spending

Category	2014-15 (millions)	2015-16 (millions)	Change	
			Dollar (millions)	Percent
Total Education Aid	22,079	23,143	1,063	4.8

Category	Change (millions)
School Aid	1,013
Prekindergarten for 3- Year-Old Students	25
Other Education Reform Initiatives	25
Total Education Aid	1,063

Proposed 2015-16 Budget Actions

The 2015-16 Executive Budget reflects a continued commitment to improved student outcomes and builds on the foundational work of prior years, including the implementation of key recommendations of the New NY Education Reform Commission’s Final Action Plan.

School Aid will continue to represent the largest State-supported program, accounting for roughly 28

percent of total General Fund spending. For the 2015-16 school year, the Budget recommends \$23.1 billion in total education aid, excluding funding from the Smart Schools Bond Act and the Statewide Universal Full-Day Pre-Kindergarten program. This amount represents a year-to-year increase of \$1.1 billion.

This increase, which exceeds the growth rate of general state spending, is appropriately tied to the legislative enactment of education reforms, including necessary improvements to the systems for teacher evaluation, tenure, certification and preparation as well as providing the authority to truly improve failing schools and providing increased support and accountability to charter schools. Absent these reforms, neither data nor experience suggests that New York will break from its historical standing as being the highest spending state per pupil with disappointing student outcomes.

The Budget also supports several initiatives totaling \$50 million that will focus on improving all aspects of the education system from the State's youngest learners to its college graduates; from the State's teacher pipeline to strategies to support struggling schools.

- **Expand Access and Quality of Pre-Kindergarten for 3-Year Old Children (\$28 million).** Building on the success of the Governor's previous pre-kindergarten expansions, the Budget invests \$25 million to expand high quality half-day and full-day pre-kindergarten programs to 3-year-old children in the highest-need school districts that develop a plan to deliver these services where they can be most beneficial. The State will also provide \$3 million to support the implementation of QUALITYstarsNY, a quality rating and improvement system intended to ensure that we offer our youngest children the highest quality programs possible.
- **Strengthen Accountability for Failing Schools and Educators (\$8 million).** The Budget provides \$8 million to support turnaround strategies modeled after the Massachusetts education receivership model. Under this model, the State Education Department (SED) will appoint a receiver to oversee a failing school or district.
- **Create Sustainable High-Quality Teacher Pipelines (\$6 million).** The Budget includes \$3 million to support the creation of the New York Teacher Residency (NYTR) program – a statewide teacher residency model that will combine Masters-level course work with a full year of supervised residency in an eligible school, akin to what is provided to doctors in training. Additionally, \$3 million is provided to

incentivize our highest-achieving students to pursue teaching as a profession. The Budget will provide full tuition scholarships for SUNY and CUNY graduate teacher education programs to top candidates who are New York residents and agree to teach in New York for five years following completion of their degrees.

- **Expand the Masters Teachers Program (\$5 million).** The Budget provides an additional \$5 million for the expansion of the Master Teacher program in two ways. First, eligibility is extended to teachers who are licensed to teach English as a Second Language (ESL) or bilingual education in recognition of the particular needs of this student population. Eligibility is also extended to teachers who have dual certifications in special education and general education. Second, the expansion increases opportunities for Master Teachers to provide ongoing mentoring to teachers in the early stages of their careers. The Master Teacher program provides a \$15,000 annual per teacher stipend for four years.
- **Support P-TECH Expansion (\$3 million).** The Budget provides \$3 million to expand the Pathways in Technology and Early College High School (P-TECH) program for a third round of awards. The rigorous, relevant and cost-free “grades 9 to 14” model is focused on the knowledge and skills students need for Science, Technology, Engineering and Math (STEM) careers. Graduates receive both a high school diploma and an associate’s degree at no cost to

the students' families. The program also boasts a commitment that students will be first in line for a job with the participating business partners following completion of the program.

Charter Schools

The Executive Budget will increase the cap on charter schools by 100, remove regional barriers to expansion, and remove the caps specific to particular chartering authorities. School districts with the greatest demand for quality seats for students will be able to provide more educational opportunities. Going forward, charter schools no longer in operation which have previously counted towards the cap will be added back into the statewide pool.

In addition to cap-related reforms, the Executive proposes requiring charters to submit enrollment rates to SED for Free or Reduced Price Lunch (FRPL) students, English Language Learners and students with disabilities at the beginning and end of each school year during the five-year period in between reauthorizations. During reauthorization, a chartering authority must consider any pattern of noncompliance with stated enrollment targets when making its renewal decision.

Additionally, the Budget will increase the State-funded Charter School Supplemental Basic Tuition to \$425 per pupil in 2015-16 and \$575 in 2016-17. Prior to 2014-15, the Charter School Tuition paid by school districts was frozen at the 2010-11 levels.

Preschool Special Education

New York State offers all-encompassing services to its students with disabilities, including services to children before they reach school age. The State's spending on Preschool Special Education is approximately \$1 billion. To improve service delivery and administration of the program, the Budget establishes regional rates for Special Education Itinerant Teacher (SEIT) providers.

SEIT providers are currently reimbursed based on their individual historical costs and rates for these services vary significantly, even within the same region. Establishing regional rates will rationalize the current payment structure by ensuring that all providers within a region are paid the same amount for providing these services. Implementation of regional rates will be phased-in over no more than four years.

Other Budget Actions

- **Establish an Education Tax Credit.** A new Education Tax Credit, is created which reflects contributions to public education entities, school improvement organizations, local education funds, and educational scholarship organizations. The educational scholarship organizations must provide benefits to pupils at three or more public or nonpublic schools. Corporation franchise and individual taxpayers will receive a nonrefundable credit equal to 75 percent of their authorized contributions, up to a maximum annual credit of \$1 million. The program will be capped at \$100 million in aggregate education tax credits annually. Half of the annual cap will be dedicated to public education entities, school improvement organizations, and local education funds. The other half will be allocated to educational scholarship organizations that provide support to low- and middle-income students hoping to attend a public school outside of their district or a nonpublic school. The establishment of this credit is contingent on passage of the DREAM Act.
- **Support Non-Public School Programs.** The Executive Budget increases funding by 4.8 percent to reimburse non-public schools' costs for State-mandated activities. Approximately 400,000 elementary and secondary students attend more than 1,700 nonpublic schools in New York State.

- **Increase Funding for the Arts.** The New York State Council on the Arts awards approximately 2,000 competitive grants annually to arts and cultural organizations. This reflects the State's commitment to provide access to high-quality artistic programs, while also making investments in local initiatives with longstanding economic impacts, such as theatres, dance companies, museums and orchestras. The Executive Budget provides \$41 million in funding for arts grants, an increase of \$5 million.



7. ■ Environment and Energy

The 2015-16 Executive Budget increases funding for the Environmental Protection Fund (EPF), maintains State funding for core environmental, parks and agricultural programs, expands outdoor recreational opportunities, provides a new round of capital funding for environmental facilities, and proposes the extension and reform of the Brownfields Cleanup Program. State agency and public authority funding will continue to make New York a leader in the clean tech economy, reduce emissions that contribute to climate change, and allow the transformation of our transmission system to a distributed smart grid network.

Overview

The State's environmental, energy and natural resource agencies support programs including land use planning and preservation, recreation and tourism, agricultural development, protection of water resources, regulatory oversight of environmental laws and regulations, oversight of food supply and food safety programs, and regulation of the State's utilities and energy programs.

The Department of Environmental Conservation's (DEC) mission is to conserve, improve and protect New York's natural resources and environment and to prevent, abate and control water, land and air pollution, in order to enhance the health, safety and welfare of the people of the State and their overall economic and social well-being. DEC is responsible for administration and enforcement of the State's Environmental Conservation Law.

The Office of Parks, Recreation and Historic Preservation (OPRHP) provides safe and enjoyable recreational and interpretive opportunities for New York State residents and visitors and functions as a steward of our valuable natural, historic and cultural

resources. OPRHP operates the State park system that is comprised of 215 State parks and historic sites. In 2013, the system welcomed 60 million visitors to these sites.

Together, DEC and OPRHP oversee 5.1 million acres of open space statewide, including 2.6 million acres in the Adirondack Park and nearly 300,000 acres in the Catskill Forest Preserve.

The Department of Agriculture and Markets (Ag&Mkts) is charged with wide-ranging responsibilities including food safety inspection, agricultural economic development, farmland protection, animal and plant health surveillance, and the control of agricultural runoff (nonpoint source pollution) that can lead to the contamination of water.

The Department of Public Service (DPS), the staff arm of the Public Service Commission (PSC), regulates the rates and services of public utilities – an industry with an estimated \$33 billion in annual revenue – oversees the siting of major utility infrastructure, and provides oversight on cable franchise agreements and telecommunications service. Additionally, in conjunction with the New York State Energy Research and Development Authority (NYSERDA), DPS oversees the State's energy efficiency and renewable energy

programs. The New York Power Authority (NYPA) supplies power statewide through two large hydroelectric facilities and more than 1,400 miles of transmission lines. NYPA does not receive support from the State.

Protecting the Environment

In Governor Cuomo's first term, he committed more than \$16 billion to environmental and energy programs for infrastructure, resiliency, and clean energy programs. This investment directly benefits the State's economy and is the boldest commitment to the State's environment in any New York Governor's first term in a generation. In 2014, the Governor designated Buffalo Harbor State Park as the State's 180th State Park. This new State Park will transform the City's outer harbor waterfront. Since taking office, Governor Cuomo has made the most significant land acquisition in the Adirondack Forest Preserve in a century, streamlined and reduced hunting and fishing fees through the NY Open for Fishing and Hunting initiative and has opened dozens of new and improved sites to access the State's natural resources. The Executive Budget increases support for critical environmental protection and

energy programs. Funding for the Environmental Protection Fund (EPF), which provides dedicated funding to communities throughout New York to improve the environment, will be increased by \$10 million, to \$172 million. Since taking office, Governor Cuomo has increased annual funding for the Environmental Protection Fund (EPF) by a total of \$38 million. To address a backlog of environmental capital needs, the Budget includes \$155 million of new capital appropriations for DEC, OPRHP, Ag&Mkts, and the Olympic Regional Development Authority (ORDA). This reflects an increase of \$20 million from 2014-15 levels for OPRHP. This infusion of capital funds will accelerate capital infrastructure projects statewide, spur the creation of jobs, and leverage private sector and Federal investment.

Summary of Spending (All Funds)

Category	2014-15 (millions)	2015-16 (millions)	Change	
			Dollars (millions)	Percent
Total Environment and Energy Spending	1,417	1,434	17	1.2
Department of Agriculture and Markets	127	115	(12)	(9.4)
Department of Environmental Conservation	887	898	11	1.2
Office of Parks, Recreation and Historic Preservation	292	317	25	8.5

The Budget maintains funding at current levels for parks, environment, and agricultural operating programs. Inflationary factors are offset by administrative and operational efficiencies.

- Department of Agriculture and Markets.**
Primarily due to the discontinuation of one-time local assistance program funds (\$6.9 million) and the completion of one-time capital spending (\$5.5 million), total funding for Ag&Mkts is decreased by \$12 million. State operations spending increases by \$700,000 (0.8 percent) due to increases in personal service expenses.
- Department of Environmental Conservation.**
The Budget increases total funding for DEC by \$11 million, reflecting increases to the EPF and employee costs. These are offset by a decrease in

spending due to a discontinuation of one-time local assistance program funds.

- **Office of Parks, Recreation and Historic Preservation.** The Budget increases total funding for OPRHP by \$25 million, reflecting increases in capital spending and increases in staffing costs.

Capital Investments

Proposal	2014-15 (millions)	2015-16 (millions)
New Capital Commitments:		
Environmental Protection Fund	162	172
Infrastructure Investment	135	155
State Superfund	0	100
Total New Capital Commitments	297	427

Proposed 2015-16 Budget Actions

- **Environmental Protection Fund.** The Budget includes \$172 million for the EPF, an increase of \$10 million from 2014-15. Appropriations include \$15 million for solid waste programs, \$60 million for parks and recreation, and \$97 million for open space programs.
- **Brownfields Reform.** The Budget includes legislation to extend the Brownfields Cleanup Program for ten years, contingent upon important reforms to protect taxpayers and promote brownfield redevelopment, particularly Upstate. Under the reformed program the remediation tax credits will cover only the actual cleanup costs. The redevelopment credits will be

limited to sites that are located in economically distressed areas, are worth less than the cost to cleanup, or will result in the development of affordable housing.

- **Increase State Superfund by \$100 million.** The Budget includes a new \$100 million appropriation to extend the State Superfund cleanup program, including funding for the Environmental Restoration Program (ERP) to address municipally-owned brownfields. In place for over a decade, the Superfund program has been instrumental in improving public health and the environment by identifying, investigating and cleaning up hazardous waste sites. ERP effectively helps governments cleanup municipally owned brownfield sites, in order to remove blight and spur local economic development.
- **Enhance Oil Spill Preparedness.** In response to the increased volume of crude oil being transported through New York State, the Executive Budget provides DEC with eight new employees and the Division of Homeland Security and Emergency Services with six new employees dedicated to oil spill planning, training and response, and increases the fees for oil transported through New York to 13.75 cents per barrel, irrespective of whether the oil remains in New York or is transferred to another State. The additional revenues will ensure the solvency of the Oil Spill Fund and provide the necessary funding for staff and associated preparedness costs. The funding included in the

Executive Budget will support compliance with Governor Cuomo's Executive Order 125, which outlines steps the State is taking to improve oil spill response and prevention.

- **Southern Tier and Hudson Valley Farm Initiative.** The Budget includes \$50 million from the Special Infrastructure Account to assist farmers and other related businesses in the Southern Tier and Hudson Valley maintain and grow their businesses. Funding would be used for strategic farming initiatives, including preservation of farmland, to ensure that farms in the Southern Tier and Hudson Valley remain intact and vibrant for generations to come.
- **Infrastructure Investment.** The Budget provides \$155 million of new capital appropriations that will address a backlog of environmental capital needs and spur job creation and economic development. Specifically:
 - \$110 million is allocated to OPRHP to support health and safety projects and critical infrastructure rehabilitation.
 - \$40 million is allocated to DEC to address a variety of capital needs including public access projects to connect hunters, anglers, bird watchers and other outdoor enthusiasts to un-tapped State owned lands. This new funding will also provide for investments in information technology, and in health and safety repairs to State infrastructure,

- including dams, wetland restoration, State lands and fish hatcheries.
 - \$2.5 million is allocated for ORDA infrastructure, supplementing \$7.5 million of capital appropriations in the Authority's budget.
 - \$2.5 million is allocated to the Department of Agriculture and Markets to improve and rehabilitate the State fairgrounds.
- **State Fair Revitalization.** In addition to capital funding and other sources, the State fairgrounds will receive \$50 million from the Special Infrastructure Account to improve the experience for visitors by making enhancements at the fairgrounds and in the surrounding area.
- **Expand Access to New York Grown Agricultural Products.** Building on last year's success, the Budget includes \$1.1 million for the "Taste NY" program. This program is branding and expanding New York's food and beverage industry by making the wide variety of foods and beverages grown and produced in the State readily available and recognizable to New Yorkers and the public nationwide. Taste NY products are available in over 25 retail locations statewide, and over 5.9 million people in 2014 attended the 55 events that Taste NY participated in. The Budget also includes \$350,000 for the FreshConnect farmers' market program, which benefits farmers' and consumers alike by awarding competitive grants to create and expand farmers markets in underserved communities throughout New York. To increase

the availability of locally grown hops for the State's growing craft brew industry, the Budget continues \$40,000 for a program to evaluate and test hop varieties in New York.

