



# STAND UNITED TO FIGHT FOR NEW YORK



**Andrew M. Cuomo**  
Governor

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From the outset, this was going to be a difficult year for New York State's Budget. We face a \$4.4 billion shortfall driven by declining revenues, expounded by a \$2 billion cut in Federal funding for health care that could rise to \$5 billion in the out years. The State is also grappling with the pressing need to renew our infrastructure, expand our economy, and continue to grow opportunity for all New Yorkers.

It turned out, though, that closing the gap was not our biggest challenge. New York is facing an unprecedented attack by the Federal government on our economy.

The Federal tax plan, and its double taxation of New Yorkers, threatens to undo the Governor's success in expanding our economy and lowering taxes. The Governor's bottom-up regional economic development program has helped raise the number of private sector jobs in New York State to record heights, with job growth reflected in every region.

Under Governor Cuomo, taxes are down for every New Yorker, middle class tax rates are at their lowest level since 1947, corporate tax rates are at the lowest level since 1968, and the manufacturers' tax is at the lowest level since 1917. The State's two percent property tax cap, enacted in his first year in office, has kept those levies in check as well.

The Federal tax plan undermines New York's ability to compete and alters a foundational premise between the states and the Federal government that goes back more than 100 years. The goal of the Federal tax law's limitation on State and local tax deductibility is to take more from New York, growing the \$48 billion gap between what New York State sends to Washington and what comes back in Federal spending. It threatens New York's ability to compete for businesses and add jobs, by raising Taxes on New Yorkers.

Through this Budget, we are fighting back. While Washington continues to breed divisiveness and anxiety, New York faces these threats as we always do – by coming together as one community. This Budget is a statement of our values and a renewal of the promise that New Yorkers do not back down. We are looking at all options to amend our tax code to improve the State's competitiveness and protect taxpayers.

The Budget also takes steps to prepare for further attacks from Washington on our health care system. Already, Congress has yet to pass long-term funding for the Children's Health Insurance Program, which supports health coverage for approximately 350,000 children in the State. The Presidential administration and congressional leadership have also said they are planning cuts to the Medicaid program, which would mean less funding for the State's hospitals.

The Budget creates reserve funds meant to stem the damage from future Federal funding cuts and continues the groundbreaking work of the Medicaid Redesign Team, which is improving the health of New Yorkers at a sustainable cost and made possible the State's \$3.3 billion takeover of local Medicaid growth.

The Governor's fiscal policies, which have ended the era of high spending growth and tax increases, are maintained in FY 2019 Budget. For the eighth consecutive year, the Budget is balanced and limits spending growth to two percent – a record of spending restraint unparalleled in State history.

The two percent cap, self-imposed by Governor Cuomo and the Legislature, has been made possible by fundamental reforms to reduce State costs. Unsustainable inflators in major State programs have been eliminated, pension costs lowered for all levels of government, and agencies are capturing efficiencies and improving delivery of core services by transferring back office functions to the enterprise level. The State and local governments are also saving more than \$80 billion through pension reforms and the county shared services initiative is saving more than \$200 million in the 34 counties that submitted plans in the first year.

Reduced spending growth has also resulted in a lower debt burden for future generations. With the close of FY 2017, State debt declined for the fifth consecutive year. Never in the modern history of New York has debt declined in even three consecutive years and, at the end of FY 2018, State debt outstanding will remain less than when the Governor took office.

New York's financial resurgence has instilled confidence in the bond market. The State now has the second highest investment-grade credit rating possible from all three major rating agencies on its general obligation bonds, and S&P rates the State's Personal Income Tax Bonds and Sales Tax Bonds at AAA, the highest rating possible.

The Governor's fiscal discipline has also enabled the State to make historic investments in education, health care and economic development, and launch the most ambitious infrastructure program in the country. This Budget continues the Governor's \$20 billion plan to create or preserve more than 100,000 units of affordable housing, supporting economic opportunity and combating homelessness, and adds to the \$100 billion investment in infrastructure.

Under Governor Cuomo, New York has also reclaimed its status as a national leader in social progress, passing marriage equality, the \$15 minimum wage, paid family leave, free college tuition for the middle class, and reforms to ensure a fairer criminal justice system. The promise of New York and the opportunity for everyone to take part in our growing economy is alive and well.

The FY 2019 Budget continues this progress by advancing the Women's Agenda, which breaks down barriers to equality. It also includes much needed reforms to ensure a safer and fairer criminal justice system are advanced, immigrant rights are protected, the sanctity of our elections is defended, and we take the next step in ethics reform.

Governor Cuomo has put us on a path through adversity lit by progressive values. By working together for the betterment of all, we are prepared to meet any challenge. What follows on these pages is the Governor's plan to ensure that the promise of New York, which has been bestowed upon each one of us, will forever endure.



## FINANCIAL PLAN

The Executive Budget holds annual State spending growth to **2%** for the **eighth consecutive year.**

New York State recorded **surpluses** in State Fiscal Years

2014

2015

2016

2017

General Fund reserves are now at **\$2.5 billion,** up from



**\$1 BILLION**

ten years ago, including \$500 million for debt management.

**DEBT DECLINED**



for **five consecutive years** for the first time in history (fiscal years 2013 – 2017)

## Budget Highlights

**Prudent Fiscal Practices.** The Executive Budget holds annual spending growth in State Operating Funds to less than two percent, consistent with the fiscal benchmark adopted by the current administration, and is balanced on a cash basis in the General Fund, as required by law.

**School Aid Increase.** The Budget recommends \$26.4 billion in School Aid for school year (SY) 2019, an increase of \$769 million (3 percent). The increase is double the 1.5 percent annual increase allowed under updated personal income growth index.

**Medicaid Growth.** Spending under the Global Cap is expected to total \$18.9 billion in FY 2019, an increase of \$593 million, consistent with the statutory index of 3.2 percent.

**Agency Operations.** The Budget proposes to hold agency spending flat with limited exceptions, such as DOH costs attributable to the New York State of Health (NYSOH) marketplace and the EP program.

**MTA Subway Action Plan.** The Budget includes capital and operating support to fully fund the State's half of the \$836 million MTA Subway Action Plan.

## Overview

Governor Cuomo has led a bipartisan effort with the Legislature to enact seven fiscally responsible budgets. These 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 two percent spending benchmark at the State level, and with the two percent property tax cap at the local level.

The effort to rein in State government spending is working. In the 50 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 7.0 percent, compared to income growth of 6.2 percent. With the adoption of the two percent spending benchmark, the unsustainable trend has been reversed. Since 2011, State spending has grown more slowly than income each year. The FY 2019 Executive Budget proposes spending growth of 1.8 percent.

Importantly, the fiscal actions have made State finances more reliable for stakeholders. Rather than including large spending increases in good economic times that cannot be sustained when the economy slows, the budgets have been disciplined, sustainable, and affordable in the long-term. The budgets 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 two percent;
- Eliminating unsustainable inflators in major programs;
- Negotiating 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 more than \$80 billion over 30 years;
- Relieving localities of the growth in the Medicaid program, and all its administrative costs, as a way to help counties remain within the property tax cap;

- Controlling and targeting new borrowing to keep debt service affordable and within the State’s debt limit; and
- Setting aside an additional \$1.1 billion in reserves to reduce debt and meet unforeseen “rainy day” needs.

The combination of spending restraint and the accompanying budget reforms have led to measurable improvements in the State’s financial position. In the summer of 2014, all three major credit rating agencies, Standard and Poor’s, Fitch, and Moody’s, recognized New York’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).

## Current Fiscal Year

The State has received a surge in personal income tax payments as taxpayers responded to Federal tax law changes that cap at \$10,000 the allowable deduction of State and local income taxes, starting in tax year 2018. DOB estimates that approximately \$1.9 billion in tax receipts were accelerated from tax year 2019 to 2018 due to this behavioral response. The acceleration will result in an identical reduction in PIT receipts in FY 2019. Accordingly, the increase in cash in FY 2018 that DOB attributes to the acceleration of PIT receipts will be carried forward and used to offset the loss of PIT receipts in FY 2019.

DOB expects the Financial Plan for FY 2018 to remain in balance on a cash basis in the General Fund. Aside from the impact of the accelerated tax receipts, the annual estimate for tax receipts is unchanged compared to the Mid-Year Update, with an increase to the annual estimate for PIT (exclusive of the amount attributed to acceleration) and real estate tax receipts offset by a reduction to the estimate for corporate tax receipts.

The annual estimate for General Fund disbursements, including transfers to other funds, has been reduced by \$350 million, reflecting operating results to date across several program areas, and the conservative estimation of expenses, offset in part by the expected prepayment of certain expenses due in FY 2019.

## Performance Profile

**New York’s prudent fiscal management has resulted in the following:**

- Spending levels adhere to two percent spending benchmark.
- Total State debt is \$4 billion lower today than at the end of FY 2012.
- Credit ratings have been upgraded and the State now has its highest credit rating since 1972.
- Spending for agency operations has been held flat through ongoing State agency redesign and cost-control efforts.
- Nearly \$1.1 billion added to reserves since 2012.



State Operating Funds disbursements are estimated at \$98.1 billion in FY 2018, consistent with the 2 percent annual spending growth benchmark. The calculation of SOF disbursements is consistent with the accounting of financial transactions approved by the Legislature in the FY 2018 Enacted Budget.

## FY 2019

New York is navigating the most challenging fiscal environment since 2011. The FY 2019 Budget must close a General Fund budget gap estimated at \$4.4 billion, as of the Mid-Year Update to the Financial Plan. The gap, while unremarkable compared to those recorded during and after the last recession, is the largest since FY 2012 in both absolute dollars and as a percentage of tax receipts. The budget gaps for future years, before accounting for proposed savings in the Executive Budget, are estimated at \$6.4 billion in FY 2020, \$8.1 billion in FY 2021, and \$8.4 billion in FY 2022.

Several factors contribute to the size of the current gaps, including persistent weakness in tax collections. Since the introduction of the Executive Budget for FY 2017 two years ago, DOB has reduced its estimate of FY 2019 General Fund tax receipts six times, for a total of \$4.2 billion. Similar reductions over that period were made as well to the tax receipts estimates for FY 2020 and beyond.

Beyond the budget gap, actions by the Federal government pose a heightened risk to State finances. The enactment of Federal tax law changes is expected to add \$1.1 trillion to the Federal deficit over the next five years, increasing the likelihood that Congress will seek material cuts in aid programs. Funding at risk includes, but is not limited to, Child Health Plus, health care subsidies required under the Affordable Care Act, and Disproportionate Share Hospital aid. The State is actively monitoring and managing these risks.

## FY 2019 Executive Budget

The Governor introduced his Executive Budget for FY 2019 on January 16, 2018. The Executive Budget would eliminate the estimated General Fund budget gap of \$4.3 billion in FY 2019 and reduce the estimated budget gaps to \$2.8 billion in FY 2020, \$4.5 billion in FY 2021, and \$4.8 billion in FY 2022. DOB estimates that if future budgets hold spending growth to 2 percent annually in State Operating Funds, the General Fund would have a budget gap of \$246 million in FY 2020, and surpluses in FY 2021 and FY 2022. The calculation assumes that all savings from the reductions in spending are made available to the General Fund.

The following table summarizes the multi-year impact of the Executive Budget Financial Plan on General Fund operations. It is followed by a discussion of significant proposals and revisions in each major Financial Plan category. The estimates assume that the Executive Budget proposal is adopted without modification.

**Table 1: 2019 Executive Budget Gap-Closing Plan**

GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS				
FY 2019 EXECUTIVE BUDGET				
GAP-CLOSING PLAN				
(millions of dollars)				
	FY 2019	FY 2020	FY 2021	FY 2022
MID-YEAR BUDGET SURPLUS/(GAP) ESTIMATE <sup>1</sup>	(4,443)	(6,385)	(8,053)	(8,413)
<b>Spending Changes</b>	<b>2,672</b>	<b>1,465</b>	<b>1,472</b>	<b>1,820</b>
Local Assistance	1,317	1,413	1,462	1,960
Agency Operations	446	67	(11)	(134)
Debt Management/Capital Projects	569	(15)	21	(6)
FY 2018 Payment of FY 2019 Expenses	340	0	0	0
<b>Resource Changes</b>	<b>736</b>	<b>731</b>	<b>802</b>	<b>966</b>
<b>Revenue Actions</b>	<b>1,035</b>	<b>1,403</b>	<b>1,275</b>	<b>1,225</b>
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE <sup>1</sup>	0	(2,786)	(4,504)	(4,402)
Adherence to 2% Spending Benchmark <sup>2</sup>	0	2,659	4,760	5,640
<b>EXECUTIVE BUDGET SURPLUS/(GAP)</b>	<b>0</b>	<b>(127)</b>	<b>256</b>	<b>1,238</b>

<sup>1</sup> Before actions to adhere to the 2 percent benchmark.

<sup>2</sup> Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on current FY 2018 estimate). The Governor is expected to propose, and negotiate with the Legislature to enact, a Budget in each fiscal year that restricts State Operating Funds spending growth to 2 percent. The "Surplus/(Gap)" estimate assumes that all savings from holding spending growth to 2 percent are made available to the General Fund.

## Spending Changes

The Executive Budget Financial Plan reduces spending in FY 2019 by \$2.7 billion, net of new initiatives and costs, compared to the FY 2019 baseline estimate. The reductions include re-estimates to spending based on updated information, specific cost-containment proposals, and the prepayment of FY 2019 expenses from excess resources expected to be available in FY 2018.

## Local Assistance

General Fund disbursements would be reduced by \$1.3 billion in FY 2019. Savings from the reductions, which consist of specific actions and re-estimates to the spending base, are expected to increase in value over the Financial Plan period.

School Aid and Medicaid are the State's largest local assistance programs, comprising over 45 percent of the State Operating Funds budget. The Executive Budget provides for the following:

- **School Aid.** The Executive Budget recommends \$26.4 billion in school aid for school year (SY) 2019, an increase of \$769 million (3 percent). The increase is double the 1.5 percent annual increase allowed under the updated personal income growth index for School Aid.
- **Medicaid.** Spending under the Global Cap is expected to total \$18.9 billion in FY 2019, an increase of \$593 million, consistent with the statutory index of 3.2 percent. The Global Cap is expected to provide \$425 million in General Fund savings in FY 2019. Total Medicaid spending, including spending outside the Global Cap, is expected to increase to \$20.6 billion in FY 2019. The Financial Plan will continue to fund, outside the Global Cap, increases in the minimum wage for health care providers (\$450 million) in FY 2019. In addition, the State continues to provide a substantial amount of capital funding to improve and restructure the State's health care delivery system. The FY 2019 Executive Budget recommends \$425 million in new health care capital, funded with bonds (\$300 million) and monetary settlements (\$125 million).
- **Subway Action Plan.** The most significant new initiative in the Executive Budget is the MTA Subway Action Plan. The State will provide \$254 million in operating aid to fully fund its half of the Action Plan that will address system failures, breakdowns, delays and deteriorating customer service, and position the system for future modernization. The Financial Plan assumes the operating aid will be funded from previously unallocated monetary settlements (\$194 million) and the accelerated transfer of Payroll Mobility Tax revenue to the MTA by eliminating the need for an annual appropriation (\$60 million). The Financial Plan also includes \$175 million in new capital funding for the MTA as part of the Action Plan.
- **Other Savings.** Other General Fund savings in local assistance include targeted reforms to STAR, mental hygiene, human services, and education, and updated cost estimates for a range of State programs, which reflect in part the impact of cost containment and spending controls enacted in prior years.

## Agency Operations

Measures to reduce operating costs for Executive agencies are expected to save \$446 million from the FY 2019 baseline estimate. The Budget proposes to hold agency spending flat with limited exceptions, such as DOH costs attributable to the New York State of Health (NYSOH) marketplace and the EP program. Agencies are expected to continue to use less costly forms of service deliveries, improve administrative practices, and pursue statewide solutions, including the utilization of Lean initiatives to streamline operations and management. The Budget also includes savings from the continued transition of individuals from mental hygiene institutions to appropriate community settings.

## Debt Management/Capital Projects

Savings are expected from the sale of at least 50 percent of bonds on a competitive basis; the refunding of bonds that meet DOB's savings criteria; and the reimbursement of first-instance capital expenditures made in prior years with available bond proceeds. Savings from these measures are expected to be offset in part by new debt service on bonds issued to finance capital projects.

## Prepayments

The Executive Budget Financial Plan assumes the payment in FY 2018 of \$340 million in costs due in FY 2019. The prepayments will be funded with resources that DOB expects to be available from operations. The level of prepayments may change, depending on FY 2018 operating results.

## Resource Changes

- **FY 2018 Tax Acceleration.** DOB estimates that taxpayers accelerated approximately \$1.9 billion of PIT payments into FY 2018 in response to Federal tax law changes. The acceleration will result in an identical reduction in PIT receipts in FY 2019. Accordingly, the increase in cash in FY 2018 that DOB attributes to the acceleration of PIT receipts will be carried forward and used to offset the loss of PIT receipts in FY 2019. The amount available to be carried forward may be affected by tax experience through the end of FY 2018.
- **Health Insurance Conversions (or comparable transactions).** The Financial Plan includes \$500 million annually over four years from conversions, acquisitions, or related transactions in which not-for-profit health insurers convert to corporations organized for pecuniary profit. DOB believes that such activity is likely in the current health insurance market.
- **Use of Monetary Settlements.** The Executive Budget proposes the following uses for new settlements: \$194 million for the State's share of the MTA Subway Action Plan; \$125 million in "hard-dollar" capital for health care providers; and \$383 million for operating purposes.

## Revenue Actions

The Executive Budget proposes several revenue actions, including a healthcare insurance windfall profit fee; a new opioid epidemic surcharge of 2 cents per milligram of active opioid ingredient in prescription drugs; discontinuation of the energy services sales tax exemption; deferral of most business credits for tax years 2018 through 2020, where such credits exceed \$2 million; imposing an internet fairness conformity tax.

## Cash Position

DOB estimates that the General Fund would end FY 2019 with a closing balance of \$5.1 billion, a decrease of \$4.0 billion from FY 2018. The decrease is due in part to the expected use of \$1.9 billion in cash received in FY 2018 from the acceleration of PIT payments to offset the corresponding loss of PIT receipts in FY 2019. It also reflects the planned use of monetary settlements

to fund activities in the Dedicated Infrastructure Investment Fund (\$1.4 billion); the MTA Subway Action Plan (\$194 million); health care capital needs (\$125 million); and general operations (\$383 million). The State's principal reserves are expected to remain unchanged from FY 2018.

DOB expects that the State will have sufficient liquidity in FY 2019 to make all planned payments as they become due without having to temporarily borrow from STIP. The State continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

## Other Financial Plan Matters

### Transportation Funding

The State collects the PMT on behalf of, and disburses the entire amount to, the MTA. The Executive Budget proposes amending the enabling statute to no longer require the PMT owed to the MTA to be appropriated annually by the State legislature. The MTA will benefit from eliminating this unnecessary appropriation. First, PMT revenue pledged to bondholders under the new credit will have no risk of non-appropriation, which is a desirable credit feature. In addition, PMT receipts will be received by MTA more timely. In FY 2019, this will provide a one-time benefit to the MTA of \$60 million. Consistent with this proposed law change, The Executive Budget Financial Plan will no longer include PMT receipts and related local assistance disbursements, beginning in FY 2019. PMT receipts are estimated at \$1.5 billion in FY 2019.

The Executive Budget also proposes appropriating certain transportation operating costs from the General Fund instead of the DHBTF. These operating expenses are currently funded by a transfer from the General Fund to the DHBTF. There is no compelling reason to appropriate this operating spending from the DHBTF. The change, will increase disbursements in State Operating Funds by nearly \$390 million in FY 2019, and include operating costs related to snow and ice removal; bus, truck and rail inspection; and DMV regulatory activities. In the General Fund, the increased operating spending is offset by an identical reduction to the transfer to the DHBTF.

### Managing Risks

The Executive Budget includes several measures to respond to potential risks, including the following.

- Legislation is proposed that would allow for across-the-board reductions to certain local assistance disbursements if the annual estimate for tax receipts in FY 2019 is revised downward by \$500 million or more during the fiscal year. The legislation provides that appropriations and related cash disbursements for General Fund and State Special Revenue Fund local assistance appropriations can be uniformly reduced by up to 3 percent. Programs that are exempt from the across-the-board reductions include School Aid, Medicaid, and public assistance.

- The Budget updates legislation approved with the FY 2018 Enacted Budget that sets forth a process by which the State would manage significant reductions in Federal aid. Specifically, the updated legislation requires the Budget Director to prepare a plan for consideration by the Legislature in the event that Federal actions reduce Federal financial participation in Medicaid funding to New York State or its subdivisions by a combined \$850 million or more in FY 2019 or FY 2020; or reduce Federal financial participation or other Federal aid funding to New York State that affects the State Operating Funds Financial Plan by a combined \$850 million or more in FY 2019 or FY 2020, exclusive of any cuts to Medicaid. Each limit is triggered separately and is not additive. The plan prepared by the Budget Director must equally and proportionally reduce appropriations and cash disbursements in the General Fund and State Special Revenue Funds. Upon receipt of the plan, the Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the Budget Director takes effect automatically.
- The FY 2019 Executive Budget also creates a new account to ensure the continued availability and expansion of funding for quality health services to New York State residents, and mitigate risks associated with the loss of Federal health care funds. This account will be initially populated with funds from any insurer conversion.
- Lastly, to preserve vital service levels in the face of Federal reductions, the Budget proposes modifications in CHIP.

## Annual Spending Growth

DOB estimates spending in State Operating Funds will grow at 1.9 percent from FY 2018 to FY 2019, consistent with the 2 percent spending growth benchmark. The table below illustrates the major sources of annual change in State spending by major program, purpose and fund perspective.

**Table 2: State Spending Measures**

STATE SPENDING MEASURES (millions of dollars)				
	FY 2018 Current	FY 2019 Proposed	Annual Change	
			\$	%
<b>LOCAL ASSISTANCE</b>	<b>65,794</b>	<b>66,413</b>	<b>619</b>	<b>0.9%</b>
School Aid (School Year Basis)	25,587	26,356	769	3.0%
DOH Medicaid <sup>1</sup>	19,107	20,340	1,233	6.5%
Transportation	5,026	3,962	(1,064)	-21.2%
STAR <sup>2</sup>	2,585	2,410	(175)	-6.8%
Social Services	2,901	2,884	(17)	-0.6%
Higher Education	2,826	3,054	228	8.1%
Mental Hygiene	2,372	2,173	(199)	-8.4%
All Other <sup>3</sup>	5,390	5,234	(156)	-2.9%
<b>STATE OPERATIONS/FRINGE BENEFITS/GENERAL STATE CHARGES</b>	<b>26,711</b>	<b>27,928</b>	<b>1,217</b>	<b>4.6%</b>
<b>State Operations</b>	<b>18,735</b>	<b>19,379</b>	<b>644</b>	<b>3.4%</b>
Personal Service:	<u>13,026</u>	<u>13,429</u>	<u>403</u>	<u>3.1%</u>
Executive Agencies	7,161	7,273	112	1.6%
DOT/DMV Operations Reclassification	0	167	167	0.0%
University Systems	3,863	3,910	47	1.2%
Elected Officials	2,002	2,079	77	3.8%
Non-Personal Service:	<u>5,709</u>	<u>5,950</u>	<u>241</u>	<u>4.2%</u>
Executive Agencies	2,820	2,788	(32)	-1.1%
DOT/DMV Operations Reclassification	0	115	115	0.0%
University Systems	2,275	2,444	169	7.4%
Elected Officials	614	603	(11)	-1.8%
<b>General State Charges</b>	<b>7,976</b>	<b>8,549</b>	<b>573</b>	<b>7.2%</b>
Pension Contribution	2,461	2,469	8	0.3%
Health Insurance	3,968	4,283	315	7.9%
Other Fringe Benefits/Fixed Costs	1,547	1,797	250	16.2%
<b>DEBT SERVICE</b>	<b>5,621</b>	<b>5,636</b>	<b>15</b>	<b>0.3%</b>
<b>CAPITAL PROJECTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL STATE OPERATING FUNDS</b>	<b>98,126</b>	<b>99,977</b>	<b>1,851</b>	<b>1.9%</b>
<b>Capital Projects (State and Federal Funds)</b>	<b>12,675</b>	<b>14,490</b>	<b>1,815</b>	<b>14.3%</b>
<b>Federal Operating Aid</b>	<b>53,636</b>	<b>53,718</b>	<b>82</b>	<b>0.2%</b>
<b>TOTAL ALL GOVERNMENTAL FUNDS</b>	<b>164,437</b>	<b>168,185</b>	<b>3,748</b>	<b>2.3%</b>

<sup>1</sup> Includes the Essential Plan (EP), which is an insurance plan for individuals who are not eligible for Medicaid and who meet certain income threshold standards. The EP is not a Medicaid program; but State-funded support is managed within total DOH Medicaid Global Cap resources. In addition, total State share Medicaid funding excludes Master Settlement Agreement (MSA) payments to the State that will be deposited directly to the Medicaid Management Information System (MMIS) Escrow Fund to defray the cost of the State's takeover of Medicaid costs for counties and New York City.

<sup>2</sup> The FY 2018 Enacted Budget converts the New York City Personal Income Tax (PIT) rate reduction benefit to a nonrefundable State PIT credit. This change has no impact on the School Tax Relief (STAR) benefits received by homeowners; it will decrease reported disbursements for STAR and decrease reported PIT receipts by an identical amount.

<sup>3</sup> "All Other" includes a reconciliation between school year and State fiscal year spending for School Aid. On a State fiscal year basis, School Aid is estimated to total \$26.3 billion in FY 2019, an increase of \$581 million from FY 2018. It also includes the portion of the State's takeover of Medicaid costs for counties and New York City that will be funded from MSA payments deposited directly to the MMIS Escrow Fund (\$103 million in FY 2018 and \$329 million in FY 2019). Lastly, it includes spending for public health, other education, local government assistance, parks, environment, economic development, and public safety.



Division of  
the Budget

## REVENUE

Every New Yorker pays a **lower tax rate today** than before Governor Andrew Cuomo took office.

In Governor Cuomo's first two terms, there has been

**\$26.3B**  
in personal  
income  
tax cuts



**\$7.6B**  
in business  
tax cuts



New York State now has the **lowest corporate tax rate** since 1968, the **lowest middle class tax rate** since 1947, the **lowest manufacturers' tax rate** since 1917, and the **most private sector jobs** in history.

### Controlling Property Tax Growth

The Property Tax Cap **saved taxpayers more than \$2,100** in the first five years.

This year, the Property Tax Credit program **reduces local property taxes by \$380**, on average, for **2.6 million** homeowners.



The Budget supports the phase-in of middle class tax cuts, with **average savings in tax year 2018 of \$250**. When fully effective, **six million New Yorkers will save \$700 annually**.

### Tax Bracket Breakdown

**\$40K to \$150K** bracket: taxes drop from **6.45% to 5.5%**  
**\$150K to \$300K** bracket: taxes drop from **6.65% to 6.0%**



## Budget Highlights

**Protecting New Yorkers from Federal Tax Reform.** The Executive Budget begins the process of State tax reform in response to the Federal legislation.

**Support Phase-In of Lowest Middle Class Tax Rates in more than 70 Years.** The Budget supports the ongoing phase-in of middle class tax cuts, with average savings in tax year 2018 of \$250. When fully effective, six million New Yorkers will save \$700 annually.

**Close the Carried Interest Loophole.** If regional agreement is achieved, the Budget treats carried interest as ordinary income for New York State tax purposes and imposes upon it a fairness fee to eliminate the benefit from preferential tax rates that exist at the Federal level.

**Connecting Youths to Jobs.** Due to the success of the New York Youth Jobs Program, which has helped connect 31,000 youths to jobs, the Executive Budget increases the credit amounts by 50 percent.

The FY 2019 Executive Budget takes the first step in protecting taxpayers from the devastating impacts of Federal tax reform, continues the phase-in of the middle class tax cuts, and advances efforts to improve New York’s business climate, simplify the tax code, and improve the fairness of the tax system.

## Overview

The fiscal discipline of the past seven years positioned the State to deliver tax cuts for both individuals and businesses. Enacted personal income tax cuts are saving taxpayers \$26.3 billion through FY 2019 and every New Yorker now pays a lower tax rate than they did before the Governor took office. Enacted business tax cuts are saving businesses \$7.6 billion through FY 2019.

Tax relief accomplishments include: enactment of a property tax cap; the property tax freeze credit; the lowest middle class income tax rate in 70 years; elimination of the MTA payroll tax for more than 700,000 small businesses and the self-employed; creation of a newly enhanced family tax relief credit; tax cuts for small businesses and manufacturers; reforms to unemployment insurance and workers compensation insurance; tax free zones; and the most important overhaul of corporate taxes in seven decades including a reduction in corporate rates.

While the State has been lowering taxes and local governments have been finding new ways to work together and share services, changes to the Federal tax code have created new challenges for New York taxpayers. Most notably, Federal deductions of state and local taxes are now capped at \$10,000. Millions of New Yorkers will see their Federal income tax bill increase next year.

## Responding to Federal Tax Reform

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017, putting into place dramatic reforms to the Federal tax system.

The law enacts sweeping changes to both individual and corporate taxes. Among its most consequential reforms, the law permanently cuts the corporate tax rate – lowering the top rate from 35 percent to 21 percent. It allows owners of certain “pass-through” entities to

take a 20 percent income tax deduction and makes a number of changes to other business credits and deductions, including limiting the deduction for interest expenses and research and development expenditures.

For individual taxpayers paying Federal income tax, the law also makes a series of changes to credits and deductions, including the limitation of the Federal deduction for State and local taxes, costing taxpayers in New York an additional \$14.3 billion per year. The new law alters a tax system that has been in place for more than 100 years in a way that has a significant impact on the tax system and economy of the State of New York by undermining the competitiveness of the State's economy.

The State's income tax system interacts with the Federal system in numerous ways, Federal changes will have significant flow-through effects on state tax burdens and revenues. In some cases, State tax law is linked to Federal tax law, necessitating State action to preserve existing programs at 2017 levels.

The Department of Taxation and Finance is preparing a preliminary report to outline options for State tax reform in response to the Federal legislation. The preliminary report is expected to outline a series of proposals for consideration and comment, including the potential to create additional opportunities for charitable contributions to New York State, the possibility of reducing income taxes and creating a statewide payroll tax, and the option to add tax deductibility through a new statewide unincorporated business tax, among other potential options.

Changes to the State tax code will be the result of a highly complex and measured process which will be built on achieving three primary objectives. First, promoting fairness for New York's taxpayers in light of the federal legislation; second, enhancing the competitiveness of New York's economy; and third, maintaining New York's revenue base.

## Tax Cuts and Credits

- **Continue the Phase-In of the Middle Class Tax Cut.** The Budget supports the phase-in of the middle class tax cuts. Average savings in tax year 2018 are \$250 and, when fully effective, six million New Yorkers will save \$700 annually. Once fully phased

### Performance Profile

**Lowering Tax Rates for Every New Yorker.** Enacted personal income tax cuts will save taxpayers \$26.3 billion through Governor Cuomo's first two terms (FY 2012 – FY 2019). Every New Yorker now pays a lower tax rate than they did before the Governor took office.

**Cutting Taxes for Business.** Enacted business tax cuts will save businesses \$7.6 billion through Governor Cuomo's first two terms (FY 2012 – FY 2019). New York now has the lowest corporate tax rate since 1968 and the lowest manufacturers' tax rate since 1917. The MTA payroll tax has been eliminated for more than 700,000 small businesses and the self-employed

**Focusing Relief on the Middle Class.** The new lower tax rates will save middle class New Yorkers nearly \$6.6 billion in just the first four years, with annual savings reaching \$4.2 billion by 2025. These tax cuts benefit more than 6 million filers who will save an average of about \$700.

**Property Tax Credit is Providing Further Relief.** The Property Tax Credit, enacted in 2015, will provide an additional \$1.3 billion in property tax relief and an average credit of \$530 when the program is fully phased-in by 2019.

in, the new rates will be the lowest in more than 70 years. These actions build on the middle class tax cuts of 2012, which lowered rates from 6.85 percent to 6.45 percent for taxpayers in the \$40,000-\$150,000 income bracket, and to 6.65 percent in the \$150,000-\$300,000 income bracket.

Under the new rates for tax year 2018, taxpayers in the \$43,000-\$161,550 income bracket will have a tax rate of 6.33 percent, and taxpayers in the \$161,550-\$323,200 income bracket will have a tax rate of 6.57 percent.

The rate will drop even further and will continue to drop all the way to 5.5 percent and 6.0 percent, respectively, when the cuts are fully effective. The new lower tax rates will save middle class New Yorkers \$4.2 billion, annually, by 2025.

- **Enhance the New York Youth Jobs Program.** This program encourages businesses to hire unemployed, disadvantaged youth, ages 16 to 24, who live in New York State, with a focus on the following cities and towns: Albany, Buffalo, New York, Rochester, Schenectady, Syracuse, Mount Vernon, New Rochelle, Utica, White Plains, Yonkers, Brookhaven and Hempstead. Due to the success of the program, which has helped connect 31,000 youths to jobs, the Executive Budget increases the credit amounts by 50 percent, from \$500 to \$750 per month for up to the first six months, and from \$2,000 to \$3,000 for each employee who is employed for additional time periods after six months with a maximum full time hire credit of \$7,500.
- **Increase the Vending Machine Sales Tax Exemption.** The Executive Budget incentivizes the vending machine industry to migrate to cashless machines and improve tax compliance in the process. The sales tax exemption that currently exists for food and drink purchases costing \$1.50 or less at vending machines would be expanded to exempt food and drink costing \$2 or less at vending machines accepting cashless forms of payment.

## Tax Reform and Simplification Actions

- **Close the Carried Interest Loophole.** The Budget treats carried interest as ordinary income for New York State tax purposes and imposes upon it a fairness fee to eliminate the benefit from preferential tax rates that exist at the Federal level. In order to prevent New York from being placed at a competitive disadvantage, this will take effect only when functionally identical legislation is enacted in Connecticut, Massachusetts, Pennsylvania, and New Jersey.
- **Impose an Internet Fairness Conformity Tax.** Currently, internet sales are taxed and the largest retailers collect State sales tax. However, the law has not kept up with the technology and an inequity exists. The same item may be taxed by one online seller and not another. As more retail sales migrate to online platforms, the importance of ensuring tax compliance has grown. The Executive Budget requires marketplace providers to collect sales tax when they facilitate a third-party sale to residents, whether the seller is located within, or outside of, New York. Online providers such as Amazon and eBay supply a marketplace for sellers from outside of the online provider 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.

- **Allow the Department of Taxation and Finance to Appeal Tax Appeals Tribunal Decisions.** Currently, both taxpayers and other State agencies may seek judicial review with respect to an adverse decision, while the Commissioner of the Department of Taxation and Finance may not. Thus, the Commissioner is precluded from appealing adverse decisions that DTF believes are contrary to the interests of the people of this State. The Executive Budget extends the right to appeal adverse Tax Appeals Tribunal decisions to the Commissioner of DTF.
- **Clarify New York Residency Requirements for Tax Purposes.** The Budget clarifies the definition of statutory residency in cases where a taxpayer changes domicile during the year. Counter to longstanding policy, recent administrative law judge interpretations have held that in such cases statutory residency does not apply if the taxpayer changing domicile does not spend more than 183 days in New York during the non-domicile period, creating unfairness vis-à-vis a statutory resident who is not domiciled in New York during the year.
- **Discontinue the Energy Services Sales Tax Exemption.** The Executive Budget eliminates the sales tax exemption on the non-residential transmission and distribution of gas or electricity when purchased from an Energy Service Company (ESCO). Enacted in the early 2000s to incentivize consumer choice, this exemption is no longer necessary now that ESCOs are established entities (New York City eliminated this tax exemption in 2009).
- **Provide Responsible Person Sales Tax Relief for Minority LLC Owners.** The Budget codifies existing DTF policy regarding relief from responsible persons' sales tax liability for minority members of LLCs and limited partners. A member's share of tax liability would be based on their percentage of ownership rather than full tax liability.
- **Simplify Taxes on the Resale of Prepared Food.** The Budget converts the current sales tax credit or refund to an upfront exemption when restaurants, caterers, cafeterias, and other businesses purchase prepared food for resale, increasing efficiency for both taxpayers and the State.
- **Convert the Veterinary Sales Tax Credit into an Exemption.** The Executive Budget converts the sales tax credit or refund for tangible personal property used in veterinarian services on a farm to an upfront exemption, increasing efficiency for both taxpayers and the State.
- **Simplify the Taxation of State-Owned Land.** Certain lands owned by the State, such as in the downstate watershed and in the Adirondack and Catskill Parks, are taxable, reflecting the benefit to a significant portion of the citizenry beyond the local level. Locally determined assessments of taxable State land are reviewed by the Office of Real Property Tax Services annually, encumbering agency resources. The Executive Budget converts the existing ad valorem tax on State-owned lands into a Payment in Lieu of Taxes (PILOT) at existing amounts, to be increased each year by the allowable levy growth factor for the property tax cap (the lesser of prior year inflation or two percent).

## Enforcement Initiatives

- **Provide for Expedited Processing of Child Care Tax Credit Payments Using State Data.** The Executive Budget authorizes the Office of Children and Family Services to share child care data with DTF, allowing for legitimate credit claims to proceed without delay from waiting for additional documentation, and accelerating the auditing process for illegitimate claims.
- **Extend the Statute of Limitations on Amended Tax Returns.** The Executive Budget will reduce refund abuse by extending the statute of limitations to three years after the filing date of the amended return, rather than three years after the original return filing date. Currently, taxpayers can file an amended return containing a refund request close to three years after the due date of their initial return, hampering the possibility of an audit and assessment by DTF.
- **Provide for Employee Wage Reporting Consistency.** Employers are currently required to provide the Department of Labor with individual employee unemployment insurance information quarterly, while individual employee wage and withholding information is provided to DTF annually. The Executive Budget provides that DTF receive the same quarterly employer wage reporting that employers currently provide to DOL. Quarterly reporting will allow DTF to reduce fraudulent tax refund claims.
- **Allow Warrantless Tax Debt to be Assessed Against Unclaimed Funds.** Currently, the State may apply a taxpayer's unclaimed funds, such as from dormant accounts or unclaimed estate proceeds, to fixed and final warranted tax debt, but unclaimed funds cannot be accessed for unwarranted debt. The Executive Budget permits unclaimed funds to be accessed for payment of unwarranted fixed and final tax debt.
- **Improve Cigar Tax Enforcement.** The Executive Budget changes the definition of "wholesale price" to the invoiced price for which a manufacturer or distributor sells tobacco products to a New York State registered tobacco distributor. The current definition of "wholesale price" is the result of litigation and has resulted in revenue losses as it relies on the industry to determine the tax on its own products through a pricing survey.
- **Provide for Consistency Within the Real Estate Transfer Tax.** The Executive Budget extends from two to three years the statute of limitations for a taxpayer to file a refund claim, aligning it with DTF's assessment window. Additionally, it aligns the basic real estate transfer tax and the mansion tax with one another by making the grantor and grantee jointly liable for the tax if the liable party fails to pay the tax.

## Tax Law Extenders

- **Extend the Hire a Vet Credit for Two Years.** To support veterans in their return to the workforce, the Budget extends this credit for an additional two years, adding the 2018 and 2019 hiring periods. The program provides a refundable tax credit to employers equal to 10 percent of wages paid to a qualified veteran (up to \$5,000) and 15 percent of wages paid to a disabled veteran (up to \$15,000).
- **Extend Telecom Mass Property Assessments for Four Years.** DTF establishes assessment ceilings for telecommunications “mass” properties located in or on private property. The 10 percent cap provision expired at the end of 2017, but the overall ceiling legislation remains in effect through the end of 2018. The Executive Budget extends the existing telecom ceiling law by four years and prevents a drastic ceiling decline in 2018 by repairing the cap provision to phase-in a formula, updating outdated market values.

## School Tax Relief (STAR) Program Actions

- **Maintain Basic and Enhanced Exemption Benefits at Existing Levels.** The Executive Budget maintains FY 2019 STAR exemption benefits at no more than their FY 2018 levels, rather than allowing them to grow by 2 percent. Under the Property Tax Cap, the typical taxpayer saved more than \$2,100 in just the first five years. Combined with the Property Tax Freeze, local taxpayers have saved more than \$17 billion.
- **Make Participation in Income Verification Program (IVP) Mandatory.** The Executive Budget ensures that qualifying seniors enrolled in the PIT Credit program receive the full value of the benefits they deserve and simplifies the process for qualifying senior citizens to keep their Enhanced STAR exemptions by making participation in the Income Verification Program (IVP) for recipients of Enhanced STAR mandatory. By enrolling in the IVP, seniors will not have to go through the process of reapplying for the STAR benefit each year. Participation in the IVP is currently optional and seniors who are not enrolled are obligated to re-apply for their Enhanced STAR benefits annually. In cases where a PIT return is filed, the IVP allows seniors who are re-applying for an Enhanced STAR exemption to authorize the assessor to have their incomes automatically verified in subsequent years by DTF. In cases where no PIT return is filed, qualifying seniors will be guided through a simple application process to demonstrate their eligibility.
- **Require Manufactured Home Parcel Reporting.** DTF receives information on manufactured homes only when sales occur, but not when there are any other status changes. The Executive Budget requires park owners to report to the Division of Housing and Community Renewal (DHCR) quarterly, and requires DHCR to relay the info to DTF within 15 days of receipt to ensure data is collected consistently across all types of homes.

- **Require Filing of Real Property Transfer Reports.** The Executive Budget requires real property transfer reports to be filed upon the sale of cooperatives and upon sale of shares in a corporation that owns real property.

## Other Revenue Actions

- **Defer Business Related Tax-Credit Claims.** Taxpayers must defer their usage of most business credits for tax years 2018 through 2020, where such credits exceed \$2 million. They can begin to use deferred nonrefundable credits in full starting in 2021, and may use 50 percent of refundable credits in 2021, 75 percent of the remainder in 2022, and the remainder in 2023.
- **Impose a Health Tax on Vapor Products.** The Executive Budget imposes an excise tax of 10 cents per fluid milliliter on vapor products at the distributor level, equalizing the tax treatment of tobacco products and the equivalent products used in e-cigarettes, and continuing the State’s objective to reduce the use of tobacco products. To simplify record keeping requirements, distributors will provide customers with an invoice of total product sold in milliliters.
- **Establish an Opioid Epidemic Surcharge.** New York State, like much of the country, is battling an opioid epidemic. The Executive Budget imposes a new surcharge of 2 cents per milligram of active opioid ingredient on prescription drugs, directing all proceeds to the Opioid Prevention, Treatment and Recovery Fund. This new fund will support on-going efforts to respond to the epidemic.

## Gaming Initiatives

- **Simplify Video Lottery Gaming (VLG) Rate and Additional Commission Provisions.** The Executive Budget reforms the VLG rate structure by providing more flexibility to the operators on how they use their existing capital awards and marketing allowance. In the interest of consistency across similar facilities, it reduces the number of VLG commission rates from 27 to 7. It also aligns the additional commission provisions with the original statutory intent, by keeping certain VLT facilities “held harmless” from the financial impact of a nearby casino.
- **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.
- **Eliminate the Video Lottery Gaming Hold Harmless Transfer Provision.** The Executive Budget eliminates the current VLG “hold harmless” language, simplifying the VLG and casino receipts reporting process. Since this transfer has not met its original intent, to account for the impact of casinos on VLT facilities, this part would eliminate this unnecessary and complicated transfer without impacting Aid to Education.

- **Allow Breeding Funds to be used for Equine Aftercare.** To help support and promote the well-being of racehorses, the Executive Budget allows both the New York State Thoroughbred and Breeding Fund, and the Agriculture and New York State Horse Breeding Development Fund, to contribute their own funds to certified equine athlete aftercare organizations at their own discretion.
- **Amend Racing Operations Provisions.** The Executive Budget improves racing operations by increasing the allowable reserves kept by the New York Racing Association (NYRA) and allowing NYRA to conduct evening racing under certain circumstances. Additionally, the Budget creates an advisory committee to make recommendations on the structure, operations, and funding of equine drug testing and research by December 1, 2018.

### Fee Actions

- **Impose a Vehicle Safety Inspection Fee.** A new \$120 safety inspection fee will be charged to privately operated for-hire/for-profit passenger carriers for each inspection conducted by DOT to defray the costs of semiannual inspections. Vehicles affected will include motor coaches, ambulettes, and large passenger vans/limousines domiciled in New York; vehicles used for school transportation or public transit will be excluded.
- **Modernize Highway Right-of-Way Fees.** Certain companies are exempt from paying for use of fiber-optic cables along State Highway Right-of-Way. The Executive Budget closes this loophole and allows the Department of Transportation to create a modern rate structure for Right-of-Way fees.
- **Impose a Healthcare Insurance Windfall Profit Fee.** The Budget imposes a new 14 percent surcharge on the underwriting gain of health insurance policies.

### Technical Amendments

- **Amend the Local Sales Tax Statute for Technical Changes.** The Budget equalizes county sales tax revenue distribution by extending existing provisions for Genesee, Monroe, Onondaga, and Orange Counties through November 30, 2020 via technical corrections to Chapter 61 of the Laws of 2017.
- **Amend Real Property Tax Law for Various Technical Amendments.** The Executive Budget amends Real Property Tax Law to: repeal obsolete provisions and outdated references; conform administration of the STAR programs by prohibiting married couples from getting two STAR credits and allowing senior citizens receiving a STAR Credit an extension to pay their property taxes; update certification of STAR exempt amounts; and amend Partial Payment law to provide for county's consent when preparing bills on behalf of a municipality.



**Table 3: Revenue Actions and STAR (Millions of Dollars)**

	General Fund		All Funds	
	FY 2019	FY 2020	FY 2019	FY 2020
<b>Responding to Federal Tax Reform</b>	-	-	-	-
Maintain 2017 Empire State Child Tax Credit Benefits	-	-	-	-
<b>Tax Cuts and Credits</b>	-	-	-	-
Enhance the New York Youth Jobs Program	-	-	-	-
Increase the Vending Machine Sales Tax Exemption	-	-	-	-
<b>Tax Reform and Simplification Actions</b>	<b>165</b>	<b>275</b>	<b>176</b>	<b>292</b>
Close the Carried Interest Loophole	-	-	-	-
Impose an Internet Fairness Conformity Tax	75	150	80	159
Allow the Department of Taxation and Finance to Appeal Tax Appeals Tribunal Decisions	-	5	-	5
Clarify New York Residency Requirements for Tax Purposes	-	-	-	-
Discontinue the Energy Services Sales Tax Exemption	90	120	96	128
Provide Responsible Person Sales Tax Relief for Minority LLC Owners	-	-	-	-
Simplify Taxes on the Resale of Prepared Food	-	-	-	-
Convert the Veterinary Sales Tax Credit Into an Exemption	-	-	-	-
Simplify the Taxation of State-Owned Land	-	-	-	-
<b>Enforcement Initiatives</b>	<b>18</b>	<b>34</b>	<b>18</b>	<b>34</b>
Provide for Expedited Processing of Child Care Tax Credit Payments Using State Data	-	5	-	5
Extend the Statute of Limitations on Amended Personal Income Tax Returns	3	3	3	3
Provide for Employee Wage Reporting Consistency	-	-	-	-
Allow Warrantless Tax Debt to be Assessed Against Unclaimed Funds	3	3	3	3
Improve Cigar Tax Enforcement	12	23	12	23
Provide for Consistency Within the Real Estate Transfer Tax	-	-	-	-
<b>Tax Law Extenders</b>	-	-	-	-
Extend the Hire a Vet Credit for Two Years	-	-	-	-
Extend Telecom Mass Property Assessments for Four Years	-	-	-	-
<b>School Tax Relief (STAR) Program Actions</b>	<b>85</b>	<b>130</b>	-	-
Maintain Basic and Enhanced Exemption Benefits at Existing Levels	49	95	-	-
Make Participation in Income Verification Program (IVP) Mandatory	35	35	-	-
Require Manufactured Home Parcel Reporting	-	-	-	-
Require Filing of Real Property Transfer Reports	-	-	-	-
<b>Other Revenue Actions</b>	<b>85</b>	<b>283</b>	<b>212</b>	<b>454</b>
Defer Business Related Tax-Credit Claims	82	278	82	278
Impose a Health Tax on Vapor Products	3	5	3	5
Establish an Opioid Epidemic Surcharge	-	-	127	171
<b>Gaming Initiatives</b>	-	-	<b>22</b>	<b>20</b>
Simplify Video Lottery Gaming (VLG) Rate and Additional Commission Provisions	-	-	22	20
Extend Certain Tax Rates and Certain Simulcasting Provisions for One Year	-	-	-	-
Eliminate the Video Lottery Gaming Hold Harmless Transfer Provision	-	-	-	-
Allow Breeding Funds to be Used for Equine Aftercare	-	-	-	-
Amend Racing Operations Provisions	-	-	-	-
<b>Fee Actions</b>	<b>3</b>	<b>3</b>	<b>158</b>	<b>173</b>
Impose a Vehicle Safety Inspection Fee	3	3	3	3
Modernize Highway Right of Way Fees	-	-	15	30
Impose a Healthcare Insurance Windfall Profit Fee	-	-	140	140
<b>Technical Amendments</b>	-	-	-	-
Amend the Local Sales Tax Statute for Technical Changes	-	-	-	-
Amend Real Property Tax Law For Various Technical Amendments	-	-	-	-
<b>TOTAL REVENUE ACTIONS</b>	<b>356</b>	<b>725</b>	<b>586</b>	<b>973</b>



## INVESTING IN INFRASTRUCTURE

### \$100 BILLION INFRASTRUCTURE PLAN IS REBUILDING NEW YORK

**\$29.2 BILLION**   
INVESTMENT IN ROADS AND BRIDGES

**\$29.9 BILLION**   
MTA CAPITAL PLAN

**\$20 BILLION**   
FOR HOUSING AND HOMELESSNESS

**\$2.5 BILLION**   
CLEAN WATER INFRASTRUCTURE ACT

**\$1 BILLION**   
FOR BROADBAND

**\$2.6 BILLION**   
HOSPITAL RESTRUCTURING

**\$900 MILLION**   
FOR STATE PARKS

**\$600 MILLION**   
FOR LIFE SCIENCES  
PUBLIC HEALTH LABORATORY

...and many more projects  
in every region of New York.

## Budget Highlights

**\$100 Billion Infrastructure Plan Bolstered with New Investments.** The unprecedented plan to invest \$100 billion, launched in FY 2017, is well underway and the FY 2019 Budget includes additional resources for new projects.

**Support the MTA Subway Action Plan.** The Budget includes capital and operating support to fully fund the State's half of the \$836 million MTA Subway Action Plan to address system failures, breakdowns, delays and deteriorating customer service, and position the system for future modernization.

**Life Sciences Public Health Laboratory.** The Budget includes \$600 million to support construction of a life sciences public health laboratory. It is anticipated that the new, world class state-of-art lab will attract private partners for collaborative research and development projects.

**Clean Water Infrastructure.** Continue funding for the unprecedented \$2.5 billion Clean Water Infrastructure Act to support drinking water, wastewater, and source water protection initiatives.

The Executive Budget continues Governor Cuomo's ambitious plan to rebuild New York's infrastructure. The plan to invest more than \$100 billion, launched just two years ago, is well underway and the FY 2019 Budget includes additional resources for new transformational projects that will position every region of the State for growth, including investments to support the stabilization and modernization of the New York City subway system and the creation of a life sciences public health laboratory.

## Overview

Governor Cuomo is delivering on his historic investment in New York State's infrastructure. In partnership with public authorities, and local and Federal governments, \$100 billion is being invested in infrastructure projects across New York to promote economic development, create jobs, and expand opportunity. These investments are enabling New York to rebuild and modernize its roads, bridges, broadband networks, public buildings, and other critical infrastructure across the State while putting thousands of people to work.

At the same time, Governor Cuomo has jumpstarted long-stalled or long-overdue projects, such as the replacement of the Tappan Zee Bridge, the redevelopment of LaGuardia and JFK Airports, the Gateway Tunnel Project between New York and New Jersey, and the Penn-Farley Station project. After decades of starts and stops, the Second Avenue Subway is open for business, achieving the system's first major expansion in more than 50 years.

Governor Cuomo has ensured that these investments are financed responsibly, maintaining an affordable infrastructure plan that will not overburden future taxpayers. For the first time in modern history, outstanding State debt dropped for five consecutive years (FY 2013 through FY 2017) and State debt remains lower than before the Governor took office.

## Major Infrastructure Investments

Governor Cuomo has made infrastructure a priority. In the last several years, major investments include:

- **MTA Capital Commitment.** The 2015-2019 MTA transit capital plan will support \$29.9 billion in investments, funded from multiple sources, including Governor Cuomo's commitment – now law – of \$8.6 billion in State resources. It is the most ambitious plan in the authority's history, and the State's contribution to the plan is, by far, the largest ever. In addition, this year's budget provides additional funding to the MTA to support implementation of the Subway Action Plan to stabilize and improve the system and lay the foundation for modernizing the New York City Subway.
- **Transportation.** The State continues to fund the \$29.2 billion capital plan to preserve and upgrade roads, bridges, airports, and other vital transportation infrastructure throughout the State – the largest transportation plan ever enacted in New York State. The plan includes funding for the Tappan Zee replacement project. Following decades of inaction, construction of the new Mario M. Cuomo Bridge is well underway and remains on budget. The westbound span of the bridge opened to traffic August 2017, and the eastbound span is scheduled to open on time in 2018.
- **Affordable and Homeless Housing Capital Plan.** The State is investing \$20 billion in a comprehensive, five-year plan for affordable and homeless housing to ensure New Yorkers who are homeless or at risk of homelessness have safe and secure housing. The program will create or preserve more than 100,000 affordable housing units and 6,000 supportive housing units.
- **Gateway Tunnel Project.** The rail tunnels under the Hudson River used by Amtrak play a critical role as the connection for New England rail traffic to the rest of the eastern seaboard, giving this project national significance. These aging tunnels were seriously damaged by Superstorm Sandy, and are in dire need of repair and expansion to increase capacity. The plan, which includes funding commitments from New York

### Performance Profile

**Creating Jobs.** The MTA and DOT capital programs are projected to create more than 130,000 jobs.

**Lowering Debt.** Governor Cuomo's disciplined approach has lowered outstanding debt for five years in a row, a first in modern State history. State debt is lower today than when the Governor took office.

**Expanding Broadband.** The State's partnership with the private sector has addressed broadband access to 2.3 million homes and expanded broadband access to over 98 percent of New Yorkers.

**Completing Long-Stalled Projects.** The Mario M. Cuomo Bridge, the replacement for the obsolete Tappan Zee Bridge is already accepting Westchester-bound traffic. The project is on-budget and on-schedule for completion in 2018.

**Expanding Parkland.** As part of Parks 2020, the State is transforming the former Pennsylvania and Fountain Avenue landfills into a 407-acre State Park on the shores of Jamaica Bay, creating the largest State Park in all of New York City with 3.5 miles of paths and trails.

State and the State of New Jersey, would revitalize existing rails and tunnels, and add a new, two-track tunnel under the Hudson River. While recent statements by the Federal Transit Administration suggest that the Federal government may not live up to its \$7 billion commitment to the \$13 billion project, discussions on this vital project are ongoing.

- **New John F. Kennedy Airport and LaGuardia Master Plans.** In FY 2018, the Governor announced the release of a Request for Proposals for preliminary engineering and design for the as much as \$10 billion redevelopment of John F. Kennedy International Airport. The RFP was a significant step towards implementing the Governor's plan to transform JFK Airport into a 21<sup>st</sup> Century transportation hub. The plan includes a State investment of \$1.5 billion to improve roadway access to JFK by eliminating traffic bottlenecks at the Kew Gardens interchange, and increasing traffic capacity on the Van Wyck Expressway. Phases I and II of the Kew Gardens Interchange in central Queens are complete. These two critical steps will facilitate the transformation of JFK into a unified, world-class airport that accommodates expected growth in traveler demand. The LaGuardia initiative will transform the antiquated LaGuardia Airport into a single, structurally unified main terminal with expanded transportation access, significantly increased taxiway space and best-in-class passenger amenities.
- **Empire Station.** The State is investing \$700 million to leverage a total of \$3 billion, including private sector and Federal partners, for the transformation of the James A. Farley Post Office building into the Moynihan Train Hall. Combined with extensive renovations at the existing Penn Station, this will create a new Empire Station. In FY 2018, the Governor opened the expanded West End Concourse at Penn Station. The new, state-of-the-art concourse provides direct access to 17 of the station's 21 tracks for LIRR commuters and intercity rail passengers, and offers an underground connection between the future Moynihan Train Hall and Penn Station via 33rd Street with a direct link to the 8th Avenue Subway (A/C/E). The opening of the West End Concourse completes the first phase of the transformational redesign of Penn Station, the nation's busiest transportation facility, to a fully modernized, world-class transit hub for the 21st Century.
- **Hospital Restructuring.** The State is funding a \$2.6 billion Hospital Restructuring and Reinvestment initiative to improve the financial viability and efficiency of the State's health care delivery system. Funding is available for general hospitals, residential health care facilities, diagnostic and treatment centers, clinics licensed pursuant to public health or mental hygiene law, assisted living programs, primary care and home care providers.
- **New NY Broadband.** Access to broadband is a vital resource critically important to the future of the State's economy, and the education and safety of New Yorkers. The State is partnering with private industry and using a minimum match of 1:1 that will result in a combined investment of more than \$1 billion for the Governor's "Broadband for All" initiative, which is expanding availability and capacity of broadband across the State. Since its launch in FY 2016, the State and its private sector partners have addressed 2.3 million homes and expanded broadband access to over 98 percent of New Yorkers through two rounds of awards. In the coming year, the Governor will announce a third round of awards that will address the remaining 2 percent by connecting approximately 120,000 locations.

- **Parks 2020.** The State is making a multi-year capital investment of \$900 million to fund capital rehabilitation and improvement of State parks and historic sites, more than triple the investment from prior administrations. The effort helped spur a record 69 million visitors to New York State Parks in 2016. The Executive Budget allocates \$90 million in New York Works capital funding to the Office of Parks, Recreation and Historic Preservation. As part of Parks 2020, the State will invest \$15 million to transform the former Pennsylvania and Fountain Avenue landfills into a 407-acre State Park on the shores of Jamaica Bay, creating the largest State Park in all of New York City with 3.5 miles of paths and trails.
- **Clean Water Infrastructure Act.** In FY 2018, the Governor signed the Clean Water Infrastructure Act, a historic five-year \$2.5 billion investment in drinking water infrastructure and source water protection actions that will enhance communities' health and wellness. These funds will be expended via locally based construction projects that will result in improved and safer municipal drinking water distribution, filtration systems, and wastewater treatment infrastructure all while creating jobs.
- **Renewable Energy.** In FY 2018, the New York State Energy Research and Development Authority (NYSERDA) committed to providing \$360 million that will leverage \$1 billion of Private Sector investment in 11 large scale renewable energy projects across the State involving clean technologies like wind, solar, fuel cell, and hydroelectric power. This will be the largest single State investment at one time, and an increase of \$210 million over recent awards. By 2020 NYSERDA expects to support 35 additional renewable projects, which will result in more than \$4 billion in additional private sector investment in this vital industry. To position New York as the leading offshore wind market in the United States and to drive competition, reduce costs, and create high quality jobs in this emerging industry, Governor Cuomo is calling for New York State to procure at least 800 megawatts of offshore wind power between two solicitations to be issued in 2018 and 2019. This would result in enough clean, renewable energy to power 400,000 New York households.

### New Infrastructure Investments

With the FY 2019 Executive Budget, Governor Cuomo continues his commitment to infrastructure with new projects that build, rebuild, or revitalize capital assets across the State. Major initiatives include the following:

- **Economic Development.** The Budget provides \$750 million in Economic Development grant moneys across a number of valuable programs, including Regional Economic Development Council (REDC) Round VIII, a third round of Downtown Revitalization Initiative and support for a wide array of investments in high technology, infrastructure and manufacturing. These grant programs incentivize local private sector investments that stimulate and strengthen local economies and create jobs across the State.
- **Life Sciences Initiative.** Building on last year's \$620 million statewide life sciences initiative and initial investment in a life science public health laboratory, New York is now strategically positioned to become a global powerhouse in the life science sector, with significant untapped

potential to commercialize research and translate it into private sector economic impact. To fully realize this potential, the Executive Budget includes \$600 million to support construction of a world-class, state-of-the-art life sciences public health laboratory in the Capital District that will promote collaborative public/private research and development partnerships.

- **MTA Subway Action Plan.** The Budget includes \$174 million in capital funding, in addition to operating support, to the MTA to advance the MTA Subway Action Plan to stabilize and improve the system and lay the foundation for modernizing the New York City Subway. Stabilization actions include expedited signal and track repair, overhauling digital communication protocols and assets to improve customer experience, and stepping up repair and renovation efforts on the subway car fleet. Modernization efforts will begin with the introduction of a long-term plan that will include better subway cars, a new signaling system, and modern communications technology.
- **Hudson River Park.** The Budget includes \$50 million in capital funding for the Hudson River Park, which will help fulfill the Governor’s commitment to complete the park, in partnership with New York City. This funding continues the Governor’s support for the park, which has received annual funding for redevelopment and infrastructure repairs. Encompassing over 500 acres and stretching 4.5 miles along Manhattan’s West Side, the park is currently 77 percent complete.
- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$62.5 million in new capital funding for ORDA, including \$50 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts, \$10 million for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative.

## Assuring Affordability through Effective Capital Management

The \$100 billion infrastructure plan is funded from multiple sources, including State, Federal, public authorities, local governments, and private enterprise.

Governor Cuomo has used a disciplined approach to controlling and targeting new borrowing to keep debt service affordable and within the State’s debt limit. This effective management of State debt has enabled delivery on an affordable infrastructure plan. This is evidenced in the improving debt metrics that are used to measure debt affordability, specifically:

- State-related debt outstanding declined for five consecutive years, FY 2013 through FY 2017. This marks the first time in modern history that New York has achieved this result. During the five-year period, debt declined from \$56.4 billion to \$50.7 billion. At the end of FY 2018, debt is still expected to be below when the Governor took office.

- State-related debt outstanding as a percentage of personal income declined from 5.9 percent in FY 2011 (Governor Cuomo's first year) to 4.3 percent in FY 2017, and is expected to decrease to 4.1 percent by 2023.
- Debt service costs have ranged from \$5.6 billion to \$6 billion from FY 2011 through FY 2019 (estimated), after adjusting for debt service prepayments. This represents a stable growth rate of 0.8 percent, well below the historical growth rate in debt service costs and below inflation. Debt service growth from FY 2011 through FY 2023 is projected at 2.2 percent.








NEW YORK STATE OF OPPORTUNITY | Division of the Budget

## FEDERAL FUNDING

New Yorkers sent **\$48 billion** more to Washington than came back in Federal spending. The **largest net contribution** to the Federal government made by any state.\*



### FEDERAL THREATS

The Federal tax plan limits state and local tax deduction, a **\$14 billion** double-taxation of **1.7 million New Yorkers**.

The potential loss in Federal aid attributed Children's Health Insurance Program and the Essential Plan could cost **\$2 billion** in 2019.

\* Based on 2015 data from the Rockefeller Institute of Government.

Since 2014



has enrolled more than **4.1 million New Yorkers** in affordable health coverage.

The number of uninsured New Yorkers has **declined** by nearly

**900,000**

## Budget Highlights

**Protections Against the Federal Tax Assault on New York.** Legislation will be submitted to help protect New York taxpayers from the negative tax impacts of Federal tax law changes. Additionally, the Governor is accepting a preliminary report from the Department of Taxation and Finance outlining options for State tax reform in response to the Federal legislation.

**Protecting Gains Made Possible by the Affordable Care Act.** Since its inception in 2014, the NY State of Health program has enrolled more than 4.1 million New Yorkers in affordable health coverage. The number of uninsured New Yorkers has declined by nearly 900,000. Between 2013 and 2017 the rate of uninsured in the State declined from 10 percent to 4.7 percent, the lowest ever reported per the Centers for Disease Control.

**Federal Funding is at Risk.** Federal funds that support the most vulnerable New Yorkers are threatened, including in the areas of health care and human services. Any reductions in Federal aid could exacerbate New York's \$48 billion Federal balance of payments deficit.

The Executive Budget begins the process of protecting New Yorkers from the devastating Federal tax law changes, safeguards improvements to our health care system made possible by the Affordable Care Act, and responsibly employs Federal funds for programs that support the most vulnerable New Yorkers and those living at or near the poverty level.

## Overview

The Federal government influences the economy and budget of states through grants, direct spending on its own programs, such as Medicare and Social Security, and through Federal tax policy. Federal policymakers place conditions on grants, mandate certain state actions, preempt state laws, change state and local tax bases and taxpayer behavior through tax policies, and influence industries through regulatory action.

Federal funding predictability, and otherwise sound management of the national economy are of crucial concern to states' budgets – especially in New York, where citizens pay \$48 billion more in Federal taxes than they receive back in Federal investments.

New York is one of 13 states with a “negative” balance of payment with the Federal government, per analysis by the Rockefeller Institute of Government using data from the 2015 Federal fiscal year. The \$48 billion net contribution to the Federal government made by New Yorkers and the New York economy is the largest of any state and equals the combined net contributions of 2nd ranked New Jersey and 3rd ranked Illinois. New York's people and economy paid the Federal government \$2,425 more per person than they received. By contrast, the average state experienced a positive balance of payments of about \$1,305 per capita. New York's negative balance of payments is driven primarily by Federal taxes, rather than spending. Payments from New York to the Federal government were \$12,820 per capita, or approximately \$3,401 higher than the national average, and Federal spending in New York was \$329 lower than the U.S. average, adding to the revenue disparity.

As with any State, Federal funding is an essential component of New York's Budget, totaling \$55.7 billion – approximately one-third of anticipated All Funds spending in FY 2019. Alongside State taxpayer resources, Federal funds finance many critical programs at both the State and local level, including health care, human services, education, public protection, transportation, and other services.

However, the policy direction taken by the Federal government under the current Presidential administration and Congress threatens funding for crucial Federal-State partnerships that provide direct benefits to New Yorkers. These include the Essential Health Plan, which provides insurance coverage to about 700,000 low to moderate income New Yorkers, and infrastructure investments such as the Gateway Tunnel Project, which will preserve and expand a critical connection for trains traveling the eastern seaboard. New Federal tax policy also stifles the State's long-term economic viability by limiting the State and Local Tax deduction, giving other states a competitive advantage over New York.

## Responding to Federal Tax Reform

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act, putting into place dramatic reforms to the Federal tax system.

The law enacts sweeping changes to both individual and corporate taxes. Among its most consequential reforms, the law permanently cuts the corporate tax rate by 40 percent.. It allows owners of certain "pass-through" entities to take a 20 percent income tax deduction and makes a number of changes to other business credits and deductions, including limiting the deduction for interest expenses and research and development expenditures.

For individual taxpayers paying Federal income tax, the law also makes a series of changes to credits and deductions, including limiting of the Federal deduction for State and local taxes, which is estimated to cost taxpayers in New York an additional \$14.3 billion per year. The new law will have a significant impact on the tax system and economy of the State of New York by undermining the competitiveness of the State's economy, and marks a dramatic broadening of the Federal tax base at the expense of New Yorkers. The law rolls back more than 100 years of precedent – the State tax system was built around the principle that the Federal government would not put a tax on taxes.

The State's income tax system interacts with the Federal system in numerous ways, and the Federal changes will have significant flow-through effects on State tax burdens and revenues. Given the far-reaching nature of the Federal law, New York State will

### Performance Profile

**Supporting School Meals.** U.S. Department of Agriculture funding supports school breakfast and lunch meals for 3 million students in New York.

**Subsidizing Child Care.** 112,000 families in New York State received child care subsidies in Federal fiscal year 2017. Such subsidies were supported by Federal CCDF and TANF funds, as well as State and local dollars. The Federal government cut these funds in FY 2017 and the funds were restored by the State.

**Water Infrastructure.** 178 water projects financed with Clean Water and Drinking Water State Revolving Fund monies in FY 2017.

**Critical Infrastructure Protection.** The Joint Task Force - Empire Shield (JTF-ES) is a highly-trained National Guard unit comprised of active duty soldiers that support anti-terrorism and security missions. JTFES provides a visible security presence at high-profile locations such as transit hubs, bridges and tunnels. This activity is supported through the Urban Areas Security Initiative grant from the US Department of Homeland Security.

undertake extensive analysis as it considers how best to respond to such consequential reforms. The Governor will receive a preliminary report by the Department of Taxation and Finance to outline options for State tax reform in response to the Federal legislation.

The preliminary report outlines a series of proposals for consideration and comment, including a potential proposal for creating additional opportunities for tax-deductible charitable contributions, the possibility of reducing income taxes and shifting instead to a statewide payroll tax, and options for a new statewide unincorporated business tax. It discusses other impacts of the Federal law on the State, and potential responses.

Changes to the State tax code will be the result of a comprehensive and measured process based on three primary objectives: First, promoting fairness for New York's taxpayers in light of the Federal legislation; second, enhancing the competitiveness of New York's economy; and third, maintaining New York's revenue base.

## Federal Funding

Federal funds are predominantly targeted at programs that support the most vulnerable New Yorkers and those living at or near the poverty level, such as Medicaid, Temporary Assistance for Needy Families (TANF), the Child Care and Development Fund (CCDF), Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection. Overall, the Federal resources expected to be utilized by the FY 2019 Budget include:

- **Medicaid** (\$37.1 billion). Federal Medicaid dollars help support health care for more than six million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding, representing approximately two-thirds of Federal resources anticipated in the FY 2019 Budget.
- **Other Health and Human Services Programs** (\$11.4 billion). Support from the Federal government provides for a variety of other health programs administered by the Department of Health (DOH), as well as programs administered by the Office of Temporary and Disability Assistance (OTDA), the Office of Children and Family Services (OCFS), Homes and Community Renewal (HCR), and the Department of Labor (DOL), among others. Specific programs include the Essential Health Plan, TANF-funded public assistance benefits, Flexible Fund for Family Services, Home Energy Assistance Program (HEAP) benefits, Supplemental Nutrition Assistance Program (SNAP) administrative costs, Child Support administrative costs, Child Care, Foster Care, and the Unemployment Insurance Program administrative costs.
- **Education** (\$4.0 billion). K-12 education, special education and higher education receive Federal support. Similar to Medicaid and the human service programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in high poverty schools or those with disabilities.

- **Transportation** (\$1.8 billion). Federal resources support infrastructure investments in highway and transit systems throughout the State, including funding participation in ongoing transportation capital plans.
- **Public Protection** (\$1.1 billion). Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision, the Office of Victim Services, the Division of Homeland Security and Emergency Services, and the Division of Military and Naval Affairs. Federal funds are also passed on to municipalities to support a variety of public safety programs.
- **All Other Funding** (\$0.4 billion). Several other programs in the Economic Development, Mental Hygiene, Parks and Environmental Conservation, and General Government Areas are also supported by Federal resources.

## Federal Funding Trends

The \$55.7 billion in Federal funds expected to be utilized by New York State in FY 2019 includes increases in funding for Medicaid and other health programs that are improving outcomes for New Yorkers. Disbursements of Federal funding for Education, Transportation, Public Protection, and other uses has been more varied, fluctuating across a range from a 12% increase to a 55% decrease.

- Federal support for Medicaid has increased by \$7.0 billion (23 percent) over the past 5 years, primarily because of rising costs in the health services sector and expansions of coverage resulting from the Affordable Care Act (ACA).
- Federal support for other Health and Human Service Programs increased by \$3.9 billion (53 percent) over the past 5 years. This was also primarily driven by the ACA, specifically the creation of the Essential Health Plan, which covers about 700,000 low to moderate income New Yorkers.
- Transportation funding increased nearly \$200 million (12 percent) in the last 5 years, reflecting an increase in Federal highway aid and variations in the timing of obligations and disbursements.
- Federal receipts have consistently represented approximately one-third of all State budget revenue sources over the period.