- **Commission to Study Protecting Dairy Farmer Profits.** The State will create a commission to evaluate dairy prices and programs that would help maintain dairy farm profitability, including options to encourage dairy farmer participation in a Federal Margin Protection Program. The Federal government recently unveiled a program to address the pricing hazards dairy farms face, and offers protection against losses due to declining milk prices. The Commission, chaired by the Commissioner of the Department of Agriculture & Markets, will develop recommendations intended to encourage farmers to purchase this coverage protection offered through the USDA. The Commission will submit its recommendations to the Governor by May 1, 2015.
- **Maintain Core Agriculture and Markets Local Assistance Funding.** Funding for core agricultural programs that protect health and safety, provide education, and support the promotion of New York State products will continue. These programs include the Migrant Childcare program, Cornell Veterinary Diagnostic Laboratory, Cornell Pro-Dairy, the Wine and Grape Foundation, and Farm Family Assistance.

- **Clean Energy Initiatives.** Under Governor Cuomo's leadership, New York will continue to implement innovative clean energy programs to reduce air emissions, improve energy efficiency and grow the clean energy economy. Clean energy initiatives include:
 - \$20 million for a clean energy business competition designed to systematically generate new clean energy business ventures in the Southern Tier, while providing mentoring and additional aid for aspiring entrepreneurs, supporting business deployment, and attracting venture funding for early-stage firm growth.
 - A \$5 billion, ten year commitment through the Clean Energy Fund to support programs across the State and give the clean energy industries the certainty they need to invest, mature and become self-sustaining.
 - DEC, in collaboration with NYSERDA and NYPA, will initiate a pilot program in 2016 to ensure that at least 50 percent of new, administrative use vehicles will be zero emission vehicles, including battery electric, plug-in electric, or hydrogen fuel cell vehicles.
- **New York Green Bank.** The \$1 billion Green Bank, was launched by Governor Cuomo in 2013 to work in partnership with the private sector to remove market barriers in the clean energy sector. The Green Bank, financed through public

authority resources, will accelerate clean energy deployment and create jobs by partnering with private sector institutions to provide financial products such as credit enhancement, loan loss reserves and loan bundling. In October, the first planned transactions were announced with commitments being made for seven projects, which are expected to close in the first quarter of 2015.

- **Reduce the Cost of Long Island Power Authority (LIPA) Debt.** The Budget proposes Article VII language to allow LIPA to reduce costs by refinancing its debt. Similar to an authorization that was provided in 2013, LIPA would be authorized to issue special securitized restructuring bonds that would reduce the interest rates paid on LIPA's debt and thereby provide electric utility service savings on Long Island.
- **Utilize Regional Greenhouse Gas Initiative (RGGI) Funds for Green Energy and Environmental Programs.** Since its inception, RGGI, through a cap and trade auction program, has reduced carbon emissions in the State and generated over \$630 million for clean energy programs. In 2015-16, NYSERDA is expected to commit an additional \$110 million for these programs, including funding for initiatives such as Renewable Heat NY, NY Sun and Charge NY. In addition, the Budget will authorize the transfer of \$36 million of proceeds from the auction of RGGI carbon allowances to the State to finance the continuation of several green energy tax

credits and to bolster Environmental Protection Fund programs that contribute to carbon reduction.

- **Align DEC Fees with Service Levels.** Several DEC pollution control programs that were designed to be self-supporting are running in the red, even as DEC holds spending for these programs flat. This adjustment will better reflect the operational cost, and shift the burden from State taxpayers to the regulated community while obviating reductions to these important programs. Specifically, the Budget will increase certain fees related to air regulation and enforcement under Federal and State statutes, and oversight of hazardous waste, pesticides and water pollution discharge. The actions will raise approximately \$8 million annually to fund the programs.



8. Health Care

The Executive Budget builds upon the historic Medicaid reforms of the Medicaid Redesign Team that are achieving better health care outcomes at a more sustainable cost. The Budget supports more effective models of care, sustains the State's health benefit exchange, encourages regional collaborations among providers and communities, promotes the State's Prevention Agenda, and makes investments in health care infrastructure and caregiver supports.

Overview

The Department of Health's (DOH) mission is to ensure high quality health services are available to all New Yorkers. Consistent with this mission, DOH assures comprehensive health care and long-term care coverage for low- and middle-income individuals and families

through the Medicaid, Child Health Plus (CHP), and Elderly Pharmaceutical Insurance Coverage (EPIC) programs.

In addition to its health insurance programs, DOH protects public health, supervises public health activities throughout the State, and operates health care facilities including Helen Hayes Hospital, four veterans' nursing homes, and the Wadsworth Laboratories. The Department also oversees all other health care facilities in the State.

The Office of the Medicaid Inspector General, established as an independent entity in 2006, preserves the integrity of the Medicaid program by conducting and coordinating fraud, waste and abuse control activities for all State agencies responsible for Medicaid funded services.

The State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. The Office oversees community-based services provided through a network of county Area Agencies on Aging and local providers.

Assuring Quality Health Care for All New Yorkers

New York's Medicaid program is the State's largest payer of health care and long-term care. Each month, over six million individuals receive Medicaid-eligible services through a network of more than 60,000 health care providers and more than 16 managed care plans. Total Federal, State and local Medicaid spending is expected to be \$62 billion in 2015-16.

Despite years of attempted cost containment, prior to 2011 Medicaid spending had grown at an unsustainable rate while failing to deliver the quality outcomes for New Yorkers. In 2009, according to a Commonwealth State Scorecard of Health System Performance, New York State ranked 22nd among states in quality of health care measures and worst among all 50 states in avoidable hospitalization.

Recognizing the need to control spending growth and improve health results, Governor Cuomo commissioned the Medicaid Redesign Team (MRT), a new and inclusive approach to developing health care policy. Comprised of individuals representing virtually every sector of the health care delivery system, and with widespread public input, the MRT advanced

proposals that create models of care to significantly improve health outcomes and allow future spending to grow at a sustainable level tied to rational measures of growth – the 10-year rolling average of the Medical Consumer Price Index (currently estimated at 3.6 percent).

The MRT's innovative and collaborative work has bent the cost curve for the Medicaid program and has saved the State and Federal governments over \$17 billion each, through 2014-15. Building on this success, and through further collaborations, New York has the potential to completely transform health care for all payers and recipients. The Executive Budget advances the transformation through new investments that will help introduce integrated models to improve care delivery and health outcomes at lower cost through New York's recently approved Medicaid waiver.

Summary of Spending (All Funds Unless Otherwise Noted)

Category	2014-15 (millions)	2015-16 (millions)	Change	
			Dollars (millions)	Percent
Medicaid (Total All Funds)	58,752	62,046	3,294	5.6
Medicaid (Global Cap)	16,507	17,104	597	3.6
Department of Health Spending (Excluding Medicaid and BHP)	4,091	4,346	255	6.2
Basic Health Plan	0	1,679	1,679	NA
Office of the Medicaid Inspector General	57	54	(3)	(5.3)
Office for the Aging	222	227	5	2.4

Proposed 2015-16 Budget Actions

The Executive Budget reflects the continuation of the Medicaid spending cap enacted in 2011-12 and recommends funding consistent with its provisions. The Budget achieves \$54.7 million in savings from public health and aging programs through program reforms, enterprise-wide efficiency measures, and general cost-control efforts.

Health Care Transformation

The success of the MRT and other State initiatives demonstrates that through constructive

collaboration, unsustainable spending trends can be reversed while care delivery and health outcomes are improved. Recognizing the success of New York's efforts and the saving they have generated for the federal government, in April 2014 the federal government awarded New York State an \$8 billion, 5 year Medicaid waiver. In the first year under the waiver \$500 million was awarded to financially distressed safety net hospitals whose viability is critical to achieving ongoing reforms. Over the next year large consortiums of providers across the State will begin work as performing provider systems with the goal of reducing avoidable hospital use by 25 percent over the next five years. Through the new Delivery System Reform Incentive Payment (DSRIP) program, these systems will receive performance payments based upon achieving predefined results in system transformation, clinical management and population health.

In addition, the State was recently awarded \$100 million by the Federal government to implement the State Health Innovation Plan (SHIP). This plan will be implemented over a four year period to provide statewide access to high quality and coordinated care. The intent is to build upon Medicaid reform efforts and

translate these efforts to achieve similar outcomes across the State's entire health care system, both public and private.

The Executive Budget provides \$1.4 billion in new complimentary capital investments to make infrastructure improvements and provide additional tools to stabilize health care providers to advance health care transformation goals. This investment includes:

- **Brooklyn Health Care.** The health care needs of central and east Brooklyn communities are greater than can be accommodated by existing resources. \$700 million in capital funding is included to stabilize the health care delivery system in these communities, reduce unnecessary inpatient beds while improving the overall quality of inpatient and outpatient services and increase access to community-based primary and preventive health care services.
- **Upstate Health Care.** To meet the financial challenges that exist for smaller, community-based and geographically isolated hospitals and health care providers, the budget also reserves:
 - \$300 million to create an integrated health care delivery system in Oneida County to reduce unnecessary inpatient

beds and expand primary care services;
and

- \$400 million to support debt restructuring and other capital projects to promote appropriate regional consolidations among health care providers and further health care transformation in rural communities.

Medicaid Redesign

The Executive Budget continues the implementation of MRT recommendations. These reforms represent the most comprehensive Medicaid reform in State history, with initiatives designed to improve the full spectrum of health care delivery. A cost neutral package of new MRT initiatives is proposed to make critical investments in health care delivery and support health care transformation. This package includes:

- Implementation of the Basic Health Plan (BHP). The BHP is a new State health insurance option to cover low income individuals, authorized under the Affordable Care Act (ACA).
- Increased payments to essential community providers.

- Enhanced reimbursement to hospitals and nursing homes to promote continued reforms and performance improvements.
- Additional investments consistent with the State's Olmstead Plan, with Federal approval.
- Leveraging Health Homes – comprehensive care management entities – to establish better linkages and improve care coordination for children and the criminal justice population.
- Facilitating the coverage of new immigrant populations, in accordance with Federal requirements.
- Funding enhancements for medical transportation and services for those with traumatic brain injuries.
- Investments to continue Balanced Incentive Payment initiatives and provide additional community supports to the aged and disabled.

These investments are balanced by savings resulting from targeted Medicaid integrity initiatives to eliminate fraud and abuse, improvements in benefits design, greater controls on pharmaceuticals, and compliance with Federal law that requires spousal support.

New York Health Benefit Exchange

In 2013, the Governor issued Executive Order #42 to establish a New York Health Benefit Exchange in accordance with the ACA. The Exchange – NY State of Health – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. The health plans offered through NY State of Health are, on average, 50 percent less expensive than those available in 2013 prior to the creation of the marketplace. To date, over 1.9 million New Yorkers have enrolled in coverage through the marketplace. The Executive Budget proposes a modest change in health insurance premiums, for coverage both inside and outside the Exchange (averaging less than \$25, annually), to provide a dedicated and sustainable revenue source to support the continued operations of the Exchange.

Public Health and Aging Programs

DOH and SOFA administer programs that support New York's public health and senior care systems. The Executive Budget makes necessary investments and reduces costs by restructuring programs and implementing administrative efficiencies

in government operations. These actions will save an estimated \$54.7 million in 2015-16 and \$54.9 million in 2016-17. Key items include:

- **Emergency Food Funding.** The Budget increases funding to the Hunger Prevention and Nutrition Assistance Program to allow the program to respond to emergency food needs of hungry New Yorkers. The budget adds \$4.5 million annually for this purpose, increasing support for the program to \$34.5 million.
- **Department of Financial Services (DFS) Program Funding.** The Budget increases funding for the Childhood Lead Poisoning Prevention and Lead Poisoning Prevention programs on the insurance industry assessment. Funding for the Childhood Obesity program is moved back to DOH.
- **Continue Support for the Spinal Cord Injury Research Program (SCIRP).** SCIRP supports peer reviewed research efforts designed to develop, test and validate therapies for the treatment of spinal cord injuries. The Budget continues SCIRP funding at \$7 million annually.
- **Investment in Caregiver Supports.** The Executive Budget invests \$25 million to support increased funding for caregiver respite services. In addition, funding is increased for Alzheimer's Disease Assistance Centers and the Alzheimer's Disease Community Assistance Program.

- **New York Connects.** NY Connects is a statewide, locally based point of entry system that provides one stop access to free, objective and comprehensive information and assistance on accessing long term care services and supports. The Budget provides additional State funding to maintain ongoing operational support to the New York Connects program and the “No Wrong Door” initiative as Federal Balancing Incentive Payments (BIP) funding is set to expire in October 2015. The Budget includes funding of \$8.2 million in 2015-16 and \$18.1 million in 2016-17.
- **Drinking Water Fluoridation Grants.** The Executive Budget invests \$5 million to provide assistance to community water systems incurring costs for the installation, repair, and upgrade of drinking water fluoridation systems.
- **Increased Funding for Indian Health Care Services.** The Budget includes additional funding to support Indian health care services in keeping with prior year spending levels. This reflects a \$6.4 million increase in program spending annually.
- **Adult Care Facilities Criminal History Record Check Funding.** The Executive Budget includes funding to support the administration of criminal history record checks for staff at adult care facilities. Funding of \$1.3 million annually is included for this purpose.