Other program areas have seen decreases in their Federal resources. These include:

- Public Protection funding decreased by \$1.4 billion (55 percent) since FY 2015, however this is primarily due to the timing of Federal Emergency Management Agency (FEMA) Public Assistance funding for damages sustained during natural disasters.

- All Other Funds decreased by \$99 million (21 percent), primarily due to adjustments and accounting reclassifications mainly related to Medicaid payments made by DOH to other State agencies.

**Table 4: Federal Disbursements by Program Area (Millions of Dollars)**

Category	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Five Year Change	
						Dollars	Percent
Medicaid	30,052	32,053	34,461	36,733	37,073	7,020	23
Other Health and Social Welfare	7,426	9,067	10,310	11,381	11,353	3,926	53
Education	3,713	4,195	4,035	3,952	4,018	305	8
Transportation	1,609	1,827	2,092	1,658	1,807	198	12
Public Protection	2,462	1,970	1,460	1,380	1,108	(1,354)	-55
All Other	480	365	628	406	381	(99)	-21
Total	45,743	49,476	52,985	55,509	55,739	9,996	22

In FY 2015, Federal disbursements by the State for health and human services, including Medicaid represented approximately 82 percent of total Federal disbursements. In FY 2019, the percentage is expected to represent approximately 87 percent.

## Federal Risks

The amount and composition of Federal funds received by the State has changed over time as a result of legislative and regulatory actions at the Federal level, and will likely continue to change in the coming year. Notable areas with potential for change include health care, human services and infrastructure policy. Any reductions in Federal aid could exacerbate New York’s already high Federal balance of payments deficit. New York already has the largest absolute balance of payments deficit among all states, sending nearly \$48 billion more to the Federal government in Federal tax revenue than received back in Federal spending in Federal FY 2015, according to the Rockefeller Institute’s analysis.

In contrast to the Federal government, state governments have state constitutional balanced budget requirements. The FY 2019 Executive Budget includes a mechanism to assist with budget balance and mitigate Federal risks. The Director of the Budget is charged with preparing a corrective action plan for consideration by the Legislature in the event that I) Federal aid for Medicaid is reduced by \$850 million or more, or II) Federal aid for all other programs is reduced by \$850 million or more.

The FY 2019 Executive Budget also creates a new account to ensure the continued availability and expansion of funding for quality health services to New York State residents, and mitigate risks associated with the loss of Federal health care funds. In addition, the Budget authorizes program modifications, if necessary, to preserve the Children’s Health Insurance Program (CHIP), and establishes a surcharge on excess health insurer gains for reinvestment in vital health care services for New Yorkers.

Notable Federal risks include:

- **The Children’s Health Insurance Program (CHIP).** Congress has yet to pass long-term funding for CHIP, which directs Federal support to Child Health Plus, a successful program that has provided health coverage to approximately 350,000 children in New York State. Should funding be allowed to lapse for the program many of these children may lose health insurance coverage.
- **Medicaid Disproportionate Share Hospital (DSH) Cuts.** For the first time, Congress has allowed DSH cuts initially included in the Patient Protection and Affordable Care Act (PPACA) to take effect. These cuts will mean \$165 million less for the State’s public and safety net hospitals in FY 2019 if not reversed. If allowed to remain in place, these cuts will grow to \$1.3 billion by FY 2025.
- **Medicaid Funding.** Despite surviving a number of attempts to alter the funding formula for Medicaid in 2017, the Medicaid program still faces threats from Congress. Medicaid plays a role in both state and Federal budgets. As a result of the joint financing structure, Medicaid acts as both an expenditure and the largest source of Federal revenue in New York State’s budget. Medicaid is also a countercyclical program. During economic downturns, individuals lose jobs, incomes decline and more individuals enroll in Medicaid. This increases program spending as state revenue declines, making it difficult to match rising expenditures. The influx of Federal Medicaid funds also has positive effects on New York State’s economy, resulting in a multiplier effect directly impacting not only the providers who received Medicaid payments for the services they provide to beneficiaries, but also indirectly affecting other businesses and industries.
- **Debt Financing.** The Tax Cuts and Jobs Act eliminated the advanced refunding of municipal bonds, cutting off the ability of states, local governments, and not-for-profit institutions from accessing savings when interest rates drop. Advanced refunding has saved New York State approximately \$1.1 billion since FY 2015.
- **Federal Debt Limit.** The Federal government is currently operating under “extraordinary measures” that allow the Treasury to continue meeting obligations despite the expiration of the latest temporary suspension of the Federal debt limit last month. The Congressional Budget Office projected in November 2017 that those extraordinary measures would be exhausted by late March or early April of this year.

If the debt limit is not raised or suspended in a timely fashion, it may cause the Federal government to default on its payments. A Federal government default, particularly for a prolonged period, could have a materially adverse effect on national and state economies, financial markets, and intergovernmental aid payments. The specific effects on the Financial Plan of a future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggest that the State’s revenue loss could be substantial if the economy goes into a recession due to a Federal default.



A payment default by the United States may adversely affect the municipal bond market. Municipal issuers, as well as the State, could face higher borrowing costs and impaired market access. This would jeopardize planned capital investments in transportation infrastructure, higher education facilities, hazardous waste remediation, environmental projects, and economic development projects. Additionally, the market for and market value of outstanding municipal obligations, including municipal obligations of the State, could be adversely affected.

- **Budget Control Act.** The Budget Control Act (BCA) of 2011 temporarily raised the debt limit, established discretionary spending caps on the Federal government through Federal FY 2021, and instituted sequestration of some mandatory funds on which the State relies. Despite modest legislative adjustments to the discretionary caps contained in the BCA, the possibility for a reduction in Federal support is elevated as long as they remain in place. Congress passed legislation in 2013 and 2015 that temporarily increased the discretionary spending caps imposed by the BCA through Federal FY 2017. Similar adjustments to the BCA for Federal FY 2018 have yet to be passed into law, and failure to pass such changes could subsequently lead to cuts in the discretionary programs on which the State relies.



## ECONOMIC DEVELOPMENT

### LIFE SCIENCES



**\$600 million** to support construction of a life sciences public health laboratory.



### JOB CREATION



**\$750 million** for 8th round of Regional Economic Development Councils (REDCs)



**\$1.7 billion** in continuing projects for the Upstate Revitalization Initiative



**\$100 million** for 3rd round of Downtown Revitalization Initiative



Since 2011, REDCs have awarded nearly **\$5.4 billion** in State funding to over **6,300 projects** to spur job creation based on regional priorities, resulting in **220,000 new or retained jobs.**

New York has more than **8 million private sector jobs** – an all-time high.

## Budget Highlights

**Life Sciences Public Health Laboratory.** The Budget includes \$600 million to support construction of a state-of-the-art life sciences public health laboratory and promote collaborative research and development partnerships.

**Photonics Attraction Fund in Rochester.** The Budget dedicates \$30 million to a Photonics Attraction Fund to attract integrated photonics companies to set up their manufacturing operations in the greater Rochester area

**Industrial Hemp Production.** The Budget provides \$650,000 for a brand-new \$3.2 million industrial hemp processing facility in the Southern Tier.

**Expand and Promote Tourism.** The Budget includes additional funding to support the State's tourism campaign and attract visitors from around the world. The program includes a sixth round of \$15 million in competitive funding through the Market NY initiative.

The FY 2019 Executive Budget promotes job creation and the revitalization of every region of the State by investing in key capital projects, emerging and high-impact industries, and regionally-focused economic development strategies. Governor Cuomo's economic development strategy is contributing to an Upstate renaissance while expanding opportunities for all New Yorkers to share in economic success.

## Overview

Together, the Empire State Development Corporation (ESD) and the Department of Economic Development (DED) finance key economic development projects and provide policy direction across the State. The Economic Development portfolio includes the administration of regionally-based economic development programs, marketing and advertising activities to promote tourism, strategic business investments as well as the administration of programs to expand university-based research and technology.

In addition to the efforts of these specific economic development agencies, Governor Cuomo has harnessed the full power and breadth of the State's activities for job creation and economic growth. Economic planning is now coordinated across all agencies and authorities so that capital investments, tax-credit funding, and the wide-range of agency programs have a much more profound economic impact than the sum of the individual programs.

## Creating Jobs and Growing the Economy

In 2011, Governor Cuomo completely redesigned the State's economic development strategy through creation of the Regional Economic Development Councils (REDC). New York State's traditional top-down development strategy is replaced with an innovative approach that empowers regional stakeholders to develop long-term plans, putting to work their unique knowledge and understanding of local priorities and assets. Through seven rounds of awards, the REDCs have invested nearly \$5.4 billion in job creation and community development projects, creating or retaining over 220,000 jobs.

As part of this regional economic strategy, the State's \$1.5 billion investment in the Buffalo area economy is helping to create thousands of jobs and spur new investment and economic activity.

Through the Upstate Revitalization Initiative (URI), \$1.7 billion was awarded to seven Upstate regions over a multi-year period to support transformative investments that build on regional assets and leverage private sector capital to create jobs and strengthen regional economies. To give communities the tools they need to select and fuel targeted revitalization strategies, New York State has awarded twenty communities with \$10 million each through the Downtown Revitalization Initiative.

This year, Governor Cuomo will also announce Round III New NY Broadband Program awards to address the remaining 2 percent of New Yorkers, connecting approximately 120,000 locations. Round III is expected to catalyze more than \$360 million in total investment, including \$225 million in State funding. Round III projects that address eligible locations will also have access to matching funds in federal Connect America Fund support through the State's unique partnership with the Federal Communications Commission. After Round III, it is anticipated that 99.9 percent of New Yorkers will have commitments for high-speed broadband access.

In FY 2018, Governor Cuomo launched a groundbreaking initiative to spur the growth of a new, world-class life science research cluster in New York, as well as expand the state's ability to commercialize this research and grow the economy. By strengthening incentives, investing in facilities, and improving access to talent and expertise, New York is positioned to harness industry-funded research and development to be a magnet for emerging manufacturing based enterprises, bolstering regional economies and creating thousands of jobs.

The Executive Budget expands on these job-creating investments and provides additional funds to support construction of a new life sciences public health lab in the Capital District that will foster collaborative life science public/private partnerships. It also provides \$300 million to create the High Technology Innovation and Economic Development Infrastructure Program for the research and development of innovative technologies to support advance science technology, manufacturing and other economic development initiatives that will create or retain jobs, and makes key investments in economic development, tourism and infrastructure projects throughout the State.

## Performance Profile

**Creating Jobs Through Regional Economic Development Councils.** - Since 2011, the REDCs have awarded nearly \$5.4 billion in State funding to over 6,300 projects through a competitive process to spur job creation based on regional priorities. This new strategy has resulted in 220,000 new or retained jobs in New York.

**Connecting New Yorkers to Broadband.** This year Governor Cuomo will announce Round III awards to address the remaining 2 percent of New Yorkers, connecting approximately 120,000 locations. Round III is expected to catalyze more than \$360 million in total investment, including \$225 million in State funding. Upon completion of the program, it is anticipated that 99.9 percent of New Yorkers will have commitments for high-speed broadband access.

## Proposed FY 2019 Economic Development Budget Actions

- **Further Investment in Life Sciences.** Building on last year's \$620 million Statewide life sciences initiative and initial investment in a life science public health laboratory, New York is now strategically positioned to become a global powerhouse in the life science sector, with significant untapped potential to commercialize research and translate it into private sector economic impact. To fully realize this potential, the Executive Budget includes \$600 million to support construction of a world-class, state-of-the-art life sciences public health laboratory in the Capital District that will promote collaborative public/private research and development partnerships.
- **Regional Economic Development Councils.** In 2011, Governor Cuomo established 10 Regional Economic Development Councils (REDCs) to develop long-term regional strategic economic development plans. Since then, the REDCs have awarded \$5.4 billion to more than 6,300 projects. This strategy has resulted in 220,000 new or retained jobs in New York.

The Executive Budget includes core capital and tax-credit funding that will be combined with a wide range of existing agency programs for an eighth round of REDC awards totaling \$750 million. 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. The Budget continues to make resources available from State agencies to support community revitalization and business growth consistent with the existing Regional Council plans through the Consolidated Funding Application process.

- **New York Works Economic Development Fund.** A second round of investment equaling \$200 million for the New York Works Economic Development Fund will provide additional statewide capital grants to support projects that facilitate the creation of new jobs or retain existing jobs, or fund infrastructure investments necessary to attract new businesses or expand existing businesses.
- **Downtown Revitalization.** The Downtown Revitalization Initiative is transforming downtown neighborhoods into vibrant communities where the next generation of New Yorkers will want to live, work and raise families. Participating communities are nominated by the State's ten REDCs based on the downtown's potential for transformation. Through two rounds of awards, each winning community was awarded \$10 million to develop a downtown strategic investment plan and implement key catalytic projects that advance the community's vision for revitalization. The FY 2019 Executive Budget provides \$100 million for the Downtown Revitalization Initiative Round III.
- **Long Island Transformative Investments.** The Budget includes the continued investment of \$550 million from existing capital resources in transformative projects on Long Island. Investments include regionally significant economic development initiatives that create or retain private sector jobs.

- **High Technology Innovation and Economic Development Infrastructure Program.** The Budget includes \$300 million for initiatives that foster research and development of innovative technologies and leverage private investment in advanced science and technology, economic development initiatives, infrastructure, manufacturing, and other economic development initiatives that leverage private investment in regional projects that create or retain jobs.
- **Photonics Attraction Fund in Rochester.** New York State will dedicate \$30 million to a Photonics Attraction Fund, administered through the Finger Lakes Regional Economic Development Council, to attract integrated photonics companies to set up their manufacturing operations in the greater Rochester area. Thanks to the world-renowned AIM Photonics consortium, the Finger Lakes is already a leader in photonics research and development, and this additional State funding will help leverage this unique asset to bring the businesses and the jobs of tomorrow to New York State.
- **Industrial Hemp Production.** The State will continue the investment in Hemp research, production, and processing made in FY 2018 through a broad, multi-pronged program. The FY 2019 Budget provides \$650,000 for a brand-new \$3.2 million industrial hemp processing facility in the Southern Tier. New York State will import thousands of pounds of industrial hemp seed, ensuring that farmers have access to a high-quality product and easing the administrative burden on farmers. Further, New York State will invest an additional \$2 million in a seed certification and breeding program, to begin producing unique New York seed. Finally, New York will host an Industrial Hemp Research Forum in February, bringing together researchers and academics with businesses and processors to develop ways to further boost industry research in New York.
- **Fund the Innovation Hot Spots and Incubators Program.** The Executive Budget authorizes \$5 million in new funding to continue the fostering of innovation by offering start-up companies valuable business support services to help commercialize academic research and promote further collaboration between business and academia.
- **Support High Technology Grants.** The Executive Budget authorizes over \$35 million to support ongoing university-based matching grants, and other high technology research and development programs administered by the Department of Economic Development's Division of Science, Technology and Innovation.
- **Clarkson-Trudeau Partnership.** An additional \$5 million is included in the Budget 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.
- **Expand and Promote Tourism.** The Budget includes additional funding to support the State's tourism campaign and attract visitors from around the world. The program includes a sixth round of \$15 million in competitive funding through the Market NY initiative to

support tourism marketing plans and projects that best demonstrate regional collaboration among counties to promote regional attractions. Tourism is New York's fourth largest employment sector.

- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$62.5 million in new capital funding for ORDA, including \$50 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts, \$10 million for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative.
- **Promote Tourism in the North Country Through New Lodging.** The State will provide the North Country region with tools and resources to bolster tourism in the North Country and catalyze private investment in lodging. Empire State Development will commission a study to identify lodging development opportunities in the Adirondacks and Thousand Island regions, and provide \$13 million in capital funding through the REDCs and Upstate Revitalization Initiative to spur development activity.
- **Continue Commitment to Critical Economic Development Investments.** The Budget includes nearly \$35 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, and the Entrepreneurial Assistance Program.
- **Brownfield Opportunity Area (BOA) Reform.** The Brownfield Opportunity Area Program provides financial and technical assistance to municipalities and community based organizations. These plans allow these communities and organizations to apply for designation by the Secretary of State and receive the accompanying Brownfield development tax credits. The Budget includes legislation that would make enhancements to the BOA program to allow plans that are financed with local or other state funding to also apply for designation as well as reform the current BOA process to bolster efficiency.
- **Establish the One World Utica Welcome and Opportunity Center.** The Budget provides \$1.5 million to invest in the expansion of the formerly vacant Utica School of Commerce building to establish a “One World Welcome and Opportunity Center” in the heart of downtown Utica, which will provide workforce and vocational training to the Mohawk Valley region.
- **Continue the Liberty Defense Project.** The FY 2018 Budget included \$10 million for a public-private legal defense fund to ensure that all immigrants, regardless of status, have access to high quality legal counsel. Immigrants are a crucial thread to the economic success of the State. As such, this Budget continues the work of the Liberty Defense Project to ensure legal protections for all immigrants in the State.

NEW YORK STATE OF OPPORTUNITY | Division of the Budget

# EDUCATION

**\$769 MILLION**  
**INCREASE FOR SCHOOL AID**



School district support will have risen **35%** since 2012



Over **70%** of the increase goes to high-need school districts.

**\$10 million** in **AFTER SCHOOL EXPANSION** serving an additional **6,250 students**



The Budget provides **\$200 million, up \$50 million** to support the ongoing transformation of **HIGH-NEED SCHOOLS** into community hubs.



In 2019, the State will serve **126,000 STUDENTS** with high quality, publicly-funded **PRE-K PROGRAMS**



High school **GRADUATION RATES** have increased every year, **since 2012.**





## Budget Highlights

**\$769 Million School Aid Increase.** Foundation Aid is increased by \$338 million. State support for school districts will have increased by 35 percent since FY 2012. Over 70 percent of the increase goes to high-need school districts.

**\$15 Million Pre-K Expansion.** The additional investment in prekindergarten will bring high-quality prekindergarten instruction to 3,000 three- and four-year-old children in high-need school districts.

**\$10 Million After School Expansion.** The expansion of public after school care will serve 6,250 additional students in high-need communities across the State.

**Increase Support for Community Schools.** The Budget provides \$200 million – an increase of \$50 million – to support the continued transformation of high-need schools into community hubs.

**No Student Goes Hungry.** Legislation and funding will provide students of all ages, backgrounds and financial situations access to healthy, locally-sourced meals to address child hunger.

**Create Smart Start.** The Budget provides \$6 million to expand high-quality computer science and engineering education.

The FY 2019 Executive Budget reflects the Governor’s strong commitment to education through a \$769 million annual increase in School Aid – an amount double the statutory School Aid growth cap. This represents a cumulative 35 percent increase since FY 2012. The Budget provides a \$338 million increase in Foundation Aid, and includes support for several key initiatives, including the Governor’s sixth consecutive investment in high-quality prekindergarten, a second round of Empire State After School awards to high-need districts, the continued transformation of high-need schools into community hubs, the largest State investment ever in computer science and engineering programming and instruction, and additional funding for early college high schools. Together, these investments advance the transformation of public education across the State. Important initiatives from prior years are also sustained, including the \$340 million Statewide Universal Full-day Prekindergarten Program and the \$2 billion Smart Schools Bond Act.

## Overview

Public education represents a significant investment of New York’s resources. With total school district spending exceeding \$65 billion, education is both the largest area of State spending and the largest component of local property taxes. New York has ranked first nationally in per pupil spending for eleven straight years, a reflection of the State’s long-standing commitment to provide all students with the opportunity to excel as learners, workers, and citizens. With the Executive Budget, School Aid increases will total \$6.8 billion over seven years. Last year alone, the FY 2018 Budget included an additional \$1.0 billion (4.2 percent) increase, by far the largest increase of any major category of State spending, showing once again School Aid is the State’s highest funding priority.

The FY 2019 Executive Budget continues the progress made to strengthen educational offerings and increase access across the State. Building upon the State’s multi-year investment in high-quality, full-day prekindergarten, the Budget provides additional funding to expand prekindergarten access for three- and four-year-olds in high-need school districts. In addition, the Budget reflects the Governor’s continued commitment to the transformation of high-need schools into community hubs. These initiatives, along with programs already underway, are improving public education across the State – reaching students earlier and ensuring they have access to highly effective teachers, programs and schools.

## Support for Public Education

New York’s public schools spend more per pupil (\$21,206) than any other state in the country – 86 percent above the national average (\$11,392). Several recent initiatives have focused on improving the State’s education system even further. These major initiatives include:

- Prekindergarten Programs.** The State spends more than \$800 million annually on public prekindergarten programs for three- and four-year-old children, serving over 123,000 students statewide. In FY 2015, the Enacted Budget committed \$1.5 billion over five years to support the phase-in of a full-day prekindergarten program for four-year-old children across the State. That same year, New York received a grant award of \$100 million over four years from the United States Department of Education to expand access to full-day prekindergarten in high-need school districts. In FY 2016, the Enacted Budget included \$30 million to support the first State-funded full-day prekindergarten program for three-year-olds, while also expanding prekindergarten access for four-year-olds. Building on that investment, the FY 2017 Enacted Budget further expanded prekindergarten access to three-year-old children in the State’s highest-need school districts. The FY 2018 Enacted Budget promoted prekindergarten access for all high-need students by targeting funding to the few remaining high-need school districts without prekindergarten programs, and enacted legislation consolidating the State’s existing prekindergarten programs into the Universal Prekindergarten program.
- After School Programs.** In FY 2018, the State made a new \$35 million investment in the Empire State After School program, providing services to an additional 22,000 students and bringing the total annual investment to \$100 million for public after school programming throughout the State. With these funds, 66,000 students benefited from high-quality extended learning and youth development opportunities in supportive, safe environments in the critical time period of after school hours. These funds were targeted to high-need communities in every region of the State – including the State’s 16 Empire State Poverty Reduction Initiative (ESPRI) communities.

### Performance Profile

**Improving Graduation Rates.**

Since FY 2012, high school graduation rates have increased 5.4 percentage points.

**Expanding Access to After School Programs.**

In FY 2019, more than 72,000 students across every region of the State will benefit from high quality, publicly funded after school care. Students will engage in safe activities such as sports, music, and other educational programming during after school hours.

**Increasing Opportunities for Early Childhood Education.**

In FY 2019, the State will serve 126,000 children in high-quality, publicly funded prekindergarten programs – 75 percent of whom will be served in full-day spots.

**Transforming School Districts into Community Hubs.**

More than one-third of school districts in New York receive community schools funding and have begun transforming their schools into community hubs with wrap-around services.

**Building the Classrooms of the 21<sup>st</sup> Century.**

Over 425 Smart Schools Investment Plans totaling nearly \$400 million have been approved, supporting classroom technology, high-tech security, and school and community connectivity.

- 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 for districts to reimagine the State’s classrooms and provide New York’s students with the technological resources, skills, and learning environments necessary to succeed in the 21st century. Funding supports enhanced education technologies, including infrastructure improvements, high-speed broadband internet access, and active learning technologies. Additionally, the Smart Schools Bond Act supports the State’s long-term investments in full-day prekindergarten through the construction of new prekindergarten classrooms, the replacement of classroom trailers with permanent classroom spaces, and high-tech school safety programs. To date, over 425 Smart Schools Investment Plans totaling almost \$400 million have been approved by the Smart Schools Review Board.
- Community Schools.** When schools and communities partner to provide students with health and social services, learning improves and students succeed. Over the past five years, the State has invested over \$400 million to transform schools across 230 high-need districts into community schools. This funding supports services that are unique to each school’s individual needs, including before- and after-school programs, summer learning activities, medical and dental care, and other social services.

**Table 5: Summary of Spending (State Operating Fund)**

Category	2017-18 School Year (millions)	2018-19 School Year (millions)	Change	
			Dollar (millions)	Percent
School Aid	\$25,587	\$26,356	\$769	3.0

**Table 6: School Aid Increase**

Category of Increase	Change (millions)
Additional Foundation Aid	\$338
\$50 Million Community Schools Set-aside	
Reimbursement for Expense-Based Aids / Other	\$317
Fiscal Stabilization Fund	\$64
Expanded Prekindergarten for Three- and Four-Year-Olds	\$15
Empire State After School Program	\$10
Early College High Schools	\$9
Smart Start	\$6
Breakfast After the Bell	\$5
Expanded Advanced Placement Access	\$2.5
Other Education Initiatives	\$2.5
<b>School Aid Increase</b>	<b>\$769</b>

## Proposed FY 2019 Budget Actions

The Executive Budget reflects the Governor's strong commitment to improved student outcomes and builds upon the foundational work of prior years. In FY 2019, School Aid will continue to represent New York's largest State-supported program, accounting for roughly 30 percent of total General Fund spending.

### School Aid

The FY 2019 Executive Budget provides an overall school aid increase of \$769 million (3.0 percent). This includes a \$338 million increase in Foundation Aid with a community schools set-aside increase of \$50 million for the continued transformation of high-need schools into community hubs, \$317 million in reimbursements for expense-based aids, a \$15 million expansion of high-quality prekindergarten for three- and four-year-old children, a \$10 million expansion of Empire State After School grants to high-need districts, an additional \$9 million for early college high schools, and a \$6 million investment, the State's largest ever, in computer science and engineering instruction. In addition, the Budget advances legislation to require the State's largest school districts to submit school-level funding plans to demonstrate how resources are allocated to individual schools.

### Community Schools

The Budget continues the Governor's push to transform New York's high-need schools into community schools. Last year's Budget invested \$150 million as a set-aside within Foundation Aid to support the Governor's community schools efforts across the State. This year, the FY 2019 Budget increases the community schools set-aside amount by \$50 million to a total of \$200 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in homeless pupils or English language learners. In addition, the Budget increases the minimum community schools funding amount from \$10,000 to \$75,000. This ensures all high-need districts across the State can apply community schools funds to a wide-range of activities, including hiring community school coordinators, providing before- and after-school mentoring services, offering summer learning activities, and providing health and dental care services.

### Prekindergarten

The Budget includes an additional \$15 million investment in prekindergarten to expand high-quality half-day and full-day prekindergarten instruction for 3,000 three- and four-year-old children in high-need school districts. Preference for these funds will be given to the few remaining high-need school districts currently without a prekindergarten program, and will focus on including students in integrated or community-based settings. The State will also continue its \$5 million investment in the implementation of QUALITYstarsNY, a quality rating and improvement system intended to ensure New York's youngest students are enrolled in the highest quality prekindergarten programs possible.

## Full-Day Kindergarten Conversion

To further incentivize the last few school districts in the State with half-day kindergarten programs to establish full-day kindergarten programs in the 2018-19 school year, the Budget advances legislation to provide additional Full-Day Kindergarten Conversion Aid. These additional funds will further support school districts transitioning to full-day programs, and will strengthen the quality of education for five-year-old children in the State.

## Empire State After School Program

The FY 2019 Budget provides \$10 million to fund a second round of Empire State After School awards. These funds will provide an additional 6,250 students with public after school care in high-need communities across the State. Funding will be targeted to districts with high rates of childhood homelessness. In addition, to help deter potential gang activity or involvement, \$2 million will be targeted to vulnerable and at-risk communities. This expanded initiative will keep young people engaged in safe environments in sports, music, and other educational programming during after school hours.

## Early College High Schools

New York currently has 60 early college high school programs serving thousands of students in every region of the State. These programs allow students to get a jump start on college by providing opportunities to earn college credit or an associate's degree. To build upon the success of the existing programs, the Budget commits an additional \$9 million to create 15 new early college high school programs. This expansion will target communities with low graduation or college access rates, and will align new schools with in-demand industries such as technology, sports management and finance.

## Smart Start

Computer science and engineering are among employers' most in-demand skills. To continue building New York's pipelines in these critical areas, the FY 2019 Budget creates the *Smart Start* program and provides \$6 million to expand high-quality computer science and engineering education. Grants will support teachers with resources and professional development opportunities, and will further expose students to valuable curricula. Schools that receive an award will work with their Regional Economic Development Councils to tailor the program to the needs of regional businesses and emerging employment growth sectors. In addition, the Budget advances legislation to convene a working group of industry leaders and top educators to create model computer science standards to be made available to any school. Together, these initiatives will strengthen New York's computer science and engineering pipelines and prepare students for the jobs of tomorrow.

## No Student Goes Hungry

The Executive Budget proposes legislation and additional funding for several new initiatives to provide students of all ages, backgrounds and financial situations access to healthy, locally-sourced meals to address child hunger. Through the No Student Goes Hungry program, the State will:

- **Ban Lunch Shaming Statewide.** The Budget includes legislation to ban lunch shaming practices in all schools, including serving alternative lunches (e.g., a cold cheese sandwich) to students who cannot pay at the point of services. Instead, schools would be required to provide the student with a regular meal. In addition, schools would be required to submit a plan that includes a notification process for a student's parents if their child's school meal account balance is low, communication procedures to support families' enrollment in free or reduced price meal programs for their children, and an explanation of the school's unpaid meal policies.
- **Support Breakfast After the Bell.** To improve access to breakfast for the State's poorest students, beginning with the 2018-19 school year, schools with more than 70 percent of students eligible for free or reduced-price lunch will be required to provide breakfast after the school day has begun. Examples of Breakfast After the Bell models include breakfast in the classroom, extended cafeteria hours, food kiosks and vending machines that dispense healthy breakfasts to students. To ease the transition, the State will provide \$7 million in capital funds for equipment such as coolers and vending machines, and an additional \$5 million in funding to support reimbursement to schools for anticipated increases in the number of meals served.
- **Expand the Farm to School Program.** The Budget doubles the State's existing Farm to School grant program from \$750,000 to \$1.5 million. This program helps connect schools with local farmers, offering technical assistance and capacity in the school to source local products.
- **Increase the Use of Farm-Fresh, Locally Grown Foods at School.** To incentivize schools to use more local farm-fresh products, the Budget increases the reimbursement schools receive for lunches from the current \$0.06 per meal to \$0.25 per meal for any school district that purchases at least 30 percent of its food from New York farmers and growers.

### Advanced Placement and International Baccalaureate Access

New York State has one of the highest rates of participation in Advanced Placement (AP) and International Baccalaureate (IB) coursework in the country. Unfortunately, the cost of assessments associated with these courses can serve as barriers to student participation, especially for students from low-income households. While partial supports exist, the remaining costs can still be a burden. The FY 2019 Budget includes an additional \$2 million – \$4 million total – to subsidize AP and IB exam fees for thousands of low-income students across the State. The Budget also provides \$500,000 in grants for technical assistance to support school districts that wish to provide advanced courses and do not currently do so or do so only on a very limited basis. Combined, these initiatives will provide further access to advanced coursework for low-income students, and will promote educational equity across the State.

### Charter Schools

Reflecting reforms enacted in FY 2018, the FY 2019 Executive Budget increases charter school tuition in alignment with public school spending, and provides New York City charter schools with a total per pupil funding increase of 3 percent. This allows charter schools to continue to innovate, recruit high-

quality teachers and staff, and provide strong educational options for New York’s families and students. Additionally, the Budget increases support for new and expanding charter schools located in privately leased space in New York City by updating the charter facilities aid calculation to better reflect actual costs.

## Nonpublic School Programs

Approximately 400,000 elementary and secondary students attend more than 1,600 non-public schools in New York State. The Executive Budget increases aid by 3 percent to \$186 million to reimburse nonpublic schools’ costs for State-mandated activities. The Budget also continues the two-year \$60 million appropriation, first enacted in FY 2017, to accelerate reimbursement for the Comprehensive Attendance Policy (CAP) program. In addition, the Budget continues a \$5 million reimbursement program for science, technology, engineering, and math (STEM) instruction.

## Summer School Special Education Programs

The Executive Budget proposes to more closely align State reimbursement to school districts for summer school special education tuition costs with the wealth-equalized aid ratio used to reimburse school districts for similar programs operated during the school year. This change would conform reimbursement for summer school special education tuition costs with the more equitable wealth adjusted financing structure of the State’s School Aid funding system. Summer school special education transportation and maintenance costs will continue to be funded by the State at current rates.

## Other Budget Actions

- **Master Teachers Program.** Building on the success of Governor Cuomo’s Master Teacher Program – which has awarded more than \$50 million total to 900 teachers – the Budget provides \$1 million to fund an additional cohort of master teachers in high-need districts. Each master teacher is awarded \$15,000 per year for four years (\$60,000 total). Those selected as master teachers will pledge to engage in peer mentoring, participate in and lead professional development activities, work closely with pre-service and early career teachers to foster a supportive environment for the next generation of STEM teachers, and ensure the most innovative teacher practices in STEM are shared across all grades and regions.
- **Gang Prevention Education Program.** The Budget invests \$1.5 million over three years to support gang prevention and resistance initiatives for middle- and high-school students in at-risk communities. These funds will help students avoid gang recruitment, peer pressure, and delinquent behaviors.

- **Empire State Excellence in Teaching Awards.** To recognize and honor excellence and innovation in the classroom, the Budget provides \$400,000 to fund a third round of Empire State Excellence in Teaching awards. This funding will be awarded on a regional basis and will recognize at least 60 teachers. Awardees receive \$5,000 to use for professional development activities, including coursework to enhance expertise, attendance at a state or national education conference, or enrollment in a summer institute or certification program.
- **Improving School Mental Health.** Trauma at early ages has been found to lead to learning difficulties and ongoing behavior problems. To better support students, the Budget invests \$250,000 to create enhanced mental health support grants for community schools. These funds can be used to provide wrap-around mental health services, improve school climate, combat violence and bullying, and support social-emotional learning.
- **Recovery High Schools.** The Executive Budget authorizes BOCES non-component school districts, including the Big Five city school districts, to participate in recovery high schools. Recovery schools are alternative high schools which provide sober environments where students in recovery can learn in a substance-free, supportive environment. Outcome studies have found 70 percent of students attending recovery schools successfully maintain sobriety for a full year after treatment; this is only true for 30 percent of students who return to their community high schools. Recovery high schools are supported by BOCES, which are funded by sponsoring school districts. Enrollment is open to high school students diagnosed with a substance use disorder and a commitment to recovery.
- **Reining in Expense-Based Aids.** Since FY 2012, school district spending on non-instructional expenses such as construction and transportation has far outpaced inflation. To encourage school districts to control spending and free up additional State resources for more progressive Foundation Aid increases, the FY 2019 Budget advances legislation to cap growth in major expense-based aid categories to 2 percent beginning in the 2019-20 school year.







Division of  
the Budget

## ENVIRONMENT, ENERGY & AGRICULTURE



Continue funding the

**\$2.5 BILLION**

**CLEAN WATER INFRASTRUCTURE ACT**

to support clean water.



Renew funding for the

**ENVIRONMENTAL  
PROTECTION FUND**



at **\$300M**,  
the highest  
level in  
history.



**\$50M** towards completing the  
Hudson River Park.

**\$65M** initiative to combat harmful  
algal blooms in Upstate New York  
water bodies.



Further the **\$900M**  
**NEW YORK PARKS 2020 INITIATIVE**

Invest another **\$90M** to transform  
New York's parks, recreation, and  
historic facilities.

## Budget Highlights

### Invest in Clean Water.

Continue funding for the unprecedented \$2.5 billion Clean Water Infrastructure Act to support clean water, including to combat harmful algal blooms in Upstate New York waterbodies.

**Promote Environmental Protection.** Renew funding for the EPF at \$300 million, the highest level in history.

**Further the \$900 Million NY Parks 2020 Initiative.** Invest \$90 million to transform New York's parks, recreation and historic facilities.

**Complete the Hudson River Park.** Provide \$50 million towards completing the Hudson River Park.

**Enhance Food Safety and Inspection.** Invest \$2.6 million to provide a state-of-the-art food inspection system.

**Bolster the Hemp Industry.** Invest a total of \$2.65 million to establish a new industrial hemp processing facility and a seed certification and breeding program to grow the State's hemp industry.

**Launch Energy Storage Initiative.** To enhance New York's ability to store renewable energy and dispatch it when needed, this initiative deploys 1,500 megawatts of energy storage by 2025 and employ 30,000 New Yorkers in this industry.

The FY 2019 Executive Budget renews the historic funding level for the Environmental Protection Fund (EPF), preserves funding for the unprecedented \$2.5 billion clean water program, and supports capital funding plans for environmental and recreational facilities. 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 enable the transformation of the electric power transmission system to a distributed smart grid network.

## Overview

The State's environmental, energy and natural resource agencies and authorities support and regulate land use planning and preservation, recreation and tourism, agricultural development, protection of water resources, food safety, 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 to enhance the health, safety, and welfare of New Yorkers 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 enjoyable and safe recreational and interpretive opportunities for New York State residents and visitors, and functions as a steward of New York's valuable natural, historic, and cultural resources. OPRHP operates the State park system, a network of 180 State parks and 35 historic sites. In 2016, the system welcomed a record 69 million visitors.

Together, DEC and OPRHP oversee 5.35 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) has wide-ranging responsibilities, including food safety inspection, agricultural economic development, farmland protection, animal and plant health surveillance, and control of agricultural runoff (nonpoint source pollution) that can lead to water contamination.

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 \$31 billion in annual revenue. DPS oversees the siting of major utility infrastructure, and provides oversight of cable franchise agreements and telecommunications service. Additionally, DPS provides oversight of the New York State Energy Research and Development Authority’s (NYSERDA) implementation of the PSC-approved Clean Energy Fund and Clean Energy Standard.

The New York Power Authority (NYPA) supplies power statewide through two large hydroelectric facilities and more than 1,400 miles of transmission lines. NYPA is also helping to reimagine New York’s energy system by providing enhanced clean energy services to its customers and moving towards becoming the first fully digitized utility in the country to more effectively manage its assets.

## Protecting the Environment and Investing in Agriculture

Governor Cuomo has made unprecedented investments in the State’s environmental, energy and agricultural programs. These include:

- Enacting the unprecedented \$2.5 billion Clean Water Infrastructure Act of 2017, to protect public health and the environment through investments in drinking water, wastewater and source water protection;
- Establishing the \$400 million Water Infrastructure Improvement Act of 2015, a municipal clean water infrastructure grant program;
- Extending the State Superfund hazardous waste cleanup program by \$1 billion;
- Creating the \$900 million NY Parks 2020 initiative;
- Investing over \$330 million in environmental projects through the New York Works program;
- Increasing the EPF to an historic \$300 million level;

### Performance Profile

**Breaking Parks Attendance Records.** The Governor’s \$900 million investment through the NY Parks 2020 initiative has so far resulted in capital improvements at 128 parks statewide, spurring a record 69 million visitors in 2016.

**Setting New Highs for State Fair Attendance.** The \$120 million to modernize the State Fair has paid dividends. The 1.16 million visitors at the 2017 State Fair exceeded the previous record set in 2016.

**Achieving the Nation’s Lowest Per Capita CO<sub>2</sub> Emissions.** New York has the lowest per capita carbon dioxide emissions of any state in the country, with 9 metric tons of carbon dioxide per person.

**Cleaning New York’s Water.** To date, 300 municipalities have been awarded funding totaling nearly \$550 million to improve water quality through the Water Infrastructure Improvement Act of 2015 and the Clean Water Infrastructure Act of 2017.

**Promoting New York Agricultural Products.** The New York Grown and Certified program, since its launching in 2016, has certified over 1,475 farms, representing over 640,000 acres of farmland.

- Launching the Empire State Trail with a \$200 million investment towards what will be the largest multi-use state trail network in the nation; and
- Allocating \$120 million to upgrade and transform the historic New York State Fairgrounds into a world-class, multi-use entertainment and exhibition facility.

The Governor is committed to protecting open space and improving access to wildlife-related recreation. This is reflected in his acquisition of the former Finch Pruyn Lands, the largest single addition to the Adirondack Forest Preserve in more than a century. The Governor enacted the NY Open for Fishing and Hunting initiative, which streamlined licensing and reduced hunting and fishing fees. He also provided for dozens of new and improved ways to access the State's natural resources, including through the launch of the Adventure NY program in 2017.

The State has invested more in agriculture during Governor Cuomo's tenure than at any point in history, including record levels of grant funding through the EPF and the Ag&Mkts local assistance budget. The Governor has also supported strategic investments to modernize the State Fair, grow the agriculture industry in the Southern Tier, and protect farmland in the Hudson Valley. Through the Taste NY and NYS Grown and Certified programs, Governor Cuomo has prioritized the promotion of locally grown and produced foods and products.

The FY 2019 Executive Budget maintains support for critical environmental protection programs. To ensure that current and future New Yorkers have access to clean water, the Budget continues funding for the multi-year \$2.5 billion Clean Water Infrastructure Act, enacted in 2017, which will continue to support drinking water, wastewater, and source water protection initiatives.

Support for the EPF, which provides dedicated funding to communities throughout New York to improve the environment, will continue at \$300 million. This is the highest level of annual funding since the creation of the EPF and an increase of \$166 million since the Governor took office.

The Budget also includes \$136 million of new capital appropriations for DEC, OPRHP, Ag&Mkts, and the Olympic Regional Development Authority (ORDA). These resources will be utilized to continue the State Fair modernization plan, accelerate improvements to the State's recreational assets, and fund infrastructure projects statewide, spurring the creation of jobs and leveraging private sector and Federal investment.

## Leading the Fight Against Climate Change

The Governor has taken major actions to combat climate change and reduce greenhouse gas emissions. New York has the lowest per capita carbon dioxide emissions of any state in the country, with 9 metric tons of carbon dioxide per person. To further enhance New York's standing, the Governor has set the most ambitious greenhouse gas emissions reduction targets in the nation – 40 percent by 2030 and 80 percent by 2050, as part of the 2015 State Energy Plan.

Most notably, these steps include launching the Reforming the Energy Vision (REV), a comprehensive strategy to build a clean, resilient and affordable energy system for all New Yorkers. REV initiatives include the Clean Energy Standard, which will grow renewable energy to 50 percent of power generation by 2030, and the 10-year, \$5 billion Clean Energy Fund, which drives investment in clean energy and energy efficiency. The fund supports the Governor's \$1 billion NY-Sun solar energy program, and the \$1 billion NY Green Bank, which partners with the private sector to increase investment in clean energy projects.

In June 2017, Governor Cuomo formed the U.S. Climate Alliance with the Governors of California and Washington State to ensure that New York State and 297 other willing partners continue to meet or exceed the targets of the Paris Agreement on climate change. And in August 2017, Governor Cuomo and the eight other states participating in the Regional Greenhouse Gas Initiative agreed to reduce the cap on emissions from power plants an additional 30 percent below 2020 levels by 2030.

In hastening the transition to a sustainable future, Governor Cuomo is also cultivating a vibrant clean energy economy that now employs more than 150,000 New Yorkers. Further, the rate of job growth in this sector far outpaces growth in the economy at large.

To position New York as the leading offshore wind market in the United States and to drive competition, reduce costs and create high quality jobs in this emerging industry, Governor Cuomo is calling for New York State to procure at least 800 megawatts of offshore wind power, enough clean, renewable energy to power 400,000 New York households. To support this, two solicitations will be issued in 2018 and 2019. New York is also a leader in deploying electric vehicles through the Zero Emission Vehicle MOU, Charge NY, the Drive Clean rebate and DEC's municipal ZEV rebate program.

This year, Governor Cuomo is calling on the Comptroller to divest the New York Common Fund from Fossil Fuel Investments. In 2017, the Common Fund listed holdings in more than 50 oil and gas companies that have been identified as among the 100 most carbon-intensive in the world, a figure that has increased since 2016. With billions of public employee dollars invested in the fossil fuel industry, and nearly \$1 billion invested in ExxonMobil alone, the Common Fund holds increasingly risky financial investments for New Yorkers, particularly as both New York State and the world back away from the use of fossil fuel as a primary energy source.

**Table 7: Summary of Spending (All Funds)**

Category	FY 2018 (millions)	FY 2019 (millions)	Change	
			Dollars (millions)	Percent
Department of Environmental Conservation	1,153	1,253	100	9%
Office of Parks, Recreation and Historic Preservation	344	356	12	3%
Department of Agriculture and Markets	130	132	2	2%
Department of Public Service	80	81	1	1%
Hudson River Valley Greenway	5	22	17	340%
New York Power Authority	3	14	11	367%
Energy Research and Development Authority	24	23	(1)	(4%)
Adirondack Park Agency	5	5	0	0%
<b>Total Environment and Energy Spending</b>	<b>1,744</b>	<b>1,886</b>	<b>142</b>	<b>8%</b>

The Budget increases capital funding for the environment, and maintains funding at current levels for agricultural, environmental, and parks operating programs.

- Department of Environmental Conservation.** Total spending for DEC increases by \$100 million, reflecting spending growth from the Clean Water Infrastructure Act and increases in other capital program spending.
- Office of Parks, Recreation and Historic Preservation.** Total funding for OPRHP increases by \$12 million, reflecting growth in New York Works spending.
- Department of Agriculture and Markets.** Total funding for Ag&Mkts increases by \$2 million, reflecting growth in capital spending for the State Fair modernization.
- Department of Public Service.** Total funding for DPS increases by \$1 million, reflecting growth in State operating spending.
- Hudson River Valley Greenway.** Total funding for the Greenway increases by \$17 million, reflecting capital spending for the new Empire State Trail.
- New York Power Authority.** Total funding for NYPA increases by \$11 million, reflecting capital spending for the new Empire State Trail.
- New York Energy Research and Development Authority.** Total funding for NYSERDA decreases by \$1 million, reflecting a reduction associated with one-time capital spending.

## Proposed FY 2019 Budget Actions

- **Renew Record Funding for the Environmental Protection Fund.** The Budget continues EPF funding at \$300 million, the highest level of funding in the program's history. Appropriations include \$39 million for solid waste programs, \$86 million for parks and recreation, \$154 million for open space programs, and \$21 million for the climate change mitigation and adaptation program. This investment will provide funding for critical environmental programs such as land acquisition, farmland protection, invasive species prevention and eradication, enhanced recreational access, water quality improvement, and an aggressive environmental justice agenda.
- **Advance the NY Parks 2020 Initiative and Create a New State Park.** In furtherance of the NY Parks 2020 initiative, which is investing \$900 million in State Parks by 2020, the Budget allocates \$90 million in New York Works capital funding to OPRHP. This funding will aid the ongoing transformation of the State's flagship parks and support critical infrastructure projects. As part of Parks 2020, the State will invest \$15 million to transform the former Pennsylvania and Fountain Avenue landfills into a 407-acre State Park on the shores of Jamaica Bay, creating the largest State Park in all of New York City with 3.5 miles of paths and trails.
- **Complete the Hudson River Park.** The Budget includes \$50 million in capital funding for the Hudson River Park, which will help fulfill the Governor's commitment to complete the park, in partnership with New York City. This funding continues the Governor's support for the park, which has received annual funding for redevelopment and infrastructure repairs. Encompassing over 500 acres and stretching 4.5 miles along Manhattan's West Side, the park is currently 77 percent complete.
- **Support DEC Capital Projects through NY Works.** The Budget includes \$40 million for DEC to address a variety of capital needs to improve access to State lands, rehabilitate campgrounds, and upgrade its recreational facilities, all as part of the Adventure NY program. This funding will also provide for health and safety repairs to State infrastructure, including dams, wetland restoration, State lands, and fish hatcheries.
- **Contain and Treat the Grumman Contamination Plume.** New York is fast tracking construction of a new, state-of-the-art well system to fully contain and treat the plume of contamination caused by industrial waste from the U.S. Navy and Northrop Grumman Bethpage manufacturing facilities in Oyster Bay, Nassau County. The full containment and treatment system is estimated to cost at least \$150 million to construct. The Executive Budget includes sufficient appropriations to support expected outlays in FY 2019, and the State will pursue reimbursement from the U.S. Navy and Northrop Grumman.



- **Attack Harmful Algal Blooms.** Using resources from the Clean Water Infrastructure Act and the Environmental Protection Fund, the State will implement a \$65 million initiative to combat harmful algal blooms in Upstate New York water bodies. The resources will be used to develop action plans to reduce sources of pollution that spark algal blooms, and provide grant funding to implement the action plans, including the installation of new monitoring and treatment technologies.
- **Overhaul Niagara Falls Wastewater Treatment Facility.** The Budget invests \$20 million to launch phase one of the comprehensive infrastructure and operational improvements at the Niagara Falls Wastewater Treatment Facility. In response to a discharge incident last summer, and following an investigation by the Department of Environmental Conservation, phase one of the overhaul will focus on making critical improvements to the wastewater system to deter future discharges and protect water quality for residents and visitors.
- **Empire Forests for the Future Initiative.** To encourage sustainable forestry practices, the Executive Budget includes legislation to reform the forestry property tax exemption law, establish grant programs in support of sustainable forestry, provide assistance to municipalities disproportionately impacted by the exemptions, and create a procurement preference for New York wood products. This legislation will help alleviate development pressures on the State's 14 million acres of privately owned forest lands, conserve open space, support sustainable forest-based industries, encourage renewable energy development, and reduce unfunded mandates on local governments.
- **Increase Food Donation and Recycling of Organic Waste.** The Executive Budget includes legislation to reduce food waste by requiring large volume food waste generators, such as supermarkets, restaurants, colleges and hospitals, to divert excess food to food banks and to recycle and compost food scraps. This bill would help curtail hunger, address food insecurity, divert food waste from landfills, and reduce methane emissions, a harmful greenhouse gas caused by degrading food. In furtherance of this legislation, the Executive budget proposes \$2 million in funding for municipalities and food banks to support food donation and the recycling of food scraps.
- **Expand Access to New York Grown Agricultural Products.** Since its inception in 2013, the Taste NY program has helped 1,100 local companies reach consumers across the globe. The New York Grown and Certified program, since its launching in 2016, has certified over 1,475 farms, representing over 640,000 acres of farmland. Building on this success, the Budget continues funding for initiatives that connect New York's food and beverage producers with consumers, including:
  - \$1.1 million for the Taste NY program. This program promotes the wide variety of foods and beverages grown and produced in the State, making them readily available and recognizable to New Yorkers and the public around the globe;

- \$27.3 million for the New York State Grown and Certified program. This program is designed to strengthen consumer confidence in New York State products, address food product labeling, and assist New York farmers so they can take advantage of the growing demand for local, high quality food;
  - \$625,000 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; and
  - \$40,000 to evaluate and test hop varieties in New York to increase the availability of locally grown hops for the State's growing craft brew industry.
- **Improve Access to Healthy, Locally Sourced Food in Schools.** The Budget promotes the Governor's No Student Goes Hungry Program with \$1.5 million available to the Farm-to-School Grant Program, an increase of \$750,000 from FY 2018. The Farm-to-School program helps Kindergarten through Grade 12 schools connect with local farmers, increase the use of locally grown food on school menus, improve student health, and educate young people about agriculture. At this funding level, the program would serve an estimated total of 18 projects and 328,000 additional students, bringing the estimated total number of students served to 652,000. To further this commitment, the Budget also proposes funding of \$267,000 for the New York Agriculture in the Classroom program, in order to continue in-school programs that teach young children about eating healthy, fresh foods.
  - **Maintain Core Agriculture and Markets Local Assistance Funding.** Funding is continued for core agricultural programs that protect health and safety, provide education, and support the promotion of New York State products. Programs include the Migrant Childcare program, Cornell Veterinary Diagnostic Laboratory, Cornell Pro-Dairy, the Wine and Grape Foundation, and Farm Family Assistance.
  - **Enhance Food Safety and Inspection.** The Budget includes \$2.6 million for the Department of Agriculture and Markets to partner with the Office of Information Technology Services to provide a state-of-the-art food inspection system to modernize food safety. By enabling inspectors to more efficiently review, report and store licensing and inspection information, this technology will improve the State's capacity to conduct inspections and to educate the industry to increase access to safer foods and ensure maximum compliance.
  - **Establish New York as the Leader in Industrial Hemp Production.** As part of a comprehensive package to grow the industrial hemp industry, the Budget invests \$650,000 to establish a new industrial hemp processing facility in the Greater Binghamton area, and \$2 million for a seed certification and breeding program to begin producing New York seed to meet growing demand. Previous State investments have helped triple the number of growers participating in industrial hemp research, resulting in the planting of approximately 2,000 acres of the crop.

- **Launch Unprecedented Energy Storage Initiative to Increase Transmission of Clean, Renewable Energy.** To enhance New York’s ability to store renewable energy and dispatch it when needed, Governor Cuomo is launching an initiative to deploy 1,500 megawatts of energy storage by 2025 and employ 30,000 New Yorkers in this industry. To help reach this goal, the NY Green Bank will commit at least \$200 million for storage-related investments to help drive down costs and to strategically deploy energy storage to where the grid needs it most. Additionally, NYSERDA will invest at least \$60 million through storage pilots and activities to reduce barriers to deploying energy storage (e.g., permitting, customer acquisition, interconnection, and financing costs). In addition to utility procurements and regulatory changes, these investments will be critical to jumpstart the market, and support robust and cost-effective project development on the way to achieving the 1,500 megawatt goal.



## HEALTH CARE

The Budget supports Medicaid services provided to more than **6 million** New Yorkers through **80,000 health care providers.**

### BENDING THE COST CURVE

Since the beginning of Governor Cuomo's Medicaid Redesign Team in 2011, New York Medicaid spending per recipient has dropped from \$9,556 to \$9,066, a **5 percent drop.**

### IMPROVED OUTCOMES

In 2017, the Commonwealth Fund's Scorecard of Health System performance **ranked New York 12th** among states in overall health quality, **improving 10 spots from the 2009 measurement.**

New York has been designated **the first age-friendly state** by the AARP and the World Health Organization for efforts to **support healthy aging** across the lifespan.



Since  
2014



has enrolled more than **4.1 million New Yorkers** in affordable health coverage.



The number of uninsured New Yorkers has declined by nearly

**900,000**

## Budget Highlights

**Establish Healthcare Shortfall Fund.** The Budget establishes a fund to ensure the continued availability and expansion of funding for quality health services to New York State residents and to mitigate risks associated with the loss of Federal funds.

**Establish a Healthcare Insurance Windfall Profit Fee.** The Federal tax plan gives health insurers a 40 percent cut on their corporate taxes while also transferring health care costs to the State. Accordingly, the Budget imposes a 14 percent surcharge on health insurer gains and reinvests it in vital health care services for New Yorkers.

**Advance the Governor's Women's Agenda.** The Budget advances legislation that will codify Roe v. Wade, protect access to contraception, and create a board to review every maternal death in New York State.

**Promote the First 1,000 Days of Life.** The Budget supports the development of a new initiative to expand access to services and improve health outcomes for young children covered by Medicaid and their families. Studies show that the basic structure of the brain is developed within the first 1,000 days of life.

The FY 2019 Executive Budget advances the Department of Health and the Medicaid Redesign Team's (MRT) critically important reforms aimed at improving the health of New Yorkers at a sustainable cost. It does this by delivering more effective models of care, sustaining the State's health benefit exchange, encouraging health care transformation and transition to value-based payment arrangements, promoting the State's Prevention Agenda, and building on investments in health care infrastructure. The Budget also creates a fund to preserve vital services in the face of Federal reductions.

## Overview

The Department of Health's (DOH) mission is to ensure that high quality health services are available to all New Yorkers. Consistent with this mission, DOH manages comprehensive health care and long-term care coverage for low- and middle-income individuals and families through the Medicaid, Child Health Plus (CHP), the Essential Plan (EP) and the 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 Center for Laboratories and Research. The Department also regulates all health care facilities in the State.

The Office of the Medicaid Inspector General 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. In 2017, New York was designated as the first age friendly state in the nation by the American Association of Retired Persons (AARP) and the World Health Organization.

## 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. Over six million individuals receive Medicaid-eligible services through a network of more than 80,000 health care providers and over 85 fully and partially capitated managed care plans. Total Federal, State and local Medicaid spending is expected to be \$70.2 billion in FY 2019.

Prior to 2011, Medicaid spending grew at an unsustainable rate, despite years of attempted cost containment, while the program failed to deliver quality outcomes for New Yorkers.

Recognizing the need to control spending growth and improve health care outcomes, Governor Cuomo commissioned the MRT, a new and inclusive approach to developing health care policy. Composed 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 tie future spending to a rational measure of growth – the 10-year rolling average of the Medical Consumer Price Index (currently estimated at 3.2 percent).

The MRT's innovative and collaborative work has bent the cost curve for the Medicaid program, reducing per recipient spending by 5 percent since 2011. In addition, these efforts have significantly improved the health care quality. In the Commonwealth Fund's 2017 Scorecard of Health System Performance, New York State improved, achieving a rank of 12<sup>th</sup> among states in overall health system performance compared to 22<sup>nd</sup> in 2009. Additionally, NY's performance improved on health care access (ranked 13<sup>th</sup> compared to 18<sup>th</sup> in 2009) and achieving healthy lives (ranked 11<sup>th</sup> compared to 17<sup>th</sup>).

The Executive Budget builds on this success through continued program reforms and targeted investments that will help introduce integrated models to transform care delivery, expand access to cost effective models of care and improve health outcomes at lower cost through New York's Medicaid program.

### Performance Profile

**Extending Coverage in the New York State of Health Marketplace.** Since its inception in 2014, the NY State of Health has enrolled more than 4.1 million New Yorkers in affordable health coverage. The number of uninsured New Yorkers has declined by nearly 900,000. Between 2013 and 2017 the rate of uninsured in the State declined from 10 percent to 4.7 percent, the lowest ever reported per the Centers for Disease Control.

**Bending the Cost Curve.** Between 2011, when the MRT began, and 2017, State Medicaid spending per recipient dropped from \$9,556 to \$9,066, or 5 percent. This has made it possible for the State to take over growth county Medicaid costs, saving them \$3.3 billion in FY 2019.

**Improving Outcomes.** In 2017, the Commonwealth Fund's Scorecard of Health System performance ranked New York 12<sup>th</sup> among states in overall health quality, ten spots better than the 2009 measurement. Additionally, NY has improved on health care access and achieving healthy lives.

**Supporting Healthy Aging.** New York has been officially designated the first age-friendly state in the nation by the AARP and the World Health Organization for efforts to support healthy aging across the lifespan.

**Table 8: Summary of Health Care Spending**

(All Funds Unless Otherwise Noted)

Category	FY 2018 (millions)	FY 2019 (millions)	Change	
			Dollars (millions)	Percent
Medicaid (Total All Funds)	68,404	70,097	1,693	2.5
Medicaid (Global Cap)	18,270	18,863	593	3.2
Department of Health Spending (Excluding Medicaid and BHP)	5,110	5,382	271	5.3
Essential Health Plan	3,770	3,888	118	3.1
Office of the Medicaid Inspector General	49	48	(1)	-1.2
Office for the Aging	229	227	(2)	-0.8

## Proposed FY 2019 Health Care Budget Actions

The Executive Budget reflects the continuation of the Medicaid spending cap enacted in FY 2012 and recommends funding consistent with its provisions. The cap ties growth to the 10-year rolling average of the Medical Consumer Price Index (currently estimated at 3.2 percent). The Budget achieves modest savings from public health and aging programs through program reforms and general cost-control efforts. The Budget also creates a fund to preserve vital services in the face of Federal reductions.

### Health Care Transformation

The success of the MRT and other State initiatives demonstrates that through constructive collaboration, unsustainable spending trends can be reversed while improving care delivery and health outcomes. A groundbreaking Federal waiver positioned the state to reinvest \$8 billion in Federal savings generated by Medicaid Redesign Team (MRT) reforms. The waiver is enabling New York to fully implement the MRT action plan, facilitate innovation, lower health care costs over the long term, and save scores of essential safety net providers from financial ruin. In the first three years, \$3.4 billion has been paid out under the waiver, which has been extended through March 31, 2021. This includes \$2.1 billion to 25 Performing Provider Systems (PPSs) statewide so that these consortiums of regional providers can implement approved Delivery System Reform Incentive Payments (DSRIP) program transformation projects; \$401 million for Health Homes and other reform initiatives; and \$500 million for financially distressed safety net hospitals whose viability is critical to achieving ongoing reforms.

Over the next year, these PPSs will continue to build upon their value-based payment arrangements. They will also continue to receive performance-based payments reflecting system transformation, clinical management and population health improvements, and progress toward the goal of reducing avoidable hospital use by 25 percent by 2020.

In addition, the State will continue implementation of the State Health Innovation Plan (SHIP) under the terms of a \$100 million Federal award, extended in December 2017 through 2020. Currently, in the third year of a multi-year phase-in, this plan will foster statewide access to high-quality coordinated primary care. SHIP develops resources within the health care system that will complement and build upon Medicaid reform efforts, including DSRIP, and translate these efforts to improved outcomes across New York's entire health care system.

### Protecting Health Care from Federal Threats

In 2017, New York State faced unprecedented and repeated assaults from Washington aimed at crippling the State's health care system. These attacks included attempts to repeal the Affordable Care Act, putting health care for millions of New Yorkers at risk along with billions of dollars in Federal Medicaid funding. Additionally, Federal funding for CHIP expired in September with no long-term solution in place. Further, the President took unilateral Executive action to withhold Cost Sharing Reduction (CSR) payments, threatening low-cost health insurance coverage for income eligible recipients when purchasing a Qualified Health Plan or Essential Plan coverage through the New York State of Health, New York's official health plan marketplace. The Budget assumes the continuation of these important programs and takes actions to protect the health care of New Yorkers, including:

- **Establishing Healthcare Shortfall Fund.** The FY 2019 Executive Budget creates a new fund to ensure the continued availability and expansion of funding for quality health services to New York State residents, and mitigate risks associated with the loss of Federal health care funds. This fund will be initially populated with funds from any insurer conversion.
- **Authorizing program modifications.** If necessary, to preserve vital service levels in the face of Federal reductions, the Budget allows for modifications in CHIP.
- **Establishing a Healthcare Insurance Windfall Profit Fee.** The Federal tax plan gives health care companies a 40 percent cut on their taxes while also transferring health care costs to the State. The Executive Budget imposes a 14 percent surcharge on health insurer gains to recapture \$140 million of those corporate tax savings and reinvest it in vital health care services for New Yorkers.



## Medicaid Redesign

The Executive Budget continues the implementation of MRT recommendations. These reforms represent critical modifications to the Medicaid long-term care program to ensure access to long-term care services and supports for a growing aging population, continued controls on Medicaid pharmaceutical costs, and incentives supporting the transition to value-based payment arrangements.

Medicaid Budget highlights include:

- **Managing Enrollment Growth in Managed Long Term Care (MLTC).** The MLTC benefit is streamlined by reducing administrative costs, banning contracted provider marketing, eliminating contracts with poor performing social adult day care providers, and increasing the eligibility threshold for providing MLTC services. The improvements also limit the number of contracts health plans can have with licensed home care service agencies, which organize the delivery of home care service, to bring consolidation to the marketplace and reduce variation in serve authorization.
- **Efficiencies in Long Term Care.** Consistent with Federal law, the Budget requires legally responsible relatives to support the cost of caring for an non-institutionalized family member receiving Medicaid, and limits the minimum level of resources retained by the spouse of a Medicaid recipient to qualify for long term care services and supports. Additionally, nursing home reimbursement will be reformed to encourage performance and the State will transform the nursing home patient acuity data collection process to provide improved rate adequacy.
- **Assisted Living Program Expansion (ALP).** The Budget invests in the expansion of the ALP across the state by re-deploying authorized, but un-used slots and developing new capacity to further the goal of providing care in the least restrictive setting and avoid unnecessary nursing home placement. Additionally, this expansion will facilitate readiness for the inclusion of the ALP benefit in Managed Long Term Care and develop access in underserved regions of the State.
- **Care Management for All.** The Budget continues the goal of Medicaid care management for all enrollees by 2019. Proposals will incentivize providers and Medicaid Managed Care plans to establish new value-based payment arrangements and strengthen existing ones. Care management will improve benefit coordination, quality of care, and patient outcomes over the full range of health care, including mental health, substance abuse, developmental disability, and physical health care services.
- **Pharmaceutical Pricing Efficiencies.** With enactment of the FY 2018 Budget, New York became the first state in the nation to pass sweeping legislation to control the skyrocketing cost of prescription drugs by setting an annual projected spending limit and providing the DOH with enhanced authority to negotiate additional rebates with manufacturers to maintain

spending within the spending limit. Negotiations have already resulted in several rebate agreements. Manufacturers that don't reach rebate agreements are subject to Drug Utilization Review (DUR) Board referral for a value-based review and recommendations for targeted supplemental rebates.

The FY 2019 Budget continues efforts to limit the rising cost of prescription drugs by extending the pharmacy drug cap within the Medicaid program for an additional year. Further, the budget enhances pharmacy oversight by creating a comprehensive medication management program, eliminating "prescriber prevails" and coverage for certain over-the-counter products, and implementing a medication adherence program.

- **Retail Practices.** The Budget authorizes the establishment of retail practices that would provide treatment and referral for common health care complaints in a retail setting such as a pharmacy, grocery store, or shopping mall. Studies have shown that retail clinics are 40-80 percent less expensive than alternate sites of care while providing commensurate quality. Retail practices offer extended hours with no appointment needed, increasing access to primary care services and providing an alternative to emergency room care.
- **Expand Telehealth and Community Paramedicine.** The Budget expands Medicaid covered telehealth services to home settings to allow for greater access to remote patient monitoring and alternative health care delivery models, which will facilitate the continued transformation of New York's health care delivery system. Additionally, the Budget creates a collaborative program among health care providers that would allow emergency medical personnel to provide non-emergency care in residential settings. The expansion of telehealth and the creation of the community paramedicine program implement recommendations from the Regulatory Modernization Initiative (RMI) and reduces unnecessary health care utilization.
- **Support Essential Health Care Providers.** The Budget provides \$396 million in continuing funding to support critical health care providers through the State's Vital Access Provider (VAP), Vital Access Provider Assurance Program (VAPAP) and Value Based Payment Quality Improvement (VBP QIP) programs. This funding provides transitional operating assistance to financially distressed health care providers to facilitate the redesign of health care delivery systems, improving financial stability and the availability of vital health care services.
- **Medicaid Integrity.** The Budget supports initiatives to expand the authority of the Office of the Medicaid Inspector General (OMIG) to recover overpayments to Medicaid managed care organizations (MCO) by expanding OMIGs fining authority, requiring MCOs to report all potential fraud, waste, or abuse, and allowing for the recovery of overpayments from MCO subcontractors or providers.
- **Certified Registered Nurse Anesthetists.** The Budget codifies the practice of nurse anesthesia and authorizes Certified Registered Nurse Anesthetists to practice to the full extent of their education and training, consistent with other States, to increase access to cost-effective anesthesia services while maintaining high quality of care.

- **Overutilization of Laboratory Services.** The Budget continues the effort to reduce unnecessary and avoidable health care costs by identifying overutilized laboratory services and reducing them to clinically appropriate levels. Reducing State payments to managed care plans that recommend unnecessary laboratory testing will encourage a more careful review of laboratory test ordering, and ensure that only medically necessary tests are performed.
- **Health Home Quality, Innovation, and Performance Improvement.** The Budget supports efforts to reform the Health Homes program by requiring background checks for care managers who interact with children and developmentally disabled Health Home members. Additionally, the Budget supports initiatives that would incentivize Health Home members who make proactive decisions to access preventative care, stay engaged in Health Home care management, and avoid unnecessary use of the Emergency Department. The Budget also incentivizes managed care plans and health homes to enroll high-risk enrollees into the Health Homes program to ensure that these individuals receive comprehensive care management for all their physical, behavioral health, and social needs, including access to Home and Community-based services.
- **Transportation Reforms.** The Budget supports investments in emergency ambulance reimbursement rates for Medicaid providers. Through these investments, the Budget ensures access to critical services for New York’s Medicaid enrollees. Additionally, the Budget continues the success of the State’s transportation manager by adding additional populations to the program. These efforts will ensure the most efficient and cost-effective modes of transportation for New York’s Medicaid beneficiaries.
- **First 1,000 Days of Life.** The Budget supports the development of the First 1,000 Days initiative, which will expand access to services and improve health outcomes for children covered by Medicaid and their families. Studies have shown that the basic structure of the brain is developed within the first 1,000 days of a child’s life. This makes it important to address the health needs of children and families, including social determinants impacting health.

DOH convened a workgroup with partners from the Department of Education and over 200 stakeholders from the health and mental health, education, early childhood, and child and family sectors. The workgroup developed a 10-point plan to strengthen the support network for children through initiatives such as statewide home visiting for expecting mothers, promoting early literacy, and a developmental inventory upon entry into kindergarten. Investments for this initiative will be largely effectuated through the State’s Medicaid program, which provides coverage to nearly 60 percent of children aged 0-3 in the State.

## Essential Plan

Essential Plan was launched in January 2016 as a more affordable health insurance option for low- and moderate-income New Yorkers. The program has been extraordinarily successful, with over 700,000 New Yorkers enrolling in two years. It has also generated over \$1 billion in State savings. The program is under threat from a Federal Government that is determined to disrupt and dismantle the health care delivery system and erode gains in health insurance coverage. Despite the withholding of Federal cost-sharing reduction payments, the State continues to support this important program.

## New York State of Health

In 2013, in accordance with the Federal Affordable Care Act, the Governor issued Executive Order #42 to establish a New York Health Benefit Exchange. 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, 55 percent less expensive than those available in 2013, prior to the creation of the marketplace. To date, over 4.1 million New Yorkers have enrolled in coverage through the marketplace. The number of uninsured New Yorkers declined by nearly 900,000 between 2013 and 2017. In June 2017, the United States Centers for Disease Control and Prevention reported that the uninsured rate in New York dropped to 4.7 percent, the lowest ever reported. The Executive Budget includes \$694 million in total funding for the operation of the NY State of Health.

## Public Health and Aging Programs

DOH and SOFA administer programs that support New York's public health and senior care systems. The Executive Budget provides more than \$370 million to support services provided by local governments, makes new investments, and reduces costs by restructuring programs and implementing administrative efficiencies. These actions will save an estimated \$67.4 million in FY 2019 and \$104.9 million in FY 2020. Key initiatives include:

- **Consolidate Health Care Resources to Achieve Savings.** DOH separately administers multiple public health awareness and prevention programs for a variety of priorities, including disease prevention, maternal and child health, public health workforce support, and programs that serve the health care needs of individuals. These programs range in size, have different contract periods, and allow for limited coordination to address emerging public health needs or improve health outcomes. The Budget recommends consolidating 30 public health appropriations that are duplicative and overlap into 4 pools. This will provide DOH with the flexibility to address emerging threats to public health while achieving a 20 percent spending reduction.
- **Reform Early Intervention (EI) Program.** The EI program provides a comprehensive array of therapeutic and support services to children under the age of three with confirmed disabilities (e.g., autism, cerebral palsy) or developmental delays. The program serves approximately 69,000 children annually and is jointly financed by Federal, State and local governments. The Budget includes a series of reforms to increase reimbursement from third-party insurers and streamline the evaluation process that will result in a State savings of \$3.2 million in FY 2019

and \$11.9 million in FY 2020. These actions also provide fiscal and administrative mandate relief to counties, and will generate cumulative local savings of more than \$69.5 million over five years without impacting service levels. Reforms include decreasing the time from referral to the provision of services for children referred to EI with a previously diagnosed condition, maximizing appeals of insurer payment denials, requiring insurers to maintain an adequate network for EI providers, and increasing provider rates.