- **Better Target Health Care Spending.** The Budget consolidates 41 local assistance appropriations into five separate pools that serve similar functions or reflect common characteristics. Flexibility within the pools would allow spending to be targeted to best address current or emerging population health needs, achieving annual savings of \$21.3 million.
- **Roswell Park Cancer Institute Funding.** The Budget achieves savings and consolidates two appropriations for Roswell. The Institute will continue to receive annual State support of \$87.1 million or over \$650,000 per bed.
- **Reprogram Enhancing the Quality of Adult Living (EQUAL) Program Funding.** The Budget discontinues funding for the EQUAL program and reprograms approximately half of its funding into an initiative to support the move of adult home residents to supportive community housing. This results in a net annual savings of \$3.3 million.
- **Discontinue the Pilot Health Insurance Program.** The Budget discontinues the Pilot Health Insurance Program that supported the management and evaluation of public health insurance programs. This program is no longer necessary given the implementation of New York State of Health. This results in annual savings of \$1.1 million.

- **Discontinue Resident Working Audits.** The Budget discontinues a duplicative requirement that DOH conduct audits of medical residents' working hours. This results in annual savings of \$1.1 million.
- **Discontinue the Physician Profile Website.** The Budget discontinues the requirement that DOH maintain a physician profile website, as much of the information is duplicated on other publicly accessible websites. This results in an annual savings of \$1.2 million.

Other Initiatives

- **Ending the AIDS Epidemic.** New York's successful investments in the prevention and care for individuals with HIV/AIDS places the State in the unique position of being able to advance a plan for the end of the epidemic. The Budget includes funding to identify undiagnosed persons, link them with treatment and facilitate access to necessary medications to keep them HIV negative and prevent the further spread of the disease. The Budget also includes legislation to reduce barriers to treatment and promote risk remediation.
- **Office for Community Living.** Services and supports to individuals with long term care needs are dispersed across various State agencies, fragmented and uncoordinated. Legislation will be advanced with the Budget to engage the various agencies and stakeholders in developing a plan for the creation of an Office of

Community Living. The goal of creating a new office is to improve service delivery and outcomes for older adults and disabled individuals that live in the community.



9. Higher Education

The Executive Budget strengthens the ability of New York's public system of higher education to excel both academically and as an economic engine. New strategic investments will yield further academic gains, create employment opportunities, and connect graduates to jobs.

Overview

Each year, New York State's higher education institutions educate nearly 1.3 million students. The State University of New York (SUNY) and the City University of New York (CUNY) administer 47 four-year colleges and graduate schools that provide 403,000 full- and part-time students with an array of undergraduate, graduate, and first professional educational opportunities. SUNY and CUNY also support 37

community colleges, serving 328,000 students. In addition, 541,000 students attend the more than 100 private colleges and universities across the State. Over the past 10 years, total enrollment at New York's institutions of higher education has increased by 160,000 (14 percent).

The State University Construction Fund (SUCF), City University Construction Fund (CUCF), and the Dormitory Authority of the State of New York (DASNY) administer and oversee a capital program for over 3,000 academic, research, hospital, dormitory, and multi-use facilities, which make up the physical infrastructure of the university systems.

To help students obtain and afford a college education, the Higher Education Services Corporation (HESC) provides students and families with various types of financial aid services. HESC oversees numerous State-funded aid programs, including the Tuition Assistance Program (TAP), the Aid for Part Time Study program, and 16 scholarship and award programs. Together these programs provide more than \$1 billion in financial aid to over 343,000 students. HESC also partners with the Office of the State Comptroller in

administering the College Choice Tuition Savings program.

Higher Education: Developing a Modern Workforce

In 2011, Governor Cuomo signed groundbreaking legislation implementing the NYSUNY 2020 Challenge Grant Program. This act strengthened New York State's system of higher education by introducing a rational and predictable tuition plan, a commitment to maintain State financial support, a competitive grant program making our State universities incubators of academic excellence and economic growth, and assistance to make college affordable for students with limited income.

The rational tuition policy replaced an era of unpredictable and sometimes extreme tuition increases by allowing each SUNY and CUNY campus to raise tuition by \$300 per year for five years. These modest tuition rates maintain the affordability of New York's public colleges and universities, and the predictability enables families to plan for college expenses.

Coupled with the NYSUNY 2020 commitment to provide a consistent level of State General Fund

support, the rational tuition policy makes it possible for the public university systems to add faculty, reduce class sizes, expand program offerings, and improve academic performance.

NYSUNY 2020 also maintains higher education affordability by augmenting the State's TAP program. Using a portion of the additional tuition revenue, students who receive TAP awards and attend SUNY State operated colleges or CUNY senior colleges also receive financial aid in the form of tuition credits ensuring students with limited economic resources continue to have access to educational opportunities.

Beyond establishing a stable system of State and tuition support, NYSUNY 2020 launched a competition-based challenge grant program. This program has made New York's public universities incubators of academic excellence and economic growth at the center of the State's regionally based economic revitalization strategy. These grants leverage State capital funding to incentivize bottom-up, individualized, long-term economic development plans on campuses and their surrounding communities.

Governor Cuomo built upon these initiatives by launching START-UP NY in 2013, a game-changing

strategy to create tax-free communities affiliated with our public and private universities, and bring new economic investment to New York, especially Upstate. The program offers businesses that locate or expand in New York the opportunity to operate completely tax-free for ten years on or near eligible campuses. This unique marriage between public and private entities will drive economic growth and foster innovative collaboration. Businesses that partner with these institutions will benefit from access to industry experts and advanced research laboratories. The colleges and universities benefit from the innovation-driven public-private partnerships that create new opportunities for students and researchers. To date, a total of 55 businesses have been approved for START-UP NY participation and are projected to create over 2,100 net new jobs and over \$98 million in investment.

Another significant enhancement to our higher education system in 2013 was Governor Cuomo's Next Generation NY Job Linkage Program. This innovative program connects degrees to careers by having community colleges partner with regional employers to provide students with improved opportunities for post-graduation employment in a field related to their

education. The Governor's initiative also provides \$5 million in incentive funding to reward community colleges based on the success of their students in job placement and academic performance.

In 2014, Governor Cuomo made strategic investments to make college more affordable and to encourage the best and brightest students to build their future in New York State and help to fill critical jobs. For the first time in 14 years, New York State increased the maximum TAP award from \$5,000 to \$5,165. The Governor also created a new scholarship program for the top 10 percent of students in each high school. These students receive full tuition scholarships to any SUNY or CUNY college or university if they pursue a Science, Technology, Engineering and Math (STEM) career and work in New York for five years.

Finally, both SUNY and CUNY have played key roles in implementing the New NY Education Reform Commission's recommended action plan to improve the quality of New York's education system. In particular, the university systems have taken action to raise admission requirements and strengthen the curriculum for teacher preparation programs.

Summary of Spending (General Fund)

Category	AFY 2015 (millions)	AFY 2016 (millions)	Change	
			Dollars (millions)	Percent
Higher Education	3,337	3,395	58	1.7
SUNY Operating Support	980	987	7	0.7
CUNY Operating Support	527	537	10	1.9
Community Colleges	705	701	(4)	(0.6)
SUNY Hospital Subsidy*	88	69	(19)	(21.6)
HESC Grants and Scholarships	1,037	1,101	64	6.2

* Returns to the FY 2014 funding level after accounting for non-recurring aid included in the FY 2015 Enacted Budget.

2015-16 Strategic Investments in Higher Education

The Executive Budget makes several new strategic investments in higher education to leverage greater academic achievement and economic development, with particular focus on improving the value of higher education.

To foster a culture of excellence, the Budget will begin to shift the basis of funding from enrollment to performance by having SUNY and CUNY colleges complete performance improvement plans that will serve as the basis for performance funding allocations in future years. These plans will establish ambitious goals to improve student outcomes and drive new initiatives to make experiential learning a requirement for graduation, create a Master Researcher Program,

and reward START-UP NY success with performance bonuses for college presidents.

The Executive Budget modernizes our community college system by establishing regional planning councils to ensure that the colleges within each economic development region are working together along with stakeholders from other State agencies, local governments and business and industry. In addition, a new Community College Community Schools program will be launched to provide our most disadvantaged students the tools and support they need to persist and graduate.

The Budget will also streamline the approval process for new programs and degrees to ensure SUNY and CUNY can respond quickly to employer demands and adapt their curriculum and degree programs to meet the needs of growth sectors.

In addressing the financial burden of college, the Executive Budget will create a standard financial aid award letter for colleges and universities to provide students and their families with information on the total costs of education and the success of other students after graduation. A new *Get on Your Feet Loan Forgiveness Program* will provide federal student loan

relief to New York residents who graduate from college and continue to live in the state for the first two years out of school if their income is not high enough to cover their student debt burden without significant financial hardship.

The Budget will support the advancement of undocumented immigrants by enabling them to apply for State college tuition assistance under a new DREAM Act initiative.

To build upon the success of the Challenge Grants, the Executive Budget includes \$110 million to launch another round of NYSUNY 2020 and NYCUNY 2020. In addition, the Budget includes capital resources to build a new School of Pharmacy at SUNY Binghamton.

Finally, consistent with the provisions of the NYSUNY 2020 Challenge Grant Program, the Budget provides on-going General Fund operating support for SUNY and CUNY colleges and accommodates 2015-16 tuition increases by providing \$155 million in additional spending authority for SUNY and \$61 million for CUNY.

Major Initiatives

- **Shift Funding from Enrollment to Performance.** To promote student success and institutional excellence, the Budget will begin the process of shifting State support from an enrollment driven formula to one that bases a portion of State aid on performance targets. As a requirement to receive 10 percent of State support, SUNY and CUNY colleges will develop performance improvement plans to serve as the basis for performance funding allocations in future years. These plans will include goals to improve access, completion rates, academic and post-graduation success, research potential and community engagement. These plans will also drive new initiatives to: make experiential learning a requirement for graduation; create a Master Researcher Program that pays bonuses to successful professors who generate the most impactful research, development, and commercialization opportunities; and reward START-UP NY success with performance bonuses for college presidents who provide proven leadership resulting in commercialization of research. The Executive Budget includes \$30 million in new incentive funding to reward colleges who complete approved performance improvement plans.
- **Align Community Colleges within the Economic Development Regions.** The Executive Budget will create nine regional planning councils ensuring that the 29 community colleges outside New York City

cooperate with their neighboring colleges within the nine economic development regions of the State, and that the colleges, along with stakeholders from other State agencies, local government and business and industry in a region are working together. This initiative will limit competition by colleges for students within a region, better align education and training program offerings to regional economic development goals and activities, and improve student outcomes.

- **Create Community College Community Schools.** The Executive Budget includes \$2.5 million that will allow five community colleges to participate in a community schools initiative. This program will bring healthcare to campus, assist students with transportation, provide additional resources for child/elder care, and augment existing academic and career development supports. Community colleges serve some of the State's most disadvantaged students and communities, and are more likely than four-year institutions to attract part-time and nontraditional students who are trying to balance, work, family, and other obligations with their education. Through the community schools initiative, students will have the tools and supports they need, both in and out of the classroom, to persist and graduate.
- **Streamline New Education Program Approval to Meet Workforce Needs.** To ensure responsiveness to the rapidly evolving skills that

employers require of their employees, the Budget will streamline the process to approve programs and degrees at SUNY and CUNY. This change is will enable New York to better compete in the Global Economy.

- **Achieve Efficiencies Through Back Office Consolidation.** New York State operates and finances two distinct university systems – SUNY and CUNY. The Budget will begin to reduce higher education administrative costs by having these systems develop a back office consolidation plan to combine human resources, financial management, information technology services and other administrative functions.
- **Make the Dream of Higher Education Available to All.** The Executive Budget will support the advancement of undocumented immigrants by enabling them to apply for state college tuition assistance under a DREAM Act. This initiative continues the State's tradition of welcoming immigrants and honoring their contribution to our culture and economy. An Education Tax Credit will also be available once the DREAM Act is enacted.
- **Enact the Get on Your Feet Loan Forgiveness Program.** The Budget will allow New York residents who graduate from college and continue to live in the State to pay nothing on their federal student loans for the first two years out of school if their income is not high enough to cover their student debt without posing a

significant financial hardship. For students who attend colleges in New York State and continue to live in the State following graduation, participate in the new federal Pay As You Earn (PAYE) income-based loan repayment program and earn less than \$50,000 annually, New York State will cover 100 percent of their student loan payments for two years so they are not overwhelmed with debt repayments while they are working to get launched in the job market.

- **Standardize Financial Aid Letters.** Recognizing that the rising cost of college and sub-optimal student outcomes make college choice more critical than ever, the Budget will create a standard financial aid award letter for colleges and universities to use to provide data regarding institutional performance in the areas of student access, degree completion and post-graduation success. With this information, students and their families will know the total cost of an education, how much aid they will receive and how much needs to be repaid. They will also be able to see how well other students have done once they graduated from the college they are considering.
- **Launch Another Round of NYSUNY 2020 and NYCUNY 2020.** The Budget includes \$110 million for a new round of NYSUNY 2020 and NYCUNY 2020 grants, \$55 million for each university system. Funding will continue to be awarded through a bottom-up competitive process by which campuses develop plans for

improving academic outcomes, finding efficiencies, and promoting innovation and economic development. Priority will be given to plans that: use technology, including but not limited to the expansion of on-line learning, to improve academic success and job opportunities for students; leverage economic and academic opportunities through the START-UP NY program; and provide experiential learning opportunities that connect students to the workforce. This strategic investment will continue the Governor's initiative to make our university systems into incubators of academic excellence and economic growth.

- **Establish a School of Pharmacy at Binghamton University.** The 2014-15 Enacted Budget provided \$10 million to begin the design and construction of a new School of Pharmacy at Binghamton University. The Executive Budget includes \$50 million to complete construction of the School. This initiative will help Binghamton continue to build its stature as a premier research university, expand enrollment, create jobs, increase economic activity in the Southern Tier, and help meet health care workforce needs in the State.



10. Human Services

The Executive Budget increases the minimum wage, provides funding for core supportive services for needy populations, maintains funding for child care subsidies that allow low-income individuals to seek or maintain employment, and expands the availability of affordable housing across the State.

Overview

New York's human services programs promote the safety and well-being of the State's most vulnerable residents.

Programs funded through the Office of Temporary and Disability Assistance (OTDA) and the Office of Children and Family Services (OCFS) include financial assistance to elderly and disabled persons who

are unable to work, supportive services to public assistance recipients to prepare for and secure employment, child support enforcement, child care subsidies to assist low-income working families, juvenile justice, and child and adult protective services.

Programs funded through the Department of Labor (DOL) protect workers and promote workforce development. DOL also operates the State's Unemployment Insurance System.

Programs funded through Homes and Community Renewal (HCR) preserve and create affordable housing.

Programs funded through the Division of Human Rights (DHR) protect civil rights in the areas of employment, housing, public accommodations, education and credit.

Programs funded through the Office of National and Community Service (NCS) support community service grants that provide youth education, assistance to individuals with disabilities, public health services, and disaster preparedness.

Programs funded through the Division of Veterans' Affairs (DVA) connect veterans, members of the armed forces, and their families to various

economic, medical, and social benefits and services available as the result of active duty military service.

Providing Opportunity for All New Yorkers

Since the enactment of the landmark Federal Welfare Reform Act of 1996, the State's public assistance caseload has declined by approximately one million recipients. The 2015-16 caseload is estimated at 540,000 recipients.

New York's Supplemental Security Income (SSI) program supplements Federal SSI benefits to low-income elderly, blind, and disabled persons. The 2015-16 caseload is estimated at 710,000 recipients.

New York State's child welfare programs are monitored by OCFS and administered by 58 local social services districts (LSSDs). The LSSDs are responsible for conducting direct investigations of alleged child abuse, as well as providing services to prevent foster care placements for at-risk youth and families, and foster care services when out-of-home placement is necessary.

The Child Welfare Services program supports approximately 157,000 child protective services investigations with more than 44,000 cases receiving

protective and preventive services. Federal funds support approximately \$478 million of statewide program costs. The State supports 62 percent of non-federal costs, and LSSDs finance the remaining 38 percent. This funding approach, authorized in 2002-03 through Child Welfare Financing Reform, provides an incentive to use preventive services to keep families safely intact and to avoid unnecessary foster care placements. This front-end investment is paying dividends, as the foster care caseload has dropped by more than 45 percent since 2002-03, from 34,900 to approximately 18,900 in 2014-15.

The Executive Budget proposals provide for core supportive services for needy families, while limiting spending growth and implementing measures to improve program performance.

In Juvenile Justice, the 2015-16 Executive Budget reflects continued implementation of the Close to Home initiative. Under this initiative, in 2012-13, New York City youth requiring a non-secure placement were transferred from OCFS to New York City custody to receive services closer to their home community. New York City is working with OCFS on a plan to take custody of its youth that require a limited secure

placement. This phase of Close to Home is expected to be implemented during 2015-16.

In 2012, Governor Cuomo appointed the State's first-ever InterAgency Coordinator for Not-for-Profit Services, a cabinet-level position created to assist with contract reform and to address challenges that nonprofits face in their business relationships with the State. This effort was enhanced in 2014 with the creation of a new Nonprofit Coordinating Unit within the Division of Budget. The Nonprofit Coordinating Unit, which reports directly to the Governor's InterAgency Coordinator for Not-for-Profit Services, is focused on strengthening the working relationship between State government and nonprofit organizations and on developing initiatives that will strengthen the sector and enhance services for New Yorkers.

Summary of Spending (All Funds)

Category	2014-15 (millions)	2015-16 (millions)	Change	
			Dollars (millions)	Percent
Human Services	9,289	8,937	(352)	(3.8)
OTDA	5,382	4,982	(401)*	(7.4)
OCFS	3,092	3,187	95	3.1
DOL	555	499	(56)	(10.1)
HCR	216	225	9	4.2
DVA	15	15	0	0
NCS	15	15	0	0
DHR	14	14	0	0

*Year-to-year change primarily reflects a reduction in public assistance expenditures due to caseload changes.

Proposed 2015-16 Budget Actions

Labor

- Increase the Minimum Wage.** The 2013-14 Budget increased the minimum wage from \$7.25 to \$8.00 effective December 31, 2013 and to \$8.75 effective December 31, 2014, with a further increase to \$9.00 authorized for December 31, 2015. The Executive Budget builds upon these previous increases and includes provisions to further increase the minimum wage to \$11.50 in New York City and \$10.50 in the remainder of the State, effective December 31, 2016. This would bring the minimum wage more in line with the cost of living and the wage required to lift a family out of poverty.

The current minimum wage represents less than one-third of the average hourly wage in the State, which is almost \$29. Eight states currently have a

higher minimum wage than New York. A reasonable minimum wage increases the standard of living for workers, reduces poverty, and incentivizes fair and more efficient business practices. Since low-income individuals spend a larger percentage of their income on basic needs than higher-income earners, salary increases in low-wage occupations lead to increased demand for goods and services and help spur economic growth.

Housing

- **Expand Affordable Housing Opportunities.** The Executive Budget continues the landmark 2013-14 House NY program that is investing \$1 billion over five years to preserve and create 14,300 affordable housing units statewide, augmented by an additional \$130 million included in the 2014-15 Budget. This program is creating significant economic benefits for the State, including long-term stabilization of distressed neighborhoods and the creation of construction jobs. This multi-year initiative includes the revitalization of 44 Mitchell Lama affordable housing projects that suffer from significant physical deterioration and were transferred to the Housing Finance Agency from the Empire State Development Corporation in 2013-14. Additional affordable housing units will be created or preserved through various housing and community development programs. The 2015-16 Budget includes \$42 million in continued support for the Mitchell Lama portfolio and \$187.2 million for HCR and OTDA's capital programs that support the creation or

preservation of affordable and supportive housing across the State.

- **Utilize Mortgage Insurance Fund (MIF) Resources to Support Various Housing Programs.** The Budget utilizes \$50 million in excess reserves from the MIF to support the Neighborhood and Rural Preservation Programs (NPP/RPP) and the Rural Rental Assistance Program (RRAP) through the Housing Trust Fund Corporation, as well as homeless housing programs through the Homeless Housing and Assistance Corporation.
- **Utilize JP Morgan Settlement Funds to Support Various Housing Programs.** The Budget commits nearly \$440 million in JP Morgan mortgage settlement proceeds to help those negatively impacted by the mortgage foreclosure crisis. This is accomplished by investing in programs that would revitalize communities, preserve housing for existing residents, and create new housing for the State's most vulnerable populations, including those with special needs, the homeless, and those living with HIV/AIDS. Specifically, the Budget provides:
 - \$116 million for NY/NY IV, a new statewide program to support approximately 5,000 new supportive housing units;
 - \$100 million to preserve and create new affordable housing opportunities;

- \$70 million to revitalize commercial and residential properties, as well as encourage community renewal activities;
- \$40 million for homeless assistance efforts;
- \$27 million to support rental assistance to those with HIV/AIDS;
- \$25 million for improvements to public housing;
- \$25 million to improve seniors and veterans housing;
- \$22 million to help homeowners write-down mortgage payments; and
- \$15 million in low cost financing and access to capital through CDFIs.

Human Services

- **Raise the Age of Juvenile Jurisdiction.** New York is one of only two states in which the age of juvenile jurisdiction ends on a youth's 16th birthday. This means that all 16 and 17 year olds are processed in the adult criminal court system, and not through the Family Courts, regardless of the nature of their offense. All other states, except for North Carolina, set the age at 17 or 18 years old. Research has shown that incarcerating adolescents in adult jails and prisons has significant negative impacts, including higher suicide rates and increased recidivism. Experience in other states, such as Connecticut and Illinois, has shown that raising the age of juvenile jurisdiction can lower recidivism and juvenile crime rates through evidence based interventions that keep non-violent young

offenders out of the justice system and into needed services.

In 2014, the Governor established the Commission on Youth, Public Safety and Justice to make recommendations on how best to raise the age of juvenile jurisdiction to age 18, improve outcomes for youth, and promote community safety. The 2015-16 Executive Budget reflects the first steps to implement the Commission's recommendations with an investment of \$25 million to plan, create and expand services. This will include diversion and probation services for 16 and 17 year old youth who will be involved in the juvenile justice system and placing newly sentenced 16 and 17 year old youth with OCFS, rather than in adult correctional facilities beginning December 1, 2015. The age of juvenile jurisdiction will be raised to age 17 on January 1, 2017 and to age 18 on January 1, 2018.

- **Expand and Make Permanent the Educational Services Offered to Youth in OCFS Facilities.** In 2013-14, OCFS was authorized to enter into contracts with the Boards of Cooperative Educational Services (BOCES) for special education services at its youth facilities. The Executive Budget proposes to make permanent OCFS' authority to contract with BOCES and to expand OCFS' authority to contract with BOCES for additional areas such as foreign languages, music, art, career and technical skills and others that will increase educational opportunities for youth at the agency's facilities.

- **Create the Nonprofit Infrastructure Capital Investment Program.** The Executive Budget creates a \$50 million Nonprofit Infrastructure Capital Investment Program to make targeted investments in capital projects that will improve the quality, efficiency, and accessibility of eligible nonprofit human services organizations that provide direct services to New Yorkers. Targeted areas of investment include, but are not limited to, renovations or expansions of space used for direct program services; technology upgrades related to improving electronic records, data analysis, and/or confidentiality; modifications to provide for sustainable, efficient spaces that would result in overall energy and cost savings; and accessibility renovations.
- **Create a New Office of Faith-Based Community Services.** The Executive Budget authorizes the establishment of the Office of Faith-Based Community Services to assist and maximize community and faith-based organizations in providing education, health, workforce training, food programs and social services to communities.
- **Establish a New York City Share for Emergency Assistance to Needy Families (EAF) Expenditures.** The Budget establishes a 10 percent local share for New York City to support the EAF program, which provides short-term assistance in crisis situations to eligible families earning less than 200 percent of the Federal Poverty Level. The program is currently

fully supported with Federal resources but prior to 2011-12 all LSSDs, including New York City, had a 25 percent share in the EAF program. Between 2011-12 and 2013-14, when no local share was in place, New York City EAF expenditures increased 110 percent. This action will encourage fiscal discipline and will save approximately \$15 million in 2015-16.

- **Increase Foster Care Block Grant to partially finance Cost of Living Adjustment.** The Budget continues the commitment made in 2014 to provide a two percent salary increase for foster and adoptive parents as well as direct care and direct care support workers beginning January 1, 2015. The Budget also supports another two percent salary increase for those populations, as well as clinical staff, effective April 1, 2015. The Executive Budget provides a \$9 million increase to the Foster Care Block Grant in order to finance an estimated 50 percent of the cost. The remaining cost will be supported by local social services districts, consistent with current overall shares of Foster Care expenditures.
- **Support Investment in Homeless Services.** The Executive Budget caps OCFS youth facility billings to LSSDs at a cumulative \$275 million through 2018-19, saving local districts approximately \$425 million. New York City is required to invest its share of savings, estimated at \$220 million, in rental assistance programs or other homeless services to address the homeless population.

11. **Local Government**

Overview

The 2015-16 Executive Budget continues Governor Cuomo's commitment to reducing property taxes, improving local government efficiency, and assisting distressed local governments, while maintaining core local government assistance. Highlights include:

- **Providing Property Tax Relief to Those Who Need it Most.** Building on the success of the property tax cap and the property tax freeze credit, the Executive Budget creates a new Real Property Tax Credit available to households with incomes below \$250,000 whose property taxes exceed six percent of their income. This program will provide \$1.66 billion in direct relief to New York taxpayers.

- **Eliminating Duplicative and Overlapping Governments.** The Budget provides \$150 million from the Special Infrastructure Account to assist and encourage local governments and school districts to implement shared services, cooperation agreements, mergers, and other actions that permanently reduce operational costs and property tax burdens. This also includes continued funding for Financial Restructuring Board awards and other efficiency programs.

In addition to these reforms, the Executive Budget continues to provide \$715 million to local governments in unrestricted aid.

Keeping the Focus on Property Taxes

New York residents face one of the country's highest property tax burdens. In his first year in office, Governor Cuomo advanced and secured approval of one of the strictest property tax caps in the country. In the first three years under the tax cap, property taxes grew an average of just 2.2 percent per year – less than half the average annual growth from 2000 to 2010.

Through the first three years of the cap, the average property tax payer has saved more than \$800, compared to if taxes had continued to grow at the

previous average rate of growth. If this trend continues, by 2017, the typical taxpayer will have saved more than \$2,100 in local property taxes.

The second phase of the Governor's property tax relief program was the Property Tax Freeze, enacted last year. The Property Tax Freeze provides direct relief to New York homeowners and addresses one of the drivers of the State's high property taxes – the outsized number of local governments. Over three years, the program will result in over \$1.5 billion in direct property tax relief, with the average New York taxpayer receiving approximately \$656. Equally important, the freeze is designed to incentivize local governments and school districts to seek efficiencies and share services to reduce their financial burden on the taxpayer.

In the first year (2014 for school taxes and 2015 for local government taxes), homeowners with incomes at or less than \$500,000 who reside in a school district or local government that stays within the tax cap will receive a State tax credit equal to the increase in property taxes. In order for their homeowners to get the tax credit in the second year, school districts and local governments must have continued to stay within the tax cap and have submitted a Government Efficiency Plan

that demonstrates savings through shared services, cooperation agreements, mergers, or efficiencies.

The 2015-16 Executive Budget takes the next step in reducing the property tax burden by creating a new Real Property Tax Credit available to households with incomes below \$250,000 and whose property taxes exceed six percent of their income. The credit is valued at up to 50 percent of the amount by which property taxes exceed the six percent threshold, depending on household income. When fully implemented, more than 1.3 million taxpayers will receive a credit averaging \$950, statewide. Outside of NYC, only the taxes levied by a tax cap-compliant jurisdiction are included in the credit calculation.

The Real Property Tax Credit also includes a renters' credit, based upon the estimate that 13.75 percent of annual gross rent is attributed to property taxes. The credit is available to taxpayers with incomes up to \$150,000 when the amount attributed to property taxes exceeds six percent of their income. This will ensure equity and fairness for approximately one million New Yorkers who – while not owning property – are still burdened by the State's high property tax rates.

Eliminating Duplicative and Overlapping Local Governments

One of the drivers behind New York's high local government cost and property tax burden is its duplicative and overlapping local government structure. The property tax freeze attacks this issue by requiring local governments and school districts to develop a Government Efficiency Plan in order for their taxpayers to be eligible for the second year of the tax freeze. The Government Efficiency Plans are due in June 2015 and must identify recurring savings from shared services, cooperation agreements, mergers, and efficiencies.

The 2015-16 Executive Budget maintains and enhances the support for these activities through \$150 million from the Special Infrastructure Account. This will support:

- **Transformational Grants.** Funding will be awarded for one-time costs related to transformational projects that reduce the long-term cost of local government and school district services. This includes financing the implementation of high quality proposals identified in the Government Efficiency Plans.
- **Citizens Reorganization Empowerment Grants.** These grants provide funding of up to \$100,000 for local governments to cover costs

associated with planning and implementing local government reorganization activities, such as consolidations and dissolutions. Expedited assistance is given to local governments that have received a citizen petition for consolidation or dissolution.