- **Modernize the American Indian Health Program (AIHP).** AIHP provides pharmacy services to approximately 5,000 Native Americans living within Native Americans Nations. There are currently no cost-sharing, formulary, or generic substitution requirements. Increasing drug costs have led to substantial average annual growth (5 percent) from FY 2014 to FY 2017. The Executive Budget brings the AIHP pharmacy benefit in-line with other State supported pharmacy programs by implementing a co-pay and formulary structure, mandating generic substitution, and accessing drug rebates and discounts, saving \$1.5 million in FY 2019 and \$5.9 million in FY 2020.
- **Discontinue Cost of Living Adjustment (COLA) Payments.** The Budget discontinues DOH COLA payments saving \$19.9 million in FY 2019 and \$45.4 million on an annualized basis.
- **Continue Funding for the Nurse Family Partnership Program.** The FY 2019 Executive Budget shifts funding for the Nurse Family Partnership Program from the Office of Temporary and Disability Assistance (OTDA) to DOH.
- **Capital Financing for Essential Health Care Providers.** The FY 2019 Executive Budget includes an additional \$425 million capital investment for health care providers to transition into fiscally sustainable systems and to support capital projects, debt retirement, working capital and other non-capital projects. Of this amount, \$60 million will be directed to community based providers (i.e., clinics, home care, Assisted Living Programs (ALPs), primary care providers), and \$45 million will be directed to Residential Health Care Facilities. This investment will bring the total amount of capital support provided to health care providers for transformation efforts to \$3.7 billion over 5 years.
- **Life Sciences Laboratory Public Health Initiative.** The FY 2019 Budget continues support for a life sciences laboratory public health initiative, which will develop life science research, innovation and infrastructure through a joint effort between Empire State Development and the DOH. Building upon the \$150 million included in FY 2018, the FY 2019 Budget includes \$600 million to construct a new life sciences laboratory in the Capital Region. This initiative positions New York to attract private investment and jobs, a key component of the life science initiative.
- **Ending the AIDS Epidemic.** New York's investments in the prevention and care for individuals with HIV/AIDS have linked more people to care and decreased new infections. The number of people newly diagnosed with HIV has fallen to historic lows, with the number of new cases dropping nine percent from 2015 to 2016. The decrease is more than double that of the five years leading up to the 2014 launch of the Ending the Epidemic initiative. The FY 2019 Executive Budget continues the \$200 million multi-year commitment towards these efforts.

- **Maintain Funding for Elder Abuse Investigations.** The Budget continues the Governor's commitment to fighting elder abuse by including \$500,000 to expand Enhanced Multidisciplinary Teams (EMDTs). EMDTs bring together local entities with unique resources to investigate financial exploitation of the elderly. This funding will be used to draw down \$2 million in Federal funding through the Office of Victim Services to maintain and expand the EMDT program.

### Other Initiatives

- **Defending Reproductive Rights.** As part of Governor Cuomo's Women's Agenda, the Budget includes legislation that codifies the Supreme Court's Roe v. Wade decision and subsequent rulings into State law to secure women's access to reproductive health options. The legislation safeguards the right of women to make personal health care decisions to protect their health in addition to their life and ensures that health care professionals can provide these crucial services without fear of criminal penalty.
- **Ensuring Comprehensive Contraceptive Coverage.** As part of Governor Cuomo's Women's Agenda, the Budget includes legislation that protects the rights of New Yorkers to access contraception, including emergency contraception. Contraception has been a critical tool for women to gain economic and social independence. The use, accessibility, and availability of contraception also reduces the rate of unintended pregnancy and abortion.
- **Establish the Maternal Mortality Review Board.** As part of Governor Cuomo's Women's Agenda, the Budget includes the creation of a Board of experts within the Department of Health that will implement an enhanced multidisciplinary analysis to review each and every maternal death in the New York State and to develop actionable recommendations to improve care and management.
- **Protect our Children from Exposure to Lead Paint.** The FY 2019 Executive Budget implements measures in to help reduce the risk of exposure to lead paint. This includes municipalities reporting on the outcomes of inspections and remediation conducted in designated high risk areas. Local code enforcement will also be required to inspect residential rental property to assess for deteriorated paint as well as establish remedies for any violations.





**Division of the Budget**

## HIGHER EDUCATION

The Executive Budget provides a **\$103 million** increase in funding for higher education in New York, bringing total support to nearly **\$7.5 billion**.



State support increased

**\$1.4 BILLION**

since 2012.



Average tuition and fees at New York's public four-year colleges are **20 percent less** than the national average and lower than 39 other states.

The **DREAM Act** will open the doors of higher education to thousands of undocumented students, an investment in New York's future.



The Excelsior Scholarship **income eligibility threshold increases** to include New Yorkers with household incomes

**UP TO \$110,000**



**210,000**

students will attend SUNY and CUNY **tuition-free**



## Budget Highlights

**\$7.5 Billion for Higher Education.** The Executive Budget provides a \$103 million increase in funding for higher education in New York, bringing total support to nearly \$7.5 billion – an increase of \$1.4 billion or 24 percent since FY 2012.

**Launch the Second Phase of the Excelsior Free Tuition Program.** The Excelsior Scholarship income eligibility threshold is increased for the 2018-2019 academic year to include New Yorkers with household incomes up to \$110,000.

**Combat Exploding Student Loan Debt.** A series of new reforms will alleviate the crushing burden of student loans. The plan creates a student loan ombudsman, increases consumer protection standards and transparency for the student loan industry, among other changes.

**Pass the DREAM Act.** The DREAM Act will open the doors of higher education to thousands of undocumented students, an investment in New York's future.

**Require Food Pantries on all SUNY and CUNY Campuses.** To ensure consistent healthy food options are available, food pantries and other options will be required.

The FY 2019 Executive Budget expands access to higher education by launching the second phase of the Excelsior free tuition program, advancing a comprehensive plan to combat exploding student loan debt, and establishing the DREAM Act. The Budget also includes strategic investments that will ensure no student goes hungry on college campuses and provide New Yorkers with the tools and skills they need in the 21<sup>st</sup> century economy.

## Overview

New York State's higher education institutions educate over 1.2 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 more than 404,000 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 nearly 320,000 students. In addition, nearly 515,000 students attend the more than 100 private colleges and universities across the State. Over the past 10 years, enrollment at New York's public and private higher education institutions has increased by 85,000 (7 percent).

The State University Construction Fund (SUCF), City University Construction Fund (CUCF), and the Dormitory Authority of the State of New York (DASNY) administer 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.

The Higher Education Services Corporation (HESC) is New York State's student financial aid agency and a national leader in helping make college affordable for New York residents. HESC oversees numerous State-funded financial aid programs, including the new Excelsior Scholarship, the Tuition Assistance Program (TAP), the Aid for Part Time Study program, and 23 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 400,000 students. HESC also partners with the Office of the State Comptroller in administering the College Choice Tuition Savings program.

The State Education Department administers funding for higher education, including opportunity programs that help support the success of disadvantaged students.

## Expanding Access to Higher Education

Under Governor Cuomo’s leadership, New York is leading the nation in expanding access to a quality and affordable college education and providing our future workforce with the tools and skills they need in the 21st century economy. Today, a college education is more important than ever before: By 2024, 3.5 million jobs in New York State will require an Associate’s Degree or higher – roughly 420,000 more jobs than in 2014.

Funding for higher education has increased by \$1.4 billion since 2012 (24 percent) from \$6.1 billion to \$7.5 billion in the FY 2019 Executive Budget. The State is also providing \$1.2 billion for strategic programs to make college more affordable and encourage the best and brightest students to build their future in New York.

New York State has been aggressively reducing financial barriers to college. In 2011, the State enacted Governor Cuomo’s plan to end decades of unpredictable and sudden tuition hikes with a rational tuition system that limits SUNY and CUNY tuition increases. The average tuition at the State’s four-year public institutions is currently lower than 39 other states. In 2015, Governor Cuomo created the Get On Your Feet Student Loan Forgiveness Program to provide up to two years of student loan payments for recent college graduates.

Last year, building on the State’s already generous tuition assistance, New York launched the groundbreaking Excelsior Scholarship to provide tuition-free college for middle class families. The first-of-its-kind program covers tuition at New York’s public colleges and universities for families making up to \$125,000 a year, when fully phased in, ensuring that more than 53 percent of full-time SUNY and CUNY in-state students can go to school tuition-free.

The State is also helping to address other costs of college by investing \$8 million to help reduce the costs of textbooks through innovations like Open Educational Resources at SUNY and CUNY.

SUNY and CUNY campuses have also received significant support for their capital assets. Since FY 2012, the State has provided nearly \$700 million to enhance the learning structures and facilitate new innovations through the SUNY and CUNY 2020 programs.

### Performance Profile

**Improving Access to a College Education.** Along with other sources of tuition assistance, including the generous New York State Tuition Assistance Program, the Excelsior Scholarship will allow approximately 53 percent of full-time SUNY and CUNY in-state students, or more than 210,000 New York residents, to attend college tuition-free when fully phased in.

**Keeping Tuition Predictable and Affordable.** New York’s predictable tuition plan has kept public college tuition affordable. Average tuition and fees at New York’s public four-year colleges are among the lowest in the nation – \$2,030, or 20 percent less than the national average and lower than 39 other states.

**Improving On-Time Graduation.** On-time completion is a cornerstone of the Excelsior Scholarship helping to alleviate the crushing burden of student debt. This fall, SUNY and CUNY experienced a notable increase in the number of full-time freshman taking 15 credits or more in their first semester, the amount necessary to graduate on-time. CUNY experienced a 39 percent increase, while SUNY increased 11 percent.

**Table 9: Summary of Higher Education Spending (General Fund)**

Category	Academic FY 2018 (millions)	Academic FY 2019 (millions)	Change	
			Dollars (millions)	Percent
SUNY State-Operated Campuses (a)	2,943	2,954	11	0.4
CUNY Senior Colleges (a)	1,279	1,316	37	2.9
SUNY and CUNY Debt Service	1,205	1,240	35	2.9
HESC Financial Aid Programs	1,099	1,179	80	7.3
Community Colleges (b)	736	718	(18)	(2.4)
SED Programs (c)	126	84	(42)	(33.3)
<b>General Fund Total</b>	<b>7,388</b>	<b>7,491</b>	<b>103</b>	<b>1.4</b>

- (a) Includes funding for campus and hospital operations and employee fringe benefits. FY 2019 does not reflect \$78.6 million in support for SUNY hospitals that is reinvested into State-supported capital projects.
- (b) Decrease is largely attributable to enrollment declines at SUNY community colleges.
- (c) Decrease includes Bundy Aid and non-recurring appropriations for other programs, and does not reflect a new \$30 million reinvestment of aid to private colleges for strategic capital investments.

## Proposed FY 2019 Budget Actions

Building on the accomplishments of providing students with a path to an affordable quality college education, the Executive Budget proposes several strategic investments to ensure all of New York’s aspiring students can go to college and achieve their dreams.

- **Launch the Second Phase of the Excelsior Free Tuition Program.** In 2017, Governor Cuomo created the historic Excelsior Scholarship, a first-in-the-nation program that provides free tuition at New York’s public colleges and universities for middle class families. In FY 2019, the Excelsior Scholarship will enter the second year of a three-year phase-in. For the 2018-19 academic year, the Excelsior Scholarship income eligibility threshold will increase, allowing New Yorkers with household incomes up to \$110,000 to be eligible. To continue this landmark program, the Budget includes \$118 million to support free tuition for an estimated 27,000 students. Along with other sources of tuition assistance, the Excelsior Scholarship and State tuition assistance programs will allow approximately 53 percent of full-time SUNY and CUNY in-state students, or more than 210,000 New York residents, to attend college tuition-free when fully phased in.
- **Combat Exploding Student Loan Debt.** At a time when a college education is more important than ever, the cost of higher education is on the rise and student debt is reaching record highs. Today, student loan debt is the second highest debt category in the United States after mortgage debt, accounting for 10 percent of debt balance and amounting to \$1.48 trillion in total. The Executive Budget advances a comprehensive plan to further reduce student loan debt, including:

- Creating a Student Loan Ombudsman at the Department of Financial Services;
  - Requiring all colleges to annually provide students with estimates of their incurred student loans, including the amount of loans incurred to date, a range of the total payoff amount containing principal and interest, and the monthly repayment amount that the student may incur for the loan to date;
  - Enacting sweeping protections for students including ensuring that no student loan servicers or debt consultants can mislead a borrower or engage in any predatory act or practice, misapply payments, provide credit reporting agencies with inaccurate information, or any other practices that may harm the borrower; and
  - Prohibiting the suspension of professional licenses of individuals behind or in default on their student loans.
- **Pass the DREAM Act.** The Executive Budget includes legislation to implement the DREAM Act, opening the doors of higher education to thousands of New Yorkers. Since 2002, undocumented students qualify for in-state tuition at SUNY and CUNY if they graduated from a New York high school or received a GED in the state. Yet, each year, many talented students who graduate from New York high schools remain unable to fulfill their potential simply because they cannot afford the tuition and lack access to tuition assistance to help pay for school. The DREAM Act will give undocumented students access to the new Excelsior Scholarship, the Tuition Assistance Program, as well as other state-administered scholarships. An investment in young immigrants' futures is an investment in New York's future.
  - **Require Food Pantries on all SUNY and CUNY Campuses.** As part of the Governor's No Student Goes Hungry Initiative, all SUNY and CUNY schools will be required to either provide physical food pantries on campus, or enable students to receive food through a separate arrangement that is stigma-free so that all students on college campuses have access to healthy food options. In 2009, fewer than 10 campus food pantries existed at private and state colleges nationwide, and as of 2017, more than 570 currently exist. Only about half of all SUNY and CUNY campuses have food pantries currently in place. New York State would be the first state to require every public campus to have a food pantry.
  - **Expand the Murphy Institute for Worker Education and Labor Studies into the CUNY School of Labor and Urban Studies.** The Joseph S. Murphy Institute for Worker Education and Labor Studies, which was established in collaboration with New York City labor unions in 1984 to meet the higher education needs of working adults, now serves more than 1,200 adult and traditional-aged students across the CUNY system in undergraduate and graduate degree, and certificate programs focused on labor-related issues. The Institute provides higher education programs in three general categories including labor, urban studies, and worker education/workforce development. The Executive Budget includes a \$1.5 million investment to expand the institute into the CUNY School of Labor and Urban Studies, a recognition of the invaluable role the Institute plays in the CUNY community and as a center of labor discourse.

- **Make State Support for Private Colleges More Impactful.** The Executive Budget proposes a more impactful investment of State aid to New York’s independent colleges and universities, focused on strategic investments. Under a program popularly referred to as Bundy Aid, the State currently provides unrestricted financial support to more than 100 independent postsecondary institutions located in New York State. On average, Bundy Aid represents 0.1 percent of revenue for eligible colleges. To improve the focus of State resources and make it more impactful, the Budget discontinues the Bundy Aid program and reinvests funds in a new \$30 million competitive round of the Higher Education Capital Matching Grants program. Grants will support strategic investments at independent colleges to improve academic programs, enhance student life or provide economic development benefits to the college community. In addition, to make college more affordable for New York residents attending private colleges, the Executive Budget will include \$22.9 million for the second phase of the Enhanced Tuition Award program. Established in FY 2018, these awards enable students attending private not-for-profit colleges to receive financial assistance to complete their college degree. The program provides a maximum award of \$3,000, requires private colleges to provide a match and freeze student tuition for the duration of the award – maximizing the financial benefit to the student.



Division of  
the Budget

## HUMAN SERVICES



Continued support in the creation or preservation of more than **100,000 units of affordable housing** and **6,000 units of supportive housing**.

**\$100 million** to implement Raising the Age of Criminal Responsibility, protecting 16-and 17-year-old youth from the adult juvenile justice system.



Since 2012, the Governor's New York Youth Jobs Program has incentivized the employment of **31,000 jobs** at over **2,200 businesses** in areas with high youth unemployment.

## Budget Highlights

**\$20 Billion Affordable and Homeless Housing and Services Initiative.** The Budget continues to support the creation or preservation of more than 100,000 units of affordable housing and 6,000 units of supportive housing.

**\$100 Million to Implement Raising the Age of Criminal Responsibility.** Funding provides support for raising the age of criminal responsibility and reform measures, including comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system.

**New York Youth Jobs Program.** Following the 5-year extension of the program, enacted in FY 2018, the Budget increases the individual credit amounts by 50 percent for each employee.

**Summer Youth Employment Program.** The Budget increases funding for the Summer Youth Employment Program by \$4 million.

**Justice for Heroes.** The Budget allows law schools offering innovative proposals to address veterans' unmet legal needs to renew their grants for the next two years.

The FY 2019 Executive Budget continues the unprecedented \$20 billion investment in affordable housing, homeless housing, and homeless services. It also supports the minimum wage's rise to \$15 an hour, funds supportive services for the needy, and protect youth involved in the criminal justice system through implementation of raising the age of criminal responsibility.

## Overview

New York's human services programs promote the safety and well-being of the State's most vulnerable residents, safeguard workers' rights, and support New York's veterans and their families.

The Office of Temporary and Disability Assistance (OTDA) and the Office of Children and Family Services (OCFS) oversee programs that support and provide: financial assistance to elderly and disabled persons who are unable to work; services to public assistance recipients to prepare for and secure employment; child support enforcement; child care subsidies to assist low-income working families; protective services for children and adults; and services to at-risk youth in the community, local detention centers, and State operated facilities.

Homes and Community Renewal (HCR) preserves and creates affordable housing. The Office of National and Community Service (NCS) supports community service grants that provide youth education, assistance to individuals with disabilities, public health services, and disaster preparedness.

The Department of Labor (DOL) protects workers, promotes workforce development, and operates the State's Unemployment Insurance System. The Division of Human Rights (DHR) protects civil rights in the areas of employment, housing, public accommodations, education and credit.

The Division of Veterans' Affairs (DVA) connects 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

The obligation of a caring, compassionate society is to ensure that all people can share in economic growth. The FY 2019 Executive Budget delivers on the promise of progressive government and provides the necessary services to open doors of opportunity for all New Yorkers.

Under the Governor's leadership, progress continues on a slate of critical social and economic policies that are improving lives. This includes the efforts to provide New York's most vulnerable residents with affordable, safe and secure housing; restore fairness to hard work by raising the minimum wage to \$15 per hour; and support families tending to sick loved ones and their newest arrivals with a new paid family leave policy. In addition, the State's youth are afforded every opportunity to work and succeed while youth ages 16 and 17 are protected from the adult justice system.

The Governor's unprecedented \$20 billion investment in affordable housing, which is providing more than 100,000 units of affordable housing and 6,000 units of supportive housing, continues.

In April 2016, Governor Cuomo signed into law the nation's first statewide \$15 minimum wage plan, marking a major milestone in Governor Cuomo's efforts to restore economic justice and fairness to working families in New York State. Two annual increases to the minimum wage have taken place so far and, when fully phased in, an estimated 2.3 million people will benefit.

On January 1, 2018, New York State began the strongest, most progressive and most comprehensive paid family leave policy in the nation. New Yorkers can take job-protected paid time off to bond with a new child, care for a loved one with a serious health condition or help relieve family pressures when a loved one is called to active military service abroad. When fully phased in, New Yorkers will be eligible for up to 12 weeks of paid time off. Establishment of Paid Family Leave supports equality and dignity in both the workplace and home.

As part of ensuring that juveniles have a better opportunity to turn their lives around, the State continues to implement the Close to Home Initiative. Under this program, New York City youth

### Performance Profile

#### **Providing Economic Security.**

The FY 2019 public assistance caseload is estimated at 544,000 recipients, a decrease of approximately one million since enactment of the Federal Welfare Reform Act of 1996.

**Reducing Foster Care Caseload.** The foster care caseload declined from 37,000 in FY 2003 to 17,000 in FY 2017 due to the State's emphasis on preventive services.

**Delivering Jobs for Youth.** Since 2012, the Governor's New York Youth Jobs Program has incentivized the employment of 31,000 jobs filled by young adults at over 2,200 businesses in areas of New York with high youth unemployment.



requiring non-secure placement were transferred from OCFS to New York City custody to receive services closer to their home community. OCFS and New York City also fully implemented a plan to include youth requiring a limited secure placement in the program.

**Table 10: Summary of Spending (All Funds)**

Category	FY 2018 (millions)	FY 2019 (millions)	Change	
			Dollars	Percent
			(millions)	
Human Services	8,785	9,273	488.3	5.6
OTDA	4,830	5,109	279.1	5.8
OCFS	2,924	2,922	(2.0)	(0.1)
DOL	568	552	(16.1)	(2.8)
HCR	415	644	228.5	55.1
DVA	17	15	(1.7)	(9.7)
NCS	16	17	0.3	1.9
DHR	14	14	0.1	0.4

## Proposed FY 2019 Human Services Budget Actions

### Labor

- Expanding Employment Opportunities for Youth.** Since 2012, the New York Youth Jobs Program, formerly named the Urban Youth Jobs Program, has incentivized the employment of 31,000 jobs filled by young adults at over 2,200 businesses in areas of New York with high youth unemployment. This highly successful initiative, which connects youth with stable, well-paying jobs, was expanded in FY 2016, providing \$30 million for the original 13 targeted areas – including Albany, Brookhaven, Buffalo, Hempstead, Mount Vernon, New Rochelle, New York City, Rochester, Schenectady, Syracuse, Utica, White Plains, and Yonkers – and an additional \$20 million for young people across the State who live outside of those areas. To expand participation in this initiative, the FY 2019 Budget proposes to increase the tax credit that businesses receive to employ these youth by 50 percent, from \$500 to \$750 per month for up to the first six months, and from \$2,000 to \$3,000 for each employee who is employed for additional time periods after six months with a maximum full time hire credit of \$7,500.

### Housing

- Affordable Housing and Homelessness Initiative.** The Budget continues the \$20 billion, comprehensive five-year investment in affordable housing, supportive housing and related services to provide New Yorkers with safe and secure housing. This investment, which began in FY 2017, is creating or preserving over 100,000 units of affordable housing and 6,000 units of supportive housing. Funding includes \$3.5 billion in capital resources, \$8.6 billion in State and Federal tax credits and other allocations, and \$8 billion to support the operation of shelters and supportive housing units and to provide rental subsidies.

To ensure progress, the FY 2018 Budget fully appropriated, and the FY 2019 Budget continues, the additional capital resources needed for the following:

- Supportive Housing. \$950 million for the construction or operation of 6,000 supportive housing units throughout the State;
- New Construction. \$472 million for new construction or adaptive reuse of rental housing affordable to households that earn up to 60 percent of area median income (AMI);
- Senior Housing. \$125 million for developing or rehabilitating affordable housing targeted to low-income seniors, aged 60 and above;
- Rural and Urban Community Investment Fund (CIF). \$45 million for mixed-use affordable housing developments that may include retail, commercial or community development components;
- Middle Income Housing. \$150 million for new construction, adaptive reuse, or reconstruction of rental housing affordable to households that earn between 60 and 130 percent of AMI;
- Affordable Housing Preservation. \$146 million for substantial or moderate rehabilitation of affordable multi-family rental housing currently under a regulatory agreement;
- Mitchell-Lama Rehabilitation. \$75 million to preserve and improve Mitchell-Lama properties throughout the State;
- Public Housing. \$125 million for substantial or moderate rehabilitation and/or the demolition and replacement through new construction of public housing authority developments outside of New York City;
- Small Building Construction. \$62.5 million for rehabilitation and/or the demolition and replacement through new construction of buildings of 5 to 40 units;
- Home Ownership. \$41.5 million for promoting home ownership among families of low and moderate income and stimulating the development, stabilization, and preservation of New York communities;
- Mobile and Manufactured Homes. \$13 million for mobile and manufactured home programs;
- Main Street Programs. \$10 million for stimulating reinvestment in properties located within mixed-use commercial districts located in urban, small town, and rural areas of the State;

- New York City Housing Authority (NYCHA). \$200 million for projects and improvements related at housing developments owned or operated by NYCHA; and
- New York City Affordable Housing. \$100 million for the preservation, restoration or creation of affordable housing units in New York City. All units must be affordable to households earning up to 60 percent of AMI.

## Human Services


- **Implement Raise the Age.** The FY 2018 Budget raised the age of criminal responsibility to age 17 on October 1, 2018 and to age 18 on October 1, 2019. The FY 2019 Budget appropriates \$100 million for State and local costs related to Raise the Age, implementing and supporting reforms such as comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system. These reforms provide juveniles with the opportunity to find success while ensuring public safety.
- **Reauthorize Close to Home.** The FY 2019 Budget extends the Close to Home (CTH) initiative that was enacted in 2012, and expires on March 31, 2018, for an additional five years. CTH authorizes New York City's Administration for Children's Services (ACS) to provide juvenile justice services, including residential placement services, to NYC youth adjudicated in the court system as juvenile delinquents. The State reimbursement for this program is expiring.
- **Require Outreach and Comprehensive Homeless Service Plan.** Social services districts will be required to engage in planning activities related to street outreach, homelessness prevention activities, rapid rehousing, and ongoing housing stability for the formerly homeless. The State will require the social services districts to engage with ongoing efforts, set reasonable goals that are data-driven and uniquely tailored to the needs of its communities, and to report regularly on progress made. The Budget authorizes OTDA to withhold funding for districts that fail to implement an effective outreach program.
- **Restore Child Care Funding.** The FY 2018 enacted budget reduced child care subsidy funding by \$7 million. The FY 2019 Budget will return child care subsidy funding to the prior level of \$806 million.
- **Authorize 30 Percent Rest of State HIV/AIDS Rent Cap.** For public assistance recipients living with a medically diagnosed HIV infection, the Executive Budget enables counties outside of New York City to opt-in to restrict the client contribution to thirty percent of their income toward shelter costs. If offsetting savings are available from Medicaid services, the Executive Budget authorizes the establishment of the rent cap program in Rest of State counties.

- **Authorize Closure of Ella McQueen.** The Ella McQueen Reception Facility for Boys and Girls is an OCFS facility in Brooklyn that has been operating significantly below capacity. Male and female adjudicated delinquents between the ages of 13 and 18 spend 14 days at Ella McQueen, where they receive medical, psychological and other assessments before placement in an OCFS residential facility. The Budget would authorize the closure of this underused facility on 30 days notice.
- **Maintain Child Welfare Reimbursement with New York City Cap.** New York State reimburses local social services districts 62 percent of child welfare costs net of Federal funding. The Budget would cap this 62 percent reimbursement to New York City at \$320 million, the estimated State reimbursement amount in FY 2018.
- **Summer Youth Employment Program.** The Budget increases funding for the Summer Youth Employment Program by \$4 million, to \$40 million, to ensure that the State can continue to create job opportunities, while keeping pace with minimum wage increases. In 2017, approximately 19,000 youths were employed through the program.
- **Extend Anti-Discrimination Protections to Public Schools.** As part of the Women’s Agenda, the Budget defines “educational institutions” to include public schools to reaffirm that DHR has jurisdiction to investigate claims of discrimination, harassment, and bullying in public schools.
- **Add “Sex” as a Protected Class in the State Constitution.** The FY 2019 Budget advances a constitutional amendment to prohibit discrimination based on an individual’s sex, as part of the Women’s Agenda.




Division of the Budget

## LOCAL GOVERNMENT

New York State's County-Wide Shared Services Initiative resulted in 389 proposals totaling **\$208 million in projected savings** in 2018. The Budget includes matching funds for the first-year savings. 

### MANDATE RELIEF

New York has eliminated growth in the local share of Medicaid, saving counties **\$3.3 BILLION** in 2019.



Tier VI pension reform has already saved **\$631 million** for local governments (not including New York City) and school districts. This is saving State and local governments nearly **\$80 billion** over 30 years.

### CONTROLLING PROPERTY TAX GROWTH



Under the Property Tax Cap, the typical taxpayer saved more than **\$2,100** in just the first five years.

In 2018, the Property Tax Credit program reduces local property taxes by \$380 on average for **2.6 million homeowners.**



## Budget Highlights

**County-Wide Shared Services Initiative.** The Budget includes \$225 million to fund the State's match of savings from shared services actions included in property tax savings plans. The Budget also makes the county-wide shared services panels permanent and addresses various State obstacles to shared services.

**Aid and Incentives for Municipalities.** Maintains core local government assistance through the AIM program at \$715 million in FY 2019.

**Local Impact.** Executive Budget actions will provide a net positive impact of \$961.6 million for all local governments on a local fiscal year basis in 2019. Local governments will receive a total of more than \$40.9 billion in State support through major local aid programs and savings.

**Continued Mandate Relief for Counties.** The Budget maintains support for the takeover of county Medicaid costs by eliminating required growth over the prior year. Local Medicaid savings will total \$3.3 billion in FY 2019.

The FY 2019 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. The Budget includes \$225 million to match local savings associated with the County-Wide Shared Services Initiative, and supports additional property tax relief by making shared services panels permanent.

## Overview

Federal, state and local governments share in responsibility for funding and providing public services. It is incumbent on each to develop budgetary practices that enable improved service delivery while lowering taxpayer costs.

Under Governor Cuomo, New York State has improved services while holding annual spending growth to two percent. The State's commitment to finding and capturing efficiencies has positive impacts for all levels of government. For example, the Medicaid Redesign Team is containing growth in health care costs, allowing the State to take over all local Medicaid growth and creating Medicaid savings for the Federal government. Local property taxpayers, State taxpayers, and Federal taxpayers all benefit.

For generations, New Yorkers have faced high property taxes. Governor Cuomo has taken unprecedented steps to fight this burden by capping property taxes, investing in shared services and efficiencies, restructuring distressed local governments, and relieving mandates. The progress made is threatened by Federal tax reforms that limit the ability for taxpayers to deduct local and State taxes from Federal income tax liability. These changes effectively increase property taxes for many New Yorkers and harm the competitiveness and economic viability of local governments and the State.

The Executive Budget continues to encourage efficiency across all levels of government, and provides aid to assist local government in the provision of services.

New York's local government assistance programs provide general purpose aid to municipalities, as well as targeted grant programs and incentives for local government efficiency and consolidation actions. The Aid and Incentives to Municipalities (AIM) program provides unrestricted, general purpose aid to cities, towns, and villages.

Grant and incentive programs that provide funding related to municipal shared services, efficiencies, and consolidations include: Citizens Reorganization Empowerment Grants, Citizen Empowerment Tax Credits, Local Government Efficiency Grants, the Local Government Performance and Efficiency Program, the Municipal Restructuring Fund, the Municipal Consolidation and Efficiency Competition, and the County-Wide Shared Services Initiative.

Other programs provide aid to specific local governments, including Aid to Municipalities with Video Lottery Gaming Facilities (VLT Impact Aid), Miscellaneous Financial Assistance, and Small Government Assistance.

The Financial Restructuring Board for Local Governments assists distressed municipalities by conducting Comprehensive Reviews to develop recommendations for restructuring and improving fiscal stability. The Board may offer grants or loans to help implement its recommendations.

## Continuing to Address the Property Tax Burden

New York residents face some of the highest property tax burdens in the nation. Since taking office, Governor Cuomo has focused on fighting this burden by capping property taxes, investing in shared services and efficiencies, restructuring distressed local governments, and relieving mandates.

### State Property Tax Relief Programs

In his first year in office, Governor Cuomo advanced and secured approval of one of the strongest property tax caps in the country. Since enactment of the cap, property taxes have grown by an average of just 2.2 percent per year – less than half the average annual growth from 2000 to 2010.

To provide further relief, in 2014 the Governor worked with the Legislature to enact the Property Tax Freeze. The freeze program provided New York homeowners an average of \$500 in direct relief over three years, bringing the combined average savings from the tax cap and the tax freeze to \$2,600. The freeze program also encouraged local shared services, cooperation agreements, mergers, and efficiencies.

### Performance Profile

**Encouraging Local Shared Services.** The first shared services plans developed under New York State’s County-Wide Shared Services Initiative law include 389 proposals totaling \$208 million in projected savings in 2018.

**Controlling Property Tax Growth.** Under the Property Tax Cap, the typical taxpayer saved more than \$2,100 in just the first five years. Combined with the Property Tax Freeze, local taxpayers have saved more than \$17 billion.

**Providing Further Relief with the Property Tax Credit.** The Property Tax Credit, enacted in 2015, will provide an additional \$1.3 billion in property tax relief and an average credit of \$530 when the program is fully phased-in by 2019.

**Encouraging Consolidation and Tax Relief.** To date, \$9.7 million has been delivered through the Citizen Empowerment Tax Credit program to 19 local governments across New York where voters approved a village dissolution within their boundaries.



As a result of the tax cap and the tax freeze program, local taxpayers have saved more than \$17 billion. To ensure that these savings continue, at the end of the 2015 Legislative session, the Governor and Legislature extended the property tax cap through 2020.

In June 2015, an additional program was enacted to provide direct relief to struggling New York taxpayers – the Property Tax Credit. The program is progressively structured so that taxpayers with lower incomes receive a higher benefit. When the program is fully phased-in in 2019, it will provide \$1.3 billion of property tax relief and an average credit of \$530.

## Lowering Local Property Taxes by Investing in Local Government Shared Services and Efficiencies

One of the drivers behind New York’s high local government cost and property tax burden is the duplicative and overlapping local government structure. As part of the FY 2018 Budget, Governor Cuomo advanced and secured approval of the County-Wide Shared Services Initiative, which requires local governments in each county to meet to discuss and pursue opportunities for shared services that will permanently reduce the local property tax burden. The initiative requires the chief executive officer of each county to create a shared services panel composed of representatives from all the cities, towns, and villages in each county, as well as schools and special districts as optional members. The panels were tasked with creating property tax savings plans that consist of new shared services actions.

For plans finalized and submitted in 2017, the State will match net savings achieved in calendar year 2018, and for plans finalized and submitted in 2018, the State will match net savings achieved in calendar year 2019. In 2017, the State received 34 shared services plans that certified a combined total of \$208 million in projected savings.

The FY 2019 Executive Budget continues the successful County-Wide Shared Services Initiative by making the panels permanent and by authorizing \$225 million to match the first year of savings from plans submitted in 2017. In addition, the State will align funding for local government efficiency and shared services programs to ensure that they are consistent with the initiatives advanced by the shared services panels. This support will continue to empower local governments to implement actions that reduce the property tax burden on their taxpayers.

The Budget maintains support for a variety of local government restructuring and efficiency grants, including the following:

- **Local Government Efficiency Grants.** These competitive grants provide funding to help cover costs associated with local government efficiency projects, such as consolidation or shared 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.
- **Municipal Restructuring Fund.** Funding is provided to help local governments implement projects that will substantially transform the delivery of services or consolidate government entities, yielding permanent property tax reductions.
- **Municipal Consolidation and Efficiency Competition.** A consortium of local governments will receive up to \$20 million to implement a series of projects designed to modernize municipal services and reduce local property taxes. The competition was designed to empower counties and other local governments to pursue opportunities for consolidation, shared services, and other changes that will permanently reduce the property tax burden and change the structure of local government.
- **Citizens Reorganization Empowerment Grants.** Funding of up to \$100,000 is available to local governments for planning and implementing reorganization activities, such as consolidations and dissolutions.
- **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 must be used for direct relief to property taxpayers. The Budget includes a modification to the program to close an eligibility loophole and prevent disproportionate payments.

### Addressing Obstacles to Local Government Shared Services

After the successful first year of the County-Wide Shared Services Initiative, Governor Cuomo listened to local governments that identified barriers to shared services and directed State agencies to work with local governments to examine the legal and policy impediments. The FY 2019 Executive Budget advances reforms to address administrative and statutory obstacles to shared services.

- **Health Insurance Consortia.** The Department of Financial Services will publish guidance and provide technical assistance to local governments to ease the process of pooling health insurance among municipalities. Local health insurance costs have increased significantly across the State and employee benefits now account for more than 20 percent of local government spending. By leveraging the purchasing power of many governments, costs can be lowered, which would save local tax dollars without affecting employee health insurance plans.
- **Consolidate Zoning Functions.** In some places, local governments may wish to consolidate zoning to help reduce costs and simplify the process. The Budget advances legislation to authorize counties to provide these zoning functions at the request of a city, town, or village.

- **Share Justice Courts.** State laws currently exist to allow local governments to consolidate and share local courts or justices, but the process can be unnecessarily lengthy and complicated. The Budget would streamline the process for two or more adjacent towns to share one or more town justices.

## 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 10-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. Based on this information, the Board may make recommendations on restructuring municipal operations to improve the local government's 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 to implement the recommendations. To receive the aid, the local government must agree to fulfill the terms of the recommendations. To date, the Board has undertaken Comprehensive Reviews for 17 local governments.

## Relieving Local Government Mandates

Governor Cuomo made mandate relief a priority and has eliminated dozens of burdensome requirements, including many of the most expensive. These important reforms are helping local governments manage their budgets and reduce the burden placed on property taxpayers. Among the most important reforms advanced by the Governor and enacted are:

- **Medicaid Relief.** The State has eliminated growth in the local share of Medicaid, saving counties \$3.3 billion in FY 2019. All growth in the Medicaid program for counties is being absorbed by the State. The State is also assuming Medicaid administrative responsibilities for counties. This will result in greater efficiencies and help achieve 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 30 years. Tier VI pension reform has already lowered taxpayer pension costs through FY 2019 by \$1 billion (\$386 million for the State and \$631 million for local governments, excluding New York City).