- **Citizen Empowerment Tax Credits.** For cities, towns, or villages that consolidate or dissolve, these tax credits provide an annual aid bonus equal to 15 percent of the newly combined local government's tax levy. At least 70 percent of such amount must be used for direct relief to property taxpayers.
- **Local Government Efficiency Grants.** These competitive grants provide funding to help cover costs associated with local government efficiency projects, such as planning for and/or implementation of a functional consolidation, shared or cooperative services, and regionalized delivery of services. The maximum implementation grant award is \$200,000 per municipality/\$1 million per grant consortium, and the maximum planning grant award is \$12,500 per municipality/\$100,000 per grant consortium.
- **Financial Restructuring Board Awards.** Grants and/or loans of up to \$5 million per municipality may be awarded by the Financial Restructuring Board for Local Governments.

This support will empower local governments and school districts to implement actions in their Government Efficiency Plans that reduce the property tax burden on their taxpayers.

Restructuring Distressed Local Governments

The Financial Restructuring Board for Local Governments was created in 2013 to help distressed local governments restructure and regain solvency before the strict enforcement of a control board is needed. The ten-member board is chaired by the Budget Director and includes the State 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.

Any eligible county, city, town, or village may request a Comprehensive Review from the Board. The Review will assess the local government's operations, finances, and management structure and, based on this information, make recommendations on restructuring municipal operations to improve its finances and efficiency. In addition, the Board can offer grants and/or

loans of up to \$5 million per municipality through the Local Government Performance and Efficiency Program for implementing the recommendations. If the local government agrees to undertake the Board's recommendations, it will be contractually bound to fulfill those terms in order to receive the aid.

The Board has undertaken Comprehensive Reviews for seven local governments - the Cities of Rochester, Albany, Jamestown, and Fulton, the Villages of Alfred and Wilson, and the Town of Fishkill. Additional Comprehensive Review requests are expected.

Relieving Local Government Mandates

The burden of local government mandates has existed for decades. These requirements have grown over time and are woven throughout statute and regulation. Governor Cuomo made mandate relief a priority and cut away at dozens of burdensome and expensive requirements. Reforms that have been enacted or are being advanced with the 2015-16 Executive Budget include:

- **Local Youth Facility Costs.** The 2015-16 Budget caps the mandated costs imposed on counties and New York City for the operation of New York State Office of Children and Family Services juvenile facilities. Billings would be capped at \$55 million annually through 2018-19, providing total local savings of \$425 million over this time period. New York City's savings would be reinvested in homeless assistance programs and services.
- **Medicaid Relief.** Medicaid is one of the biggest costs for counties and New York City. The State has eliminated growth in the local share of Medicaid, saving counties and New York City \$2.8 billion over five years (2014-15 – 2018-19). For 2014-15 and beyond, the cost of Medicaid to counties and New York City will not increase. Along with the expense growth, the State is also assuming Medicaid administrative responsibilities for counties. This will result in greater efficiencies and help achieve State and Federal health care reform initiatives.
- **Pension Reform.** In recent years, pensions have been one of the fastest growing costs for local governments and school districts. In 2012, a new pension tier was created in the State pension system that will save the State, local governments, and school districts more than \$80 billion over the next 30 years. In 2013, local governments and school districts were given the option to have a more stable pension contribution rate, which has greater

predictability and allows for access to the savings from the 2012 reforms.

- **Binding Arbitration.** After decades of local government calls for change to the binding arbitration process with police and fire unions, reforms were enacted in 2013 to require arbitrators to give significant weight to a distressed local government's ability to pay and to consider the property tax cap when making awards. This will help ensure that awards reflect the high burden already faced by property taxpayers in these communities.

These important reforms will help local governments manage their budgets and reduce the burden placed on property taxpayers.

Maintaining Core Local Government Aid

In addition to freezing property taxes and providing grants to help local governments consolidate and restructure, the 2015-16 Executive Budget proposes to maintain most direct local government aid programs, including the Aid and Incentives for Municipalities (AIM) program for cities, towns, and villages, at 2014-15 funding levels.

- **AIM for Cities, Towns, and Villages.** The 2015-16 Budget maintains \$715 million in

unrestricted AIM funding to cities, towns, and villages.

- **Consolidation and Restructuring Programs.** The Budget maintains funding to support the Citizens Reorganization Empowerment Grants, the Citizen Empowerment Tax Credits, and the Local Government Efficiency Grants. It also maintains funding to be awarded by the Financial Restructuring Board through the Local Government Performance and Efficiency Program.
- **Small Government Assistance.** The Budget maintains Small Government Assistance Grants for Essex, Franklin, and Hamilton counties at existing levels.

The 2015-16 Executive Budget discontinues funding for several legislative programmatic additions including Village Per Capita Aid, Miscellaneous Financial Assistance, and the 2014-15 increase to Video Lottery Terminal Impact Aid.

Summary of Spending

Category	2014-15 (millions)	2015-16 (millions)	Change	
			Dollars (millions)	Percent
AIM – Cities Outside NYC	647.1	647.1	0	0
AIM – Towns and Villages	67.6	67.6	0	0
Total AIM	714.7	714.7	0	0
Citizens Empowerment Tax Credits and Grants	1.6	2.0	0.4	25
Local Government Performance and Efficiency Program	14.3	14.8	0.5	3
Local Government Efficiency Grants	6.4	6.6	0.2	3
VLT Impact Aid	29.3	27.2	(2.1)	(7)
Miscellaneous Financial Assistance	5.8	0.4	(5.4)	(93)
Village Per Capita Aid	2.0	0.0	(2.0)	(100)
Small Government Assistance	0.2	0.2	0	0
Buffalo/Erie Efficiency Grants*	3.2	0.0	(3.2)	(100)

*Spending will be reduced to zero as the programs reach completion.

Overall Fiscal Impact on Local Governments

The 2015-16 Executive Budget results in a year-to-year local impact of over \$1.1 billion for municipalities and school districts for their fiscal years ending in 2016. These savings are primarily the result of a statewide school aid increase of nearly \$1.1 billion. Local governments including New York City will also

benefit by \$54.4 million from various sales tax and income tax proposals, \$9.9 million from human services proposals, and \$15.6 million from higher Downstate transit assistance. These benefits will be partially offset by a \$3.7 million reduction in municipal aid and a \$600,000 public protection reduction.

Impact of the 2015-16 Executive Budget on Local Governments (Local Fiscal Year Ending in 2016) (\$in millions)					
	Total	NYC	School Districts (non-NYC)	Counties	All Other
School Aid*	1,063.5	TBD	TBD	0.0	0.0
Revenue Actions	54.4	22.6	0.4	26.7	4.7
Human Services**	9.9	(20.8)	0.0	30.7	0.0
Transportation	15.6	6.9	0.0	8.7	0.0
Municipal Aid	(3.7)	0.0	0.0	(0.6)	(3.1)
Public Protection	(0.6)	(0.6)	0.0	0.0	0.0
Total 2015-16 Executive Budget Actions	1,139.1	8.1	0.4	65.5	1.6

** The specific distribution of this new aid will be determined in the Enacted Budget.*

***This does not reflect the \$220 million in savings for New York City through 2018-19 due to capping Youth Facility charge backs, as New York City would be required to reinvest these savings in homeless assistance programs.*

Note: Due to the inability to determine the precise impacts by class of government as well as the anticipated timing by fiscal year, these totals do not include the following actions affecting local governments: Up to \$150 million in settlement funds for municipal restructuring, a potential \$10 million benefit from auditing NYSHIP dependent eligibility, and \$5 million in grants for local water fluoridation systems.

12. Mental Hygiene

The Executive Budget supports expansion of community-based care, continues to strengthen the oversight of care provided to vulnerable persons, makes investments to improve the accountability of mental hygiene agencies, and ensures that individuals are served safely in the most integrated and cost effective setting possible.

Overview

The mental hygiene agencies and associated not-for-profits provide services to individuals with mental illness, developmental disabilities, and addictions. These agencies are comprised of the Office of Mental Health (OMH), the Office for People With Developmental Disabilities (OPWDD), the Office of Alcoholism and Substance Abuse Services (OASAS), the

Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). The mental hygiene agencies support services for more than one million individuals, including more than 700,000 people with mental illness, 245,000 people with chemical dependencies or gambling problems, and over 125,000 individuals with developmental disabilities. In addition, OASAS serves over 400,000 youth in school and community based substance abuse prevention programs.

Caring for New York's Vulnerable Citizens

The State's Mental Hygiene system provides care and services for individuals in institutional facilities, community residences and community settings. The State operates institutional and community-based services and research facilities, and oversees residential, outpatient, employment, clinic, habilitative, and treatment programs operated by not-for-profit provider agencies that help individuals live in the setting they desire and lead full and productive lives.

The Executive Budget reflects the Governor's ongoing efforts to fundamentally improve the

protection and care of vulnerable individuals. Strategic investments are funded by programmatic efficiencies and system-wide solutions to reduce State operations cost in service delivery, purchasing, business services, information technology, and other areas. To ensure that individuals receive appropriate services, the Executive Budget increases funding for community-based programs, and redirects funding from high-cost institutional services to more effective lower-cost program models that provide expanded services to more people.

Proposed actions for the Mental Hygiene agencies include enhancing community mental health services, right-sizing and improving State-operated inpatient services, utilizing less costly and more programmatically appropriate in-state community residential programs, enhancing employment opportunities for individuals with disabilities, improving the investigatory process for abuse and neglect complaints, placing aggressive cost controls on State agency operations, and maximizing payments from third-party payers.

The Executive Budget increases funding to help divert individuals from prison to OMH and OASAS

treatment programs, and assists with re-entry into the community when leaving prison. It also provides for additional community mental health services for certain nursing home and adult home residents, and supports expanded community residential and day services for individuals served by OPWDD. In total, this budget supports up to 3,500 new or expanded residential, day and other service opportunities for individuals with developmental disabilities, with funding allocated based on the specific needs of the individual. The budget also supports approximately 1,300 new OMH and OASAS NY/NY III and other priority beds; 400 new OMH supportive housing units; 250 new OMH Home and Community Based Waiver slots; and roughly 300 new OMH community opportunities, including intensive case management services.

The Executive Budget proposals result in Mental Hygiene system spending of \$7.2 billion in 2015-16, reflecting an annual spending decline of \$314.6 million (4.2 percent). Adjusting for the interaction with DOH Medicaid spending and the timing of Federal resources, annual spending actually increases by \$207.4 million, or 2.5 percent. Spending on New York's Mental Hygiene system ranks near the top nationally.

Summary of Spending (All Funds)

Category	2014-15 (millions)	2015-16 (millions)	Change	
			Dollar (millions)	Percent
OPWDD	4,266.8	4,400.6	133.8	3.1
OMH	3,337.5	3,384.6	47.1	1.4
OASAS	578.1	600.6	22.5	3.9
JUSTICE CENTER	38.6	42.6	4.0	10.4
DDPC	4.2	4.2	0.0	0.0
Subtotal	8,225.2	8,432.6	207.4	2.5
Adjustments*	(757.0)	(1,279.0)	(522.0)	N/A
Total	7,468.2	7,153.6	(314.6)	(4.2)

*Adjustments reflect spending of \$757 million in 2014-15 and \$957 million in 2015-16 for OPWDD services that are reflected in DOH Medicaid spending and new multi-year initiatives of \$322 million in 2015-16 (\$288 million in OPWDD; \$34 million in OMH) that are supported by Federal BIP resources.

Proposed 2015-16 Budget Actions

OPWDD

Over the past four years, Governor Cuomo has taken substantial steps to ensure the continued health and safety of individuals with developmental disabilities, and to improve the overall quality and cost-effectiveness of community-based, person-centered services. This budget continues the Governor's long-standing commitment to support individuals with developmental disabilities in the most appropriate

community-based settings, and reflects a 3.1 percent spending increase. Specifically, the Executive Budget will:

- **Include \$177 Million in Program Spending to Improve Services.** Investments from the Balancing Incentive Program (BIP) will enable the State to engage a broad network of providers, advocates, and community leaders to develop systematic improvements to delivery systems for individuals with developmental disabilities and enhance community integration. BIP funds will be used to make strategic investments to transform services and supports to more integrated, community-based opportunities; increase employment opportunities for individuals with developmental disabilities; implement electronic health record systems; and support the system's transition towards managed care.
- **Invest \$120 Million for New OPWDD Service Opportunities.** This money will support new service opportunities for individuals with developmental disabilities. Services will be based on OPWDD's person-centered processes, which include an individualized needs assessment and planning process. These new resources will support expanded services throughout OPWDD's continuum of care, including certified and non-certified residential opportunities, day programs, employment, case management, and respite services for qualifying individuals. This level of support would provide up to 3,500 new or expanded opportunities for

individuals with developmental disabilities, to support the array of services necessary to meet the specific needs of the individual.

- **Dedicate \$42 Million to Transition Individuals to More Appropriate Community-Based Settings.** Consistent with the Olmstead Cabinet report and the Federal Centers for Medicare & Medicaid Services (CMS) requirements, this budget continues to transition individuals from segregated settings, such as developmental centers (149 individuals) and intermediate care facilities (100 individuals) to more integrated, community-based support systems. As part of this effort, OPWDD will utilize a combination of not-for-profit and State-operated services to deliver appropriate community-based services specific to individualized needs. The Budget also makes a significant expansion of OPWDD's pilot program, using more than 100 State workers for the provision of person-centered, community integrated service models.
- **Generate Efficiencies to Hold Spending for Administration to Prior Year Levels.** Reductions in overtime and Non-Personal Service (NPS) will offset increased salary and facility costs.

OMH

Over the past four years, Governor Cuomo has taken substantial steps to expand community services and transition individuals to more appropriate community settings. The Executive Budget continues to build on these efforts. Specifically, the budget will:

- **Provide \$68 Million to Improve Community Integration and Services.** Investments from BIP are designed to facilitate community integration and employment. Specifically, investments will be used to assist in the transition to managed care and the expansion of health home capacity; increase the number of children's community services with 250 additional Home and Community Based Services (HCBS) waiver slots; provide additional funding for community residences; and increase support for the Personalized Recovery Oriented Services program (PROS).
- **Invest \$22 Million to Expand Services to Individuals at Risk of Violence.** This investment will provide enhanced services to at-risk individuals with the goal of reducing recidivism and potential violence in the community. OMH will provide additional in-prison assessments and treatment for high risk inmates, maintain individuals in OMH facilities when appropriate, and provide more aggressive community services through the use of additional Assertive Community Treatment

(ACT) teams and supported housing and related services.