- **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 is helping ensure that awards reflect the high burden already faced by property taxpayers in these communities. The FY 2017 Budget extended these reforms for an additional three years, until 2019.

**Table 11: Summary of Spending**

Category	FY 2018 (millions)	FY2019 (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
<b>Total AIM</b>	<b>714.7</b>	<b>714.7</b>	<b>0</b>	<b>0</b>
Citizens Empowerment Tax Credits and Grants*	3.7	5.7	2.0	54
Local Government Efficiency Grants*	4.2	5.1	0.9	21
Local Government Performance and Efficiency Program*	4.7	10.0	5.3	113
VLT Impact Aid	28.9	28.9	0	0
Miscellaneous Financial Assistance	7.5	2.3	(5.2)	(69)
Village Per Capita Aid	1.8	0.0	(1.8)	(100)
Small Government Assistance	0.2	0.2	0	0

\* For FY 2018, some Citizens Re-Organization Empowerment Grants, Local Government Efficiency Grants and the Local Government Performance and Efficiency Program are being funded out of the Special Infrastructure Account instead of the General Fund. A portion of anticipated spending for these programs in FY 2019 will also be funded in this manner.

## Proposed FY 2019 Budget Actions

- **County-Wide Shared Services Initiative Match.** The Budget continues the Governor’s efforts to relieve the property tax burden by providing a \$225 million appropriation to match savings from county-wide shared services plans.
- **Permanent County-Wide Shared Services Panels.** The Budget continues the successful County-Wide Shared Services Initiative by making the panels permanent and providing optional participation for fire districts and fire protection districts, in addition to school districts, boards of cooperative educational services, and special improvement districts. Further, the Secretary of State will be authorized to consult with the shared services panels for guidance and recommendations concerning shared services initiative.
- **Eliminating Obstacles to Local Shared Services.** The Budget addresses obstacles to shared services. This includes providing technical assistance and guidance on the formation of health insurance consortiums, advancing legislation to authorize counties to provide zoning at the request of a local government, and easing the process for justice courts to share justices.

- **Discontinue the Energy Services Sales Tax Exemption.** The Executive Budget eliminates the sales tax exemption on the non-residential transmission and distribution of gas or electricity when purchased from an Energy Service Company (ESCO). Enacted in the early 2000s to incentivize consumer choice, this exemption is no longer necessary now that ESCOs are established entities (New York City eliminated this tax exemption in 2009). This will have a positive tax revenue impact for local governments.
- **Impose an Internet Fairness Conformity Tax.** The Executive Budget requires marketplace providers to collect sales tax when they facilitate a third-party sale to residents, whether the seller is located within, or outside of, New York. Online providers such as Amazon and eBay supply a marketplace for sellers from outside of the online provider to sell their products to consumers. This will have a positive tax revenue impact for local governments.
- **Interest Rate on Court Judgments.** The Budget changes the interest rate paid by the State and local governments on court judgments or accrued claims from the current fixed nine percent rate to a market rate. Eliminating the fixed rate will generate savings for local governments and encourage timely court proceedings.
- **Continue Restructuring Programs.** The Budget continues funding to support the Municipal Consolidation and Efficiency Competition, the Municipal Restructuring Fund, the Local Government Performance and Efficiency Program, Citizen Empowerment Tax Credits, Citizens Reorganization Empowerment Grants, and Local Government Efficiency Grants.
- **Maintain Local Government Aid.** The Budget maintains all local government aid programs at FY 2018 levels, including \$715 million in unrestricted AIM funding to cities, towns, and villages; \$28.9 million in Aid to Municipalities with Video Lottery Gaming Facilities; and \$217,300 in Small Government Assistance. FY 2018 Legislative adds through Miscellaneous Financial Assistance and Village Per Capita Aid are discontinued.

## Overall Fiscal Impact on Local Governments

The Executive Budget results in a year-to-year net positive local impact of \$961.6 million for municipalities and school districts for their fiscal years ending in 2019. This net local benefit is primarily the result of a statewide school aid increase of \$768.8 million, including new competitive grants and a fiscal stabilization fund. The benefit is offset by reductions due to reforming summer school special education reimbursement and various human services proposals.

The FY 2019 Budget provides local governments with over \$40.9 billion in State support through major local aid programs and savings initiatives.

**Table 12: Impact of the FY 2019 Executive Budget on Local Governments**  
 (Local Fiscal Year Ending in 2019, Includes Major Local Aid Programs, in Millions)

	Total	NYC	School Districts (non-NYC)	Counties	All Other
School Aid - Total SFY 2019 Exec Budget Impact on LFY 2019	654.8	247.7	407.1	0.0	0.0
School Aid - Total SFY 2019 Major Local Aid Programs	26,047.7	10,512.9	15,534.8	0.0	0.0
Other Education - Total SFY 2019 Major Local Aid Programs	308.5	TBD	TBD	0.0	0.0
Special Education - Total SFY 2019 Exec Budget Impact on LFY 2019	(70.0)	(40.0)	(30.0)	0.0	0.0
Special Education - Total SFY 2019 Major Local Aid Programs	1,262.9	660.9	213.7	388.3	0.0
STAR - Total SFY 2018 Major Local Aid Program	2,409.9	188.0	2,221.9	0.0	0.0
Medicaid - Total SFY 2019 Exec Budget Impact on LFY 2019	(4.0)	0.0	0.0	(4.0)	0.0
Medicaid - Total SFY 2019 Major Local Aid Programs/Savings	3,336.6	1,469.8	0.0	1,866.7	0.0
Human Services - Total SFY 2019 Exec Budget Impact on LFY 2019	(41.0)	(43.6)	0.0	2.6	0.0
Human Services - Total SFY 2019 Major Local Aid Programs	4,454.5	2,931.0	0.0	1,523.5	0.0
Health - Total SFY 2019 Exec Budget Impact on LFY 2019	12.0	6.5	0.0	5.5	0.0
Health - Total SFY 2019 Major Local Aid Programs	431.9	226.7	0.0	205.2	0.0
Mental Hygiene - Total SFY 2019 Exec Budget Impact on LFY 2019	0.4	0.0	0.0	0.4	0.0
Mental Hygiene - Total SFY 2019 Major Local Aid Programs	73.4	36.5	3.0	33.9	0.0
Transportation - Total SFY 2019 Exec Budget Impact on LFY 2019	8.1	3.6	0.0	4.5	0.0
Transportation - Total SFY 2019 Major Local Aid Programs	817.8	230.2	0.0	338.6	249.0
Municipal Aid - Total SFY 2019 Major Local Aid Programs	744.3	0.0	0.0	2.7	741.7
Public Protection - Total SFY 2019 Exec Budget Impact on LFY 2019	(0.8)	0.0	0.0	(0.8)	0.0
Public Protection - Total SFY 2019 Major Local Aid Programs	252.1	16.0	0.0	108.4	0.0
Environment - Total SFY 2019 Major Local Aid Programs	360.0	TBD	0.0	TBD	TBD
All Other - Total SFY 2019 Exec Budget Impact on LFY 2019	(6.4)	0.0	0.0	(6.4)	0.0
All Other - Total SFY 2019 Major Local Aid Programs	446.0	220.0	146.0	80.0	0.0
Revenue Actions - Total SFY 2019 Exec Budget Impact on LFY 2019	192.0	59.5	3.4	111.1	18.0
<b>Total SFY 2019 Exec Budget Impact on LFY 2019</b>	<b>745.1</b>	<b>233.7</b>	<b>380.5</b>	<b>112.9</b>	<b>18.0</b>
- Match County-Wide Shared Services Initiative Savings	100.0	0.0	TBD	TBD	TBD
- Fiscal Stabilization Fund	64.0	TBD	TBD	0.0	0.0
- New Competitive School Grants	50.0	TBD	TBD	0.0	0.0
- Offset §480-a Property Tax Impacts	2.5	0.0	TBD	TBD	TBD
<b>Grand Total SFY 2019 Exec Budget Impact on LFY 2019</b>	<b>961.6</b>	<b>233.7</b>	<b>380.5</b>	<b>112.9</b>	<b>18.0</b>
<b>Grand Total SFY 2019 Major Local Aid Programs/Savings</b>	<b>40,945.6</b>	<b>16,492.0</b>	<b>18,119.4</b>	<b>4,547.3</b>	<b>990.7</b>





Division of  
the Budget

## MENTAL HYGIENE

### INDEPENDENT LIVING ON THE RISE

Since 2013

New York has provided respite services to families that support **43,000 individuals** with developmental disabilities

The Budget provides **\$120 million** in additional funding

**5<sup>TH</sup> YEAR IN A ROW**



**\$200 million**



**for OASAS to address the heroin & opioid crisis** to enhance prevention, treatment and recovery programs, residential service opportunities, and public awareness and education activities.

### Expanding COMMUNITY BASED SERVICES

Since 2015 > **33,000 new individuals** are receiving services  
**1,300 additional housing beds**



Since 2013 > **5,300 individuals** with developmental disabilities residing on their own

**119%**



## Budget Highlights

**Combating Addiction.** The Budget includes an increase of \$26 million (4.5 percent) in operating and capital support for OASAS to continue to enhance prevention, treatment and recovery programs, residential service opportunities, and public awareness and education activities. Over \$200 million in funding is being used to address the heroin and opioid crisis.

**Invest in Services for Individuals with Developmental Disabilities** For the fifth year in a row, \$120 million in additional funding will be available to support increased respite services, to provide more employment and day program opportunities, and to provide additional independent and certified residential services.

**Improve OMH Housing and Crisis Services.** For the third consecutive year, \$10 million in additional funding will support existing residential programs, while additional funding will support 200 more supported housing community beds and \$50M in capital funding will be utilized to expand community crisis respite capacity.

The FY 2019 Executive Budget supports expansion of community-based care, strengthens the oversight of services for vulnerable persons, and makes investments to ensure that individuals are served safely in the most integrated and cost-effective setting possible. The Budget also combats the heroin epidemic through an expansion of prevention, treatment, and recovery programs.

## Overview

The Mental Hygiene agencies and associated not-for-profits provide services to individuals with mental illness, developmental disabilities, and addictions. These agencies are composed 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, 240,000 individuals with substance use disorders or gambling problems, and 139,000 people with developmental disabilities.

## 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. It also 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 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 costs in service delivery, purchasing, business services, information technology, and other areas. To ensure individuals receive appropriate services tailored to individual needs and circumstances in a cost-effective manner, the Budget increases funding for community-based programs, and redirects funding from high-cost institutional services to more effective lower-cost programs that provide expanded services to more people.

Proposed actions for the Mental Hygiene agencies include significant investments in the direct care workforce, enhanced efforts to combat the opioid crisis, and continued improvements in community OPWDD and behavioral health services. These investments are supported in part by continued efficiencies in program operations, and reductions in unnecessary institutional capacity.

The Executive Budget proposals result in Mental Hygiene system spending of \$7.2 billion in FY 2019, reflecting annual spending growth of \$254 million (3.7 percent).

To improve the transparency of Mental Hygiene agencies' spending, and to conform the budgeting of program operations with Generally Accepted Accounting Principles (GAAP), the FY 2019 Budget shifts appropriations and spending from the Mental Hygiene Program Fund and the Patient Income Account to the General Fund and General State Charges Budget, which centrally accounts for fringe benefit spending. This technical change has no impact on programmatic spending.

**Table 13: Summary of Mental Hygiene Spending (All Funds)**

Category	FY 2018 (millions)	FY 2019 (millions)	Change	
			Dollars (millions)	Percent
OPWDD	3,515.8	3,646.0	130.2	3.7
OMH	2,805.2	2,901.2	96.0	3.4
OASAS	578.0	603.9	25.9	4.5
JUSTICE CENTER	42.3	44.3	2.0	4.7
DDPC	4.2	4.2	0.0	0.0
<b>Subtotal</b>	<b>6,945.5</b>	<b>7,199.6</b>	<b>254.1</b>	<b>3.7</b>
Adjustments <sup>1</sup>	(1,268.6)	(1,761.0)	(492.4)	N/A
<b>Total<sup>2</sup></b>	<b>5,676.9</b>	<b>5,438.6</b>	<b>(238.3)</b>	<b>(4.2)</b>

<sup>1</sup>Adjustments reflect OPWDD programmatic spending in FY 2018 and FY 2019 that are reflected in DOH Medicaid spending. In addition to these amounts, Federal MA spending for these agencies is reflected in the DOH budget.

<sup>2</sup>FY 2018 spending totals do not include \$1.4 billion in Fringe Benefits (\$696 million for OPWDD; \$656 million for OMH; and \$37 million for OASAS) or Indirect Costs (\$30 million for OPWDD; \$29 million for OMH; and \$2 million for OASAS) reported under the Mental Hygiene Program Fund and Patient Income Account structure prior to General Fund consolidation in the FY 2019 Executive Budget.

## Performance Profile

### Addressing the Opioid Crisis.

More than 60,000 individuals Statewide were trained in the past year to administer naloxone, and nearly 6,000 lives have been saved in the past 24 months by this overdose-reversing medication. Since 2011, OASAS has added more than 3,500 new Opioid Treatment Program slots in underserved communities.

### OMH Expanding Community-Based Services.

Since FY 2015, roughly 33,000 new individuals are receiving services, including 1,300 additional supported housing beds. These investments have resulted in the reduction of over 650 unnecessary and expensive inpatient beds.

### Growing Respite Services Help More People with Developmental Disabilities Live at Home.

Since 2013, the State has provided respite services to families that support the enrollment of more than 43,000 individuals—an increase of over 12 percent. This temporary relief to family caregivers helps people with developmental disabilities live at home.

### OPWDD Building Support for More Independent Living.

Increased focus on helping individuals with developmental disabilities live in their own apartments has resulted in 5,300 individuals able to live on their own since 2013, an increase of 119 percent.

## Proposed FY 2019 Budget Actions

The Executive Budget recommends significant investments in the OPWDD, OMH and OASAS not-for-profit workforce. These investments include \$106 million (an annual increase of \$72 million) to support the minimum wage and related fringe benefit cost increases associated with the movement to a \$15 an hour living wage.

Additionally, the Executive Budget includes funding of \$262 million, an annual increase of \$237 million, to support the 6.5 percent salary increase provided to direct care professionals (3.25 percent in January 1, 2018 and 3.25 percent in April 1, 2018) as well as the April 1, 2018 3.25 percent salary increase for clinical workers employed by not-for-profit organizations rendering mental hygiene services on behalf of OPWDD, OMH or OASAS.

In addition, the Budget supports the following agency-specific recommendations:

### OPWDD

Governor Cuomo's commitment, demonstrated by budget investments and important policy reforms, has ensured the continued health and safety of individuals with developmental disabilities and improved the overall quality, availability and cost-effectiveness of community-based, person-centered services. This Budget continues the State's pledge to support individuals with developmental disabilities in the most appropriate community-based settings, and reflects a 3.7 percent annual spending increase. Specifically, the Executive Budget will:

- **Make \$120 Million Available for Program Priorities, Including New Service Opportunities.** For the fifth consecutive year, the Executive Budget includes State resources that will leverage a total of \$120 million in new funding on an annualized basis. This investment supports program reforms and will continue to meet the needs of individuals with intellectual and developmental disabilities and their families who require OPWDD supports and services, as well as individuals whose needs have changed. , OPWDD has leveraged new funding and other resources to:
  - **Expand the Availability of Certified Housing Supports in the Community.** OPWDD oversees and operates one of the largest community-based residential programs in the nation, ensuring some of New York's most vulnerable residents have safe and affordable places to live. The certified options include residences that are operated by both the State and its network of not-for-profit provider agencies, which provide 24/7 supports, or homes that offer less than 24/7 supervision for people who can live more independently. In total, OPWDD currently supports more than 37,300 individuals in more staff-intensive certified community-based residential programs that use \$5.1 billion in public resources annually. To address demand for additional residential services, OPWDD recently awarded 459 certified opportunities to 83 service providers across New York State, committing nearly \$60 million in new funding.

- **Support More Independent Living.** OPWDD also supports people who reside on their own by providing rental subsidies to individuals who wish to live in an apartment in their community. Since FY 2013, OPWDD has more than doubled the number of people who are authorized to receive rental subsidies, bringing the total to more than 5,300 individuals.
- **Provide More Day Program and Employment Options.** Day and employment services are a crucial aspect of offering participants the personal, social, and vocational supports needed to live in their community. OPWDD has invested significantly in these services, and increased the array of available employment readiness programs over the past five years. There are currently more than 78,000 individuals enrolled in day and employment supports.
- **Increase Respite Availability.** Respite services provide temporary relief to family caregivers, helping people with developmental disabilities live at home with their families for longer periods. Over the past five years, the State has increased the number of people enrolled in respite services by over 12 percent and more than 43,000 individuals are currently enrolled in this service.
- **Commit \$15 Million to Develop Independent Living Housing.** Building on the \$15 million investment made in FY 2018, the Budget provides another \$15 million in capital funding to expand independent living housing capacity. These investments support the agency's successful effort to provide safe and accessible residential opportunities for individuals with intellectual and developmental disabilities capable of living in an apartment of their own. These funds are in addition to resources that will be available from the five-year, \$20 billion affordable and supportive housing plan, which will also help support the development of residential opportunities for people with intellectual and developmental disabilities.
- **Jointly Develop Specialized Adult Service Capacity with OMH.** OPWDD will collaborate with OMH to develop a specialized program for adults dually-diagnosed with developmental disabilities and behavioral health issues. This new, transitional program will be located on the Bernard Fineson Campus in Queens, and will support people who are discharged from an OMH-certified inpatient setting, while they await access to appropriate OPWDD services in the community.
- **Invest Resources to Transition Medicaid Service Coordination to a Conflict-Free Care Management System.** The Budget includes \$39 million in FY 2019 to support the transition from OPWDD's Medicaid Service Coordination program to a comprehensive care coordination model operated through several Care Coordination Organizations/Health Homes (CCO/HHs), the first step in the transition to managed care. Rather than focusing solely on coordinating OPWDD services, CCO/HHs will be responsible for integrating developmental disability, health, and other services into an individual's life plan to improve quality of life and other outcomes.

- **Promote More Efficient Use of State Resources.** In FY 2019, OPWDD will utilize existing federal Medicaid rates, rather than an additional State supplement, to support the cost of programs that, following a person-centered planning process, convert from the Intermediate Care Facility model to Individualized Residential Alternative settings. The Budget also revises reimbursement for provider operating expenses to include other supplemental aid where available.
- **Continue the Blue Ribbon Panel for the Institute for Basic Research in Developmental Disabilities on Staten Island.** In FY 2019, the Blue Ribbon panel will continue its examination of the feasibility of transitioning some or all operational components of the Institute for Basic Research in Developmental Disabilities (IBR) from the OPWDD to the CUNY College of Staten Island (COSI). The panel includes prominent researchers, academicians, parents and political leaders, with recommended options expected in Calendar Year 2018. As the panel continues its efforts, the Budget maintains existing funding and staffing levels.

## OMH

The Executive Budget builds on Governor Cuomo's effort to expand community services and transition individuals to more appropriate and cost-effective community settings. With substantial investments in community-based services made in recent years, OMH developed new mobile crisis teams, established first episode psychosis programs, provided additional peer support services, and funded the expansion of supported housing units throughout the State. The expansion in community-based capacity since FY 2015 has resulted in 33,000 new individuals receiving services and funded over 1,300 supported housing beds. Since FY 2015, the success of these community investments has resulted in the reduction of over 650 unnecessary, vacant inpatient beds. The Budget continues efforts that improve quality and expand capacity of services in the community. Specifically, the Budget will:

- **Enhance Support for Existing Residential Programs.** The Budget provides an additional \$10 million for existing supported housing and single residence occupancy programs. This investment will help preserve access and maintain current housing capacity as the State brings new housing units online through the Empire State Supported Housing Initiative. Since FY 2015, funding to enhance support for these existing housing programs has increased by over \$40 million annually.
- **Expand Community-Based Services.** The Budget supports the expansion of community-based programs serving individuals in less restrictive settings that are closer to family and other natural supports by efficiencies in operating inpatient programs. New investments in FY 2019, offset by equivalent spending efficiencies in inpatient and other services, include 200 additional supported housing community beds and other community-based services in areas where 100 unnecessary, vacant inpatient beds are closed. This will bring the full annual investment since FY 2015 to more than \$100 million.

- **Develop Residential and Crisis Capacity.** The Budget supports additional residential capacity, including additional homeless residential beds which will open in FY 2019 via the longstanding New York/New York III program. The Budget also authorizes \$50 million in new local capital spending to enable the expansion of crisis respite capacity in the community to avoid unnecessary emergency room visits and inpatient hospitalizations.
- **Support High-Need Individuals.** The Budget provides \$5 million for specialized supports, such as peer support and in-reach, to engage individuals with mental illness who require a higher level of care to transition and live successfully in the community. These resources will be utilized for individuals currently residing in impacted adult homes.
- **Expand Assertive Community Treatment (ACT) Teams.** Twenty new ACT Teams were recently established and will be fully operationalized in FY 2019 to serve an estimated 1,280 new clients. Ten teams in New York City are assigned to work specifically with homeless individuals and homeless shelters, and the remainder throughout the State work with high-need individuals. ACT is an evidence-based program that provides 24/7 treatment and support, improving client outcomes, reducing psychiatric hospitalization rates and emergency room visits, and promoting higher levels of housing stability.
- **Establish Jail-Based Restoration Programs for Certain Defendants.** Currently, defendants who are deemed incompetent to stand trial are treated at an OMH inpatient psychiatric hospital until they are restored to competency and returned to jail to await trial. This cycle often repeats itself with multiple inpatient stays at a psychiatric hospital, extending the time individuals are detained prior to trial. OMH will work with counties on a voluntary basis to develop specialized residential treatment units within their jails, ultimately reducing the time individuals with mental illness spend in jail awaiting justice. The Executive Budget invests \$850,000 to assist county jails in making any necessary infrastructure improvements to provide these separate treatment units. This program has been identified as a best practice by the National Judicial College, and has been implemented successfully in nine other states including California, Virginia, and Wisconsin.

## OASAS

Under Governor Cuomo's leadership, New York is at the forefront of the effort to combat the epidemic of addictions that are destroying lives, leaving families bereft, and ravaging our communities. In June 2016, the Governor signed a comprehensive package of legislation that increased access to treatment, expanded community prevention strategies, and limited the over-prescription of opioids in New York State. Since then, additional financial investments have been made to improve OASAS's ability to better serve individuals struggling with substance use disorders (SUDs). The Governor also recently announced the State will take enforcement action against pharmaceutical opioid distributors for breaching their legal duties to monitor, detect and report suspicious orders of opioids which has fueled this epidemic. Funds from enforcement activities will be used to enhance efforts to combat addiction.

Further, the Budget implements an Opioid Epidemic Surcharge - two cents per morphine milligram equivalent surcharge on the first sale of opioids into New York State. This surcharge is expected to provide a financial disincentive for the use of these drugs, and generate roughly \$125 million to support ongoing efforts to address the opioid crisis.

Although significant enhancements have been made to prevention, treatment, and other SUD services, the scourge of addiction continues. The Executive Budget provides an increase of \$26 million (4.5 percent) in operating and capital support for OASAS to continue to enhance prevention, treatment and recovery programs targeted toward chemical dependency, residential service opportunities, and public awareness and education activities. Over \$200 million in funding is being used to address the heroin and opioid crisis, roughly double the amount OASAS spent on opiate addiction in FY 2011. The Budget supports the following:

- **Residential Treatment Beds.** Starting in FY 2018 and continuing through FY 2019, the State is adding over 200 new residential beds. These new beds are integral for ensuring widespread service availability for those in need of inpatient care. An additional 235 beds are in capital development and are expected to open over three fiscal years;
- **Opioid Treatment Program (OTP) Slots.** The State will add 350 new OTP slots, which will provide individuals with the medications they need, including buprenorphine, to help with the State's whole-patient approach to services and care;
- **Community Coalitions/Regional Addiction Resource Centers.** Ten new regional coalitions and partnerships will be fully operational in FY 2019, which will allow families, service providers, educators, law enforcement, State agencies and local leaders to increase cross-sector collaboration on the prevention and treatment of SUDs;
- **Family Support Navigators.** All 18 family support navigator programs, begun in FY 2018 will be fully operational in FY 2019. Navigators assist and inform those seeking treatment and their families of options for insurance coverage and OASAS treatment systems;
- **Peer Engagement.** Twenty peer engagement programs, doubling the program begun last year, will be fully operational during FY 2019. These programs help individuals in need of treatment make connections from hospital emergency rooms to the OASAS treatment system, putting them on the path to recovery;
- **Adolescent Clubhouses.** These safe, welcoming spaces will help teens and young adults who are in recovery or are at-risk for SUDs to develop social skills that promote long-term health, wellness, recovery, and a drug-free lifestyle. The Budget supports four new Clubhouses, for a total of 15 statewide, including five in New York City, two in the Mohawk Valley and one in each of the remaining eight Economic Development regions;

- **Recovery Community and Outreach Centers.** These facilities provide recovery supports in a comfortable environment to individuals and their families that are in, or seeking, recovery from SUDs. The Budget supports full annual funding for 14 centers statewide, including the five new centers that were added in FY 2018, which provide information and education on how to access treatment supports and wellness activities, and extend peer supports and volunteers to assist in all areas of the Centers' operations; and
- **24/7 Open Access Centers.** Eleven Open Access Centers that received start-up funding in FY 2018 will be fully operational throughout the State in FY 2019. These centers offer round-the-clock access to SUD treatment services and will help alleviate traditional "work day" delays in linking clients with appropriate treatment.
- **Certified Peer Recovery Advocates (CPRAs).** Recovery Peer Advocates are individuals in recovery from SUD who use their life experience to assist others struggling with addiction. The Budget continues the scholarship program begun in FY 2018 and provides financial assistance for 250 new peer advocates to attain their certification

Other Investments in OASAS services include:

- **Problem Gambling Resource Centers.** The Budget provides funding for seven new Problem Gambling Resource Centers statewide. Problem Gambling Resource Centers serve as the hub for coordinating referrals for problem gambling services in each region and coordinate with local gambling facilities to ensure information and referrals are available, if needed.
- **Capital Projects.** Capital spending of more than \$55 million in FY 2019 will be used to support the development of new beds/treatment slots, and maintain and renovate the OASAS-funded community-based programs and State-operated facilities, which provide residential, inpatient, outpatient, crisis, and other services to individuals struggling with SUDs.
- **Homelessness Prevention.** The Budget also expands on-site peer-delivered substance abuse treatment services at 14 existing homeless shelters across the State.

## Justice Center

To protect the health and safety of vulnerable individuals in the State's care, the Justice Center has primary responsibility for receiving, investigating and/or reviewing abuse and neglect allegations at certain facilities and programs that are operated, certified, or licensed by the following six agencies: OMH, OPWDD, OASAS, DOH, Office of Children and Family Services (OCFS), and the State Education Department (SED). The Justice Center is responsible for ensuring the safety and well-being of the approximately one million adults and children who, due to physical or intellectual disabilities, or the need for services or placement, are receiving care from one of the over 3,000 facilities or service providers overseen by the six State agencies. An additional \$2 million in funding will support these efforts.



## Multi-Agency Budget Actions

The Executive Budget recommends legislation to ensure appropriate licensure requirements are utilized for the delivery of services operated, funded, or approved by various State agencies, including OMH, OPWDD and, OASAS.

The Budget also reflects funding for the recently announced \$60 million in awards over three years to mental health and addiction health care providers as part of the transformation of the State's Medicaid system. The awards will aid behavioral health providers as they transform to a Value-Based Payment Model which rewards quality of care and better outcomes, rather than volume of services provided. Funding will support investments in integrated health care, performance improvement, IT infrastructure, and quality improvement processes.



Division of  
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## NOT-FOR-PROFIT SECTOR

### GRANTS GATEWAY



More than **9,700** not-for-profit organizations have registered with New York State, and more than **6,900** have completed prequalification.

### IMPROVING CONTRACTING

The **7 New York State agencies** who began intensive efforts to reduce late contacts all **improved performance**.



### NONPROFIT INFRASTRUCTURE CAPITAL INVESTMENT PROGRAM (NICIP)

New York State has made **237 awards** (185 construction projects and 52 technology projects) totaling

**\$100  
MILLION**



Funded projects will benefit New Yorkers seeking a wide range of not-for-profit services that help some of the most vulnerable New Yorkers, including

- ✓ Residential facilities
- ✓ Domestic violence programs
- ✓ Homeless shelters
- ✓ Legal services
- ✓ Other services

## Budget Highlights

### **Support Direct Care Workers and Not-for-Profits Through a Cost of Living Adjustment.**

The Executive Budget includes funding of \$262 million, an annual increase of \$237 million, to support the 6.5 percent salary increase provided to direct care professionals (3.25 percent in January 1, 2018 and 3.25 percent in April 1, 2018) as well as the April 1, 2018 3.25 percent salary increase for clinical workers employed by not-for-profit organizations rendering mental hygiene services on behalf of OPWDD, OMH or OASAS.

**Combating Addiction.** Over \$200 million in funding is being used to address the heroin and opioid crisis. Operating and capital support will continue to enhance prevention, treatment and recovery programs, residential service opportunities, and public awareness and education activities.

**\$20 Billion Affordable and Homeless Housing and Services Initiative.** The Budget continues to support the creation or preservation of more than 100,000 units of affordable housing and 6,000 units of supportive housing.

The FY 2019 Executive Budget supports continued efforts to reinforce relationships between the State and its not-for-profit vendors and strengthen the not-for-profit sector so that its organizations are better positioned to carry out their missions.

## Overview

New York State has the largest not-for-profit sector in the nation, and its work touches the lives of almost every resident. There are nearly 100,000 not-for-profit organizations across the State, providing New Yorkers with health care, educational opportunities, childcare, and access to the resources and supports needed for daily living. Not-for-profit organizations account for more than 17 percent of all private sector jobs in New York State, employing more than 1.3 million New Yorkers.

Many not-for-profit organizations provide services on behalf of government. The State provides funding support to not-for-profit organizations through contracts, State-authorized payments, and State payment rates. These funds are administered by more than two dozen State agencies and reach not-for-profits both directly and via pass-through entities such as cities and counties.

For years, the State's interactions with its not-for-profit partners were inconsistent. Each agency had their own contracts, rules, and expectations for working with not-for-profits and there was little coordination across the enterprise. The resulting myriad bureaucratic steps forced the State's not-for-profit partners to dedicate resources on activities other than direct services.

Recognizing this, Governor Cuomo took an innovative approach to addressing the needs of the not-for-profit sector. In 2012, he created a cabinet-level Interagency Coordinator for Not-for-profit Services to connect directly to not-for-profit leaders and service providers. Ideas and concerns from the not-for-profit community are gathered, and the information is used across State government to inform policies and practices. This direct line of communication has resulted in efforts to streamline business practices, support policy areas of interest to not-for-profit organizations, and undertake the nation's largest effort to improve not-for-profit capital infrastructure.

In 2015, Governor Cuomo created the Nonprofit Infrastructure Capital Investment Program to help not-for-profits better serve their target population. To date, 237 not-for-profits have been awarded grants through a competitive process totaling approximately \$100

million, and the program will award an additional \$20 million in 2018. Projects have been awarded in every region of the State, including investments in renovations or expansions of existing space used for direct program services; modifications to provide for sustainable, efficient spaces that will result in overall energy and cost savings; accessibility renovations; and technology upgrades to improve electronic records, data analysis, and confidentiality.

## Supporting the Work of Not-for-Profit Partners

### Addressing Not-for-profit Workforce Issues

Not-for-profit organizations often struggle to recruit workers and face higher than average rates of employee turnover. To help address these challenges, the FY 2018 Budget included \$255 million for the State share of Medicaid funds to support minimum wage increases for health care workers, some of whom are employed at not-for-profit organizations.

The Executive Budget includes funding of \$262 million, an annual increase of \$237 million, to support the 6.5 percent salary increase provided to direct care professionals (3.25 percent in January 1, 2018 and 3.25 percent in April 1, 2018) as well as the April 1, 2018 3.25 percent salary increase for clinical workers employed by not-for-profit organizations rendering mental hygiene services on behalf of OPWDD, OMH or OASAS.

In addition to continued funding to support mental hygiene and health care workers in FY 2019, New York State is taking action to help address the human resources needs of the not-for-profit sector. To incentivize workers to begin or continue employment in the not-for-profit sector, the State is exploring ways to help not-for-profits improve the quality of employee benefit packages. This includes considering the feasibility of allowing not-for-profit organizations to access group insurance coverage through the NYSHIP Empire Plan.

The State will launch a targeted marketing campaign to support education and career development within the not-for-profit sector by encouraging participation in existing scholarship and loan forgiveness programs.

### Performance Profile

**Improving Contracting.** Seven State agencies - Council on the Arts, DCJS, DOH, DOL, OCFS, OMH, and OTDA - began intensive efforts to reduce the number of late contracts with not-for-profit organizations in 2017. The seven participating agencies, which were selected because they accounted for the highest numbers of late contracts in previous years, improved their performance. Notably, DOH decreased the number of late contracts by an estimated 32 percentage points.

**Marking Awards With the Nonprofit Infrastructure Capital Investment Program (NICIP).** New York State has made 237 awards to date for 185 construction projects and 52 technology projects. Awards were provided to not-for-profit human services organizations located in all regions of the State.

New York State will also host a human services workforce summit and create a Not-for-profit Workforce Development Steering Committee to further improve not-for-profit workforce development. Efforts to better meet the human resources needs of not-for-profits will result in enhanced service provision across the sector and a positive impact for the many New Yorkers who use those services.

## **Improving Business Processes for the State’s Not-for-Profit Partners**

When not-for-profit organizations must navigate complicated or inefficient State processes, they have fewer resources available to carry out their missions. New York State has taken several actions in recent years to identify and address issues that impact the business operations of not-for-profit organizations. The Master Grant Contract, Grants Gateway, Prequalification, and a movement toward multi-year contracts have all helped streamline not-for-profits’ interactions with State government.

As a result, State agencies have decreased the percentage of late not-for-profit contracts each year for the past five years. Beginning in the summer of 2017, the Governor’s Lean Office and the Governor’s Not-for-profit Team began working with seven State agencies – Council on the Arts, DCJS, DOH, DOL, OCFS, OMH, and OTDA – to closely monitor contract execution and identify opportunities to improve the contracting process. The seven participating agencies, which were selected because they accounted for the highest numbers of late contracts in previous years, improved their performance. Notably, DOH decreased the number of late contracts by an estimated 32 percentage points. This effort will continue through FY 2019 with the expectation of continued improvements in contracting timeliness.

In addition, efforts are underway with selected State agencies to standardize State contract definitions related to indirect costs in accordance with Federal OMB Guidance, and to establish a 10 percent de minimis indirect rate while maintaining services and acting within available appropriations.

## **Investing in Social Justice Issues**

Governor Cuomo has made unprecedented investments in issue areas where State partnerships with the not-for-profit sector are particularly important. Governor Cuomo created the Empire State Poverty Reduction Initiative, which is providing \$25 million to support community-driven, poverty reduction strategies in 16 communities throughout New York State. The State launched a \$20 billion comprehensive, five-year plan for affordable and homeless housing. The FY 2019 budget proposes \$45 million – an increase of \$10 million – for Empire State After School Grants, which supports the collaboration of school districts and not-for-profit organizations. The FY 2019 Budget also includes more than \$200 million in funding to address the heroin and opioid crisis. This represents an increase of \$26 million (4.5 percent) in operating and capital support to continue to enhance prevention, treatment and recovery programs, residential service opportunities, and public awareness and education activities. By working together, the State and the not-for-profit community are improving the lives of millions of New Yorkers.



## PUBLIC SAFETY

### CUT OFF THE PIPELINE TO MS-13

New York will launch a

**\$11.5 million**

campaign to **engage at-risk youth** in **social** and **educational programs** to discourage recruitment.



### DECLINING CRIME

New York has one of the **lowest crime rates** of any large state in the country.



From **2007** to **2016**

the **crime rate** in New York declined **20%**, reaching an **all-time low** since reporting began in **1975**.

**31%**

drop in **New York's prison population**, from a peak of **72,600** in 1999 to a current **population of approximately 50,300** – the lowest level in more than two decades.