- **Dedicate an Additional \$20 Million for New Community Residential Opportunities.** This reflects funding for additional supported apartments to facilitate the transition of individuals from adult homes (400 individuals) and nursing homes (100 individuals) to the community, as well as 1,200 additional congregate care beds primarily associated with the NY/NY III program to reduce homelessness.
- **Invest \$15 Million in Additional Community Services.** These investments, which build upon \$44 million of enhancements that are continued from 2014-2015, will be used to expand a variety of community services based on regional needs reflecting stakeholder input, and are expected to reduce the need for more costly inpatient beds. These investments are in addition to the more than \$800 million, excluding Medicaid, spent for these services last year.
- **Provide \$10 Million to Strengthen Existing Supported Housing Programs.** To avoid the risk of homelessness and adverse outcomes, the Budget proposes to increase support for approximately 13,000 supported housing units by using a portion of JP Morgan settlement funds. These funds will be utilized to increase rental subsidy amounts (roughly \$750 annually on average) in areas facing the greatest fair market value cost pressures.

OASAS

The Executive Budget includes new funding to support OASAS' continued efforts to better serve individuals with dependencies on alcohol and chemical substances and problem gambling issues.

- **Combat Heroin Initiatives.** New funding of \$5 million is included, in addition to last year's \$133 million in OASAS funding, which is strategically allocated to address the growing heroin and opiate epidemic in communities across the State. The Budget also continues \$2.8 million added when Governor Cuomo signed legislation in June 2014 to combat this crisis. Combined, these funds will continue to support treatment and prevention programs targeted toward opiate abuse, residential service opportunities, and public awareness and education activities.
- **Expand Community Services.** The Budget also includes funding for 80 new congregate care beds associated with the NY/NY III program, and \$1.9 million for additional community services that will be funded from a planned 5 percent reduction in OASAS-operated inpatient Addiction Treatment Center capacity.

The Budget supports OASAS' movement to a more coordinated system of care that addresses the behavioral and physical health care needs of individuals with substance use disorders and mental illness.

Justice Center

The Justice Center has primary responsibility for tracking, investigating and pursuing serious abuse and neglect complaints related to facilities and provider agencies that are operated, certified, or licensed by: OMH, OPWDD, OASAS, the Department of Health (DOH), the Office of Children and Family Services (OCFS), and the State Education Department (SED). Since opening in June 2013, the Justice Center has worked to establish the necessary resources, systems and infrastructure to accomplish its core mission of protecting the health and safety of vulnerable individuals in the State's care.

In 2015-16, the Justice Center will fully assume investigative responsibility for all cases of abuse and neglect in State-operated programs. The agency will also deliver statewide training to law enforcement officials to facilitate effective interviewing techniques of individuals with special needs and disabilities, and evaluate the use of a universal incident management system to provide a single, statewide platform to improve the accuracy, consistency and quality of incident reporting, tracking, and data analysis.

The Budget reflects \$692,000 in savings from operational efficiencies that will be used to offset increased costs related to transferring positions to the Justice Center.

Multi-Agency Budget Actions

The Executive Budget includes \$84 million to support compensation increases for direct care and clinical staff at not-for-profits within OPWDD, OMH and OASAS. This reflects the continuation of the 2014-15 Enacted Budget commitment to provide increases for State-funded programs to help support a 2 percent compensation increase for direct care and direct support workers beginning January 1, 2015. The 2015-16 Budget also provides funding to support an additional 2 percent increase for those same workers, including a first time 2 percent compensation increase for clinical staff, effective April 1, 2015.

The Budget also directs \$750,000 within DOH in order to enhance community mobility and transportation services for the elderly and individuals with disabilities. These funds will be used to hire a transportation management expert to perform a cross-agency mobility management needs assessment

designed to improve transportation services for people served by these agencies so they can live in the most integrated setting possible.

Additionally, legislation is proposed to require that the ambulatory behavioral health fees paid through 2017 by managed care organizations for patients enrolled in Child Health Plus be equivalent to those paid under Medicaid managed care.

13. Public Safety

The Executive Budget provides resources to make New York more prepared for and resilient to future man-made and natural emergencies. Equally important, it reflects an approach to public safety that is tough, smart and fair. These priorities, taken together, will better protect New York families and their property.

Overview

The State spends \$4.8 billion annually to protect New York's residents. The public safety agencies assist local communities with crime prevention, supervise criminal offenders both in prison and in the community, patrol the highways, protect critical State assets, and respond to natural disasters and terrorist threats.

Focusing on Emergency Preparedness and Crime Prevention

Emergency Preparedness

Within the last four years, New York State sustained damage from Hurricane Irene, Tropical Storm Lee, and Superstorm Sandy – three powerful storms that crippled entire regions. Recognizing that future extreme weather events and natural disasters are likely, the Executive Budget supports a series of emergency preparedness initiatives to prevent loss of life and damage to our communities. These initiatives include establishing a statewide emergency preparedness system, continuing efforts to prepare citizens for emergencies, and enhancing oil spill preparedness. In addition, the Executive Budget makes available \$150 million from the Special Infrastructure Account to support preparedness and response efforts in counter-terrorism and natural disasters including severe weather events, as well as public safety and health emergencies. In concert, these actions will result in a world-class emergency management and response network in New York.

Criminal Justice

New York has one of the lowest crime rates in the country, and also has the lowest imprisonment rate of any large state. From 2004 to 2013, the crime rate in New York declined 15 percent, with a continued decline in the first six months of 2014. In 2013, the number of major crimes committed reached the lowest levels ever recorded, when there were 68,297 fewer major crimes reported statewide than in 2004. Simultaneous with this significant decline in crime, the State's prison population has fallen from a peak of 72,600 in 1999 to a current population of approximately 53,000 – the lowest level in more than two decades.

Last year, the Governor established the Commission on Youth, Public Safety and Justice to make recommendations on how best to raise the age of juvenile jurisdiction to age 18, improve outcomes for youth, and promote community safety. The 2015-16 Budget will begin to implement the Commission's recommendations.

Summary of Spending (All Funds)

Category	2014-15 (millions)	2015-16 (millions)	Change	
			Dollar (millions)	Percent
Department of Corrections and Community Supervision	3,003	3,045	42	1.4
Division of State Police	690	708	18	2.6
Division of Criminal Justice Services	254	226	(28)	(11.1)
Division of Homeland Security and Emergency Services	638	621	(17)	(2.7)
All Other	260	255	(5)	(1.9)
Total Public Safety	4,845	4,855	10	0.2

Spending for public safety agencies is projected at \$4.8 billion for 2015-16. The year-to-year change in the Department of Corrections and Community Supervision is primarily attributable to an additional institutional pay period in 2015-16. The reduction in the Division of Criminal Justice Services primarily reflects the elimination of spending on non-recurring items directed by the Legislature.

In addition, the Executive Budget also reflects \$3.4 billion in Federal aid which will flow to local governments, public authorities, and not-for-profits

over the next three years to continue the State's recovery from Superstorm Sandy.

Proposed 2015-16 Budget Actions

Disaster Recovery and Preparedness

- **Establish a Statewide Emergency Preparedness System.** To strengthen and better coordinate response across all levels of government, the State will build a world-class emergency management and response network. New protocols, business processes and enterprise solutions will be created to ensure the most efficient and coordinated response to emergencies. Local governments will be trained on new processes and systems to ensure seamlessly integrated efforts. Systems development will be supported through the State's IT Innovation Capital Fund.
- **Prepare Citizens for Emergencies.** The Division of Homeland Security and Emergency Services, in collaboration with the National Guard, has provided in-person training to 37,800 citizens this past year. In addition, 2,800 citizens have completed an online course in preparedness. With the continued goal of preparing 100,000 citizens for emergencies, Homeland Security and the National Guard will provide further trainings in 2015-16. The Executive Budget makes \$3.2 million in new funding available to support this effort.

- **Enhanced Training for Oil Spill Preparedness.** In response to the increased volume of crude oil being transported through New York State, the Executive Budget includes funding to ensure a well prepared and coordinated response to an oil spill. As part of this effort, the Office of Fire Prevention and Control (OFPC) within the Division of Homeland Security and Emergency Services, will train career fire departments and purchase emergency equipment and supplies. These resources will be strategically positioned throughout the State, which will be available to local and State emergency responders in the event of an oil spill.
- **Continue Counter-terrorism Efforts.** The Governor has taken significant counter-terrorism actions in 2014-15. Most notably, the Governor has: implemented a counter terrorism surge that has doubled the size of the National Guard's Joint Task Force Empire Shield; and ordered a significant increase in the number of uniformed officers from the New York State Police, the Metropolitan Transit Authority and the Port Authority to patrol train platforms, stations and trains. The 2015-16 Executive Budget provides funding to continue counter-terrorism efforts, including the convening of an International Security Task Force, in order to incorporate the most cutting edge security enhancements into the State's planning and deployment.

Criminal Justice

- **Raise the Age of Juvenile Jurisdiction.** New York is one of only two states in which the age of juvenile jurisdiction ends on a youth's 16th birthday. This means that all 16 and 17 year olds are processed in the adult criminal court system, and not through the Family Courts, regardless of the nature of their offense. All other states, except for North Carolina, set the age at 17 or 18 years old. Research has shown that incarcerating adolescents in adult jails and prisons has significant negative impacts, including higher suicide rates and increased recidivism. Experience in other states, such as Connecticut and Illinois, has shown that raising the age of juvenile jurisdiction can lower recidivism and juvenile crime rates through evidence based interventions that keep non-violent young offenders out of the justice system and into needed services.

In 2014, the Governor established the Commission on Youth, Public Safety and Justice to make recommendations on how best to raise the age of juvenile jurisdiction to age 18, improve outcomes for youth, and promote community safety. The 2015-16 Executive Budget reflects the first steps to implement the Commission's recommendations with an investment of \$25 million to plan, create, and expand services. This will include diversion and probation services for 16 and 17 year old youth who will be involved in the juvenile justice system, placing newly sentenced 16 and 17 year

old youth in OCFS facilities. The age of juvenile jurisdiction will be raised to age 17 on January 1, 2017 and to age 18 on January 1, 2018.



14. State Workforce

Overview

State employees deliver services to the public and manage a range of facilities and provider networks. They oversee and administer billions of dollars in program funding and capital projects. There are 180,119 State employees employed in Executive agencies, the SUNY and CUNY systems and in the Offices of the Attorney General and State Comptroller. Between December 2010 and the end of 2015-16, positions in Executive-controlled agencies will have been reduced by 6.5 percent.

Approximately 94 percent of the State workforce is unionized – there are 10 employee unions and 14 negotiating units. In addition, approximately 10,800 unrepresented employees are designated Management/Confidential (M/C).

State employees receive an average compensation (salary and other pay) of \$68,001 plus fringe benefits, totaling \$107,720. The largest State employers are:

Agency	Workforce (3/31/15 Estimate)
State University of New York	43,576
Department of Corrections and Community Supervision	28,821
Office for People With Developmental Disabilities	18,605
Office of Mental Health	14,380

Maintaining a Cost-Effective State Workforce

Closing Excess Facilities

Hundreds of millions of dollars have been saved by closing unnecessary or redundant State facilities. State employee jobs have been protected through a job placement initiative for employees impacted by facility closures and restructurings. Since 2011, the reduction of 5,519 prison beds and closure of 13 underutilized prisons has resulted in an estimated \$162 million in annual savings for New York taxpayers. In addition, the Office of Children and Family Services has closed 13 residential facilities, one group home, and three Day Placement/Evening Reporting Center programs, and has downsized four of its remaining 12 facilities. This

has resulted in a reduction of 531 beds and nearly \$50 million in savings. The Office for People with Developmental Disabilities and the Office for Mental Health have transitioned over 1,000 individuals from State institutions to more integrated community-based settings and closed five under-utilized facilities without layoffs. The roughly \$150 million in annual Mental Hygiene savings from these efforts have been reinvested to ensure that individuals with developmental disabilities and mental illness can live safely in the community, provided for a significant expansion of community services, and supported salary increases for State and not-for-profit workers.

Collective Bargaining

The Executive Budget reflects a series of historic collective bargaining agreements with 97 percent of employees in agencies subject to direct Executive control. These agreements have saved the State hundreds of millions of dollars during one of the most difficult economic periods in our nation's history. A new round of bargaining will commence in 2015-16 with expiring contracts associated with employees represented by the New York State Public Employees

Federation (PEF) and the Police Benevolent Association of New York State.

Across all previously settled unions, the last round of bargaining agreements included significant wage and benefit concessions, including:

- A two-year reduction in employee compensation which temporarily saved \$300 million;
- Increases to employee/retiree health benefit premium shares, copays, out-of-network deductibles and coinsurance that save nearly \$230 million annually; and
- No general salary increases for three years (2011-12 through 2013-14).

Represented employees received job security during the recession and a two percent general salary increase in 2014-15. Additionally, employees whose contracts continue in 2015-16 will receive another two percent increase -- this group includes commissioned and non-commissioned officers in the Division of State Police and employees represented by CSEA, NYSCOPBA, Council 82, UUP, GSEM and DC-37 (Housing).

Pension Reform

In 2012-13, the State enacted Tier VI pension reform to help control escalating retirement costs for State government, local governments and school

districts. As of April 1, 2012, all newly hired public employees belong to Tier VI. This new pension tier requires employees to contribute, depending upon annual salary, between 3 percent and 6 percent of their salary toward their pension; raises the retirement age for non-uniformed employees from 62 to 63; reduces the pension multiplier so that, for example, a 30-year employee, will have a 55 percent pension benefit instead of a 60 percent benefit; extends the Final Average Salary period from 3 to 5 years; and places a cap on overtime factored in the calculation of Final Average Salary. In addition, Tier VI provides new employees who do not belong to a bargaining unit and earn more than \$75,000 per year the option of enrolling in a defined contribution plan. It is estimated this reform will significantly diminish long-term pension costs, saving the State, local governments and school districts more than \$80 billion over the next 30 years.

The New York State Health Insurance Program

The State's employee and retiree health plan, the Empire Plan, is now self-insured. The medical component of the Plan became self-insured on January 1, 2013, and the hospital, prescription drug and mental

health components became self-insured on January 1, 2014. Previously, the State paid a set annual premium to its health insurance carriers to fund benefit claims. Under the new arrangement, the State assumes full responsibility for the payment of benefit claims. This allows the State, local governments and public authorities (and their employees and retirees) to avoid paying annual New York State and certain Federal Affordable Care Act taxes, fees and assessments.

Proposed 2015-16 Budget Actions

- **NYSHIP Dependent Eligibility Audit.** The Department of Civil Service will oversee an external audit of dependent eligibility in the employee and retiree health plan (NYSHIP). The removal of ineligible dependents (e.g., ex-spouses) from NYSHIP could save the State \$13 million annually or more if savings from public authorities and local governments are included. Importantly, the Executive Budget provides legislation for a special amnesty period which would protect employees who voluntarily identify ineligible dependents during the amnesty period.
- **General Salary Increases for Management/Confidential Employees.** The Executive Budget advances legislation to gradually increase the salaries of M/C employees over the next four State fiscal years to provide for previously authorized increases that were withheld, and to

reach parity with unionized employees. Cumulatively, these increases will total 7.18 percent and will be absorbed within agencies' existing budgets so as not to represent a new cost to taxpayers.