## Budget Highlights

**Bail Reform and Reduce Pre-trial Detention.** To ensure that race and wealth are not factors in the justice system, the Budget reforms the bail system to prevent individuals who pose no risk to public safety, but cannot afford bail, from being locked up for long periods of time before trial.

**Advance the Women’s Agenda.** The Budget includes legislation that fights sexual harassment in the workplace, removes firearms from domestic abusers, and ends sextortion and revenge porn.

**Cut Off the Pipeline to MS-13 Recruitment.** The State will launch an \$11.5 million campaign to engage at-risk youth in social and educational programs to discourage recruitment to gangs.

The FY 2019 Executive Budget advances principles of social justice and affirms New York’s progressive values within the criminal justice system by reforming the bail system, the discovery process, and access to a speedy trial. To promote public safety, the Budget advances the Women’s Agenda, and invests in prevention, diversion, treatment, re-entry and supervision services at the State and local level.

## Overview

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.

The Department of Corrections and Community Supervision (DOCCS) is responsible for providing services that offenders need in safe and secure facilities, preparing offenders for release, and ensuring they receive appropriate monitoring and support while under community supervision.

The Division of Criminal Justice Services (DCJS) collects and analyzes statewide crime data, administers local criminal justice programs, administers the State’s Sex Offender Registry and DNA Databank, and tracks the effectiveness of system-wide criminal justice strategies designed to enhance public safety.

The Division of State Police protects the citizens of the State, prevents and detects crime and other violations of law and promotes highway safety.

The Division of Homeland Security and Emergency Services (DHSES) is dedicated to the preparation and protection of the State’s citizens, communities, resources, economy, and infrastructure from threats and acts of terrorism, natural disasters, and other emergencies.

## Improving Public Safety and Fairness

New York has one of the lowest crime rates in the country and the lowest imprisonment rate of any large state. The crime rate in New York State has continued to decline, reaching an all-time low in 2016 since reporting began in 1975. This makes New York the safest large

state. The significant decline in crime coincides with a 31 percent drop in the State’s prison population from a peak of 72,600 in 1999 to a current population of approximately 50,300 – the lowest level in more than two decades.

In a reaffirmation of the State’s progressive values, the Budget reforms the discovery of evidence process, the right to a speedy trial, and the bail system to prevent individuals who pose no risk to public safety, but cannot afford bail from being confined for long periods of time before trial.

The Budget also includes legislation that advances the Governor’s Women’s Agenda to support women’s equality, expand access to health care, and combat sexual assault. These efforts include fighting sexual harassment in the workplace, removing firearms from domestic abusers, and ending sextortion and revenge porn.

Due to an increase in violent gang-related crime, particularly involving MS-13 on Long Island, the Governor has launched an aggressive campaign to expand access to State intelligence resources, and to provide additional investigators and Troopers to assist local municipalities with gang-related investigations. The FY 2019 Budget also invests \$11.5 million in a comprehensive strategy to engage at-risk youth in social and educational programs to cut off the gang recruitment pipeline.

**Table 14: Summary of Spending (All Funds)**

Category	FY 2018 (millions)	FY 2019 (millions)	Change	
			Dollar (millions)	Percent
Department of Corrections and Community Supervision	3,121	3,131	10	0.3%
Division of State Police	826	776	-50	-6.1%
Division of Criminal Justice Services	222	213	-9	-4.1%
Division of Homeland Security and Emergency Services	1,384	1,092	-292	-21.1%
All Other	297	373	76	25.6%
<b>Total Public Safety</b>	<b>5,850</b>	<b>5,585</b>	<b>-265</b>	<b>-4.5%</b>

Spending for public safety agencies is projected at \$5.6 billion for FY 2019. The year-to-year change in State Police is mainly attributable to the timing of disbursements related to fleet replacement and capital projects, as well as reestimates of overtime for temporary missions

## Performance Profile

**Improving Public Safety.** New York has one of the lowest crime rates of any large state in the country. From 2007 to 2016, the crime rate in New York declined 20 percent, reaching an all-time low since reporting began in 1975.

**Declining Prison Population.** The significant decline in crime coincides with a 31 percent drop in the State’s prison population, from a peak of 72,600 in 1999 to a current population of approximately 50,300 – the lowest level in more than two decades.

**Pew-MacArthur Results First Initiative.** DCJS continued participation in this program to verify that funded programs are delivering effective services and that the outcomes predicted by the cost-benefit modeling are being achieved. This work is a natural extension of New York’s commitment to data-driven decision-making.

**Citizen Preparedness Corps Training.** Over 215,000 in-person and online trainings have been delivered across the State. Trainings are offered by the New York National Guard and Red Cross in collaboration with DHSES to equip citizens with the tools needed to prepare for any type of disaster in their community.



and response to critical incidents. The DHSES year-to-year change is primarily due to the timing of large FEMA Public Assistance payments related to Superstorm Sandy. The DOCCS increase is largely attributable to preventative maintenance capital projects.

## Proposed FY 2019 Budget Actions

### Criminal Justice Reform

The FY 2019 Executive Budget proposes comprehensive reforms from arrest to trial that will help ensure equal justice for all citizens.

- **Reform Bail Practices and Reduce Pre-trial Detention.** New York is one of only four states in the nation that does not allow public safety to be taken into consideration in release and bail decisions. This approach means people in New York who do not present a risk to public safety, but cannot afford bail, are detained while those who may present a risk to public safety can post bail and gain release. Legislation submitted with the Budget will create a presumption that people facing misdemeanor and non-violent felony charges must be released without cash bail. Monetary bail would be permitted, but not required, in remaining cases after an individualized assessment of the case and personal and financial circumstances.
- **Reform the Discovery Process.** New York is one of only 10 states that enables prosecutors to withhold evidence until the day a trial begins. Legislation submitted with the Budget will require prosecutors and the defense to share information in a multi-stage time frame prior to the start of the trial.
- **Ensure Access to a Speedy Trial.** The Executive Budget advances legislation to codify the waiver process, require court reviews of statements of readiness, and prevent undue delay by last minute motion practice. Too often, defendants are held in custody and/or pretrial for excessive periods of time and courts are overburdened with the number of pending criminal cases, leading to backlogs that disrupt the justice system.
- **Improve Indigent Legal Services.** In FY 2018, the Governor introduced a plan to extend the provisions of the Hurrell-Harring settlement statewide with the State funding 100 percent of the costs, with appropriate fiscal oversight through the Division of Budget. The FY 2019 Budget includes a \$50.7 million appropriation to support the first year of the initiative, which will guarantee that indigent defendants have counsel at arraignment, provide caseload relief for indigent defense providers, and improve the quality of representation for indigent defendants.

- **Remove Barriers to Re-entry.** Individuals with criminal convictions face significant economic and social barriers to their successful reintegration into society. Legislation advanced by the Budget removes outdated suspensions and bans on driver's licenses and occupational licenses, expands opportunities for geriatric parole, merit release and limited credit time allowances, and reduces financial burdens on those recently released from prison.
- **Reduce New York's Use of Solitary Confinement.** During the past year, New York has gone above and beyond the parameters of the settlement reached between the New York Civil Liberties Union and the New York State Department of Corrections and Community Supervision by advancing regulations providing stricter oversight of the use of solitary confinement. This has resulted in a 29 percent reduction in the number of inmates serving sanctions in a Special Housing Unit (SHU). The State intends to continue this policy by closing over 1,200 SHU beds throughout New York State's correctional facilities.

### Protecting New Yorkers

The FY 2019 Executive Budget targets known threats to public safety.

- **Combat Sexual Harassment in the Workplace.** As part of Governor Cuomo's Women's Agenda, the Budget includes legislation that will prevent taxpayer funds from being used for settlements against individuals relating to sexual assault or harassment. It would also ensure harassers are held accountable by prohibiting confidentiality related to sexual assault or harassment, unless otherwise expressed by the victim, establishing a unit within the Joint Commission on Public Ethics to receive and investigate complaints of sexual harassment, and instituting a uniform code of sexual harassment policies across all branches of State government. Sexual harassment afflicts people of every gender, race, age and class, and there must be zero tolerance for sexual harassment in any workplace, including those of the State and local governments.
- **Remove firearms from Domestic Abusers.** As part of Governor Cuomo's Women's Agenda, the Budget includes legislation that remove firearms from domestic abusers. When a gun is involved in a domestic violence situation, the threat of death is dramatically increased. New York law prohibits the possession of firearms for individuals convicted of a felony or "serious" offense. However, this excludes certain misdemeanor offenses involving domestic violence, such as assault and battery crimes or strangulation. To ensure that all domestic violence offenders are held to the same standard, the legislation will make it so all domestic violence misdemeanors on the list of prohibited offenses are included among the offenses that prohibit firearm possession. The legislation will also correct a loophole by mandating that rifles and shotguns are surrendered to law enforcement when handguns are surrendered.
- **End Sexual Extortion and Revenge Porn.** As part of Governor Cuomo's Women's Agenda, the Budget includes legislation to address gaps in existing law created by advances in technology and widespread use of social media, which have enabled new forms of sexual exploitation. These include the use of sexual images or videos for blackmail, and revenge porn – the non-consensual dissemination of sexually explicit images or videos intended for harm. To end this

practice, legislation is advanced to create the crimes of Unlawful Publication of Sexual Images, Sexual Extortion in the 3rd Degree, Sexual Extortion in the 2nd Degree, and Sexual Extortion in the 1st Degree.

- **Cut off the Pipeline of MS-13 Recruitment.** In 2017, the Governor launched an aggressive campaign to crack down on the violent gang MS-13 in Long Island, expanding access to State intelligence resources, providing additional resources to local law enforcement, and mobilizing State Troopers to assist. Furthering the fight against this dangerous gang, the Executive Budget provides \$11.5 million to support a comprehensive strategy of engaging at-risk youth in social and educational programs in order to cutoff the MS-13 recruiting pipeline.
- **Support the Child Victims Act.** Under current law, child sexual abuse offenses cannot be prosecuted after five years from their occurrence and civil lawsuits for this conduct must be brought within three years from the victim's 18th birthday. Legislation advanced in the Budget eliminates statutes of limitation for all sexually-related criminal cases when committed against a person who is less than 18 years of age, and extends the statute of limitations for civil claims to 50 years from the date of the offense.
- **Expedite Investigations for Online Sexual Offenses Against Children.** The Budget grants the Superintendent of State Police administrative subpoena power to facilitate State Police's ability to investigate and respond effectively to certain online sexual offenses involving children.



Division of  
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## STATE WORKFORCE



New York State has **improved** and **expanded services** while keeping a stable workforce for

**6 YEARS**



### SAVING THROUGH PENSION REFORM

Tier VI pension reform will have **lowered taxpayer pension costs** through 2019 by more than

 **\$1 billion** 

**(\$386 million** for State and **\$631 million** for local governments – not including NYC).



## Budget Highlights

**State Workforce Levels.** For the sixth year in a row, the State workforce is expected to remain relatively stable.

**State Retiree Health Insurance Reforms.** Over the past three fiscal years, employee and retiree health care costs have increased by approximately 12 percent, from \$3,061 million in FY 2015 to \$3,430 million in FY 2017. The Budget proposes reforms targeted towards moderating the cost increases associated with higher income members.

**Interest Reform.** The Budget proposes to provide a market rate of interest on court judgments paid by public and private entities. A prevailing market interest rate – rather than the current fixed 9 percent rate that was established when interest rates were at 12 percent annually – is fairer to all parties and will facilitate timely court decisions.

The New York State workforce delivers vital public services and manages a range of critical facilities and provider networks. The FY 2019 Executive Budget assumes stable staffing levels in the fiscal year, and includes proposals to help restrain the growth in State retiree health care costs.

## Overview

There are about 182,000 full-time equivalent State employees within 59 Executive agencies, the State University of New York (SUNY), the City University of New York (CUNY), and in the Offices of the Attorney General and State Comptroller. Approximately 94 percent of the State workforce is unionized with the remaining portion serving in Management/Confidential (M/C) assignments. The Executive has direct control over roughly 65 percent of the State workforce, with the balance of the workforce in the University Systems and agencies run by independently elected officials.

The total workforce level for agencies subject to direct Executive control is recommended to remain stable, consistent with results for the past six years.

**Table 15: Summary of Workforce Levels**

	Current Actual (FY 2018 / PP18)	Current Year-End Estimate (3/31/18)	Budget Year-End Estimate (3/31/19)	Current Actual (FY 2018 / PP18) to Budget Year-End Estimate (3/31/19) (Decr)/Incr	Current Year-End Estimate (3/31/18) to Budget Year-End Estimate (3/31/19) (Decr)/Incr
Subject to Direct Exec. Control	116,676	118,512	118,705	2,029	193
University Systems	59,743	59,350	59,358	(385)	8
Independently Elected Agencies	4,468	4,502	4,502	34	0
Grand Total	180,887	182,364	182,565	1,678	201

While most agency workforces remain stable, reductions via attrition are expected for the Office of Mental Health (-275); the Department of Corrections and Community Supervision (-71); the Office of Children and Family Services (-58); and the Office for People with Developmental Disabilities (-32).

The Budget also recommends workforce increases in select State agencies to support emerging programmatic priorities, including: DOH (+381) to support the continued take-over of Medicaid Administration from counties as part of the Governor’s effort to provide mandate relief and help localities stay under the 2 percent property tax cap, for survey and surveillance activities within hospitals and adult care facilities, and operational support within

several public health programs; DMV (+89) to continue implementation of the Federal Real ID Act; DOT (+70) related to snow and ice services; State Police (+30) for the Sexual Offense Evidence Kit program and the MS-13 Anti-Gang Initiative; DHSES (+35) for emergency management operations and counter terrorism activities; OPRHP (+14) for administration of additional Federal grants received this year; Office of Indigent Legal Services (+4) for staff related to the implementation of the Hurrell-Harring settlement; Department of Economic Development (+5) to facilitate Minority and Women-Owned Business Enterprises applications; and Department of State (+1) for increased utility advocacy.

## Promoting Workforce Fairness and Affordability through Collective Bargaining

The State has multi-year labor agreements in place with several unions, while negotiations are underway with other unions. CSEA and DC-37 Rent Regulation employees have five-year labor contracts that provides annual salary increases of 2 percent for FYs 2017 through 2021 and additional compensation changes offset by benefit design changes within the New York State Health Insurance Program (NYSHIP) and in overtime.

Employees represented by PEF and the Graduate Student Employees Union (GSEU), as well as Management Confidential employees, have a three-year collective bargaining agreement providing 2 percent annual salary increases in FYs 2017 through 2019.

Members of the Police Benevolent Association of the New York State Troopers (NYSPBA) and the New York State Police Investigators Association (NYSPIA) have a multi-year collective bargaining agreement that provides a 2 percent general salary increase for each of FY 2015 and FY 2016, and a 1.5 percent general salary increase for each of FY 2017 and FY 2018. Negotiations on the next contract with these bargaining groups are expected to commence later in the year.

The State is in negotiations with all other employee unions whose contracts concluded in FY 2016, including United University Professions (UUP), Council 82 and the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA) following the March 2017 membership rejection of a tentative agreement on a five-year labor contract through FY 2021. Negotiations also continue with the Police Benevolent Association of New York State (PBANYS), whose contract expired at the end of FY 2015.

### Performance Profile

**Improving Government Efficiency.** The State workforce under Executive control has declined via attrition by roughly 8,700 positions (-7 percent), since Governor Cuomo took office as agencies streamline operations and enhance efficiencies.

**Reaching Collective Bargaining Agreements.** The State has multi-year labor agreements in place with CSEA, PEF, GSEU, NYSPBA, NYSPIA, and DC-37 Rent Regulation. The agreements provide for 2 percent annual increases in salary, consistent with overall spending constraints.

**Saving through Pension Reform.** Tier VI pension reform (effective April 1, 2012) has lowered taxpayer pension costs through FY 2019 by \$1 billion (\$386 million State and \$631 million for local governments excluding NYC).

## Employee Fringe Benefits and Fixed Costs

The State provides a variety of fringe benefits to its current and former employees, including health insurance, pensions, payment of the Social Security payroll tax and workers’ compensation coverage for injured workers.

All Governmental Funds spending on fringe benefits is projected to increase by \$359 million (4.1 percent). This growth is primarily attributable to the health insurance and workers’ compensation programs, offset by relatively flat spending for pensions and social security, and reductions in other fringe benefits and fixed costs.

Growth in the health insurance program of \$315 million (7.9 percent) is reflective of medical inflation and current enrollment levels. Workers’ compensation costs are increasing by \$45 million (8.4 percent) due to growth in the average weekly wage for benefit calculations and medical costs. Overall pension costs are projected to remain relatively stable due to improved investment returns and ongoing savings from the 2012 pension reforms. Social Security spending is also relatively stable due to steady workforce levels.

**Table 16: Summary of Fringe Benefits Spending (All Funds)**

Category	FY 2018 (millions)	FY 2019 (millions)	Change	
			Dollars (millions)	Percent
Health Insurance	3,968	4,283	315	7.9
Pensions	2,461	2,469	8	0.3
Social Security	1,028	1,030	2	0.2
Gross Workers’ Compensation	531	576	45	8.5
All Other	688	677	(11)	-1.6
<b>Total</b>	<b>8,676</b>	<b>9,035</b>	<b>359</b>	<b>4.1</b>

## Proposed FY 2019 Budget Actions

### State Retiree Health Insurance Reforms

Over the past three fiscal years, NYSHIP costs have increased by approximately 12 percent, from \$3.06 billion in FY 2015 to \$3.43 billion in FY 2017 (retirees and dependent survivors comprise about half of this cost). This growth is significant comparative to the benchmark growth rate of two percent per year. The Executive Budget includes two proposals to help restrain this growth.

- **Eliminate Taxpayer Subsidy for the Medicare Part B Income Related Monthly Adjustment Amounts (IRMAA) for High Income State Retirees.** The Federal government imposed this supplemental IRMAA premium in 2007 to require high income retirees to pay a greater share of Medicare costs. New York taxpayers currently subsidize the entire IRMAA premium of New York State's high income retirees, and a Federal change to the Calendar Year 2018 income bands will now require State taxpayers to pay even more. This subsidy is worth \$642 annually for retirees with an Adjusted Gross Income (AGI) between \$85,000 and \$107,000, growing to a taxpayer subsidy of \$3,535 annually for retirees with AGI above \$160,000 (previously \$214,000). The Budget eliminates this extra taxpayer reimbursement to higher income retirees effective January 1, 2018. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$11 million annually (\$2.7 million in FY 2019 due to the lag in reimbursement).
- **Establish a Floor for State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2017, New York taxpayers reimbursed the standard premium for new and existing retirees at amounts ranging from \$109 to \$134 monthly. The cost of this reimbursement is increasing from \$194 million in Calendar Year (CY) 2017 to \$242 million in CY 2018, an increase of \$48 million. This proposal establishes State reimbursement at an amount of up to \$134 per month, consistent with CY 2018 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal is cost neutral in FY 2019, but saves \$11 million on a full annual basis. Only five other states reimburse the Standard Part B premium at all (California, Connecticut, Hawaii, Nevada and New Jersey), and Ohio recently phased out reimbursement.

## Provide a Market-Rate of Interest on Court Judgments

The Executive Budget proposes a variable market-based interest rate on court judgments paid by public and private entities, which will provide mandate relief for local governments and lower State taxpayer costs by \$6 million. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgements is established at a fixed rate of as much as 9 percent annually. This fixed rate was established at a time when interest rates were at 12 percent as a way to protect taxpayer costs. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.







The **\$29.9 billion** MTA capital program includes a record **\$8.6 billion** in New York State funding.

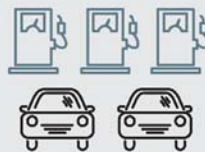
The Budget supports the **\$29.2 BILLION** capital plan for



### MTA SUBWAY ACTION PLAN

**\$836 million** program to stabilize and modernize the system.

The **Second Avenue Subway** and the new **Mario M. Cuomo Bridge** are open for business. →



Open road tolling at all MTA bridges and tunnels is saving commuters up to **21 hours** of drive time every year and conserving approximately **one million gallons of fuel.**

## Budget Highlights

**Support the MTA Subway Action Plan.** The Budget includes capital and operating support to fully fund the State's half of the \$836 million MTA Subway Action Plan to address system failures, breakdowns, delays and deteriorating customer service, and position the system for future modernization.

**Continue Support of the MTA Capital Plan.** The MTA is investing \$29.9 billion in its transit capital program, including \$8.6 billion in funding from New York State.

**Continue Support of the Transportation Capital Plan.** The State's unprecedented \$29.2 billion investment in DOT and Thruway Authority programs, enacted with the FY 2017 Budget, will ensure stronger State and local roads and bridges for years to come.

**Thruway Authority to Implement System-wide cashless tolling.** This initiative will improve customer service with no toll increase through 2020.

**Maintain Record Commitment to Local Highways and Bridges.** Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at \$477.8 million.

The FY 2019 Executive Budget continues New York State's historic investments in the State's transportation system, which are improving our transit systems, roads and bridges, increasing mobility, and supporting economic growth. The budget reflects the fourth year of a \$59 billion transportation capital plan, which is enhancing and expanding the Metropolitan Transportation Authority (MTA) network, and improving roads, bridges, airports rail facilities, ports and transit systems funded through the Department of Transportation (DOT) budget. This commitment also includes State-funded investments in the Thruway to lessen the capital burden on New York's toll payers.

The Executive Budget also includes the State's half of the \$836 million Subway Action Plan to accelerate subway repair and improve the customer experience.

In addition, legislation included with the Budget provides budgetary reform to accelerate and increase aid to the MTA, removes operating expenses from the Dedicated Highway and Bridge Trust Fund (DHBTF), enhances highway, rail and transit safety, extends testing of autonomous vehicles, and continues to modernize the Department of Motor Vehicles (DMV) by authorizing online testing for the 5-hour pre-licensing course.

## Overview

The State's transportation system is operated, maintained and administered by a network of State and local agencies and public authorities. DOT is responsible for construction, reconstruction, maintenance, and snow and ice removal for approximately 43,700 State highway lane miles and nearly 7,900 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 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 2.7 billion passengers who ride the subways, buses and commuter rail systems each year, and facilitates 300 million annual bridge and tunnel crossings. It includes Metro North and the Long Island Railroad (LIRR) commuter lines.

The State's transportation programs also include the 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 \$2 billion in revenue for the State and localities in FY 2019. 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, which includes the 426-mile mainline from Buffalo to New York City, as well as the new Mario M. Cuomo Bridge crossing the Hudson River.

The New York State Bridge Authority is responsible for five other bridges spanning the Hudson River. These and other transportation-related authorities are primarily financed through toll revenue.

## Investing in a Safe, Reliable Transportation System

By 2017, prior decades of underfunding, questionable management priorities and bureaucratic dysfunction, slow project delivery and excessive cost overruns had brought the MTA subway system to a crisis point. With public transit ridership straining capacity, the system experienced an increasing number of system failures, breakdowns, delays and declining customer service.

The Governor intervened and declared a state of emergency at the MTA to begin the process of reversing the decline. Many projects were already underway through the record \$29.9 billion MTA Capital Program, funded in part through the State's record contribution of over \$8.6 billion. But the subway system required additional immediate investments and, to jump start the turnaround, the Governor committed the State to fund half of a new \$836 million MTA Subway Action Plan for 2017 and 2018. Now underway, the Action Plan will spur immediate improvements for customers, and set the stage for further modernization.

### Performance Profile

**Completing the Mario M Cuomo Bridge.** The \$3.9 billion design-build project to replace the Tappan Zee Bridge is on-budget and the westbound span of the bridge opened to traffic August 2017. The eastbound span is scheduled to open on time in 2018.

**Improving the DMV customer experience.** The DMV continues to enhance the customer experience by 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.

**Saving with Design-build.** The Department of Transportation (DOT) saved \$31.8 million using the design-build project delivery method last year.

**Renewing State Roads and Bridges.** During 2016-17, the Department replaced or rehabilitated a total of 330 State bridges, and completed 5,417 corrective and preventive bridge treatments to slow deterioration. In addition, 1,687 lane miles of State highway were resurfaced or reconstructed.

The Subway Action Plan will be implemented in two phases. Phase One, which is already underway, is stabilizing and improving the system while enhancing the customer experience. This includes actions to expedite track, power and signal repair and dramatically reduce incident response times; increase the reliability and number of subway cars in service by accelerating major car overhauls, and adding cars to increase capacity; improve system safety and cleanliness by seeking additional City police presence, and increasing the frequency of heavy-duty station cleaning by thirty percent; improve customer communications, overhaul digital communications systems, launch an MTA app, and accelerate completion of station countdown clock installations.

Phase 2 will include a long-term system-wide improvement plan including better subway cars, a new signaling system, modern communications technology to facilitate new signaling, and the deployment of new innovations submitted in the MTA's Genius Grant Challenge.

In order to assist the funding of the MTA and their delivery of both the Subway Action Plan and the capital plan, the FY 2019 Budget proposes a budgetary reform to accelerate the MTA's receipt of revenue, lower MTA financing costs, and increase aid to the MTA in 2018 by \$60 million, part of State's contribution to the Subway Action Plan.

In 2018, the MTA will also advance the fourth-year of their Capital Program which is providing major investments throughout the system. To help alleviate overcrowding and address record subway ridership, the MTA will be investing an additional \$500 million in Communications-Based Train Control (CBTC) to allow the MTA to safely operate subway trains more closely together, adding passenger capacity to the century-old subway system.

In addition to the successful new phase of the Second Avenue Subway, which is providing some relief to the overcrowding on the Lexington Avenue line, ongoing capital investments are modernizing and expanding the MTA network. These investments include construction of four new Metro-North stations in underserved areas of the Bronx with service to Penn Station, extension of the Second Avenue Subway to East Harlem, a new fare payment system, advancement of the East Side Access project to bring Long Island Rail Road riders into Grand Central Terminal, and a second track along 18 miles of the LIRR between Farmingdale and Ronkonkoma. The MTA is also moving forward on its Third Track project on one of the busiest sections of the LIRR to increase capacity and speed commutes.

The MTA Capital Program will purchase about 500 new subway cars, over 300 commuter rail cars and over 1,700 state-of-the-art buses equipped with Wi-Fi and USB charging ports. The program also provides financing for the Governor's initiative to reimagine and renovate 31 subway stations throughout the New York Metropolitan area to enhance customer experience with improved lighting, wayfinding signs and modern finishes. The renovated stations will offer charging stations, and all underground subway stations will offer cellular connectivity and Wi-Fi.

Statewide, New York's economy relies on a resilient and efficient transportation infrastructure network of roads and bridges to continue attracting investment and creating jobs. The State's unprecedented \$29.2 billion investment in DOT and Thruway Authority programs, first enacted with the FY 2017 Budget, will continue to ensure stronger State and local roads and bridges for years to come. The plan included new initiatives for BRIDGE NY and PAVE NY, in addition to the \$2 billion in Thruway Stabilization funding that supports capital investments across the entire Thruway system.

Following decades of inaction, the replacement for the Tappan Zee Bridge is nearing completion, with one span already operational. Renamed the Mario M. Cuomo Bridge in honor of the former Governor, the \$3.98 billion design-build construction project remains on budget. To eliminate traffic bottlenecks, delays and pollution, the modernization of toll collection has accompanied the bridge replacement, and cashless tolling is now operational at the Bridge along with removal of the old toll plaza in Tarrytown.

Following the Governor’s call for additional modernization, to reduce traffic congestion and improve the customer experience, the Thruway Authority is embarking on a Plan to implement cashless tolling system-wide, while continuing its pledge of no toll increases through 2020.

**Table 17: Summary of State Funds Spending**

Category	FY 2018 (millions)	FY 2019 (millions)	Change	
			Dollar (millions)	Percent
Department of Transportation	3,985	4,075	90	2.3
Metropolitan Transportation Authority	5,480	5,261	-219	-4.0
Department of Motor Vehicles	297	313	16	5.4
Transportation Spending (Total)	9,763	9,650	-113	-1.2
For comparability MTA aid includes \$1.4 billion of PMT revenues proposed to be taken “off-budget.” Total new MTA aid increases by \$334 million operating and \$174 million capital offset by capital aid payment timing.				

## Proposed FY 2019 Transportation Budget Actions

### Department of Transportation

In support of the transportation plan period that began in FY 2016, the Executive Budget provides \$4.3 billion for the fourth year of DOT’s capital program, which will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. Progress continues on two new initiatives launched in FY 2017 – BRIDGE NY and PAVE NY which are further improving conditions on State and local roads and bridges.

The Executive Budget continues Governor Cuomo’s record commitment to funding local highway and bridge projects. Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at last year’s level of \$477.8 million. The Budget also continues \$100 million in highway aid through the PAVE NY program, and \$100 million to fund local bridge projects from the BRIDGE NY program.

DOT’s capital program is supported by Federal aid, State capital projects funds, financial settlement funds, dedicated taxes and fees deposited in the Dedicated Highway and Bridge Trust Fund, and the State’s General Fund.

To ensure that more DHBTF revenues are used for transportation projects, the Budget includes reform legislation that would reassign DOT and DMV operating costs to the General Fund. Currently, approximately \$394 million of such costs would be paid for out of the DHBTF. This realignment of operating and capital functions will keep operating cost growth from consuming future capital funds.

## Transit

New York State provides transit system operating assistance through the Statewide Mass Transportation Operating Assistance (STOA) program. This multi-billion-dollar aid program reflects the importance of transit system services that provide an estimated 3.8 billion rides annually. State transit aid accounts for approximately one-third of the operating resources used to support the State's transit systems.

The FY 2018 Executive Budget provides almost \$5.4 billion in operating support to transit systems. The MTA will receive more than \$4.8 billion from all State sources, an increase of \$334 million (7.4 percent) over the FY 2018 Enacted Budget.

The \$29.9 billion 2015-2019 MTA Capital Program is the largest and most expansive plan in the authority's history. The State's \$8.6 billion contribution to the plan was solidified in state law with the FY 2017 Enacted Budget, and the FY 2019 Executive Budget includes the 4<sup>th</sup> year of appropriation authority – \$1.5 billion – to support the plan. The FY 2019 Executive Budget contributes another \$174 million for half of the capital commitments in the MTA's Subway Action Plan, bringing the total State contribution up to \$8.6 billion. This unprecedented level of State support is many times greater than under any previous MTA capital plan.

With the subway system in crisis, the MTA has launched the first phase of the Subway Action Plan to stabilize and improve the system and lay the foundation for long-overdue modernizations. The plan was initiated less than 30 days after Governor Cuomo declared a state of emergency and directed the chairman to come up with a plan for immediate action. The first phase, focused on a better customer experience, began immediately and will increase reliability and capacity, enhance stations and safety, and help provide more clear and accurate communication.

The Subway Action Plan includes an immediate investment of \$836 million, including \$508 million of operating costs (2017 and 2018) and \$348 million of capital (2017 thru 2019). In the FY 2019 Executive Budget, the State commits to fully fund half of the plan's cost, including \$254 million in operating aid and \$174 million of capital assistance.

To support of the Subway Action Plan and expedite the transfer of Payroll Mobility Tax revenue to the MTA so that funds may be used more quickly, The FY 2019 Budget moves the MTA Payroll Mobility Tax (PMT) "off-budget." This reform has a number of advantages for the MTA. By moving PMT revenues out of the State Financial Plan, a natural payment processing lag is eliminated. For 2018, this accelerates \$60 million of additional revenues for immediate use. Taking the PMT revenues off-budget will also provide credit enhancement for the MTA, which will lower capital financing costs as the revenues will flow more frequently and will not be subject to legislative appropriation. Lower borrowing costs will also help the MTA finance any capital costs that might result from the recommendations of the Fix NYC Advisory Panel.

The Budget also includes additional MTA reform legislation that:

- Establishes an additional financing option for major MTA construction in NYC;
- Clarifies the ongoing obligation of New York City to fund the capital needs of the New York City subway system and establishes a mechanism for emergency capital funding; and
- Provides procurement reforms for the MTA to increase the sealed bidding threshold to \$1 million for purchases and public work, eliminates the 15-day Notice Period under the Omnibus Procurement Act, and vests special termination powers with the MTA board.

For other transit systems, the FY 2019 Budget provides \$205 million in operating support for upstate transit and \$321 million for downstate systems other than the MTA. For the first year, downstate transit aid includes \$8 million to fund the first phase of the Lower Hudson Transit Link serving the Mario M. Cuomo Bridge and parts of Rockland and Westchester counties.

### **Thruway Authority**

The Thruway is a vital transportation artery that connects people to their jobs and their families, and moves billions of dollars of products to market. The FY 2019 Executive Budget includes reappropriations of nearly \$2 billion from the Special Infrastructure Account for the Thruway Stabilization program. This money will continue to support capital investments, including the Mario M. Cuomo Bridge and other capital projects throughout the system.

In 2012, the Thruway awarded a \$3.9 billion design-build contract for the replacement of the Tappan-Zee Bridge. The Mario M. Cuomo 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 Transportation Infrastructure Finance and Innovation (TIFIA) loan, the largest in TIFIA program history. Construction began in the spring of 2013, and the Bridge is on-budget. The westbound span of the bridge opened to traffic August 2017, and the eastbound span is scheduled to open on time in 2018.

### **Department of Motor Vehicles**

Accounting for the steady increase in the volume and complexity of its transactions, DMV has utilized electronic and internet-based services to increase the efficiency of transaction processing. These services also provide customers with a faster and more convenient alternative to visiting DMV offices. Currently, close to seven 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 continues to enhance the customer experience by 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 is continuously improving to provide a more responsive design for its customers.

Through the NYS Lean Program, the DMV reduced the wait time to register a vehicle acquired through a casual sale and, in select pilot offices, to obtain a driver's permit as part of a broader effort to reduce office wait times by more than 50 percent.

Additional motor vehicle Budget actions include the following:

- **License Renewal Cycle.** The Budget continues funding for the second year of the license renewal cycle and programmatic mandates that include an aggregate of 89 FTE's for approximately \$18 million to cover increased transaction volumes in DMV State Offices. These additional employees will help keep customer wait times low.
- **Omnibus Public Safety.** As part of a public safety initiative, the Budget proposes legislation to require all back seat passengers to wear seat belts, require children under the age of 8 who are passengers in a school car or van to be properly restrained in an appropriate child restraint system, to ban hands-free mobile phone use for junior permit and junior license holders, to allow junior license holders to drive in NYC between 5am – 9pm with a supervised licensed driver in a vehicle with dual control brakes, and to promote railroad grade crossing safety by authorizing local governments in the Metropolitan Transportation Authority (MTA) district to work with the MTA to undertake demonstration programs using remote control photo monitoring equipment.
- **Autonomous Vehicles.** Expands on the 2017 Autonomous Vehicle legislation to encourage more autonomous vehicle manufacturers to operate in New York, removing legal barriers.
- **Online Pre-licensing (5 hour) Course.** This Budget creates an online pilot pre-licensing course to obtain a New York State license, offering more flexibility in hours and locations for course participants. Each participant is assessed a fee of \$8, for estimated annual revenue of \$895,000.

## Education, Labor and Family Assistance

- Amend Education Law and make other changes necessary to authorize School Aid and implement education-related programs in the Executive Budget
- The Executive Budget proposes legislation for several new initiatives to provide students with increased access to healthy, locally sourced meals
- Amend the education law, in relation to authorizing school bus stop cameras; and to amend the vehicle and traffic law, in relation to increasing fines for passing a stopped school bus
- Amend the Education Law to authorize non-component school districts, including the Big Five City School Districts, to participate in Recovery High School programs operated by Boards of Cooperative Educational Services
- Enact the New York State DREAM Act
- Allow public accounting firms to have minority ownership by individuals who are not Certified Public Accountants
- Reauthorize Close to Home
- Authorize Closure of Ella McQueen Reception Center
- Extend the Youth Development Program
- Extend OCFS' Authority to Contract with BOCES
- *Authorize DASNY to provide capital construction services to OCFS*
- Authorize the pass-through of any Federal Supplemental Security Income Cost of Living Adjustment
- Authorize a Rental Subsidy for Public Assistance Recipients Living with HIV/AIDS in Rest of State (ROS) counties
- Authorize Mortgage Insurance Fund Utilization
- Provide funding flexibility between Lake Ontario Flood Relief Programs

## Health and Mental Hygiene

- Hospital related Medicaid Redesign Team recommendations.
- Long-term care-related Medicaid Redesign Team recommendations.
- Medicaid Managed Care related recommendations.
- Pharmaceutical-related Medicaid Redesign Team recommendations.
- Transportation-related Medicaid Redesign Team recommendations.
- Reprogram Excess Medicaid Managed Care Reserves.
- Authorizing Health Services Offered by Retail Practices.
- Expand scope of practice for certified nurse anesthetists (CRNAs).
- Medicaid Integrity.
- Amend New York State's False Claims Act penalties to align with the Federal False Claims Act.
- Extend the Medicaid Global Cap and other miscellaneous Medicaid-related proposals.
- Child Health Plus related recommendations.
- Extend the Physicians Excess Medical Malpractice Program for one year.
- Discontinue COLA payments to certain Department of Health providers.
- Reform the Early Intervention program.
- Eliminate certain Health Care Reform Act (HCRA) programs.

- Authorize additional capital support for the health care providers.
- Reduce the Risk of Exposure to Lead Paint in Residential and Non-Residential Settings.
- Regulatory Modernization Initiative related Medicaid Redesign Team recommendations.
- Extend various provisions of the Public Health and Social Services Laws.
- Extending existing processes for certain time-limited demonstration programs for specialized inpatient psychiatry units for children and adults.
- Extend community reinvestment for State psychiatric center inpatient bed closures.
- Authorizes the establishment of voluntary restoration to competency programs within locally-operated jails and State prisons.
- Extend authority for Office of Mental Health (OMH) and Office for People with Developmental Disabilities (OPWDD) facility directors to act as representative payees consistent with federal law and regulations.
- This bill clarifies the responsibilities and tasks that require psychology, social work, or mental health licensure for individuals working in certain programs and services that are regulated, operated, funded or approved by the Office of Mental Health (OMH), the Office for People with Developmental Disabilities (OPWDD), the Office for Alcoholism and Substance Abuse Services (OASAS), the Department of Health (DOH), the State Office for the Aging (SOFA), the Office of Children and Family Services (OCFS), the Department of Corrections and Community Services (DOCCS), the Office for Temporary and Disability Assistance (OTDA), and/or local governmental units or social service districts.
- This bill would correct statutory references with respect to OPWDD waiver services, extend OPWDD's managed care authority, and make technical amendments to that authority.
- Human Services COLA.

## Public Protection and General Government

- Makes revisions to the Criminal Procedure Law to ensure citizens accused of a crime have the right to a speedy and public trial
- Makes revisions to the Judiciary law to increase accountability and efficiency of the Courts
- Bail Reform
- Makes revisions to the Criminal Procedure Law to improve the disclosure of evidence and information between prosecutors and the defense
- Civil Asset Forfeiture Reform
- Continue provisions relating to the disposition of certain monies recovered by county district attorneys
- Eliminate reimbursements to counties for personal service expenses related to the transportation of state ready inmates
- Expand merit time eligibility and add four new significant program accomplishments for the potential award of the Limited Credit Time Allowance
- Eliminate Parole Supervision Fee
- Authorize the Department of Corrections and Community Supervision to pilot two temporary release programs
- Remove unnecessary bars on licensing and employment for people with convictions
- Allow for Geriatric Parole

- Suspend a subsidy to a revolving loan fund from cell surcharge revenue
- Streamlining the Subpoena Process for Cases of Online Sexual Abuse of Children
- To establish the Armory Rental Account enterprise fund
- Child Victims Act
- Creates a new special on-premises hotel license for hotels without a full service restaurant
- Creates a new license for production and sale of mead and braggot in New York State
- Creates a new exporter license for businesses that export NYS alcoholic beverages
- Extend the authority of the State Commission on the Restoration of the Capitol for five years
- Expand the types of government bodies that may obtain surplus state land for nominal consideration, as well as the purposes for which the land may be used
- Establishment of the parking services account, solid waste account and special events account as enterprise funds
- Permits term appointments for eligible, highly-specialized ITS positions without initial Civil Service examination
- Empowering the New York State Deferred Compensation Board to Create a Voluntary Retirement Savings Program for Private-Sector Employees
- Stabilizes State Insurance Fund's investments
- Provide/Increase State reimbursement of the Standard Medicare Part B (Medical) premium paid to eligible NYSHIP retirees and their dependents to a level of \$134 monthly
- Cease reimbursement of the Medicare Income Related Monthly Adjustment Amounts to high income State retirees
- Provide a market-based interest rate on court judgments and accrued claims
- Amend the Citizen Empowerment Tax Credit (CETC) statute to close an eligibility loophole and prevent disproportionate payments
- Amend various provisions of law to address local government shared services obstacles
- Make County-wide Shared Services Panels permanent
- Authorize the Town of Islip Resource Recovery Agency (TIRRA) to select its independent auditors
- Authorization for transfers, temporary loans, and amendments to miscellaneous capital/debt provisions, including bond caps

## Revenue

- Cap annual growth in STAR benefit amounts at 0%.
- Make Participation in the Income Verification Program (IVP) Mandatory for Enhanced STAR Recipients.
- Require Filing RP-5217 for Co-Ops and Co-Op Shares.
- Reporting Requirement for Mobile Homes.
- Technical amendments to property tax laws.
- State-Owned Lands Tax Cap Limitation.
- Telecom Mass Property Assessments Extender and Fix.
- Extend the statute of limitations on amended tax returns.
- Provide for employee wage reporting consistency between the Departments of Taxation and Finance and Labor.

- Simplify the sale for resale exemption for prepared food.
- Allow Warrantless Tax Debt to Be Assessed Against Unclaimed Funds.
- Allow the Department of Taxation and Finance Access to Dependent and Child Care Data from Other State Agencies.
- Close the carried interest loophole.
- DTF Right to Appeal DTA Tribunal Decisions.
- Clarify New York Residency Requirements for Tax Purposes.
- Maintain 2017 Empire State Child Tax Credit Benefits.
- Extend the Hire a Vet Tax Credit for two years.
- Enhance the New York Youth Jobs Program.
- Defer business related tax-credit claims.
- Amend the refund and joint liability provisions of the real estate transfer tax.
- Improve cigar tax enforcement.
- Discontinue the energy services sales tax exemption.
- Convert the veterinary sales tax credit to an exemption.
- Provide responsible person sales tax relief for minority LLC owners.
- Increase the vending machine sales tax exemption.
- Amend the local sales tax statute for technical changes.
- Impose an Internet fairness conformity tax.
- Impose a health tax on vapor products.
- Establish an opioid epidemic surcharge.
- Impose a healthcare insurance windfall profit fee.
- Amend racing operation provisions.
- Allow breeding funds to be used for equine aftercare.
- Extend certain tax rates and certain simulcasting provisions for one year.
- Eliminate the Video Lottery Gaming (VLG) hold harmless transfer provision.
- Simplify Video Lottery Gaming (VLG) rate and additional commission provisions.

## Transportation, Economic Development and Environmental Conservation

- Strengthen the State's authority to enforce Federal Motor Carrier Safety regulations
- Allow the sale of locally-sourced food and beverages at roadside rest areas operated by DOT
- Enhance Public Transportation Safety Board (PTSB) enforcement power in compliance with Federal requirements
- Allow the Thruway to set fees for use of its fiber optic system
- Authorize DOT to collect a \$120 fee for semi-annual inspections of certain for-profit vehicles
- Authorize the Department of Transportation (DOT) to charge for use and occupancy of fiber optic lines on DOT right of way and establish a uniform process for the siting of small cell wireless facilities
- Amend the Vehicle and Traffic Law, to require all back seat passengers wear seat belts, require proper safety restraints for children under the age of 8, prohibit the use of mobile telephones and portable electronic devices by persons under the age of 18, and permits junior license holders to operate a vehicle in NYC. Also amends Vehicle and Traffic Law and

the Public Officers Law, in relation to authorizing municipalities and commuter railroads to establish demonstration programs, and implementing railroad grade crossing monitoring systems by means of photo devices

- Extends the authorization of Autonomous Vehicle testing in the State of New York
- Removes the authorization for OSC to prescribe a reporting format to New York City and has DMV continue to report on behalf of New York City
- Creates an internet pre-licensing course pilot program in the vehicle and traffic law, and establishes fees for the course application and administration for students
- Would re-direct certain revenues and program spending from the Dedicated Highway and Bridge Trust Fund to the General Fund, and direct that future revenues raised by the Payroll Mobility Tax be sent straight to the MTA without need of appropriation
- This legislation would establish a process for the recoupment of costs for major capital construction by MTA within a city of a population of one million or more
- Relates to the capital needs of the city's subway system
- This legislation would provide necessary procurement reform to the Metropolitan Transportation Authority and its affiliates
- 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
- Reauthorizes and extends the provisions of law relating to participation by minority and women-owned business enterprises in state contracts and expands upon those provisions based upon the findings of the 2016 Disparity Study
- Expand definition of an authorized entity that may utilize design-build contracts in the Infrastructure Investment Act
- Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents
- Place responsibility for mailing a copy of service of process on plaintiffs rather than the Department of State (DOS)
- Enhance the Brownfield Opportunity Areas (BOA) program
- Eliminate the 25 percent match requirement for localities utilizing federal Community Service Block Grant funds
- Empower the Superintendent of the Department of Financial Services (DFS) to license and regulate student loan servicers, set standards for student debt consultants and prohibit state agencies from suspending or denying the issuance of professional licenses for individuals behind or in default on their student loans
- Extend the authorization of the Dormitory Authority of the State of New York to form subsidiaries
- Make permanent the Empire State Development Corporation's authority to administer agricultural and dairy marketing orders
- Create the Empire Forests for the Future Initiative to enhance management of privately owned forests and open space, and encourage timber sales to support the biomass energy and wood products industries in the State

- Make technical changes to the Environmental Protection Fund and the Clean Water Infrastructure Act of 2017 and the State Finance Law
- Reduce and sustainably manage food waste by requiring large food waste generators to divert excess edible food to food banks and food scraps to organics recycling facilities
- Preserve open space on Long Island by expanding the Core Preservation Area of the Central Pine Barrens
- Authorize expenses of the Department of Health to be reimbursed by a cable television assessment, and expenses of the Office of Parks, Recreation and Historic Preservation, and of the departments of Agriculture and Markets, Environmental Conservation, and State, to be reimbursed by a utility assessment
- Authorize the New York State Energy Research and Development Authority to finance a portion of its energy research, development and demonstration program, and its energy policy and planning program, as well as the Department of Environmental Conservation's climate change program and the Department of Agriculture and Markets' Fuel NY program, from an assessment on gas and electric corporations
- Authorize the New York Power Authority to provide energy-related projects, programs and services to any of its power customers
- Authorize the New York Power Authority to develop renewable energy projects, and to procure and sell renewable products to public entities and existing New York Power Authority customers

## Good Government and Ethics Reform

- Increase Transparency in Digital Political Ads
- Early Voting and Automatic Voter Registration
- Requires Legislature to seek an advisory opinion on outside income
- Close the LLC Loophole
- Financial Disclosure Requirements for Local Elected Officials
- Institute Public Financing and Enact Additional Campaign Finance Reforms
- Comprehensive FOIL Reform
- Expand the State Inspector General's Authority to Include Affiliated Organizations of SUNY and CUNY
- Clarify State Inspector General's Authority over State Procurements
- Implement and Enforce Financial controls at SUNY and CUNY Foundations
- Establishment of a NYS Chief Procurement Officer
- Amendment of Government Vendor Contributions
- Report on the feasibility of single identifying codes or numbers

## Women's Agenda

- Comprehensive Contraceptive Coverage Act
- Codify Roe v. Wade into State Law to ensure that women can make personal healthcare decisions

- Establish the Maternal Mortality Review Board to Save Lives
- Require the State Board of Medicine to include experts in women’s health and reducing health disparities
- Remove Firearms from Domestic Abusers
- End Sextortion and Revenge Porn
- Extends the Storage Timeline for Forensic Rape Kits at Hospitals
- Extend Anti-discrimination Protections to Public Schools
- Amending various laws to combat sexual harassment in the workplace
- Amends the unconsolidated laws to make changes necessary to implement new computer science education standards as part of the “Women’s Agenda for New York”
- Amends Education Law to make changes necessary to implement the “Be Aware, Be Informed” learning module
- Amend the Public Health Law to require public schools serving students in grades 6 through 12 to provide free feminine hygiene products in restrooms
- Ensures Equal Access to Diaper Changing Stations in Public Restrooms

## Concurrent Resolutions

- Constitutional Amendment – Same-Day Voter Registration
- Constitutional Amendment – Limit Outside Income of Legislators
- Constitutional Amendment – Term Limits for Elected Officials
- Constitutional Amendment – Add "sex" as a protected class in the State Constitution.







Division of  
the Budget

## IMPROVING GOVERNMENT EFFICIENCY



Use of **design-build**  
for transportation projects

**SAVED \$31.8 MILLION**

and a **cumulative 33.5 years**  
of construction time

### SINCE ITS INCEPTION IN 2013

**NYS Lean Program** has completed **more than 850 process improvement projects**, involving more than **37,000 state employees**.



### SINCE ITS CREATION IN 2013

the **Grants Gateway**, has helped **over 9,700 not-for-profit organizations** register with the State, and **more than 6,900 organizations** have completed the prequalification process.



## Budget Highlights

**Protect the Sanctity of Elections and Improve Voter Access.** The FY 2019 Executive Budget advances legislation that will bring campaign disclosure laws to bear on social media platforms, including keeping foreign entities from purchasing political advertisements. It will also expand voter access through early voting and same day registration

**NYC Subway Action Plan.** The plan to improve the subway system and lay the foundation for modernizing the New York City Subway was initiated less than 30 days after Governor Cuomo declared a state of emergency.

**The Office Space Optimization Plan.** The plan provides for optimization of both State owned and leased space. An initial 5-year investment (FY 18 - FY 22) in rehabilitating State-owned buildings through the annual funding of the Office Space Optimization Plan will result in a net savings of approximately \$20 million after 10 years, with additional savings in perpetuity.

It is more important than ever that government has the public trust. Under Governor Cuomo's leadership, New York State is building a results-driven service delivery system that is restoring the public's faith in government. New Yorkers have every right to expect performance from their government. The State must be effective in accomplishing its responsibilities, and it must honor the covenant of being entrusted with public funds.

## Overview

Performance management is a framework utilized by high-performing private-sector and public-sector organizations that will make the State's delivery of services more efficient, cost-effective, transparent, and accountable.

State agencies are collaborating to focus on efforts that support their core missions, align with strategic priorities, and set performance goals accordingly. They are measuring outcomes against those goals to deliver a streamlined, smarter and more effective government.

## Integration of Management and Budget

To support the Governor's efforts, the Division of the Budget (DOB) is integrating the investment of State resources with a review of program and policy delivery outcomes. The mission includes the review of agency performance, and a continued emphasis on government performance throughout the State. The synthesis of management and budget functions will ensure that the policies, programs, and projects contained in the Budget are delivered in a timely, cost effective manner.

## Enhanced Use of Data and Evidence

Evidence-based policymaking uses research and program results data to inform policy, management, and budget decisions. It drives dollars to programs that have been proven to be effective. New York State's performance management framework utilizes evidence-based policymaking to reduce wasteful spending by evaluating cost effectiveness, allowing the State to expand successful programs and strengthen accountability. Focusing on outcomes makes it easier to promote accountability.

## Government Accountability and Transparency

### Enterprise Risk Management

The Special Counsels for Ethics, Risk, and Compliance created an Enterprise Risk Management (ERM) program to assist agencies in navigating the varied and complex forms of risk. ERM allows agencies to methodically identify and prioritize the full spectrum of risks across their organizations and strategically manage risk holistically, rather than a siloed approach. As a part of Governor Cuomo's statewide framework for ethics, risk and compliance, ERM allows mitigation strategies to be shared for risks identified in multiple agencies.

Integration of ERM into day-to-day operations allows agencies to leverage opportunities and avoid, mitigate, and transfer risk, resulting in more resilient, effective, and efficient programs. The benefits of ERM include a more efficient use of State resources, more substantive compliance with internal control and audit filings, and ultimately, a continuous process that allows agencies to identify and mitigate issues on ongoing basis.

In FY 2018, a pilot ERM program began in five State agencies, with additional agencies scheduled to roll out the program in FY 2019.

### Performance Management Projects

#### Effective Management of Statewide Capital Planning and Assets

Capital planning is critical to water, sewer, transportation, education, health care and other essential public services. It is an integral component of any economic development program and strategic plan. The Governor's New York Works Task Force helped centralize the State's capital planning to leverage and integrate the funding into economic development planning statewide.

In 2016, the State continued to improve its capital planning process by launching a diagnostic effort to assess the current capital planning process, evaluate project delivery, and catalog the State's capital assets.

### Performance Profile

#### Delivering Projects Cheaper.

In FY 2018, 15 critical infrastructure projects were completed using the design-build project delivery method, at a total cost of \$923.8 Million. New York State saved \$31.8 million by using design-build.

#### Delivering Projects Faster.

The design-build method, project delivery was reduced by 804 Days. The cumulative amount of time saved using the design-build method is 33.5 years.

#### Supporting a variety of

**infrastructure needs.** DOT completed 11 bridge repair and replacement projects at an average estimated savings of \$1.3 million per project; 3 roadway projects at an average estimated savings of \$5.3 million per project; and one railway project estimated to have save \$1.2 million using the design-build method.

Building on these previous efforts, the State is collecting central project level data for outcome tracking and decision-making. Benefits to this approach include the improved alignment of capital spending with strategic priorities, more active management of the State portfolio of capital assets, and the use of outcome-based feedback and prioritization to ensure project selection best meets the needs of New York State. Improvements in project tracking will help the State execute capital projects on-time and on-budget. These efforts aim to improve both the cost-effectiveness and efficiency of our capital project delivery process, yielding better public services across all sectors.

## **NYS Real Estate Center of Excellence**

A 2014 audit by the New York State Comptroller confirmed that the Office of General Services' (OGS) efforts to reorganize leased state agency office space saved New York taxpayers \$33.1 million over a three-year period, exceeding savings goals by \$7 million. The initiative, known as "ReStacking" consolidated the use of existing space throughout the portfolio of state-owned and leased space. The first phase of this process created large sections of vacant space that, in turn, could be used to house agencies and employees currently occupying leased space. Since 2014, these efforts have continued within OGS through the New York State Real Estate Center (REC).

Governor Cuomo tasked the REC with the proactive and strategic management of the State's real estate portfolio. The REC manages 31 million square feet of space, of which 11 million is leased. The Office Space Optimization Plan uses the same principles that produced success during the ReStacking initiative, through the utilization of both State and leased space to maintain optimal occupancy levels, identifying opportunities for consolidating existing office space and eliminating unnecessary and costly leases. The Center enables OGS to manage the real estate portfolio holistically in a data-driven, efficient and cost-effective manner by:

- Maintaining a centralized inventory of all State real estate assets, right-sizing the portfolio through acquisition and disposition, and seeking asset monetization opportunities;
- Centralizing the real estate planning and development function, and minimizing financial, operating, and scheduling risks for the State;
- Providing energy management governance and supporting the Governor's EO88 initiative, which directs agencies and authorities to improve the energy efficiency of State buildings; and
- Serving as the State's primary resource for real estate matters, by providing services in developing policy, strategic initiatives, and performance metrics, identifying and introducing private industry real estate management best practices, proactively identifying opportunities to reduce cost while supporting the State's mission, and standardizing facility management and leasing practices of State agencies.

## NYS Lean Program

Since its creation in 2013, the NYS Lean Program has worked to support the State of New York's goal of maximizing efficiency. Since then, 38 state agencies and authorities have executed hundreds of projects, engaged thousands of State employees and impacted millions of New Yorkers.

At the enterprise level, the program led several large-scale efforts in 2017 which pulled together many agencies to operate as One NY, including work with:

- 7 State agencies and the Governor's Not-for-Profit Team to reduce risk to not-for-profit organizations by executing critical service contracts on-time, which will ensure prompt payment.
- 23 Office of Mental Health facilities to reduce patient length-of-stay and improve quality of care; part of the agency's transformation to make Lean the management methodology used statewide.
- 17 State agency HR offices and NYS ITS to standardize and streamline new employee onboarding to increase new hire productivity.
- The Governor's Office and multiple agencies on the Paid Family Leave program launch team to establish real-time, multi-process monitoring to ensure a successful roll-out.

In November, the NYS Lean program hosted its fourth annual Lean Learning Day, which brought together over 800 participants, in person and via web-stream, ranging from front-line State employees to agency leaders up to and including commissioners. Lean Learning Day has become the seminal annual event for those looking to achieve higher quality outcomes in shorter time frames.

During 2018, the program plans for large-scale accelerated agency transformation with roll-out of an additional process improvement model. Utilizing this model, known as NYS Lean In Situ, agencies will quickly see the work, surface the issues, and solve problems. Agencies will use data to inform problem solving and leverage minimal resources for maximum return on investment.

As a cumulative result of these endeavors, the State of New York is making large strides with existing resources to improve government efficiency and responsiveness.

## Digital Innovation

In 2013, Governor Cuomo issued an Executive Order directing State agencies to, for the first time, review and catalog data they collect and make that data publicly available on the State's new Open Data website.

## Open.ny.gov

The Open.ny.gov initiative is designed to help State agencies and local governments by fostering research, promoting informed decision-making, and enhancing collaboration. It is a shared resource for localities across the State, providing unified access to government data and helping local governments cut down costs and improve efficiency, in addition to increasing transparency.

For example, in 2016 the New York State Energy Research and Development Authority (NYSERDA) made available on Open NY residential and small commercial solar projects currently in development in New York State through NY-Sun, an integral component of the Governor's Reforming the Energy Vision (REV). Private-sector companies are able to access this data, and determine areas of opportunity to leverage existing investments to bring to scale New York's sustainable, self-sufficient solar industry. New York State is also using data analytics to combat the spread of opioid abuse, prevent payments for fraudulent tax returns, and improve service delivery for health and social services agencies.

## OpenBudget.ny.gov

The Open Budget website provides easy, single-stop access to New York's wealth of budget data, including comprehensive machine-readable raw financial data along with tools and charts to make that information more understandable. The result is:

- Unprecedented access and transparency to New York's budget;
- Open access to easy-to-use tools, charts and data;
- Improved government performance; and
- Enhanced citizen engagement and trust.

## Grants Gateway

Since 2013, the New York State Grants Gateway has served as a single point of entry for not-for-profit organizations and other vendors to review and apply for grants with State agencies. The front end of the Grants Gateway, the Grants Opportunity Portal, provides a simple way for potential applicants to browse, search for, and view available funding opportunities. Not-for-profit organizations that want to apply for State grant opportunities must register with Grants Gateway and complete the Prequalification process. Prequalification streamlines the grant application and contracting process by ensuring that not-for-profit organizations meet basic standards and are in good standing before they apply for funding. Prequalification also provides not-for-profits with a single repository to store organizational documents such as their IRS Form 990 and Charities Registration, thus eliminating the need to provide the same documents to multiple State agencies.

There are 22 State agencies that use the Grants Gateway, more than 9,700 registered not-for-profit organizations, and more than 6,900 organizations that have completed the Prequalification process. There are currently 262 competitive grant opportunities, more than 10,000 applications submitted, and more than 7,000 contracts in the system. Of the more than 7,000 contracts in the system, over 5,900 are fully executed for a total of over \$4.2 Billion in funding.

The FY 2018 Enacted Budget included \$2.4 million in innovation funding to enhance Grants Gateway. This investment supported Grants Gateway integration with the Statewide Financial System and online payments.

## **New Initiatives to Continue Delivery of High Performance Government**

### **Voter Access**

Ultimately, high performance government can only succeed if its citizens are engaged in our democratic process and have confidence in the electoral system. The FY 2019 Executive Budget supports Governor Cuomo's plan to ensure that elections in New York State remain fair and transparent, and that all New Yorkers have full opportunity to participate. Legislation is advanced to expand the definition of political communication to include paid internet and digital advertisement; require digital platforms to maintain a public file of all political advertisements purchased; and require online platforms to make reasonable efforts to ensure that foreign entities are not purchasing political advertisements to influence the American electorate. In addition, voter access to the election process will be improved through the Governor's proposal to institute early voting in the State by requiring every county to offer residents access to an early voting poll site during the 12 days leading up to Election Day, modernizing the process through which citizens can register to vote, and allowing for same day registration.

### **MTA Action Plan**

In 2017, Governor Cuomo declared a state of emergency for the Metropolitan Transportation Authority (MTA). The Governor called on the MTA to immediately address the safety, infrastructure and technology concerns facing the transit system and its riders. Within 30-days of the declaration, the MTA launched the NYC Subway Action Plan to stabilize and improve the subway system, and lay the foundation for modernizing the New York City Subway. The Plan's first phase began immediately and will deliver improvements within one year, with a focus on better customer experience through increased reliability and capacity, enhanced stations and safety, and clear and accurate communication.

In total, Phase I of the NYC Subway Action Plan – stabilize to modernize – includes more than 30 tangible actions. Phase II of the Subway Action Plan will focus on modernizing the system. Phase II incorporates ideas from the Genius Challenge, and addresses systemic and system-wide improvements.



## Design Build

Under Governor Cuomo's leadership, New York State continues to streamline the process for undertaking critical infrastructure improvements, allowing projects to be completed at faster paces with lower prices. The design-build approach authorizes New York State to hire a single entity to perform both design and construction under one contract. Design-build projects require high levels of collaboration between the design and construction disciplines, input from multiple trades into the design, and a single entity bearing responsibility for the project. This increased accountability, combined with efficiencies achieved by only undertaking one procurement, produces significant time and budgetary savings.

To further enhance the efficient delivery of critical infrastructure and other capital projects, the Budget includes legislation that would expand the set of entities authorized to utilize the design-build contracting method to include the Dormitory Authority of the State of New York, the Empire State Development Corporation, the Office of General Services, the Department of Health and the New York State Olympic Regional Development Authority.

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/>).

The central volume, *Executive Budget Briefing Book* contains the Budget Director's Message, which presents the Governor's fiscal blueprint for FY 2019 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* 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 *State Agency Presentations* 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. This portal also includes the budget requests of the Legislature and Judiciary, which are submitted without revision as required by the Constitution.

Continuing 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.*

AARP	American Association of Retired Persons
ACA	Affordable Care Act
ACT	Assertive Community Teams
AG	Attorney General
AGI	Adjusted Growth Income
AIHP	American Indian Health Program
AIM	Aid and Incentives for Municipalities
ALP	Assisted Living Program
AP	Advanced Placement
ARRA	American Recovery and Reinvestment Act of 2009
BOA	Brownfield Opportunity Area
CAP	Comprehensive Attendance Policy
CBTC	Communications-Based Train Control
CCO	Care Coordination Organizations
CHP	Child Health Plus
CIF	Community Investment Fund
CMS	Centers for Medicare and Medicaid Services
COLA	Cost-of-Living Adjustment
CPI	Consumer Price Index
CPRA	Certified Peer Recovery Advocates
CSR	Cost Sharing Reduction
CTH	Close to Home
CUNY	City University of New York
CUCF	City University Construction Fund
CY	Calendar Year
DASNY	Dormitory Authority of the State of New York
DDPC	Developmental Disabilities Planning Council
DEC	Department of Environmental Conservation
DED	Department of Economic Development
DHBTF	Dedicated Highway and Bridge Trust Fund
DHR	Division of Human Rights
DHSES	Division of Homeland Security and Emergency Services
DIIF	Dedicated Infrastructure Investment Fund
DMNA	Division of Military and Naval Affairs
DMV	Department of Motor Vehicles
DOB	Division of the Budget
DOCCS	Department of Corrections and Community Supervision
DOH	Department of Health
DOT	Department of Transportation
DPS	Department of Public Service
DSRIP	Delivery System Reform Incentive Payment
DTF	Department of Taxation and Finance
DUR	Drug Utilization Review
DVA	Division of Veterans Affairs
EI	Early Intervention

EMDT	Enhanced Multidisciplinary Teams
EP	Essential Plan
EPF	Environmental Protection Fund
EPIC	Elderly Pharmaceutical Insurance Coverage
ERM	Enterprise Risk Management
ESD	Empire State Development
FEMA	Federal emergency Management Agency
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GPHW	General Public Health Work
GSEU	Graduate Student Employee Union
HESC	Higher Education Services Corporation
IB	International Baccalaureate
IBR	Institute for Basic Research in Development Disabilities
IRMAA	Income Related Monthly Adjustment Amounts
LIRR	Long Island Rail Road
M/C	Management/Confidential
MLTC	Managed Long Term Care
MCO	Medicaid Managed Care Organizations
MRT	Medicaid Redesign Team
MSA	Master Settlement Agreement
MTA	Metropolitan Transportation Authority
NCS	Office of National and Community Service
NYC	New York City
NYPA	New York Power Authority
NYS	New York State
NYSCOBA	New York State Correctional Officers and Policy Benevolent Association
NYSERDA	New York State Energy Research and Development Authority
NYSHIP	New York State Health Insurance Program
NYSPBA	New York State Police Benevolent Association
NYSPIA	New York State Police Investigators Association
OASAS	Office of Alcoholism and Substance Abuse Services
OCFS	Office of Children and Family Services
OMH	Office of Mental Health
OMIG	Office of the Medicaid Inspector General
OPRHP	Office of Parks, Recreation and Historic Preservation
OPWDD	Office for People with Developmental Disabilities
ORDA	Olympic Regional Development Authority
OTDA	Office of Temporary and Disability Assistance
OTP	Opioid Treatment Programs
PMT	Payroll Mobility Tax
PEF	Public Employees Federation
PIT	Personal Income Tax
PPS	Performing Provider Systems
PSC	Public Service Commission
REC	Real Estate Center of Excellence

REDC	Regional Economic Development Council
SHIP	State Health Innovation Plan
SHU	Special Housing Unit
SICG	Statewide Interoperable Communications Operations Grant Awards
SOFA	State Office for the Aging
STAR	School Tax Relief
STEM	Science, Technology, Engineering, Math
STIP	Short Term Investment Pool
STOA	Statewide Mass Transportation Operating Association
SUCF	State University Construction Fund
SUD	Substance Use Disorders
SUNY	State University of New York
TANF	Temporary Assistance for Needy Families
TAP	Tuition Assistance Program
TIFIA	Transportation Infrastructure Finance and Innovation Act
TNC	Transportation Network Companies
URI	Upstate Revitalization Initiative
U.S.	United States
VAP	Vital Access Provider
VAPAP	Vital Access Provider Assurance Program
VBP QIP	Value Based Payment Quality Improvement Program
VLT	Video Lottery Terminal



From New York State's inception following the Constitutional Convention of 1777 and into the 20th century, budget requests were sent directly from agencies to the legislature. These requests were reviewed by Legislative Finance Committees, independent from one another, and without an overall statewide financial plan. The role of the governor was limited to using political power to influence decision making and to exercise veto power.

One hundred and fifty years later the Executive Budget Process would come to serve as the Governor's policy agenda.

Charles Evans Hughes may be most well known as the 11<sup>th</sup> chief justice of the United States Supreme Court; but as the 36<sup>th</sup> Governor of New York State he started the conversation about the need for a strategic, enterprise-wide Executive Budget process. In 1909 he expressed that "there should... be provided some permanent method for comparative examination of departmental budgets and proposals for appropriations in advance of the legislative session so that the Legislature may be aided by preliminary investigation and report in determining, with just proportion, the amounts that can properly be allowed.

1909

Governor Smith submitted the first budget prepared under the Executive Budget process a full-year earlier than required by the New York State Constitution.

1928

Revisions to Article VII of the State Constitution became effective in 1929. Franklin D. Roosevelt began his tenure as New York's Governor and submitted the budget prepared by Alfred E. Smith.

1929

The Legislature approves Governor Thomas E. Dewey's request to advance the start of the fiscal year from July 1 to April 1 to line with more sound financial planning, avoiding short-term borrowing and reducing the uncertainties in estimating revenue. Dewey also expanded the scope and function of the Division of the Budget.

1943

Governor Mario M. Cuomo believed in the power of the government to improve people's lives, and emphasized the State's commitment to serving New Yorkers, even in times of fiscal strain. As governor, he dramatically lowered income tax rates, made investments education, infrastructure, transportation and public safety.

1982

1900

2010 2010

1925

In 1910, the federal government established the Commission on Economy and Efficiency, focused on budgeting, and the advantages of analysis, planning and management. Many the concepts publicized by the Commission drove proposed changes to New York State Government during the Constitutional Convention of 1915. The proposed changes were rejected by the voters, however many proposals related to the reorganization of the State's government were accepted by voter referendum in 1925.

1927

Governor Alfred E. Smith succeeded in achieving further reforms when voters passed revisions to the New York State Constitution that required the governor to coordinate agency budget requests, develop a balanced budget containing a financial plan of proposed expenditures and revenues to support them, and to submit the budget to the Legislature along with appropriation bills necessary to execute the budget. Additionally, the governor is charged with managing the budget throughout the fiscal year. The Division of the Budget was created in 1927 and charged with developing and implementing the Executive Budget.

1955

In his budget message, Governor W. Averell Harriman stressed the importance of the submission of Executive Budget to unite the Governor and the Legislature in their obligation to New Yorkers when he said "it is our duty together to find common ground for the many different concerns and points of view inherent in a free society."

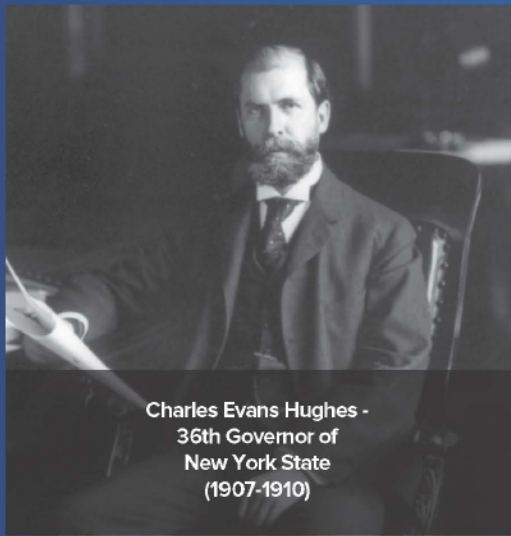
1959

Governor Nelson A. Rockefeller cemented the strong role of New York's Governor as architect of the State's policy agenda in 1969 by stressing the need for New York State to balance the priorities of social programs and economic growth.

Governor Andrew M. Cuomo has used the Executive Budget Process to restore fiscal discipline to New York State, close a \$10 billion deficit in his first budget, and continue to limit state spending to 2% each year. Under Governor Cuomo's leadership New York State has made significant investments in education, infrastructure and economic development.



Honoring the  
90th Anniversary of  
the Presentation of  
the New York State  
Executive Budget



Charles Evans Hughes -  
36th Governor of  
New York State  
(1907-1910)

Andrew M. Cuomo -  
56th Governor of  
New York State  
(2011-Incumbent)



Alfred E. Smith -  
42nd Governor of  
New York State  
(1919-1920 and 1923-1928)



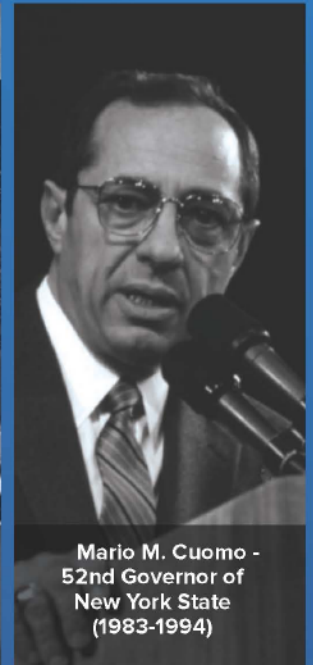
Thomas E. Dewey -  
47th Governor of  
New York State  
(1943-1954)



W. Averell Harriman -  
48th Governor of  
New York State  
(1955-1958)



Nelson A. Rockefeller -  
49th Governor of  
New York State  
(1959-1973)



Mario M. Cuomo -  
52nd Governor of  
New York State  
(1983-1994)