- **Commission on Executive and Legislative Compensation.** The Executive Budget advances legislation to establish a commission to examine, evaluate and make recommendations with respect to adequate levels of compensation and non-salary benefits for the Governor, Lieutenant Governor, Attorney General, State Comptroller, Commissioners and Agency Heads as well as Legislators.
- **One-Time Payments for Information Technology Skills and LEAN Certification.** To develop high-demand skills within the State workforce and to better compete with the private sector for such skilled employees, the Executive Budget authorizes one-time payments to employees in the Office of Information Technology Services with specific, high-demand technical certifications. Additionally, to improve business processes in the State, the Executive Budget authorizes one-time payments to individuals with LEAN certifications significantly engaged in agency sponsored LEAN projects. The costs of these payments will be offset in the long-term by reduced reliance on consultants and greater productivity.

Workforce Summary

Category	2015-16				Change	
	3/31/15 Est.	Attrition	New Fills	3/31/16 Est.	#	%
Workforce Subject to Direct Executive Control	118,304	(1,887)	2,743	119,160	856	0.72
University Systems	57,339	0	0	57,339	0	0.00
Departments of Law and Audit and Control	4,476	(10)	0	4,466	(10)	(0.22)
Grand Total	180,119	(1,897)	2,743	180,965	846	0.47

Other State Workforce Actions

Minimal job growth is expected next year, as follows:

- The Department of Health, the Office of Mental Health, and the Office for People with Developmental Disabilities will reduce overtime expenses by continuing to enhance efforts that ensure there is sufficient staffing in locations which account for the majority of such expenses.
- The Office of Mental Health and the Department of Corrections and Community Supervision will collaborate to improve the provision of mental health treatment at both DOCCS and OMH facilities and transitional living residences.
- The Office for People with Developmental Disabilities and the Civil Service Employees Association will expand pilot programs which will utilize State staff to provide person-centered,

community-integrated service models to individuals with developmental disabilities.

- The Department of Health will be staffed to continue the take-over of Medicaid Administration from the counties.
- The Office of General Services will be staffed to support human resource and finance operations for agencies through the Business Services Center.



15. Transportation

The Executive Budget makes new capital investments to improve the State's transportation system, enhance its resiliency and create jobs. The Budget also delivers an increase in aid for transit systems, and continues to implement initiatives to improve customer service at the Department of Motor Vehicles. \$1.5 billion in new funding is directed to the State's core transportation programs over the next 5 years, including \$750 million for the Metropolitan Transportation Authority (MTA) capital program and \$750 million for the Department of Transportation (DOT) capital program. In addition, funds from the Special Infrastructure Account will be available for investments in transportation.

Overview

The State's transportation system is operated, maintained and administered by a network of State and local agencies and public authorities. The Department of Transportation (DOT) is responsible for construction, reconstruction, maintenance, and snow and ice removal for more than 43,000 State highway lane miles and more than 7,800 bridges. In addition, DOT provides funding for rail, airport, bicycle, pedestrian, and canal programs as well as local government highway and bridge construction.

The Department also provides coordination and funding for more than 130 public transportation operators including the Metropolitan Transportation Authority (MTA), the four Upstate regional transportation authorities, and other (usually county-sponsored) transit systems. These systems provide bus, subway, commuter rail and light rail services as well as "paratransit" services designed to meet the needs of the disabled. The MTA provides transit and commuter services in the New York City region to over two and a half billion passengers riding the subways, buses and commuter rail systems each year.

The State's transportation programs also include the Department of Motor Vehicles (DMV), which operates 27 district and branch offices and provides services via county clerk offices acting as DMV agents at 102 locations throughout the State. DMV issues licenses, non-driver identification cards and vehicle registrations, conducts road tests, monitors driver training, and performs enforcement activities. DMV conducts more than 20 million customer transactions annually, and is projected to collect more than \$1.7 billion in revenue for the State and localities in 2015-16. New Yorkers rely on credentialing and identification documents issued by DMV to conduct financial transactions, obtain employment, and board aircraft, among other uses.

The Thruway Authority operates a 570-mile highway system, including the 426-mile mainline from Buffalo to New York City. Its subsidiary, the New York State Canal Corporation, operates the 524-mile navigable waterway. The New York State Bridge Authority is responsible for five bridges spanning the Hudson River. These and other transportation-related authorities are primarily financed through toll revenue.

Investing in a Safe, Reliable Transportation System

Department of Transportation

The Executive Budget provides funding for a DOT capital program of over \$3.5 billion in 2015-16, facilitating capital improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. The 2015-16 program will utilize the first \$150 million of a new \$750 million 5-year investment for a State and local bridge initiative, which will strategically accelerate the rehabilitation, reconstruction or replacement of approximately 100 bridges serving critical freight, agricultural and commerce corridors. Funding for local highway and bridge projects under the Consolidated Highway Improvement Program (CHIPS) and Marchiselli program is maintained at a record high of \$477.8 million.

DOT's capital program is supported by Federal aid, State capital projects funds, dedicated taxes and fees deposited in the Dedicated Highway and Bridge Trust Fund, and a significant subsidy that the Trust Fund receives from the General Fund. These monies support projects that improve and rehabilitate highway,

bridge, aviation infrastructure, rail, transit, port, bicycle and pedestrian facilities throughout the State.

The Executive Budget also proposes to permanently authorize design-build contracting and to extend the provisions to award construction projects that optimize quality, cost and efficiency to all State agencies and public authorities. The proposal will permit Project Labor Agreements (PLA) to be used on design-build projects. PLAs are comprehensive labor agreements that establish the collective bargaining and labor parameters for a project. For projects that exceed \$50 million, a feasibility study is required to examine potential project efficiencies and labor savings to determine if a PLA should be utilized. Since being signed into law in 2011, DOT has awarded ten design-build contracts valued in excess of \$811 million, including the Department's largest ever single contract, the \$550 million Kosciuszko Bridge. In addition to these ten contracts, there are currently 13 more in various phases of procurement, totaling an additional \$290 million. The most prominent example of the savings achieved using design-build contracting is the \$3.9 billion New NY Bridge project which will replace the existing Tappan-Zee Bridge at a cost that is \$1.5 billion less than was

previously estimated. Design-build projects are underway throughout the State, and the results are overwhelmingly positive – not only are these projects creating jobs, but they are being delivered sooner, and on-budget.

Mass Transit

Since 1975, New York State has provided transit system operating assistance through the Statewide Mass Transportation Operating Assistance (STOA) program. Today this multi-billion dollar aid program reflects the importance of the services provided by transit systems to an annual ridership of more than 2.8 billion passengers. In 2014-15, State transit aid accounted for approximately 38 percent of the operating resources used to support the State's transit systems.

The Executive Budget provides operating support totaling \$4.8 billion to transit systems. The MTA will receive over \$4.35 billion, an increase of almost \$37 million from 2014-15. Other transit systems will receive over \$464 million, which reflects no change from prior year operating aid levels. The Budget also includes \$309.2 million in General Fund support for the

MTA to fully offset the revenue impact of the 2011 payroll tax reform.

The Executive Budget includes a new appropriation of \$121.5 million in resources drawn from downstate mass transportation operating assistance funds to pay for needed capital expenses of the MTA and the Non-MTA Downstate systems.

In addition, the Executive Budget includes a new \$750 million State contribution to assist in funding the MTA's 2015-19 core capital program. These funds will create jobs and improve the MTA's core infrastructure. Spending will also continue from the State's \$770 million 2012-13 appropriation for MTA capital and the \$1.45 billion dedicated to the MTA from the 2005 Transportation Bond Act.

The new Special Infrastructure Account program also includes \$250 million to advance the MTA's Penn Station Access project, which will open a new Metro-North link directly into Penn Station, providing critical system resiliency, improvement in regional mobility and construction of four new Metro-North stations in the Bronx.

Department of Motor Vehicles

As DMV transactions have increased steadily in volume and complexity, DMV has utilized electronic and internet-based services to increase the efficiency of transaction processing and to provide customers with a convenient alternative to visiting DMV offices. Currently, more than four million transactions per year are processed through the DMV website, and this number is expected to continue to rise as customers take advantage of online transactions. Building on the success of previous customer service initiatives, DMV will continue to enhance the customer experience, employing office kiosks, an improved queuing system, and the use of greeters to answer questions, review paperwork, and direct customers to the most expedient means of completing their transaction. DMV's website has also been substantially improved to provide a more "responsive design."

Thruway Authority

The 2015-16 Executive Budget includes a new appropriation of \$1.285 billion from the Special Infrastructure Account for a new Thruway Stabilization

program that will help offset the impacts on toll payers of major Thruway investments. These investments include the \$3.9 billion New NY Bridge project replacing the Tappan Zee Bridge between Rockland and Westchester, and meeting transportation needs on the rest of the Thruway's core system across the State.

In 2012, the Thruway awarded a \$3.9 billion design-build contract for the replacement of the Tappan Zee Bridge. The New NY Bridge will form the centerpiece of the region's transportation system, ensuring the connection of communities and economic centers across the Hudson River for generations to come. In addition to resources from the Thruway Stabilization program, funding sources for the Bridge project include a \$1.6 billion Federal TIFIA loan, the largest in TIFIA program history. Construction began in the Spring of 2013 and is expected to take approximately five years. The Bridge is on budget and on schedule for completion in 2018.

The Executive Budget also continues to provide operations support for the Thruway Authority. The support, which began in 2013-14 to offset the need for a commercial toll increase, will total \$85 million for 2015-16, including the ongoing State takeover of personnel

costs of the Division of State Police Troop T which patrols the Thruway and the waiver of certain annual billings due from the Authority to the State.

Summary of State Funds Spending

Category	2014-15 (millions)	2015-16 (millions)	Change	
			Dollar (millions)	Percent
Transportation Spending	7,638	8,125	487	6.4
Department of Transportation	2,828	2,853	25	0.9
Metropolitan Transportation Authority ¹	4,502	4,972	470	10.4
Department of Motor Vehicles	282	277	(5)	(1.8)
Thruway Authority	26	23	(3)	(11.5)

¹ The year-to-year increase in MTA spending is primarily due to the \$104.1 million of new capital drawn from mass transportation operating assistance funds, the \$36.7 million increase in state operating aid, and the spend-out of previously committed State funded capital.

Proposed 2015-16 Budget Actions

The Executive Budget provides capital funding to restore and improve the State's transportation infrastructure, increases transit aid to support the vital role that transit systems play in the State's economy and continues investments that will support DMV's efforts to better serve its customers.

Department of Motor Vehicles Operations

- **Eliminate Cost Growth Through Operational and Administrative Efficiencies.** The Budget reduces DMV's personal service expenses by over \$3 million through attrition of 42 staff positions. Those savings are anticipated to be achieved through administrative and operational efficiencies, including online transactions. The remainder of DMV's year-to-year spending change is principally due to shifts to enterprise programs.

DOT Capital Highlights

- **Invest in Infrastructure.** The Budget implements a DOT capital program of over \$3.5 billion in 2015-16 that will provide for capital improvement of all modes of transportation infrastructure, including highways, rail, aviation, ports, local roads and bridges and non-MTA transit. It provides an additional \$750 million for a State and local bridge improvement initiative, which will strategically accelerate the rehabilitation, reconstruction or replacement of approximately 100 bridges serving critical commercial, travel and agricultural corridors.
- **Preserve Local Capital Aid.** Capital aid to local governments for highway and bridge projects is preserved at record-high 2014-15 levels, with \$438.1 million provided for the Consolidated Highway Improvement Program (CHIPS) and \$39.7 million for the Marchiselli program.

- **Upgrade DOT Fleet.** DOT will invest \$50 million to accelerate planned fleet upgrades including the purchase of new snow plows, up-fitting heavy pickups that can assist with snow removal with plows and the installation of GPS/Vehicle Management Systems in DOT vehicles involved with snow management. This investment coupled with the installation of additional traffic cameras in critical areas throughout the State will assist DOT in responding quickly and in a coordinated fashion to the most severe weather events.

Transit

- **Increase Transit Aid Levels.** The Budget proposes \$4.8 billion of transit operating aid for systems throughout the State. The MTA will receive over \$4.35 billion, an increase of almost \$37 million from 2014-15. Other transit systems will receive over \$464 million, which reflects no change from prior year operating aid levels.
- **Create a Downstate Transit Capital Program.** The Budget proposes \$121.5 million in resources drawn from downstate taxes dedicated to the mass transportation operating assistance fund to pay for capital expenses of the MTA and the non-MTA Downstate Transit Systems.
- **Clarify Funding Source for Verrazano Bridge Rebate Programs.** Language submitted with the Budget will clarify that existing commercial and Staten Island resident rebate programs are funded in accordance with the original

agreement between the Executive and the Legislature.

- **Use Transit Funds to Pay Transit Debt Service Costs.** The Budget will continue the use of \$20 million in surplus mass transportation operating assistance funds to pay for a portion of the debt service associated with previously issued MTA service contract bonds.

Thruway Authority

- **Invest in Infrastructure.** The Executive Budget includes a new capital appropriation of \$1.285 billion to fund the Thruway Stabilization Program for expenses related to both the New NY Bridge, and the statewide system.
- **Mutual Aid and Shared Services.** Proposed legislation will authorize DOT and the Thruway Authority to provide mutual aid and enter into shared service agreements that will improve emergency response and allow for efficiencies between the agencies.
- **Operational and Administrative Efficiencies at the Thruway Authority.** The Budget reduces the amount of the State's subsidy to the Thruway by \$2.5 million on a recurring basis in anticipation of management and cost efficiencies attained by the Authority. The State will continue to provide \$85 million in overall support to the Authority, including \$21.5 million via direct appropriation.



16. Legislation Required for the Budget

Education, Labor and Family Assistance

- Amend the Education Law and make other changes necessary to implement the Education Opportunity Agenda.
- Streamline new education program approval to meet workforce needs.
- Enact the Get On Your Feet Loan Forgiveness Program.
- Enact the New York State DREAM Act
- Establish the Education Tax Credit.
- Standardize college financial aid award letters.
- Allow public accounting firms to have minority ownership by individuals who are not Certified Public Accountants.
- Implement uniform prevention and response policies and procedures relating to sexual violence in all colleges and universities.

- Authorize the pass-through of any Federal Supplemental Security Income Cost of Living Adjustment which becomes effective on or after January 1, 2016.
- Raise the Age of Juvenile Jurisdiction.
- Provide for the issuance of adoption assistance payments for the private adoption of children with special needs only when the adoptive parents reside in New York State at the time of application.
- Make statutory changes to comply with the federal Preventing Sex Trafficking and Strengthening Families Act.
- Utilize excess Mortgage Insurance Fund reserves.
- Increase the minimum wage.
- Provide healthcare professionals who volunteer to fight the Ebola virus overseas with a Bill of Rights and authorize leaves of absence
- Repeal of various Department of Labor fees.
- Make experiential learning a graduation requirement at SUNY and CUNY.

Health and Mental Hygiene

- Amend various statutory provisions to achieve savings reflected in the 2015-16 Health Budget.
- Make statutory changes necessary to continue implementation of Medicaid Redesign Team recommendations.
- Make statutory changes necessary to align Child Health Plus rates with Medicaid managed care rates for certain providers.

- Extend various provisions of the Public Health, Social Services and Mental Hygiene Laws, including continued authorization of previously enacted Medicaid savings initiatives.
- Make statutory changes related to the payment of indigent care pool funds over the next three years.
- Make statutory changes necessary to implement Value Based Payments within the Delivery System Reform Incentive Payment program.
- Make statutory changes necessary to implement a health insurance assessment to support the operational costs of the New York State of Health.
- Modify provisions regarding establishing and operating limited services clinics, standardizing urgent care centers, eliminating certain upgraded diagnostic and treatment centers; and charging the Public Health and Health Planning Council with reviewing sedation and anesthesia procedures in outpatient settings.
- Modify various provisions of law to remove barriers to obtaining HIV/AIDS treatment and to engaging in appropriate risk reduction activities to limit the spread of HIV/AIDS.
- Provide an exemption to the Nurse Practice Act for advanced home health aides to authorize such individuals to perform advanced tasks in home care and hospice settings with appropriate training and supervision.
- Implement various provisions related to streamlining the Certificate of Need (CON) process for hospitals and diagnostic and treatment centers.

- Modify various provisions of the public health law to expand office-based surgery requirements to include office-based anesthesia, to standardize and limit the procedures permitted in such settings, and to strengthen accreditation requirements.
- Require local governments to notify the public and the Department of Health of their intent to discontinue water fluoridation, and establish a grant program to provide assistance to local governments to cover the cost of installing, replacing, repairing, or upgrading water fluoridation equipment.
- Authorize the State Office for the Aging to seek public input on the creation of an Office of Community Living to address the expansion of community living integration services for older adults and disabled individuals.
- Authorize the Office of Mental Health to continue to recover Medicaid exempt income from providers of community residences.
- Extend pilot program to restructure educational services for children and youth residing in Office of Mental Health hospitals.
- Establish a private equity pilot program, allowing up to five business corporations to make private capital investments to assist in restructuring the health care delivery system.
- Authorize the Office of Mental Health facility directors who act as representative payees to continue to use funds for care and treatment consistent with federal law and regulations.

- Make technical amendments required to implement the Nurse Practice Act exemption for direct care staff in non-certified settings funded, authorized or approved by the Office for People with Developmental Disabilities.

Public Protection and General Government

- Extend various criminal justice and public safety programs that would otherwise sunset.
- Authorize the transfer of Division of State Police employees engaged in certain finance and human resource functions to the Office of General Services.
- Authorize the Commissioner of the Department of Corrections and Community Supervision to make the final determination regarding the medical parole release of certain non-violent offenders.
- Repeal miscellaneous fees levied by the Workers' Compensation Board while retaining the necessary functions associated with those fees.
- Campaign Finance Reform and public financing of campaigns.
- Eliminate costly and unnecessary election law printing and publication requirements.
- Implement changes supporting the previous consolidation of information technology staff and services within the Office of Information Technology Services.
- Phase in Management/Confidential salary parity.

- Create a salary commission to make recommendations on executive and legislative compensation.
- Establish amnesty periods in the New York State Health Insurance Program.
- Increase permissible deposit and fund balance in the Rainy Day Reserve Fund, expand and modify reporting requirements for pension contribution rates and consulting services spending.
- Return Video Lottery Terminal aid to 2013-14 levels.
- Extend and increase the authority of the Office of General Services to promptly enter into construction contracts during emergencies.
- Increase the ability of the Office of General Services to delegate the responsibility of executing small capital projects to agencies and departments.
- Create the Dedicated Infrastructure Investment Fund.
- Authorize transfers, temporary loans, and amendments to miscellaneous capital/debt provisions, including bond caps.

Revenue

- Cap annual growth in STAR exemption benefit at zero percent.
- Eliminate entirely the NYC STAR PIT rate reduction benefit for taxpayers with incomes above \$500,000.
- Convert current STAR delinquency/offset program into a tax clearance program.
- Convert the STAR benefit into a tax credit.

- Recoup improperly granted STAR exemptions.
- Allow homeowners who registered for the STAR exemption with the Department of Taxation and Finance, but failed to file timely exemption applications with their local assessors, to receive the benefit of the exemption for tax year 2014.
- Create real property tax relief credit.
- Make permanent the limitation on charitable contribution deductions for high income New York State and New York City personal income taxpayers.
- Amend the personal income tax and MTA mobility tax statutes for technical changes.
- Require commercial production tax credit economic impact report.
- Amend excelsior tax credit qualifying business language.
- Reform the investment tax credit provided for master tapes.
- Expand the Urban Youth Jobs Program tax credit.
- Reduce the net income tax on small businesses.
- Create the Employee Training Incentive Program (ETIP) tax credit.
- Continue taxation under Tax Law Sections 184 and 184-a on wireless telecommunications businesses.
- Impose sales tax refund requirements on Article 9 taxpayers.
- Extend and reform the Brownfield Cleanup Program.

- Combine the Department of State biennial information statement and tax return filings and repeal \$9 Department of State filing fee.
- Amend the corporate tax reform statute for technical changes.
- Extend the wine tasting sales and use tax exemption to other alcoholic beverages.
- Impose local sales tax on prepaid wireless based on retail location.
- Reform the Industrial Development Authority program.
- Expand sales tax collection requirements for marketplace providers.
- Close certain sales and use tax avoidance strategies.
- Exempt solar power purchase agreements from State and local sales tax.
- Allow petroleum business tax refunds for farm use of highway diesel motor fuel.
- Amend the estate tax to implement technical changes.
- Enhance motor fuel tax enforcement.
- Make warrantless wage garnishment permanent.
- Lower the outstanding tax debt threshold required to suspend delinquent taxpayers' driver's licenses.
- Require practitioners to be compliant with State tax obligations before receiving excess medical malpractice coverage.
- Require grantees to be current with State tax obligations before receiving a State grant from a State or local authority.

- Authorize New York to enter reciprocal tax collection agreements with other states.
- Authorize multi-agency data sharing to enhance enforcement initiatives.
- Authorize a professional and business license tax clearance.
- Require new State employees to comply with State tax obligations.
- Allow OCFS to share child care data with the Department of Taxation and Finance.
- Extend the Video Lottery Gaming vendor's capital awards program for one year.
- Extend certain tax rates and certain simulcasting provisions for one year.
- Expand electronic gaming offerings at Video Lottery Gaming facilities.
- Extend the term of the Reorganization Board of the New York Racing Association, Inc. for an additional year.
- Implement New York City corporate tax reform.

Transportation, Economic Development and Environmental Conservation

- Make permanent certain provisions of law relating to the revenues and expenses of the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Trust Fund.
- Make the Infrastructure Investment Act permanent, expand the definition of authorized state entity, and increase threshold amounts for projects utilizing design-build contracts.

- Repeal the Intrastate Authority Application Fee and authorize the Department of Transportation to charge safety inspection fees for certain types of vehicles.
- Include the Ontario County transit system within the Rochester-Genesee Regional Transportation Authority district.
- Create the Transit Assistance for Capital Investments Fund.
- Authorize the Commissioner of Transportation to extend the “hold-harmless” provision of the Statewide Mass Transportation Operating Assistance program for one additional year.
- Authorize the Department of Transportation and the New York State Thruway Authority to provide mutual aid and enter into shared services agreements with each other.
- Eliminate the requirement for registrants of overweight vehicles to amend their registration after having received an overweight permit from the NYS Department of Transportation.
- Bring New York State into compliance with federal regulations regarding commercial learners’ permits.
- Reduce funding for State expenses previously paid by the Thruway Authority.
- Increase fines and penalties for toll evasion on all roads, bridges and tunnels operated by public authorities.
- Extend for four years various procurement rules of the Metropolitan Transportation Authority, and the New York City Transit Authority.

- Extend the authorization of the New York State Urban Development Corporation to administer the Empire State Economic Development Fund.
- Extend the general loan powers of the New York State Urban Development Corporation.
- Authorize and direct the Comptroller to receive for deposit to the credit of the General Fund a payment of up to \$913,000 from the New York State Energy Research and Development Authority.
- Authorize the New York State Energy Research and Development Authority to finance a portion of its research, development and demonstration, and policy and planning programs, and to finance the Department of Environmental Conservation's climate change program, from an assessment on gas and electric corporations.
- Extend the authorization for the Minority and Women-owned Business Enterprise statutes and the due date of the Disparity Study.
- Authorize the Department of Health to finance certain activities with revenues generated from an assessment on cable television companies.
- Extend the authorization for the Dormitory Authority of the State of New York to enter into certain design and construction management agreements.
- Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents.
- Eliminate the fee associated with licensing apartment information vendors/sharing agents.

- Repeal nuisance fees and restructure license periods for certain licenses administered by the Department of Agriculture and Markets.
- Reduce the cost of Long Island Power Authority's debt.
- Increase license fees and surcharges for major facilities which store or transfer petroleum and shift the administration of the Environmental Protection and Spill Compensation Fund from the Office of the State Comptroller to the Department of Environmental Conservation.
- Increase and simplify fees to ensure that sufficient funds are available for Department of Environmental Conservation program management.
- Repeal a nuisance fee associated with water well driller registrations administered by the Department of Environmental Conservation.
- Create a new Habitat Conservation and Access account to support fish and wildlife habitat management and public access projects.
- Increase the number of years a municipal transit system may finance bus purchases from five years to ten years.



17. The Citizen's Guide to the Executive Budget

The Executive Budget process and key budget document formats are governed by the State Constitution, with additional details and actions prescribed by state laws and practices established over time. The State's budget process is governed primarily by Article VII of the New York State Constitution. Article VII requires the Governor to submit a budget detailing a plan of expenditures and an estimate of revenues for the upcoming fiscal year, bills containing all proposed appropriations and reappropriations, and other legislation needed to implement the Executive Budget.

To fulfill these requirements, this budget includes materials accessible to the general public through the Budget Division's official website

(<http://www.budget.ny.gov/>). This year, the central volume, *Executive Budget Briefing Book* is included in the Governor's State of the State Book. It contains the Budget Director's Message, which presents the Governor's fiscal blueprint for 2015-16 and explains the State's Financial Plan. It also includes highlights of major initiatives, and a list of the legislative proposals needed to implement the proposed budget.

The *Five-Year Financial Plan* summarizes the Governor's Executive Budget and describes the "complete plan" of spending and revenues required by the Constitution.

The *Economic and Revenue Outlook* volume explains the specific sources of State revenues and presents the economic outlook for the nation and the State.

The *Five-Year Capital Program and Financing Plan* highlights major capital initiatives and objectives, and describes the approach to financing the capital program.

The website includes links to the mission and functions of each State agency, descriptions of major budget actions and tables that summarize the agency's spending by program and category. Also included is a

“User’s Guide” which provides background information on State government and the budget process, and explains how to interpret the agency budget tables. This portal also includes the budget requests of the Legislature and Judiciary, which are submitted without revision as required by the Constitution.

This year, continuing under Governor Cuomo’s Open New York and Open Budget initiatives, substantial and detailed budget data are available through both New York’s Open Budget (<http://openbudget.ny.gov/>) and Open Data (<https://data.ny.gov/>) portals. These portals open appropriation, budgeting and actuals spending data to researchers, taxpayers and the public to add to their field of knowledge, spark innovation and help improve government.

Two types of legislation are required for budget enactment. Appropriation bills provide the legal authorization for all spending from the funds managed by the State. These bills encompass the recommended funding for State Operations, Aid to Localities, Capital Projects, Debt Service and the Legislature and Judiciary. Other bills amend state law governing programs and revenues. These “Article VII bills,” and all Executive Budget appropriation bills, are available online at the

Budget Division's official website (<http://www.budget.ny.gov/>) or in print from the Senate and Assembly document rooms located in the Capitol and the Legislative Office Building.

The Constitution authorizes the Governor to amend the Executive Budget within 30 days of submission, allowing for technical corrections and revisions based on the latest information. However, to help achieve timely budgets, the 2007 Budget Reform Act requires the Executive, to the extent practicable, submit any necessary amendments within 21 days. Any amendments are made available on the Budget Division's website when submitted to the Legislature.

The legislative review process includes public hearings on the Governor's budget. These hearings are scheduled by the Senate Finance and Assembly Ways and Means Committees, which are responsible for coordinating each house's action on the budget.

The Budget Reform Act mandated the use of conference committees as part of the legislative budget process. These committees, which have been used in various forms in the past, must now be formed early in the process to facilitate agreement on a budget between the two houses. The two houses ultimately develop joint

recommendations, amend the Governor's proposed bills to reflect their decisions, and pass the amended bills. These final bills are available from the legislative document rooms.

Except for appropriations for the Legislature and the Judiciary, appropriations proposed by the Governor become law immediately when passed by the Legislature. However, all items that have been added by the Legislature, and all appropriations for the Legislature and the Judiciary, must be sent to the Governor for his approval or veto. The Constitution grants the Governor "line item veto" power, permitting the Governor to veto such items selectively, while approving the remainder of the bill.

Chapter numbers are assigned to bills that become law. For any bill or item of appropriation that is vetoed, the Governor provides a "veto message" to the Legislature stating his reasons for the veto. Vetoes may be overridden by a two-thirds vote of each house of the Legislature, in which case the vetoed item or bill becomes law despite the Governor's objections.

After enactment of the budget, the Legislature is required to summarize its changes to the Executive Budget. This summary is presented in the "Green Book,"

which is available from the Senate and Assembly document rooms. The Governor is required to revise the Financial Plan to reflect the Enacted Budget. Like the original Executive Budget and any amendments, this revised plan and subsequent updates are also made available on the Budget Division's website.

Note: Readers are encouraged to visit the New York State Budget Division's website (<http://www.budget.ny.gov/>) and the Open Budget website (<http://openbudget.ny.gov/>) to access the latest information and documents related to the Executive Budget proposal and the Enacted Budget. Virtually all materials are made available on the website, either on the day of release or within 24 hours.